Mole Valley District Council

DRAFT STATEMENT OF ACCOUNTS

2025/26

Contents

Narrative Report

Introduction

This Narrative Report to the Statement of Accounts presents an overview of the Council's accounts for the financial year April 2025 to March 2026. The aim is to enable the reader to understand the most significant issues reported in the accounts and how they relate to the Council's overall business.

It includes commentary on the financial performance, economy, efficiency, and effectiveness in the use of resources over the financial year.

Mole Valley – The District

Mole Valley is a district in Surrey, South-East England. Situated south of London and north of the South Downs, it offers a mix of urban areas and picturesque countryside landscapes.

Over 90% of Mole Valley is designated as countryside, much of which falls within the spectacular Surrey Hills National Landscape. The North Downs run across the centre of the district, featuring the iconic Box Hill, while to the south lies Leith Hill, which boasts the highest point in Surrey. The district offers convenient access to central London and the UK′s two largest airports, Heathrow and Gatwick, via strong road and rail links.

The district features two main towns, Leatherhead and Dorking, as well as numerous villages.

Leatherhead is a historic market town situated along the River Mole, serving as an economic hub. The town features a pedestrianised high street filled with independent shops and eateries, the modern Leatherhead Leisure Centre, and the popular Leatherhead Theatre. Its excellent transport links include a direct rail connection to central London and quick access to the M25 London Orbital motorway.

Dorking is a vibrant market town located in the southern part of the district, nestled within the outstanding natural landscape of the Surrey Hills. The town boasts a thriving cultural and shopping scene, featuring a wide range of independent traders, antique dealers, restaurants, and a traditional Friday market. Residents and visitors alike enjoy excellent amenities, including a modern sports centre, the historic Dorking Halls, and Pippbrook House—a Grade II* listed Victorian Gothic mansion. Pippbrook House serves as a hub for cultural and creative events, offering flexible spaces for both community and corporate hire. Its lively programme features vintage films, lectures, theatre, and music performances, running alongside regular community activities from the Dorking Repair Café, Circular Dorking, and the Dorking Town Partnership.

Economic activity in rural Mole Valley is diverse and dynamic, ranging from traditional rural industries and a growing visitor economy to Knowledge-Intensive Business Services (KIBS). Mole Valley′s professional sector includes numerous world-class businesses, generating 27% of the district's total productivity and 15% of its jobs. The district is home to multiple major employers, including Wates Group, KBR, CGI IT, Bucher Municipal, and Denbies Wine Estate—one of the largest wine producers in the UK.

Although there have been cost pressures, Mole Valley, per central government figures, has received only a modest increase in support (a decrease in inflation-adjusted terms), as shown in the Settlement Funding Assessment table below.

	2020-21[1]	2021-22[1]	2022-23[1]	2023-24[1]	2024-25[1]	2025-26[1]
Settlement Funding Assessment	1.3	1.3	1.3	1.4	1.5	1.6
of which:						
Revenue Support Grant	0.0	0.0	0.0	0.1	0.1	0.1
Baseline Funding Level	1.3	1.3	1.3	1.3	1.4	1.4
Tariff/Top-Up[2]	-16.2	-16.2	-16.2	-17.5	-18.5	-18.7
2023-24 Tariff and Top-up reconciliation					-0.1	
Safety Net Threshold	1.2	1.2	1.2	1.2	1.3	1.3
Levy Rate	0.5	0.5	0.5	0.5	0.5	0.5

The Council's technical advisors, LGFutures, conduct benchmarking that shows that MVDC 2024/25 'Expenditure per resident' unit costs, were:

- 8.2% above the nearest neighbour group average
- 5.9% below the England average

In 2024/25, Mole Valley's overall unit costs (defined as total expenditure per resident) relative to its nearest neighbours, rose to 5th highest in the group of 16 authorities. This means that Mole Valley DC's overall unit costs (defined as total expenditure per resident) were still fairly close to the middle of its nearest neighbour group.

Relative to all comparable district authorities in England, Mole Valley's unit costs were 5.9% lower than average, and ranked 93rd highest out of 158 authorities.

Governance and Strategy

As of 31st March 2026 Mole Valley District Council (MVDC) had 39 councillors, representing 13 wards in the district. The political balance at MVDC was 31 Liberal Democrat, 2 Conservative, and 6 Informal Independent, which meant that the Liberal Democrat party had overall control.

MVDC's Council Strategy, which can be found at –

https://www.molevalley.gov.uk/my-council/council-strategy-2024-2028/

sets out the Council's

- **Vision**

  A Mole Valley which is Fairer, Greener and provides Opportunity for all

- **Priorities**

  - Fairer – Supporting individuals and communities to lead safe, healthy and fulfilling lives
  - Greener – Striving to become carbon neutral and maximising opportunities to ensure Mole Valley remains a highly attractive area
  - Opportunity – Enabling a prosperous local economy with thriving towns and villages

- Progressing Together – Working with our partners and the Mole Valley community, our mission is to transform our services to ensure that they are modern, valued, efficient, digital by choice and accessible by all

The Council also has a statutory requirement under Regulation 6 of the Accounts and Audit Regulations 2015 to conduct a review at least once a year of the effectiveness of its system of internal control. An Annual Governance Statement, which can be found in this report, has been prepared to provide assurance that the statement of accounts gives a true and fair view of the Council's financial position at the year-end and its financial performance during the year. The Annual Governance Statement is signed and reported alongside the annual Statement of Accounts.

Economy, Efficiency & Effectiveness

The Council's External Auditors, Grant Thornton UK LLP, undertook the annual review and examination of the Council's accounts for 2024/25 and reported to the Audit Committee in October 2025. The auditors are no longer required to give a qualified / unqualified Value for Money conclusion and instead report in more detail on the Council's overall arrangements including identifying any significant weaknesses in the Council's financial sustainability, governance and economy, efficiency and effectiveness. Following their work, the auditors have not identified any significant weaknesses in MVDC's arrangements to secure financial stability, governance arrangements or arrangements to secure economy, efficiency and effectiveness.

A programme of audits and reviews was also undertaken by our Independent Internal Auditors, Southern Internal Audit Partnership (SIAP), during the year. Their conclusion, in their Annual Report on 2025/26, was that Mole Valley District Council's framework of governance, risk management and control is 'Reasonable' and audit testing has demonstrated controls to be working in practice. Their annual report for 2025/26 was presented to Audit Committee in June 2026.

Statement of accounts

The Council's statements of accounts for the year ended 31 March 2026 are detailed and reflect the fact that our finances are complex. In many cases the level of detail provided is dictated by law to a prescribed format; however, we have taken every effort to make these as understandable as possible. They include the following core statements:

- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing Services in accordance with the requirements of International Financial Reporting Standards (IFRS) as applied by the Code of Practice on Local Authority Accounting in 2025/26, rather than the amount to be funded from taxation.
- **Movement in Reserves Statement** – This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation), which includes the General Fund, and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year.
- **Balance Sheet** – The Balance Sheet sets out the financial position of the Council as at 31 March 2026 and consolidates the individual balance sheets of the General Fund and Collection Fund. It shows the value as at the year-end date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.
- **Cash flow statement** – This statement shows the changes in cash and cash equivalents of the Council during the reporting period. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.
- **Group accounts** - The Group accounts identify the overall finance position of MVDC in the broadest sense, including the Council's resources held by its wholly owned companies (MOVA Holdings Limited and MOVA Property Limited) and its Joint Ventures (MVDC Kier Holdco 1 LLP)

Basis of preparation & materiality

The Accounts are prepared and presented based upon and in accordance with International Financial Reporting Standards (IFRS) and the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

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

Financial position at 31 March 2026

The net worth of the District Council was £166m as at 31 March 2026, as shown in the Balance Sheet. This is a net decrease of £3m. This net decrease is primarily due to an increase in the value of the Council's pension liability, which is partially offset by a number of other factors.

The Investment Property value decreased by £1.7m due to asset disposal and some downward revaluation, giving a balance of £58m. Property, Plant and Equipment value decreased by £0.7m from £120.7m to £120m, mainly due to downward valuation and depreciation charges. There was no new borrowing during the 2025-26 financial year.

Pension Fund Update

At the end of 2025/26, the assessed net liability on the Fund (the amount by which projected liabilities outweigh projected assets in 20 years' time) was £9.3 million, an increase of £5.9 million compared to last year.
The book value of the pension fund surplus increased to £29.776 million over the year (driven both by good returns on plan assets, and a further increase in the discount rate used to calculate the present value of future obligations).
However, the Council has recognized a net liability in its accounts, following actuarial guidance that obligations arising from agreed past service contributions outweigh any benefits available from this surplus (in the form of reduced future contributions).
This valuation depends on the growth in value of fund assets, and changes in assumptions around the future asset growth from pension contributions, as well as demographic changes. Such assumptions will change year on year, depending on the wider economy.

The Council relies on and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Full details of the movement in the liability are shown in note 35 below.

The actuarial valuation for the statement of accounts does not, however, have any impact on the employer pension contributions, which Mole Valley has to provide for within its revenue budget.

Such employer contributions to the pension fund are determined by the triennial Actuarial Valuation of the Surrey Pension Fund. The last valuation took place as at the 31 March 2025, affecting contribution levels from 1st April 2026.The next review will take place during 2028/29 with a valuation date of 31 March 2028. This updated valuation will affect contribution levels from 1st April 2029.

The Triennial valuation of the pension fund as at 31 March 2025 showed that in relation to MVDC the fund showed a surplus of assets in relation to liabilities of £29.7 million, i.e. that the liabilities were 137% funded.

General Fund Reserves

The level of General fund capital and revenue Reserves increased by £3.7m to £38.55 million in 2025/26, as shown in the Movement in Reserves statement below.

General Fund earmarked reserves include resources set aside for capital expenditure. At 31 March 2026, the Council held £16.2m capital grants, ring-fenced for investment in specific infrastructure, and £0.8m in capital receipts which can be used to finance general capital expenditure.

The grant and accounting reserves are not for general use by the Council as the monies need to either be spent on the purpose for which they were given or returned to central government. The Council's General Fund and Usable Earmarked Reserves were £21.5 million as at 31 March 2026 as shown in the Movement in Reserves statement, within the Statement of Accounts and outlined in the table below:

Reserves Balances	**31/03/2026**
	£000
GENERAL FUND BALANCE	**3,470**
Useable Earmarked Reserves	
Asset Maintenance Reserve	5,286
Transform Leatherhead Regeneration Reserve	2,136
Rent Equalisation Reserve	2,400
Interest Equalisation Reserve	2,756
Planning Reserve	455
Transformation Reserve	149
TOTAL USEABLE EARMARKED RESERVES	**13,182**
Accounting and Grant carry fwd Earmarked Reserves (cannot be used to support revenue budget)	
NNDR Volatility Reserve	3,523
Council Tax Volatility Reserve	47
Env Health Street Trading Reserve	3
Env Health Reserve	68
Env Health Taxi Reserve	26
CCTV Reserve	13
Syrian Grant Reserve	43
Afghan Grant Reserve	103
MV Lottery Reserve	28
Food Waste Reserve	57
Grant Matching Reserve	413
Elections Grant Reserve	53
Waste EPR Grant Reserve	401
SBC Profit share	33
Dorking Halls donations fund	7
TOTAL ACCOUNTING AND GRANT CARRY FORWARD RESERVES	**4,818**
TOTAL EARMARKED RESERVES	**18,000**
TOTAL GENERAL FUND RESERVES	**21,470**

Performance during 2025/26

Successful delivery of the Council's Annual Plan objectives is fundamental to achieving the Council Strategy priority outcomes.

There were 30 objectives in the 2025/26 Annual Plan. At the end of March 2026, performance against these objectives was as follows:

	On target (Green)	Slightly off target (Amber)	Off target (Red)	TOTAL
Fairer	6	0	0	6
Greener	5	3	0	8
Opportunity	7	1	0	8
Progressing Together	8	0	0	8
TOTAL	26	4	0	30

There are 23 performance indicators (PIs) for which a target is set and 6 PIs that are 'context indicators/data only'.

As at the end of March 2026, the targets for the majority of PIs have been achieved or are slightly behind target. There are five that are red, significantly off target. They are in relation to the following areas: Affordable housing completions, Disabled Facilities Grant adaptations completed within timeframes, street detritus, the Council's carbon footprint and business rates collection.

In summary, as at the end of March 2026, performance is assessed as follows:

- PIs on or above target (green): 15 (65.2%)
- PIs slightly off target (amber): 3 (13.0%)
- PIs off target (red): 5 (21.7%)

Whilst 4 PIs are new for 2025/26, there is comparative information available for 18 PIs. Comparing this year's performance with the same period last year for these PIs, all but two have either performed better or stayed at similar levels.

Further information and data are provided in the detailed performance indicator report on the MVDC website.

Local taxpayers

During the year, the Council collected £145 million in Tax on behalf of Surrey County Council, the Surrey Police and Crime Commissioner and Mole Valley District Council and its towns and parishes. Around 81% of this was passed on to the other authorities.

Provisions and write-offs

An allowance has been made for non-collection of Council Tax using an analysis of the recovery position of the debts outstanding as at 31 March 2025. A total of £1.4 million (£1.2 million in 2024/25) has been allowed against debts of £5.8 million (£4.7 million in 2024/25) outstanding as at 31 March 2026. The Council's share of the allowance is £0.13m (£0.10m in 2024/25).

An allowance for non-collection has also been made for Business Ratepayers using an analysis of the recovery position of the debts outstanding as at 31 March 2026. A total of £3.0 million (£2.3 million in 2024/25) has been allowed against debts of £4.79 million (£3.26 million in 2024/25) outstanding as at 31 March 2026. The Council's share of the allowance is £1.2 million (£0.9 million in 2024/25).

In 2025/26 there has been £0.13m of uncollectable amounts written off (£2.29m in 2024/25).

A provision for appeals made against the ratable valuation set by the Valuation Office Agency (VOA) not settled as at 31 March 2026 has been made of £4.69 million (£4.30 million in 2024/25). The Council's share is £1.9 million (40%) (£1.5 million at 40% in 2024/25), as detailed in the Provisions note 22 below.

Budget 2025/26

In 2025/26, the total expenditure incurred by the Council was £69.7 million. This included non-cash costs charged to the services such as depreciation, impairment costs and pension adjustments. Of this, the Council pays around 17% in housing benefit to many residents in the District on low incomes. This money is repaid by the Government as a subsidy. Revenue spending is generally on items that are consumed in the financial year and is financed from Council Tax, government grant, contributions from non-domestic rates and charges for services.

The Council approved a net General Fund Revenue budget for 25/26 of £12.125 million at the formal meeting on 18th February 2025 (2025/26 Budget and Council Tax Resolution), which was funded as follows:

	Total £m
Council tax	9.053
Business Rates	1.552
New homes bonus	0.003
Extended Produce Responsibility Payment	0.806
Funding Guarantee	0.711
TOTAL	**12.125**

REVENUE

The Council's net revenue financial outturn on service costs under the control of business managers is £9.5million, which is £2.1million less than the amended net budget following carry-forwards from 2024/25 and a budget change for Dorking Halls. The Chief Finance Officer has approved carry-forward requests totalling £252,303, which are included in the reported numbers below.

The significant variances in revenue budgets are as follows:

VTB £'000	Reasons for the variance to budget (VTB)
(236)	**Waste** The outturn includes additional Extended Producer responsibility grant funding, which has been used to offset additional gate fees payable to our contractor for reprocessing of recycled waste following a fire at Mixed recycling Facility (MRF) at Randalls Road. Excess grant will be transferred to the Waste reserve at year end.
(75)	**Environmental Health & Licensing** Underspend due to staffing vacancies some of which have now been filled and recovery of certain costs.
92	**Benefits** Additional costs mainly due to an increase in supported accommodation costs which do not attract full subsidy and an overall reduction in expenditure on rent allowances.
(705)	**Corporate Costs** Additional income from investment of surplus cash, due to cash balances being higher than anticipated following several projects on the council's capital programme originally anticipated to be spent in 2025/26 being moved to the latter half of the year or into 2026/27 along with reduction in expected expenditure on external audit fees.
102	**Revenues** Additional expenditure on temporary staff to cover vacant roles which have proven hard to recruit to and fill during the year. Recruitment exercises are ongoing into 2026/27.
(316)	**Strategic Leadership Team** Underspend due to relevant staff time and overheads recharged to the Homes for Ukraine Grant and reduction in transformation savings underachievement allowance due to savings having been made.
(203)	**Mole Valley Life** Underspends have occurred due to staffing vacancies which are being recruited to. There has been some one-off additional income received in relation to backdated rent owed from a lease negotiation and an extra extension to the non-emergency patient transport service.
(65)	**Wellbeing** Variance due to vacant service lead post Apr-Sept and increase leisure management income following yearly indexation. New service lead now in post.
(92)	**Dorking Halls** Combination of lower than forecast staffing costs combined with a very successful live events programme generating higher than forecast income for Dorking Halls, despite having anticipated being closed during 25/26.
217	**Parks and Landscapes** Mainly, lower rental income (£164,000) coupled with increased costs across the Parks assets (£53,000).
(70)	**Building Control** Better than expect end to the year. Any trading surplus will be held in reserve by Building Control Board.
(179)	**Development Management** Over recovery of planning application fees largely due to Government increase in fees post budget setting and increased numbers of high value applications
(125)	**Planning Policy** Reduction in consultancy spending in respect of Gatwick Development Consent Order and Local Plan work.
(192)	**Property and Regeneration** Favourable variances arose from additional property income generated by the profit share arrangement with SCFA in relation to Meadowbank and rental reviews, as well as savings achieved through utility contract reductions and staffing vacancies during the year. These were partly offset by MOVA dividend and interest income being below budget as a result of the recent asset sale.
(107)	**Parking** The underspend reflects the change in accounting standard for how leases are treated therefore lowering revenue costs, lower than forecast staffing costs due to ongoing challenges in recruitment to the civil enforcement officer team, some one-off business rate refunds from prior years and higher than anticipated permit income.
(173)	Minor variances (Under £50k).
(2,127)	**Overspend / (Underspend)**

CAPITAL

The council has an approved capital budget of £42.7million, split into £0.7m Minor projects and £42.0million Major projects.

Of the £42.0million Major projects, £10.1million was budgeted to be spent during the Financial Year. £5.6million was spent, an underspend of £4.5million
The under spend of £4.5million is split into, £1.8million relating to multi-year major capital projects, £2.7million annual major capital projects.

The £1.8million multi-year capital project variance to budget, is due, in the main, to,

- Completition of the Swan Centre development and Car Park project.

- A reduction in expenditure on the Leisure Centre project because we have worked very closely with our appointed agents to minimise the cost of the works with a high degree of scrutiny and challenge at each step of the process. The underspent budget will be carried forward to 26.27 as a contingency for possible future works.

- Lower than expected expenditure in implementing the Evolve 2026 transformation programme due to the Finance Transformation project no longer progressing, due to the local government reorganisation, and Reduced costs on the Digital workstream.

The £2.7million annual major capital project variance is primarily Affordable Housing and Disability Adaptions. The Affordable Housing money (Section 106 contributions from developers) will be carried forward to 2026/27, as the scheme has been extended and further grant funding awarded. The underspend on Disability Adaptations is due to delays with contractors, however as this budget is grant funded, the underspend will be carried forward to next year.

The budgeted minor project spend was £204,000, which is £545,000 lower than budget.

The Section 151 officer has agreed, in consultation with the lead cabinet member for finance, to carry forward the under spend to fund minor capital works in 2026/27.

FINANCIAL RESILIENCE

There were fourteen strategic risks that are being closely and actively managed by the Strategic Leadership team as at 31 March 2026. The matrix below summarises these risks and shows the risk rating for each after mitigation.

PROBABILITY	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Highly probable 5					
Probable 4					
Likely 3		C13	C1d, C15	C7, C14	
Possible 2		C5, C8	C4b, C9, C12, C16	C3	C11
Remote 1			C1		
	IMPACT				

C1 Financial Sustainability
C1d Reduction in capital value of and loss of rental income from investment properties
C3 Health and Safety
C4b IT – hacking
C5 Data Protection/Information Governance
C7 Organisational capacity to deliver
C8 Safeguarding
C9 Climate Change
C11 Asset development and disposal
C12 Emergency Planning
C13 Contract Management
C14 Waste Services
C15 Local Government Reorganisation
C16 Exceeding VAT partial exemption limit

Further information on the Strategic Risk Register, and actions being taken to mitigate each risk, are available on the council's website, www.molevalley.gov.uk.

The Annual Report on Risk Management, including the Strategic Risk Register, was presented to the Audit Committee on 19th March 2026, and can be found on the Council's website. (www.molevalley.gov.uk)

The Chartered Institute for Public Finance and Accountancy (CIPFA) produced a financial resilience index in response to concerns within the local government sector and central government about the financial resilience of some local authorities, following the significant funding reductions incurred by the sector since 2013-14.

The financial resilience index shows how Mole Valley District Council compares to other similar authorities across a basket of financial indicators, based on its 2024-25 accounts and a trend analysis of changes since 2017-18. The analysis can be found on the CIPFA Website (www.cipfa.org/services/financial-resilience-index/resilience-index)

Looking at the index, there are 3 indicators which show that MVDC is at high risk of financial stress. They are:

- Interest Payable as % of Net Revenue Expenditure
- Change in reserves
- Level of Reserves

In addition to the CIPFA resilience index, the Local Government Association also publish an index of key financial indicators (lginform.local.gov.uk) under which Mole Valley District Council can be compared to all local authorities in the Country or a sub-set group of them.

The data is drawn from statutory ‘Revenue Account’ and ‘Revenue Outturn’ returns. Comparison of Mole Valley to all other English Districts Authorities in South East England shows that:

- Reserves levels as a percentage of service expenditure are slightly lower than the average of other authorities in the comparator group (24th lowest out of 52 authorities).
- Debt Servicing as a percentage of core spending power is 12th highest in the comparator group

The legislative framework around local government in the UK means that the Council’s existence (or not) is determined by national legislation setting out how and what level of government services are provided at a local level. In December 2024 the Ministry of Housing, Communities and Local Government published the English Devolution White Paper: Power and partnership: Foundations for growth. This confirmed their intention to replace County, Borough, and District Councils within England with Unitary authorities. In February 2025 the government confirmed Surrey Councils including Mole Valley will be in an accelerated programme, which is expected to mean Mole Valley District will be abolished and its functions taken on by a new Unitary authority on 1st April 2027. In May 2025, MVDC, Surrey CC and Elmbridge Borough Council submitted a proposal to government to create two unitary councils in Surrey. The Government consulted on our proposal as well as an alternative proposal from 9 district and borough councils to create 3 unitary councils in Surrey. In the Autumn of 2025 the Government announced that it would create 2 unitary councils in Surrey and the Structural Change Orders were approved by parliament between in March 2026. Elections to the new East and West Surrey Shadow Councils took place in May 2026. Transition planning for the re-organisation is well underway, an implementation team and programme has been established with robust programme and project governance arrangements in place. Officers have developed implementation plans and are starting to implement the plans. Reports on the progress of the Implementation Programme are being presented to the Shadow Executive committees.

As per Paragraph 3.4.2.23 of the Code, we will continue to use the Going Concern assumption as the best representation of economic and statutory environment under which the Council operates. The legislative framework does not allow any ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (management deciding to liquidate the entity or cease trading). When the statutory change in local government is forthcoming, any assets and liabilities of the Council and its service provision will transfer to a new body. As a result, the CIPFA Code of Practice on Local Authority Accounting requires the Council to prepare its accounts on a going concern basis.

Claire Morris
Executive Head of Service (Resources) (Section 151 Officer)

26 June 2026

Statement of Responsibilities for the Statement of Accounts

This statement is given in respect of the Statement of Accounts 2025/26, signed and dated by the responsible financial officer on behalf of the Council.

The Council's Responsibilities

The Council is required to:

• make arrangements for proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the 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 (S151 Officer) 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 CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the CIPFA Code). In this Council, that officer is the Executive Head of Service (Resources) & Section 151 Officer, Claire Morris.

In preparing this Statements of Accounts the Executive Head of Service (Resources) & Section 151 Officer has:

• selected suitable accounting policies and applied them consistently

• made judgments and estimates that were reasonable and prudent

• complied with the local Council Code of Practice.

The Executive Head of Service (Resources) & Section 151 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.

Certification of Section 151 Officer

The Statement of Accounts present a true and fair view of the financial position of the Council as at 31 March 2026 and its income and expenditure for the year ended on that date.

Claire Morris

Executive Head of Service (Resources)- Section 151 Officer

Dated: 26/06/2026

Councillor Mary Cooper

Audit Committee (Chairman)

Dated: 26/06/2026

Comprehensive Income and Expenditure Statement

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

2024/25 Expenditure £000	2024/25 Income £000	2024/25 Net £000		2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000
4,730	(3,438)	1,292	Community	5,028	(3,940)	1,088
5,574	(1,918)	3,656	Environment	5,713	(3,336)	2,378
23,462	(15,774)	7,688	Finance & Organisation	20,696	(13,434)	7,262
11,148	(5,321)	5,827	Leisure	12,624	(9,189)	3,435
2,605	(1,878)	726	Planning	3,166	(1,803)	1,363
2,900	(563)	2,337	Projects	3,185	(752)	2,434
1,391	(2,829)	(1,438)	Sustainable Economy	1,569	(2,871)	(1,302)
8,236	(3,939)	4,296	Wellbeing	6,990	(3,833)	3,156
60,045	**(35,660)**	**24,385**	**Cost of Services**	**58,971**	**(39,159)**	**19,812**
11,680	(16,564)	(4,884)	Other Operating Income	461	(611)	(150)
8,012	(22,361)	(14,349)	Financing and Investment Income and Expenditure	9,203	(16,393)	(7,189)
18,515	(35,774)	(17,259)	Taxation and Non Specific Grant Income	28	(14,813)	(14,786)
98,253	**(110,360)**	**(12,107)**	**Surplus or Deficit on Provision of Services**	**68,663**	**(70,976)**	**(2,313)**
		(2,577)	Surplus or deficit on revaluation of Property, Plant and Equipment			(1,785)
		8,685	Re-measurement of the net defined benefit liability / asset			6,666
		6,108	**Other Comprehensive Income and Exp.**			**4,881**
		(5,999)	**Total Comprehensive Income and Exp.**			**2,568**

Movement in Reserves Statement

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

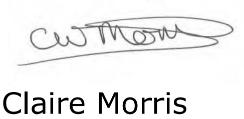
	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025	**(1,948)**	**(15,074)**	**(17,022)**	**(1,201)**	**(15,124)**	**(33,348)**	**(135,333)**	**(168,681)**
Movement in reserves during 2025/26:								
(Surplus) or deficit on the provision of services	(2,313)	-	(2,313)	-	-	(2,313)	-	(2,313)
Other Comprehensive Income / Expenditure	-	-	-	-	-	-	4,881	4,881
Total Comprehensive Income and Expenditure	**(2,313)**	**-**	**(2,313)**	**-**	**-**	**(2,313)**	**4,881**	**2,568**
Adjs between accounting basis and funding basis under regulations	(2,134)	-	(2,134)	379	(1,134)	(2,889)	2,889	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(4,447)**	**-**	**(4,447)**	**379**	**(1,134)**	**(5,202)**	**7,770**	**2,568**
Transfers to / from Earmarked Reserves	2,926	(2,926)	-	-	-	-	-	-
Increase / Decrease in 2025/26	**(1,521)**	**(2,926)**	**(4,447)**	**379**	**(1,134)**	**(5,202)**	**7,770**	**2,568**
Balance at 31 March 2026	**(3,470)**	**(18,000)**	**(21,470)**	**(822)**	**(16,258)**	**(38,550)**	**(127,563)**	**(166,113)**

	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2024	**(1,554)**	**(12,288)**	**(13,842)**	**(1,312)**	**(15,495)**	**(30,647)**	**(132,041)**	**(162,689)**
Adjustments	(400)		(400)			(400)	409	9
Balance at 31 March 2024 (Restated)	**(1,954)**	**(12,288)**	**(14,242)**	**(1,312)**	**(15,495)**	**(31,048)**	**(131,632)**	**(162,681)**
Movement in reserves during 2024/25								
(Surplus) or deficit on the provision of services	(12,107)	-	(12,107)	-	-	(12,107)	-	(12,107)
Other Comprehensive Income / Expenditure	-	-	-	-	-	-	6,108	6,108
Total Comprehensive Income and Expenditure	**(12,107)**	-	**(12,107)**	**-**	**-**	**(12,107)**	**6,108**	**(5,999)**
Adjs between accounting basis and funding basis under regulations	9,328	-	9,328	110	370	9,808	(9,808)	-
Net (Increase) or Decrease before Transfers to Earmarked Reserves	**(2,779)**	**-**	**(2,779)**	**110**	**370**	**(2,299)**	**(3,700)**	**(5,999)**
Transfers to / from Earmarked Reserves	2,786	(2,786)	-	-	-	-	-	-
Increase / Decrease in 2024/25	**6**	**(2,786)**	**(2,780)**	**110**	**370**	**(2,299)**	**(3,700)**	**(5,999)**
Balance at 31 March 2025	**(1,948)**	**(15,074)**	**(17,022)**	**(1,201)**	**(15,124)**	**(33,348)**	**(135,333)**	**(168,681)**

Balance Sheet

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

31 March 2025 £000	Notes		31 March 2026 £000
120,444	13	Property, Plant and Equipment	119,757
1,433	14	Heritage Assets	1,433
59,598	15	Investment Property	57,931
589	16	Intangible Assets	754
229	13/34	Right of Use Assets	271
16,722	17	Long-Term Investments- Subsidiaries	13,321
5,806	17	Long-Term Investments- CCLA	5,806
10,823	17	Long-Term Debtors	2,507
215,644		**Long Term Assets**	**201,780**
39,793	17	Short-Term Investments	40,298
0	-	Assets held for sale	0
19	-	Inventories	22
12,420	18	Short-Term Debtors	5,671
265	19	Cash and Cash Equivalents	79
52,497		**Current Assets**	**46,070**
(15,694)	21	Short-Term Creditors	(9,479)
(1,839)	22	Provisions	(1,887)
(736)	31	Grants Receipts in Advance – Revenue	(761)
(2,674)	31	Grants Receipts in Advance – Capital	(2,195)
(20,943)		**Current Liabilities**	**(14,322)**
(177)	17	Long-Term Creditors (rent deposits)	(172)
(73,850)	17	Long-Term Borrowing	(57,350)
(500)	22	Long-Term Provisions	0
(589)	17	Other Long-Term Liabilities	(579)
(3,400)	35	Pension Net Liability/Asset	(9,315)
(78,516)		**Long Term Liabilities**	**(67,416)**
168,681		**Net Assets**	**166,113**
(33,348)	MiRS/23	Usable Reserves	(38,550)
(135,333)	24	Unusable Reserves	(127,563)
(168,681)		**Total Reserves**	**(166,113)**



Claire Morris
Executive Head of Service (Resources)- Section 151 Officer

Dated: 26/06/26

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2024/25			**2025/26**
£000	**Note**		**£000**
(12,107)		Net (surplus) or deficit on the provision of services	(2,313)
(15,199)	25	Adjustment to surplus or deficit on the provision of services for noncash movements	(8,721)
24,155	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	12,217
(3,150)		**Net cash flows from operating activities**	**1,184**
(15,181)	26	Net cash flows from investing activities	(10,002)
18,514	27	Net cash flows from financing activities	9,004
183		**Net (increase) or decrease in cash and cash equivalents**	**186**
(447)	BS	Cash and cash equivalents at the beginning of the reporting period	(265)
(265)	BS	**Cash and cash equivalents at the end of the reporting period**	**(79)**

Note 1 – Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

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

1.2.1 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.

1.2.2 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.

1.2.3 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.

1.2.4 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.

1.2.5 Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.2.6 For accruals purposes there is a de-minimis level of £1,000 where amounts above this level are considered for accruals.

1.3 Acquisitions and discontinued operations

1.3.1 Acquired operations

The Council has not acquired any operations during the year.

1.3.2 Discontinued operations

The Council has not discontinued any operations during the year.

1.4 **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a specified period, no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.5 **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.6 **Charges to Revenue for Non-current Assets**

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

1.6.1 depreciation attributable to the assets used by the relevant service

1.6.2 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

1.6.3 amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. 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 Council in accordance with statutory guidance (England and Wales).

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 **Council Tax and Non-Domestic Rates (England)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

1.7.1 Accounting for Council Tax and NDR

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

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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.

1.8 **Employee Benefits**

1.8.1 Benefits Payable during Employment

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

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.8.2 Termination Benefits

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

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

1.8.3 Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Surrey County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

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

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high quality corporate bond each year end as prescribed by International Accounting Standard (IAS)19.

The assets of Surrey pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

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

1.8.3.1 Service cost comprising:

• current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

• past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

• net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

1.8.3.2 Re-measurements comprising:

• the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

• actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

• Contributions paid to the Surrey pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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

1.8.4 Discretionary Benefits

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

1.9 **Events After the Reporting Period**

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

1.9.1 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

1.9.2 those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

1.10 **Financial Instruments**

1.10.1 Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. From 2024/25, the Council will spread the gain or loss over the life of the replacement loan or 10 years, where there is no replacement loan.

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.

1.10.2 Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

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

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

1.10.3 Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value.

They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

When soft loans are made, a loss is recorded in the CIES (debited 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 CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase 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 CIES 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. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

1.10.4 Expected Credit Loss Model

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

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

1.10.5 Financial assets measured at fair value through other comprehensive income

Financial assets that are measured at FVOCI 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 arise in other comprehensive income

1.10.6 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

1.10.7 Fair value measurements of financial assets

Fair value of an asset 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 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:

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

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

1.10.7.3 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.

1.11 **Government Grants and Contributions**

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund 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.

1.11.1 Business Improvement Districts

A Business Improvement District (BID) scheme applies to a defined area in Dorking applicable to the Town Centre. The BID means the Business Improvement District which operates in Dorking Town Centre and which is managed and operated by the BID Company (Dorking Town Partnership). The scheme is funded by a BID Levy paid by non-domestic ratepayers. The Council acts as Principal under the scheme, and accounts for income and expenditure, including contributions to the BID project, within the relevant services in the Comprehensive Income and Expenditure Statement.

1.11.2 Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges for this Council may be used to fund revenue expenditure. Approximately 25% is available for community use and will allow CIL income to be passported to the Parishes.

1.12 **Heritage Assets**

1.12.1 Heritage Assets – General

Heritage assets are defined as assets which have historical, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets include historical buildings, historic motor vehicles, Civic Regalia, museum and gallery collections and works of art.

Recognition and Measurement: Where the Council has information on the cost or value of a Heritage Asset the Council will include that value in its Balance Sheet. Where this information is not available and the historical cost information cannot be obtained the asset can be excluded from the balance sheet. A de-minimis level will be set in accordance with our policy for Capitalisation of assets currently set at £10,000.

Heritage assets will normally be measured at fair value. Where, exceptionally, it is not practicable to obtain a fair value, heritage assets shall be measured at historical cost.

Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at fair value, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current.

Depreciation, Amortisation and Impairment: Depreciation or amortisation is not required on heritage assets which have indefinite lives. The carrying amount of an asset shall be reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage or new doubts arise as to its authenticity. Any impairment recognised shall be dealt with under the recognition and measurement requirements of section 4.7 of the CIPFA Code.

1.13 **Intangible Assets**

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

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

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 revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s).

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

1.14 **Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.15 **Inventories and Long-term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

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

1.16 **Investment Property**

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

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

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

1.17 **Leases**

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

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

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

1.17.1 The Council as Lessee

1.17.1.1 A Right of Use Asset

From 1 April 2024, a new International Financial Reporting Standard, IFRS 16, came into effect for Local Authorities. IFRS 16 introduces a new 'Right of Use' asset class to the balance sheet and recognises a corresponding lease liability. This is a mandatory requirement and applies to all leases - property, land, vehicles, plant, and equipment. A right of use asset and corresponding lease liability are recognised at the commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Leases of low value assets (value when new less than £10,000 as chosen by the council as IFRS 16 does not give defined amount for low value) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components. These are classified as operating leases.

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

1.17.1.2 Operating Leases

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

1.17.2 The Council as Lessor

1.17.2.1 Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line 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.

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.

1.17.2.2 Operating Leases

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

1.18 **Overheads and Support Services**

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

1.19 **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.

1.19.1 Recognition

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

1.19.2 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 Council will capitalised borrowing costs incurred while assets are under construction or re-development where the Council is funding the capital expenditure through external borrowing (e.g. through PWLB, a lending arm of central government).

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 Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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 – will be measured at depreciated historical cost.

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

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

• 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.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment. For assets revalued every five years there is now annual indexation applied to assets during the four intervening years. Any changes in value of asset due to indexation gain/loss will be accounted for in the same way as revaluation gain/loss.

1.19.3 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.

1.19.4 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 charged for additions in their first year and not charged in the year of disposal.

Deprecation is calculated on the following bases:

• Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.

• vehicles, plant, furniture and equipment – straight line basis over useful economic life of the asset.

• infrastructure – straight-line allocation over 25 years.

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

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

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

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment. 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.

Provisions, Contingent Liabilities and Contingent Assets

1.19.6 Provisions

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

- that gives the Council 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 Council has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

1.19.7 Contingent Liabilities

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

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

1.19.8 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised 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.

1.20 **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.21 **Revenue Expenditure Funded from Capital under Statute**

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

1.22 **VAT**

Value Added Tax (VAT) payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

1.23 **Fair Value Measurement of non-financial assets**

The Council 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 or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

• Level 3 – unobservable inputs for the asset.

Note 2 – Accounting Standards Issued, Not Adopted

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

a) **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7**) issued in May 2024. (effective for periods beginning on or after 1 January 2026)

The amendments:
- clarify the classification of financial assets with environmental, social and corporate governance (ESG) or similar features
- clarify how to assess whether a financial asset's cash flows are solely payments of principal and interest, and
- clarify the accounting requirements for the settlement of financial liabilities using electronic payment systems.

These changes are not expected to have an impact on the Council's financial statements.

b) **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024. (effective for periods beginning on or after 1 January 2026)

The amendments provide minor clarifications, simplifications, and corrections to several IFRS standards, including IFRS 7 (Financial Instruments: Disclosures), IFRS 9 (Financial Instruments), and IAS 7 (Statement of Cash Flows). These changes are not expected to impact the Council's financial statements.

c) **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7**) issued in December 2024. The amendments address the accounting for Power Purchase Agreements (PPAs) referencing renewable energy. These changes are not expected to have a material impact on the Council's financial statements.

d) **IFRS 18 Presentation and Disclosure in Financial Statements** issued in April 2024. (effective for periods beginning on or after 1 January 2027)

This standard will replace IAS 1. It introduces new requirements for how financial statements are presented to improve comparability, including:
- defining specific categories in the statement of comprehensive income (operating, investing, and financing)
- requiring new subtotals, including operating profit, and
- introducing new disclosure requirements for management-defined performance measures. While this will alter the future presentation of the financial statements once adopted by the CIPFA Code.

It does not change the underlying measurement of the Council's assets and liabilities.

e) **IFRS 19 Subsidiaries without Public Accountability: Disclosures** issued in May 2024. This standard permits eligible subsidiaries to use IFRS accounting standards with reduced disclosures. This is not applicable to MVDC, as the Council is not a subsidiary entity.

f) **IAS 21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability):** Amendments issued in August 2023 provide guidance on evaluating if a currency is exchangeable and determining spot rates when it is not. These changes are not expected to have a material impact on the Council's financial statements.

Note 3 – Critical Judgements in Applying Accounting Policies

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

Going Concern assumptions – The concept of a "going concern" assumes that an authority's functions and services will continue in operational existence for the foreseeable future. Mole Valley District Council's accounts are drawn up under the CIPFA Local Authority Accounting Code of Practice (The Code), which requires Local Authorities to prepare their financial statements on a going concern basis. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. This assumption is based on the fact that local authorities carry out functions essential to the local community, exist by statute and are themselves revenue-raising bodies. If an authority was in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

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

In December 2024 the Ministry of Housing, Communities and Local Government (MHCLG) published the English Devolution White Paper: Power and partnership: Foundations for growth. This confirmed their intention to replace County, Borough, and District Councils within England with Unitary authorities. In February 2025 the government confirmed Surrey Councils including Mole Valley will be in an accelerated programme, which is expected to mean Mole Valley District will be abolished and its functions taken on by a new Unitary authority on 1st April 2027.

In May 2025, Mole Valley District Council submitted to the MHCLG a joint proposal, with Elmbridge Borough Council and Surrey County Council, for 2 unitary organisations across Surrey. On October 28, 2025, the Secretary of State officially confirmed the reorganisation of Surrey's local government into a two-unitary model.

The new unitary authority, East Surrey Council, was created in law under The Surrey

(Structural Changes) Order 2026 which gained royal assent on 9th March 2026. Elections for the new authority took place on 7th May 2026 to oversee the transition. It will operate as a 'shadow authority' until the existing councils are dissolved and replaced starting 1st April 2027, with Mole Valley becoming part of the new Council alongside Elmbridge, Epsom and Ewell, Reigate & Banstead, and Tandridge.

As per Paragraph 3.4.2.23 of the Code, we will continue to use the Going Concern assumption as the best representation of the economic and statutory environment under which the Council operates.

Future Funding of Local Government

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council prepares a detailed Medium Term Financial Strategy within the scene-setting report, which models the risk and helps identify what needs to be done to manage the risks.

The costs of implementing local government reorganization in Surrey are currently estimated to be part of an overall implementation framework backed by a £84.9million joint fund for the two unitary councils. Of that cost, approximately £35.3 million is allocated to fall across transition themes up to 31 March 2027. The current Implementation Programme expenditure forecast, reported to the Shadow Authorities in May 2026 is £28.179 million following rigorous review sessions, however, further costs are likely to be identified as the programme progresses. How the anticipated costs are split between the existing councils prior to 31 March 2027 has now been finalized and District and Borough Councils transferred their contributions to Surrey County Council in April 2026. The approved budgeted cost funded by MVDC in 2026/27 is £538,665. No costs were incurred by MVDC in 2025/26.Mole Valley DC is funding the costs from its reserves, as set out in its 2026/27 budget, which are sufficient to cover the anticipated range of expected costs.

The Councils holds a significant portfolio of investment property and although general economic activity is fragile, the Council judges that its portfolio in the context of the local economy is robust and healthy enough that its assets will not be materially impaired as a result of a decrease in economic activity.

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at FV/EUV/DRC is revalued at least every five years. Valuations of land and buildings with a value in excess of £1.0 million are valued annually in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. For land and buildings valued under £1.0 million, the Council operates a five-year rolling programme of physical valuation, supplemented by annual desktop indexation review.

Valuations of vehicles, plant, furniture and equipment and buildings under construction are not subject to revaluation on the grounds of materiality. Historic cost is used as a proxy for current value.

Our asset portfolio under £1 million that was not revalued amounted to £15.4million with an average value per property of £199k. Having considered these assets, the Council believes that the current programme of valuation is not in need of change.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment. For assets revalued every five years there is now annual indexation applied to assets during the four intervening years. The indices used have been supplied by the valuers Wilks Head & Eve LLP.

Note 4 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Pension Liability

Estimation of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. However, the interaction of these assumptions is complex. As part of the calculation of the pension asset or liability under IAS 19, the Council uses estimated returns on pension fund assets as assessed by the Actuary.

Business Rates

The Business Rates Retention Scheme became effective from 1 April 2013. As at 2025/26 local authorities are liable for any successful appeals against business rates by businesses current valuation appeals lists, 2017 and 2023 as at 2025/26 in their proportional share. The Council has a total provision of £4.69m as an estimate of potential successful appeals up to 31 March 2026; the Council's proportion (40%) reflected in the Balance Sheet is £1.88m. This estimate is calculated using Valuation Office ratings list of appeals; an analysis of successful appeals to date for 2017 and 2023 lists.

Valuation of fixed assets

Asset valuation (including Fair Value measurement) and impairment is based on an estimate and the Council draws on the expertise of its RICS Register Valuer, GSC Harbord MA MRICS IRRV (Hons) of Wilks Head & Eve LLP, to calculate valuations, useful lives and impairment reviews in accordance with professional guidance.

The valuations have been completed in accordance with: -

- Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2014 (Revised 2015) & RICS Valuation – Global Standards 2017 ('The Standards')
- International Financial Reporting Standards (IFRS)
- Chartered Institute of Public Finance and Accounting Code of Practice on Local Council Accounting ('The C Code').

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible professional judgement is required. These judgements typically include considerations such as uncertainty and risk. However, changes in assumptions used could affect the fair value of the council's assets and liabilities.

To ensure the timely completion of the statement of accounts, the Council uses a valuation date of 31st January as an estimate as to the valuation of assets as at the 31st March.

Note 5 – Material Items of Income and Expense

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

- Housing Benefit Allowances and Non-HRA Rent Rebate expenditure totalling approximately £13.2 million (2024/25 £15.7 million approximately 94.0% (2024/25 95.0%) supported by Government grants. These are included within the Finance & Organisation line of the Comprehensive Income and Expenditure Statement.

Note 6 – Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Head of Service (Resources) - Section 151 Officer on 30 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 -Expenditure and Funding Analysis

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

	2024/25				2025/26	
Net Expenditure Chargeable to the GF Balance £000	**Adjustments £000**	**Net Expenditure in the CI&E Statement £000**		**Net Expenditure Chargeable to the GF Balance £000**	**Adjustments £000**	**Net Expenditure in the CI&E Statement £000**
1,096	197	1,292	Community	632	455	1,088
3,285	371	3,656	Environment	1,944	433	2,378
7,437	251	7,688	Finance & Organisation	8,450	(1,189)	7,262
1,129	4,698	5,827	Leisure	475	2,960	3,435
347	379	726	Planning	614	749	1,363
3,549	(1,213)	2,337	Projects	2,976	(542)	2,434
(1,574)	136	(1,438)	Sustainable Economy	(1,568)	266	(1,302)
1,484	2,812	4,296	Wellbeing	1,227	1,930	3,156
16,753	**7,633**	**24,385**	**Net Cost of Services**	**14,750**	**5,062**	**19,812**
(19,532)	(16,961)	(36,493)	Other Income and Expenditure	(19,366)	(2,759)	(22,125)
0	0	0	Use of Earmarked GF Reserves	168	(168)	0
(2,779)	**(9,328)**	**(12,107)**	**(Surplus) or Deficit on Provision of Services**	**(4,448)**	**2,135**	**(2,313)**
(14,242)			Opening Combined General Fund Balance	(17,022)		
(2,779)			Plus / less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	(4,448)		
(17,022)			**Closing Combined General Fund Balance**	**(21,470)**		

Note 7.1 – Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis:

2025/26	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Community	126	332	(3)	455
Environment	417	16	0	433
Finance & Organisation	856	(2,045)	1	(1,189)
Leisure	2,575	384	1	2,960
Planning	599	146	3	749
Projects	(585)	43	0	(542)
Sustainable Economy	239	34	(7)	266
Wellbeing	1,763	169	(2)	1,930
Net Cost of Services	**5,990**	**(921)**	**(7)**	**5,062**
Other Income and Expenditure	1,258	170	(4,187)	(2,759)
Use of Earmarked GF Reserves	(168)	0	0	(168)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**7,079**	**(751)**	**(4,194)**	**2,135**

2024/25	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Community	116	81	0	197
Environment	371	0	0	371
Finance & Organisation	145	106	0	251
Leisure	4,655	43	0	4,698
Planning	333	46	0	379
Projects	(1,232)	19	0	(1,213)
Sustainable Economy	127	9	0	136
Wellbeing	2,764	48	0	2,812
Net Cost of Services	**7,280**	**353**	**0**	**7,633**
Other Income and Expenditure	(3,035)	(869)	(13,057)	(16,961)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**4,245**	**(516)**	**(13,057)**	**(9,328)**

Net Statutory Adjustments

Net Cost of Services – Includes depreciation and impairment and revaluation gains and losses.

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

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

Net Pensions Statutory Adjustments

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

Net Cost of Services – this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

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

Net Cost of Services – Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

Financing and investment income and expenditure – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts. For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments e.g. for interest income and expenditure and changes in the fair values of investment properties.

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.

Other non-statutory adjustments relate to adjustments to service segments e.g. government grants not ring fenced.

Note 7.2 – Expenditure and Income Analysed by Nature

2024/25 £000	Nature of Expenditure or Income	2025/26 £000
(20,837)	Fees, charges and other service income	(25,867)
(4,553)	Interest and investment income	(3,146)
(12,410)	Discount received on early repayment of debt	(7,270)
(12,192)	Income from council tax and non-domestic rates	(10,806)
(23,407)	Government grants and contributions	(19,897)
(409)	Revaluation gains	(1,747)
(3,485)	Other income	(2,151)
(3,491)	(Gain) or loss on disposal of non-current assets	(92)
16,355	Employee benefits expenses	16,521
23,725	Other service expenses	26,227
3,329	Depreciation, amortisation and impairment	6,971
2,104	Interest payments	1,936
428	Precepts and levies	461
14,394	Housing Benefit Payments	12,307
8,341	Property revaluation (gains) or losses	4,239
(12,107)	**(Surplus) or Deficit for Year**	**(2,313)**

Note 8 – Adjustments between Accounting Basis and Funding Basis under Regulations

2025/2026	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	751	-	-	(751)
NDR (transfers to or from the Collection Fund)	(139)			139
Council tax (transfers to or from the Collection Fund)	(43)			43
Holiday pay (transferred to the Accumulated Absences reserve)	9	-	-	(9)
Changes in fair value of pooled investments	-	-	-	-
Discount received on early repayment of loans	4,367	-	-	(4,367)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(11,348)			11,348
Movements in the market value of Investment Properties debited or credited to the CIES	(1,844)			1,844
Total Adjustments to Revenue Resources	**(8,247)**	**-**	**-**	**8,247**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	775	(775)		-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(647)	-	-	647
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,637	-	-	(1,637)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	168			(168)
Total Adjustments between Revenue and Capital Resources	**1,934**	**(775)**	**-**	**(1,159)**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	1,154	-	(1,154)
Application of capital grants to finance capital expenditure	-	-	3,045	(3,045)
Capital grants recognised in year	4,179		(4,179)	-
Total Adjustments to Capital Resources	**4,179**	**1,154**	**(1,134)**	**(4,199)**
Total Adjustments	**(2,134)**	**379**	**(1,134)**	**2,889**

2024/2025	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	516	-	-	(516)
NDR (transfers to or from the Collection Fund)	913	-		(913)
Council tax (transfers to or from the Collection Fund)	(11)			11
Holiday pay (transferred to the Accumulated Absences reserve)	(55)	-	-	55
Changes in fair value of pooled investments	110	-	-	(110)
Discount received on early repayment of loans	12,100	-	-	(12,100)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(5,174)	(7,650)	-	12,823
Movements in the market value of Investment Properties debited or credited to the CIES	(5,174)	-	-	5,174
Total Adjustments to Revenue Resources	**3,225**	**(7,650)**	**-**	**4,425**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	2,007	-	-	(2,007)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)				
Total Adjustments between Revenue and Capital Resources	**2,007**	**-**	**-**	**(2,007)**
Use of the Capital Receipts Reserve to finance capital expenditure	-	7,120	-	(7,120)
Application of capital grants to finance capital expenditure	-	-	4,473	(4,473)
Capital grants recognised in year	4,102	-	(4,102)	-
Cash payments in relation to deferred capital receipts	(7)	640	-	(633)
Total Adjustments to Capital Resources	**(4,096)**	**7,760**	**370**	**(12,226)**
Other adjustments	-	-	-	-
Total Adjustments	**9,328**	**110**	**370**	**(9,808)**

Note 9 – Transfer to/from Earmarked Reserves

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

	Bal at 31 March 2024 £000	Transfers In 2024/25 £000	Transfers Out 2024/25 £000	Bal at 31 March 2025 £000	Transfers In 2025/26 £000	Transfers Out 2025/26 £000	Bal at 31 March 2026 £000
Asset Maintenance Reserve	**(5,335)**	(80)	0	**(5,415)**	0	129	**(5,286)**
Regeneration Reserve	**(944)**	(800)	8	**(1,736)**	(400)	0	**(2,136)**
Transformation Reserve	**(149)**	0	0	**(149)**	0	0	**(149)**
UK Shared Prosperity Fund (UKSPF) Reserve	**(5)**	0	5	**0**	0	0	**0**
Interest Equalisation Reserve	**(717)**	(400)	0	**(1,117)**	(1,639)	0	**(2,756)**
Planning reserve	**0**	(455)	0	**(455)**	0	0	**(455)**
Rent Equalisation Reserve	**(2,400)**	0	0	**(2,400)**	0	0	**(2,400)**
Usable Earmarked Reserves	**(9,550)**	(1,735)	13	**(11,272)**	(2,039)	129	**(13,183)**
NNDR Volatility Reserve	**(2,310)**	(852)	0	**(3,162)**	0	(361)	**(3,523)**
Council Tax Volatility Reserve	**(47)**	0	0	**(47)**	0	0	**(47)**
Grant Matching Reserve	**(93)**	(85)	81	**(97)**	(315)	0	**(413)**
Environmental Health Reserve	**(76)**	0	0	**(76)**	0	8	**(68)**
CCTV Reserve	**0**	(13)	0	**(13)**	0	0	**(13)**
Env health – street trading reserve	**(38)**	(40)	3	**(75)**	(14)	86	**(3)**
Env Health – Taxi reserve	**(12)**	(11)	0	**(23)**	(3)	0	**(26)**
Syrian grant reserve	**(43)**	0	0	**(43)**	0	0	**(43)**
Afghan grant reserve	**(62)**	(129)	62	**(129)**	(103)	129	**(103)**
Food Waste reserve	**0**	(57)	0	**(57)**	0	0	**(57)**
Elections grant reserve	**(57)**	0	0	**(57)**	0	4	**(54)**
Mole Valley Lottery reserve	**0**	(23)	0	**(23)**	(5)	0	**(28)**
Southern Building Control reserve	**0**	0	0	**0**	(33)	0	**(33)**
Dorking Halls donation fund	**0**	0	0	**0**	(7)	0	**(7)**
Waste EPR grant reserve	**0**	0	0	**0**	(401)	0	**(401)**
Total General Fund	**(12,288)**	**(2,945)**	**159**	**(15,074)**	**(2,920)**	**(5)**	**(18,000)**

Note 10 – Other Operating Income

2024/25 £000		2025/26 £000
428	Precepts & Parish revenue grants	461
(3,491)	(Gains)/losses on the Disposal of Non-Current Assets	(92)
(1,821)	Other Operating Income	(520)
(4,884)	**Total Other Operating Income**	**(150)**

Note 11 – Financing and Investment Income and Expenditure

2024/25 £000		2025/26 £000
2,326	Interest payable and similar charges	1,766
(236)	Net interest on the net defined benefit liability (asset)	170
(3,797)	Interest receivable and similar income	(2,849)
511	Income and expenditure in relation to investment properties and changes in their fair value	(2,111)
(110)	Gains/losses on all assets at Fair Value through Profit and Loss	3,401
(332)	Gains/losses and dividends on CCLA Property Fund	(296)
(300)	Dividends from investment companies	0
(12,410)	(Discounts)/Premiums on debt restructuring	(7,270)
(1)	Other investment income and expenditure, & changes in fair value	(1)
(14,349)	**Total**	**(7,189)**

Note 12 - Taxation and Non-Specific Grant Income

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.

2024/25 £000		2025/26 £000
(9,063)	Council tax income	(9,457)
(3,128)	Non-domestic rates income and expenditure	(1,349)
(1,934)	Non-ring-fenced government grants	(629)
(3,133)	Capital grants and contributions	(3,351)
(17,259)	**Total**	**(14,786)**

Note 13 - Property, Plant and Equipment (incl. Right of Use Assets)

Movements to 31 March 2026

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Right of Use Asset	**Total Property, Plant and Equipment**
	£000	£000	£000	£000	£000	£000	**£000**
<u>Cost or Valuation:</u>							
At 1 April 2025	114,971	8,594	470	3,461	-	229	**127,727**
Additions	1,818	537	-	-	-	42	**2,398**
Reval incs/(decs) recog in Reval Reserve	(892)	-	-	-	-	**-**	**(892)**
Reval incs/(decs) recog in Sur/Def on PoS	(1,395)	-	-	-	-	**-**	**(1,395)**
Disposals	(167)	(598)	-	-	-	**-**	**(765)**
Transfers- Assets held for sale	(62)	-	-	-	-	**-**	**(62)**
at 31 March 2026	**114,273**	**8,534**	**470**	**3,461**	**-**	271	**127,012**
<u>Accumulated Depreciation:</u>							
at 1 April 2025	**(692)**	**(5,992)**	**(345)**	**(25)**	**-**	**-**	**(7,056)**
Depreciation charge	(2,536)	(874)	(14)	(10)	-	**-**	**(3,434)**
Depreciation w/o out to Reval Reserve	2,677	-	-	-	-	**-**	**2,677**
Depreciation w/o out to Surp/Def on PoS	227	-	-	-	-		**277**
Disposals- depreciation	4	598	-	-	-	**-**	**601**
Depreciation (Finance Leases)	-	-	-	-	-	**-**	**-**
at 31 March 2026	**(320)**	**(6,269)**	**(359)**	**(35)**	**-**	**-**	**(6,984)**
<u>Net Book Value:</u>							
at 31 March 2026	**113,954**	**2,265**	**111**	**3,427**	**-**	**271**	**120,029**
at 31 March 2025	**114,280**	**2,602**	**125**	**3,436**	**-**	**229**	**120,673**

Movements to 31 March 2025

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Right of Use Asset	**Total Property, Plant and Equipment**
	£000	£000	£000	£000	£000	£000	**£000**
<u>Cost or Valuation:</u>							
At 1 April 2024 (Restated)	109,918	7,601	470	3,435	-	**-**	**121,426**
Additions	7,550	993		26	-	229	**8,798**
Reval incs/(decs) recog in Reval Reserve	510	-	-	-	-	**-**	**510**
Reval incs/(decs) recog in Sur/Def on PoS	(3,007)	-	-	-	-	**-**	**(3,007)**
Disposals	(459)	-	-	-	-	**-**	**(459)**
Transfers- Assets held for sale	459	-	-	-	-	**-**	**459**
at 31 March 2025	**114,971**	**8,594**	**470**	**3,461**	**-**	229	**127,727**
<u>Accumulated Depreciation:</u>							
at 1 April 2024 (Restated)	**(648)**	**(5,193)**	**(330)**	**(16)**	**-**	**-**	**(6,187)**
Depreciation charge	(2,360)	(799)	(14)	(9)	-	**-**	**(3,183)**
Depreciation w/o out to Reval Reserve	2,067	-	-	-	-	**-**	**2,067**
Depreciation w/o out to Surp/Def on PoS	249	-	-	-	-		**249**
Disposals- depreciation	-	-	-	-	-	**-**	**-**
Depreciation (Finance Leases)	-	-	-	-	-	**-**	**-**
at 31 March 2025	**(692)**	**(5,992)**	**(345)**	**(25)**	**-**	**-**	**(7,056)**
<u>Net Book Value:</u>							
at 31 March 2025	**114,280**	**2,602**	**125**	**3,436**	**-**	**229**	**120,673**
at 31 March 2024 (restated)	**109,271**	**2,408**	**140**	**3,419**	**-**	**-**	**115,238**

Total PPE Assets held at valuation and historical costs	**Other Land And Buildings**	**Vehicles, Plant, Furniture & Equip**	**Community Assets**	**Infrastructure Assets**	**Right Of Use Assets**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Carried at historical cost	-	2,265	3,427	111	271	**6,074**
Valued at current value as at:						
31/03/2026	3,311 99,177	-	-	**3,311**		**99,177**
31/03/2025	3,311 3,355	- -	-	**3,311**		**3,355**
31/03/2024	4,624	-	-			**4,624**
31/03/2023	1,964	-	-			**1,964**
31/03/2022	5,449	-	-			**5,449**
Total Cost or Valuation	**114,569**	**2,265**	**3,427**	**111**	**271**	**120,643**

Asset valuation (including Fair Value measurement) and impairment is based on an estimate and the Council draws on the expertise of its RICS Register Valuer, GSC Harbord MA MRICS IRRV (Hons) of Wilks Head & Eve LLP, to calculate valuations, useful lives and impairment reviews in accordance with professional guidance.

The valuations have been completed in accordance with: -

- Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2014 (Revised 2015) & RICS Valuation – Global Standards 2017 ('The Standards')
- International Financial Reporting Standards (IFRS)
- Chartered Institute of Public Finance and Accounting Code of Practice on Local council Accounting ('The CIPFA Code')

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible professional judgement is required. These judgements typically include considerations such as uncertainty and risk. However, changes in assumptions used could affect the fair value of the council's assets and liabilities.

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment. For assets revalued every five years there is now annual indexation applied to assets during the four intervening years. Where indices cannot be obtained without undue cost or effort for assets these use a quinquennial revaluation with a desktop revaluation in year three. The indices used have been supplied by the valuers Wilks Head & Eve LLP.

The reported movement over the full financial year for various relevant assets were as follows:

Asset Type	Movement %
Retail	-0.1%
Residential	1.8%
Amenity Land	0%
Commercial Land	0%

Indexation gain/loss calculated by taking asset carrying value x movement % in year.

The following property types were identified by the valuers to have no suitable index available and therefore would fall into the category for the three-year desktop valuation: Non-specified community assets including Community, Day and Youth Centres and Pavilions.

Valuations of land and buildings with a value in excess of £1.0 million are valued annually in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors, for land and buildings valued under £1.0 million, the Council operates a five-year rolling programme.

Valuations of vehicles, plant, furniture and equipment and buildings under construction are not subject to revaluation on the grounds of materiality. Historic cost is used as a proxy for current value.

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Land and Buildings – straight line 30 to 54 years.
- Vehicles – Straight Line basis over useful economic life.
- Infrastructure 25 years.

The Property, Plant and Equipment Asset Register includes some fully depreciated assets, whose useful lives have extended beyond original estimates so that the assets have continued to provide service delivery to the Council during 2025-26. This reflects that prudent estimates have been used and where assets have extended their contribution to service delivery, value for money has been maximised.

Capital Commitments (contractual)

The Council has entered into a number of contracts for the construction, acquisition or enhancement of Property, Plant and Equipment in 2025/26 and future years over £1m.

The contractual capital commitments, as at 31 March 2026 are:

- £9.1M Dorking Halls Refurbishment

Note 14 - Heritage Assets

2025/26	Art Collection	Heritage Land	Heritage Buildings	Total
	£000	£000	£000	£000
Opening Balance	76	1,179	177	1,433
Additions	-	-	-	-
Depreciation	-	-	-	-
Closing Balance	**76**	**1,179**	**177**	**1,433**

2024/25	Art Collection	Heritage Land	Heritage Buildings	Total
	£000	£000	£000	£000
Opening Balance	76	1,179	138	1,394
Additions	-	-	39	39
Depreciation	-	-	-	-
Closing Balance	**76**	**1,179**	**177**	**1,433**

Art Collection and Artefacts

The Council's collection of Art and Artefacts is reported in the Balance Sheet at net book value. The work of art at King George V Playing Field is reported at cost.

Heritage Land

The Council's collection of Heritage Land is reported in the Balance Sheet at cost.

Heritage Buildings

The Council's Heritage Buildings are reported in the Balance Sheet at discounted replacement cost valuation which is based on market values.

The Council holds several heritage assets which are not recorded on the balance sheet as obtaining valuations for these assets would not be commensurate with the benefits to users of the financial statements. These assets include:
- public art in Dorking and Leatherhead
- paintings in Park House
- Ashtead gates
- war memorials
- archive of cemetery burials
- various statues

Note 15 - 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

31 March 2025 £000	Investment Property Income and Expenditure	31 March 2026 £000
(5,178)	Rental income from investment property	(4,749)
467	Direct operating expenses from investment property	795
(4,711)	**Net (gain)/loss**	**(3,954)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. The above items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2025 Non-Current £000	Investment Properties Movements in Year	31 March 2026 Non-Current £000
63,426	Opening Balance	59,598
-	Additions	-
409	Subsequent expenditure	115
(2,483)	Disposals	-
3,420	Assets held for sale	-
(5,174)	Net gains/losses from fair value adjustments	(1,844)
-	Transfers to/from Property Plant and Equipment	62
59,598	**Balance at the end of the year**	**57,931**

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters. The table above summarises the movement in the fair value of investment properties over the year.

Fair Value Hierarchy 2025-26

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2026
	£000	**£000**	**£000**	**£000**
Land	0	23,884	0	23,884
Buildings	0	34,349	0	34,349
	0	**58,233**	**0**	**58,233**

Fair Value Hierarchy 2024-25

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2025
	£000	**£000**	**£000**	**£000**
Land	0	23,309	0	23,309
Buildings	0	36,591	0	36,591
	0	**59,900**	**0**	**59,900**

Note 16 - Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Years	Internally generated assets	Other assets
5	-	000603- RAM (fixed asset register)
5		000604- Integra (general ledger)
5		000605- Mobile application
25	-	000558- IT Helpdesk

31st March 2025			31st March 2026	
Other Assets	Total		Other Assets	Total
£000	£000		£000	£000
		Balance at start of year:		
541	541	Gross carrying amounts	936	936
(202)	(202)	Accumulated amortisation	(348)	(348)
340	**340**	**Net carrying amount at start of year**		
395	395	Additions	301	301
(146)	(146)	Amortisation for the period	(136)	(136)
-	-	Disposals	-	-
-	-	Amortisation- disposals	-	-
589	**589**	**Net carrying amount at end of year**	**754**	**754**
		Comprising:		
936	936	Gross carrying amounts	1,238	1,238
(348)	(348)	Accumulated amortisation	(484)	(484)
589	**589**	**Total**	**754**	**754**

Note 17 - Financial Instruments

Financial Instruments - Classifications

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. For the Council this means that all treasury contracts, borrowings and investments are recognised as financial instruments - as well as trade receivables, loans for policy purposes (soft loans), trade payables and bank deposits. Statutory charges and payments (e.g. amount from council tax) are not recognised as financial instruments as these do not arise from contractual agreements and are outside the scope of the accounting treatment for financial instruments.

Fair value through profit and loss assets are carried at fair value on the Balance Sheet in accordance with the CIPFA Code and IFRS 9. The property fund investment has been classified as fair value through profit and loss and meets the pooled fund definition in the regulation to allow override to the Pooled Investment Fund Adjustment Account. The Regulation was originally in force until 2024/25, and (for investments like the Council’s, which were in place before 1st April 2024) has been extended until 31 March 2028. Dividends are recognised in Financing and Investment Income & Expenditure as incurred. The Council will accrue the dividends for the quarter ending 31st March that will be paid in April each year. A Pooled Investment Fund Adjustment Account shows the gains or losses for the year in respect of the number of units held multiplied by its published 'bid' selling price.

Investments in subsidiaries are measured at cost less accumulated impairment. The Council only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other third parties, loans to related parties and investments in non-puttable ordinary shares. The Council has no current intention to dispose of the shareholding.

Financial Instruments - Balances

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

	Non-Current Financial Assets				
	Investments		Debtors		Total
	31-Mar-25 Restated	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-26
	£000s'	£000s'	£000s'	£000s'	£000s'
Fair value through profit and loss	5,806	5,806	-	-	5,806
Amortised cost – soft loans**	-	-	-	31	31
Amortised cost - other	-	-	10,823	2,476	2,476
Book value*	16,722	13,321	0	0	13,321
Total financial assets	**22,528**	**19,127**	**10,823**	**2,507**	**21,635**

Notes:

- The £5,806k shown at Fair Value through Profit and Loss relates to shares in a Property Fund held with the CCLA.
- Of the debtors held at Amortised Cost, £2,308k is a loan to the Council's subsidiary MOVA Property Limited (MPL). MPL repaid £8.3 million to the Council during 2025/26.
- *The figure for 'book value' (historical cost less accumulated impairment) includes two investments: (1) the Council's shareholding in its subsidiary, MOVA Holdings Limited, for which an impairment has been recognized during 2025/26, reducing its value from £16.3m to £12.9m, and (2) the Council's £0.4m shareholding in its Joint Venture with MVDC Kier Holdco 1 LLP.
- **On soft loans, see further details below.

	Current Financial Assets						
	Debtors		Cash		Investments		Total
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-26
	£000s'	£000s'	£000s'	£000s'	£000s'	£000s'	£000s'
Amortised cost	3,394	1,744	265	79	39,793	40,298	42,120
Total financial assets	**3,394**	**1,744**	**265**	**79**	**39,793**	**40,298**	**42,120**
Assets not defined as financial Instruments	9,026	3,927	0	0	0	0	3,927
Total current assets	**12,420**	**5,671**	**265**	**79**	**39,793**	**40,298**	**46,047**

The figures above do not include Inventories.

	Current Financial Liabilities				
	Borrowings		Other Creditors		Total
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-26
	£000s'	£000s'	£000s'	£000s'	£000s'
Lease liability	(37)	(33)	-	-	(33)
Loans at amortised cost (accrued interest)	(555)	(424)	(3,496)	(3,500)	(3,924)
Total financial liabilities	**(592)**	**(457)**	**(3,496)**	**(3,500)**	**(3,957)**
Liabilities not defined as financial instruments	-	-	(11,606)	(5,522)	(5,522)
Total current liabilities	**(592)**	**(457)**	**(15,102)**	**(9,022)**	**(9,479)**

	Non-Current Financial Liabilities						
	Borrowings		Creditors		Other long-term liabilities		Total
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-26
	£000s'	£000s'	£000s'	£000s'	£000s'	£000s'	£000s'
Amortised cost*	(73,850)	(57,350)	(177)	(172)	(157)	(147)	(57,669)
Liabilities not classified as Financial Instruments	-	-	-	-	(431)	(431)	(431)
Total liabilities	**(73,850)**	**(57,350)**	**(177)**	**(172)**	**(589)**	**(579)**	**(58,100)**

*All borrowings held at amortised cost are fixed-term, fixed-rate loans from the PWLB, part of HM Treasury. The Council repaid £16.5 million of these loans during the year 2025/26.

The figures above do not include Long Term Provisions or the Pension Liability.

Short-term investments

The Council held the following balances of short-term investments as at 31st March 2026:

Name of institution	31-Mar-25 £000s'	31-Mar-26 £000s'
Federated Hermes (UK) LLP (Short Term Sterling Prime Fund)	4,937	1,635
Aviva Investors Sterling Liquidity Fund	2,771	183
Legal & General Investment Managers Sterling Liquidity Fund	3,074	859
Royal London Asset Managers Liquidity Fund	15	100
Cambridgeshire County Council	5,139	-
Surrey County Council	5,112	-
Blackpool Borough Council	5,064	-
Basildon Borough Council	5,014	-
Eastbourne Borough Council	5,050	-
Leeds City Council	4,017	-
Derbyshire County Council	-	5,223
Eastleigh Borough Council	-	5,181
Central Bedfordshire Council	-	5,180
London Borough of Barking & Dagenham	-	5,155
Cambridgeshire County Council	-	5,125
Guildford Borough Council	-	5,062
Suffolk County Council	-	4,019
Isle of Wight Council	-	3,003
CCLA Property Fund (only accrued dividend included in ST investments)	83	75
Sub-Total	**40,277**	**40,801**
Portion of ST investments belonging to Thomas Flack Trust	(484)	(504)
Total ST investments on Council balance sheet	**39,793**	**40,298**

All balances include interest accrued up to 31st March 2026.

During 2024/25, the Thomas Flack Trust sold a property, and the proceeds were combined with the Council's investments. Interest income on the Trust's portion is calculated and added to the balance annually.

Soft Loans

The Council has made a loan of £35,500 to Leatherhead BID Limited to fund the costs involved in promoting the BID and organizing the BID ballot. This is deemed to be a material soft loan, and is interest-free and repayable over the five-year term of the BID.

Name of institution	2024/25 £000s'	2025/26 £000s'
Balance at start of year	-	-
Nominal value of new loans granted in the year	-	36
Fair value adjustment on initial recognition	-	(4)
Loans repaid	-	-
Total ST investments on Council balance sheet	**-**	**32**

Valuation assumptions:
The interest rate at which the fair value of this soft loan has been made is arrived at by taking the Council's own prevailing cost of borrowing over a similar term (4.66%). No credit premium has been added, as loan repayments will be deducted at source from BID levy receipts collected by the Council, which are a statutory payment, substantially similar to the

Council’s own debts, which are secured on future Council Tax and Business Rates payable.

The difference between the soft loan interest rate (0%) and market rate (4.66%) has been applied to the Comprehensive Income and Expenditure Account as an expense.

Financial Instruments – Gains and Losses

The financing and investment income and expenditures recognised in the Surplus or Deficit on Provision of Services include the following items relating to Financial Instruments (compare Note 11):

	Surplus or Deficit on the Provision of Services 31-Mar-25 £000s'	31-Mar-26 £000s'
Interest expense	2,274	1,737
Fees paid	53	28
Interest payable and similar charges	**2,326**	**1,766**
Interest income	(3,805)	(2,849)
Interest receivable and similar income	**(3,805)**	**(2,849)**
(Gains)/losses (on assets held at fair value through profit and loss):		
- CCLA Property Fund shareholding	(110)	-
- Investment companies (MOVA Holdings Ltd)	-	3,401
Dividend received from:		
- CCLA Property Fund shareholding	(332)	(296)
- Investment companies (MOVA Holdings Ltd)	(300)	-
Net (gains)/losses on derecognition of liabilities held at Amortised Cost (i.e. repayment of debt)	(12,402)	(7,270)
Total	**(14,623)**	**(5,248)**

Financial Instruments – Fair Values

The CIPFA Code of Practice on Local Authority Accounting 2025/26 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Some of the Council’s financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31-Mar-25 £000s'	As at 31-Mar-26 £000s'
Shares in CCLA Property Fund	Level 1	Published 'bid' price for identical shares	5,806	5,806
Total			**5,806**	**5,806**

Basis for recurring fair value measurements:

- Level 1 Inputs - quoted prices (unadjusted) in active markets for identical assets or liabilities 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 or liability, either directly or indirectly.
- Level 3 Inputs - unobservable inputs for the asset or liability.

The Council's shareholding in MOVA Holdings Limited and 50% share of the joint venture with Kier Holdings – the shares in these companies are not traded in an active market and are measured at the original book cost, of £16,322k and £400k respectively, minus accumulated impairment.
During 2025/26 a revised analysis of MOVA Holdings Limited, following disposal of a major asset and use of the proceeds to repay debt to the Council, has concluded that the remaining shareholding is impaired and is now measured at a reduced value of £12,921k. See Note 20 - Interests in Subsidiaries.

Transfers between Levels of the Fair Value Hierarchy

- There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique

- There was no change in the valuation technique used during the year for the financial instruments.

Fair values of financial assets and financial liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the Council are carried in the Balance Sheet at amortised cost, apart from the Council's equity shareholding in MOVA Holdings Limited, which is held at book value. The fair value calculated for instruments held at amortised cost are shown in the tables below.

They can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For amortised cost assets the prevailing benchmark market rates have been used to provide the fair value.
- For fair value through profit and loss assets the 'bid' price (the price that a dealer would be willing to pay for an instrument) has been used.
- For loans from the PWLB, assumptions have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment/borrowing rates highlighting the impact of the alternative valuation.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the invoiced or billed amount.

The fair values for amortised cost assets have been determined by reference to similar practices which provide a reasonable approximation for the fair value of a financial instrument and include accrued interest. Rather than an impairment of a financial asset resulting from a specific incident, an expected credit loss (ECL) model has been introduced. The expected credit loss implications for those financial assets provided an immaterial expected credit loss.

The Code requires the carrying amount of financial instruments to be included in the Balance Sheet. For long-term investments, this inclusion is in two separate parts; the balance sheet carrying amount will be split to exclude accrued interest due in the next 12 months. This will be shown and separately identified in current assets. Short-term financial investments are shown in current assets at amortised cost, i.e. inclusive of accrued interest and after any deduction for ECL (currently assessed as immaterial, as noted above).

Financial Liabilities	**31-Mar-25**		**31-Mar-26**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	£000s'	**£000s'**	**£000s'**	**£000s'**
Financial Liabilities held at Amortised Cost (PWLB loans)	(73,850)	(41,656)	(57,350)	(33,759)
Long Term Creditors (rent deposits)	(177)	(177)	(172)	(172)
Total	**(74,027)**	**(41,833)**	**(57,522)**	**(33,931)**

The Council repaid a £16.5 million loan to the PWLB during 2025/26.

For financial liabilities (PWLB loans) the fair value is lower than the carrying amount, because the Council's loans portfolio comprises fixed rate loans where the interest rate payable is lower than the rate available for a similar new loan if borrowed at the Balance Sheet date. The commitment to pay interest below current market rates lowers the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans. This is referred to as a 'discount'.

A supplementary measure of the reduced interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £57.35 million would be valued at £33.76 million. But if the Council were to seek to take advantage of this potential gain by repaying the loans early to the PWLB, the PWLB would charge a premium for the additional interest that will not now be paid, by means of a lower 'discount rate' for prepayments. The exit price on 31st March 2026 for the PWLB loans, including the early repayment discount, would be £36.986 million.

The rates quoted in this valuation were obtained by our treasury management advisors from the market on 31st March 2026.

Although the Council did not undertake any further borrowing during 2025/26, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets.

Financial Assets	**31-Mar-25**		**31-Mar-26**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	£000s'	**£000s'**	**£000s'**	**£000s'**
Long-Term loans to subsidiary*	10,648	10,648	2,308	2,308
Lease Receivables	149	149	144	144
Soft loan	-	-	31	31
Long-Term loans to local organisations (not soft loans)	26	26	24	24
Total	**10,823**	**10,823**	**2,507**	**2,507**

*MOVA Property Limited, the Council's subsidiary, repaid £8.34 million in loans during the year 2025/26.

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

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Recurring fair value measurements using:	31-Mar-26 Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Liabilities	**£000s'**	**£000s'**	**£000s'**	**£000s'**
Financial Liabilities held at Amortised cost:				
Borrowings from PWLB	0	(33,759)	0	(33,759)
Long term creditors (rent deposits)	0	(172)	0	(172)
Total	**0**	**(33,931)**	**0**	**(33,931)**
Financial Assets				
Financial Assets held at Amortised Cost:				
Long-term loans to subsidiary	0	2,308	0	2,308
Lease Receivables	0	144	0	144
Soft loan	-	31	0	31
Long-Term loans to local organisations (not soft loans)	0	24	0	24
Total	**0**	**2,507**	**0**	**2,507**

	31-Mar-25 Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Liabilities	**£000s'**	**£000s'**	**£000s'**	**£000s'**
Financial Liabilities held at amortised cost:				
Borrowings from PWLB		(41,656)		(41,656)
Long term creditors (rent deposits)	0	(177)	0	(177)
Total	**0**	**(41,833)**	**0**	**(41,833)**
Financial Assets				
Financial Assets held at Amortised Cost:				
Long-term loans to subsidiary	0	10,648	0	10,648
Lease Receivables	0	149	0	149
Long-Term loans to local organisations (not soft loans)	0	26	0	26
Total	**0**	**10,823**	**0**	**10,823**

Reconciliation of Liabilities Arising from Financing Activities

	01-Apr-25	Financing cash flows	Non-cash changes	31-Mar-26
	£000s'	**£000s'**	**£000s'**	**£000s'**
Long-term borrowings	(73,850)	9,230	7,270	(57,350)
Lease liabilities	(194)	56	(42)	(180)
Total liabilities from financing activities	**(74,044)**	**9,286**	**7,228**	**(57,530)**

	01-Apr-24	Financing cash flows	Non-cash changes	31-Mar-25
	£000s'	**£000s'**	**£000s'**	**£000s'**
Long-term borrowings	(102,850)	16,590	12,410	(73,850)
Lease liabilities	0	0	(194)	(194)
Total liabilities from financing activities	**(102,850)**	**16,590**	**12,216**	**(74,044)**

"Financing cash flows" on the Cash Flow Statement / Note 27 are comprised both of movements in the collection fund, and the genuine 'financing activities' shown above.

"Non-cash changes" in respect of borrowings during the year comprise the discount provided by PWLB upon early repayment of debt, which compensates the Council for repaying debt borrowed at lower, fixed (i.e. more advantageous) rates than are currently for new borrowers. New finance lease liabilities are also a non-cash change, whereas in-year payments against leases are a cash outflow.

Note 18 - Debtors

31 March 2025		31 March 2026
£000		**£000**
2,627	Trade Receivables	1,160
123	Prepayments	160
1,785	Other Receivable Amounts	1,104
7,886	Collection Fund	3,236
0	Intercompany	10
12,420	**Total**	**5,671**

Note 19 - Cash and Cash Equivalents

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

31-Mar-25 £000		31-Mar-26 £000
3	Cash balances	3
262	Bank (Current and Overnight Deposit) Accounts	76
265	**Total Cash and Cash Equivalents**	**79**

'Short Term Deposits', shown as a separate line in previous Statements of Account, has for several years represented only a deposit account which offers same-day access, similar to a current account, and has now been combined with other bank accounts into a single line.

Note 20 - Interests in Subsidiaries and Joint Venture

The authority holds a 100% interest in MOVA Holdings Limited. MOVA Holdings Ltd holds a 100% interest in MOVA Property Limited. Mole Valley District Council has loans and equity with the subsidiaries which is capital expenditure by virtue. Any profits will be distributed by way of dividend income and shown within the Group CIES under Financing and Investing Income and Expenditure. For 2025/26, dividend income totalled £Nil (£300K in 2024/25).

There are arm's length intra-group transactions between MOVA Holdings Limited and Mole Valley District Council for provision of professional services. This is shown within admin expenses below. The two limited wholly owned subsidiaries were incorporated in December 2016. This fulfils the aims and objectives of the Council to generate additional income streams in line with the Asset Investment Strategy. A total investment of £16.3m share capital and £2.3m loans is shown in the Mole Valley District Council entity Balance Sheet within Long Term Assets. The Investment Properties are shown within the Mole Valley District Council's Group Balance Sheet. The Related Party disclosure for MOVA companies is in Note 32.

Profit/Loss from Operations MOVA Holdings Limited

31 March 2025 £000		31 March 2026 £000
-	Turnover	-
(3)	Admin expenses	(3)
(3)	Operating profit/(loss)	(3)
300	Income from investments	-
-	Impairment loss on investments	(3,401)
297	Profit/(Loss) before tax	(3,404)
-	Tax on profit	-
(300)	Dividends	-
(3)	**Total profit/(loss) for the year**	**(3,404)**
16,326	Net assets	**12,921**

Profit/Loss from Operations MOVA Property Limited

31 March 2025 £000		31 March 2026 £000
2,983	Turnover	1,880
(334)	Admin expenses	(479)
2,649	Operating profit/(loss)	1,400
(7,425)	Interest payable/expenses & FV revaluation of assets	(1,854)
(4,777)	Profit before tax	(453)
88	Tax on profit	-
(300)	Dividends	-
(4,988)	**Total profit/(loss) for the year**	**(453)**
13,374	Net assets	**12,921**

Share of ownership interests between MOVA Group and Mole Valley District Council

31 March 2025 £000		31 March 2026 £000
16,322	Investments in shareholding companies	12,921
10,648	Loans with Mole Valley District Council	2,307
26,970		**15,228**

Joint Venture

During the year 2023-24 Mole Valley District Council became a member of a 50:50 Limited Liability Partnership with joint venture partner Kier Property Developments Ltd. MVDC Kier Holdco 1 LLP was incorporated in September 2023.

This involves the Council disposing of its land at nil cost to the joint venture partner in return for a 50% share of the equity in MVDC Kier Holdco LLP. The proposed development has been dependent on the appropriate planning consent. In return for disposal of council land into the partnership, the Council will receive 50% of the equity, the value of which cannot be fully determined at present. This relates to a site in North Leatherhead and is part of the Transform Leatherhead project.

The partners both Kier and MVDC have loaned the partnership £400K each, totalling £800K, and this is shown in the balance sheet of the LLP at 31 March 2026 below. Any profits/(loss) from the LLP will be split 50:50 with the member Kier and will be shown within the CIES under Financing and Investing Income and Expenditure.

Balance sheet from MVDC Kier Holdco 1 LLP and showing MVDC 50% share.

31 March 2025 £000	MVDC Share 50% 31 March 2025 £000		31 March 2026 £000	MVDC Share 50% 31 March 2026 £000
2,173	1,086	Inventories	4,181	2,090
2,173	**1,086**	**Long Term Assets**	**4,181**	**2,090**
76	38	Short-Term Debtors	35	17
6	3	Cash and Cash Equivalents	22	11
82	**41**	**Current Assets**	**57**	**28**
(482)	(241)	Short-Term Creditors	(530)	(265)
(400)	-	KPDL Loan Note As	(400)	-
(1,096)	-	KPDL Loan Note Bs	(3,112)	-
(400)	(400)	MVDC Loan Note As	(400)	(400)
(2,378)	**(641)**	**Current Liabilities**	**(4,442)**	**(665)**
(123)	**(62)**	**Net Assets**	**(204)**	**(102)**
(123)	**(62)**	**Profit/(loss) Account**	**(204)**	**(102)**

Note 21 - Creditors

31 March 2025 £000		31 March 2026 £000
(1,017)	Trade payables	(482)
(2,480)	Accruals	(3,018)
(1,410)	Other payables including adjustments	(1,652)
(9,252)	Collection Fund	(2,920)
(1,534)	Deferred income	(1,406)
(15,694)	**Total Creditors**	**(9,479)**

Note 22 - Provisions

Current Provisions

2025/26	NNDR Appeals £000	Legal Provision £000	Total £000
Opening Balance	(1,719)	(120)	(1,839)
Increase in provision during year	(1,639)	0	(1,639)
Utilised during year	1,185	83	1,268
Unused Amounts Reversed	296	27	323
Closing Balance	**(1,877)**	**(10)**	**(1,887)**

2024/25	NNDR Appeals £000	Legal Provision £000	Total £000
Opening Balance	(4,322)	0	(4,322)
Increase in provision during year	0	(120)	(120)
Utilised during year	1,682	0	1,682
Unused Amounts Reversed	921	0	921
Closing Balance	**(1,719)**	**(120)**	**(1,839)**

The NNDR appeals provision was set up to cover the Council's share of the estimated reduction in business rates collectable due to rating appeals. It was calculated using information provided by the Valuation Office Agency about outstanding appeals, and our historical knowledge of the likely success rate of these appeals.

Long Term Provisions

	Contract disputes 2024/25 £000	Contract disputes 2025/26 £000
Opening Balance	(382)	(500)
Increase in provision during year	(118)	0
Utilised during year	0	466
Unused Amounts Reversed	0	34
Closing Balance	**(500)**	**0**

The Council entered a confidential legal settlement agreement in respect of a contractor dispute during the year. The resulting liability has been recognised in the accounts, replacing the previous long-term provision. Further detail is not disclosed due to confidentiality obligations within the settlement agreement.

Note 23 - Usable Reserves

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

The General Fund Balance is the accumulation of surplus or deficit on operational services attributable to Council Taxpayers. Such funds are not held for any specific purpose but are available to assist with the management of financial risks and to deal with any emergencies that might arise.

The Medium-Term Financial Strategy sets out the Council's policy for the recommended value of the General Fund Balance in order to provide assurance against the estimates and assumptions used in the annual budgeting process, with Earmarked Reserves set aside to meet specific future running costs and investments. The Medium-Term Financial Strategy sets out the Council's policy for Earmarked Reserves, including their nature and suggested requirements.

Capital Receipts Reserve

31 March 2025 £000		31 March 2026 £000
(1,312)	Balance 1 April	(1,201)
(7,009)	Capital Receipts in year	(775)
7,120	Capital Receipts used for financing	1,154
(1,201)	**Balance 31 March**	**(822)**

The Capital Receipts Reserve holds the proceeds of fixed asset sales available to meet future capital investment. This also includes capital receipts from a previous housing stock transfer agreement where there is a Right to Buy sharing arrangement in place with the housing association.

Capital Grants Unapplied

31 March 2025 £000		31 March 2026 £000
(15,495)	Balance 1 April	(15,124)
(4,103)	Capital grants recognised in year	(4,179)
4,473	Capital grants and contributions applied	3,045
(15,124)	**Balance 31 March**	**(16,258)**

The Capital Grants Unapplied Reserve holds the balance of grants received where the grant has yet to be used to finance capital expenditure.

See Note 9 – Revenue Reserves for details of the General Fund Earmarked Reserves.

Note 24 - Unusable Reserves

31 March 2025 £000		31 March 2026 £000
(78,691)	Revaluation Reserve	(80,476)
(806)	Pooled Investment Fund Adjustment Account	(806)
(12,100)	Financial Instruments Adjustment Account	(16,467)
(47,647)	Capital Adjustment Account	(40,460)
3,400	Pension Reserve	9,315
(763)	Deferred Capital Receipts Reserve	(117)
1,008	Collection Fund Adjustment Account	1,190
267	Accumulated Absences Account	258
(135,333)	**Total**	**(127,563)**

Revaluation Reserve

31 March 2025 £000		31 March 2026 £000
(76,601)	**Balance 1 April**	**(78,691)**
487	Adjustment to opening balance	
(76,114)	**Revised Opening Balance**	(78,691)
(5,507)	Upward revaluation of assets	(4,402)
2,930	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,617
(2,577)	**Surplus or deficit on revaluation of non- current assets not charged to the Surplus or Deficit on the Provision of Services**	**(1,785)**
-	Loss on assets sold or scrapped	-
-	Other adjs with Capital Adjustment Account (Trust revals)	-
-	**Amount written off to the Capital Adjustment Account**	**-**
(78,691)	**Balance 31 March**	**(80,476)**

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:
- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

Pooled Investment Fund Adjustment Account

31 March 2025 £000		31 March 2026 £000
(697)	**Balance 1 April**	**(806)**
(110)	Upward revaluation of investments	0
0	Downward revaluation of investments	0
(110)	**Total Changes in revaluation and impairment**	**0**
(806)	**Balance 31 March**	**(806)**

With the introduction of IFRS 9 (Financial Instruments) a new Financial Instruments Revaluation Reserve (FIRR) was required replacing the previously held Available for Sale Financial Instruments Reserve. This fund shows unrealised gains or losses on a property fund investment now classified as Fair Value through Profit or Loss. For clarity, in the Mole Valley Accounts this Reserve is referred to as the Pooled Investment Fund Adjustment Account.

This investment does not qualify as capital funds (Regulation 30K of Statutory Instrument 2018/1207) but falls within the category 'pooled investment funds'. Therefore, Fair Value gains or losses have no impact on the general fund. The revaluation during 2025/26 was downward by £460, which rounds to zero in the table above.

Financial Instruments Adjustment Account

31 March 2025 £000		31 March 2026 £000
0	**Balance 1 April**	**(12,100)**
(12,410)	Discounts received on early repayment of debt	(7,270)
310	Portion of discounts earned in this year (and previous financial years) credited to the General Fund this year in accordance with statutory requirements	2,899
0	Amount by which finance income credited to the CIES is different from income for the year in accordance with statutory requirements	4
(12,100)	**Total movements**	**(4,367)**
(12,100)	**Balance 31 March**	**(16,467)**

A premium or discount arises when making early repayment of loan debt, because the rate of interest payable on the loan differs from the market rate at the time of repayment. The Council made a repayment of debt in January 2026 and received a discount of £7.27m as the loan being repaid was at significantly lower interest rate than new loans available in January 2026.

Premiums and discounts incurred on the early repayment of loan debt are covered by regulations or statutory guidance, which allow (or in the case of discounts, require) any premiums or discounts to be:

1. Taken immediately to the Surplus or Deficit on Provision of Services (see Note 11)
2. Transferred to this Financial Instruments Adjustment Account
3. Amortised to revenue (i.e. transferred to/from the General Fund) over the period specified in regulations (which in the case of loan discounts is a minimum of 10 years)

Accordingly, this discount of £7.27m will be recognized as General Fund revenue over a period of 10 years, starting 2025/26. This is in addition to revenue recognised in relation to discounts received in previous years.

Capital Adjustment Account

31 March 2025 £000		31 March 2026 £000
(51,967)	**Balance 1 April**	(47,647)
(78)	Adjustment to opening balance	-
(52,045)	**Revised Opening Balance**	**(47,647)**
3,183	Charges for depreciation and impairment of non-current assets	6,836
2,758	Revaluation gains/losses on non-current assets	1,167
146	Amortisation of intangible assets	136
2,942	Disposal of assets	164
3,795	Revenue expenditure funded from capital under statute	3,045
12,823	Reversal of Items relating to capital expenditure debited or credited to CIES	**11,353**
-	Adjusting Amounts written out of the Revaluation Reserve	-
12,823	**Net w/o out amount of cost of non-current assets consumed in the year**	**11,353**
(7,120)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,154)
(4,473)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,045)
(2,007)	Statutory provision for the financing of capital investment charged against the General Fund balances	(1,637)
-	Capital expenditure charged against the General Fund	(168)
(13,600)	**Capital financing applied in year:**	**(6,005)**
5,174	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,844
-	Other movements	-
(47,647)	**Balance 31 March**	**(40,460)**

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 amortisation are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

Pension Reserve

31 March 2025 £000		**31 March 2026 £000**
(4,769)	Balance 1 April	3,400
8,685	Re-measurements of the net defined benefit (liability)/asset	6,666
1,962	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	1,781
(2,478)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,532)
3,400	**Balance 31 March**	**9,315**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes

employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Deferred Capital Receipts Reserve

31 March 2025 £000		31 March 2026 £000
(130)	Balance 1 April	(763)
(633)	Other movements	647
(763)	**Balance 31 March**	**(117)**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Collection Fund Adjustment Account

31 March 2025 £000		31 March 2026 £000
1,910	Balance 1 April	1,008
(902)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	182
1,008	**Balance 31 March**	**1,190**

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 taxpayers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Accumulated Absences Account

31 March 2025 £000		31 March 2026 £000
213	**Balance 1 April**	267
(213)	Settlement or cancellation of accrual made at the end of the preceding year	(267)
267	Amount accrued at the end of the current year	258
55	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(9)
267	**Balance 31 March**	**258**

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, e.g. 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.

Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2025 £000		31 March 2026 £000
(4,038)	Interest received	(2,349)
2,443	Interest paid	(1,504)
(632)	Dividends received (CCLA and MOVA Holdings Limited)	(296)
(2,227)	**Total**	**(4,149)**

The decrease in dividends is due to the dividend from MOVA Holdings Limited decreasing to £0k in 2025/26 from £300K in 2024/25. The only dividends received in 2025/26 are therefore from the CCLA.

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

31 March 2025 £000		31 March 2026 £000
(3,183)	Depreciation	(3,434)
(2,758)	Impairment and downward valuations	(1,167)
(146)	Amortisation (intangible assets)	(136)
0	Movement in contract liabilities	-
2,124	(Increase)/decrease in creditors	3,062
(6,102)	Increase/(decrease) in debtors	(2,838)
(8)	Increase/(decrease) in inventories	3
516	Movement in pension liability	751
(2,942)	Carrying amount of non-current assets and non-current Assets Held for Sale, sold or derecognised	(164)
(2,699)	Other non-cash movements charged to the surplus or deficit on provision of services	(4,798)
(15,199)	**Total**	**(8,721)**

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

31 March 2025 £000		31 March 2026 £000
6,671	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	249
17,484	Any other items for which the cash effects are investing or financing cash flows	11,968
24,155	**Total**	**12,217**

Note 26 - Cash Flow from Investing Activities

31 March 2025 £000		31 March 2026 £000
9,641	Purchase of property, plant and equipment, investment property and intangible assets	2,773
5,616	Purchase of short-term and long-term investments	5
36	Other payments for investment activities	36
(6,038)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(255)
-	Proceeds from short-term and long-term investments	-
(24,437)	Other receipts from investing activities*	(12,559)
(15,181)	**Net cash flows from investing activities**	**(10,002)**

*Other receipts includes £8.3 million loan repayment from MOVA Property Limited.

Note 27 - Cash Flow from Financing Activities

31 March 2025 £000		31 March 2026 £000
(12,410)	Cash receipts of short-term and long-term borrowing	(7,270)
(565)	Other receipts from financing activities	-
-	Cash payments for the reduction of outstanding liabilities relating to leases and on-Balance-Sheet PFI contracts	56
29,000	Repayments of short- and long-term borrowing	16,500
2,490	Other payments for financing activities	(282)
18,514	**Net cash flows from financing activities**	**9,004**

Note 28 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year:

31 March 2025 £000		31 March 2026 £000
279	Allowances	290
2	Expenses	15*
282	**Total Members' Allowances**	**306**

*Expenses included employers' National Insurance (NI) contributions, and the government's reduction in the Secondary Threshold brought the majority of members into scope for Employer's NI in 2025-26.

Note 29 - Officers' Remuneration

The total remuneration paid to the Council's senior employees is as follows:

Post Holder Information	**Year**	**Salary, Fees and Allowances £**	**Pension Contribution £**	**Total Remuneration £**	**Notes**
Chief Executive	**2025/26**	**141,889**	**24,263**	**166,152**	
	2024/25	137,720	23,550	161,270	
Executive Head of service (Resources) & Section 151 Officer	**2025/26**	**88,218**	**15,044**	**103,261**	
	2024/25	85,755	14,654	100,410	
Executive Head Executive Head of Service (Commercial)	**2025/26**	**95,535**	**16,323**	**111,859**	
	2024/25	92,317	15,758	108,075	
Executive Head of Service (Community)	**2025/26**	**96,316**	**16,258**	**112,574**	
	2024/25	94,689	15,980	110,669	
Deputy Chief Executive & Executive Head of Services (Planning & Place)	**2025/26**	**114,589**	**19,592**	**134,181**	
	2024/25	109,777	18,764	128,541	
Executive Head of Service (People) & Monitoring Officer	**2025/26**	**94,674**	**15,969**	**110,643**	
	2024/25	89,049	15,014	104,064	
Executive Head of Service (Transformation & Partnerships)*	**2025/26**	*****	*****	*****	*****
	2024/25	*	*	*	*****
Total	**2025/26**	**631,221**	**107,449**	**738,670**	
	2024/25	609,308	103,721	713,028	

* The role of EHoS (Transformation & Partnerships) was a secondment from the Civil Service and the amount of £118,656.62 is representative of the cost that MVDC paid DEFRA for 2024/25. The person remained an employee of DEFRA who are responsible for paying the salary to the employee after deducting relevant tax, pension and national insurance contributions. DEFRA also paid all employer contributions due to HMRC and the civil service pension scheme. This secondment ceased at the end of December 2024; the position was not replaced.

The Authority's other employees, receiving more than £50,000 remuneration for the year (excluding employer pension contributions) were paid the following amount:

2024/25	Band	2025/26
Number of Employees		**Number of Employees**
23	**£50,000 - £54,999**	**21**
7	**£55,000 - £59,999**	**17**
3	**£60,000 - £64,999**	**7**
11	**£65,000 - £69,999**	**5**
2	**£70,000 - £74,999**	**6**
46	**Total**	**56**

The Number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2024/25	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**	**2024/25**	**2025/26**
£0-£20,000	1	1	0	0	1	1	7,665	3,595
£20,001 - £40,000	0	0	1	0	1	0	38,344	
Total	**1**	**1**	**1**	**0**	**2**	**1**	**46,009**	**3,595**
Add: Amounts provided for in CIES not included in bandings							0	0
Total cost included in CIES							**46,009**	**3,595**

Note 30 - 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 - Grant Thornton UK LLP.

2024/25 £000		**2025/26 £000**
189	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	195
50	Fees payable in respect of other services provided by external auditors during the year	50
10	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for prior years	(15)
12	Fees payable in respect of other services provided by external auditors for prior years	12
262	**Total**	**241**

Note 31 - Grant Income

The Council credited the following grants and contributions to the CIES in 2025/26

Credited to Taxation and non-specific Grant Income and Expenditure

31-Mar-25 £000		**31-Mar-26 £000**
(313)	New Homes Bonus	(2)
(1,899)	Non Ring-fenced Government Grant	(654)
(2,075)	Community Infrastructure Levy (CIL)	(2,408)
(836)	Section 106 Contributions	(943)
(397)	Capital Contributions	0
(5,520)	**Total**	**(4,007)**

Credited to Services

31-Mar-25 £000			31-Mar-26 £000
	(13,990)	Housing Benefit Allowance subsidy	(11,478)
	(298)	Housing Benefit Rent Rebate subsidy	(336)
	(151)	Housing Benefit Administration Grant	(162)
	(62)	Housing Benefit Specific Grant	(33)
	(70)	Discretionary Housing Payments	(71)
	0	Hardship fund	(34)
	(150)	NNDR cost of collection allowance	0
	(979)	Other Grants - Housing Advice	(1,153)
	(878)	Other Grants – Disability Funding Grants (REFCUS)	(803)
	0	Environmental Health	2
	0	Miscellaneous Grants	(11)
	(23)	Electoral integrity	0
	(62)	Development Management	(7)
	(4)	Arts development	0
	(71)	Recycling	(9)
	(23)	Computer	0
	(15)	Neighbourhood Planning	(5)
	(93)	Corporate costs	0
	(152)	Household Support Fund	0
	(598)	Ukraine Refugees Grants	(577)
	0	Extended producer responsibility grant	(1,214)
	0	Syrian Refugees Grants	0
	(43)	Afghan Refugees Grants	0
(17,662)		**Total**	**(15,890)**

Grant Receipts in Advance (Capital Grants) - Current Liabilities

31-Mar-25 £000		31-Mar-26 £000
(1,650)	Opening balance	(2,674)
(1,697)	Disabled Facilities Grants	(461)
673	Grants applied	941
0	Other grants received	0
(2,674)	**Total**	**(2,195)**

Grant Receipts in Advance (Revenue Grants) - Current Liabilities

31-Mar-25 £000		31-Mar-26 £000
(7)	Supporting People grant	0
0	NNDR Section 31 Grant	(223)
(729)	Homes For Ukraine (H4U) grant	(538)
(736)	**Total**	**(761)**

Note 32 - Related Parties

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

Entities with Control or Significant Influence over the Council

Central Government

Central government has significant influence over the general operations of the council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the 'income & expenditure analysed by nature' in Note 7.2 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2026 are shown in Note 31.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 28. Members received a schedule of bodies that have received MVDC grant funding in excess of £15,000, and confirmed or otherwise that they or any close member of their family held no positions of influence over the awarding of these grants. During 2025/26 the Council awarded grant payments in excess of £15,000, totalling £352k (£300k in 2024/25), to 3 voluntary and community organisations (3 in 2025/26) in which 0 Council Members (3 in 2024/25) had, or family members had, positions on the organisation's governing body.

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of those transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.

In accordance with the policy for Related Parties i.e. the declaration of Voluntary Organisation grants payable, a de-minimis amount of £15,000 or above has been applied for both 2025/26 and 2024/25.

Officers

The Senior Leadership Team (comprising of the Chief Executive, Deputy Chief Executive and five Corporate Heads of Service) and the Business Managers (comprising 22 Officers) were requested to complete a declaration in respect of themselves and any close member of their family as to whether there was a relationship which required a related party disclosure.

Other Public Bodies (subject to common control by central government)

The Council has significant transactions with both Surrey County Council and Surrey Police, and these are included in the Collection Fund.

Entities Controlled or Significantly Influenced by the Council

Controlled Companies

The Council has incorporated two companies - both private companies limited by shares - in order to implement the Asset Investment Strategy: MOVA Holdings Limited and MOVA Property Limited. MOVA Holdings Limited is 100% owned by the Council, and MOVA Property Limited is 100% owned by MOVA Holdings Limited. The Directors are (i) the Deputy Chief Executive and Executive Head of Service (Planning and Place), (ii) the Executive Head of Service (Commercial), and (iii) the Financial Services Manager & Deputy S151 Officer.

Officers made a related party declaration in respect of MOVA Holdings Limited and MOVA Property Limited.

The Council had transactions totalling £802k (2024/25: £1,780k) in respect of both companies.

Assisted Organisations

2024/25 Amount Paid (£'000)	Member	Voluntary Organisation	2025/26 Amount Paid (£'000)	Member
106	Not applicable	Surrey Lifelong Learning Partnership Ltd	74	Not applicable
174	Not applicable	Thames Reach	256	Not applicable
20	Not applicable	East Surrey Domestic Abuse Services	21	Not applicable
300		**TOTAL**	**352**	

Note 33 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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.

Capital Expenditure and Capital Financing

31 March 2025 £000 Restated		31 March 2026 £000
103,628	**Opening Capital Financing Requirement**	**83,324**
(142)	Opening Balance Adjustment	0
103,486	**Adjusted Opening CFR**	**83,324**
	Capital Investment:	
8,798	Property Plant and Equipment	2,398
409	Investment Property	115
395	Intangible Assets	301
39	Heritage Assets	0
3,795	Revenue Expenditure Funded from Capital Under Statute	3,045
0	Investments in Subsidiaries - loans	0
0	Investments in Subsidiaries (including Joint Venture) - equity	0
13,437	**Total Capital Spending**	**5,858**
	Sources of Finance:	
(7,120)	Capital receipts	(1,154)
(20,000)	Capital receipt from subsidiary loan repayment	(8,340)
(4,473)	Government Grants and other contributions	(3,045)
0	Direct revenue contributions to capital expenditure	(168)
(1,607)	Minimum revenue provision	(1,637)
(400)	Voluntary Minimum revenue provision	0
(33,600)	**Total Sources of Finance**	**(14,345)**
83,324	**Closing Capital Financing Requirement**	**74,838**

Note 34 – Leases

Right of Use Asset

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset as appropriate, the right of use of use assets value are shown in Note 13.

Operating Leases

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

- for the provision of community services, such as sports facilities, allotments and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses
- to provide the council with additional net income on commercial property investments

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

Council as Lessor - Operating Leases

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

31 March 2025 £000		31 March 2026 £000
3,894	Not later than one year	3,983
12,651	Later than one year and not later than five years	13,860
47,684	Later than five years	46,160
64,230	Total	64,003

The Minimum lease payments receivable does not include rents that are contingent on events taking place after the leave was entered into such as adjustments following rent reviews.

Note 35 - Defined Benefit Pension Scheme

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

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

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note. 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 the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund 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.

General Fund Transactions

2024/25 Local Government Pension Scheme £000		2025/26 Local Government Pension Scheme £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
	Service cost comprising;	
2,198	Current service cost	1,611
-	Past service cost	-
	Financing and Investment Income and Expenditure;	
(236)	Net interest expense	170
1,962	**Total charged to Surplus and Deficit on Provision of Services**	**1,781**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement

£000		£000
	Re-measurement of the net defined benefit liability comprising:	
(10)	Return on plan assets (excluding the amount included in the net interest expense)	6,793
177	Actuarial gains and losses arising on changes in demographic assumptions	1,808
15,728	Actuarial gains and losses arising on changes in financial assumptions	2,720
1,053	Other movements in the liability / (asset)	(6,015)
(25,633)	Effect of the asset ceiling	(11,972)
8,685	**Total charged to Other Comprehensive Income and Expenditure Statement**	**6,666**
10,647	**Total charged to the Comprehensive Income and Expenditure Statement**	**8,447**

2024/25 Local government Pension Scheme £000	**Movement in Reserves Statement**	**2025/26 Local government Pension Scheme £000**
(1,962)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(1,781)
2,478	Employers' contributions payable to scheme	2,532
516	**Total movement in Reserves**	**751**

2024/25 Local Government Pension Scheme £000	**Pensions Assets and Liabilities Recognised in the Balance Sheet**	**2025/26 Local Government Pension Scheme £000**
(88,312)	Present value of the defined obligation	(93,078)
110,545	Fair value of plan assets	120,854
22,233	Value of Assets / (Liabilities)	29,776
(25,633)	Effect of the asset ceiling	(39,091)
(3,400)	**Net (liability) / asset arising from the defined benefit obligation**	**(9,315)**

2024/25 Local Government Pension Scheme £000	Movement in the fair value of plan assets	2025/26 Local Government Pension Scheme £000
106,776	Opening fair value of scheme assets	110,545
5,091	Interest income	6,385
	Re-measurement gain / (loss):	
(10)	- The return on plan assets, excluding the amount included in the net interest expense	6,793
2,448	Contributions from employer	2,503
757	Contributions from employees into the scheme	777
(4,517)	Benefits / transfers paid	(4,216)
0	Other movements in the (liability) / asset	67
110,545	**Closing value of scheme assets**	**122,854**

2024/25 Local Government Pension Scheme £000	Movements in the present value of the defined benefit obligation	2025/26 Local Government Pension Scheme £000
(102,007)	**Opening balance at 1 April**	**(88,312)**
(2,198)	Current service cost	(1,611)
(4,855)	Interest cost	(5,069)
(757)	Contributions from scheme participants	(777)
	Re-measurement gains and losses:	
177	- Actuarial gains / (losses) from changes in demographic assumptions	1,808
15,728	- Actuarial gains / (losses) from changes in financial assumptions	2,720
1,053	- Other	(6,082)
0	Past service cost	0
4,547	Benefits / transfers paid	4,245
(88,312)	**Balance as at 31 March**	**(93,078)**

The table above shows the amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans. The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £93.078m has a substantial impact on the net worth of Mole Valley District Council as recorded in the Balance Sheet but is currently more than offset by the value of the plan assets, resulting in an overall pensions asset balance of £29.776m.

However, this balance rests upon a number of demographic and financial assumptions, and it may not be prudent to recognize the full asset in the Council's balance sheet. IAS19 *Employee Benefits* defines the concept of an "asset ceiling", being "the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan."

The Council's actuaries have advised that due to minimum funding requirements placed upon the Council as an employer, none of this net asset is likely to be available to the Council in the form of refunds or reductions in contributions. This, along with commitments to pay certain past service contributions, give rise to a ‘ceiling’ that is currently a net liability of £9.315m. This is the figure the Council recognizes in its balance sheet.

This balance position fluctuates from year to year, but statutory arrangements for funding any deficit mean that the financial position of the authority remains healthy:

- Any deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due as assessed by the scheme actuary).

- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Local Government Pension Scheme - Pension Scheme - Assets comprised of:

Fair value of scheme assets

2024/25 Quoted £000	2024/25 Unquoted £000	2024/25 Total £000		2025/26 Quoted £000	2025/26 Unquoted £000	2025/26 Total £000
2,328	**0**	**2,328**	**Cash and cash equivalents**	**2,587**	**0**	**2,587**
			Equity Securities			
1,071	0	1,071	Consumer	1,190	0	1,190
1,962	0	1,962	Manufacturing	2,180	0	2,180
0	0	0	Energy and Utilities	0	0	0
1,449	0	1,449	Financial Institutions	1,611	0	1,611
1,349	0	1,349	Health and Care	1,499	0	1,499
2,354	0	2,354	Information Technology	2,616	0	2,616
93	0	93	Other	103	0	103
8,278	**0**	**8,278**	**Subtotal Equity Securities**	**9,199**	**0**	**9,199**
			Debt Securities			
0	0	0	Corporate Bonds	0	0	0
0	0	0	UK Government	0	0	0
0	**0**	**0**	**Subtotal Debt Securities**	**0**	**0**	**0**
			Private Equity			
0	0	0	All	0	0	0
			Real Estate			
1,002	5,146	6,148	UK Property	1,114	5,719	6,833
493	15,670	16,163	Overseas Property	548	17,415	17,963
1,496	**20,815**	**22,311**	**Subtotal Real Estate**	**1,662**	**23,133**	**24,795**
			Investment Funds and Unit Trusts			
60,977	0	60,977	Equities	67,767	0	67,767
16,239	0	16,239	Bonds	18,047	0	18,047
77,216	**0**	**77,216**	**Subtotal Investment Funds and Unit Trusts**	**85,814**	**0**	**85,814**
			Derivatives			
413	0	413	Foreign exchange	458	0	458
413	**0**	**413**	**Subtotal Derivatives**	**458**	**0**	**458**
89,730	**20,815**	**110,545**	**Total Assets**	**99,721**	**23,133**	**122,854**

Financial Assumptions

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

The significant assumptions used by the actuary have been:

2024/25	Local Government Pension Scheme	2025/26
Mortality assumptions		
Longevity at retirement for current pensioners		
22.1 years	Men	22.7 years
24.5 years	Women	25.0 years
Longevity at retirement for future pensioners		
22.7 years	Men	23.2 years
25.8 years	Women	26.4 years
Other assumptions		
3.80%	Rate of increase in salaries	4.00%
2.80%	Rate of increase in pensions	3.00%
5.80%	Rate for discounting scheme liabilities	6.20%
55%	Service to April 2014 – Percentage cash convertible as lump sum	65%
55%	Service post April 2014 – Percentage cash convertible as lump sum	65%

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

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). It is estimated that a 0.5-0.6 year increase in life expectancy would approximately increase the Employer's Defined Benefit obligation by around 3-5%. In practice the actual cost of a 0.5-0.6 year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The below figures have been based on the membership profile of the employer at the date of the latest actuarial valuation.

Impact of assumptions on the obligation:

Sensitivity Analysis Increase by 0.5% £000	Local Government Pension Scheme Assumption as at 31 March 2026	Sensitivity Analysis Decrease by 0.5% £000
275	Rate of increase in salaries	0
6,385	Rate of increase in pensions	0
0	Rate for discounting scheme liabilities	6,665

Asset and liability matching strategy

The Local Government Pension Scheme assets are administered by Surrey County Council through the Surrey Pension Fund. The fund does not have an explicit asset and liability matching strategy as the current funding level necessitates an investment strategy that is expected to provide long term investment returns in excess of the anticipated rise in liabilities.

Liabilities are considered when determining the overall investment strategy and the fund holds assets that are highly correlated with the movement in liabilities, including fixed rate and index-linked gilts, as well as absolute return investments that seek to generate positive returns regardless of market conditions. Investment risk is monitored regularly both in absolute terms and relative to the fund's liabilities, with regular scrutiny by the Surrey Pension Fund Committee and its external advisors.

Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Surrey County Council has agreed a strategy with the scheme' actuary to achieve a funding level of 100% over the next 15-20 years. The contribution level is periodically reviewed as part of the triennial valuation to ensure it is appropriate. The most recent review was as at 31 March 2025 and the next review will take place during 2028 with a valuation date of 31 March 2028, and will inform contribution levels from 1st April 2029.

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

Mole Valley District Council anticipated to pay £2.376m expected funded contributions to the scheme in 2026/27.

Note 36 - Contingent Liabilities

The Council are not aware of any contingent liabilities outstanding at the end of 31 March 26.

Note 37 - Contingent Assets

The Council is a member of a 50:50 Limited Liability Partnership (LLP). Some council owned land, with the benefit of planning consent, would transfer to the LLP. The value of the land would increase if planning permission were granted.

Cabinet has approved the disposal of Claire and James House to a specialist developer however the disposal is contingent on the granting of planning permission.

Note 38 - Trust Funds

The Council acts as a custodian trustee for three trust funds. As a custodian trustee the Council holds the property and monies; however, it makes no decisions on their use. The funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet. Funds for which the Council acts as a custodian trustee:

2025/26

Fund	Income £000	Expenditure £000	Transfers £000	Assets £000
Mayflower fund raising and endowment fund	0	0	0	(4)
Fairfield fund raising and endowment fund	(23)	16	0	(47)
Thomas Flack fund – Cash & Short Term Investments	(53)	15	0	(67)
Thomas Flack fund - Net Carrying Value Assets	(25)	32	0	(545)
Total	**(102)**	**63**	**0**	**(664)**

2024/25

Fund	Income £000	Expenditure £000	Transfers £000	Assets £000
Mayflower fund raising and endowment fund	0	0	0	0
(4)Fairfield fund raising and endowment fund	(27)	18	0	(41)
Thomas Flack fund – Cash	(38)	80	(470)	(574)
Thomas Flack fund - Net Carrying Value Assets	(373)	25	(470)	(553)
Total	**(438)**	**123**	**0**	**(1,171)**

Capital Value of Fund 2024/25 £000	Other Funds	Capital Value of Fund 2025/26 £000
553	Thomas Flack Funds	545
553	**Total**	**545**

Note 39 - Collection Fund

This account reflects the statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing council 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 Rates Retention requires Local Authorities to maintain separate Collection Fund Accounts for Business Rates and Council Tax as follows:

	2024/25				**2025/26**	
Business Rates	**Council Tax**	**Total**	**Collection Fund**	**Business Rates**	**Council Tax**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			INCOME:			
	(97,110)	(97,110)	Council Tax Receivable		(102,890)	(102,890)
(38,851)		(38,851)	Business Rates Receivable	(42,332)		(42,332)
(1,475)		(1,475)	Trans Protection Payments Receivable			
	(16)	(16)	CTax discounts fund from billing authority General Fund		(50)	(50)
(40,326)	**(97,127)**	**(137,453)**	**Total amounts to be credited**	(42,332)	(102,941)	(145,273)
			EXPENDITURE:			
			Apportionment of Previous Year Surplus/Deficit:			
1,087		1,087	Central Government	(1,772)		(1,772)
217	844	1,061	Surrey County Council	(354)	795	440
	156	156	Police & Crime Commissioner for Surrey		146	146
869	107	977	Mole Valley District Council	(1,418)	97	(1,321)
			Precepts, demands and shares:			
21,152		21,152	Central Government	21,982		21,982
4,230	73,321	77,552	Surrey County Council	4,396	78,261	82,658
	13,491	13,491	Police & Crime Commissioner for Surrey		14,309	14,309
16,921	8,967	25,889	Mole Valley District Council	17,586	9,403	26,989
			Charges to Collection Fund:			
17		17	Write-offs of uncollectable amounts	65		65
463	307	770	Increase/(decrease) in allowance for impairment	852	366	1,218

(7,054)		(7,054)	Increase/(decrease) in allowance for appeals	396		396
			Transitional Protection Payments Payable	261		261
140		140	Charge to General Fund for allowable collection costs for non-domestic rates	139		139
0		0	Adjustment to prior-year impact of NNDR appeals provision change	546		546
38,042	**97,193**	**135,235**	**Total amounts to be debited**	42,680	103,376	146,056
(2,284)	**66**	**(2,217)**	**(Surplus)/Deficit during year**	347	435	783
5,274	**(2,094)**	**3,181**	**(Surplus)/Deficit b/f at 1 April**	2,991	(2,027)	963
2,991	**(2,027)**	**963**	**(Surplus)/Deficit c/f at 31 March**	3,338	(1,592)	1,746
			Allocated to:			
1,495		1,495	Central Government	1,669	-	1,669
299	(1,554)	(1,255)	Surrey County Council	334	(1,223)	(889)
	(285)	(285)	Police & Crime Commissioner for Surrey		(223)	(223)
1,196	(188)	1,008	Mole Valley District Council	1,335	(146)	1,190
2,991	**(2,027)**	**963**	**(Surplus)/Deficit c/f at 31 March**	3,338	(1,592)	1,746

Note 39.1: Council Tax Base

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund in the forthcoming year by the Council and its preceptors (authorities that the Council collects Council Tax for). The Council's preceptors are:

- Surrey County Council
- Surrey Police
- 13 Parish Councils

The total Council Tax requirement is then divided by the Council Tax Base.
The Council Tax Base is calculated before the start of the year by estimating the number of dwellings in each valuation band (adjusted for discounts where applicable) and converting this into an equivalent number of Band D dwellings.

The calculation of the Council Tax Base for 2025/26 (with comparative figures for 2024/25) is set out below:

Bands and value ranges	**Estimated number of properties**	**Multiplier**	**2024/25 Band D equivalent**	**2025/26 Band D Equivalent**
A - up to £40,000	1,078	6/9	676	718
B - from £40,001 to £52,000	1,702	7/9	1,296	1,324
C - from £52,001 to £68,000	3,354	8/9	2,884	2,982
D - from £68,001 to £88,000	7,075	9/9	6,984	7,075
E - from £88,001 to £120,000	6,472	11/9	7,824	7,910
F - from £120,001 to £160,000	5,821	13/9	8,346	8,409
G - from £160,001 to £320,000	7,406	15/9	12,206	12,343
H - more than £320,001	1,028	18/9	2,026	2,055
Sub total	33,935		42,242	42,815
Less allowance for non-collection			(549)	(429)
Add Crown properties (in lieu)			0	0
Council Tax Base			**41,693**	**42,386**

The average Band D Council Tax for 2025/26, excluding parishes was £2,395.20 (£211.28 MVDC plus Surrey County Council £1,846.35 and Surrey Police £337.57) (£2,287.32 in 2024/25).

Note 39.2 Preceptors

The total Demand on the Collection Fund by the Council and its preceptors is set out below

	2024/25 £000	**2025/26 £000**
Surrey County Council	73,321	78,261
Surrey Police	13,491	14,309
Mole Valley District Council	8,553	8,956
Parish Councils	414	447
	95,799	**101,973**

Parish Council Precepts are set out below:

	2024/25 £000	2025/26 £000
Abinger	52.80	52.80
Betchworth	17.43	22.65
Brockham	40.75	42.27
Buckland	17.77	18.72
Capel	112.60	127.01
Charlwood	76.50	78.18
Headley	17.00	18.50
Holmwood	12.50	12.50
Leigh	13.07	13.28
Mickleham	8.25	14.5
Newdigate	17.72	18.61
Ockley	20.50	20.50
Wotton	7.26	7.70
	414.14	**447.22**

Note 39.3 NNDR Rateable Values

The Council collects Business Rates for the District, which are based on rateable values multiplied by a uniform rate (or 'poundage') set by central government. Information on rateable values and the poundage rates are set out below.

	2024/25	2025/26
Non-Domestic Rateable Value Gross	£109.4m	£107.8m
Standard Business Rate	54.6p	55.5p
Small Business Rate	49.9p	49.9p
Business Rates Receivable after reliefs & transition	£38.9m	£42.4m

Note 39.4 Business Improvement District (BIDS)

The Dorking Town Partnership (DTP) has been set up in Dorking, and Leatherhead BID Ltd (LBL) has been set up in Leatherhead, for the purpose of providing additional services or improvements to specified areas within these two towns. These are funded in whole or in part by a levy additional to Business Rates (NNDR) payers. Mole Valley District Council collects and pays over the BID levy.

2024/25 £000 (adjusted)		2025/26 £000
50	**Balance at 1 April**	**42**
214	Levy	245
0	Less Allowances and write offs	(2)
264	**Amounts Receivable**	**285**
	Less	
0	BID Cost of Collection	(12)
(222)	Net payments to BIDs	(256)
0	Provision for irrecoverable debts	0
42	**Balance 31 March owed to/(from) BIDs**	**17**

Note 40 - Nature and Extent of Risks Arising from Financial Instruments

Treasury policy and financial risk management

The main classes of financial instruments for the Council are as follows:

- Investments in term instruments and deposits at short notice.
- Equity and loan investments in the Council's subsidiaries
- Short-term debtors, creditors, deposits and cash arising directly from operations.
- Long-term borrowing from the Public Works Loans Board.

The class of financial instruments that has the most significant risk exposures is investments.

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

Credit risk - the possibility that other parties might fail to pay amounts due to the Council;

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

Re-financing risk - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms or the possibility that the Council might not have funds available to meet its commitment to make payments;

Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements or fluctuations in property values (see below in Notes).

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services (both revised in 2021) and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its management of interest rate exposure;
  - Its maximum annual exposures to investments maturing beyond a year
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the start of the new financial year. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 18th February 2025 and is available on the Council website at https://www.molevalley.gov.uk/councillors-decision-making/council/.
The key issues within the Strategy were:

- The Authorised Limit for 2025/26 was set at £89.9 million. This is the maximum limit of external borrowings or other long-term liabilities. This represents a limit beyond which external debt is prohibited.
- The Operational Boundary for 2025/26 was £83.9 million. This is the expected maximum level of external debt during the course of the year and focuses on day-to-day treasury management activity. This limit is lower than the Authorised Limit because cash flow activities may lead to occasional, but not sustained, breaches of the Operational Boundary.
- The maximum amounts of fixed and variable interest rate exposure, investments only, were set at 100% and 0% respectively.
- The maximum exposures to the maturity structure of debt were set for 2025/26 at 10% at the lower end (up to 12 months), 50% for maturities 1-10 years ahead, and up to 100% for 10 years and above.

Risk Management is carried out by the in-house treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash and borrowing.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the calculation and monitoring of Prudential Indicators 2025/26–2028/29 and adoption of the Treasury Management Strategy and Plan 2025/26 (approved by Council on 18th February 2025), which requires that deposits are not made with financial institutions unless they meet the minimum requirements of the investment criteria, in accordance with Fitch, Moody's and Standard and Poor's ratings services, contained in the above report. A copy of the Strategy is available on the Council's website.

The key criteria in respect of financial assets held by the Council are detailed below:

- The Council will only use banks which are UK banks and/or are non-UK and domiciled in a country which has a minimum Sovereign long-term rating of AAA, and have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated), with the lowest available rating being applied to the criteria:
  - Short Term ratings: F1/P-2/A-1 (Fitch / Moody's / Standard and Poor's)
  - Long Term ratings: A/A3/A (Fitch / Moody's / Standard and Poor's)
- UK institutions provided with support from the UK Government;
- Building societies with assets in excess of £1bn

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions on 31st March 2026 is £2.8m (with the exception of the Council's own banker). This relates to investment in four separate Money Market Funds, where all funds can be withdrawn by the Council with less than 24 hours' notice. This short 'maturity' and the high-security, stable assets in which the funds invest, make credit risk on these investments immaterial.

All other Council investments are in other Local Authorities, which are also deemed to carry immaterial credit risk due to backing from the UK Government.
No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of the counter parties in relation to deposits placed.

Amounts Arising from Expected Credit Losses

The Council has the following exposure to credit risk at 31 March 2026:

Credit Risk	**2024/25 £000**	**2025/26 £000**
Treasury Investments – all short term:		
- AAA rated banks / money market funds	10,314	2,274
- Unrated Building Societies	0	0
- Local Authorities (deemed immaterial credit risk)	29,396	37,949
Trade Receivables – short term	1,987	1,118
Lease Receivables	149	144
Loans to subsidiary (MOVA Property Limited)	10,648	2,308
Service loans	26	56
Total	**52,519**	**43,849**

At the end of 2024/25 no allowance was provided for credit losses. This proved to be correct as all principal sums, including interest, were returned on time.

An expected credit loss exercise has been undertaken on outstanding financial asset balances as at 31/03/26.
The exercise was based on credit rating agencies default tables. An expected credit loss calculation was based on credit quality of the borrower, risk of default, the term, to maturity, and whether information indicates an increased risk of irrecoverability for each counterparty investment outstanding at the year end. The approach taken provided an immaterial expected credit loss.
This was anticipated, as the Council's treasury management investment strategy is very low-risk and the Council adopts strict credit quality arrangements in accordance with the CIPFA Treasury Management Code of Practice.

The Council does not generally allow credit for its customers, such that £0.676m of the 2025/26 balance is past its due date for payment. The past due amount for trade debtors can be analysed by age as follows:

Credit Risk - Debtors	**2024/25 £000**	**2025/26 £000**
Less than three months	554	410
Three to six months	20	21
Six months to one year	16	28
More than one year	586	217
	1,176	**676**

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.

Similarly, credit risk on loans to MOVA Property Limited are mitigated by the Council's ultimate ownership of MOVA Property Limited and all its assets, which if sold at current values would enable full repayment of MOVA Property Limited's debts to the Council.

Collateral

The Council has not either pledged collateral for liabilities or contingent liabilities; or held collateral which it is permitted to sell or re-pledge the collateral even if there has been no default.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when it is needed. In the event of unexpected cash requirements, the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need and the Public Works Loans Board (PWLB) and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

Liquidity Risk	**2024/25**	**2025/26**
	£000	**£000**
Less than one year	0	0
Between one and two years	0	0
Between two and five years	14,350	14,350
More Than 5 Years	0	0
More Than 10 years	59,500	43,000
	73,850	57,350

All trade and other payables are due to be paid in less than one year. The Council's only other long-term liabilities are a selection of rent deposits held from tenants, which are of small scale and unlikely to fall due at the same time - and a deferred lease calculation that has no cash impact and hence no liquidity risk.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature.

This risk relates to the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the Council's Finance Team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs and that the spread of investments provide stability of maturities and returns in relation to future cash flow needs.

Market Risks

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, 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.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The Council's Finance Team monitors market and forecasts interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Market Risk – Interest Rate Risk	**2024/25 £000**	**2025/26 £000**
Increase in interest payable on variable rate borrowings	0	0
Increase in interest receivable on variable rate investments	(96)	(109)
Impact on Surplus or Deficit on the Provision of Services	**(96)**	**(109)**
Change in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(4,887)	(3,439)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed – with the exception of fixed rate borrowings, which would see an increase in fair value of £4,520k.

Price risk

The Council does not invest in marketable bonds or equity shares and is therefore not exposed to losses arising from movements in the prices of such shares.

The Council's £5.806m investment in the CCLA pooled property fund (original purchase price £5m) is subject to the risk of falling commercial property prices, that may impair returns on investment. There is also the possibility that an investor may not get back the amount originally invested. Past performance is no guarantee of future returns. However, the units are only intended for long-term investment and are not highly liquid and a period of notice may be imposed for redemption of units.

While this investment is classified at fair value through profit or loss, it qualifies for the pooled funds statutory override that mean movements in price will not be recognised in the Surplus or Deficit on the Provision of Services, but will instead be transferred to the Pooled Investment Funds Adjustment Account (see Note 24 – Unusable Reserves). Any risk is limited by the Council's maximum exposure to property investments of £5m. A 5% fall in commercial property prices at 31st March 2026 would result in a £274k (2025: £233k) charge to this Adjustment account.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Group Accounts

Group - Comprehensive Income and Expenditure Statement

2024/25				2025/26		
Expenditure	**Income**	**Net**		**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
4,730	(3,438)	1,292	Community	5,028	(3,940)	1,088
5,574	(1,918)	3,656	Environment	5,713	(3.336)	2,377
23,462	(15,774)	7,688	Finance & Organisation	20,696	(13,434	7,262
11,148	(5,321)	5,827	Leisure	12,624	(9,189)	3,435
2,605	(1,878)	727	Planning	3,166	(1,803)	1,363
2,900	(563)	2,337	Projects	3,185	(752)	2,433
1,391	(2,829)	(1,438)	Sustainable Economy	1,569	(2,871)	(1,302)
8,236	(3,939)	4,296	Wellbeing	6,990	(3,833)	3,157
60,046	**(35,660)**	**24,385**	**Cost of Services**	**58,971**	**(39,158)**	**19,813**
11,680	(14,484)	(2,804)	Other Operating Income	461	191	652
14,527	(25,815)	(11,287)	Financing and Investment Income and Expenditure	12,874	(20,308)	(7,434)
18,515	(35,774)	(17,259)	Taxation and Non Specific Grant Income	28	(14,813)	(14,785)
104,768	**(111,732)**	**(6,965)**	**Surplus or Deficit on Provision of Services**	**72,334**	**(74,087)**	**(1,754)**
(88)	0	(88)	Tax Expenses of Subsidiaries	0	0	0
104,680	**(111,732)**	**(7,053)**	**Group Surplus or Deficit**	**72,334**	**(74,087)**	**(1,754)**
		(2,577)	Surplus or deficit on revaluation of Property, Plant and Equipment			(1,785)
		8,685	Remeasurement of the net defined benefit liability / asset			6,666
		6,108	**Other Comprehensive Income and Expenditure**			**4,881**
		(945)	**Total Comprehensive Income and Expenditure**			**3,127**

Group - Movement in Reserves Statement

2025/26	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Un-applied Account	Council share of subsidiary P/L Reserves	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025	**(17,021)**	**(1,202)**	**(15,125)**	**(2,892)**	**(36,240)**	**(129,435)**	**(165,675)**
Opening balance adjustment	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Revised Balance at 31 March 2025	**(17,021)**	**(1,202)**	**(15,125)**	**(2,892)**	**(36,240)**	**(129,435)**	**(165,675)**
Movement in reserves during 2025/26							
Total Comprehensive Income and Expenditure- MVDC	(2,313)	0	0	0	(2,313)	0	(2,313)
Total Comprehensive Income and Expenditure- MOVA	0	0	0	558	496	(3,401)	(2,905)
Adjs between accounting & funding basis under regs- MVDC	(2,134)	379	(1,134)	0	(2,889)	2,889	0
Ads between accounting & funding basis under regs- MOVA	0	0	0	1,922	1,922	(1,922)	0
Other Comprehensive Income/Expenditure	0	0	0	0	0	4,881	4,881
Net Inc / Dec before Transfers to Earmarked Reserves	**(4,447)**	**379**	**(1,134)**	**2,481**	**(2,783)**	**2,447**	**(337)**
Transfers to / from Earmarked Reserves	0	0	0	0	**0**	**0**	**0**
Increase or Decrease in 2025/26	**(4,447)**	**379**	**(1,134)**	**2,481**	**(2,783)**	**2,447**	**(337)**
Balance at 31 March 2026	**(21,468)**	**(823)**	**(16,259)**	**(411)**	**(39,023)**	**(126,987)**	**(166,010)**

2024/25	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Un-applied Account	Council share of subsidiary P/L Reserves	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	**(13,842)**	**(1,312)**	**(15,495)**	**(1,968)**	**(32,616)**	**(132,120)**	**(164,736)**
Opening balance adjustment	**(400)**	**0**	**0**	**0**	**(400)**	**409**	**9**
Revised Balance at 31 March 2024	**(14,242)**	**(1,312)**	**(15,495)**	**(1,968)**	**(33,016)**	**(131,711)**	**(164,727)**
Movement in reserves during 2024/25							
Total Comprehensive Income and Expenditure- MVDC	(12,107)	0	0	0	(12,107)	0	(12,107)
Total Comprehensive Income and Expenditure- MOVA	0	0	0	5,054	5,054	0	5,054
Adjs between accounting & funding basis under regs- MVDC	9,328	110	370	0	9,808	(9,808)	0
Ads between accounting & funding basis under regs- MOVA	0	0	0	(5,977)	(5,977)	5,977	0
Other Comprehensive Income/Expenditure	0	0	0	0	0	6,108	6,108
Net Inc / Dec before Transfers to Earmarked Reserves	**(2,779)**	**110**	**370**	**(924)**	**(3,223)**	**2,277**	**(945)**
Transfers to / from Earmarked Reserves	0	0	0	0	**0**	**0**	**0**
Increase or Decrease in 2024/25	**(2,779)**	**110**	**370**	**(924)**	**(3,223)**	**2,277**	**(945)**
Balance at 31 March 2025	**(17,021)**	**(1,202)**	**(15,125)**	**(2,892)**	**(36,240)**	**(129,435)**	**(165,675)**

Group - Balance Sheet

The Group Balance Sheet shows the value of Balance Sheet date of the assets and liabilities recognised by the entity and its subsidiaries. The net assets of the Council and its subsidiaries (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (for example revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations". Intra-group balances are eliminated on consolidation.

31 March 2025		**31 March 2026**
£000		**£000**
120,444	Property, Plant and Equipment	119,757
1,433	Heritage Assets	1,433
81,721	Investment Property	70,515
589	Intangible Assets	754
229	Right of Use Assets	271
5,806	Long Term Investments	5,806
175	Long Term Debtors	199
210,397	**Long Term Assets**	**198,735**
39,793	Short-term Investments	40,298
0	Assets held for sale	0
1,105	Inventories	2,112
12,650	Short Term Debtors	5,994
2,633	Cash and Cash Equivalents	3,064
56,181	**Current Assets**	**51,468**
(16,590)	Short-Term Creditors	(10,379)
(1,839)	Provisions	(1,887)
(736)	Grants Receipts in Advance - Revenue	(761)
(2,674)	Grants Receipts in Advance - Capital	(2,195)
0	Current Tax Liability	0
(21,839)	**Current Liabilities**	**(15,222)**
(725)	Long-Term Creditors	(1,727)
(73,850)	Long Term Borrowing	(57,350)
(500)	Long Term Provisions	0
(3,989)	Other Long-Term Liabilities	(9,894)
0	Deferred Tax Liability	0
(79,064)	**Long Term Liabilities**	**(68,971)**
165,675	**Net Assets**	**166,010**
(36,240)	Usable Reserves	(39,023)
(129,435)	Unusable Reserves	(126,987)
(165,675)	**Total Reserves**	**166,010**

Group - Cash Flow Statement

Group 2024/25 £000		Group 2025/26 £000
(7,007)	Net (surplus) or deficit on the provision of services	(1,714)
(17,856)	Adjustment to surplus or deficit on the provision of services for noncash movements	(8,928)
24,155	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	12,217
(708)	**Net cash flows from operating activities**	**1,575**
(15,729)	Net cash flows from investing activities	(11,010)
18,514	Net cash flows from financing activities	9,004
2,077	**Net (increase) or decrease in cash and cash equivalents**	**(431)**
(4,710)	Cash and cash equivalents at the beginning of the reporting period including JV in 25/26	(2,633)
(2,633)	**Cash and cash equivalents at the end of the reporting period**	**(3,064)**

Note 1 - Group Statement of Accounting Policies

1. **Accounting Policies**

1.1 **General Principles**

The Group Accounts, consisting of Mova Holdings Limited, Mova Property Limited and MVDC's 50% portion of the joint venture MVDC Kier Holdco 1 LLP and MVDC Kier Holdco 2 LLP. They have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and its subsidiaries and joint ventures and adopt the same accounting policies as set out in the Statement of Accounts of the single entity shown earlier and the additional policies highlighted below.

Any gains and losses arising from these companies and joint ventures are fully reflected in the Group Statements comprising of the Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis, Balance Sheet, Movement in Reserves Statement, Cash flow Statement and associated disclosure notes.

Where the Local Council has investments in associates and/or jointly controlled entities but no interests in subsidiaries, Group Accounts have been prepared as their interest is considered material.

The format of the single entity accounts will be in accordance with FRS102 requirements and consolidated into the Council's accounts under the combined IFRS/CIPFA code of practice.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 **Additional policies for Group Accounts**

1.2.1 Taxation

Deferred Taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Note 2 - Group Investment Properties

31 March 2025 £000	**Investment Property Income and Expenditure**	**31 March 2026 £000**
(8,161)	Rental income from investment property	(6,679)
491	Direct operating expenses from investment property	922
(7,669)	**Net (gain)/loss**	**(5,756)**

There are no restrictions on the Group's ability to realise the value inherent in its investment property or on the Group's right to the remittance of income and the proceeds of disposal. The Group has no contractual obligations to purchase, construct or develop investment property. The above items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2025 Non-Current £000	**Investment Properties Movements in Year**	**31 March 2026 Non-Current £000**
78,605	Opening Balance	81,721
-	Adjustment to opening balance	-
78,605	Adjusted opening balance	81,721
	Additions:	
-	Purchases	-
409	Subsequent expenditure	115
1,918	Net gains/(losses) from fair value adjustments	(8,162)
(2,630)	Disposals	(3,220)
	Transfers (to)/from:	
-	Property Plant and Equipment	62
3,420	Assets held for sale	-
81,721	**Balance at the end of the year**	**70,515**

The fair value of the Group's investment property is measured annually at each reporting date by Wilks Head & Eve LLP in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. All the Group's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes. The table above summarises the movement in the fair value of investment properties over the year.

Fair Value Hierarchy

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2026
	£000	**£000**	**£000**	**£000**
Land	0	27,659	0	27,659
Building	0	42,856	0	42,856
	0	**70,515**	**0**	**70,515**

Fair Value Hierarchy

Recurring fair value measuring usage	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2025
	£000	**£000**	**£000**	**£000**
Land	0	30,395	0	30,395
Building	0	51,327	0	51,327
	0	**81,721**	**0**	**81,721**

Glossary

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

· Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or

· The actuarial assumptions have changed

AMORTISATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's intangible assets during the accounting period (equivalent to 'depreciation' for tangible assets).

AMORTISED COST

The amortised cost of a financial asset or liability is the amount at which the asset or liability is measured at initial recognition (usually 'cost'), minus any repayments of principal, minus any reduction for impairment loss / credit losses, and plus or minus the cumulative amortisation of the difference between that initial amount and the maturity amount, calculated using the Effective Interest Rate (EIR) method. For most simple loans, the EIR is the stated interest rate, and the amortised cost is simply outstanding principal plus interest accrued up to the reporting date.

APPROPRIATIONS

Amounts transferred to or from revenue or capital reserves.

ASSET

An item having value to the council in monetary terms. Assets are categorised as either current or non-current.

· A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock).

· A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

ASSET CEILING (PENSION FUND)

In certain circumstances and given certain assumptions, the net value of pension fund assets may exceed the present value of their future obligations to beneficiaries, giving rise to an asset. Only that portion of the asset that is realizable in the form of refunds from the plan, or reductions in future contributions to the plan, should be recorded on the employer's balance sheet. This portion is the asset ceiling.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

BUSINESS IMPROVEMENT DISTRICT (BID)

A Business Improvement District is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.

BUSINESS RATES RETENTION SCHEME

Introduced by the Government in April 2013, the scheme means that each council retains some of the business rates generated in its area. The Government still controls the rateable value of the properties and the rate in the pound to be paid.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the council, i.e. it is "clawed-back" by the government.

CIPFA

The Chartered Institute of Public Finance and Accountancy – this is the professional organisation for accountants working in the public sector.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMMUNITY INFRASTRUCTURE LEVY (CIL)

The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES or CI&E)

The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

CONTINGENT LIABILITY

A contingent liability is either:
· A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
· A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Council for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT (ASSET OR LIABILITY)

See description under 'Short Term'.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Council for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DE-MINIMIS

A threshold below which amounts, balances or transactions are considered immaterial, i.e. too small to be meaningful or to justify additional accounting adjustments.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCOUNT (ON DEBT RESTRUCTURING)

The difference between total value of a loan being repaid, and the cash payment required by the lender to complete the transaction. Arises on fixed-rate loans when the interest rate on the loan being repaid is lower than prevailing market rates at the time of repayment. The lender incentivizes borrowers to repay early, and can re-lend the cash to other borrowers at higher market rates. In the reverse situation, borrowers pay a 'premium' in addition to the face value of the loan being repaid. A discount received by the Council is recorded in the CIES as income immediately, but the benefit to the General Fund must be spread out over a minimum period laid down in regulations (currently 10 years).

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED CREDIT LOSS (ECL)

A forward-looking estimate of losses caused by borrowers defaulting on loans or failing to pay invoices. It represents the weighted average of credit losses based on the probability of various default (or partial default) scenarios, multiplied by the amount that would be lost in each scenario.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

GENERAL FUND (GF)

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants. Separate accounts are maintained for other aspects of council activities, e.g. the Collection Fund and the Housing Revenue Account

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council’s intangible assets comprise computer software licences.

INTERNATIONAL ACCOUNTING STANDARD (IAS)

Rules for financial reporting established between 1973 and 2001 by the International Accounting Standards Committee. While largely replaced and superseded by modern IFRS Accounting Standards, many remain active and are continually updated by the IFRS Foundation.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB) which enables a standardised method of comparison with financial statements of other entities.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

· A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.

· A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

· Readily convertible to known amounts of cash at or close to the carrying amount; or

· Traded in an active market.

LONG-TERM (ASSET OR LIABILITY)

An asset that is not expected to be sold, or a liability not expected to be repaid, within 12 months of the reporting date.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MHCLG

The Ministry of Housing, Communities and Local Government

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

MONEY MARKET FUND

An open-ended mutual fund that invests in a wide range of short-term debt securities from governments, banks, and large corporations. Managed with the aim of providing a stable asset value, while paying income to investors in the form of dividends. Deposited funds are typically available for redemption at very short notice, usually same-day.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council’s borrowings less cash and liquid resources.

NON-CURRENT (ASSET OR LIABILITY)

See description under 'Long Term'.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR or NNDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, central government and major preceptors. In Scotland it is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf. Mole Valley District Council is a billing authority. The Precepting authorities (or 'Preceptors') for MVDC are Surrey County Council, Surrey Police Authority, and various Parish Councils.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PRUDENTIAL CODE

Since 1 April 2004, local authorities have been subject to a self-regulatory "prudential system" of capital controls. The Prudential Code is a Code produced by CIPFA that Councils are required to follow when deciding upon their programme for capital expenditure.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

RIGHT OF USE ASSET

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

SECTION 106 (S106)

Monetary contributions received from developers as a condition of planning permission, under Section 106 of the Town and Country Planning Act 1990 (as amended). Usually held along with capital grants to fund capital expenditure in the area affected by development.

SECTION 151 (OFFICER)

A statutory chief financial officer required in every UK local authority under section 151 of the Local Government Act 1972. They are personally responsible for the proper administration of the council's financial affairs, ensuring legal spending, and maintaining a balanced budget.

SHORT-TERM (ASSET OR LIABILITY)

An asset held primarily for the purpose of trading, or the authority expects to realise the asset (i.e. turn it into cash) within 12 months after the reporting date In the case of a liability, one due to be repaid within 12 months of the reporting date.

STOCKS

Items of raw materials and stores an council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

STRAIGHT LINE DEPRECIATION

Straight line depreciation is charged on a straight-line basis i.e. in equal amounts for each year of the useful economic life of the fixed asset.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

UNUSABLE RESERVE

Unusable reserves are not available to support service delivery at the reporting date. These reserves arise either from (a) statutory adjustments required to reconcile balances to the amounts chargeable to council tax for the year, to comply with legislation, or (b) accounting gains or losses recognised in Other Comprehensive Income and Expenditure (rather than in the Surplus or Deficit on Provision of Services)

USABLE RESERVE

A usable reserve represents resources that the authority might use to support service delivery at the reporting date. Some usable reserves may have restrictions upon their use dependent upon the relevant legislative requirements.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a fixed asset.

ANNUAL GOVERNANCE STATEMENT 2026

CONTENTS

1. Executive Summary

1.1 What is the Annual Governance Statement (AGS)?

The AGS provides assurance to the community, service users, taxpayers and other stakeholders that Mole Valley District Council (MVDC) has good business practices, high standards of conduct and sound governance arrangements. It provides assurance that processes and controls are in place to manage risks of failure in delivering planned outcomes.

The purpose of the AGS is to report publicly on the extent to which MVDC's governance arrangements comply with the governance principles in "Delivering Good Governance in Local Government Framework", published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), which was revised in April 2016 ("Delivering Good Governance in Local Government"). It also meets the requirements of the Accounts and Audit Regulations 2015 which requires an authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

1.2 Scope of responsibility

MVDC is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. MVDC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

MVDC is committed to having a governance structure that is consistent with the core and sub-principles contained in the "Delivering Good Governance in Local Government Framework". Other subsequent guidance published by CIPFA is also taken into account, including the Addendum published in May 2025.

1.2 Conclusion & Signatures

The annual corporate governance effectiveness review found that the systems and processes that comprise MVDC's governance arrangements are sound, and that the majority of elements are fully compliant with the principles of "Delivering Good Governance in Local Government". No significant governance issues were found for inclusion in the Annual Governance Statement (AGS). MVDC remains committed to improving governance arrangements and a number of improvements have been identified for 2026/27 as set out in section 4 of this statement.

Overall, the flexibility of the governance arrangements and the way that MVDC has continued to adapt and respond to changing circumstances, such as Local Government Reorganisation, means that the organisation has robustly stood up to the challenges it has faced during the past year. MVDC will continue to apply this agile approach to any challenges it may face in 2026/27.

From the findings of this report MVDC is satisfied that the core arrangements to deliver against the principles of the "Delivering Good Governance" framework are in place and operating effectively, and that the arrangements are adequately aligned to support MVDC's delivery of planned outcomes and to meet its responsibilities for value for money and Best Value.

Signed: Date:

Karen Brimacombe, Chief Executive

Signed: Date:

Cllr Bridget Kendrick, Leader of the Council

2. Our assessment of effectiveness

Every year MVDC conducts a review of the effectiveness of its governance framework. The review is a self-assessment which involves scoring MVDC's governance arrangements from non-compliance to full compliance, using a checklist based on the principles of "Delivering Good Governance".

The effectiveness review is informed by the work of MVDC staff who have responsibility for the development and maintenance of the governance environment. In addition, the Annual Internal Audit Conclusion and advice given by the external auditors is considered, together with statutory assurances given by the Monitoring Officer, the S151 officer and the Head of Paid Service, and any other review agencies and inspectorates, as relevant.

The results of the annual review, together with these assurances, inform the conclusions drawn on the effectiveness of MVDC's governance arrangements. The draft conclusions are put forward to the Corporate Governance Board (which includes the statutory officers) for consideration and agreement, prior to agreement with the Chief Executive and Leader for the draft to go forward to Audit Committee. Audit Committee then considers the Draft statement and is asked to approve it for inclusion in the Statement of Accounts. Any minor updates to the AGS are made as appropriate in the Autumn, prior to the AGS being formally signed by the Chief Executive and Leader. This is then included in the final Statement of Accounts for approval at Audit Committee later in the year.

The 2026 annual review found that MVDC's core arrangements to deliver against the principles of the "Delivering Good Governance" framework are in place and operating effectively. The arrangements are adequately aligned to support MVDC's delivery of planned outcomes and to meet its responsibilities for value for money and Best Value. No significant governance issues were identified. A number of minor areas for improvement were identified and these are set out in section 4 of this statement.

2.1 Audit Opinion

The latest conclusion from the Chief Internal Auditor is included in the Annual Internal Audit Conclusion 2025/26 which is due to be reported to Audit Committee in June 2026 (the same meeting as the Draft AGS 2026): "I am satisfied that sufficient assurance and advisory work has been carried out to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment. In my opinion the framework of governance, risk management and control are 'reasonable', and audit testing has demonstrated controls to be working in practice. Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."

The latest opinion given by the external auditors is in their Annual Audit Report for 2024/25, issued in December 2025. The auditors are no longer required to give a qualified/ unqualified Value for Money conclusion and instead report in more detail on MVDC's overall arrangements including identifying any significant weaknesses in MVDC's financial sustainability, governance and economy, efficiency, and effectiveness. Following their work, the auditors have not identified any significant weaknesses in MVDC's arrangements to secure financial stability, governance arrangements or arrangements to secure economy, efficiency and effectiveness but did make a small number of improvement recommendations. Both the External Auditors and Audit Committee monitor implementation of any management actions.

2.2 Statutory Assurances

Assurances from MVDC's statutory post holders also support the conclusion that MVDC's governance arrangements are sound:

Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989.

These responsibilities have been considered within the context of this statement, and the Monitoring Officer has no significant concerns to report and has had no reason to submit a report in accordance with the above. The Monitoring Officer is satisfied that MVDC has robust processes for decision making.

The Monitoring Officer has no significant concerns regarding overall Member conduct and considers that MVDC has an effective Standards Committee in place. In October 2025 the Standards Committee received the Annual Complaints Report which set out that seven allegations of breaches of code of conduct had been made against Parish and District Councillors since March 2023. None of these occurred during 2025-26 and all complaints have now been resolved. Further information can be found in the Annual Complaints Report. Code of Conduct training is provided on a regular basis, usually annually, to all Members. District Councillors attended training in January 2025, and training was provided to Parish Councillors in July 2025. The Monitoring Officer and her Deputies continue to have access to four experienced Independent Persons who, in accordance with the provisions set out in the Localism Act 2011, must be consulted in connection with any code of conduct allegation. Although not required by law, the Independent Persons are also consulted on revisions proposed for any of the processes associated with MVDC's arrangements for standards allegations, together with wider issues that may have a bearing on the Member Code of Conduct.

During 2025/26, MVDC continued to web cast and audio cast all decision-making meetings to further enhance engagement by members of the public and ensure openness and accessibility.

In October 2025 the Standards Committee received an update report on Local Government Ethical Standards – Review of the Committee on Standards in Public Life. The Government Consultation on strengthening the standards and conduct framework for Local Authorities was conducted in 2024/25 and the outcome in response to the consultation is currently unknown. The Monitoring Officer will keep abreast of developments in this area and Members will be notified in due course. Consideration will be given to amendments to the current arrangements set out in the MVDC Constitution (Part 5 (d)) at the appropriate time.

Section 151 Officer

The role of the Chief Finance Officer is to be responsible for the development and maintenance of MVDC's governance, risk, and control framework, ensuring lawfulness and financial prudency of decision making and the administration of financial affairs, in accordance with Section 151 of the Local Government Act 1972. In addition, Section 114 of the Local Government Finance Act (LGFA) 1988 requires the Section 151 Officer, in consultation with MVDC's Monitoring Officer, to report to Council if there is, or is likely to be unlawful expenditure or an unbalanced budget.

These responsibilities have been considered within the context of this statement, and the Section 151 Officer can confirm that MVDC's arrangements conform to Section 151 of the Local Government Act 1972 and that MVDC complies with the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016). No reports have been made to Council under S114 of the LGFA 1988.

Mole Valley's financial position is challenging due to the national economic climate; high inflation, high interest rates, high energy costs, labour and skills shortages, increased labour costs and increasing demand for MVDC's services (particularly homelessness and community support for refugee resettlement). Following a period of significant reduction in central government funding to local government over the past 13 years, the Local Government Finance Settlement (LGFS) saw additional funding provided through the 'funding guarantee' during 2024/25 which was then reduced again for 2025/26. The level of central government funding provided to MVDC in the 2025/26 LGFS remains 20% below that provided in 2015/16. The Council has adopted a Long-Term Financial Strategy (LTFS) and Medium-Term Financial Plan (MTFP). A Transformation programme, Evolve 2026 was approved in February 2024 which set out a programme of savings and individual savings projects within the programme that is intended to deliver savings over the medium term to help balance MVDC's budget in the medium term and ensure its longer-term financial sustainability. The savings achieved through the Evolve 2026 programme allowed the Council to set a balanced budget for 2025/26.

Looking ahead, for 2026/27, the impact of the Fair Funding Review, Business Rates Retention and other reforms of local government finance were implemented as part of the LGFS for 2026/27. For MVDC, the impact of the reform of local government finance results in an increase in funding from central government of 3% between 2025/26 and 2026/27 due to transitional protection, but over the multi-year local government finance settlement up to 2028/29 funding is anticipated to fall by 7% compared to 2026/27. The impact of the reforms increases the medium term budget deficit MVDC faces, however, from 1 April 2027, MVDC will transition into the new East Surrey Council. All authorities that are forming the new East Surrey Council are projecting a medium term budget deficit, due to funding reductions from central government following the reform of local government finance, and demand pressures on services.

During the year audits on the governance of the Evolve 2026 Transformation programme and the delivery of its benefits were undertaken and reported. The internal audits found substantial assurance over the arrangements that MVDC has in place to deliver the required savings and transform its services. In terms of Internal Audit, out of all the audit reviews that took place as part of the 2025/26 programme two received 'limited' assurance[1]. These were Environmental Health – Private Sector Landlords which was reported to March 2026 Audit Committee and Procurement which is due to be reported to July 2026 Audit Committee. The findings of these audits are summarised in the Internal Audit Progress Reports. Appropriate corrective actions and a timescale for improvement have been agreed with the responsible managers and progress will be reported to the Audit Committee throughout the year through the quarterly internal audit progress reports. There weren't any audits in 2025/26 that received 'no' assurance. During 2025/26 there was an external quality assurance assessment of Internal Audit, which was reported to the Audit Committee in March 2026. The external assessment concluded that Internal Audit generally achieves the Global Internal Audit Standards with the assessor reporting excellent performance for the size of the Internal Audit Service.

Following the limited assurance internal audit report for Contract Management, officers have worked hard to implement all the agreed actions. In addition, the Procurement Act 2023 brought in several changes in relation to the advertising, tendering, award and reporting requirements around higher value contracts. Furthermore, officers have taken on board other learning from contract management issues that have been publicised at other

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[1] Internal Audit assurance opinions are categorised as follows:

- 'Substantial' - 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.
- 'Reasonable' - There is 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 risk the achievement of objectives in the area audited.
- 'Limited' - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
- 'No' - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

local authorities. As a result of these changes, officers have gone a step further than just implementing the internal audit management actions and have now implemented further measures to improve MVDC's oversight and governance arrangements in relation to contracts.

Inevitably, new processes, controls and reporting will identify some initial issues which need to be resolved. As part of tightening our arrangements, the enhanced corporate monitoring identified several governance issues. In particular, one instance was found where significant expenditure had been incurred with a supplier which was in excess of the contract value in relation to a Mole Valley Life contract. MVDC's statutory officers are re-assured that, following training and the increased corporate oversight around contract management, that issues of non-compliance have been identified, acted upon and rectified. Further details can be found in the Contract Management Update report to Audit Committee in September 2025. A follow up Internal Audit review of MVDC's Contract Management arrangements following implementation of the changes during 2025/26 found that all actions had been implemented.

As reported in the 2023/24 Annual Governance Statement, during 2024 MVDC internally identified that a rent review within the lease for a property had not been actioned within a defined timescale in a previous year and could not be implemented retrospectively. During 2024/25 further reports on this matter and the outcome of the external review and internal audit work have been made to the Audit Committee and a joint meeting of the Audit and Scrutiny Committee. MVDC established an action plan to address the findings in the reports and is making good progress on implementing the actions arising. In September 2025, a further report to Audit Committee included an internal audit follow-up review which confirmed that all actions have been addressed.

During 2024/25 MVDC undertook a Finance Peer Challenge from the Local Government Association (LGA), with a follow-up taking place in April 2025. A progress report was brought to Cabinet in June 2025 which stated: "The peer challenge found that the council is well-run, with excellent member-officer relationships and good governance arrangements. This remains the case, as indicated in this review, and provides an important platform for responding to ongoing financial pressures and meeting the challenges presented by local government reorganisation."

Head of Paid Service

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

The Head of Paid Service has no significant concerns to report. Throughout 2025/26 there has been a continued and sustained focus on risk management. As an organisation that is 'risk enabled', the arrangements in place have meant that MVDC has been able to respond well to regularly changing circumstances.

The Strategic Leadership Team closely and actively manage the fourteen strategic risks to MVDC, of which Organisational Capacity to Deliver and Waste are the highest rated.

The strategic risk of LGR was added to the Strategic Risk Register in December 2024 following the annual review of risk by SLT. During 2025/26 MVDC has actively engaged with the Ministry of Housing, Communities and Local Government (MHCLG) and with the LGR Implementation Team to make sure MVDC understands and contributes to the LGR process. The Implementation Team comprises senior officers from the Sovereign Councils of Surrey, with the expertise and experience required for the appropriate oversight of a safe and legal LGR transition. MVDC is actively participating in and supporting the work of the Programme Management Office which has been set up to manage the transition work to the new East Surrey Council. Subject Matter Experts have been allocated to each workstream to ensure two-way communication and identification of any actions for MVDC. In parallel, MVDC has ensured that MVDC strategies and plans remain deliverable and appropriate within existing resources.

3. How we have improved our governance arrangements in 2025/26

No significant governance issues were identified as a result of our annual effectiveness review of governance arrangements in 2025. A number of improvements have been delivered in 2025/26 and these are set out below:

Ref	Principle	Improvements implemented in 2025/26
1	A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	From October 2024 MVDC further strengthened its compliance with the new duty under the Equality Act 2010 that requires employers to take "reasonable steps" to prevent sexual harassment of their employees, by: • Introducing a new Anti-Sexual Harassment Policy • Updating the Whistleblowing Policy to make reference to the new Anti-Sexual Harassment Policy • Introducing Anti-Sexual Harassment e-learning on day one of employment for all new staff • Launching e-learning for all staff in 2025/26 • Raising awareness with staff through articles on the intranet and by hosting five 'lunch and learn' sessions between May-October 2025
2	A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	In response to the "Failure to Prevent Fraud" offence coming into effect in September 2025 as part of the Economic Crime and Transparency Act 2023, MVDC took proactive steps to understand its fraud risk exposure and develop effective measures to prevent, detect, and respond to fraud. This included: • reviewing and updating department fraud risk assessments • reviewing and updating the suite of fraud policies • recommencing the programme of internal fraud communications to raise awareness amongst staff • e-learning delivered for all staff to raise awareness of responsibilities in relation to the offence • working with HR to ensure the yearly declaration of interests are issued and returned by all staff. This has ensured MVDC can continue to avoid corporate criminal liability and contribute to a more transparent and secure economic environment. More information can be found in the Annual Counter Fraud Report to Audit Committee.
3	D: Determining the interventions necessary to optimise the achievement of the intended outcomes	MVDC introduced the option to use artificial intelligence (AI) internally to improve efficiency. Governance arrangements were put in place to support this including: • An updated ICT Security Policy, which included clear guidance on how AI should be used at MVDC • The introduction of an 'AI Hub' on the staff intranet providing further information and guidance relating to AI • Articles on the staff intranet updating and raising awareness on the changes
4	D: Determining the interventions necessary to optimise the achievement of	MVDC implemented mechanisms to report on the performance of the authority's significant delivery partnerships including contract monitoring data, by: • Strengthening internal reporting on partnership arrangements to Corporate Governance Board with the addition of updates relating to the Shared

	the intended outcomes	Procurement Service, Southern Internal Audit Partnership and the Integrated Insurance Service, as well as ongoing updates relating to Waste, Environmental Health and Licensing Shared Service and Southern Building Control. • Introducing an annual report to Scrutiny Committee on Partnership Arrangements
5	D: Determining the interventions necessary to optimise the achievement of the intended outcomes	Several continuous improvement (CI) initiatives were completed during 2025/26 as part of the CI programme, including improvements to: • The Finance purchasing processes to improve efficiency • The Finance supplier set up process which resulted in faster onboarding, improved accuracy and a better supplier experience • Housing and property repair requests for temporary accommodation which resulted in faster reporting and response, higher tenant satisfaction and clarity, and contributed to compliance with Awaab's Law • Processing service recharges to Community Infrastructure Levy which enhanced compliance, enabled a better stakeholder experience, increased transparency and enabled faster decision making
6	D: Determining the interventions necessary to optimise the achievement of the intended outcomes	Digital improvements have been implemented during 2025/26 as part of the digital programme, including: • Improvements to the garden waste renewal process using Govtech, enabling residents to self-serve via the 'My Account' function on the MVDC website. • A new internal online form for legal instructions covering the main areas (property, S106, sundry debts, contracts), to improve processes and efficiency. • Four new online Govtech forms for Council Tax to enable residents to self-serve relating to online direct debits, single person discount, change of address and change of tenancy. More work is planned in this area for 2026/27.
7	F: Managing risks and performance through robust internal control and strong public financial management	Improvements have been implemented relating to business and budget monitoring, including: • All business and budget monitoring reports were taken to the Scrutiny Committee prior to the reports being considered at Cabinet in 2025/26 to further enhance the scrutiny and oversight of business and budget performance. • The introduction of a new monthly contract expenditure monitoring report to SLT that tracks spend against contracts with a value over £215,000. This has been included as a new appendix in the regular business and budget monitoring reports to Scrutiny and Cabinet.
8	F: Managing risks and performance through robust internal control and strong public financial management	Improvements were implemented relating to project and programme monitoring, including: • A review of the project management toolkit and guidance was undertaken in 2025/26 and this included an update to improve the financial monitoring of projects at board level, including guidance developed by the Financial Services Manager on financial RAG ratings.

		• Arrangements were reviewed and improvements implemented to the prioritisation of projects and programmes monitored at internals boards, creating a more streamlined approach.
9	F: Managing risks and performance through robust internal control and strong public financial management	The Financial Services Team introduced the use of zero based budgeting for the preparation of the 2026/27 Budget. To support the implementation, in-house training was provided to all budget managers on zero based budgeting.
10	F: Managing risks and performance through robust internal control and strong public financial management	Improvements have been implemented to health and safety risk assessments. In May/June 2025 MVDC's Health & Safety Consultant conducted a full review of the health & Safety risk assessments across MVDC. A report was issued following the review which highlighted 12 improvement actions. As a result of this review work was undertaken by Business Managers to identify and action any gaps in specific risk assessments for activities or sites, and ensure those aligned with the health and safety risk assessment for each service. All actions were completed by November 2025. MVDC's Health & Safety Consultant will be repeating the review in June 2026 to confirm they are satisfied the MVDC has suitable and sufficient risk assessments in place.
11	G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	During 2025/26 work has been undertaken to implement improvements relating to contract management and these were outlined in a Contract Management Update report to Audit Committee in September 2025. Improvements included: • Identifying where uncontracted spend has occurred, highlighting where work is required to put a contract in place and adding these to the contracts register • Raising awareness with officers and emphasising the importance of ensuring contracts are up to date on the register, thereby improving the content and accuracy of the published contracts register • Six-monthly contract management training for contract managers • Further measures to improve MVDC's oversight and governance arrangements in relation to contracts, including the introduction of contract monitoring information for contracts over £215,000 in value. This information has been incorporated into the monthly reports to the Strategic Leadership Team and Scrutiny / Cabinet. In addition, exception reports are presented to SLT only highlighting where expenditure is above the contract value or is being incurred 'off contract'. Further to this, the 2025/26 follow-up audit to the 'limited' assurance internal audit from 2024/25 on contract management confirmed that all management actions have been completed. It also acknowledged that further improvements had been made in addition to the original management actions.
12	G: Implementing good practices in transparency, reporting, and audit to deliver	With regards to the annual review of governance and the draft 2026 Annual Governance Statement (AGS), MVDC has implemented improvements to the process and the presentation of the AGS to ensure compliance with the CIPFA SOLACE Addendum to the Delivering Good Governance in Local Government Framework (May 2025).

	effective accountability	

Governance arrangements relating to Local Government Reorganisation are set out in section 5 of this statement.

4. Planned improvements to our governance arrangements in 2026/27

No significant governance issues were identified as a result of our annual effectiveness review of governance arrangements. A number of areas for improvement were identified and these are set out below.

Ref	Principle	Improvements planned for 2026/27
1	C: Defining outcomes in terms of sustainable economic, social, and environmental benefits	Work experience students are welcomed to the organisation annually to learn about what it's like to work in different services in local government. During 2026/27 MVDC will be enhancing this offer to include a work experience placement for graduates.
2	D: Determining the interventions necessary to optimise the achievement of the intended outcomes	Work is underway to enhance the functions of 'My Account' on the MVDC website using Govtech online forms. This is planned to be launched in early 2026/27 and will include: • Council Tax e-billing and copy bills • Discount and exemption application forms • Benefits application forms These improvements will create more opportunities for residents to self-serve and make processes more efficient.
3	D: Determining the interventions necessary to optimise the achievement of the intended outcomes	Work is underway to improve the way MVDC monitors and records social value with a view to maximising what can be achieved. This will be included as an action in the Climate Change report to Cabinet in June 2026.
4	D: Determining the interventions necessary to optimise the achievement of the intended outcomes	Changes to governance arrangements will be made in response to Local Government Reorganisation (LGR) and these are set out in section 5 of this statement.
5	F: Managing risks and performance	From the Internal Audit Plan for 2025/26 two internal audits received 'limited' assurance. These were Environmental Health – Private Sector Landlords which was reported to March 2026 Audit Committee and Procurement which is due to be

	through robust internal control and strong public financial management	reported to July 2026 Audit Committee. The findings of these audits are summarised in the Internal Audit Progress Reports. Appropriate corrective actions and a timescale for improvement have been agreed with the responsible managers and progress will be reported to the Audit Committee throughout the year through the quarterly internal audit progress reports.
6	G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Work is ongoing to make improvements to committee report templates. Updates to corporate implications guidance are planned for 2026/27 to include risk appetite, equality, diversity and inclusion, and LGR.

An update on the progress to deliver the above planned improvements will be included in the AGS covering the year 2026/27.

5. Local Government Reorganisation in 2025/26 and a forward look on 2026/27

MVDC ensures its arrangements continue to be flexible and agile in order to respond to changing circumstances. On 16 December 2024 the English Devolution White Paper was published setting out the government's vision for simpler local government structures. Since then, Surrey has been put on a fast-track timetable for local government reorganisation (LGR). This resulted in the postponement of the County Council elections in May 2025 to enable local authorities in Surrey to work at pace on their proposals for reorganisation.

Surrey County Council and Surrey Districts and Boroughs submitted to Government an Interim Plan for reorganisation on 21 March 2025, which included proposals for two unitary councils and proposals for three unitary councils in Surrey. Surrey County Council and Surrey Districts and Boroughs then worked on developing full business cases for these proposals which were submitted on 9 May 2025 for consideration by the Minister of State for Local Government and English Devolution. On 28 October 2025 a written ministerial statement was made to Parliament. This set out the Secretary of State's decision to implement the proposal for two unitary councils in Surrey.

During 2025/26 a Programme Management Office (PMO) for the Districts and Boroughs in Surrey was established to collect data for the 'discovery phase' of LGR. A single point of contact was established at MVDC to co-ordinate the MVDC responses to the requests for information (RFI) from the PMO, to check the quality of the data provided and to gain sign off for submission from the relevant member of SLT. An LGR item was added to the weekly SLT meetings to consider the RFIs prior to submission, as well as to discuss wider LGR issues. The information provided for the RFIs would form the baseline data for the start of implementation. The PMO for the Districts and Boroughs was dissolved upon the establishment of the Implementation Team and associated programme management arrangements in January 2026. Meetings of the East and West Surrey Joint Committees began in January 2026 (informally January to March 2026 and then formally after the implementation of the Structural Changes Order in March 2026). The Joint Committees confirmed the establishment of the Implementation Team (Programme Board) and the themes which each Chief Executive in Surrey would lead. MVDC's Chief Executive was appointed as lead for the People and Governance Theme. The East and West Joint Committees have met several times between January – May 2026. MVDC Members were appointed to the East Surrey Joint Committee, with the Leader of MVDC appointed as Chair. The majority of meetings have been webcast and are available to view online alongside the committee agenda papers: East Surrey Joint Committee. Following the elections in May 2026, the East Surrey Shadow Council will take over from the East Surrey Joint Committee, with the inaugural meeting of the East Surrey Shadow Council taking place on 20 May 2026.

The Structural Changes Order (SCO) for Surrey came into force on 10 March 2026. A guidance note was issued by MHCLG which explains the role of the predecessor councils during the Shadow year. MVDC, as one of the predecessor councils, will have a duty to:

a) Consult and co-operate with the other predecessor councils and with the shadow councils throughout the transition process to secure the economic, efficient and timely transfer of functions, property, rights and liabilities (which includes the transfer of staff)
b) Generally exercise its functions to further the purposes of the SCO
c) Provide any information reasonably requested by the other relevant councils of shadow councils to support implementation
d) Cooperate in the formation of the Implementation Team and release officials from normal duties as reasonably required

MVDC has already begun to fulfil these duties during 2025/26 and from the start of 2026/27. MVDC's Chief Executive is part of the Implementation Team and is the Theme Sponsor for People & Governance and other MVDC officers have been assigned roles as workstream leads and deputy leads within the various themes required to support both the Shadow Authority and transition to the new East Surrey Unitary Authority. Subject Matter Experts (SMEs) have also been assigned to workstreams to provide their expertise from MVDC's perspective. MVDC is updating its Privacy notices to ensure these reflect the sharing of data for the purposes of transition. Consideration is being given to forward planning at MVDC to ensure that any decisions required by the East Surrey Shadow Council will be taken in line with the Section 24 direction. The Section 24 direction, expected to come into force in early July 2026, will impose an additional layer of approvals on the existing MVDC decision making process. MVDC will be updating its committee report templates to ensure any LGR implications are reflected in decision making.

MVDC has already begun work to ensure its functions continue to operate in a safe and legal manner when they transition to the new East Surrey Council on vesting day. MVDC is also committed to supporting the Shadow Council to establish new arrangements including the development of a budget and Corporate Strategy.

MVDC has adopted a Financial Strategy which commits to ensuring financial sustainability of Mole Valley District Council up until the vesting day for the new East Surrey Council. Due to LGR, the 2026/27 budget is a one-year budget, but 2 years of financial projections have been provided for 2027/28 and 2028/29 to help the new East Surrey Council to set its budget for 2027/28 and its initial medium term financial plan. The 2026/27 budget presented to Council on 17 February 2026 has been developed on this basis. The 2026/27 budget presents a balanced position with the one-off use of reserves for planned specific uses such as the implementation costs of LGR.

To ensure openness and comprehensive stakeholder engagement, MVDC put in place several arrangements during 2024/25, which continued in 2025/26, to keep stakeholders informed about LGR. This included engagement with staff through all staff briefings, which were recorded and made available on the staff intranet after the event, emails to all staff from the Chief Executive updating on the latest information, and a dedicated section on the staff intranet for all communications to staff relating to LGR . Engagement with Members has involved all-Member seminars, email updates and the continuation of a cross-party Cabinet working group for Devolution. Two stakeholder briefings, led by the Leader and Chief Executive, were held during 2025/26.

During 2025/26 the MVDC Communications Team worked with the central Surrey LGR Implementation Programme Management Office (PMO) to create a new website for stakeholder engagement, Future Surrey – Surrey LGR Hub, and staff intranet for all council employees across Surrey. These were launched in February 2026, as part of a new brand across all councils in Surrey, called 'Future Surrey'. A regular staff newsletter was launched as part of this to ensure staff are kept up to date during the transition period. The use of this central brand and communication methods ensures that all councils are sharing the same message across all channels, including digital and print. As part of this work a new Members' intranet is being developed together with a newsletter for all Members across all councils in Surrey. The brand is temporary to take the councils through part of the transition year until a new brand has been agreed by each of the Shadow Councils.

MVDC is committed to supporting staff wellbeing during this time of change. During 2026/27 resilience and wellbeing sessions will be held for all staff delivered by an external provider. A section on staff wellbeing is included on the Staff LGR Hub on the MVDC intranet which signposts staff to support during LGR, such as the Employee Assistance Programme (EAP), Mental Health First Aiders, HR, line managers and any member of SLT. Staff are also able to contact the Chief Executive directly to ask any questions relating to LGR.

In terms of risk management at MVDC, the strategic risk of LGR was added to the Strategic Risk Register in December 2024 following the annual review of risk by SLT. During 2025/26 MVDC has actively engaged with MHCLG and with the Implementation Team to make sure MVDC understands and contributes to the process. As referred to above, MVDC is actively participating in and supporting the work of the Programme Management Office that has been set up to manage the transition work to the new East Surrey Council. Subject Matter Experts have been allocated to each workstream to ensure two-way communication and identification of any actions for MVDC. In parallel, MVDC has ensured that MVDC strategies and plans remain deliverable and appropriate within existing resources. Since being added to the register in 2024/25, the residual risk score has decreased in impact now that the framework and structure for the transition and implementation programme are in place. The mitigations in place are designed to ensure that all major risks in relation to the safe and legal transfer of MVDC functions are managed. Organisational Capacity to Deliver is one of the highest rated strategic risks and is closely linked to the LGR strategic risk. Mitigations include close monitoring of the impact of LGR and agile response to any resource requirements. MVDC continues to work to ensure that we can recruit and retain staff, ensuring operations are carried out as efficiently as possible, and ensuring a flexible approach to ensure capacity matches the commitments made.

Internal Audit arrangements have been adjusted for 2026/27 in response to LGR. A nine-month Internal Audit plan has been agreed to accommodate the Internal Audit Conclusion being reported to Audit Committee in March 2027 prior to vesting day. The 2026/27 Internal Audit Plan has a focus on financial areas to get assurance on these arrangements ready to transition to the East Surrey Council. In addition, MVDC has brought forward the date that Audit Committee will consider the draft Annual Governance Statement for 2026/27 to March 2027, so that this can be approved prior to vesting day.

MVDC has a number of formal partnership arrangements that will be impacted by transition to the new East Surrey Council on vesting day. Further consideration of these partnerships and their future will now be progressed as part of appropriate implementation workstream.

6. MVDC GOVERNANCE ARRANGEMENTS

MVDC's governance framework comprises the systems and processes, culture, and values, by which MVDC is directed and controlled. It also includes the activities through which it is accountable to, engages with and leads the community. It enables MVDC to monitor progress in achieving its intended outcomes and delivering appropriate services that represent value for money.

The MVDC governance framework is structured in such a way as to show how its governance processes and controls address the requirements of the seven core principles of good governance as defined in "Delivering Good Governance" (CIPFA/Solace 2016). Although the governance framework cannot eliminate all risk and therefore cannot provide total assurance, it has been designed to mitigate risk to an acceptable level.

This section sets out the core elements of the systems, processes and associated documents that comprise MVDC's governance framework aligned with the seven core principles of "Delivering Good Governance."

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

Key documents and websites that demonstrate compliance with this principle

- The Constitution sets out:
    - Code of Conduct for Members/ Councillors
    - Role and Functions of statutory officers, key posts and members
    - Standards Committee Terms of Reference
    - Member/Officer Protocol
    - Contract Standing Orders
    - Scheme of Delegation
    - Members' Planning Code of Good Practice
    - Procedure Rules of the Complaints Sub-Committee
- Complaints Policy
- Customer Feedback ('You Said, We Did')
- Members/ Councillors' Register of Interests
- Organisational Values
- Council Strategy 2024-2028
- Customer Promise
- Equality Policy Statement and Objectives
- Member Equality Champions
- Anti-Fraud and Anti-Corruption Policy
- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Prosecution and Sanction Policy
- Modern Slavery and Human Trafficking Transparency Statement
- Code of Conduct for Officers (Internal)
- Respect at Work Policy (Internal)
- Whistleblowing Policy (Internal)
- Anti-sexual Harassment Policy (Internal)
- Social Media Policy and guidance for staff (Internal)
- Social Media Guidelines for Members (Internal)

Arrangements in place for good governance

- The Constitution is kept under ongoing review. Where external guidance or legislation changes, the constitution will be updated accordingly. A record of changes is kept.
- Newly elected members sign a Declaration of Acceptance of Office which includes an agreement to abide by the Members' Code of Conduct; the Code is based on, and consistent with, the Seven Principles of Public Life.
- Members are canvassed annually to update their declarations of interests; declarations of interest are published on MVDC website, and minutes of Committee meetings demonstrate that declarations of interest are sought, and appropriate declarations made.

- MVDC maintains a register of gifts and hospitality for officers and Members; the Member Code of Conduct sets out the minimum value for gifts and hospitality to be registered at £50 and requires Members to declare gifts/ hospitality offered but not accepted.
- Member inductions include the promotion of ethical awareness.
- There are five Member Equality Champions who are appointed at Annual Council each year. There are two Champions for Disabled People, two Champions for Ethnic Minority Groups and one Champion for Neurodiversity. Their work is supported by the Cabinet Member with responsibility for Equality, Diversity, and Inclusion.
- The new starter process for staff includes confirmation that new starters have read key documentation prior to joining, including the Officer Code of Conduct and MVDC Values. Mandatory training for new employees includes an Introduction to Equality and Diversity.
- Staff Performance Development Reviews include reference to the MVDC values and ethical behaviour.
- Employment policies are in place and guide investigations and follow up action as required.
- All committee reports require review of legal by the relevant legal officer and sign off by the Monitoring Officer (or deputies). Financial implications are to be completed by the report author and reviewed and signed off by the Section 151 Officer (or deputy).
- The Monitoring Officer brings to attention anything that may be unlawful or with high risk of challenge that has not already been covered within the 'legal implications' section of committee reports.
- The Procedure Rules for the Complaints Sub-Committee of the Standards Committee are set out in Part 5.d. of the Constitution and provide clarity to all parties involved, setting out the arrangements both prior to and at the Sub-Committee Hearing.
- There are a range of policies and processes in place regarding Anti-Fraud and Anti-Corruption, Anti-Bribery and Anti-Money Laundering. An internal Whistleblowing policy is in place and members of the public can report fraud and other concerns online via the MVDC website.
- The Whistleblowing Policy includes reference to Member whistleblowing as well as staff. Any reports of non-financial whistleblowing are included in the Annual Complaints report considered by the Standards Committee. Any reports of financial whistleblowing are reported to the Audit Committee.
- There is an annual declaration of interest for all staff. A form is provided on first day of employment and then updated annually. For Business Managers this also includes the existing 'related parties transaction form' covering financial elements (which is also updated annually).
- The Customer Services Manager monitors and reports on complaints to Business Managers, Senior Leaders, and Scrutiny Committee. "You Said, We Did" actions are published on MVDC website.
- There is a dedicated section on the staff intranet relating to Customer Care and this includes extensive information and guidance for officers.
- An in-house Legal team (including Deputy Monitoring Officers) has access to Public Law (PLC) (including the latest legislation and commentary) and can deal with any breaches of legal and regulatory provisions and have access to external legal advice via applicable frameworks if required.
- MVDC has a culture of learning from mistakes and takes action to ensure it continuously improves.

Achievements and developments from 2025/26

- During 2025/26 targeted customer care training was held with specific customer facing services.
- In 2025 a full administrative review of the constitution was undertaken, to ensure that all roles / titles were updated following an internal management restructure, in addition to other minor amendments. These changes were agreed with Group Leaders.

- The Officer Code of Conduct was reviewed and updated in August 2025.
- The Whistleblowing Policy was updated in 2025/26.

Developments planned for 2026/27

- The Anti-Fraud and Anti-Corruption Policy, Anti-Bribery Policy, Anti-Money laundering Policy, Prosecution and Sanction Policy are due to be updated in 2026
- The 2025/26 review of the fraud risk assessment will be summarised in the Annual Counter Fraud report to Audit Committee in 2026/27.
- During 2026/27 a member of the Fraud and Investigation team will be undertaking an Intelligence Analyst Apprenticeship Programme to further build capabilities within the team.

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

Key documents and websites that demonstrate compliance with this principle (that have not already been mentioned under earlier principles)

- MVDC website
- Mole Valley For Business website
- Mole Valley News website
- Mole Valley Life website
- Leret Partnership website
- Dorking Halls website
- Transform Leatherhead website
- Transform Leatherhead Masterplan
- Freedom of Information Publication Scheme
- Statement of Community Involvement
- Policy on non-statutory consultations and community engagement
- Transparency Information
- Website Accessibility Statement
- Policy on website accessibility (internal)
- Officer Key Decisions
- Minutes of Council Meetings
- Committee meeting recordings
- Job profiles for Cabinet Members
- Council Tax Leaflets

Arrangements in place for good governance

- Council meetings are publicly web- and audio cast; past recordings are publicly accessible for six months.
- External Scrutiny meetings are held throughout the year to review and scrutinise the performance of other organisations which have received grant funding from MVDC and are contributing to helping MVDC achieve its objectives, as well as organisations that provide critical services to Mole Valley residents.
- Committee report guidance includes the requirement (in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012) for officers writing Cabinet reports to include a justification for the option being recommended and the reasons for other options being rejected. The Corporate Implications report section allows officers to provide specific technical advice to inform decision making.
- The Freedom of Information Publication Scheme and associated Guide is reviewed and updated annually.
- Key strategies and programmes involve working with partners to achieve agreed outcomes.
- A range of communication methods, including social media, Facebook Live, surveys, Google Ads, and awareness raising campaigns, have been used for consultation. Regular Facebook posting directly into Facebook groups extends MVDC's reach beyond it's own social media followers. MVDC also uses the 'Nextdoor' social media platform. Communication methods that consider digitally excluded residents are

also used, including printed posters, banners and wider stakeholder engagement including print ready communications packs.

- MVDC works closely with its partners in residents' associations, parish councils, county council, other districts and boroughs, and other neighbourhood forums such as environment forums and flood forums.
- There are regular Cabinet Member Briefings and regular meetings between the Leader and Chief Executive to share information and explore options. The Chief Executive also offers meetings with the Group Leaders of other political parties represented on the Council. Briefings are held with Committee Chairs in advance of each committee.
- MVDC's statement of community involvement sets out how planning consultations will be undertaken to enable differing viewpoints to be collected, and how and when MVDC will involve residents, businesses and other organisations about planning applications and emerging planning policies.
- Petitions can be submitted to Council in relation to matters of local concern and residents can submit questions and attend Council and Cabinet meetings where questions are considered and answered.
- MVDC publishes data in accordance with the requirements of the Local Government Transparency Code.
- ‘My Mole Valley’ is an online portal combining all products and services available for residents digitally. This platform ensures that essential services are combined in one place, in a user-friendly format, making it easier for residents to stay informed and engaged with their community. This also includes ‘My Account’ which allows residents to keep a track of their enquiries, update contact details, register for e-billing and more.

Achievements and developments from 2025/26

- Following the move to the ‘Gov Delivery’ emailing platform in 2024/25, growth has been significant in 2025/26 from approximately 2,500 subscribers in 2024/25 to approximately 10,000 subscribers at the end of 2025/26. This sophisticated tool enables a more streamlined approach to stakeholder engagement via email and has seen an average open rate of approximately 60-70% for email newsletters.
- Engagement with the Transformation Programme has continued in 2025/26, its final year. However, with the announcement and introduction of LGR, specific engagement on Evolve 2026 has reduced with the majority of updates forming part of the wider LGR communications from the Strategic Leadership Team. Collaboration across key departments - HR, Finance and ICT - have been key to delivering projects, especially with regard to the Continuous Improvement plan.
- A ‘7 Lenses of Transformation’ survey was rolled out to all staff in 2024/25 with analysis taking place in early 2025/26. A 78% response rate and in depth analysis of the results of the survey has provided an effective baseline measurement for transformation awareness and engagement amongst staff which can be used to support communications and calls to action with regard to LGR activity, thereby future proofing and continuing to drive the transformation and change culture that has been embedded at MVDC.
- Following a six-week consultation period between October and December 2024, the Dorking and Bookham Masterplans were approved at Cabinet in April 2025.
- A review of the Policy on non-statutory consultation and engagement was taken to Cabinet in June 2025.
- During 2024/25 work was undertaken to build the ‘Visit Mole Valley’ website, streamlining and centralising information that was previously held on various other websites. The new website and destination brand was launched in July 2025 with a digital communications campaign targeting London audiences as well as local.
- A consultation ran from May-July 2025 on the Design Codes for the District’s Built-up Areas.

- A consultation was undertaken in September-October 2025 on a proposed Public Spaces Protection Order for the A24.
- A consultation was conducted in October-November 2025 for the renewal of the Public Spaces Protection Order for Cotmandene in Dorking.
- A consultation was conducted in January-February 2026 relating to the renewal of the Public Spaces Protection Order at Kingston Road Recreation Ground.
- In October 2025 Mole Valley District Council and invited community guests joined together at Pippbrook House in Dorking for the first ever Sustainable Mole Valley awards ceremony. Designed to celebrate the successes of the unsung heroes that are driving forward sustainability across Mole Valley, the awards ceremony showcased the incredible work taking place by individuals, businesses and community groups with the aim of combatting climate change, acting sustainably, and restoring biodiversity.
- In March 2026 MVDC came together with the other Districts and Boroughs in Surrey to host a free webinar for all private landlords and letting agents operating in Surrey. The event aimed to provide key updates on the Renters' Rights Act which came into force on 1 May 2026.
- MVDC held a consultation on the draft Westcott Neighbourhood Plan between 8 December 2025 and 2 February 2026. The Plan was submitted for independent examination on 4 February 2026.
- Two consultations were undertaken during 2025/26 for the Community Governance Review. The first stage consultation ran for 12 weeks from July – October 2025, giving residents and stakeholders the chance to express whether parish level governance changes were needed and suggest what those changes might look like. An on-line survey was created and promoted through MVDC's usual engagement channels, including social media, e-newsletters, press releases websites, posters and banners, with hard copy surveys available. A public seminar was held and a recording of this made available on MVDC's website. Officers also attended meeting with representatives of Resident Associations and Parish Clerks. A total of 561 responses were received to this initial consultation.

  A second stage consultation was undertaken on the draft recommendations from 23rd January to 20th February 2026. In addition to promoting the consultation through MVDC's usual engagement channels, including social media, e-newsletters, press releases, and websites, communications were sent to every household in Mole Valley. Posters were also made available to stakeholders such as Resident Associations and Parish Councils to help promote the consultation. Those in areas where a change was proposed received a consultative ballot paper on which electors could indicate their support for or against the proposed change. Officers also attended meetings with representatives of Resident Associations and Parish Clerks. In areas where no change was recommended, residents were advised of this directly and advised of how to contact MVDC should they wish to share their views on the draft recommendation. The overall 'turnout' of balloted electors was 22.60%. A summary of the responses was included in the report to Council in March 2026.

PRINCIPLE C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Key documents and websites that demonstrate compliance with this principle (that have not already been mentioned under earlier principles)

- Property Investment Strategy
- Land and properties disposals framework
- Community Asset Transfer Policy
- Fees and Charges Pricing Strategy
- Budget Plan and Financial Strategy
- Capital, Investment and Treasury Management Strategy
- Treasury Management Practices

  - Statement of Principles for Gambling
  - Street Naming and Numbering Policy
  - Strategic Risk Register
  - Equality Impact Assessments
  - Customer Care Standards
  - CIL and Affordable Housing Documents
- Economic Prosperity Strategy
- Rural Community Strategy
- Car Parking Plan 2025-2028 and Action Plan 2025-2027
- Housing Strategies
- Air Quality Strategy
- Tree Planting and Replacement Strategy
- Sustainable Mole Valley website
- Climate Change Strategy
- Climate Change Adaptation Strategy
- Biodiversity Strategy 2025-2028 and Action Plan 2026-2027
- Parks and Open Spaces Events Policy
- Policies, Strategies and Plan webpage
- Joint Procurement Strategy (Internal)
- Procurement Code for MVDC (Internal)
- Safeguarding in procurement (Internal)
- Sustainable Procurement Charter
- 'How we procure' guide

Arrangements in place for good governance

- An overarching Council Strategy is in place, complemented by a number of supporting strategies including a Climate Change Strategy and Action Plan, an Economic Prosperity Strategy and Economic Development Action Plan, Homelessness and Rough Sleeper Strategy, and the Local Plan.
- Regular business and budget monitoring reports to Scrutiny Committee and Cabinet monitor progress made to deliver on priorities and provide the financial context.
- MVDC's Strategic Risk Register details the strategic risks faced by MVDC in relation to achieving the priorities as defined in the Council Strategy. The register and mitigations in place are regularly reviewed by Corporate Governance Board. A summary is provided to Scrutiny and Cabinet in the regular business and budget monitoring reports and on an annual basis to Audit Committee as part of the annual risk management report.
- Savings and one off spends in committee budget reports are clear about the outcomes. One off spends approved in the budget and/or capital programme must demonstrate how it meets an objective or priority in the Council Strategy/ Annual Plan.
- There is an annual business and budget planning process in place which includes a review of MVDC's performance indicators (PIs) and annual objectives to ensure these deliver the Council Strategy priority outcomes.
- Service Business Plans set out what is intended to be achieved over the course of the coming year, as well as the key objectives and PIs which link to Council Strategy priorities.
- Committee report guidance includes a Corporate Implications section where officers provide specific technical advice, and sections on sustainability, risk implications and wider risks to be considered in decision making.
- Equality Screenings and Impact Assessments are undertaken, including when introducing or reviewing services and policies.
- A proactive approach is taken for project and resource management to ensure that resources (people and budgets) are aligned with the ambitions of the Council Strategy.
- Financial Sustainability is a risk on the MVDC Strategic Risk Register, driven in part by challenges surrounding medium to long term funding for local government. A Long Term Financial Strategy (LTFS) and a single year budget, with indicative estimates for two future years, are in place so that MVDC can remain financially sustainable. The previous Medium Term Financial Plan (MTFP) was adjusted to the single year

budget for 2026/27 in response to local government reorganisation and the transition to the new East Surrey Council in April 2027.

- The MVDC Community Asset Transfer Policy balances the needs of local communities with the expectations of the wider Mole Valley community that MVDC uses its assets effectively to support voluntary, community and faith groups as well as MVDC's financial management as part of its MTFP.
- MVDC has a wholly owned company Mova Holdings Limited, which was set up as a holding company for Mova Property Limited for the purposes of acquiring and holding properties purchased outside MVDC's economic area to implement the Asset Investment Strategy at the time. Both have governance arrangements in place and regular update reports are submitted to Audit Committee and Full Council. The Cabinet Sub-Committee takes decisions as shareholder and the Statement of MOVA Accounts is reported to Audit Committee annually.
- The Capital, Investment, and Treasury Management report to Audit Committee, Scrutiny, Cabinet and Council each year includes an annual report on the Asset Investment Strategy in accordance with the statutory guidance on Local Government Investments (3rd edition).
- Asset Redevelopment and Regeneration is a strategic risk to MVDC. Several controls are in place to mitigate the risk.
- Further examples can be found under Principle A.

Achievements and developments from 2025/26

- The Banking Hub campaign continued in 2024/25 and was of particular significance for individuals and businesses who encounter challenges in accessing online services. The success of the campaign resulted in MVDC welcoming the temporary Banking Hub for Dorking to the Pippbrook Offices in March 2025. The Banking Hub has continued to operate from Pippbrook during 2025/26 pending a permanent location being secured in Dorking. An Automated Deposit Service has been introduced in Leatherhead.
- In April 2025 the Sustainable Mole Valley website was launched. It showcases the range of sustainability initiatives taking place around Mole Valley and is full of local case studies and tips on how residents can take simple steps for a more sustainable future.
- The Community Asset Transfer Policy was reviewed in 2025/26 and the updated policy was approved at Cabinet in October 2025.
- An updated Parks and Open Spaces Events Policy was approved at Cabinet in April 2025.
- The Biodiversity Strategy 2025-28 and associated Action Plan 2025-27 was approved at Cabinet in October 2025.
- An updated Empty Homes Policy 2025-2030 was approved at Cabinet in April 2025. This set out a renewed vision and action plan for bringing properties, a valuable resource in the district, into use over the next five years.
- A new Affordable Housing Strategy which defines ways in which homes for existing and prospective residents on lower incomes could be delivered over the next five years was approved at Cabinet in July 2025.
- In December 2025 businesses in Leatherhead town centre voted to establish a Business Improvement District (BID), set to run for an initial five-year term starting in January 2026.
- A pilot bursary scheme was approved by Cabinet in April 2025, which aimed to widen the access to sport for young people across Mole Valley.

- In April 2025 MVDC launched its 'Be Proud of Mole Valley' campaign which invited people of all ages who live and work in the district, and also visitors to Mole Valley , to help keep our towns, villages, parks and open spaces clean and picturesque.
- MVDC responded to the recent surge in graffiti across the district by launching a dedicated Graffiti Busting Week in September 2025. This one-off initiative saw MVDC fund the removal of graffiti from private properties, as well as those it owns, in partnership with Amey LG Ltd. as part of a concentrated effort to restore pride in our public spaces and support community wellbeing.
- A renewed Public Spaces Protection Order for Cotmandene was agreed in October 2025 and a new Public Spaces Protection Order for the area in and around the A24 and Mickleham was approved in March 2026.
- Cabinet approved three Supplementary Planning Documents (SPD) on affordable housing, house extension design and planning obligations at its meeting in July 2025. The three SPDs inform future planning application decision-making.
- At its meeting in July 2025, Cabinet approved a strategic spending programme to deliver infrastructure supporting new development in the district until 2039.
- In 2025/26 Mole Valley for Business appointed The IncuHive Group as the new delivery partner for its successful free 1-2-1 business advice programme, designed to help small businesses and start-ups across the district navigate today's challenging economic landscape. To date the Mole Valley for Business funded programme has supported almost two hundred 1-2-1 advice sessions, providing expert guidance and practical assistance. Under IncuHive's direction, the service will remain completely free and accessible to anyone looking to start something new, grow a business or improve processes and efficiency.
- Mole Valley's 2025 Summer Holiday Activities programme had its biggest summer so far with 16 different activities on offer, providing 130 sessions across the duration of the programme. This resulted in 1500 individual session attendances with popular choices including Animazing, where attendees could meet a range of exotic animals such as lizards and birds of prey, Multi-Sports camps, Pickleball and Swimming.
- In October 2025 Council approved an additional £437,000 to progress the design and procure a construction partner for the Opportunity Dorking redevelopment of the Foundry and Church Street workshops.
- In November 2025 Cabinet adopted the Car Parking Strategy and Action Plan 2025-2028.
- In July 2025 Council passed a motion for MVDC to sign the Poverty Pledge reinforcing its commitment to supporting residents experiencing financial hardship and promoting fairness across the district. Following the signing of the Poverty Pledge, 'People living in poverty' was added as a vulnerable group for consideration in Equality Impact Assessments.
- In July 2025 Council considered a motion relating to the "Ask for Angela" scheme. This was referred to the Licensing Committee for their consideration at their meeting in November 2025. The recommendations from Licensing Committee were put forward to Council in December 2025 and Council resolved (a) to contact all applicants for, and existing holders of, Premises Licences for bars, clubs and pubs to encourage them to introduce the "Ask for Angela" safety scheme on a voluntary basis immediately; (b) to ensure that all licenced premises are aware that the "Ask for Angela" scheme provides appropriate promotional material when operating the "Ask for Angela" safety scheme and to ask them to display such promotional material on their premises; and (c) to implement the "Ask for Angela" scheme at the Dorking Halls and Pippbrook House and to include a link to the scheme on the MVDC website.
- In December 2025 Council passed a motion relating to the Nimbus Access Card and resolved: (1) To recognise the Nimbus Access Card as evidence of disability or access need for residents engaging with council services, venues, and ticketed events, subject to any technological requirements that may have resourcing implications; (2) That Mole Valley District Council's Member Equality Champions work with Nimbus; (3) Disability to explore further promotional opportunities; (3) That Mole Valley District Council's

Member Equality Champions encourage local service providers, which may include leisure centres, event organisers, and cultural venues to recognise the Nimbus Access Card as part of their accessibility policies; (4) Raise awareness of the Nimbus Access Card through MVDC's website, social media, and accessibility communications; and, (5) Request the Member Equality Champions to report back to Council within 12 months on progress, uptake, and feedback from residents and partners.

- In November 2025 Cabinet approved an investment of nearly £3.9m for a range of projects across the district's open spaces, parks and playgrounds funded by the Strategic Community Infrastructure Levy (SCIL) with an emphasis on securing more inclusive play and sports facilities, including multi-use game or space areas, to cater for a broad range of interests and ages. This has been included as an objective in the 2026/27 Annual Plan and delivery will be monitored in the regular business and budget monitoring reports to Scrutiny and Cabinet in 2026/27.
- In 2025/26 Dorking Halls began using Pippbrook House as a hub of cultural and community events, ranging from Christmas garland-making workshops to a talk on spy craft and story-telling sessions for children as well as hosting various celebrations such as the Arts Alive Finale.
- The previous Medium Term Financial Plan (MTFP) was adjusted to the single year Budget Plan and Financial Strategy for 2026/27 in response to local government reorganisation and the transition to the new East Surrey Council in April 2027.
- The Procurement Code for MVDC was updated in January 2026 to update the procurement thresholds as set out in the Procurement Act 2023 (Threshold Amounts) (Amendment) Regulations 2025.

Developments planned for 2026/27

- Mole Valley For Business will be hosting a Seminar in June 2026 related to Maximising the Potential of the Visitor Economy.
- Mole Valley For Business will be hosting a Networking Lunch in May 2026 to bring businesses together and showcase the support available from Mole Valley For Business.
- In June 2026 Cabinet will be considering a Grant Policy to provide additional funding to Mole Valley Community Fund (MVCF) by developing a policy for a match funding scheme to help local businesses.
- MVDC has commissioned an external review of the capital structure of MOVA and the results of this will be included in the MOVA Annual Business Plan report to Cabinet in June 2026.
- During 2026/27 the Procurement Code for MVDC will be reviewed and updated as required to reflect an action agreed as part of the internal audit of procurement in 2025/26.

PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Key documents and websites that demonstrate compliance with this principle (that have not already been mentioned under earlier principles)

- Annual Complaints Performance and Service Improvement Report
- Annual Budget and Council Tax Resolution report (Feb 2026)
- Business & Budget Book 2026-27 (including Annual Plan, Performance Indicators and Business Plans)
- Annual Business Plan and Planning Strategy Business Plan for the Leret Partnership
- Transformation Programme
- Transformation Business Cases

- Partnership Strategy and Framework
- Partnership Report and Addendum to Scrutiny Committee
- Asset Management Strategy 2025-2030
- Productivity Plan (Council July 2024)
- Joint Waste Solutions website
- Project Management Toolkit (Internal)

Arrangements in place for good governance

- Any proposed savings or one off spends in the budget are aligned to the Council Strategy priorities.
- Business managers participate in an annual business and budget planning exercise for the next financial year.
- An internal business and budget report timetable provides dates and sign-off deadlines for performance monitoring, including Performance Indicators (PIs), objectives, risks and key financial information.
- Regular Business and Budget Monitoring reports provide progress updates on an annually agreed set of targets for a suite of performance indicators and key objectives. The reports also highlight planned corrective action.
- There is an internal monitoring framework in place which feeds into monitoring at Cabinet. Internal boards form part of this, including Monitoring Board for key projects and Corporate Governance Board.
- There is a strong Continuous Improvement (CI) culture which has been developed and embedded as part of the Transformation Programme, Evolve 2026. A CI Forum is run by CI Champions where knowledge is shared and service areas are encouraged to undertake CI work. Customer care also forms part of the CI Forum and any issues with customer care can be raised for discussion and resolution.
- Business managers maintain a suite of management information to enable them to review service quality regularly and take corrective action if required.
- Cabinet reports give the options for a decision and the justification for the option being recommended. Alternative options are detailed and the reasons for their recommended rejection are set out in the report.
- The Strategic Leadership Team hold regular briefing meetings with Cabinet Members and briefings are held with Committee Chairs in advance of each Committee.
- There is a review timetable for all key policies and strategies and this feeds into the forward planning process.
- The Internal policy writing guidance includes mechanisms for corporate implications considerations to be captured.
- There are risk registers in place for formal partnerships and shared service arrangements. Further information on risk can be found in Principle F.
- MVDC Uses customer feedback, including learning from consultations and customer compliments and complaints to review and improve services. This is evidenced in the Annual Complaints Performance and Service Improvement report to Scrutiny Committee.
- An annual self-assessment is conducted against the requirements of the Local Government and Social Care Ombudsman Complaints Handling Code to ensure compliance. This is reported to Scrutiny Committee in the Autumn as part of the Annual Complaints Performance and Service Improvement Report.
- There is a Cabinet Sub-Committee in relation to Mole Valley District Council's role as landowner and Member of the Joint Venture Partnership. These arrangements strengthen the distinction as to when MVDC is making a decision in its capacity as a member of the LLP. The terms of reference for the Sub-Committee also include MOVA Holdings Limited and MOVA Property Limited for decisions required of MVDC as shareholder.

- MVDC ensures its arrangements continue to be flexible and agile to respond to changing circumstances, such as Local Government Reorganisation, the cost of living crisis and financial uncertainty.
- MVDC has discharged its insurance function to the London Borough of Sutton (LBS) under a Collaboration Agreement (sealed copy). LBS provides an integrated insurance service, including claims handling, to MVDC and a number of other local authorities. This arrangement has increased MVDCs insurance capacity and resilience, and provides the opportunity for MVDC to benefit from economies of scale in relation to the procurement of external insurance, and the pooling of risks with the other parties to the arrangement. Officers from LBS and MVDC meet on a regular basis to discuss the arrangement. The annual review of the Partnership took place in February 2026. Both MVDC and LBS confirmed that the partnership was working well. No areas for improvement were identified.
- MVDC has discharged its Internal Audit function to Hampshire County Council under a (Deed of Accession to) Joint Working Agreement. This arrangement makes MVDC a member of the Southern Internal Audit Partnership (SIAP). SIAP provide a team of professional and experienced internal audit officers to member authorities. This arrangement provides increased capacity and resilience to MVDC.
- MVDC is a member of Shared Procurement Service with three neighbouring authorities which is governed by an Inter Authority Agreement (IAA). The IAA provides for the establishment of a Joint Partnership Board and sets out the delegation of functions, risk and liability management, dispute management, performance monitoring and budget setting process.
- The Shared Procurement Service attends and leads on the internal quarterly Procurement Advisory Board meetings which forms part of Corporate Governance Board. The Shared Procurement Service ensures the contracts register is up to date and published quarterly as part of the transparency data.
- MVDC has an IAA with two partner authorities to create a shared Building Control Service. A Joint Partnership Board oversees the service and sets out the delegation of functions, partnership terms, risk and liability management, dispute management, performance monitoring and contract management.
- MVDC has an IAA with one partner authority for the delivery of Environmental Health and Licensing. A Joint Partnership Board oversees the service and sets out the delegation of functions, partnership terms, risk and liability management, dispute management, performance monitoring and contract management.
- MVDC has an IAA with three partner authorities to govern its joint waste, recycling and street cleaning contract with Amey LG Ltd by a shared contract management function known as Joint Waste Solutions (JWS). The governance of the joint contract and the responsibilities of JWS are set out in the Inter Authority Agreement which was approved by all four partner authorities, and which sets out the delegation of functions, partnership terms, risk and liability management, dispute management, performance monitoring and contract management. An Officer Board and a Joint Committee are responsible for the majority of decision making, although certain key decisions are matters for the four Councils to consider. In February 2025 and further in June 2025 Cabinet approved the proposed procurement and contract strategy for waste collection and street cleaning services in Mole Valley from 6 June 2027. The outcome of the procurement will be the subject of a separate report to the four partner authorities as well as to the new Shadow Councils in 2026/27 with a recommendation to award, or not, the contract and to approve a revised or new IAA.
- The ‘Best value standards and intervention: a statutory guide for best value authorities’ was published by government in May 2024 and MVDC gave consideration to this as part of its overall governance framework. Overall, this showed that MVDC meets the requirements of the standards.

Achievements and developments from 2025/26

- In July 2025 MVDC took the decision to undertake a Community Governance Review. It is best practice to undertake a review every 10-15 years, and it was considered an appropriate time to do this in light of LGR. A Cabinet working group was put in place to support this process. The Community Governance Review gave local communities the opportunity to consider and influence the local governance arrangements for their local area. The review concluded in March 2026, following two public consultations. Council received a report in March 2026 and approved the recommendation to create three new parish councils, and the changes to two boundaries for existing parishes.
- In July 2025 the Terms of Reference for the Cabinet Sub-Committee were updated to include the discharge of MVDC's functions as the direct or ultimate shareholder of MOVA Holdings Limited and MOVA Property Limited.
- The Transformation Programme, Evolve 2026, concluded in March 2026. The programme focused on service transformation and improvements, and savings delivery so that MVDC can remain financially sustainable. This was delivered under four key strategies: digital strategy, customer engagement strategy, service transformation strategy and people strategy. The monitoring of savings realisation was included in the Business and Budget Monitoring reports to Cabinet.
- Zero Based Budgeting was introduced for the 2026/27 budget. During 2025/26 training relating to zero based budgeting was held for budget managers. Individual service managers meet regularly with Finance Business Partners to discuss their budget monitoring.

Developments planned for 2026/27

- Work will continue to ensure that the changes agreed as a result of the Community Governance Review will be implemented prior to vesting day in April 2027.

PRINCIPLE E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Key documents and websites that demonstrate compliance with this principle (that have not already been mentioned under earlier principles)

- Various HR Policies (Internal)
- Competency Framework (Internal)
- MVDC Careers Website
- Annual Pay Policy Statement and Gender Pay Gap Report
- The Constitution sets out:
  - Job roles for the Leader
  - Scheme of Delegation

Arrangements in place for good governance

- Statutory officers are supported to undertake continuous professional development training to ensure that any new requirements and developments in their areas are picked up.
- The CIPFA, SOLACE and Lawyers in Local Government (LLG) Code of Practice on Good Governance for Local Authority Statutory Officers (2024) has been considered by the statutory officers of the 'Golden Triangle', and it is felt to be appropriately applied at MVDC. All three statutory officers sit on the Strategic Leadership Team which meets weekly. Corporate Governance Board meets monthly and all three statutory officers sit on this board, alongside other statutory officers in MVDC. They also have easy access to discuss issues by exception with one another outside of these meetings as required.

- Members receive training as required throughout the year. Members receive mandatory specialist training before sitting on the regulatory committees (Development Management and Licensing).
- There are regular briefings for Cabinet Members on upcoming issues in an informal environment, and All Member Seminars are held on specific topics.
- Members are offered the opportunity to participate in the Local Government Association's Leadership Academy.
- The Chief Executive and Leader of the administration have regular briefing meetings; the Chief Executive also has meetings with all Group Leaders (collectively and individually).
- Skills and knowledge requirements are set out in the officers' job description and person specification at the start of a recruitment process. These are regularly reviewed through the employment life cycle and skills/knowledge requirements updated as necessary. A variety of learning and development options are provided to maintain and develop skills as needed with an Annual Learning Needs analysis conducted.
- The staff induction programme provides new staff with key information regarding MVDC as a place to work and key areas of awareness for day 1 (Health & Safety, HR policies, data protection, ICT security, sexual harassment awareness etc.). There is an enhanced induction in place for managers which includes comprehensive guidance and more in-depth mandatory training.
- Discussions are held between new staff and their manager at regular intervals throughout the probation period to monitor progress.
- A quarterly informal 'meet and greet' takes place between new starters and SLT. This gives new starters the opportunity to get to know members of SLT and ask questions about the organisation.
- All staff have an annual Personal Development Review (PDR) with their manager; PDR completion rates for the whole organisation are reviewed by SLT. The MVDC Competency Framework is used to support development conversations during 1-2-1s and PDR discussions
- The Strategic Leadership Team (SLT) reviews data and discussions arising from the Performance Development Review (PDR) process to assess overall capacity of the organisation and identify any issues in the delivery of business objectives.
- Six weekly Business Management meetings are held providing an opportunity for cross-organisational learning and information exchange.
- All MVDC employees have access to the Employee Assistance Programme (EAP), a service that provides confidential assistance with any work, personal, or family issue.
- A Mental Health First Aid scheme is in place and is available for staff to use.
- Extensive information relating to mental and physical wellbeing is provided to staff via the intranet and key wellbeing information is highlighted through regular messages on the intranet. The employee forum, Staff Hub, organises events and initiatives that support staff wellbeing, such as a seed library, community garden volunteering, and learning lunches, such as sharing ideas for using up leftover food.
- Wellbeing risk assessments can be used if concerns arise about the wellbeing of staff and occupational health will highlight appropriate wellbeing assessments for staff under Occupational Health review.
- In line with guidance from the Health and Safety Executive (HSE), MVDC conducts an annual organisational stress risk assessment.
- A range of partnership arrangements are in place, including contracts for service delivery (e.g. joint waste collection and street cleaning contract with Amey LG Limited), shared service agreements (e.g. building control, environmental health & licensing, Joint Waste Solutions contract management functions and procurement) and partnership agreements (e.g. Internal Audit and insurance services). This ensures the best use of resources and maximises resilience. A number of Joint Partnership Boards are established and

set out the delegation of functions, partnership terms, risk and liability management, dispute management, performance monitoring and contract management.

Achievements and developments from 2025/26

- The MVDC Careers website was upgraded in WordPress during 2025/26 and iTrent web recruitment was implemented in 2025.
- During 2025/26 three on-going apprenticeships were progressed: Accounts / Finance Level 2, Business Administrator Level 3, and Assistant Accountant Level 3.
- Training has been held for all Mental Health First Aiders during 2025/26.
- Leadership development sessions were held with an external provider for SLT and BMT and the offer to staff will continue to be reviewed ahead of transition to the new East Surrey Council.
- Sessions were held for all staff in 2025/26 with the external provider covering Financial Awareness and Retirement Planning to educate and inform and support the choices of staff. These will be held again during 2026/27.
- In December 2025 the Terms of Reference for Development Management Committee and Licensing Committee were amended to clarify that members siting on these committees must undergo mandatory training at least every two years to sit as decision makers on these committees. The Planning Code of Good Practice was also updated to reflect this.
- The work to delivery the ‘People Strategy’ element of the Transformation Programme, through the internal Workforce Strategy, concluded in March 2026. This work aimed to create a ‘future focussed’ workforce, and increase the effectiveness of service delivery.

Developments planned for 2026/27

- During 2026/27 resilience and wellbeing sessions will be held for all staff delivered by an external provider ahead of becoming the new East Surrey Council.
- Organisational Capacity to Deliver is one of the highest rated strategic risks to MVDC and is being actively managed by the Strategic Leadership Team to identify action to be taken during 2026/27.

PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

Key documents and websites that demonstrate compliance with this principle (that have not already been mentioned under earlier principles)

- Internal Audit Conclusion 2024/25
- Internal Audit Charter 2025/26
- Internal Audit Plan Q1-2 2025/26
- Internal Audit Plan Q3-4 2025/26
- Internal Audit Plan and Charter 2026/27
- Internal Audit External Quality Assessment
- Annual Counter Fraud report
- Data Protection Policy
- Data Protection Guidance and Procedure Notes for Staff (Internal)
- Records Management Policy
- Records Retention and Disposal Schedule
- Debt Recovery Policy (Internal)
- Data Quality Policy (internal)
- Risk Management Policy
- Annual Risk Management report
- Strategic Risk Register
- Service Risk Registers (Internal)
- Financial Risk Register
- Annual Review of Compliance with CIPFA Financial Management Code of Practice
- The Constitution sets out:
  - Scrutiny Committee Terms of Reference
  - Audit Committee Terms of Reference
  - Financial regulations and contract standing orders

Arrangements in place for good governance

- MVDC's Risk Management Policy defines roles and responsibilities. Risk management arrangements are reviewed annually by SLT and Audit Committee.
- Each risk, across all risk registers in the organisation, has an allocated owner who is responsible for mitigating actions. Risk owners regularly review strategic risks and update as appropriate.
- Current and upcoming risks and issues are considered regularly at internal board meetings.
- A costed Financial Risk Register is used to inform the minimum level for MVDC reserves set out in the annual Budget and Council Tax Resolution report to Council in February each year.
- All decision-making reports are subject to input from and scrutiny by statutory post holders and key officers.
- Cabinet Members are kept up to date on the work of the business areas that fall within their specific portfolios, and they report on this to Council.
- Benchmarking is used to inform annual target setting for Performance Indicators.
- Performance indicator data is subject to periodic data quality spot checks.
- Internal auditors review data quality and accuracy as part of their audit work.
- There is a risk based Internal Audit Plan. Internal Audit progress reports are presented to Audit Committee throughout the year and actions from internal audits are tracked to completion by the Internal Auditors. The Chief Internal Auditor provides an Annual Internal Audit Conclusion to Audit Committee.
- For any Internal Audit reports that received a 'limited' assurance rating, senior officers are invited to attend Audit Committee to present the findings of the report and update the committee on actions taken/planned.
- MVDC has comprehensive data protection policies and a designated Data Protection Officer (and Deputy) who monitors compliance with legislation.
- Information sharing protocols, privacy notices and/or contractual clauses are in place for sharing data with other bodies.
- Information Asset owners have lead responsibility for information assets and ensure that confidential data and IT equipment is disposed of appropriately. Information Asset Owners complete Data Protection Impact Assessments for any new high-risk processing, which are signed off by the Data Protection Officer.
- Internal governance arrangements include a structure of reporting on corporate projects to internal boards with escalation routes. Updates on corporate projects are provided to senior managers on a regular basis at relevant internal board meetings.

- The Audit Committee Terms of Reference includes independent (co-opted) members on the committee. There is currently one co-opted member on the Audit Committee. In line with best practice, MVDC has tried to recruit a second co-opted member multiple times but had not found a suitable candidate. In light of LGR this will not now proceed.
- An annual review is conducted against the CIPFA Financial Management Code of Practice to ensure compliance. The review and any improvement recommendations are reported to Audit Committee alongside the Annual Governance Statement.
- Cabinet working groups and Scrutiny panels are set up for specific pieces of work.
- Robust arrangements are in place for cyber security, including annual Cyber Security Training for staff and regular testing of staff awareness.
- MVDC has arrangements in place for information security, including two factor authentication, delayed sending, and guidance on the safest way to share documents.
- Further examples can be found under Principles A, B, C and D.

Achievements and developments from 2025/26

- The Data Protection Policy was reviewed and updated to reflect any changes as a result of the Data Use and Access Act. This is due to be published early 2026/27.
- Data Protection awareness training was held for Members in 2025/26 and a recording was made available on the Member extranet for anyone who was unable to attend on the day.
- An internal audit on cyber security training was started in 2025/26 and, once completed, the results will be reported to Audit Committee in the Internal Audit Progress reports during 2026/27.
- An updated Risk Management Policy was approved by Cabinet in June 2025 to include articulation MVDC's risk appetite.
- An internal audit of risk management concluded in June 2025 which received 'reasonable' assurance. All actions have been completed.
- One risk was removed from the Strategic Risk Register in 2025/26 relating to IT Operational Resilience as it was no longer considered a Strategic Risk. One new Strategic Risk was added to the register in January 2026 relating to Exceeding VAT partial exemption limit as the latest calculation of its partial exemption limit has shown that MVDC is close to its limit. If the limit is exceeded this could lead to additional cost for MVDC in 2026/27 as it would no longer be able to reclaim VAT on expenditure on exempt services and activities. This will be closely monitored in 2026/27.

- To ensure that it remained able to respond to changing risks the Internal Audit Plan was determined on a six-monthly basis during 2025/26.
- An External Quality Assessment (EQA) of the Southern Internal Audit Partnership (SIAP) was undertaken during September to December 2025 to determine compliance with the Global Internal Audit Standards (GIAS). A report on the results of the assessment was presented to Audit Committee in March 2026, in this the external assessor stated: "SIAP has achieved an excellent result of 'generally achieves' in the EQA […] I am delighted to confirm that SIAP fully achieves 46 out of the 52 Standards and generally achieves the remaining six Standards. […] this result puts SIAP firmly within the top quartile and represents the highest level of achievement and conformance with the new GIAS that I have seen to date."
- In April 2025 and July 2025, the Member Allowance Scheme was updated to reflect the increase to Member Allowances, which in-line with the agreed Independent Renumeration Panel recommendations increase in-line with the staff pay award.
- The internal Debt Recovery Policy was reviewed and updated in 2025/26.

- The previous Medium Term Financial Plan (MTFP) was adjusted to the single year Budget Plan and Financial Strategy for 2026/27 in response to local government reorganisation and the transition to the new East Surrey Council in April 2027.
- MVDC has always taken a prudent approach in terms of commercial investment, taking account of borrowing levels and paying back debts. No further commercial investments have been made following the implementation of the Asset Investment Strategy in 2018. An investment property was sold in 2024/25 and another in 2025/26 in support of MVDCs on-going financial sustainability.

Developments planned for 2026/27

- In response to LGR, a nine-month Internal Audit Plan has been agreed for 2026/27 to enable the Internal Audit conclusion to be reported to Audit Committee in March 2027 prior to vesting day for the new East Surrey Council.

PRINCIPLE G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Key documents and websites that demonstrate compliance with this principle (that have not already been mentioned under earlier principles)

- Forward Plan
- Audit Committee Annual Report (including2025/26 Workplan and 2026/27 Workplan)
- Annual Accounts
- Statement of MOVA Accounts
- Annual Governance Statement 2025
- Value For Money Statement (Annexe J)
- Annual Climate Change Report
- Economic Development Annual Report
- Business and Budget Monitoring Reports
- Business and Budget Outturn Report

Arrangements in place for good governance

- The Leader's Forward plan is published monthly on the website which details decisions to be taken by the Cabinet. This also sets out what will be considered by Scrutiny committee prior to Cabinet, as well as officer key decisions.
- All committee reports are made public unless there are legal or commercial reasons to the contrary. Where practicable, information within a report which is legally exempt from publication is isolated from the body of the report as a restricted appendix, with the remainder of the report made available to the public.
- All restricted committee reports state at the point the agenda is published and in accordance with Section 100A(4) of the Local Government Act 1972, (a) why the content is to be treated as exempt from the access to information publication rules and (b) to whom within MVDC the content is restricted.
- MVDC's Annual Governance Statement is signed by the Leader of the Administration and the Chief Executive. It is reported within the Statement of Accounts to Audit Committee each year and published on MVDC website. The last internal audit of the arrangements in place to prepare and report on the Annual Governance Statement was completed in 2024/25 which received 'substantial' assurance.
- The latest opinion given by the External Auditors is set out in their Annual Report for the year ending 31 March 2025 and is set out in section two of this statement. Both the External Auditors and Audit Committee monitor implementation of any management actions.

- The latest opinion of the Chief Internal Auditor was set out in the Annual Internal Audit Conclusion for 2024/25 which went to Audit Committee in July 2025.
- Press releases are written for relevant committee reports summarising the key messages. These are published on MVDC's news website.
- MVDC has clear and concise online content relating to its services.
- A Value For Money Statement is included in the Budget and Council Tax Resolution report each year.
- Further examples can be found under Principles A, D & F.

Achievements and developments from 2025/26

- The Local Government Association (LGA) Finance Peer Challenge took place in June 2024. The recommendations and action plan arising from the peer challenge were reported to Cabinet in October 2024. The LGA returned for a follow-up in April 2025, and a progress report was brought to Cabinet in June 2025 which stated: "The peer challenge found that the council is well-run, with excellent member-officer relationships and good governance arrangements. This remains the case, as indicated in this review, and provides an important platform for responding to ongoing financial pressures and meeting the challenges presented by local government reorganisation."