

Guildford Borough Council Statement of Accounts 2024-25

	<u>Statement Of Responsibilities</u>	<u>4</u>
	<u>Independent Auditor’s Report To The Members of Guildford Borough Council</u>	<u>5</u>
	<u>Report on the Audit of the Financial Statements – to follow</u>	<u>5</u>
	<u>Chief Financial Officer’s Narrative Report</u>	<u>6</u>
	<u>General Accounting Policies</u>	<u>End</u>
	<u>Comprehensive Income and Expenditure Statement (CIES)</u>	<u>23</u>
	<u>Movement In Reserves (MIRS)</u>	<u>24</u>
	<u>Balance Sheet</u>	<u>25</u>
	<u>Cash Flow Statement</u>	<u>26</u>
	<u>Notes To The Accounts</u>	<u>27</u>
<u>7</u>	<u>Expenditure And Funding Analysis (EFA)</u>	<u>27</u>
	<u>Notes To The Expenditure and Funding Analysis</u>	<u>28</u>
<u>7</u>	<u>Expenditure And Income Analysed By Nature</u>	<u>39</u>
<u>8</u>	<u>Adjustments Between Accounting And Funding Basis Under Regulations</u>	<u>30</u>
<u>30</u>	<u>Officers’ Remuneration</u>	<u>58</u>
<u>30</u>	<u>Termination Benefits</u>	<u>59</u>
<u>31</u>	<u>External Audit Cost</u>	<u>59</u>
<u>7</u>	<u>Related Parties</u>	<u>60</u>
<u>28</u>	<u>Councillors’ Allowances</u>	<u>57</u>
<u>36</u>	<u>Defined Pension Benefit</u>	<u>68</u>
<u>32</u>	<u>Grant Income</u>	<u>60</u>
<u>9</u>	<u>Movements in Earmarked Reserves</u>	<u>29</u>
<u>14</u>	<u>Property, Plant And Equipment (PP&E)</u>	<u>34</u>
<u>15</u>	<u>Heritage Assets</u>	<u>38</u>
<u>16</u>	<u>Investment Property</u>	<u>56</u>
<u>17</u>	<u>Intangible Assets</u>	<u>58</u>
<u>19</u>	<u>Debtors</u>	<u>51</u>
<u>22</u>	<u>Short Term Creditors</u>	<u>51</u>
<u>20</u>	<u>Cash And Cash Equivalents</u>	<u>51</u>
<u>26-27</u>	<u>Cash Flow Statement – Operating Activities</u>	<u>56</u>
	<u>Cash Flow Statement – Financing Activities</u>	<u>56</u>
<u>28</u>	<u>Provisions</u>	<u>52</u>
<u>23</u>	<u>Unusable Reserves</u>	<u>52</u>
<u>25</u>	<u>Capital Expenditure and Capital Financing</u>	<u>63</u>
<u>34</u>	<u>Financial Instruments</u>	<u>41</u>
<u>18</u>	<u>Nature And Extent Of Risks Arising From Financial Instruments</u>	<u>45</u>
<u>18</u>	<u>Leases</u>	<u>64</u>
<u>35</u>	<u>Accounting Standards that have been issued but not yet adopted</u>	<u>64</u>
<u>2</u>	<u>Housing Revenue Account</u>	<u>75</u>
	<u>Collection Fund</u>	<u>72</u>
	<u>Notes To The Collection Fund</u>	<u>78</u>
	<u>Group Accounts</u>	<u>78</u>
	<u>Annual Governance Statement</u>	
	<u>Glossary</u>	

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the local authority Code.

The Chief Financial Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of Guildford Borough Council at 31 March 2025 and of its income and expenditure for the year ended 31 March 2025.

Richard Bates
Chief Financial Officer

30th June 2025

Chief Financial Officer's Narrative Report

Introduction

This document is the statutory financial statements for Guildford Borough Council covering the 2024-25 financial year. Although the Council has successfully overcome the prior year's financial challenges, there are still underlying risks to the financial position in future years. For the 2024-25 financial year, the successful implementation of the financial recovery plan has helped to improve and stabilize the Council's financial performance in the short to medium term.

Following the statement of the previous S151 officer that the authority would 'likely' need to issue a S114(3) statement in the 2023-24 financial year, which has now abated, the Council has continued on its financial recovery and improvement plan. This includes continued improvement to both revenue and capital monitoring, forecasting, and reporting. Additionally, there has been a successful reduction in borrowing costs to the revenue account, with the programme of asset disposal generating both a capital receipt as well as helping to reduce our borrowing costs.

In February 2024, a balanced budget was set with an achievable MTFP, alongside the publication of the budget book, reporting timetable, and continuation of recovery plans. Significant work continued, reviewing and re-writing finance procedures, updating the fees and charges, and the formation of a robust savings programme. Building on the progress to date, the council will need to continue its strong focus on financial management. It will continue a path of delivering an improvement in financial management capabilities across the organisation and a strong emphasis on budget management and accountability.

The Council, like all other authorities, also has uncertainty about future levels of Government funding. The Government has not given any indication of funding beyond 2025/26 and the announcement of the Local Government Reorganization (LGR) in the December 2024 white paper has created additional challenge for planning the authority's finances over the medium term. We have been cautious with projecting the finances of the Council and have assumed funding distributed via the local government finance settlement will remain flat over the medium term. Current proposal is for the changes to take effect from April 2026 however, a final decision on the structure for Surrey is yet to be decided and could have significant implications depending on which model, between the establishment of 2 or 3 Unitary Authorities, is adopted in its place.

I would like to express my sincere and genuine thanks to all staff in my Finance team during 2024/25 who have played their part in producing the Statement of Accounts and for their wider efforts in supporting the Council.

The sections contained within the narrative statement are:

Key Facts about Guildford

Key facts about Guildford Borough Council Strategic Objectives and Corporate Plan

Key facts about Guildford

Guildford is the county town of Surrey, known for its historic buildings and landscapes, cultural associations and the picturesque town centre. Situated in the southwest of the county and

surrounded by Green Belt and countryside, the urban areas of Guildford, Ash and Tongham are home to many of the borough's residents, with further communities in village settlements. We are within commuting distance of London and about 70 kilometers from the south coast.

We are the second largest borough in the county in terms of area, covering approximately 270 square kilometers. Guildford Cathedral, the University of Surrey, the Hog's Back and Surrey Hills are the dominant landmarks of our borough. We are one of the safest parts of Surrey and part of one of the safest counties in England.

Our borough's population has risen steadily from 93,000 in 1951 to 151,458 in 2024 and is predicted to grow to 160,090 by 2047.

Our residents are largely healthy and enjoy well above average life expectancy. The workforce is generally well educated, highly skilled, and well paid.

The Index of Multiple Deprivation 2015 provides a measure of deprivation based on factors such as income, employment, health, education, housing, and crime. The Index ranks our borough amongst the least deprived 10 per cent of boroughs in England.

In accordance with the Council's commitment to openness, this Narrative Report to the Statement of Accounts presents an overview of the Council's finances for the financial year 1 April 2024 to 31 March 2025. It also shows how the Council has performed and identifies the challenges faced and aims to help readers understand the most significant issues reported in the accounts and how they relate to the Council's overall business.

The financial statements presented are those of the Council and its group entities.

Key facts about Guildford Borough Council

As a local authority the Council's purpose is to deliver a wide range of services to the local community.

It also provides and maintains 5200 Council houses.

To achieve its objectives the Council employs approximately 667 staff in full-time and part-time positions, including apprentices, in a wide variety of roles. The Council recognises the importance of investing in the development of its employees through staff development and training programmes to enable the delivery of a quality service.

Financial Headlines – the Council:

- Collected £141 million of Council Tax of which £13.16 million was kept by the Council to spend on services.
- Paid £13 million in Welfare Payments
- Collected £81.6 million of Business Rates from business rate payers, most of which was paid to the Government.
- Holds £1.125 billion in non-current assets (including Council Dwellings and Investment Properties) which generate income to help deliver services.
- Housing Revenue Account (HRA) with a £0.722 million surplus which has increased earmarked reserves.
- Guildford Borough Council and Waverley Borough Council agreed to create a shared management team, which has now been created and took effect from 1 October 2022.

Strategic objectives and Corporate Plan

The Council provides its services under its overarching Corporate Strategy. The Corporate Strategy

2024-2034 was adopted by the Council in July 2024, replacing the Corporate Plan 2021-25. The Corporate Strategy outlines the council's priorities for the next decade, focusing on sustainability, prosperity, inclusivity, affordable housing, and resilient management.

Objectives will be guided by a comprehensive delivery plan. This plan will align with the Council's annual service and financial planning processes, and the adoption of an annual budget in February 2025. The full Corporate Strategy 2024-2034 can be found on the Council's website www.guildford.gov.uk.

Key relationships with other parties for effective service delivery:

- **Local Communities** (including Community Organisations under Service Level Agreements): Engaging with residents to ensure their needs and aspirations are met.
- **Businesses:** Collaborating with local businesses to drive economic growth and sustainability. This includes Contractor partners including Freedom Leisure operating Spectrum, Ash Manor and LIDO leisure facilities and HQ Theatres running GLIVE theatre.
- **Public Sector Partners:** Working with other councils, health services, and educational institutions to provide comprehensive services.
 - Town and Parish councils
 - Surrey County Council, where Demographic changes and the budget pressures of adult social care demands is filtering down to Borough Councils
 - Waverley Council as collaboration partner
- **Voluntary and Community Organizations:** Partnering with non-profits and community groups to support inclusivity and social well-being.
- **Government Agencies:** Aligning with national policies and securing funding for local initiatives such as Homelessness and the recent Local Government Reorganisation Policy.

These partnerships are essential for achieving the strategy's goals of sustainability, prosperity, inclusivity, affordable housing, and resilient management. Additional factors that would need to be considered in delivering our ambitions include:

Annual Governance Statement

The Annual Governance Statement (AGS) documents the Council's approach to governance and ensures there are robust rules, systems and information available for managing and delivering services to the local community. The AGS also identifies any issues arising in the year and details actions taken to address them. The AGS was updated in September 2024 and included additional information to enhance transparency, particularly regarding governance shortcomings and remedial actions taken.

Financial Performance

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

These plans comprise:

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

The key resources on which the Council depends are:

Financial Resources

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

Non-Financial Resources

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

Revenue expenditure for year

A summary of the general fund position is shown in the notes to accounts. To summarise, the overall position is an underspend of £0.8m for 2024/25.

The main variances are detailed below:

Community Wellbeing	Amount	Explanation
	£	
Customer Service Centre	-115,796	Staffing Vacancy and favourable IAS 19 Adjustment
ICT Development	-289,322	Additional HRA Income plus savings from Software licences
Public Relations & Marketing	-114,806	Staffing Vacancy and Underspend in Advertising & Publicity spend
Reprographics	-103,654	Underspends across supplies budgets to include expenditure on Postage, Stationery and Printing.
Resources Caseworker	-170,936	Underspend due mainly to Staffing Vacancy plus underspend in ICT related expenditure
Community Development	299,709	Overspend is primarily attributable to non-delivered of In year saving target due to delays in delivering Restructure during 2024/25.
Community Meals Service	-149,876	Underspends due primarily to reduction in catering costs against budgeted plus increased income from service customers
Community Wellbeing	-153,836	Savings from Vacant posts
Crematorium	-263,794	Due primarily from increased income from charges to funeral directors.
Fleet Refuse Freighters	552,453	Recharges to other services significantly less than budgeted, affecting overall performance of the service
Parks Contracts	-199,835	Underspend due to additional billable activity and consequential income from SCC and HRA
Trees And Countryside	-126,613	Additional Charges for Services delivered
Parks Assets General	346,483	Lower income than anticipated across multiple sites, plus additional unbudgeted Asset Maintenance Costs
Garden Waste - Domestic	- 1,107,727	Additional income from Garden Waste however, this needs to match any additional costs recorded elsewhere in the accounts to support the Waste Strategy
Refuse - Domestic	155,448	Overspend due to additional costs of Agency cover for critical roles
Refuse - Trade	-824,642	This is due to overstated budget than requirement, being reviewed with a view to budget alignment.
Street Cleansing	-654,868	Overachievement of Income relative to budgets, especially from undertaking additional activities for Carp parks, litter patrol and Friary Bus station cleaning

Fleet Workshops	-279,746	Additional income in excess of additional vehicle hire costs.
Garden Waste - Support	1,628,559	Expenditure relating to additional income in other areas, especially for the Garden Waste domestic service
Trade Refuse - Support	361,716	Overspend in this area due to additional spend than budgeted however, income is over achieving elsewhere which would may cover the costs recorded in this area
Building Maintenance	409,161	Additional cost of rechargeable repairs net of those due to the HRA
Homelessness	-419,955	Additional grant (COMF) funding from SCC for eligible spend.

<i>Place</i>	Amount	Explanation
	£	
Local Land Charges	146,920	Overspend due to a combination of income underachievement and additional spend over the allocated budget for payments to another LA.
Policy	-110,220	Underspend due to IAS19 adjustment
Business	-129,834	Spend significantly less than Budget
Hackney Carriage & Private Hire Vehicles	109,028	Accounting adjustment to transfer excess income into Reserves in line with legislative requirements for Taxi licensing fees covering 2 financial years

<i>Directorate of Democracy, Law & People</i>	Amount	Explanation
	£	
Councillor Services	-268,401	Primarily due to HRA income recharge plus additional savings on allowances and ICT subscription expenditure for the year.
Commensura Holding Account	-113,514	Year end balances relating to Apportionment
Legal Services	-187,251	Additional activity and recharge to HRA, plus IAS19 superannuation adjustment.
Misc Employee Expenses	148,130	Unbudgeted Car Leasing costs
Learning & Development	204,454	Central Recharges with no budget

<i>Transformation & Governance</i>	Amount	Explanation
	£	
Asset Management	- 1,051,110	Although showing an underspend for the service, the expenditure has been incurred in other areas of the council
Midleton Industrial Estate	-114,868	Savings in Business Rates Costs against Budgets
Slyfield Industrial Estate	-205,567	Savings in Business Rates Costs against Budgets
Millmead House	372,548	Additional Business Rates expenditure plus underachievement of Rent collected relative to Budget

Woking Road Depot	235,487	Additional Business rates expenditure plus unbudgeted mtce expenditure
Building Control - Fee	-111,412	Overachieved licence fees plus underspend on consultancy fees
Spectrum	190,863	Overspend attributable to increased Utilities charges from implementing CHP at the Leisure Centre
Bedford Road Mscp	-693,568	Largely from overachievement of Income from parking fees
Bedford Road Surface Car Park	-115,392	Largely from overachievement of Income from parking fees
Car Parks - Administration	2,303,613	Delivery of associated savings achieved in other areas of the service (mostly increased income) for pre agreed savings target, whereas savings taken for this area at budget setting
Commercial Road 2 Car Park	194,978	Car park closed however budget for both income and expenditure still remain creating the variance
Farnham Road Mscp	-260,445	Largely from overachievement of Income from parking fees
General Upkeep- Urban Car Pks	-257,102	Reduced expenditure on Mtce and Mtce contracts for the year than budgeted
Leapale Road Mscp	-295,116	Largely from overachievement of Income from parking fees and reduced exp on Business Rates
Mary Road Car Park	-119,162	Largely from overachievement of Income from parking fees
Millbrook Car Park	-140,605	Largely from overachievement of Income from parking fees
Old Police Station Car Park	282,611	Car park closed however budget for both income and expenditure still remain creating the variance
Upper High Street Car Park	-177,507	Largely from overachievement of Income from parking fees and reduced exp on Business Rates
Guildford On-Street	637,072	Delayed expenditure re Agency agreement between SCC & GBC
Waverley On-Street	124,673	unbudgeted Bank charges and underachieved Income for Resident & Visitor Permits
Merrow Park And Ride	-625,679	additional recharge for income relating to prior years and reduced recharge expenditure for SCC for 24/25
Internal Audit	149,984	Budgeted recharge income not achieved for the year
Rates Holding Account	120,831	Unbudgeted costs
Treasury Management Admin	128,176	Under recovery of costs from HRA as per budget
Corporate Management	-139,600	Additional income from HRA as part of CDC recharge
Council Tax Collectn Expenses	-126,925	Additional income for Council Tax Collection Expenses
H B Rent Allowances	-189,909	Grant income greater than budgeted
H B Rent Rebates	-356,670	In year adjustment re HB Rent Rebates

IT Renewals Fund Revenue A/C	231,158	Amortisation of GF Intangible Fixed Assets - CIES charge
Finance Specialists	522,012	Overspend due to a combination of Pension deficit and agency spend covering vacant posts.
Procurement Services	316,466	Agency spend to cover vacant posts
COVID-19	330,115	legitimate expenditure against the COM Fund
Unallocable Central Overheads	122,814	Primarily due to SCC Pension deficit for 23/24 and 24/2
Strategy & Performance	-250,673	Underspend due to delays in building up Transformation Team to help deliver Transformation

The finances for the Council's council houses are maintained in a ring-fenced account called the Housing Revenue Account (HRA). The HRA has an agreed 30-year Business Plan. Revenue spend for the year was within budget. The cost of providing services is detailed in the notes to the accounts.

Risks and Opportunities

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

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

- Finance – Medium Term Financial Plan and addressing any projected budget gap
- Deliver housing options for people in need of affordable housing
- Achieving sustainable housing needs for the future
- Achieving Value for Money for our residents and businesses.
- Ensuring the management and governance processes in place are fully utilised
- Ensuring that procurement processes are adhered to across the Council
- A sense of responsibility for our environment, promoting biodiversity and protecting our planet
- Responsible planning and supporting place-shaping and local engagement in planning policy
- Promoting the use of environmentally sustainable transport options, including reducing the need to travel and supporting the use of electric vehicles
- Promoting a business-friendly culture that supports local businesses and helps those wanting to locate to the borough

- Delivering a Property Investment Strategy that supports the local economy, while providing additional income to the Council
- Ensuring the council operates in an open, democratic manner where all residents feel valued and able to contribute

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

- Mitigating the cost-of-living crisis and its impact on local residents and on the council, in terms of reducing income and higher costs associated with the rapid rise in inflation.
- Support to the community and the associated increase in homelessness presentations.
- Challenges to our carbon neutral action plan from economic and supply chain pressures.
- The potential for high staff turnover, with recruitment and retention being key. Impact on services and cost of agency cover will be under close management scrutiny.
- Draw in external funding for revenue and capital across all services
- Protecting the Council from the heightened cybercrime risk
- Ensuring that the Guildford - Waverley collaboration meets its objectives.
- Housing rent constraints, inflation on costs and affordability will be a key consideration in the ongoing HRA business plan

All councils face severe financial challenges in the next few years due to increased demand for services, the economy, the environment and a succession of government funding reductions over many years. Guildford Borough Council's challenge is increased due to ambitious decisions to support infrastructure and regeneration that have increased our requirement to finance the council's overall debt, which is expected to rise further during the next 20-30 years. Following a detailed review commissioned by the new management team, the council put in place experienced external support, imposed financial controls and developed a Finance Recovery Plan. A Section 114(3) notice – a formal statement by the Chief Finance Officer that expenditure cannot be met by resources was avoided in October 2023/24. Whilst this action was not required in the financial year 2024-25 or expected to be required within the MTFP period, we continue to monitor the longer-term financial future for the Council.

General Information

Management Board as at 31 March 2025

- Joint Chief Executive Pedro Wrobel
- Joint Strategic Director for Housing & Environment Julian Higson
- Joint Strategic Director for Economy, Planning and Place Ezra Wallace
- Joint Strategic Director of Finance and Resources (S151 Officer) Richard Bates
- Joint Strategic Director of Legal and Democratic Services (Monitoring Officer) Susan Sale

External Auditors

Paul Cuttle

Grant Thornton UK LLP

30 Finsbury Square London

EC1A 1AG

Explanation of Key Information contained in the Financial Statements

Local Authorities are required to prepare their accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (“the Code”). International Financial Reporting Standards (IFRS) form the basis for the Code, which has been developed by the Local Authority Accounting Code Board comprising members from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority of Scotland Accounts Advisory Committee (LASAAC), under the oversight of the Financial Reporting Advisory Board (FRAB). The Code constitutes a proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

The complete set of financial statements is set out on the following pages. The Code prescribes the order of presentation of the financial statements, and the Statement of Accounting Policies supports the accounts by explaining the policies used in their preparation. In summary, the financial statements comprise the:

- **Expenditure and Funding Analysis (EFA):** showing how the Council’s annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources the Council consumes or earns in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council’s Directorates.
- **Comprehensive Income and Expenditure Statement (CIES):** showing the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This Statement provides the details behind the surplus or deficit on provision of services figure included in the Movement in Reserves Statement. The Statement shows the total expenditure and income in the year for all services.

- **Movement in Reserves Statement (MiRS):** showing the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that we can use to finance expenditure or reduce local taxation) and other reserves. This Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax or rents for the year.
- **Balance Sheet:** showing the value of the Council's assets and liabilities as at 31 March 2025. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.
- **Cash Flow Statement:** showing the changes in the amount of cash and cash equivalents during the financial year. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- **Notes to the above Statements:** giving a summary of significant accounting policies and other explanatory information. We have split these notes into normal and accounting technical notes to aid the readability of the financial statements for users.
- **Housing Revenue Account (HRA) Income and Expenditure Statement:** covering income and expenditure relating to the provision of council housing in accordance with Part 6 of the Local Government and Housing Act 1989. The HRA is ring-fenced from the rest of the General Fund. Its primary purpose is to ensure that the expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants so that rents cannot be subsidised from council tax, or vice versa.
- **Notes to the HRA:** giving explanatory information to the HRA Income and Expenditure statement.
- **Collection Fund Revenue Account:** showing the transactions of the Council as a billing authority in relation to non-domestic rates and council tax. The Fund shows the way in which these have been distributed to local authorities and the Government on whose behalf Guildford Borough Council collects the amounts due.
- **Notes to the Collection Fund:** giving explanatory information to the Collection Fund Revenue Account.
- **Group Accounts:** provides a set of accounts for the Council's wholly owned companies.

Measuring Performance in 2024/25

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

- At a strategic level the Council sets out its objectives in the Corporate Strategy and measures performance against these objectives.

Looking ahead – addressing the financial challenges

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

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

- Cost savings from better procurement
- Cost savings from collaboration with Waverley Council, with a combined Chief Executive and Senior Management Team
- Business transformation and customer service improvement
- Property income
- Council tax increases
- Robust savings programme
- Asset Disposals

The Council's aim is to continue to provide high quality services and replace diminishing traditional resources with alternative sources of income whilst also reducing its cost base. To use its resources to maximum effect the Council will continue to:

- Strengthen its approach to risk management
- Spend appropriately to keep its assets fit to maintain service delivery.
- Consider different or innovative ways of delivering services, including partnership working where appropriate.
- Improve performance and project management.
- Monitoring and reporting of revenue and capital budgets, reserves and balances.

Richard Bates

Chief Financial Officer

30th June 2025

Independent Auditor's Report
To The Members of Guildford
Borough Council

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). 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.

Restated 2023/24				2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
40,229	(22,535)	17,694	Community & Wellbeing	43,489	(23,433)	20,057
52,281	(4,879)	47,402	Place	58,577	(4,973)	53,604
56,658	(44,104)	12,554	Transformation & Governance	52,782	(50,398)	2,385
27,790	(35,520)	(7,730)	Housing Revenue Account (HRA)	23,620	(39,851)	(16,230)
0	0	0	Corporate items	1,432	0	1,432
176,958	(107,038)	69,920	Net Cost of Services	179,901	(118,654)	61,247
16,061	(4,696)	11,365	Other Operating Expenditure (Note 10)	13,168	(11,523)	1,645
8,438	(16,741)	(8,303)	Financing Investment Income & Expenditure (Note 11)	14,154	(13,918)	237
0	(58,993)	(58,993)	Taxation & Non-specific Grant Income (Note 12)	0	(46,041)	(46,041)
201,457	(187,468)	13,989	(Surplus) or Deficit on Provision of Services	207,224	(190,136)	17,088
		29,034	(Surplus) or Deficit on Revaluation Non-current Assets			(25,251)
		(23,685)	Re-Measurement of the Net defined Liability			(54,255)
		5,349	Other Comprehensive Income & Expenditure			(79,506)
		19,338	Total Comprehensive Income & Expenditure			(62,418)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). 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.

2023/24 Original				2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
40,251	(22,535)	17,716	Community & Wellbeing	43,489	(23,433)	20,057
52,074	(4,879)	47,195	Place	58,577	(4,973)	53,604
56,466	(44,104)	12,362	Transformation & Governance	52,782	(50,398)	2,385
27,790	(35,520)	(7,730)	Housing Revenue Account (HRA)	23,620	(39,851)	(16,230)
0	0	0	Corporate items	1,432	0	1,432
176,581	(107,038)	69,543	Net Cost of Services	179,901	(118,654)	61,247
6,619	(4,696)	1,923	Other Operating Expenditure (Note 10)	13,168	(11,523)	1,645
6,446	(16,741)	(10,295)	Financing Investment Income & Expenditure (Note 11)	14,154	(13,918)	237
0	(58,993)	(58,993)	Taxation & Non-specific Grant Income (Note 12)	0	(46,041)	(46,041)
189,646	(187,468)	2,178	(Surplus) or Deficit on Provision of Services	207,224	(190,136)	17,088
		29,034	(Surplus) or Deficit on Revaluation Non-current Assets			(25,251)
		(23,493)	Re-Measurement of the Net defined Liability			(54,255)
		5,541	Other Comprehensive Income & Expenditure			(79,506)
		7,719	Total Comprehensive Income & Expenditure			(62,418)

BALANCE SHEET

The Balance Sheet shows the value of the Assets and Liabilities recognised by the Entity as at the Balance Sheet date. The net assets of the Authority (assets less Liabilities) are matched by the reserves of the Authority. Reserves are reported in two categories. The first is Usable Reserves, i.e. 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 'Unusable Reserves' i.e. those that the Authority is not able to use to provide Services. This category of reserves holds unrealised gains and losses (eg. The Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences as shown in the Movement in Reserves Statement line 'Adjustments between Accounting basis and funding basis under regulations'.

		As at 31 March 2024 £'000	As at 31 March 2024 Restated £'000	As at 31 March 2025 £'000
Balance Sheet	Note			
Property, Plant and Equipment	14	907,418	907,210	948,487
Heritage Assets	15	3,765	3,765	3,834
Investment Property	16	183,327	171,915	169,357
Intangible Assets	17	2126	2,126	1,491
Long Term investments	18	29,626	20,492	19,857
Long Term investments in Shareholding companies	18	0	9,134	9,134
Long Term Investment - Pension Assets *	38		0	45,388
Long Term Debtors	18	19,956	19,956	19,902
Long-Term Assets		1,146,218	1,134,598	1,217,449
Short Term Investments	18	31,166	31,166	15,006
Assets held for Sale	21	553	553	2,100
Inventories		347	347	268
Short Term Debtors	19	15,024	15,024	23,114
Cash and Cash Equivalents	20	11,408	12,410	22,174
Current Assets		58,498	59,500	62,661
Bank Overdraft	20	0	(1,002)	0
Finance Lease Liabilities	37	0	0	0
Current Provisions	23	(12,819)	(12,819)	(9,858)
Short Term Borrowing	18	(74,040)	(74,040)	(58,788)
Short Term Creditors	22	(46,224)	(46,224)	(45,037)
Grants Receipts in Advance (Revenue)	34	0	0	0
Grants Receipts in Advance (Capital)	34	0	0	(3,087)
Current Liabilities		(133,083)	(134,085)	(116,769)
Non-Current Provisions	23	0	0	0
Long Term Borrowing	18	(201,508)	(201,508)	(252,713)
Pensions Liability	38	1,290	(10,295)	0
Long Term Liabilities		(200,218)	(211,803)	(252,713)
Net Assets		871,415	848,210	910,628
Usable Reserves	24	(147,187)	(147,187)	(160,237)
Unusable Reserves	25	(724,228)	(701,023)	(750,391)
Reserves Total		(871,415)	(848,210)	(910,628)

The unaudited accounts were issued on the 30 June 2025 by the s151 Officer and the Accounts are now subject to External Audit.

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement on different reserves held by the Authority, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. This 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 movements in the year following those adjustments.

	General Fund (GF) £'000	GF Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
2024/25 YEAR										
Balance as at 1 April 2024 Restated	(8,718)	(34,930)	(2,500)	(85,622)	0	(14,834)	(583)	(147,187)	(701,023)	(848,210)
(Surplus)/Deficit on Provision of Services	33,318		(16,230)					17,088		17,088
Other Comprehensive Income & Expenditure								0	(79,506)	(79,506)
Total Comprehensive Income & Expenditure	33,318	0	(16,230)	0	0	0	0	17,088	(79,506)	(62,418)
Adjustments between Accounting & Funding basis-Note 8	(28,288)		2,640		(227)	(3,911)	(238)	(30,023)	30,023	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	5,030	0	(13,590)	0	(227)	(3,911)	(238)	(12,935)	(49,483)	(910,628)
Transfers (to)/from Earmarked Reserves-Note 9	1,328	(3,527)	(5,009)	7,094				(114)	114	0
(Increase)/Decrease in Year	6,358	(3,527)	(18,599)	7,094	(227)	(3,911)	(238)	(13,049)		0
Balance as at 1 April 2025	(2,360)	(38,457)	(21,099)	(78,528)	(227)	(18,745)	(821)	(160,236)	(750,392)	(910,628)

2023/24 YEAR RESTATED

	General Fund £'000	GF Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Movement in Reserves Statement										
Balance as at 1 April 2023	(4,212)	(32,731)	(2,500)	(97,282)	(6,427)	(12,178)	(620)	(155,950)	(723,185)	(879,135)
(Surplus)/Deficit on Provision of Services	16,032		(2,043)					13,989		13,989
Other Comprehensive Income & Expenditure								0	5,349	5,349
Total Comprehensive Income & Expenditure	16,032	0	(2,043)	0	0	0	0	13,989	5,349	19,338
Adjustments between Accounting & Funding basis-Note 8	(22,736)		13,702		6,427	(2,656)	37	(5,226)	5,226	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	(6,704)	0	11,659	0	6,427	(2,656)	37	8,763	10,575	19,338
Transfers (to)/from Earmarked Reserves-Note 9	2,027	(2,027)	(11,489)	11,489	0	0	0	0	0	0
(Increase)/Decrease in Year	(4,677)	(2,027)	170	11,489	6,427	(2,656)	37	8,763	0	0
2023/24 Prior Year adjustment Actuaries/Pension Fund	171	(172)	(170)	171	0	0	0	0	11,587	11,587
Balance as at 1 April 2024	(8,718)	(34,930)	(2,500)	(85,622)	0	(14,834)	(583)	(147,187)	(701,023)	(848,210)

THE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

The Cash Flow Statement shows the change 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 intended to contribute to the Authority's future cash 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.

31/3/2024 £'000	31/3/2024 £'000 Restated	Note	31/3/2025 £'000
(2,178)	(13,989)	Net surplus or (deficit) on the provision of services	(17,088)
35,696	35,696	Adjustments to net surplus or deficit on the provision of services for non-cash movements	30,185
(44,234)	(44,234)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	(43,306)
(10,716)	(22,527)	Net Cash flows from operating activities	(30,209)
25,499	37,310	Net Cash flows from Investing Activities	15,392
(19,737)	(19,737)	Net Cash flows from Financing Activities	25,584
(4,954)	(4,954)	Net increase or (decrease) in cash and cash equivalents	10,766
16,362	16,362	Cash and cash equivalents at the beginning of the reporting period	11,408
11,408	11,408	Cash and cash equivalents at the end of the reporting period	22,174

Note 7.1 EXPENDITURE AND FUNDING ANALYSIS

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

2023/24 Restated				2024/25		
Net Expenditure chargeable to the General Fund/HRA £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000		Net Expenditure chargeable to the General Fund/HRA £'000	Adjustments between Funding & Accounting basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Expenditure and Funding Analysis						
17,640	76	17,716	Community & Wellbeing	17,938	3,749	21,687
(1,947)	49,142	47,195	Place	3,889	(1,504)	2,385
8,947	3,415	12,362	Transformation & Governance	(6,454)	58,428	51,974
(5,524)	(2,206)	(7,730)	Housing Revenue Account (HRA)	(16,230)	0	(16,230)
		0	Corporate items	1,432	0	1,432
19,116	50,427	69,543	Net Cost of Services	575	60,673	61,247
-	-	1,923	Other Operating Expenditure	2,331	(686)	1,645
-	-	1,516	Financing Investment Income & Expenditure	28,747	(28,510)	237
-	-	(58,993)	Taxation & Non-specific Grant Income	(44,587)	(1,454)	(46,041)
(14,161)	(53,204)	(55,554)	Other Income & Expenditure	(13,509)	(30,650)	(44,159)
4,955	(2,777)	13,989	(Surplus) or Deficit on Provision of Services	(12,934)	30,023	17,088
General Fund £'000	Housing Revenue Account £'000	Total £'000		General Fund £'000	Housing Revenue Account £'000	Total £'000
(36,943)	(99,782)	(136,725)	Opening General Fund & HRA Balance	(43,648)	(88,122)	(131,770)
(6,535)	11,489	4,954	Less/Plus(Surplus) or Deficit on General Fund & HRA Balance in year	2,831	(11,505)	(8,674)
(43,478)	(88,293)	(131,771)	Closing General Fund & HRA Balance at 31 March	(40,817)	(99,627)	(140,445)

Note 7.2 : Note to the Expenditure and Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts 2024/25	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Community & Wellbeing Place	3,310	1,347	(908)	3,749
Transformation & Governance	10,092	575	(12,171)	(1,504)
Housing Revenue Account (HRA)	45,288	318	12,822	58,428
Corporate items	6,685	204	(6,889)	0
Corporate items	1,645	-4,022	2,377	0
Net Cost of Services	67,020	(1,578)	(4,769)	60,673
Other Income and expenditure from the Expenditure & Funding Analysis	(32,104)	0	1,454	(30,650)
Difference between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	34,916	(1,578)	(3,315)	30,023

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts 2023/24	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000
Community & Wellbeing Place	1,008	97	(6)	1,099
Transformation & Governance	833	206	(6)	1,033
Housing Revenue Account (HRA)	0	26	0	26
Corporate items	214	44	(2)	256
Corporate items	106	78	(15)	170
Net Cost of Services	2,161	451	(28)	2,584
Other Income and expenditure from the Expenditure & Funding Analysis	(7,067)	1,290	1,862	(3,915)
Difference between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	(4,906)	1,741	1,834	(1,331)

Note 1 - Adjustments for Capital Purposes

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 ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 - 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.

Note 3 - Other Differences

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

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 7.3 : Expenditure and Income Analysed by Nature

	31 March 2024 £'000	31 March 2024 £'000 Restated	31 March 2025 £'000
Expenditure			
Employee Benefit expenses	39,919	39,919	43,371
Other service expenses	121,583	121,583	131,079
Depreciation, amortisation & impairment	21,770	21,770	15,569
Interest payments	4,451	4,451	11,358
Precepts and levies	2,174	2,174	2,331
Revaluation losses	(251)	11,561	1,733
NNDR payments	0	0	1,502
Total Expenditure	189,646	201,458	206,943
Income			
Fees, charges and other service income	(81,809)	(81,809)	(103,633)
Interest and investment income	(15,737)	(15,737)	(3,916)
Income from council tax & Business Rates	(13,395)	(13,395)	(14,546)
Gain or loss on disposal of assets	0	0	(686)
Other income non specific grants	0	0	(2,937)
Government grants and contributions	(76,528)	(76,528)	(64,137)
Total Income	(187,469)	(187,469)	(189,855)
Surplus or Deficit on the Provision of Services	2,177	13,989	17,088

	Usable Reserves					Unusable Reserves
Note 8: Adjustments between Accounting and Funding Basis Under Regulation						
2024/25						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	(8,236)	(6,520)				14,755
Revaluation losses on Property Plant and equipment	(1,785)	52				1,733
Movements in the Fair Value of Investment Properties	(1,735)					1,735
Amortisation of Intangible assets	(808)	(6)				814
Revenue expenditure funded from capital under statute	(52,197)					52,197
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(9,322)	(1,540)				10,862
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for financing of Capital investment (MRP)	2,008					(2,008)
Direct Revenue financing	532	801				(1,333)
Capital Grant and contributions unapplied Account:						
Application of Capital Grants & Contributions to capital financing transferred to the CAA	238				(238)	0
Capital Grants and Contributions unapplied credited to the CIES	31,546					(31,546)
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,374	3,537		(8,911)		0
Use of the Capital Receipts Reserve to finance new capital expenditure				5,000		(5,000)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.						0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash						0
Flexible use of Capital Receipts to funding transformation						0
Adjustments Primarily involving the Deferred Capital Receipts Reserve:						
Transfer of Deferred Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,611					(2,611)
Adjustments Primarily involving the Financial Instruments Adjustment Account:						
Amount by which Finance Costs charged to the Comprehensive Income and Expenditure Statement are different from the Finance Costs chargeable in the year in accordance with statutory requirements	296					(296)
Adjustment primarily involving the Major Repairs Reserve:						
Transfer of HRA depreciation to MRR		6,520	(6,520)			0
Use of MRR to finance new capital expenditure			6,293			(6,293)
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	1,781	(204)				(1,577)
Employer's pensions contributions and direct payments to pensioners payable in the year						0
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which Council Tax & NNDR credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with Statutory requirements	1,454					(1,454)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(46)					46
Total 2024/25	(28,288)	2,640	(227)	(3,911)	(238)	30,023
Prior Year Comparator						
Note 8: Adjustments between Accounting and Funding Basis						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
2023/24 Comparative Restated						
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	(8,571)	(6,817)		0	0	15,388
Revaluation losses on Property Plant and equipment	(561)	(5,256)		0	0	5,817
Movements in the Fair Value of Investment Properties	325	35		0	0	(360)
Prior Year Restatement - Movements in the Fair Value of Investment Properties	(11,811)			0	0	11,811
Amortisation of Intangible assets	(916)	(9)		0	0	925
Revenue expenditure funded from capital under statute	(39,918)	(207)		0	0	40,125
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(9)	(4,431)		0	0	4,440
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for financing of Capital investment (MRP)	1,560			0	0	(1,560)
Direct Revenue financing	906	18,268				(19,174)
Capital Grant and contributions unapplied Account:						
Application of Capital Grants & Contributions to capital financing transferred to the CAA		891		0	37,770	(38,661)
Capital Grants and Contributions unapplied credited to the CIES	37,733			0	(37,733)	0
Transfer in respect of Community Infrastructure Levy receipts						
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,100	4,510		(5,610)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure				2,954	0	(2,954)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool				0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash				0	0	0
Adjustment primarily involving the Major Repairs Reserve:						
Transfer of HRA depreciation to MRR		6,782	(6,782)			0
Use of MRR to finance new capital expenditure			13,208	0	0	(13,208)
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	9			0	0	(9)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,604)	(64)		0	0	1,668
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which Council Tax & NNDR credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with Statutory requirements	(813)			0	0	813
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(166)			0	0	166
Total Adjustments 2023/24	(22,736)	13,702	6,426	(2,656)	37	5,227

Note 9 : Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

	Balance at 31 March 2024 £'000	Transfers out £'000	Transfers in £'000	Balance at 31 March 2025 £'000
Expenditure				
Election Costs Reserve	(49)	0	(88)	(137)
HIs Reserve	(226)	37	(54)	(242)
Carried Forward Items	(675)	608	(6)	(73)
Insurance	(500)	0	0	(500)
Salix Reserve	(346)	0	0	(346)
IT Renewals	(1,861)	234	0	(1,627)
Spectrum	(401)	0	0	(401)
Car Parks Maintenance	(2,400)	498	0	(1,902)
G Live Sinking Fund	(113)	0	(21)	(134)
Business Rates Equalisation	(2,931)	2,931	0	(0)
SPA Reserve - Effingham	(4,148)	0	(612)	(4,760)
SPA Reserve - Riverside Park	(1,084)	1	(17)	(1,100)
SPA Reserve - Chantry Wood	(6,375)	58	(117)	(6,434)
SPA Reserve - Lakeside	(579)	12	(12)	(579)
SPA Reserve -Parsonage Water	(2,251)	0	(35)	(2,286)
Refugee Support	(2,186)	0	(153)	(2,339)
Safer Guildford Partnership Reserve	(27)	0	(12)	(39)
MTFP Reserve	(8,211)	5,058	(8,464)	(11,617)
Business Rates - New Burdens Ongoing	(330)	25	(25)	(330)
Family Support Programme	(237)	0	(157)	(394)
Civil Parking-Gbc/Glc Shared	2	0	(2)	0
Land Charges	0	0	(41)	(41)
Taxi Licensing reserve	0	0	(226)	(226)
HMO Licence Income Reserve	0	0	(311)	(311)
MTFP - Invest to Save Reserve	0	0	(800)	(800)
DEFRA - Effective enforcement Reserve	0	0	(9)	(9)
MTFP - Finance Recovery Reserve (FRR)	0	0	(800)	(800)
Private Sector Housing MEES Fines Reserve	0	0	(25)	(25)
Local Government Reorganisation Reserve (LGR)	0	0	(1,000)	(1,000)
Sub-Total General Fund	(34,928)	9,462	(9,776)	(35,243)
HRA				
Capital Programme	(27,599)	6,293	0	(21,306)
New Build	(58,024)	801	0	(57,223)
Total	(85,623)	7,094	0	(78,529)
Total	(120,551)	16,556	(12,990)	(116,985)

Note 10. Other Operating Expenditure

Other operating expenditure reported includes all levies payable, total payments made to the Government Housing Receipts Pool in line with statutory arrangements for certain property sales formally managed through the Housing Revenue Account and gains and losses generated from in year disposals of non-current assets.

	2023/24	2024/25
	£'000	£'000
Parish council precepts	2,174	2,331
(Gains)/losses on the disposal of non current assets	(251)	(686)
Payments to the Housing Capital Receipts pool	0	0
Total	1,923	1,645

Note 11. Financing and Investment Income and Expenditure

	Restated	
	2023/24	2024/25
	£'000	£'000
Interest payable and similar charges	4,617	11,358
Pension Fund - Net interest on the net defined liability (asset)	991	455
Interest receivable and similar income	(6,458)	(3,916)
Changes in their fair value of Investment Properties	(360)	1,735
Income and expenditure in relation to investment properties and changes in their fair value	(9,085)	(9,395)
Total	(10,295)	237

Note 12. Other Taxation and non-specific Government Grant

This item consolidates all non specific grants and contributions receivable that cannot be identified to particular service expenditure, and therefore cannot be credited to the gross income amount relevant to the service area. All capital grants and contributions are credited to non specific grant income even if service specific. This note also identifies the Council's proportion of Council Tax and Business Rates used to fund in year business/service activities including those activities within Business Rate Retention.

	2023/24	
	Restated	2024/25
	£'000	£'000
Other Taxation and Non-specific Government Grant		
Council Tax Income	(13,788)	(14,546)
Business Rate Retention scheme	393	1,502
NNDR Section 31 Grant	(4,705)	(5,370)
Revenue Support Grant	(1,875)	(2,472)
New homes Bonus Grant	(1,283)	(698)
Other Non-ring fenced government grants	(2)	0
Capital Grants and Contributions	(37,733)	(24,457)
Total Tax and Non-Specific Grant income	(58,993)	(46,041)

Note 13. Capitalisation of Borrowing costs

The authority has elected to capitalise borrowing costs on qualifying assets in accordance with 4.8 of the Code and IAS 23 'Capitalisation of Borrowing Costs'. The costs and rate applied for the year is as follow:

	2023/24	2024/25
	£'000	£'000
The total amount of borrowing costs capitalised during the period		
The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	3.32%	3.19%

Note 14 Property, Plant and Equipment

Depreciation

The following have been used in the determination of depreciation charges:

Classification	Depreciation Method
Council dwellings	Straight Line
Other buildings	Straight Line
Vehicles, plant and equipment	Straight Line
Infrastructure	Straight Line
Community assets	Straight Line
Assets under construction	None
Surplus assets	None
Newly acquired assets	If applicable to apply following year

Following consultation with services the following lives have been applied for depreciation:

Sub-classification	Lives
Buildings	5 to 60 years
Land	No depreciation, due to indefinite life
Council Dwellings	60 years
Infrastructure	5-60 years
Bridges	125 years
Vehicles, Plant and equipment	3-30 years
Intangibles	1-3 years

Capital Commitments

As at 31st March 2025, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years. The major commitments are as follows:

Project	£'000
Weyside Urban Village (WUV)	91,472
Infrastructure - Ash Road Bridge	1,547
Total	93,019

Note 14.1 Property, Plant and Equipment

Cost or Valuation *	HRA Assets £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property, Plant & Equipment £'000
Balance b/f 1 April 2024	588,040	264,335	30,116	7,846	5,229	42,023	937,588
Additions	6,774	705	325	343	0	24,322	32,468
Revaluation increase/(decrease) recognised in the Revaluation Reserve	9,874	5,091	0	0	(2,360)	60	12,665
Revaluation increase/(decrease) recognised in the Surplus/Deficit on Provision of Services	52	(1,784)	0	0	0	0	(1,733)
Derecognition - Disposals	(1,556)	(545)	(579)	0	(1,800)	0	(4,480)
Derecognition - Other	0	0	0	0	0	0	0
Reclassification PPE	0	(5,331)	0	0	(2,100)	0	(7,431)
Other Movements	0	(10,055)	0	0	1,650	8,405	0
Balance as at 31 March 2025	603,183	252,415	29,861	8,188	619	74,810	969,076
Accumulated Depreciation and Impairment							
Balance b/f 1 April 2024	0	(10,459)	(25,696)	(49)	(6)	(427)	(36,638)
Depreciation for the year	(6,417)	(6,779)	(1,252)	(1)	0	0	(14,449)
Depreciation written out to the Revaluation Reserve	6,400	6,187	0	0	0	0	12,586
Depreciation written out to the Surplus/Deficit on Provision of Services							0
Derecognition - Disposals	17	28	574	0	0	0	619
Derecognition - Other	0	0	0	0	0	0	0
Reclassification PPE	0	0	0	0	0	0	0
Balance as at 31 March 2025	0	(11,024)	(26,374)	(51)	(6)	(427)	(37,882)
Balance b/f 1 April 2024	588,040	253,876	4,420	7,796	5,223	41,595	900,950
Total Balance as at 31 March 2025	603,183	241,392	3,487	8,137	613	74,382	931,195

See Note 14.1 for Infrastructure Assets

Cost or Valuation *	HRA Assets £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property, Plant & Equipment £'000
Balance b/f 1 April 2023 Restated	605,015	256,707	30,270	7,846	4,935	36,264	941,036
Additions	33,583	908	85	0	0	17,021	51,597
Revaluation increase/(decrease) recognised in the Revaluation Reserve	(40,272)	(3,868)	0	0	245	0	(43,895)
Revaluation increase/(decrease) recognised in the Surplus/Deficit on Provision of Services	(5,262)	(561)	0	0	0	0	(5,823)
Derecognition - Disposals	(4,439)	(24)	(239)	0	0	0	(4,702)
Derecognition - Other	0	0	0	0	0	0	0
Reclassification to /(from)PPE	0	(581)	0	0	0	0	(581)
Other Movements	(585)	11,755	0	0	49	(11,262)	(44)
Balance as at 31 March 2024	588,040	264,335	30,116	7,846	5,229	42,023	937,588
Accumulated Depreciation and Impairment							
Balance b/f 1 April 2023	(1,067)	(10,173)	(24,434)	(48)	(0)	(427)	(36,149)
Depreciation for the year	(7,017)	(7,110)	(1,494)	(1)	(2)	0	(15,623)
Depreciation written out to the Revaluation Reserve	8,076	6,788	0	0	2	0	14,867
Depreciation written out to the Surplus/Deficit on Provision of Services							0
Derecognition - Disposals	8	2	231	0	0	0	241
Derecognition - Other							0
Reclassification PPE	0	33	0	0	(6)	0	28
Balance as at 31 March 2024	0	(10,459)	(25,696)	(49)	(6)	(427)	(36,638)
Balance b/f 1 April 2023	603,948	246,534	5,836	7,797	4,935	35,837	904,887
Balance as at 31 March 2024	588,040	253,876	4,420	7,796	5,223	41,595	900,950

See Note 14.1 for Infrastructure Assets

Note 14 Property Plant and Equipment (Continued)**Note 14.2 Infrastructure Assets**

In accordance with the temporary relief granted by the Code relating to Infrastructure assets this note does not include disclosure of Gross Book Value and Accumulated Depreciation for Infrastructure Assets because historical data and information deficits held by the Authority means that data would not faithfully represent the asset position of the Financial Statements. The Authority has opted not to disclose such information as the previously reported practices and resultant information deficits implies that Gross Book Value and Accumulated depreciation are not measured accurately and would not enable users of the Financial Statements to make informed decisions relating to Infrastructure Assets.

Infrastructure Assets	2023/24 £'000	Restated '2023/24 £'000	2024/25 £'000
Restated Net Book Value (Modified Historic Cost) At 1 April	5,625	5,625	5,994
Additions	226	274	11,069
Derecognition - other			
Reclassifications within PPE			
Depreciation	(276)	(315)	(306)
Other Movements		409	0
Net Book Value at 31 March	5,575	5,994	16,756

Reconciling Note PPE Assets	2023/24 £'000	Restated '2023/24 £'000	2024/25 £'000
Infrastructure Assets	5,575	5,994	16,756
Other PPE Assets	901,905	900,950	931,195
Total PPE Assets	907,480	906,943	947,951

The authority has determined in accordance with the temporary relief and Regulation in conjunction with the Capital Finance and Accounting 2022 amendments to the regulations, that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Note 14 Property Plant and Equipment (Continued)

Note 14.3 Revaluations

The authority carries our rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. The valuations are carried out using the External Valuers Wilks Head and Eve (for Council Dwellings valuations) and the Valuation office Agency who hold the Fellow of the Royal Institute of Chartered Surveyors (FRICS) qualification. The valuations are as at 31st March 2025. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices. The significant assumptions applied in estimating the current values of property, plant and equipment are outlined in Note 4 and Note 16 for estimating the fair value of Investment and Surplus Assets.

All Housing Revenue Account council dwellings are re-valued annually as at the balance sheet date. Vehicles, Plant and Equipment, Infrastructure, Community Assets and Assets Under Construction are all valued at Historic Cost within the above table.

Revaluations	HRA Assets £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	Total Property, Plant & Equipment £'000
Historic Cost		17,677	29,861	23,098	8,188	0	66,345	145,169
Valued at Current Value:								
2024/25	603,183	187,842				570	8,465	800,061
2023/24		9,498						9,498
2022/23		21,621						21,621
2021/22		6,515						6,515
2020/21		9,262				49		9,310
2019/20								0
								0
Balance as at 31 March 2025	603,183	252,415	29,861	23,098	8,188	619	74,810	992,174

Note 15 Heritage Assets

The Council holds various heritage assets, which are held and maintained principally for their contribution to knowledge and culture. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on PPE. The Council's heritage assets are accounted for as follows:

- Monuments including Guildford Castle and Chilworth Gunpowder Mills

These assets are ruins for which it is not possible to obtain a current valuation. They are held on the balance sheet at historical cost, i.e. the cost of capitalised works carried out to preserve the buildings and are not subject to depreciation as they have indefinite lives.

- the art collection held at Guildford House Gallery, and civic regalia held at the Guildhall

Insurance values have been used as a proxy for fair value. An insurance valuation was carried out by Bonhams 1793 Limited, international auctioneers and valuers as at March 2012. This was based on estimated price of the items if purchased on retail premises. The assets are not depreciated because they have indeterminable lives.

- various sculptures and pieces of artwork around the Borough

These assets are held on the balance sheet at historical cost and are not subject to depreciation as they have indeterminable lives.

- the museum collection held at Guildford Museum

The Council does not consider that reliable cost or valuation information can be obtained for the museum collection because of the diverse nature of the assets held and lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example when an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's accounting policies on impairment.

Heritage Assets	2023/24 £'000	2024/25 £'000
Monuments	1,202	1,271
Civic Regalia	1,759	1,759
Art Collection	805	805
Net Book Value at 31 March	3,766	3,835

Note 16.1: Investment Properties

The following 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

Financing Investment Income and Expenditure	2023/24 £'000	Restated 2023/24 £'000	2024/25 £'000
Rental income from investment property	(9,714)		
Direct operating expenses arising from investment property	269		
Net gain/(loss) on financing and investment in CIES	(9,445)		0

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 following table summarises the movement in the fair value of investment properties over the year.

Investment Properties	2023/24 £'000	Restated 2023/24 £'000	2024/25 £'000
Balance at start of the year	178,646	178,646	171,915
Additions			
- Purchases	0	0	0
- Subsequent expenditure	4,321	4,321	293
Disposals	0	(9,420)	(1,115)
- Net gains / losses from the fair value adjustments	360	(1,632)	(1,735)
Balance at end of the year	183,327	171,915	169,357

Note 16.2: Fair Value Hierarchy of Investment Properties

IFRS Hierarchy Level 2024/25	Fair Value £'000
1 - quoted prices in active markets for identical assets	0
2 - inputs other than quoted market prices included within Level 1 that are observable for the asset	169,357
3 - unobservable inputs for the asset	0
Balance at end of the year	169,357

IFRS Hierarchy Level 2023/24	Fair Value £'000	Restated Fair Value £'000
1 - quoted prices in active markets for identical assets	0	0
2 - inputs other than quoted market prices included within Level 1 that are observable for the asset	183,327	171,915
3 - unobservable inputs for the asset	0	0
Balance at end of the year	183,327	171,915

Note 17 Intangible Assets

Expenditure on assets that do not have a physical substance are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are initially measured at cost and carried at amortised cost. It is amortised over its useful life to the relevant service line(s) in the CIES.

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 PPE. The intangible assets only include purchased licences as the Council does not have any significant internally generated software.

All software is given a finite useful life of 5 years based on an assessment of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

The movement on the Intangible Asset balance during the year is as follows:

Intangible Assets	2023/24	2024/25
	£'000	£'000
Balance as at 1 April 2024	2,541	2,126
Additions	510	179
Disposals	0	0
Amortisation	(925)	(814)
Closing Balance 31 March 2025	2,126	1,491

Note 18 Financial Instruments

The following categories of Financial Instruments are carried in the Balance Sheet.

Note 18.1 Financial Assets	Non-Current				Totals	
	Investments		Debtors		31 March 2024 £'000	31 March 2025 £'000
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000		
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Financial Assets						
Amortised Cost	10,157	10,157	873	819	11,031	10,977
Fair Value through other comprehensive income	10,334	9,699	0	0	10,334	9,699
Total Financial Assets	20,492	19,856	873	819	21,365	20,676
Non-Financial Assets	9,134	9,134	19,082	19,082	28,216	28,216
Total	29,626	28,990	19,956	19,902	49,582	48,892
	Current				Totals	
Note 18.1 Financial Assets	Investments		Debtors		31 March 2024 £'000	31 March 2025 £'000
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000		
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Financial Assets						
Amortised Cost	0	0	17,147	24,679	17,147	24,679
Fair Value through Profit or Loss	11,629	11,790	0	0	11,629	11,790
Fair Value through other comprehensive income	0	0	0	0	0	0
Total Financial Assets	11,629	11,790	17,147	24,679	28,776	36,469
Non-Financial Assets			0	0		
Total	0	0	0	0	28,776	36,469
TOTAL FINANCIAL ASSETS	29,626	28,990	19,956	19,902	78,357	85,361

Fair Values of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis. Including the valuation techniques used to measure them. The fair value hierarchy for categorising financial instruments is as follows:

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

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

Level 3 inputs - unobservable inputs for the asset.

Note 18.1.1 - Financial Assets Fair Value Hierarchy - Fair Value through Profit or Loss	Fair Value Hierarchy	Amount £'000
Equity shareholding in Guildford Borough Holdings	Level 3	4,049
Equity shareholding in North Downs Housing Ltd	Level 3	6,071
Totals		10,120

The Council has invested £25.3 million in our housing company – North Downs Housing Ltd (NDH). This is via 40% equity to Guildford Borough Council Holdings Ltd (£10.1 million) (who in turn pass the equity to NDH), and 60% loan direct to NDH (£15.3 million) at a rate of 5%. The loan is a repayment loan in line with the NDH business plan.

Note 18 Financial Instruments continued

Note 18.2 Financial Liabilities	Non-Current		Non-Current		Totals	
	Borrowing		Creditors			
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Financial Liabilities						
Amortised Cost	(201,508)	(252,713)	0	0	(201,508)	(252,713)
Total Financial Liabilities	(201,508)	(252,713)	0	0	(201,508)	(252,713)

Note 18.2 Financial Liabilities	Current		Current		Totals	
	Borrowing		Creditors			
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Financial Liabilities						
Amortised Cost	(74,040)	(58,788)	(46,224)	(45,037)	(120,264)	(103,825)
Total Financial Liabilities	(74,040)	(58,788)	(46,224)	(45,037)	(120,264)	(103,825)
TOTAL FINANCIAL LIABILITIES	(275,547)	(311,501)	(46,224)	(45,037)	(321,771)	(356,538)

In accordance with IFRS 9, the above financial instruments include non-financial assets which include equity invested in shareholding companies incorporated by the Council, (Guildford Borough Holdings Ltd and Surrey Save). The equity shares are non-elected and will therefore be categorised as Fair Value through Profit and Loss.

Where financial assets are solely payments of principal and interest, these will be categorised as Amortised cost.

The above figures do not include Pension Liability which is already disclosed in Note 36. Financial liabilities will be accounted for at amortised cost unless they are held for trading. The Council does not hold any such debt instruments.

Note 18 Financial Instruments continued
Note 18.3 Fair Value Disclosures

Financial Assets	31 March 2024		31 March 2025	
	Carrying	Fair Value	Carrying	Fair Value
	Amount	£'000	Amount	£'000
Long term investment in shareholding companies	10,119	-	9134	9134
Other Long Term Investments - Fair Value through profit and loss	16,659	16,659	19,857	19,857
Long Term Debtors Intercompany Loans	18,035	18,035	17413	17413
Other Long Term Debtors	839	839	2489	2489
Total Long Term Financial Assets	45,652	35,533	48,893	48,893

Financial Assets	31 March 2024		31 March 2025	
	Carrying	Fair Value	Carrying	Fair Value
	Amount	£'000	Amount	£'000
Financial Assets held at amortised cost	10,375	10,375	15006	15006
Short Term Debtors	9,758	9,758	23114	23114
Cash & Cash Equivalents amortised cost	496	496	1905	1905
Cash & Cash Equivalents Fair Value through profit and loss	12,550	12,550	20269	20269
Other Financial Assets	5,100	5,100	0	0
Total Short Term Financial Assets	38,279	38,279	60,294	60,294
Total Financial Assets	83,931	73,812	109,187	109,187

Note 18 Financial Instruments continued
Note 18.4 Income Expense Gains and Losses

RESTATED

	31 March 2024		31 March 2025	
	Surplus or Deficit on Provision of Services £'000	Comprehensive Income and Expenditure £'000	Surplus or Deficit on Provision of Services £'000	Comprehensive Income and Expenditure £'000
Income, Expense, Gains and Losses - Financial Instruments				
Interest Revenue:				
Financial assets measured at amortised cost		0		0
(Gains)/Losses on Revaluation		2,158		1,965
Investment Income/Interest		-2,653		-3,556
Dividend Income		-754		-746
Interest Expense		8,786		11,745
Total Interest Revenue		0		9,408

Note 18 Financial Instruments - Nature and extent of Risk arising from Financial Instruments

Note 18.5 - Risk

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

Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.

Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.

Market risk - the possibility that the financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Procedures for managing Risk

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and it has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Treasury Management function is carried out in accordance with the Annual Treasury Management Strategy which is approved each year by Cabinet.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The rating criteria used by the Council, and supplied by the three Credit rating agencies, is that of the lowest common denominator method of selecting counterparties and applying limits.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they are rated independently, with a minimum Fitch Rating of Short Term F1, Long Term A-. In the case of building societies, the short-term rating is F2, Long Term A-. The Council has a specific policy of not lending more than 20 to 25% of its surplus balances to one institution depending on the category and risk rating of that institution. There are no geographical limitations on where the investments are made provided they meet the rating requirements.

These requirements have been relaxed where the UK government has become a major shareholder of the institution.

Historically the Council has never suffered a loss of deposits with banks and financial institutions.

short-term Rating 'F1' Indicates the strongest capacity for timely payment of financial commitments;
short-term Rating 'F2' indicates a good capacity for timely payment of financial commitments, however the margin of safety is not as great as in the case of the higher ratings;
long-Term Rating 'A' denotes expectations of a low credit risk. The capacity for payment of financial commitments is considered strong.

No breaches of the Council's counterparty criteria occurred during the reporting period. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Note 18 Financial Instruments - Nature and extent of Risk arising from Financial Instruments

	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
Investments:		
Local Government	10,000	0
UK Domiciled Banks	496	983
Non UK Bank		
Totals	10,496	983

	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
Investment measured at Amortised Cost		
AAA		
Money Market Funds	12,550	20,409
Covered Bonds	12,050	8,300
AA-		
A+		
A		
Housing associations A1	10,000	10,000
Notice Account	3,000	3,000
A-		
Not Applicable		
Investment Funds	13,390	13,107
Surrey Save Shares Long Term	100	100
Guildford Holdings	9,134	9,134
B4SH	57	57
Totals	124,389	64,107

The credit risk associated with the loans with other public bodies and those secured against property is minimal, however, the unsecured loans are at risk of non-payment. However, the credit risk associated with these amounts is reflected in the impairment allowance.

Note 18 Financial Instruments - Nature and extent of Risk arising from Financial In

	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
Long Term Debtors		
With other Public Bodies		
Secured against property		
Unsecured		
Totals	0	0

Impairment Losses in accordance with the Expected Credit Loss Model
 The following input, assumptions and estimation techniques have been used in calculating impairment loss allowances:
 The expected credit loss (ECL) model applies only to contractual financial assets measured at amortised cost in respect of this Council (or Fair value at Other Comprehensive Income if applicable). For loans and investments, the loss allowance is equal to 12 months expected credit losses unless credit loss has increased significantly in which case it is equal to lifetime ECL's. There are no significant impairment losses expected within the Council's model for managing impairment, therefore a provision for losses has not been made during the year due to the low materiality. The following table shows that the Council's ECL model has calculated expected credit losses for the year to be £0.

Note 18 Financial Instruments - Nature and extent of Risk arising from Financial Instruments

	Principal £'000	Historic Risk of Default %	Expected Credit Loss £'000
Investments:			
Housing Association Investments	10,000	0	0
Floating Rate Bonds	5,800	0	0
Fixed Rate Bonds	2,500	0	0
Money Market Deposits	20,409	0	0
Externally Managed Funds	13,000	0	(336)
Notice Barclays Green Deposit	3,000	0	(0)
Totals	54,709		(336)

Please note the Code does not recognise a loss allowance where the counterparty is central government or a local Authority since relevant statutory provisions prevent default. For these instruments, the expected credit loss will be nil.

For financial assets, the Council recognises an allowance for expected credit losses, as they are subject to non-payment. To calculate the impairment allowances, the Council adopts an approach based on the historic experience of levels of default. Expected credit losses are charged to operating expenditure within the Comprehensive Income & Expenditure Statement and reduces the net carrying value of the financial assets in the Balance Sheet, see Debtor note 19.

Debts due to the Council are recorded as they become due and the item "debtors" in the Balance Sheet represents the amounts due during the year which remain unpaid at the year end, from which a sum is deducted as credit loss. This provision is calculated by analysing the age of the debts and setting aside an amount dependent on the age of those debts outstanding. The credit loss is calculated as follows:

- Sundry Debtors – calculated as 10% to 90% of debtors outstanding depending upon age based on historic analysis.

Note 18 Financial Instruments - Nature and extent of Risk arising from Financial Instruments

The Council does not generally extend credit to its customers beyond 30 days. At 31 March 2025, of the total debtors balances aged are as follows:

Customer Debts	Balance as at	Balance as
	31 March 2024	at 31 March
	£'000	2025 £'000
Less than 3 Months	2,401	(3,699)
Three months to one year	869	4,314
More than one year	2,447	7,907
Total	5,717	8,522

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract. Loss allowances for receivables have been calculated based on historic information. Debts are deemed to be overdue when they are at least 30 days past their due date.

No credit loss adjustment has been made on the North Downs Housing Limited loans (shown in long-term debtors):

The market valuation at 31 March 2024 of the housing stock of North Downs Housing was £30.43m.

The company is financed by through a loan (£17.413 million) and equity (£10.120million) from the Council. The loan represents 58% of the company assets, while equity represents 34% of total assets.

The company business plan always assumed it was loss making in the first 5- years, the purchase of properties has been slower than planned so it is therefore assumed the period of making a loss is now the first 8 years.

The company is 100% wholly owned and the assets revert back to the Council if the company becomes insolvent.

Liquidity Risk

The Council has a comprehensive cash flow management system, to ensure that cash is available as needed. If unexpected movement happens, the Council has ready access to borrowings from the Public Works Loans Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments under financial instruments, or to ensure it provides a balanced budget through the Local Government Finance Act 1992, by raising sufficient monies to cover annual expenditure.

It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring loans mature at different times. The Council's strategy is to maintain a balanced maturity portfolio such that debt repayable in any one year is not excessive. The Council also holds significant deposits with approved financial institutions which would allow flexibility when any replacement borrowings need to be taken out.

The maturity analysis of the financial liabilities held is as follows:

Note 18 Financial Instruments - Nature and extent of Risk arising from Financial Instruments

	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
Financial Liabilities		
PWLB:		
Less than one year	20,009	10,000
Between one and two years	10,003	10,000
Between two and five years	100,235	60,000
Between five and ten years	24,986	83,591
Maturing in more than 10 but not over 15 years	25,009	25,000
Maturing in more than 15 but not over 20 years	32,447	32,435
Maturing in more than 45 years	10,806	10,800
Total	223,495	231,826
Other :		
Less than one year	52,053	60,000
More than year		20,000
Grand Total	275,548	311,826

Market Risk

Interest Rate Changes

The Council is exposed to risk in terms of its exposure to interest rate movement on its borrowings and investment. Movements in interest rates have a complex impact on the authority. A rise in interest rates would have the following impact on the Council's accounts:

borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise

borrowings at fixed rates – the fair value of the liabilities borrowings will fall

investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise

investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure.

However, changes in interest 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. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other comprehensive income and expenditure.

The Council has a number of strategies for managing interest rate risk. The Strategy is to have no borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Note 19 Short Term Debtors

	2023/24	Restated	2024/25
	£'000	2023/24 £'000	£'000
Central Government bodies	5,962	5,962	12,037
Other Local Authorities	0	0	0
Public Corporations and Trading Funds	0	0	0
Council Tax and NNDR Debtors	3,217	3,217	6,619
Other entities and individuals	5,745	5,845	4,458
Total	14,924	15,024	23,113

Note 20 Cash and Cash Equivalents

	31 March	31 March
	2024 £'000	2025 £'000
Cash	3	0
Bank	0	1,905
Bank Overdraft	(1,002)	0
Cash Equivalents	12,407	20,269
Total Cash & Cash Equivalents	11,408	22,174

Note 21 Assets held for Sale

Assets held for Sale	2023/24 £'000	2024/25 £'000
Balance outstanding at start of the year	0	553
Assets newly classified as held for sale:		
• property, plant and equipment	553	7,431
• intangible assets		
• other assets/liabilities in disposal groups		
Revaluation losses		
Revaluation gains		
Impairment losses		
Assets declassified as held for sale:		
• property, plant and equipment		
• intangible assets		
• other assets/liabilities in disposal groups		
Assets sold	0	(5,885)
Transfers from non-current to current		
Other movements		
Balance outstanding at end of the year	553	2,100

Note 22 Short Term Creditors

	31 March	31 March	31
	2024 £'000	2024 £'000	March 2025 £'000
Central Government bodies	(5,343)	(5,343)	(6,403)
Other Local Authorities	0	0	(1,467)
Public Corporations and Trading Funds	(36,112)	(36,112)	(31,552)
Other entities and individuals	(4,731)	(4,769)	(5,615)
Other entities and individuals	(46,186)	(46,224)	(45,037)

Note 23 Provisions

Current Provisions	Outstanding Legal Cases £'000	NNDR Appeals £'000	North Downs Housing Interest Provision £'000	Other £'000	Total £'000
Balance at 1 April 2024	0	(9,951)	(2,854)	(14)	(12,819)
Restatement 2023/24		3,447		136	3,583
Sub-Total Provisions 1 April 2024	0	(6,504)	(2,854)	122	(9,236)
Additional provisions made in 2024/25		(3,356)		(14)	(3,370)
Amounts used in 2024/25		2,748	0		2,748
Unused amounts reversed in 2024/25					0
Balance at 1 April 2025	0	(7,112)	(2,854)	108	(9,858)

Note 24 - Usable Reserves

	2023/24 £'000	2023/24 £'000 Restated	2024/25 £'000
General Fund	(8,719)	(8,719)	(2,360)
Housing Revenue Account	(2,500)	(2,500)	(21,099)
Earmarked Reserves	(120,552)	(120,552)	(116,986)
Major Repairs Reserve	0	0	(226)
Capital Receipts Reserve	(14,834)	(14,834)	(18,745)
Capital Grants Unapplied Account	(583)	(583)	(820)
Total Usable Reserves	(147,188)	(147,188)	(160,237)

Note 25 - Unusable Reserves

	Note	2023/24 £'000	2024/25 £'000
Revaluation Reserve	25.1	(294,097)	(307,387)
Capital Adjustment Account	25.2	(430,685)	(395,146)
Deferred Capital Receipts Reserve	25.3	0	(2,611)
Financial Instruments Adjustment Account	25.4	302	6
Pensions Reserve	25.5	(1,290)	(45,388)
Accumulated Absences Account	25.6	277	324
Collection Fund Adjustment Account	25.7	1,266	(188)
Total Unusable Reserves		(724,227)	(750,391)

Note 25.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

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

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

Revaluation Reserve	2023/24 £'000	2024/25 £'000
Balance at 1 April	(330,305)	(294,097)
Upward revaluation of assets	(8,822)	(32,708)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	37,856	7,457
Surplus/Deficit on revaluation of non-current assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	29,034	(25,251)
Difference between fair value depreciation and historic cost depreciation	5,786	5,222
Accumulated (gains) and losses on assets sold or scrapped	1,388	6,738
Amount Written off to the Capital Adjustment Account	7,174	11,961
Balance at 31 March	(294,097)	(307,387)

Note 25.2 Capital Adjustment Account

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

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

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	Restated 2023/24 £'000	Restated 2023/24 £'000	2024/25 £'000
Balance at 1 April	(414,289)	(414,289)	(419,066)
Charges for depreciation and impairment of non current assets	21,205	15,574	14,755
Revaluation losses on Property, Plant and Equipment	0	5,817	1,733
Amortisation of intangible assets	925	925	814
Revenue expenditure funded from capital under statute	40,125	40,125	52,197
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	3,052	12,494	4,123
Adjusting amounts written out of the Revaluation Reserve	(5,786)	(5,786)	(5,222)
Net written out amount of the cost of non current assets consumed in the year	59,521	69,149	68,400
Capital financing applied in the year:			0
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,954)	(2,954)	(5,000)
Use of the Major Repairs Reserve to finance new capital expenditure	(13,208)	(13,209)	(6,293)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(38,661)	(38,661)	(31,546)
Application of grants to capital financing from the Capital Grants Unapplied Account	0	0	0
Statutory provision for the financing of capital investment charged against the General Fund and HRA	(1,560)	(1,560)	(2,008)
Capital expenditure financed against the General Fund and HRA balances	(19,174)	(19,174)	(1,333)
Adjusting amounts Finance Lease derecognition			0
Total Capital Financing applied in the year	(75,557)	(75,558)	(46,181)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(360)	1,632	1,735
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	0	0
Balance at 31 March	(430,685)	(419,066)	(395,112)

Note 25.3 Deferred Capital Receipts Reserve

Deferred Capital Receipts Reserve	2023/24 £'000	2024/25 £'000
Balance as at 1 April		
Tfr of deferred sale proceeds credited as part of gain/loss on disposal to CIES	0	(2,611)
Transfer to Capital Receipts Reserve on receipt of cash	0	0
Write off deferred capital receipt reserve to short term debtors	0	0
Balance as at 31 March	0	(2,611)

Note 25.4 Financial Instrument Adjustment Account

Financial Instruments Adjustment Account	2023/24 £'000	2024/25 £'000
Balance as at 1 April		302
Proportion of premiums and discounts incurred in previous financial years to be charged to the General Fund balance in accordance with statutory requirements		
Cost of Soft loans charged to Comprehensive Income and Expenditure Statement in year		
Proportion of cost of soft loans incurred in previous Financial Years to be credited to General Fund balance in accordance with statutory requirements		
Comprehensive Income and Expenditure Statement are different from the amounts shown in accordance with statutory requirements	302	(296)
Balance as at 31 March	302	6

Note 25.5 Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. An additional Employers contribution of £4m was provided to the Pension Fund during the year to reduce the liability.

Note 25.5: Pensions Reserve

Pension Reserve	2023/24 £'000 Restated	2023/24 £'000 Restated	2024/25 £'000
Balance at 1 April	(1,290)		(10,295)
Remeasurements of the net defined benefit liability/(asset)	(23,685)		(54,255)
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	(11,585)		19,162
Employer's pensions contributions and direct payments to pensioners payable in the year			
Balance at 31 March	(1,290)	10,295	(45,388)

Note 25.6: Accumulated Absences Account

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

		2023/24 £'000	2024/25 £'000
Balance at 1 April		286	277
Settlement or cancellation of accrual made at the end of the preceding year			
Amounts accrued at the end of the current year		277	324
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements			
Balance at 31 March		277	324

Note 25.7: Collection Fund Adjustment Account

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

		2023/24 £'000	2024/25 £'000
Balance at 1 April		452	1,266
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements		(361)	(866)
Amount by which Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Business Rate income calculated for the year in accordance with statutory requirements		1,175	(588)
Balance at 31 March		1,266	(188)

Note 26 Cash Flow Note Operating activities

The cash flows for operating activities include the following items:

	2023/24 £'000	2024/25 £'000
Interest Received	(6,458)	(3,916)
Interest Paid	4,617	11,358
Dividends		(389)
Totals	(1,841)	7,053

	2023/24 £'000	2024/25 £'000
Depreciation	15,388	14,755
Impairment and downward valuations	7,452	1,733
Amortisation	925	814
Movements in pension liabilities	1,668	910
Increase / (decrease) in creditors	2,421	10,501
(Increase) / decrease in debtors	(1,409)	(7,877)
(Increase) / decrease in inventories	38	79
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,440	10,862
Movement in Investment Property Values	(1,995)	1,733
Other non-cash items charged to the net surplus or deficit on the provision of services	6,768	(3,325)
Totals	35,696	30,185

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

	2023/24 £'000	2024/25 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(38,624)	(11,522)
Any other items for which the cash effects are investing or financing cash flows	(5,610)	(31,784)
Totals	(44,234)	(43,306)

Note 27 Cash Flow Note Investing activities

The cash flows for investing activities include the following items:

	2023/24 £'000	2023/24 £'000 Restated	2024/25 £'000
Purchase of property, plant & equipment, investment property and intangible assets	(56,702)	(56,702)	(45,321)
Purchase of short-term and long-term investments	(8,858)	(8,858)	0
Other payment for investing activities	0	0	0
Prior Year Adjustment 2023/24 Investment properties purchased	0	11,811	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,588	5,588	8,698
Proceeds from short-term and long-term investments	85,471	85,471	17,090
Capital Grants Received	0	0	34,925
Net cash flows from investing activities	25,499	37,310	15,392

Note 28 Cash Flow Note Financing activities

The cash flows for financing activities include the following items:

	2023/24 £'000	2024/25 £'000
Cash receipts of short and long-term borrowing	33,455	110,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI	0	0
Repayments of short and long-term borrowing	(53,192)	(87,971)
Other payments for financing activities	0	3,555
Net cash flows from financing activities	(19,737)	25,584

Note 29 Members Allowances

The total Members Allowances paid by the Authority were:

Members Allowances	2023/24 £'000	2024/25 £'000
Members Allowances Paid	516	523

Note 30.1 Senior Officer's Remuneration

The number of directly employed employees whose gross remuneration, excluding employer pension contributions was £50,000 or more in bands of £5,000 were as below. The figures do include exit costs.

Note 30.1 Senior Officers' Remuneration 2024/25	Remuneration Salary (including supplements) £'000	Employer Pension Contributions £'000	Total Remuneration including Pension Contribution £'000	Net Cost to Guildford
Pedro Wrobel Joint Chief Executive (from 08/04/2024)	161,792	27,828	189,620	94,810
Joint Strategic Director - Transformation and Governance (to 13/09/2024)	125,938	10,995	136,933	68,467
Joint Strategic Director - Housing, Community and Environment (from 01/09/2024)	74,579	12,828	87,407	43,703
Joint Strategic Director - Housing, Community and Environment (to 31/03/2024)	66,401	0	66,401	33,201
Joint Strategic Director - Economy, Planning and Place (from 04/11/2024)	52,205	8,979	61,185	36,711
Joint Strategic Director - Place (to 27/07/2024)	49,579	7,094	56,672	34,003
Joint Strategic Director - Legal and Democratic Services	130,215	22,397	152,612	76,306
Joint Strategic Director - Finance and Resources - S151 Officer (from 01/05/2024)	117,196	20,158	137,354	68,677
Totals	0	0	0	455,877

Note 30.1 Senior Officers' Remuneration 2023/24	Remuneration Salary (including supplements) £'000	Employer Pension Contributions £'000	Total Remuneration including Pension Contribution £'000	Net Cost to Guildford
Tom Horwood Joint Chief Executive1 (to 09/02/2024)	146,911	23,652	170,563	85,282
Joint Strategic Director - Transformation and Governance1	129,601	21,877	151,478	75,739
Joint Strategic Director - Community and Wellbeing (to 31/03/2024)	129,069	22,200	151,269	75,905
Joint Strategic Director - Place1	128,478	21,877	150,355	90,213
Joint Strategic Director - Legal and Democratic Services (from 01/03/2024)	2,750	473	3,223	1,612
Executive Head of Finance - S151 Officer (to 03/09/2023)2	47,683	8,201	55,884	27,942
Totals	584,492	98,280	682,772	356,693

Note 30.2 Officer's Remuneration

The number of directly employed employees whose gross remuneration, excluding employer pension contributions was £50,000 or more in bands of £5,000 were as below. The figures do include exit costs.

Officers Remuneration £'000	2023/24 No. of Employees	2024/25 No. of Employees
50,000 - 54,999	51	51
55,000 - 59,999	25	42
60,000 - 64,999	17	41
65,000 - 69,999	12	27
70,000 - 74,999	5	16
75,000 - 79,999	2	12
80,000 - 84,999	4	6
85,000 - 89,999	2	2
90,000 - 94,999	8	2
95,000 - 99,999	0	3
Greater than 100,000	1	3

Note 30.3 Officers' Remuneration – Exit Packages

Bandings 2024/25	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in each Band £'000	Net cost to Guildford
£0 - £20,000	7	1	8	50.7	50.7
£20,001 - £40,000		1	1	27.6	27.6
£40,001 - £60,000	1		1	43.7	43.7
£60,001 - £80,000		2	2	129	64.5
£80,001 - £100,000					
£100,001 - £120,000					
£120,001 - £140,000					
£140,001 - £160,000					
£180,001 - £200,000					

Bandings 2023/24	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 £'000
£0 - £20,000	3		3	18
£20,001 - £40,000				
£40,001 - £60,000	1			53
£60,001 - £80,000	2			151
£80,001 - £100,000				
£100,001 - £120,000				
£120,001 - £140,000				
£140,001 - £160,000				
£180,001 - £200,000				

Note 31 - External Audit costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

External Audit Costs	2023/24 £'000	2024/25 £'000
Audit fees	236	254
Fees payable in relation to grant claims	0	0
Other services	7	0
Total External Audit Costs	243	254

Note 32.1 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2023/24 £'000	2024/25 £'000
Credited to Taxation and Non-Specific Grant Income		
Revenue Grants:		
Revenue Support Grant	(1,875)	(2,472)
New Homes Bonus Grant	(1,283)	(698)
New Burdens Grants	(2)	
NNDR Section 31 Grants	(4,705)	(5,370)
Local Government Services Grant	0	
Capital Grants and Contributions	(37,733)	(24,457)
Total Grant income credited to the Taxation & non-specific grant income	(45,598)	(32,996)

	2023/24 £'000	2024/25 £'000
Credited to Services		
Rent Allowances	(12,934)	(12,584)
Rent Rebates	(10,150)	(9,380)
Housing Benefit Admin Grant	(231)	(222)
NNDR Cost of Collection Allowance	(217)	(217)
Covid 19	(253)	0
Council Tax Energy Rebate	(980)	0
Homelessness Grant	(1,256)	(1,260)
Miscellaneous grants	(4,909)	(7,327)
Total Grant income credited Services	(30,930)	(30,990)
Total Grant Income credited to the Comprehensive Income & Expenditure Statement	(76,528)	(63,987)

Note 32.2 Current Liabilities - Grants Receipts in Advance

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at year-end are as follows:

Capital Grants Receipts in Advance	2023/24 £'000	2024/25 £'000
Government Grants		(150)
Other Contributions	(4,731)	(2,937)
Total Capital Grants Receipts in Advance	(4,731)	(3,087)

Grants Receipts in Advance (Revenue)	2023/24 £'000	2024/25 £'000
Government Grants	0	
Total Receipts in Advance (Revenue)	0	0

Note 33 Related Parties

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

Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants, and prescribes the terms of many of the transactions the Council has with other parties, e.g. council tax bills, housing benefits.

Officers and Members

Members of the Council have direct control over the Council's financial and operating policies. Although some of these disclosures are not necessary as per accounting regulations, as a public organisation it was deemed to be as transparent as possible. Grants received by the government are set out in Note 32.

The amounts paid are as follows:

Related Parties	2023/24 £'000	2024/25 £'000
Officers and Councillors		
This is a list of organisations where our Officers and Councillors have declared related party interest and they are also council representatives:		
<i>(-) Income, + Expenditure</i>		
Ash Parish Council	619,074.44	£16,668
East Clandon Parish Council	10,085.00	£0
East Horsley Parish Council	162,971.11	£0
Elevate Guildford Ltd	505,000.00	£432,000
Guildford Sportsground Management Company	180,249.48	£0
North Downs Housing (In 2024/25 GBC has billed NDH for 2 years of interest)	-1,849,083.37	£21,604
Oakleaf Enterprise	112,070.98	£97,940
Reserve Forces and Cadets Association	220.00	£100
West Clandon Parish Council	27,526.00	£0
West Horsley Parish Council	117,047.00	£0
Total	-114,839.36	£568,312

Note 33 Related Parties

Waverley and Guildford Borough Council

Waverley and Guildford Borough Council Executives have approved plans to work more closely in partnership with neighbouring Guildford Borough Council.

The Collaboration and Transformation programme aims to support both councils by making financial savings and helping to sustain and improve council services. It will enable each authority to continue to invest in key projects that benefit the local community, such as the coordination and planning of carbon reduction initiatives across a wider area, a significant step towards becoming carbon neutral by 2030.

A meeting of the Guildford Borough Council Executive took place 23 November, where they approved identical plans to move forward with the collaboration.

Guildford and Waverley Borough Councils already share a joint management team, a partnership that saves almost £900,000 per year when compared with the cost of having two separate management teams. There are clear, tangible financial benefits to councils working cooperatively, and both councils will now work together to explore further savings and efficiencies.

With announcement of new unitary council system, there might be a change of direction, which is yet to be confirmed

Guildford Holdings company and North Downs Housing

The Council controls North Downs Housing Limited and its parent company Guildford Borough Council Holdings Limited through its ownership of 100% of the shares of Guildford Borough Council Holdings Limited.

The Council invests in North Downs Housing Limited through a mixture of share equity (40%) and a 25-year secure variable rate loan (60%) and interest was charged up to 13 December 2022 at a of Bank of England base rate plus 5%, since then it was charged at flat rate of 5.5%. The finance is used to purchase residential property within the borough.

At 31 March 2025, the Council had invested a total of £25.3 million (£25.3 million, in 2023-24) in North Downs Housing, maintaining the funding ratio of loan to equity investment of 60:40. Shares in the parent company, Guildford Borough Council Holdings Limited, at 31 March 2025 totalled £10.2million (£10.2 million in 2023-24), with the company continuing to own 100% of the share capital of North Downs Housing Limited.

The Council provides number of administrative service to help run NDH day to day activities, this is covered under original SLA and covers areas like management fee, tenancy finding fee, accountancy and legal service, acquisition fee as well as property management service. Property Management service is charged separately, see below. Total administrative cost for current year was recharged at £149,558.49 of which all of this amount remained unpaid at 31st of March, (£140,424, in 2022/23).

The Council provides property repair and management services. During 2024-25 a cost of £244,517.73 was recharged to NDH of which only £1,884 was unpaid at 31st of March, (in 2023/24, total cost recharged was £271,000).

Surrey and Sussex Credit Union (Boom)

Council has purchased shares in the Surrey and Sussex Credit Union (Boom) but it is not expected to increase exposure to Boom.

Broadband for Surrey Hills (B4SH)

Council has purchased shares in the Broadband for Surrey Hills (B4SH) but it is not expected to increase exposure to B4SH

Charities

Council has two charities that were set up back in 2020:

- The Mayor of Guildford's Local Support Fund, which is there to help provide with some financial support to local residents of Guildford Borough in cases of distress
- Arundel House (Hamilton Fellows) with an aim to relief of poverty or other in respect of children under 21 years in the borough of Guildford

Guildford BID (Business Improvement District)

A Business Improvement District, or BID, is an arrangement whereby businesses collaborate to decide what services and improvements (in addition to those already provided by the public agencies) they wish to make in their location, how they are going to manage and deliver those improvements and what they are prepared to pay to make them happen.

As central and local government funds steadily decrease, a great many town centres are deciding to adopt or continue this private sector management model called BIDs, to better fulfil the wishes and wants of their business community.

Experience Guildford BID is an example of this and is funded by retail and leisure businesses in the area that pay a set levy based upon their rateable value. This investment is ring-fenced and can only be spent within the BID area on the ideas and themes agreed and voted upon in a business plan.

Note 34 Capital Expenditure and Capital Financing

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

	2023/24 £'000	2024/25 £'000
Capital Investment		
Property, Plant and Equipment	51,385	43,605
Right of Use Assets acquired under IFRS 16		
Investment Properties	4,644	293
Intangible Assets	510	179
Revenue Expenditure Funded from Capital Under Statute	40,125	52,197
Investments in Subsidiaries - Loans		
Investments in Subsidiaries - Equity		
Total Capital Investment	96,664	96,274
Sources of Finance :		
Capital Receipts	(2,954)	(5,000)
Government Grants and other Contributions	(38,661)	(31,546)
Major Repairs Reserve	(13,209)	(6,293)
Developers Contributions		
Lease Liabilities		
Borrowing - Investment Companies		
Borrowing - PWLB and Other		
Other Sums set aside :		
From Revenue and Reserves	(16,775)	(1,333)
Minimum Revenue Provision of Repayment of Borrowing (MRP)	(1,560)	(2,008)
Total Sources of Finance	(73,159)	(46,181)
Opening Capital Financing Requirement (CFR)	376,067	399,572
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)		0
Increase in underlying need to borrow (unsupported by government financial assistance)		50,094
Assets acquired under Finance Leases		
Closing Capital Financing Requirement	399,572	449,666

Note 35 Leases

Note 35.1 Authority as a Lessee

A finance lease (for lessors only) is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time.

A lessee is an authority that obtains the right to use an underlying asset for a period of time

Council as Lessee Finance leases

Following the transitional arrangements from IAS 17 Leases to IFRS 16 Leases, the leased asset will be transferred at its carrying amount for finance leases that commenced prior to the date of initial application. From that date such right-of-use assets may continue to be measured in accordance with the revaluation provisions in Section 4.1 of the CIFPA Code of practice.

For the avoidance of doubt a local authority with property, plant and equipment right-of-use assets that are measured using valuation shall apply the requirements of Section 4.1 regarding remeasurement. After the commencement date a lessee shall measure the right-of-use asset in accordance with Section 4.1 for property, plant and equipment at current value in accordance with the following:

a) On an asset-by-asset basis, for right-of-use assets that are classified to be measured at current value per Section 4.1, as a practical expedient the cost model in

b) shall be used as a proxy for current value unless inappropriate, in which case paragraph c) applies.

Where a cost model is appropriate, a lessee shall measure the right-of-use asset at cost as defined in this section of the Code:

- less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability

c) adjusted for any changes in the estimated costs of dismantling, removal or restoration.

For some right-of-use assets the use of the cost model in

b) as a proxy for current value will be inappropriate. This is anticipated to be the case where both of the following conditions are met:

- a longer-term lease has no provisions to update lease payments for market conditions (such as rent reviews), or there is a significant period of time between those updates, and the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices. This is more likely to be the case with property assets.

Following the transitional arrangements, the leased asset will be transferred at its carrying amount for finance leases that commenced prior to the date of initial application. From that date such right-of-use assets may continue to be measured in accordance with the revaluation provisions in Section 4.1.

For the avoidance of doubt a local authority with property, plant and equipment right-of-use assets that are measured using valuation shall apply the requirements of Section 4.1 regarding remeasurement.

a) Where an authority determines that a previously revalued right-of-use asset meets the criteria permitting use of the cost model as proxy, if the authority applies the cost model as proxy the cost model shall meet the requirements in accordance with the Code

b) If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. A lessee shall apply the requirements of Section 4.7 to determine whether the right-of-use asset is impaired.

Note 35 - Leases

Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications in accordance with IFRS 16 or to reflect revised in-substance fixed lease payments.
- Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate. After the commencement date, a lessee shall recognise in surplus or deficit on the provision of services, unless the costs are included in the carrying amount of another asset applying other sections of the Code, both:
 - interest on the lease liability, and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Accounting for Finance Leases - Right of use Assets

Right of use assets that are PPE or VPE will be capitalised as a Right of Use Asset on the Balance Sheet, depreciated and normal accounting rules apply thereafter. An associated Lease Liability will be written down against the payment of the liability held in the Balance Sheet to the CIES in Net cost of Services and interest will be charged in accordance with the interest rate implicit in the lease to the CIES and depreciation reversed out to the Movement in Reserves Statement. Minimum Revenue provision will be charged and equal to the write down of the liability. For those Finance leases where the asset is held in the Balance Sheet it will be derecognised as a normal asset and recognised as a right of use assets and measured in accordance with the above criteria.

The Council has a number of Finance Leases previously held under IAS 17 whereby the the Council paid premiums and therefore there is no liability currently held on the Balance Sheet.

Appropriate exemptions exist where Low Value Leases will be deemed to be operating leases where they are short term ie less than one year and/or below the de-minimus for capital. At the last Balance sheet of 2022 the Council held £9.844m in Finance Leases in Other Land and Buildings. The Council does not have a corresponding Lease Liability due to premiums paid.

Council as Lessor Finance leases Where the Council grants a finance lease for an item of PP&E, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether PP&E or Assets Held for Sale) is written off to the CIES, and any premium received is credited to the CIES, as part of the gain or loss on disposal. The accounting treatment is the same as for PP&E disposals described in note 12. The Council has leased out a number of investment properties on finance leases with remaining lease terms of 60 years or more. In each case a premium was paid to the Council by the lessee in order to enter into the lease and there are no future minimum lease payments due.

An operating lease (for lessors only) is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Recognition and measurement

A lessor shall recognise lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. A lessor shall add initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognise those costs as an expense over the lease term on the same basis as the lease income.

The depreciation policy for depreciable leased assets shall be consistent with the lessor's normal depreciation policy for similar assets.

Note 35 Leases (continued)

Note 35 Leases

Note 35.2 Authority as a Lessor

Operating leases

The Authority has a number of finance and operating leases that are classified as a Lessor. These are credited to the Comprehensive Income and Expenditure Statement over the life of the lease excluding rent free breaks. Leases, in accordance with the CIPFA Code of practice does not recognise rental income in the Housing Revenue Account (HRA) and is therefore not rental income in accordance with IFRS16. Therefore HRA rents will be reflected in the HRA accounts.

	Finance Leases		Operating Leases	
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
Totals	740	701	11,933	12,250
Total Finance and Operating Leases Lessor	740	701	11,933	12,250

Note 36 - Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the Terms and Conditions of Employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the following post-employment scheme:

the Local Government Pension Scheme, administered locally by Surrey County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Surrey County Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Surrey County Pension Fund. Policy is determined in accordance with the Pensions Fund Regulations.

The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the general fund and HRA the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-Employment Benefits

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

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

	2023/24 £'000	Restated 2023/24 £'000	2024/25 £'000
Comprehensive Income & Expenditure Statement			
Cost of Services :-			
Service Cost			
- Current	5,119	5,119	4,617
- Past Service Cost	25	25	164
- Administration expenses			
	5,144	5,144	4,781
Financing and Investment Income and Expenditure :-			
- Interest cost	991	991	455
Total Post Employment Benefits charged to the Surplus or Deficit on the provision of Services			
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement			
Remeasurement of the Net Defined Benefit Liability comprising:			
- Return on Plan Assets (excluding the amount included in the net interest expense)	15,805	15,805	(153)
- Actuarial Gains and Losses arising on changes in Demographic Assumptions	1,434	1,434	450
- Actuarial Gains and Losses arising on changes in Financial Assumptions	14,689	14,689	39,284
- Other Experience	(8,435)	(8,435)	2,527
Sub-Total Remeasurements	23,493	23,493	42,108
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	29,628	29,628	47,344
Movement In Reserves Statement			
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	6,135	6,135	5,236
- Employers' Contributions payable to the Scheme	(4,467)	(4,467)	(6,649)
Actual amount charged against the General Fund Balance for Pensions in the year	1,668	1,668	(1,413)

Note 36 - Defined Benefit Pension Schemes (continued)
Note 36.1 Comprehensive Income and Expenditure Statement

	2023/24 £'000	Restated 2023/24 £'000	2024/25 £'000
Comprehensive Income & Expenditure Statement			
Cost of Services :-			
Service Cost			
- Current	5,119	5,119	4,617
- Past Service Cost	25	25	164
- Administration expenses			
	5,144	5,144	4,781
Financing and Investment Income and Expenditure :-			
- Interest cost	991	991	455
Total Post Employment Benefits charged to the Surplus or Deficit on the provision of Services			
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement			
Remeasurement of the Net Defined Benefit Liability comprising:			
- Return on Plan Assets (excluding the amount included in the net interest expense)	15,805	15,805	(153)
- Actuarial Gains and Losses arising on changes in Demographic Assumptions	1,434	1,434	450
- Actuarial Gains and Losses arising on changes in Financial Assumptions	14,689	14,689	39,284
- Other Experience	(8,435)	(8,435)	2,527
Sub-Total Remeasurements	23,493	23,493	42,108
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	29,628	29,628	47,344
Movement In Reserves Statement			
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	6,135	6,135	5,236
- Employers' Contributions payable to the Scheme	(4,467)	(4,467)	(6,649)
Actual amount charged against the General Fund Balance for Pensions in the year	1,668	1,668	(1,413)

Note 36.2 Pension Assets and Liabilities in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's (obligation)/plan assets in respect of its defined benefit plans is as follows:

	2023/24 £'000	2023/24 £'000	2024/25 £'000
Fair Value of Plan Assets	259,429	259,429	270,022
Present Value of the Defined Benefit Obligation	(258,139)	(269,724)	(224,649)
Net Pension Assets	1,290	(10,295)	45,373

Note 36 - Defined Benefit Pension Schemes (continued)

Note 36.3 - Reconciliation of the Movements in the Fair Value of the Scheme Assets

	2023/24 £'000	Restated 2023/24 £'000	2024/25 £'000
Opening Fair Value of Scheme Assets at 1 April	236,612	236,612	259,429
Interest Income	11,142	11,142	12,531
Total Defined benefit cost recognised in Profit or (Loss)	11,142	11,142	12,531
Remeasurement Gain/(Loss) :-			
- Return on Plan Assets (excluding the amount included in the net interest expense)	15,805	15,805	(153)
Total Remeasurements in Other Comprehensive Income & Expenditure Statement	15,805	15,805	(153)
Participants' contributions	1,554	1,554	1,603
Employer contributions	4,246	4,246	6,425
Benefits paid	(9,930)	(9,930)	(9,813)
Unfunded benefits paid	(221)	(221)	(224)
Contributions in respect of unfunded benefits paid	221	221	224
Closing Fair Value of Scheme Assets at 31 March	259,429	259,429	270,022

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2023/24 £'000	Restated 2023/24 £'000	2024/25 £'000
Opening Balance as at 1 April	(257,147)	(257,147)	(269,724)
Current Service Cost	(5,119)	(5,119)	(4,617)
Past Service Cost	(25)	(25)	(164)
Interest Cost	(12,133)	(12,133)	(12,986)
Total Defined benefit cost recognised in Profit or (Loss)	(17,277)	(17,277)	(17,767)
Contributions from Scheme Participants	(1,554)	(1,554)	(1,603)
Benefits Paid (Net of transfers in)	9,930	9,930	9,813
Unfunded Benefits paid	221	221	224
Expected Closing Position 31 March	(265,827)	(265,827)	(279,057)
Remeasurement Gain/(Loss)			
- Actuarial Gains and Losses arising on changes in Demographic Assumptions	14,689	14,689	450
- Actuarial Gains and Losses arising on changes in Financial Assumptions	1,434	1,434	39,284
- Other Experience	(8,435)	(20,020)	14,674
Total Remeasurements recognised in Other Comprehensive Income & Expenditure (OCIE)	7,688	(3,897)	54,408
Closing Balance as at 31 March	(258,139)	(269,724)	(224,649)

Note 36.4 Local Government Pension Scheme Assets comprised:

Fair Value of Scheme Assets - Note 1	2023/24 £'000	% of Assets	2024/25 £'000	% of Assets
Equity Securities:				
Consumer	3,418.7	1.00%	2,615.9	1.00%
Manufacturing	4,139.5	2.00%	4,791.5	2.00%
Energy and Utilities	0.0	0.00%	0.0	0.00%
Financial Institutions	3,434.3	1.00%	3,539.9	1.00%
Health and Care	3,531.0	1.00%	3,295.6	1.00%
Information Technology	6,222.3	2.00%	5,749.7	2.00%
Other		0.00%	226.6	0.00%
Private Equity:				
All	39,707.1	15.00%	0.0	0.00%
Real Estate:				
UK Property	8,199.5	3.00%	15,017.5	6.00%
Overseas Property	4,541.9	2.00%	39,480.8	15.00%
Investment Funds and Unit Trusts:				
Equities	144,561.9	56.00%	148,944.8	55.00%
Bonds	37,808.3	15.00%	39,665.8	15.00%
Derivatives:				
Foreign Exchange	(148.2)	0.00%	1,007.6	0.00%
Cash and Cash Equivalents:				
All	4,012.7	2.00%	5,686	2.00%
Totals	259,429	100%	270,022	100%

Note 36.5 Basis for Estimating assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumption about mortality rates, salary levels etc. The County Council fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The Actuary has prepared the figures by applying a 'roll-forward' approach to the last formal valuation, which was as at 31 March 2024. The main financial assumptions used in their calculation have been:

Mortality rates	2023/24 £'000	2024/25 £'000
Expected rate of return on assets in the scheme		
Mortality assumptions: Longevity at 65 for current pensioners :-		
- Men	22.2	21.8
Women	24.2	23.9
Longevity at 65 for future pensioners :-		
- Men	23.5	23.1
- Women	25.6	25.4
Mortality rates	2023/24 %	2024/25 %
Rate of Inflation (CPI)	2.80	2.00
Rate of Increase in Salaries	3.80	0.00
Rate of Increase in Pensions	2.80	2.00
Rate for Discounting Scheme Liabilities	4.90	2.00

Note 36.5 (Continued)

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis	Approximate Increase to Defined Benefit Obligation %	Approximate Monetary Amount £'000
Changes in assumptions as at 31 March 2024		
Discount rate (decrease by 0.1%)	2.00	4,726.00
Long Term salary increase (increase by 0.1%)	0.00	178.00
Pension increases (increase/decrease by 0.1%)	2.00	4,634.00
Life expectancy assumptions (increase by 1 year)	4.00	10,326.00

Note 36.7 Impact on the Council's Cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The triennial valuation carried out as at 31 March 2023 applies from 1 April 2024.

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

Change in position from liabilities to assets of £1.2 million reduced slight strain on the pension, however this is very volatile. Statutory arrangements for funding the surplus/deficit mean that the financial position of the Council remains healthy; the surplus/deficit will be made good by decreased/increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Memorandum Note - Collection Fund Statement

This account reflects the statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing Authority in relation to National Non-Domestic Rates (NNDR) and Council Tax. It illustrates the way in which these have been distributed to precepting authorities and the Council's own General Fund. The introduction to Business Rate Retention requires local Authorities to maintain a separate Collection Fund Account for Business Rates and Council tax as follows:

Collection Fund Statement	Notes	2023/24			2024/25		
		Council Tax £'000	Business Rates £'000	Totals £'000	Council Tax £'000	Business Rates £'000	Totals £'000
Income							
Council Tax receivable		135,192		135,192	141,428		141,428
Business Rates receivable			78,671	78,671		81,492	81,492
Total Income		135,192	78,671	213,863	141,428	81,492	222,920
Charges to the Collection Fund:							
Interest paid on refunds				0			
Less (inc)/decrease in provision for bad debts		508	52	560	(944)	(210)	
Less (inc)/decrease in provision for appeals			(3,446)	(3,446)		607	
Less disregard amounts				0			
Contribution towards the Collection fund surplus			5,742	5,742		4	
Total charges to the Collection Fund				0			
Net Collectable				0			
Less other charges:				0			
Transitional Protection sums due from/to Authority				0		894	
Cost of Collection Allowance			217	217		217	
Non-domestic rating (NNDR) income for 2023/24				0			
				0			
Demands, Precepts and Proportionate Shares:				0			
Surrey Police & Crime Commissioner		18,390		18,390	19,379		
Central Government/MHCLG			39,529	39,529		39,498	
Guildford Borough Council		13,567	31,623	45,190	14,199	31,599	
Surrey County Council		99,185	7,906	107,091	105,323	7,900	
Total Demands and Precepts/Shares		131,650	81,623	213,273	137,957	80,509	0
Council tax & NNDR 1 & NNDR 3 reconciliation amounts							
Surplus (+)/deficit (-) b/f 1 April		(1,588)	1,522	(66)	(5,130)	4,474	
Surplus (+)/deficit (-) arising during year							
Estimated surplus (+)/deficit (-) payable in year		(3,542)	2,952	(590)	(3,471)	(2,779)	
Surplus (+)/deficit (-) arising during year including paid in yr per Council tax & NNDR		(5,130)	4,474	(656)	(8,601)	1,695	0
Collection Fund Surplus/(Deficit) distribution c/f 31 March		Council Tax £'000	Business Rates £'000	Totals £'000	Council Tax £'000	Business Rates £'000	Totals £'000
Central Government/MHCLG		0	2,237	2,237		847	847
Guildford Borough Council		(524)	1,789	1,265	(867)	678	(189)
Surrey County Council		(3,890)	448	(3,442)	(6,539)	169	(6,370)
Surrey Police & Crime Commissioner		(716)	0	(716)	(1,195)	0	(1,195)
Surplus/deficit c/f 31 March		(5,130)	4,474	(656)	(8,601)	1,694	(6,907)

Collection Fund Note 1 - Council Tax

The council tax is calculated and charged on domestic properties. For the purposes of identifying liability and determining the level of tax properties are placed in one of eight valuation bands by Her Majesty's Revenue and Customs. After accounting for discounts, exemptions etc, these are then converted to a Band D equivalent which is known as the Tax Base. The Tax Base for 2023/24 on which the tax was set was:

Valuation Band	No. Of Properties	No. Of Band D Equivalent Properties	Proportion to Band D Properties	Tax Base 2024/25
A* - disabled relief for Band A property	0	0	5/9	
A	782.8	521.9	6/9	
B	2,286.08	1,778.10	7/9	
C	9,749.86	8,666.50	8/9	
D	14,391.43	14,391.40	9/9	
E	9,364.83	11,445.90	11/9	
F	6,426.48	9,282.70	13/9	
G	7,128.31	11,880.50	15/9	
H	1,739.99	3,480.00	18/9	
MOD Properties				417.8
Sub Total	51,869.78	61,447.00		61,864.80
Expected Collection Rate				97.80%
Total				60,503.77

Note 2 - Income from Business Rate Payers

Income from Business Rates and Standard Rate Multiplier	2023/24	2024/25
Total Rateable Value as at 31 March	220,077,143	£216,462,283
The Standard Rate Multiplier (rate in the £) as set by Government (Pence)	51.2	54.6

Note 3 - Distribution of Estimated Balance on the Collection Fund

Distribution of Estimated Balance on the Collection Fund

In accordance with regulations the balance on the Collection Fund has to be estimated on 15 January each year. This estimate is distributed the following year between the authorities.

The Estimated (Surplus) / Deficit on the Collection Fund was distributed as below:

Estimated Surplus (+)/Deficit (-) on the Collection Fund	2023/24 £'000	2024/25 £'000
Council Tax:		
Guildford Borough Council	(140)	5
Surrey Police and Crime Commissioner	(185)	7
Surrey County Council	(1,023)	37
Business Rates:		
Guildford Borough Council	(2,297)	2
Central Government	(2,871)	2
Surrey County Council	(574)	1
	(7,090)	54

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account statement.

	2023/24 £'000	2024/25 £'000
EXPENDITURE		
Repairs and Maintenance	9,238	10,092
Supervision and Management	6,552	6,885
Revaluation (Gains)/Losses	5,221	(52)
Rent, rates, taxes and other charges	0	0
Charge for bad & doubtful debts	163	52
Depreciation, amortisation and Impairment of Non-current Assets	6,791	6,526
REFCUS	207	0
Debt Management Expense	152	66
Total Expenditure	28,324	23,569
INCOME		
Dwelling rents (gross)	(32,541)	(36,402)
Non-dwelling rents (gross)	(1,165)	(1,309)
Charges for services and facilities	(1,536)	(1,326)
Contributions towards expenditure	(185)	(762)
Total Income	(35,427)	(39,799)
Net Cost of HRA Services as included in the Comprehensive Income & Expenditure Statement	(7,103)	(16,230)
HRA share of Non-Distributed Costs	1,528	1,438
Net Cost of HRA Services	(5,575)	(14,792)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement :		
(Gain) or loss on disposal of HRA fixed assets	839	(1,997)
Interest payable and similar charges	269	3
Investment Income	0	0
Pensions Interest Cost and Expected Return on Pension Assets	0	0
Other Movements	(2,714)	(4,313)
Capital Grants and Contributions	(891)	0
(Surplus) / Deficit for the year on HRA Services	(8,072)	(21,099)

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	2023/24 £'000	2024/25 £'000
Opening Balance 1 April	2,500	2,500
(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(8,072)	16,230
Adjustments between Accounting Basis and Funding Basis under Statute	13,702	(2,640)
Net (Increase)/Decrease before transfers to or from	5,630	13,590
Earmarked Reserves		
Transfers to/(from) Earmarked Reserves	(5,630)	5,009
(Increase)/Decrease in Year on the HRA	0	18,599
Closing Balance 31 March	2,500	21,099

NOTES TO THE HOUSING REVENUE ACCOUNT

Note 1 - Housing Stock

The Council was responsible for managing the following housing stock, including shared ownership :

	Bedroom No.	2023/24 No.	2024/25 No.
Flats	0	322	317
	1	1,301	1,297
	2	522	514
	3	42	10
Houses	1	5	8
	2	881	885
	3	1,567	1,596
	4	74	74
	5+	5	5
Bungalows	0	0	0
	1	190	190
	2	126	126
	3	0	0
	4	0	0
	5+	0	0
Shared Ownership / Other		204	202
Total Number of Housing Stock		5,239	5,224

Note 3 - Major Repairs Reserve

The Major Repairs Reserve (MRR) controls an element of capital resources required to be used on HRA assets or for capital purposes. Under self-financing arrangements there are regulations that require the MRR to be credited with an amount equal to the depreciation charge on all HRA assets. Under the adopted transitional arrangements this is abated to the notional Major Repairs Allowance (MRA). The balance is available to fund HRA capital expenditure.

	2023/24 £'000	2024/25 £'000
Balance at 1 April	6,426	0
HRA Depreciation from CAA	6,782	6,520
Repayment of HRA debt	0	0
Financing of HRA capital expenditure - Council Housing	(13,208)	(6,293)
Balance at 31 March	0	226

Note 4 - Summary of Capital Expenditure and Sources of Finance

	2023/24 £'000	2024/25 £'000
Opening Capital Financing Requirement	199,205	201,906
Capital investment:		
-Council dwellings	33,096	6,774
-Assets under construction	487	320
-Intangible Assets	1	
-Revenue financed as Capital under Statute (REFCUS)	207	
Subtotal	33,791	7,094
Source of Funding:		
- Capital receipt	(1,222)	0
- Government Grant & Contributions	(891)	0
- Revenue Finance	(15,768)	0
- Major Repairs Reserve	(13,209)	(7,094)
Revenue contribution to the Repayment of Borrowing	0	0
Closing Capital Financing Requirement	(31,090)	(7,094)
Explanation of movement in year:		
Decrease in underlying need to borrow (supported by Government financial assistance)		
Increase in underlying need to borrow (supported by Government financial assistance)	0	
Appropriation of property to the HRA	0	
Increase in Capital Financing Requirement	201,906	201,906

Note 5 - Depreciation and Impairment of Non-Current Assets

	2023/24 £'000	2024/25 £'000
Depreciation is charged based on the useful life of assets as follows:		
- Council dwellings	6,600	6,416
- Other land & bldgs	101	101
- Vehicles, Plant & Equipment	3	2
- Infrastructure	78	1
Impairment resulting from the reduction in the valuation of non-current assets resulted in a charge to the HRA income & Expenditure Account as follows:		
the valuation of non-current assets		
- Council dwellings		
- Other		
Total charge to Income and Expenditure Account	6,782	6,520

Note 6 - Rent Arrears

	2023/24 £'000	2024/25 £'000
Cumulative Gross Arrears	2,138	1,302
Dwellings rents written off during the year	14	1
Provision for bad debt as at 31 March	982	53
Current Tenant rent arrears expressed as a % of gross rent income	6.57%	3.88%

Note 7 - HRA Capital Receipts

	2023/24 £'000	2024/25 £'000
Balance at 1 April	(12,041)	(14,665)
Capital receipts in year		
- sale of Council houses	(4,532)	(3,537)
- Other receipts		
Pooled capital receipts		
Admin costs for RTB		
Repayment of borrowing from GF		
Applied to finance capital expenditure		
- Housing (HRA)	1,909	0
- Housing (GF)		
Transfer from HRA to GF		
Balance at 31 March	(14,665)	(18,201)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). 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.

2023/24 restated				2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			Group Comprehensive Income & Expenditure Statement			
40,273	(22,535)	17,738	Community & Wellbeing	45,119	(25,063)	20,057
56,259	(44,104)	12,155	Transformation & Governance	52,782	(50,398)	2,385
51,882	(4,879)	47,003	Place	56,666	(3,062)	53,604
27,790	(35,520)	(7,730)	Housing Revenue Account (HRA)	23,620	(39,851)	(16,230)
			Corporate Costs share of HRA	1,432	0	1,432
416	(1,229)	(813)	NDH Limited		(781)	(781)
176,620	(108,267)	68,353	Net Cost of Services	179,621	(119,155)	60,466
(2,823)	(4,696)	(7,519)	Other Operating Expenditure (Note 10)	13,168	(11,523)	1,645
4,454	(15,782)	(11,328)	Financing Investment Income & Expenditure (Note 11)	14,154	(13,918)	237
0	(58,993)	(58,993)	Taxation & Non-specific Grant Income (Note 12)	0	(46,041)	(46,041)
178,251	(187,738)	(9,487)	(Surplus) or Deficit on Provision of Services	206,943	(190,636)	16,307
		25,772	(Surplus) or Deficit on Revaluation Non-current Assets			(25,251)
		(23,493)	Re-Measurement of the Net defined Liability			(54,255)
		2,279	Other Comprehensive Income & Expenditure			(79,506)
		(7,208)	Total Comprehensive Income & Expenditure			(63,199)

GROUP BALANCE SHEET

The Balance Sheet shows the value of the Assets and Liabilities recognised by the Entity as at the Balance Sheet date. The net assets of the Authority (assets less Liabilities) are matched by the reserves of the Authority. Reserves are reported in two categories. The first is Usable Reserves, i.e. 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 'Unusable Reserves' i.e. those that the Authority is not able to use to provide Services. This category of reserves holds unrealised gains and losses (eg. The Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences as shown in the Movement in Reserves Statement line 'Adjustments between Accounting basis and funding basis under regulations'.

		As at 31 March 2024	As at 31 March 2025
	Note	Restated £'000	£'000
Property, Plant and Equipment		937,916	937,376
Heritage Assets		3,765	3,834
Investment Property		183,327	160,503
Intangible Assets		2,126	2,126
Long Term investments		19,506	19,506
Long Term Investment - Pension Assets *			1,290
Long Term Debtors		594	594
Long-Term Assets		1,147,234	1,125,160
Short Term Investments	18	31,166	31,166
Assets held for Sale	21	553	553
Inventories		347	347
Short Term Debtors	19	14,924	15,239
Cash and Cash Equivalents	20	11,408	13,817
Current Assets		58,398	61,123
Bank Overdraft	20	0	(1,002)
Finance Lease Liabilities	37	0	0
Current Provisions	23	(12,819)	(12,819)
Short Term Borrowing	18	(72,062)	(76,018)
Short Term Creditors	22	(41,455)	(46,356)
Grants Receipts in Advance (Revenue)	34	0	0
Grants Receipts in Advance (Capital)	34	(4,731)	0
Current Liabilities		(131,067)	(136,195)
Non-Current Provisions	23	0	0
Long Term Borrowing	18	(203,486)	(199,530)
Pensions Liability	38	1,290	(11,585)
Long Term Liabilities		(202,196)	(211,115)
Net Assets		872,369	838,972
Group Equity		0	0
Usable Reserves	24	(147,188)	(145,079)
Unusable Reserves	25	(724,227)	(693,894)
Reserves Total		(871,415)	(838,972)
subject to External Audit.			

GROUP MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement on different reserves held by the Authority, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. This 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 movements in the year following those adjustments.

	General Fund (GF) £'000	GF Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Subsidiary Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
2024/25 YEAR											
Balance as at 1 April 2024	(8,718)	(34,758)	(2,500)	(85,793)	0	(14,834)	(583)		(145,080)	(693,892)	(838,972)
(Surplus)/Deficit on Provision of Services	(62,418)	0	0	0	0	0	0	(781)	-63,199		(63,199)
Other Comprehensive Income & Expenditure									0		0
Total Comprehensive Income & Expenditure	(71,136)	(34,758)	(2,500)	(85,793)	0	(14,834)	(583)		(208,279)	(693,892)	(902,171)
Adjustments between Accounting & Funding basis-Note 8											
Net (Increase)/Decrease before transfers to Earmarked Reserves	(71,136)		(2,500)		0	(14,834)	(583)		(208,279)	(693,892)	(902,171)
Transfers (to)/from Earmarked Reserves-Note 9									0		0
(Increase)/Decrease in Year	0		0		0	0	0		0	0	0
Balance as at 1 April 2025	(71,136)	(34,758)	(2,500)	(85,793)	0	(14,834)	(583)		(208,279)	(693,892)	(902,171)

2023/24 YEAR RESTATED

	General Fund £'000	GF Earmarked Reserves £'000	Housing Revenue Account £'000	HRA Earmarked Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Subsidiary Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
Movement in Reserves Statement											
Balance as at 1 April 2023	(4,212)	(32,731)	(2,500)	(97,282)	(6,427)	(12,178)	(620)	2,287	(153,663)	(724,738)	(878,401)
(Surplus)/Deficit on Provision of Services	(7,420)		(2,213)					146	(9,487)		(9,487)
Other Comprehensive Income & Expenditure								(3,262)	(3,262)	5,541	2,279
Total Comprehensive Income & Expenditure	(7,420)	0	(2,213)	0	0	0	0	(3,116)	(12,749)	5,541	(7,208)
Adjustments between Accounting & Funding basis-Note 8	(22,545)		13,702	0	6,427	(2,656)	37	2,935	(2,100)	2,100	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	(29,965)	0	11,489	0	6,427	(2,656)	37	(181)	(14,849)	7,641	(7,208)
Transfers (to)/from Earmarked Reserves-Note 9	2,254	(2,027)	(11,489)	11,489	0	0	0	0	227	0	
(Increase)/Decrease in Year	(27,711)	(2,027)	0	11,489	6,427	(2,656)	37	(181)	-14,622	0	0
2023/24 Prior Year adjustment	23,205									23,205	46,637
Balance as at 1 April 2024	(8,718)	(34,758)	(2,500)	(85,793)	0	(14,834)	(583)	2,106	(145,080)	(693,892)	(838,972)

GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

The Cash Flow Statement shows the change 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 intended to contribute to the Authority's future cash 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.

31/3/2024 £'000 restated	31/3/2024 £'000 restated		Note	31/3/2025 £'000
(2,324)	9,487	Net surplus or (deficit) on the provision of services		(16,307)
33,640	33,640	Adjustments to net surplus or deficit on the provision of services for non-cash movements		30,185
(43,275)	(43,275)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities		(43,306)
(11,960)	(148)	Net Cash flows from operating activities	26	(29,428)
25,499	13,688	Net Cash flows from Investing Activities	27	15,404
(20,696)	(20,696)	Net Cash flows from Financing Activities	28	25,584
(7,157)	(7,156)	Net increase or (decrease) in cash and cash equivalents		11,559
16,710	16,710	Cash and cash equivalents at the beginning of the reporting period		12,815
3,261	3,261	Prior year restatement 2023/24		
12,815	12,815	Cash and cash equivalents at the end of the reporting period	* Note 1	24,374

* Note 1 Cash and cash equivalents comprises £13,817K less overdraft of £1,002K in Balance sheet Prior year comparatives



Annual Governance Statement 2024-25

DRAFT

Guildford Borough Council

Governance:

Audit and Risk Committee, 11 June 2025

Foreword

We want to make our borough a greener, fairer and thriving place to live, work and do business.

Our key priorities are

- **a more sustainable borough** - we're committed to becoming a more socially and environmentally responsible borough
- **a more prosperous borough** - building on Guildford borough's strong local economy to attract inward investment
- **a more inclusive borough** - a welcoming borough where people of diverse identities feel valued, respected, included, supported, and represented
- **decent and affordable homes** - we will use the powers and means available to us to ensure that local people have access to decent homes that they can afford
- **a resilient and well-managed council** - we're committed to public service, we exist to serve our residents, businesses, and visitors

Delivering these requires good governance - for our residents, employees, businesses, service users and councillors.

We are proud of our progress in improving governance at Guildford Borough Council, and the Annual Governance Statement records this progress in all aspects of governance and strengthens the foundations for further improvement. It is an honest and transparent appraisal of where we currently stand, and what more we still need to do.

We take full responsibility for our own improvement and have established an Independent Assurance Panel to oversee our progress on Guildford's Improvement Plan which is a council-wide commitment to improving our governance, culture and operations.

We are committed to becoming the well-managed and resilient council that the people of Guildford rightly expect. We also recognise we still have a long way to go on this journey and welcome challenge and scrutiny to help us to accelerate that improvement.

Reviewing our governance will also help us as we prepare for local government reorganisation and further collaboration with Waverley Borough Council.

To add: Council Leader signature

To add: CX signature

Introduction

This Annual Governance Statement is a public facing assessment of the effectiveness of the Council's governance framework during 2024-25.

The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review, with the Statement of Accounts.

The Statement contains three main elements:

- An explanation of the Council's governance framework and the context of this framework
- The Council's review of the effectiveness of the governance framework in the reporting period
- A review of the Council's action plan 2023-24 and the action plan 2024-25 to manage and mitigate remaining governance issues.

Delivering good governance is a process of continuous review and improvement. There is no set definition but good governance comprises the systems, processes, culture, and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community. Weak or poor governance is likely to have a detrimental impact on the Council's ability to deliver best value.

It enables the Council to monitor the achievement of its strategic priorities and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. It is vital in contributing to effective:

- leadership and management
- performance and risk management
- stewardship of public money
- public engagement and outcomes for our residents and service users.

In preparing this Statement, the Council has reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government Framework - 2016 Edition' good practice guidance.

This Statement will be approved by the Council's Audit & Risk Committee under its delegated powers.

Part 1: Governance at Guildford Borough Council

The Council has a responsibility to ensure we have a sound system of governance.

Guildford Borough Council has 48 elected Councillors, covering 21 wards. All councillors agree to follow the member code of conduct and the rules for making decisions set out in our Constitution. All Councillors meet as the Full Council around ten times a year.

The Council is a complex organisation with an appropriately comprehensive governance framework that works in a dynamic environment and keeps its processes under constant review.

Throughout this document, we have explained how Council puts the principles of good governance, set out in the CIPFA/SOLACE framework, into practice.

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Council has important strands of governance which, together, aim to ensure that decisions are taken in a resourced and soundly managed environment, with strong internal and external controls. These are set out below.

Decision-making

Full Council is responsible for approving the budget and Constitution that sets out its rules for decision making and the checks and balances in place to ensure decision making is lawful, subject to scrutiny and is open and transparent.

The Constitution includes

- An ethical framework with Code of Conduct for councillors and obligations to register and declare private interests, gifts and hospitality. Guildford has adopted the LGA Model Code of Conduct.
- Clear delineation of the separation of powers between those exercised by the Leader and Executive and by Full Council and the powers delegated to committees by Full Council as set out in their terms of reference
- Access to Information rules requiring decision making and other formal councillor meetings are held with advance public notice and provide public access to all relevant documentation and meetings, unless the Council can demonstrate exempt information would be disclosed and it is in the public interest to withhold that information
- Financial Procedure Rules to govern how public money delivers best value. Our Financial Procedure Rules have been updated this year.

- Contract Procedure Rules to govern how the Council procures goods, services and works from external contractors. Our Contract Procedure Rules have been updated in this year.
- A protocol on how councillors and officers should work together
- a Scheme of Delegation of executive and non-executive powers to Officers. Strategic Directors and Assistant Directors are required to agree a scheme of authorisation for the exercise of their powers by nominated officers within their directorates. Our Scheme of Delegation has been updated in this year.

As part of Guildford's Improvement Plan, the Constitution continues to be reviewed on a regular basis and changes have been made during 2024/25, approved through input from the Joint Constitution Review Group and Corporate Governance & Standards Committee.

The Council welcomes views from the public and community as part of the constitutional process. These views are considered through formal and informal consultation processes, attendance at local meetings or contact with a local ward councillor. Trades unions are consulted on issues that affect council staff.

For committee meetings, all meetings are held in public, unless exempt material is under consideration and the public interest test is not satisfied. Decisions are recorded on the Council website and all Member-level decisions are supported by detailed officer reports including various options but making clear, evidence based recommendations.

Holding decision-makers to account through scrutiny

Scrutiny provides the legal power for councillors to investigate issues of concern for residents, holding decision-makers to account for the decisions they are making. Scrutiny is not decision-making but acts as a check and balance for Executive decisions. Scrutiny at Guildford Borough Council is carried out by two Overview and Scrutiny Committees: Services & Resources

Financial Management

Guildford Borough Council maintains strong financial management to ensure effective governance and responsible use of public funds.

A robust annual budget process is aligned with the Medium-Term Financial Strategy (MTFS), ensuring financial sustainability and alignment with corporate priorities. Budgets are monitored monthly with the Corporate Leadership Board, with monthly updates to Executive and Scrutiny Committees to manage variances early.

The Council applies clear financial regulations and internal controls to safeguard resources. Internal Audit regularly reviews these controls, and financial risks are tracked through a corporate risk register and scenario planning.

Financial reporting complies with national standards, with the annual Statement of Accounts subject to external audit. Budget holders are accountable for their areas, supported by regular reporting and training to ensure informed financial decisions.

We also publish our [financial and budget information](#) to residents.

Guildford's Improvement Plan

On 23 July 2024, Council endorsed the report on the SOLACE governance reviews and the Improvement Plan. The Improvement Plan aims to address the recommendations from the reviews and achieve our outcome of meeting our Best Value duty and becoming a well-managed and resilient

council. Recommendations of the SOLACE report, agreed by Council as part of the Improvement Plan, included that the Council should appoint an Independent Assurance Panel to monitor our progress and Full Council should receive an update every six months.

By delivering our Improvement Plan, the Council is developing an improved governance framework, culture and operations. Whilst significant progress has been made, the Council's aim of delivering the Improvement Plan and continuing to meet our statutory duty to deliver Best Value requires continued effort, dedication and collaboration from both Members and Officers.

The Council recognises there is more to do to improve our operations, governance and culture, and deliver the high-quality services that our communities, tenants and businesses deserve.

The Improvement Plan takes a risk-based approach, recognising we cannot deliver all the actions at once. The actions and timescales within the Improvement Plan are reviewed regularly to ensure it reflects the Council's priorities and the Council has sought the support from the Independent Assurance Panel on this prioritisation.

The Improvement Plan is a live programme of work and is expected to evolve to remain relevant and responsive to emerging priorities, changes in our internal and external environment and best practice. It is also expected to change and evolve with learnings from the Independent Assurance Panel, the Regulator of Social Housing, our Executive and Corporate Leadership Board, our staff, internal audit and the Overview and Scrutiny Committees.

The Annual Governance Statement is part of the [Improvement Plan](#).

Decision Making & Policy Framework

The Council has a strategic vision for the Borough which is set out in the [Corporate Strategy](#) which was approved in July 2024. The vision is presented along with a range of strategic outcomes aligned to five corporate priorities.

Each year we produce a Delivery Plan which is agreed by officers and the Executive setting out the priority actions for the year. This enables the Council to be open and transparent about what we will deliver each year, and ensures the Council can be held to account by residents and businesses. These priority actions within the Delivery Plan will be supported by a suite of performance indicators that are used to assess impact. The council uses key metrics and other functions within the Council such as quarterly performance and risk management, corporate programme management, and budget monitoring to report and monitor progress against deliverables and achieving our desired outcomes.

The Full Council, the Leader and Executive have also agreed a Scheme of Delegation of executive and non-executive powers to officers. Strategic Directors and Assistant Directors are required to agree a scheme of authorisation for the exercise of powers to officers within their directorates, and officer decisions are published on our website. Our new Scheme of Delegation provides that officers are not able to take key decisions unless specifically authorised by members.

Performance, Policies, Risk and Financial Arrangements

The performance management process helps to identify learning and development needs, which are translated into personal development plans for staff. Our annual appraisal process takes place between the June-July. We have updated our appraisal process this year to align better to our Corporate Strategy and Corporate Values. To help us become a well-managed and resilient Council and to support the collaboration between Guildford and Waverley Borough Councils, the Councils

have initiated a harmonisation project of our key HR policies, ensuring a consistent and fair approach within legislation and best practice. Accompanying the new policies are a set of consistent guidelines for managers and training is being rolled out.

Members are also offered development opportunities through the Member Development Programme. The council provides a variety of learning and development opportunities to officers and members. Senior officers are also expected to keep abreast of developments in their profession.

A quarterly corporate performance report tracks the performance of priority Council activities and services through a suite of agreed key performance indicators. The report also highlights remedial actions being taken where slippage or under-performance does occur. We also include key performance indicators that are not directly within the Council's control for information to give a fuller picture of the borough.

Internal monitoring on the delivery of our major programmes happens at a dedicated officer monthly Enterprise Portfolio Board which is made up of Corporate Leadership Board members.

The Council has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The Council's Finance team works with Internal Audit to confirm and provide assurance that expected governance arrangements and controls have been in place throughout the year.

Risk Management

The Council has a new Risk Management Strategy in place, and corporate risk register identify our strategic and operational risks.

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

Key risks are considered by our Corporate Leadership Board monthly and the Council monitors financial outcomes, governance of companies, charities and trusts and other key partnership arrangements.

Roles and Responsibilities

Our Corporate Leadership Board (CLB) is responsible for the overall management of the Council and is the Council's senior officer group. Led by the Chief Executive, CLB comprises Strategic Directors (and includes both the Monitoring Officer and the S151 Officer).

Our CLB has overall responsibility and accountability for the vision and culture of the organisation, the implementation and development of strategies and priorities as set out within the Corporate Strategy, and the organisation and management of staff.

Whilst CLB as a body has no formal delegated decision-making powers, its members agree to exercise their delegated powers in a consistent way across the Council and the rationale for doing so. They provide a leading role in setting the culture of the authority and modelling standards of behaviour

and performance, including ensuring it seeks and listens to feedback from staff and their representatives (trade unions).

Strategic Directors and Assistant Directors are accountable for the performance of services, compliance with council policies and practices, and systems of internal control within their directorate.

The Council has appointed officers to discharge powers that must be assigned to an individual officer, collectively known as statutory officers. There are three principal statutory officers for governance purposes

- i) Head of Paid Service is the Chief Executive, who is responsible for all council staff to deliver the Council's services and functions
- ii) Section 151 Officer is the Strategic Director of Finance & Resources, who is responsible for ensuring the proper administration of the Council's financial affairs and ensuring value for money; and
- iii) Monitoring Officer is the Strategic Director of Law, Governance and People, who is responsible for ensuring legality and promoting high standards of member conduct.

There are regular meetings throughout the year of our three Statutory Officers (the Chief Executive/ Head of Paid Service, Monitoring Officer, Chief Finance Officer) to review and monitor governance issues. These meetings have agreed terms of reference and actions are recorded and monitored and we are working to agree a protocol for our statutory officers.

Stakeholder engagement

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent to hold the council to account for the services they provide. There are several ways people can get involved and connect with the council, many of which are listed on the council's website. Local people have the option to engage in a dialogue through social media sites, the petition scheme, neighbourhood forums, council meetings (open to the public), and their local Councillor(s).

This year, we undertook a resident survey for the Delivery Plan, a resident engagement survey on Local Government Reorganisation and the Council has strengthened its relationship with the [Tenant Engagement Group](#).

For staff, there is a weekly staff briefing hosted by the Chief Executive or Director. This has been introduced to encourage a more open, collaborative culture. We also have reinvigorated bi-weekly staff newsletter delivered by email, focusing on issues important to colleagues. Members also regularly receive an internal update delivered by email.

We have now committed to undertake an annual staff survey, with the first survey completed in November-December 2024, and this feedback has helped to make improvements as we focus on our priority of being a resilient and well-managed Council.

Employee networks have been created this year including the Guildford Improvement Champions Group which engages staff to be involved with Guildford's Improvement Plan. This staff group has suggested ideas of improvement for the organisation, provided feedback on organisational improvements and created a safe space for the staff to raise concerns.

Changes in Governance in 2024-2025

Governance Review and Improvement Plan

A Corporate Governance Review was commissioned in early 2024 and undertaken by SOLACE.

The report from the review was approved by Full Council in July 2024 and concluded that the Council was at serious risk of failing in its statutory duty to deliver best value and their recommendations were designed to assist the Council to avoid such a failure.

A comprehensive corporate improvement plan has been put in place to address the issues raised.

The key elements of the plan are:

- Establishing clear strategic direction and values for the Council, providing a basis for performance management and continuous improvement.
- Ensuring we provide the best value for money by embedding effective finance practices with sufficient capacity, and alignment between the organisation's priorities and its use of resources, including procurement and contract management.
- Embedding a public service culture, outward-facing, innovative, building partnerships, listening to and working with our communities and businesses to deliver effective services that are value for money.
- Implementing effective governance across the organisation, so decisions are made at the right level, with clear accountabilities and responsibilities.
- Decision-making will be open and transparent, supported by evidence, and a committee system that provides constructive challenge.
- Ensuring effective service delivery, focused on achieving the right outcomes for residents and businesses, and supported by an effective performance reporting, risk-management, monitoring and audit regime.
- To ensure that housing services are effective, value for money, and recognise the vital importance of providing a safe and secure home.

To improve our governance, the SOLACE report recommended:

- Review the way the Council and the Executive operates (including individual Members) to ensure its agendas, reports, minutes and decision making reflects its role appropriately
- Review the way the Overview and Scrutiny Committee operates and plans its work and ensure it provides more effective oversight and constructive challenge which contributes to the Council's priorities and the improvement agenda,
- Review the terms of reference and title of the Corporate Governance and Standards Committee to ensure that the audit function is not marginalised or seen to be so
- Consideration should be given to the formation of a separate Audit Committee.
- That the Council commissions and supports a development programme for Councillors, particularly for members in leading roles (Executive, Chairs and Vice Chairs of Committees and Group Leaders).
- That the corporate leadership arrangements are reviewed including the ways in which the Corporate Leadership Board works together and makes decisions, the range and roles of the various corporate management forums and the role of Strategic Directors,
- A performance management system is put in place across the authority for measuring the achievement of priorities, the delivery of services and management of budgets across the authority's services,
- The current HR policies and processes are reviewed and confirmed.

- That to enable decision-makers to be held to account effectively, the Council ensures that its schemes of delegation and decision-making protocols are reviewed regularly and that everyone concerned understands and follows them.

These were incorporated into our Improvement Plan and is monitored through this programme. Investment was required to improve governance across the Council and to strengthen both the finance, governance and legal functions as part of the Improvement Plan. These were built into our Medium-Term Financial Plan and we have increased our resource in these areas.

The Council's progress of the Improvement Plan is monitored through an Independent Assurance Panel. The Panel is appointed by Full Council and they evaluate our progress since the publication of the SOLACE Governance Review reports and subsequent implementation of the council's Improvement Plan. This is critical in our efforts to improve the governance of the Council as it offers an independent assessment and valuable recommendations. In the [Panel's first assessment](#) of the Council's progress in December 2024, the Panel concluded that the delivery of the governance actions represented good progress in putting many of the foundations of good governance in place. But significant challenges and risks remain. On the wider Improvement Plan programme, the Panel concluded that the Council's Corporate Improvement Plan is fit for purpose and that the Council has made a good start to the delivery of the Plans. Many steps are being taken to put in place robust structures, strategies and systems along with suitable management and staffing arrangements. These will enable the Council to plan and deliver improvement much more effectively and efficiently. This work is mitigating the risk that the Council could fail to meet its statutory duty to deliver Best Value.

Audit & Risk Committee

As a key action of the Improvement Plan, the Council considered the establishment of a dedicated Committee to be responsible for the statutory audit function of the Council, as well as risk management. This was approved, and the first committee meeting will be in June 2025. The Council now has two separate committees; [Audit & Risk](#), and [Standards](#), both with their own terms of reference. Both Committees also have independent members to support their work.

Whistleblowing

Whistleblowing is an important part of safeguarding the effective delivery of public services and ensuring value for money. The Council has a number of active ongoing whistleblowing investigations from this year and 2023-24, and these are presented in the annual whistleblowing report to Audit & Risk Committee.

It is important that councils create an open and supportive culture so that employees feel comfortable raising concerns surrounding misconduct and we actively encourage staff to come forward. This protects and enhances the freedom of employee expression but it also contributes to a healthy working culture and the efficient running of councils.

Our approach and response to whistleblowing is part of Guildford's Improvement Plan as we aim to embed a positive culture of sharing information, whilst respecting the duty of confidentiality. Officers have benefited from a clear Whistleblowing Policy, and a strengthened Governance resource this year to support this and this remains a priority for 2025-26. In particular, we have used Protect (formerly Public Concern at Work) to deliver independent whistleblowing training for all managers to ensure we can identify and correctly deal with whistleblowing.

Other Council events in 2024-2025

Corporate Strategy

In accordance with sector best practice as well as an action arising from the Council's Improvement Plan, the Council published a new [Corporate Strategy](#) in July 2024. The Corporate Strategy is a key policy document, central to the Council's strategic planning approach.

The Corporate Strategy sets out the medium and long-term priorities for the authority, informing the wider strategy and policy framework. The Strategy provides focus for service delivery and the allocation of the Council's resources through the annual service and financial planning process.

The Strategy has five core priorities which forms the overarching focus for the Council over the next ten years, which are:

- Priority 1: A more sustainable borough
- Priority 2: A more prosperous borough
- Priority 3: A more inclusive borough
- Priority 4: Decent and affordable homes
- Priority 5: A resilient and well-managed council

This Corporate Strategy will be supported by an annual delivery plan in 2025-2026, which sets out the action that will take place in the year ahead to deliver on our outcomes, as well as how success will be measured. The delivery plan will align with, and be informed by, the Council's annual service and financial planning process and the annual budget. It will also align with other key strategic documents, including the Medium-Term Financial Plan and Capital Investment Strategy.

As part of our Corporate Strategy development, the Council also agreed a set of shared internal corporate values with Waverley Borough Council. These values are important for the organisation and employees because they set out what the Council stands for, how we should behave and how we intend to treat each other. Our aim is to work in collaboration with others - internally, with partner organisations and with our residents and businesses. We must always be professional, striving to provide the best possible advice for our councillors, and excellent services for our residents. We must spend public money wisely, and abide by the Nolan Principles of Public Life.

Collaboration with Waverley Borough Council

One of the recommendations of the SOLACE governance reviews agreed by the Council in July 2024, was that both Councils assessed the Collaboration programme between Guildford and Waverley Borough Council. This was added to the Improvement Plan and undertaken in late 2024 and presented to [Council in January 2025](#).

Local Partnerships, a consultancy partly owned by the Local Government Association (LGA) and HM Treasury (HMT), was commissioned to provide an independent assessment on the benefits of the collaboration to date, and also the nature and potential value of further collaborative opportunities between the two councils.

The analysis concluded that the collaboration has had a net benefit, and this benefit would grow moving forward, as benefits were ongoing, but costs were one-off. The councils' overall cost base was lower than it would have been without the collaboration, and there had been no evident deterioration in performance. The introduction of a shared Chief Executive and Joint Leadership Team (JLT) had already generated savings of £603,000.

The report had also concluded that other collaborations elsewhere had achieved much bigger benefits, and there should be much more to be had from Guildford and Waverley working together and integrating more closely.

The report had provided a useful assessment of the collaboration so far, ensuring that the Council had visibility and assurance on the programme. It also provided the Council direction in the nature and potential size of further opportunity for cost saving and outcome improvement in service delivery.

The Councils both have a Joint Governance Committee and a Joint Senior Staff Committee, and we hold simultaneous meetings of the Standards Committees as required. The Councils are exploring further joint governance arrangements to strengthen the governance of the partnership.

Local Government Reorganisation

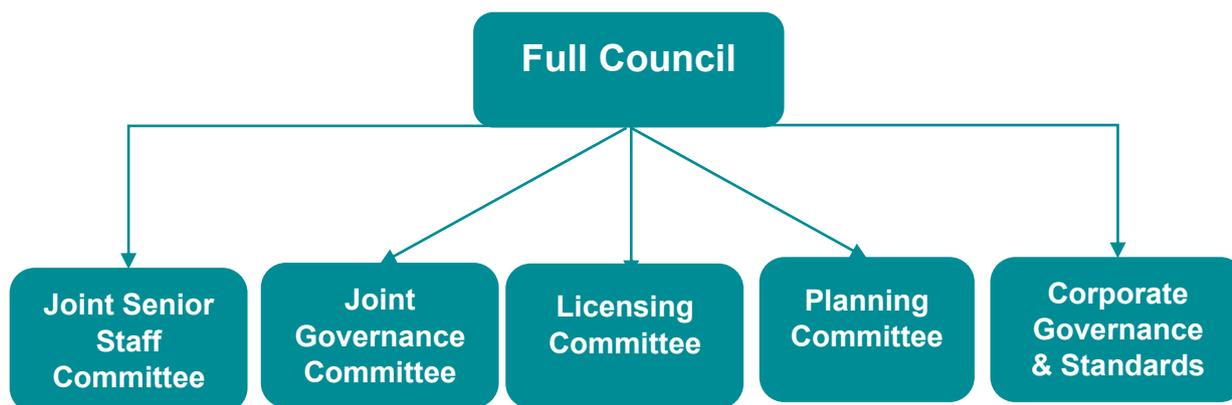
The government's English Devolution White Paper, published in December 2024, set out the possibility of local government reorganisation (LGR), proposing the replacement of the existing two-tier government structure with new unitary authorities. In the short term, this could create uncertainty for the council, potentially leading to the failure to deliver corporate objectives, increased recruitment and retention challenges, and a decline in staff morale.

The Council is

- Collaborating via the Surrey Leaders/Chief Executives groups to influence local government reorganisation and devolution proposals.
- Maintaining a positive relationship with MHCLG and lobby the Government as needed, while engaging with sectoral bodies like the Local Government Association and District Council's Network.
- Communicating with Members, partners, staff and residents regarding Devolution and LGR in an ongoing and timely manner.
- Prioritise day-to-day business, ensuring decisions are made transparently and in the best social, economic, and environmental interests of the borough and its residents.
- Part of an established programme delivery structure for the proposal submission.

The Council added this to the Corporate Risk Register and is actively monitoring this programme and the impact on our delivery. The Council awaits a decision from Central Government following the submission on 9 May 2025.

2024-2025: Guildford Borough Council Committee Structures



- Licensing – considers issues relating to taxis, entertainment, alcohol, food premises and miscellaneous licensing functions.
- Planning – makes decisions on development control issues, including applications for planning permission.
- Corporate Governance & Standards – committee responsible for audit, risk and governance arrangements, ethical standards, and the Constitution.
- All non-Executive Committees –helps develop and review policy and holds the Executive to account publicly by calling-in and scrutinising decisions made by the Executive.
- Executive - appointed by the Leader, responsible for proposing new policy, putting the budget to the Council and implementing and delivering the agreed policy framework and budget. The Executive also has responsibility for executive functions and the council’s shareholder functions.
- Council - 48 elected Councillors, covering 21 wards. Appoints the Overview & Scrutiny and other committees. Approves the policy framework and budget.

For the 2025-26 municipal year, an Audit & Risk Committee and a Standards Committee has been established with independent members being appointed to the Committees, and the Corporate Governance and Standards Committee has been disbanded.

[Committee structure - Guildford Borough Council](#)

Part 2: Our review of Effectiveness of our Governance Framework

Taking into account the full range of external and internal views and evidence, the Council's self-assessment of the effectiveness of its governance is:

- Core member decision making processes are effective
- The direction of travel and pace of change in governance is improving, as recognised by the Independent Assurance Panel and the Council is proud of the progress made in 2024-2025.
- There are areas of performance and governance that still require improvement.
- Governance issues and risks remain, including the ongoing impact of legacy issues on governance and performance.

The Council uses several ways to review and assess the effectiveness of governance arrangements

Assurances from Internal and External Audit

Internal Audit

Public Sector Internal Audit Standards require the Chief Auditor to provide an assessment of the overall adequacy and effectiveness of the Council's control environment. This opinion is expressed using a scale ranging from Substantial to Reasonable, then Limited and finally No Assurance.

The annual report and opinion of the Chief Internal Auditor for 2024-25 was presented to the Corporate Leadership Board on Tuesday, 6th May 2025. It states that the Council's internal control environment and systems of internal control in the areas audited were to be classed as "**Reasonable Assurance**".

This opinion was influenced by several factors:

- A significant proportion of audits during 2024-25 resulted in **Reasonable** ratings, indicating a generally sound system of governance, risk management and control in place. This an improvement from the Limited rating at the end of 2023-24.
- The Council undertook a considerable amount of advisory work and investigations, which has contributed to broader breadth of positive assurance across the audit universe.
- Reduced Staff turnover within the finance team over the past 18 months has also contributed to a continuity of knowledge and information, supporting the improvements in effectiveness of internal controls.

These factors contributed to the overall **Reasonable Assurance** opinion for 2024-25. This means we have a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at the risk the achievement of objectives in the area audited.

While specific percentages of audits receiving negative assurance opinions for 2024-25, 2023-24, and 2022/23 are not publicly disclosed, the reducing trend indicates ongoing improvements in the Council's internal control environment, whilst acknowledging some areas for improvement.

The Council is actively addressing these issues, including strengthening the financial team and implementing recommendations from auditors, aiming to improve the assurance level in future assessments.

In recent months, several internal audits undertaken by the Southern Internal Audit Partnership (SIAP) have resulted in **Substantial Assurance** ratings for Guildford's Improvement Plan and Medium Term

Financial Plan. This means we have a sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. We've also received a Reasonable rating for our budget monitoring, one rating below Substantial.

This marks a significant positive shift and is a clear reflection of the improvements made within the Council over a relatively short period. These outcomes demonstrate the Council's strong commitment to enhancing governance, strengthening internal controls, and implementing recommendations from previous audits. The progress made has not only improved day-to-day operations but also contributed positively to the Council's overall control environment.

This upward trend in assurance levels highlights the effectiveness of recent leadership, targeted action plans, and a focused effort to build resilience and capability within the finance function.

External Audit

Grant Thornton LLP, the Council's external auditor, is responsible for providing assurance on the accuracy of the annual Statement of Accounts and evaluating the adequacy of the Council's arrangements for securing and enhancing value for money.

In its most recent Audit Letter, issued in January 2025, Grant Thornton issued a **disclaimer of audit opinion** on the Council's 2023-24 Statement of Accounts. A similar disclaimer was issued in December 2024 for the 2022-23 Statement of Accounts. In both instances, the disclaimers were issued in accordance with auditing standards, which permit modified or disclaimed opinions when statutory reporting deadlines (backstop dates) are reached, even if limited or no substantive testing has been completed.

Despite these limitations, Grant Thornton was able to complete its **Value for Money (VfM) review**, identifying several areas for improvement. The report included a series of recommendations designed to support the Council in enhancing its practices and aligning more closely with best practice standards.

Compliance with the Financial Management Code

In 2019, the Chartered Institute of Public Finance and Accountancy (CIPFA) introduced the Financial Management Code (FM Code), which sets out 17 standards aimed at supporting sound financial management in local authorities. Since April 2021, councils have been required to demonstrate annual compliance with the FM Code.

Guildford Borough Council undertakes an annual self-assessment against the FM Code to evaluate how well it meets these standards. The 2023-24 self-assessment highlighted steady progress in strengthening our financial management arrangements, in line with both the FM Code and wider governance improvements.

Key elements of this self-assessment include:

- Alignment of financial planning with the Council's Corporate Strategy and priorities
- Transparent and risk-aware budgeting processes
- Strengthened financial reporting and monitoring mechanisms
- Ongoing engagement between finance officers, internal audit, and senior management to ensure effective governance

In addition, the Finance team works closely with Internal Audit to confirm that core governance and financial controls have operated consistently throughout the year. This is further supported by Management Assurance Statements signed by senior officers, affirming adherence to key policies such as Financial Regulations and Codes of Conduct.

The Council remains committed to continuous improvement in financial management and will continue to review and develop its practices to ensure full compliance with the FM Code in future years.

Inspections and Assessments

Regulator of Social Housing

We remain in engagement with the Regulator of Social Housing, since our self-referral in December 2023 to look at our compliance in the Safety and Quality Standard, and in March 2024, we asked them to look at the Transparency, Influence and Accountability Standard. Progress has been made and the Regulator of Social Housing is pleased with our progress. Our regular engagement with the Regulator is an integral and intensive part of our [Housing improvement plan](#).

Local Government Association

In May 2025, the LGA will be undertaking an assessment of our IT & Digital Landscape. Findings and recommendations will be incorporated into the Council's Improvement Plan.

Independent Assurance Panel

The Independent Assurance Panel is playing a critical role in monitoring and advising on the Council's improvement efforts, ensuring that Council has visibility and assurance on its journey of improvement.

As part of the [Panel's first assessment](#) to Full Council in December 2024, the Panel concluded that the Council had made very good progress in putting in place a decision-making framework for the Council which is fit for purpose. A number of controls have been introduced including a review of the Council's Key Decision and spending thresholds, a review of the Officer Scheme of Delegation and Council Procedure Rules and the Financial Procedure Rules and Contract Procurement Rules.

The Panel noted the good progress in putting many of the foundations of good governance in place, but agreed that challenges and risks remain and recommending review our resource of the Governance team to support the scale of the work needed.

The Panel's second assessment is expected in July 2025 and we will review our Annual Governance Statement following this assessment.

The Council is satisfied that the organisation is improving its governance arrangements, as part of its improvement journey. Whilst, the Council has improved its governance framework this year, there is further work to strengthen it even further and embed the changes into the organisation. The Council remains committed to improving these arrangements, by:

- Delivering the Improvement Plan, including the Governance actions
- Addressing issues identified by Internal Audit as requiring improvement
- Ensuring that effective services arrangements are in place
- Enhancing performance reporting to focus on key risks and areas for improvement

- Using resident engagement to enable services to plan how they will improve services for local people

Last year's Annual Governance Statement highlighted key areas for improvement. The Council's Action Plan assesses our progress on last year's Action Plan, many of which are on-going from last year's Annual Governance Statement due to their long-term nature. We have also identified further actions to be undertaken this year as part of our Governance Improvements for 2025-2026. We also have listed some key performance indicators which provides an overall picture of our governance.

Review of key performance indicators

Area	Performance in 2024-2025
Complaints & Local Government Ombudsman	<p>Of these 22 cases received:</p> <ul style="list-style-type: none"> • 12 complaints were not for us • 8 complaints were assessed and closed • 2 complaints were investigated. Of these 2 cases: 1 complaint was upheld, resulting in a 50% uphold rate. <p>We have appointed a Complaints Lead who will be driving the Complaints Improvement Plan.</p>
Housing Complaints & Housing Ombudsman	<p>In 24-25, 116 stage 1 complaints (39%) were upheld and 22 (7%) were partially upheld. Of the stage 2 complaints, 10 (45%) were upheld and 4 (18%) partially upheld.</p> <p>The total number of Housing complaints increased from 266 in 23-24 to 323 in 24-25.</p> <p>We had 4 Ombudsman cases in 24-25. We were responsible for maladministration in the handling of repairs, damp & mould and service failure in handling two complaints.</p> <p>Housing have worked hard to improve complaints performance and this is reported to Housing Operations Board.</p>
Information Commissioner referrals upheld	<p>There were 5 cases investigated by the ICO during the year. 3 were upheld, 1 was partially overturned and one was overturned completely</p>
Freedom of Information (FOI) & Environmental Information Regulations (EIR) requests (performance)	<p>711 FOI/EIR requests were received in 2024-2025. 85.8% were responded to within the statutory timeframe (20 days)</p>
Annual Accounts	<p>2023-2024 signed off – Disclaimer of the Audit opinion</p>
Group activities	<p>Governance issues with the Council's Companies, Charities and Trusts were identified in 2023-24, and these are being addressed through the Improvement Plan. Progress has been made but this remains an ongoing priority for the council.</p> <p>The Council continues to receive appropriate information about the performance of its companies, charities and trusts through the Executive Shareholder and Trusts Committee which acts as the designated shareholder committee for the Council.</p>

Review of our Action Plan for 2024-2025 as set out in AGS 2023/2024

Good Governance principles	Planned Improvement for 2024-25	Update	Open - Closed
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Constitution review	<p>This review is ongoing, aiming to complete September 2025. There has been significant progress where priority areas of the Constitution has been reviewed and revised. Work is progressing to finish this review.</p> <p>Recent updates have included Officer Employment Procedure Rules, Council Procedure Rules, Financial Procedure Rules, Contract Procedure Rules, Local Choice Functions, Scheme of Delegation to Officers, Joint Protocol on Councillor and Officer relationships, Public Speaking Rules, Public speaking at Planning Committee and publishing our Scheme of Authorisations online.</p>	Open
	Governance actions with Improvement Plan	<p>We have made significant progress with the Governance actions of the Improvement Plan which was recognised by the Independent Assurance Panel's first assessment.</p> <p>There has been training for Members and Officers in Best Value, Member-Officer Protocol, and decision-making. Statutory officers now meet regularly and there is work progressing to improve Executive decision-making and officer decision making, and monitoring these delegations.</p> <p>As a live programme of work, this action will be ongoing. There is ongoing work to improve the operation and arrangements of our committees and to support Members. This includes improving our scrutiny function and the Council's arrangements for our Companies, Charities and Trusts so the Council fulfils its duties in respect of the shareholder function and in respect of best value and continuous improvement.</p>	Open
	Align codes of conducts and HR policies to the new Corporate Strategy	<p>Pay policy has been updated and interim Job Evaluation framework and policies for joint posts introduced. Relationships at Work Policy complete.</p> <p>A revised Member Code of Conduct (based on the LGA Model Code of Conduct) was adopted by the Council in January 2025.</p> <p>Key HR Policies are in the process of being reviewed with Waverley Borough Council, due to be complete by June 2025.</p>	Open

Ensuring openness and comprehensive stakeholder engagement	<p>As part of our new Corporate Strategy,</p> <ul style="list-style-type: none"> • Develop a communications strategy to enable us to most effectively communicate with residents and external stakeholders. • Develop a customer services strategy to ensure that the experience residents and other customers have of the council is always improving. • Develop a digital strategy to inform and guide our continuing digital transformation. • Develop a consultation and engagement strategy. • Consider the use of innovative tools and approaches for community engagement. • Carry out residents' surveys to understand the concerns and priorities of residents, as well as understanding how the council is performing. 	<p>Using feedback from the Leader and Portfolio Holder, senior officers and staff, the Council developed a new Communications Strategy – to be approved in Summer 2025.</p> <p>We also undertook stakeholder events and a resident survey to inform our Delivery Plan 25-26, and we also worked with Surrey Councils to undertake a resident survey on local government reorganisation.</p> <p>The Housing service has strengthened its relationship with the Tenant Engagement Group and there is now a Housing Operations Board to keep the Council accountable to tenants and Members in its performance, policies and decision-making. Following our regulatory judgement, there has been continued engagement with the Regulator of Social Housing to assure our compliance with statutory duties</p> <p>The Council has updated the Whistleblowing Policy, established a weekly staff briefing and increased our communication with services and stakeholders. Staff networks have been created.</p> <p>This is ongoing with more work to do in customer services, digital and community engagement.</p>	Open
Defining outcomes in terms of sustainable economic, social, and environmental benefits	Finalise and implement strategies outlined in the Corporate Strategy, including a clear resource planning framework.	<p>A number of strategies have been developed this year including Corporate Procurement Strategy, Housing Strategy, Homelessness Strategy, Risk Management and Comms Strategy. The People Strategy is in development too and will incorporate the staff survey results.</p> <p>The Council's Delivery Plan will be approved in May 2025. There are further strategies to be developed in 25-26.</p>	Open
	Align the Medium-Term Financial Plan (MTFP) with sustainable development goals	The budget planning process was aligned to the Corporate Strategy and will continue to do so in 26-27	Closed
	Conduct regular performance reviews to measure progress against defined outcomes.	The Council has performance monitoring to Overview and Scrutiny Committees every quarter. Officers also have a Corporate Leadership Board: Risk and Performance where the focus is on organisational performance.	Closed
Determining the interventions necessary to optimise the achievement of the intended outcomes	Service Plans are being developed for all areas of the Council, which will act as a focal point for ongoing internal and external performance monitoring.	<p>A new service planning process has been developed, aligning to service budget and resources.</p> <p>Service plans are an annual process; these will be updated with the Delivery Plan 25-26.</p>	Open

	Service challenge sessions for the budget planning 25-26	Completed, and will be replicated in 26-27 budget planning.	Closed
	Develop a centralised project management framework with defined roles and responsibilities	This was added to the Improvement Plan for the Council and a Community of Practice was set up across G&W staff to help develop a centralised framework. This work is ongoing. We have an officer Board: Enterprise Portfolio Board to support our strategic programmes and projects.	Open
	Strengthen procurement policies, including training programs and a robust Procurement Toolkit.	In preparation for the new Procurement Act which became live in February 2025, the Procurement team developed a new Strategy and policies. This included a toolkit to provide operational guidance for staff. New Contract Procurement Rules were agreed by the Council in October 2024.	Closed
	Enhance oversight mechanisms for contracts to ensure accountability and risk management	There is a contracts database in place.	Closed
Developing capacity, including the capability of leadership and the individuals within it	<ul style="list-style-type: none"> • Launch a joint People Strategy to address recruitment, retention, and staff development. • Provide targeted training programs for senior leaders and committee chairs. • Establish clear career progression paths and regular staff engagement initiatives. • Carry out regular staff engagement activities, including staff surveys. • Support staff career progression through training and other development opportunities. • Support staff wellbeing at work through delivering a programme of wellbeing activities. • Support the establishment and operation of staff networks 	Progress has been made in 2024-2025 with the establishment of multiple staff networks. We also conducted our comprehensive staff survey in October-November 2024, and pulse surveys will be carried out for staff too. We also have confirmed budget to undertake this survey annually. There have been multiple staff away days and workshops as part of our cultural improvements across the organisation as well as a Guildford Improvement Champions Group – a staff engagement group focused on Guildford’s Improvement Plan. There is still work to do and this is illustrated in the action for 25-26 of reviewing the HR function. One of the Independent Assurance Panel’s priorities for the Council was to review of the HR function to address capacity and capability issues in order to support the Council’s improvement agenda. A strong, efficient and professional HR team will be critical to the successful delivery of key strands within the plan.	Open
Managing Risks and performance through robust internal control and strong public financial management	Introduce a new risk management strategy.	Risk Management Strategy was adopted by the Executive in January 2025 and is now live, supported by Zurich Insurance. There has been briefings and training for members and officers.	Closed
	Enhance financial oversight by replenishing reserves and adopting transparent budget planning processes.	Reserves were replenished this year through a £3M VAT return and are at an acceptable level according to the S151 Officer. Budget Planning process was more transparent with services and Members, with regular training and financial monitoring reporting.	Closed
	Roll out a comprehensive performance management system tied to strategic objectives.	Initial work was undertaken to align the Performance Management Process with the Council’s Corporate Strategy and Values and this is in place. Further development will form part of the Strategic HR Review.	Closed

	<p>A number of Procurement actions including:</p> <ul style="list-style-type: none"> • New Corporate Procurement Strategy • Training package for officers and members • Procurement Toolkit provides the tools and guides to assist officers for all levels procurement. • Reviewing the need to have a central contracts database and to understand the risk-impact criticality of each contract. • Improved contract management 	<p>The Corporate Procurement Strategy was approved in April 2025 and this includes a toolkit to provide operational guidance for staff. There have been several training sessions for officers and Members on the new Procurement Act and the procurement procedures rules at Guildford. There has also been contract management training for key officers and there are plans for further training.</p> <p>Guildford also has established a new contracts database.</p>	Closed
	<p>The ICT user policy will undergo a review to ensure it appropriately covers all data protection and information governance considerations.</p> <ul style="list-style-type: none"> • Introduce a new, fit for purpose data sharing agreement for the sharing of data between the two authorities. • Carry out data protection impact assessments for datasets and services. • Update key policies and procedures, including privacy notices to cover the processing of data. • Introduce an IT solution to improve the functionality and compliance of data sharing between the two councils. 	<p>We have an ICT and Digital Programme Board which oversees the delivery the ICT and Digital programme within the Council and helps ensure its alignment with wider objectives, as well as security and technological priorities.</p> <p>A new joint version of the Acceptable Use Policy has been developed, with engagement from unions, and is being finalised.</p> <p>Both IT teams are exploring an IT solution for the two councils, but will consider what is practical given the Local Government Reorganisation announcements.</p>	Open
Implementing good practices in transparency, reporting and audit to deliver effective accountability	LGA Corporate Peer Challenge	Due to LGR announcements, we are discussing this with the LGA.	Open
	Establish a dedicated Audit Committee to focus on statutory audit responsibilities.	Approved and will be in place for 25-26	Closed
	Redefine the terms of reference for the Overview and Scrutiny Committees to enhance effectiveness.	Complete	Closed
	Strengthen reporting frameworks and ensure timely and accurate data for decision-making.	Financial, Performance and Risk reporting frameworks are regularly reported to Committees, and we have reviewed Officer Boards to ensure we are reporting.	Closed

Action Plan for 2025-2026

The Action Plan does not detail the full, day to day conduct of governance activity and Improvement Plan but demonstrates the Council's focus for the year.

Good Governance principles	Action to be taken	Timescale	Responsible Team
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Review the governance process and reporting on declarations of Member and Officer interests, gifts and hospitality	September 2025	HR team
	Strengthen our Statutory Officer arrangements <ul style="list-style-type: none"> Develop a S151 Protocol Develop a Statutory Officer Protocol, using LGA guidance. Review the Monitoring Officer Protocol, using new LGA guidance. 	January 2026	Governance team Statutory Officers
	Continue to embed our whistleblowing arrangements across the organisation <ul style="list-style-type: none"> Deliver additional whistleblowing training for officers Review the existing whistleblowing policy 	June 2025 January 2026	Governance team
	Strengthen our governance within the Collaboration with Waverley, including exploring the creation of Joint Committees to deal with business of Joint Services	December 2025	Governance and Transformation team
	As part of the Joint Constitution Review Group: <ul style="list-style-type: none"> Review Access to Information Rules, Petition Schemes and Articles Review Social Media Policy 	June 2025	Governance team
	As part Guildford's Improvement Plan, review and develop an improved approach to complaints, ensuring that public voices and concerns are central to our learnings, processes, systems and culture	March 2026	Communications & Customer Services
Ensuring openness and comprehensive stakeholder engagement	Publish the Delivery Plan for 25-26 which will state the key strategic actions which will contribute to our Corporate Strategy. This will keep us accountable to residents and Members.	June 2025	Strategy & Performance
	Develop a tenant and leaseholder engagement strategy within the Housing Service so we have a clear approach for engagement.	July 2025	Housing
	Publish the Annual report of the Monitoring Officer, to include the annual update on code of conduct complaint, and publish the annual update on whistleblowing	September 2025	Governance Team
	Create a Partnership Board with our key external stakeholders to support the delivery of our Corporate Strategy.	January 2026	Governance Team
Defining outcomes in terms of sustainable economic, social, and environmental benefits	Review our Key Performance Indicator framework so it better aligns with our Corporate Strategy outcomes and Delivery Plan.	September 2025	Strategy and Performance
	Following the new Procurement Strategy and Procurement Act, review the procurement function, exploring opportunities with the Collaboration Partnership. Embed the behaviours needed to deliver our new Strategy and	March 2026	Procurement

	actively manage our contracts to ensure they are aligned to our Corporate Strategy.		
Determining the interventions necessary to optimise the achievement of the intended outcomes	Review of our key officer boards and meeting groups to enhance effectiveness.	August 2025	Governance team
	Review our HR structure, practices, procedures and policies to ensure we are meeting sector standard, providing the right support for employees and improving service delivery.	December 2025	People
	Review our Policy Framework in the Constitution so there is better clarity and consistency in the approval process for policies.	June 2025	Governance team
	Review the Officer code of conduct	December 2025	People
Developing capacity, including the capability of leadership and the individuals within it	Review the effectiveness of the Council's scrutiny function and support Members with training.	February 2026	Democratic Services team
	Deliver a Governance Training Programme for officers	June – September 2025	Governance team
Managing Risks and performance through robust internal control and strong public financial management	Prepare for the Budget and MTFP process 2026-27, ensuring it aligns to our Corporate Strategy, service planning and Improvement work.	February 2026	Finance
	Strengthen the governance arrangements and scrutiny of our companies, charities and trusts, including a new conflict charities policy	March 2026	Legal Team Corporate Leadership Board
Implementing good practices in transparency, reporting and audit to deliver effective accountability	Improve our report writing standards and process to improve our decision-making and transparency. This includes report training for officers, a new Corporate Schedule and working with Members on their priorities.	December 2025	Democratic Services

Accounting Policies 2024/25

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 year and its position at the year end of 31 March 2025. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015, which states that the Statement of Accounts must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of assets and financial instruments. These accounts have been prepared on the basis the Council is a going concern.

1.2 Recognition of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods,
- is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue 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 in financing and investment income and expenditure for the income that might not be collected.

1.3 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 authority's cash management.

1.4 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 authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.4.1 Changes in Accounting Policies – IFRS 16 Leases

A change in accounting policy is made in accordance with the transitional provisions in the Code for the adoption of IFRS 16. Therefore, all leases have been reviewed and this change will be effective from 1 April 2024. The transitional provisions allow for the right of use assets to be capitalised onto the Balance Sheet in accordance with 4.2.2.105 of the CIPFA accounting code of practice in the United Kingdom 2024/25. These are identified in Policy number 1.16 and how those leases will now be measured and recognised. The weighted average lessee's incremental borrowing rate applied to liabilities recognised in the Balance Sheet at the date of adoption i.e. 1 April 2024.

1.5 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 authority. 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 that 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 to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.5.1 Termination benefits

Termination benefits are amounts payable as a result of a decision by the authority 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 authority can no longer withdraw the offer of those benefits or when the authority 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 authority 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.

1.5.2 Post-employment benefits

Employees of the authority 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 authority.

The Local Government Pension Scheme

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

- The liabilities of the Surrey County Council pension fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a quoted discount rate in the Annual Actuarial Statement which is based on the indicative rate of return on high quality corporate bonds.
- The assets of the Surrey Council pension fund attributable to the authority 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 authority
 - 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 XYZ 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 authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby

measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.5.3 Discretionary benefits

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

1.6 Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date 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 such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

1.7 Financial instruments

1.7.1 Financial liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Council. It can be represented by a contractual obligation to deliver cash or financial assets or through an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council. The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount the Council will have to pay if the lender requested or agreed the early repayment of loans.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.7.2 Financial assets

A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

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

The balance sheet figures for 2023/24 are presented in line with IFRS9 classified into one of three categories:

- Financial assets held at amortised cost. These 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 Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- 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.

1.7.3 Financial assets measured at amortised cost

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES. Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

The Council has made a number of loans at less than market rates. These are called soft loans. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement, charged to the appropriate service, for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement with the difference increasing the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

When assets are identified as impaired because of a likelihood 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.

One further exception to the expected credit losses model applies to investments with Government or other local authorities as there are statutory provisions in place to prevent default on these debts.

1.7.4 Financial assets measured at fair value through profit of loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

1.7.5 Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit of Loss Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

Fair value measurement of non-financial assets

The authority's accounting policy for fair value measurement of financial assets is set out in Policy 1.7.2 above. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

1.8 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 authority when there is reasonable assurance that:

- the authority 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.

1.9 Acting as a principal or agent

Grants are only recognised as income in the CIES, where the Council is acting as a principal. If the Council is acting as an intermediary, then the net balance of monies to either be repaid or due to the council, will be shown on the balance sheet. It is deemed the Council is acting as a principal if they have control of a grant i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the grant.

1.10 Council tax and non-domestic rates (England)

Billing authorities act as agents, collecting council tax and national non-domestic rates (NNDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NNDR 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 NNDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NNDR) share proportionately the risks and rewards that the amount of council tax and NNDR collected could be less or more than predicted.

Accounting for council tax and NNDR

The council tax and NNDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.11 Business improvement districts

A business improvement district (BID) scheme applies across the whole of the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority 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.

1.12 Joint ventures

Joint ventures are activities undertaken by the Council in conjunction with other organisations. These involve the use of the assets and resources of the organisations rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets and liabilities that it controls on its Balance Sheet and charges or credits the Comprehensive Income and Expenditure Statement with its share of income and expenditure in accordance with its interest in the venture. The Council has collaborated with another neighbouring Authority and holds a shared management agreement with Waverley Borough Council. The current joint working arrangement shares expenses relating to Resources and this is outlined in the Senior Remuneration disclosure note.

1.13 Heritage assets

The Authority's heritage assets are of the following categories:

- Monuments - They are held on the balance sheet at historical cost, as no current valuation has been possible to obtain. They are not depreciated as they have indefinite lives.
- Art collections - insurance values have been used as a proxy for fair value. They are not depreciated as they have indefinite lives.
- Sculptures - These items are held on the Balance Sheet at historic cost and are also not depreciated as they have indefinite lives.
- Museum Collection – These are not held on the Balance Sheet as it has not been possible to find reliable cost or valuation information due to the diverse nature of the assets held and lack of comparable information.

1.14 Intangible Assets

Expenditure on intangible assets that have no physical substance but are controlled by the Council as a result of past events e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed, with adequate resources being available, and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase. Research expenditure cannot be capitalised. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services. Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset held by the Council meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line 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 in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, statute requires that amortisation, impairment losses and disposal gains and losses do not have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

1.15 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. This definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or if the property is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties in an arm's-length arrangement. Investment properties are not depreciated but are re-valued 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, the Capital Receipts Reserve.

1.16 Leases

1.16.1 The authority as lessee – Recognition and Measurement

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee

- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties. The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate.
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee.
- the authority changes its assessment of whether it will exercise a purchase, extension, or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

The Council as Lessee

1.16.2 Finance Leases - Lessee – Accounting

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at its fair value measured at the lease's start (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease reduce the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment; and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under a finance lease is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life, where ownership of the asset does not transfer to the Council at the end of the lease period.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance by using an adjusting transaction in the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.16.3 Operating Leases - 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).

1.16.4 Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

1.16.5 Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

1.16.6 The authority as lessor

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.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

1.16.7 Operating leases

Where the authority 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 or where this is initiated by a service to the individual service, 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.

1.17 Property, plant and equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – in this and previous Codes of Practice, these assets have been consistently required to be measured at depreciated historical cost, but

this practice has been subject to modification. The annex to Section 4.1 of the Code provides a historical summary of the modifications to historical costs and sets out how the depreciated historical cost basis of measurement has been established

- 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), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value

- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- 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 have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. 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. 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.

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.
- vehicles, plant, furniture, and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

Componentisation

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. 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 General Fund.

1.18 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 recognised losses in the surplus or deficit on the 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 authority'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.

1.19 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 authority 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.

1.20 Capitalisation of borrowing costs - Recognition Policy

In line with the CIPFA Code of practice, section 4.8, the Authority has elected to capitalise borrowing costs. In respect of any qualifying assets, where the borrowing costs are directly attributable to the acquisition, construction or production of the qualifying assets, the Authority will use the average weighted PWLB borrowing rate of interest. The Authority will deduct any investment income on the temporary investment of those eligible borrowings incurred during the period.

The authority will cease to capitalise borrowing costs when the asset is ready for use or sale. The authority does not capitalise borrowing costs incurred while assets are under construction. This is because the asset is not a qualifying asset until constructed.

1.21 Charges to revenue for non-current assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- 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 authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance as MRP by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

1.22 Overheads and support services

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

1.23 Provisions, contingent liabilities and contingent assets

1.23.1 Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority 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. 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 authority settles the obligation. In accordance with IAS 37, Where the Authority has identified onerous contracts it will make a provision.

1.23.2 Contingent liabilities

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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 with sufficient reliability. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.22.3 Contingent assets

A contingent asset arises where an event has taken place that gives the authority 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 authority. 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.

1.24 Reserves

The authority 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 authority – these reserves are explained in the relevant policies.

1.25 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

Glossary

Accrual – the recording of income and expenditure when it becomes due rather than when the cash

Accruals basis – accounting for income or expenditure when it becomes due rather than when the

Appropriations – amounts transferred to or from revenue or capital reserves.

Balance Sheet – a statement which shows the value of the Council's assets and liabilities on a

Business Rates Retention Scheme – introduced by the Government in April 2013, the scheme

Capital commitment – a commitment to make a capital payment under a contract.

Capital expenditure – expenditure to purchase or construct a fixed asset, or expenditure adding to

Capital Financing Requirement (CFR) - the monies required to finance capital expenditure.

Capital Receipt – relates to the money from the sale of a fixed asset. Capital receipts can only be

Cash Equivalents – these are short term, highly liquid investments that are readily convertible into

Cash Flow Statement – this shows the movement in cash and cash equivalents in the year.

Chartered Institute of Public Finance and Accountancy (CIPFA) – this is the professional

Code (The) – the Code of Practice on Local Authority Accounting in the United Kingdom. This is

Collection Fund Revenue Account – this shows the transactions relating to national non-domestic

Comprehensive Income and Expenditure Statement – this shows all the income and expenditure

Contingency – an amount of money set aside for unforeseen items of expenditure.

Depreciation – a reduction in the balance sheet value of a fixed asset due to either wearing out,

Earmarked Reserve – money set aside for future use on a specific area of expenditure.

Financial Asset – a right to future economic benefits controlled by the Council.

Financial Liability – an obligation to transfer economic benefits controlled by the Council.

Financial Instrument – a contract that gives rise to a financial asset of one entity and a financial

Financial Year – the year that the accounts relate to. The financial year starts on 1 April and ends

General Fund (GF) – the Council's main revenue fund credited with charges, grants etc. and to

Heritage Assets – assets which are held and maintained principally for their contribution to

Housing Revenue Account (HRA) – an account used to record the income and expenditure

Housing Revenue Account Income and Expenditure Statement – this shows the income and

Impairment – a reduction in the balance sheet value of a fixed asset.

International Accounting Standard (IAS) – these are the international accounting standards which

International Financial Reporting Standards (IFRS) - these are the international financial

Internal Borrowing – Internal borrowing occurs when rather than raising external borrowing to pay

Investment – a long-term investment is an investment held for use on a continuing basis in the

Investment Property – a property that is used to earn rental income.

LASAAC – Local Authority (Scotland) Accounts Advisory Committee.

Glossary (continued)

Lease – a lease is a contract for the hire of a specified asset. The lessor owns the asset but transfers the right to use the asset to the lessee for an agreed period in return for the payment of specified rentals. A **finance lease** transfers all the risks and rewards of ownership, such as the cost of repairs and maintenance, to the lessee. All other leases are classified as **operating leases**.

Lessee – an organisation to whom a lease is granted.

Lessor – the owner of an asset who leases it to a third party

Local Council Tax Support Scheme (LCTSS) - introduced by the Government in April 2013. Under the LCTSS, council tax payers who previously received a benefit payment, now receive a discounted council tax bill instead.

Long term – a term of 365 days or more.

Minimum Revenue Provision (MRP) – the minimum amount which must be charged each year to the Council's General Fund revenue account and set aside as provision for credit liabilities. There is no MRP requirement for the Housing Revenue Account (HRA).

Movement In Reserves Statement (MIRS) – this shows the movement in the year on the different reserves held by the Council.

Out-turn – actual income and expenditure.

PPE – Property, Plant and Equipment i.e. tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used for at least part of the succeeding financial year.

Precept – a charge levied by a council. Precepts are levied by Guildford Borough Council, Surrey County Council, Parish Councils and the Surrey Police and Crime Commissioner.

Provision – an amount, set aside in the accounts, for likely liabilities incurred but where the amounts or dates on which they will arise are uncertain.

Prudential Code – a code produced by CIPFA that Councils are required to follow when deciding upon their programme for capital expenditure.

Revenue expenditure – the day-to-day costs incurred by the Council. This is distinct from capital expenditure.

Right to Buy – the right of council tenants to buy their council houses at a discount.

S106 income – money received from planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended).

Short term – a term of 364 days or fewer.

Straight line basis – depreciation that is charged on a straight line basis is charged in equal

Trade payables – amounts owed to third parties when goods or services have been received but

Trade receivables – amounts due from third parties where goods or services have been supplied

Unapplied capital receipts – capital receipts which have not been used.

Usable reserves – those that the Council can use to finance expenditure or reduce local taxation.

Unusable reserves – these cannot be used to finance expenditure or reduce local taxation. These

Vacant Possession Adjustment Factor - a vacant possession adjustment factor of 32% means