

# Runnymede Borough Council

## 2022-23 Statement of Accounts

(Subject to audit)



Runnymede Borough Council  
**Useful information**

**Address and telephone number**

Address: Civic Centre,  
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Website address: [www.runnymede.gov.uk](http://www.runnymede.gov.uk)

**Mayor and Deputy Mayor in the 2022/23 municipal year**

Mayor: Councillor M Harnden  
Deputy Mayor: Councillor S Saise-Marshall

**Chairmen of Committees in 2022/23**

Corporate Management Committee	Councillor T Gracey
Community Services	Councillor C Howorth
Crime and Disorder Committee	Councillor J Furey
Englefield Green Committee	Councillor N Prescott
Environment and Sustainability Committee	Councillor N King
Housing Committee	Councillor J Gracey
Licensing Committee	Councillor J Wilson
Overview and Scrutiny Select Committee	Councillor J Furey
Planning Committee	Councillor M Willingale
Regulatory Committee	Councillor J Wilson
Standards and Audit Committee	Councillor M Nuti

**Chief Officers in 2022/23**

Chief Executive	Paul Turrell
Corporate Head of Law and Governance	Mario Leo
Assistant Chief Executive (Chief Financial Officer)	Amanda Fahey

**External Auditor in 2022/23**

Appointed Auditor:	BDO LLP	Address:	Public Sector Assurance 55 Baker Street London W1U 7EU
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**Bankers in 2022/23**

Bankers:	Lloyds Bank plc	Address:	3 <sup>rd</sup> Floor, 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
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# Narrative Report to the Statement of Accounts 2022/23

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## Narrative Report of the Assistant Chief Executive

### Foreword

Dear Reader,

I am pleased to present the Statement of Accounts for Runnymede Borough Council for the financial year 2022/23.

The purpose of the Statement is to provide information about the Council's finances such as;

- What did the Council's services cost in the year 2022/23
- Where did the money come from?
- What were the Council's assets and liabilities at the end of the year?

The narrative report supports the financial statements by providing an overall explanation of the Council's financial position during 2022/23 and commentary on the medium-term picture. It also includes information about the operation of the Council and the major influences affecting its finances and its performance during the year. This information aims to provide stakeholders and interested parties with assurance as to the Council's financial standing and the care taken to account for public money.

### Overview and external environment

#### Borough Profile

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The name of Runnymede is synonymous with the sealing of the Magna Carta in 1215.

The Borough covers approximately 30 sq. miles in north-west Surrey, only 20 miles from central London. The Rivers Thames and Wey form a natural boundary to the north-east. In the north-west the boundary cuts through Windsor Great Park, and in the south, it extends to just above Woking.

There are three main town centres in the Borough – Addlestone, Chertsey and Egham, and a range of local village centres. These include Englefield Green, Ottershaw, Thorpe, with its popular theme park attraction, Virginia Water and Woodham and New Haw.

The Borough is predominantly residential, with a population of 88,100 (Census 2021), and retains much of its rural character, with approximately 79% of its area lying within the metropolitan Green Belt. It has excellent transport connections with easy access to the M25 and M3 and rail routes link all the major towns to London Waterloo station. International transport connections are excellent owing to the proximity of Heathrow and Gatwick airports and the Eurostar terminus in London. The south coast ports are less than an hour's drive away.

Runnymede is home to a significant number of businesses, large and small. Amongst the largest employers are Samsung, BUPA, Gartner and Belron along with many IT based companies. The Government's Animal and Plant Health Agency is located at New Haw with Royal Holloway College (part of the University of London) located in Egham. A new Garden Village is under development at Longcross. The village will comprise 1700 homes when completed but also houses a media operation with NETFLIX occupying the main part of the commercial site and having recently signed a lease for 25 years occupation in 2021.

#### Operating Model and Political Structure

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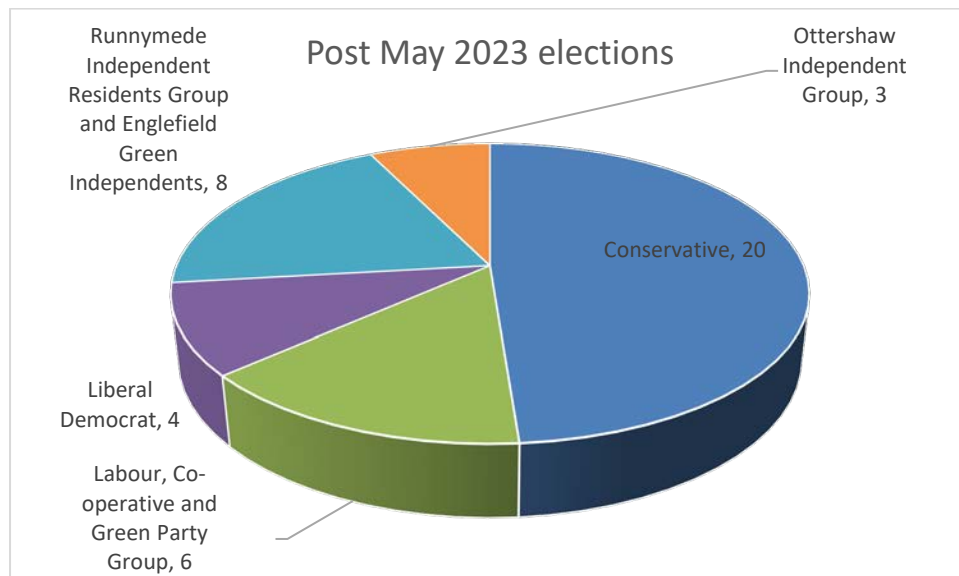
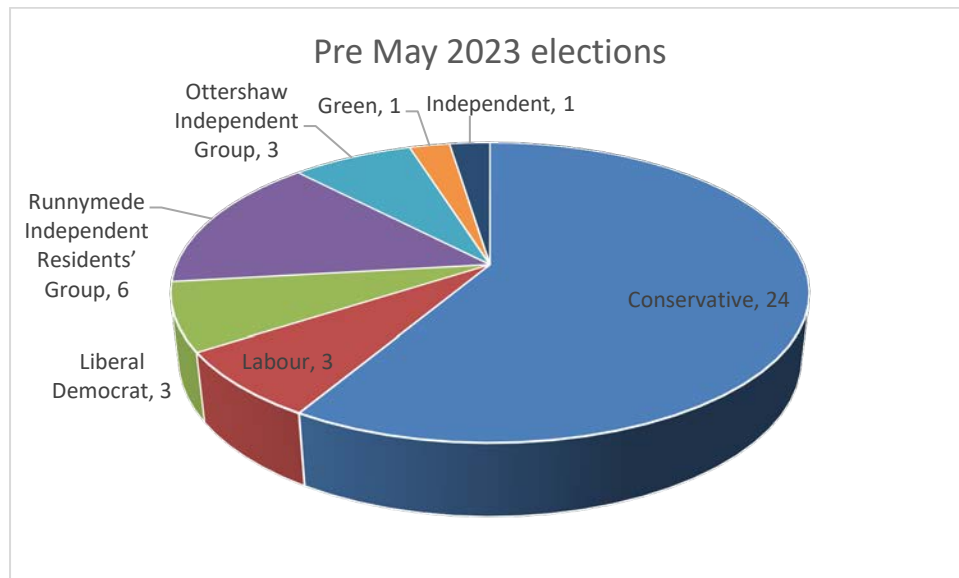
The Council has 41 Councillors in total, elected to represent the public in 14 wards across the borough.

## Narrative Report to the Statement of Accounts 2022/23

The Council operates under a committee system meaning that decisions are taken by a number of politically balanced Committees, or through meetings of the full Council. The Conservatives were the majority party during 2022/23 and the Leader of the Council was Councillor Tom Gracey, supported by the Deputy Leader, Councillor Myles Willingale.

Local elections took place on Thursday 4th May 2023 where 14 of the 41 seats were up for election. Following the May elections, no party had a majority of the 41 seats on the Council although the Conservatives remained the largest party, with 20 of the 41 seats. Councillor Tom Gracey was appointed Leader of the Council for the year ahead, at the Annual Council meeting of 17 May 2023, and will again be supported by Councillor Myles Willingale as Deputy Leader.

The political make-up of the Council pre- and post-election is shown below:



## Narrative Report to the Statement of Accounts 2022/23

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A proposal was approved by full Council in February 2022, under the Council's Medium-Term Financial Strategy, to supplement the CLT and add strategic capacity within the organisation, through the appointment of an additional Assistant Chief Executive, who would take on the responsibility for place-based services such as Housing Services, Environmental Services, Planning, Economy and the Built Environment. Phil Turner was subsequently appointed to this post and joined the organisation on 17<sup>th</sup> July 2023.

At the tail end of 2022/23, the Chief Executive of 14 years standing, Paul Turrell, also announced his intention to retire and a recruitment process commenced for a new Chief Executive. Following a rigorous recruitment process, Andrew Pritchard was formally appointed to the post by full Council on 20<sup>th</sup> July 2023, to take up the post from 1<sup>st</sup> August 2023.

CLT is supported by the wider Senior Leadership Team (SLT) consisting of the Corporate Heads of Service and other roles reporting directly to the Chief Executive. During 2022/23, the number of Corporate Heads of Service were reduced from 10 to 9, following the departure of one Service Head and the subsequent merger of two service areas to create the Planning, Economy and Built Environment Service.

An organisation chart, showing the position as at the end of 2022/23, is included as part of the Annual Governance Statement, which is published alongside the Statement of Accounts.

### Medium-Term Financial Planning

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As the economy commenced its recovery from the impact of the pandemic, and adjusted to changing patterns of behaviour of workers, commuters and shoppers, the Council continued to carefully monitor its local income streams, in particular its income from commercial tenants. The Council manages a diverse portfolio of properties, using the income received to support regeneration of the Borough. 2021/22 saw great progress with the regeneration of Egham, with the Magna Square development completing in early 2022/23, and the Everyman cinema opening in Autumn 2022. Units within both the council's recent developments continue to come on stream, with some exciting new leisure propositions such as Kick X and Geek Retreat opening in Addlestone in Summer 2023, and Starbucks opening in Magna Square in April 2023.

During 2022/23, however, the UK economy experienced the effects of the highest rates of inflation in over 40 years, creating significant uncertainty in public finances and in turn putting pressure on the Council's medium-term finances. To mitigate financial risk, the Council has long held a range of earmarked reserves to support its services and to enable it to be responsive to changing economic factors. For example, it holds reserves in respect of void or rent-free periods to support its commercial property income, alongside a reserve to manage works required to maintain these properties in a highly lettable condition. The Council also provides against potential loss of income from its tenants, businesses, taxpayers and others who may be unable to pay the Council monies which are due.

In addition, the Council maintains a robust level of general reserves, often referred to as the General Fund working balance, which is available to be called on to allow resilience in the Council's financial position and to cover one-off or short-term fluctuations in its income and expenditure. Due to significant underspends in 2021/22, it was possible to contribute to this contingency, increasing the balance to almost £18m, leaving the Council well-placed to manage the inflationary pressures experienced during the year.

The Council reviewed its Medium-Term Financial Strategy (MTFS) in December 2022, prior to approval at full Council in February 2023, and introduced a range of measures to support the Strategy and ensure the longer-term financial sustainability of the Council, forming an action plan for the year ahead. This action plan was split into four themes covering day-to-day (Revenue) spending, reserves, spending on longer-term assets (Capital Programme) and governance and performance.

Measures included the development of a process for the identification of savings, income generation and efficiencies to close the gap of £5.2m anticipated by the close of 2025/26; the commencement of a series of service reviews and the potential expansion of partnership working arrangements;

## Narrative Report to the Statement of Accounts 2022/23

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maximising grant funding opportunities, developing an Asset Management Strategy and reviewing long-term vacancies. Measures to address the lack of capital funding, promote the use of robust business cases and improve the management of performance and risk were also included alongside the proposal to strengthen the Council's Leadership Team as outlined previously.

Many of the measures have now been implemented, are underway or are under discussion with Councillors and an update was provided to members of the Corporate Management Committee and to full Council in June 2023. The next annual review of the MTFs takes place in December 2023.

### Other Funding Issues

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The Local Government Finance Settlement for 2023/24 introduced a minimum funding guarantee to ensure all council's had at least a 3% increase in their core spending power. However in times of rising inflation and demand pressures, this level of funding continues to be challenging. The long-awaited review of the relative needs and resources of local authorities (Fair Funding Review) has been further delayed and while the New Homes Bonus continues to roll on a single year at a time, it is anticipated that this will eventually be subsumed into other funding mechanisms. The resetting of baseline levels of income from business rates will also affect the level of funding received by the Council in future as this resets the position against which growth in business rates income is measured. Councils are able to retain a share of growth above this baseline, so increasing the baseline reduces the amount of growth able to be retained locally. While the reset continues to be pushed back, the Council must be prepared for the reduction in funding this will bring and therefore factors this into its future funding scenarios.

The Levelling Up and Regeneration Act 2023 commenced its progress through Parliament in May 2022, gaining Royal Assent in October 2023. The Act covers a wide variety of matters, from Planning processes to local flexibilities on certain Council Tax premiums. Significantly for the Council, it contains a range of metrics against which to measure the capital health of Councils, following Government concerns about the level of debt, and the reliance on commercial income, across the sector. As an authority likely to be captured under the proposed metrics, the Department for Levelling Up, Housing and Communities (DLUHC) approached the Council in May 2022 for early engagement ahead of the enactment of the Bill. The Council welcomed this engagement throughout 2022/23, culminating in its participation in an external review of its capital health and associated risk, undertaken by the Chartered Institute of Public Finance and Accountancy (Cipfa). Following this review, the Council received a non-statutory Best Value Notice from DLUHC in December 2023, which sets out its expectations of the Council moving forward. The Notice can be found on the Council's website [here](#) and on the Government's website [here](#).

The notice and review acknowledge that Runnymede Borough Council has engaged constructively, already taken action to mitigate risk, and has a strong grasp of its financial landscape. The Council will continue to engage fully with this process.

### Strategic Direction

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The Medium-Term Financial Strategy supports the Council's Corporate Business Plan, approved in October 2022, thus ensuring that appropriate financial provision is made for our key priorities, some of which will be delivered with, or by, partners.

The Plan is divided into five key themes:

Climate change:

To play a key role in creating a greener environment and effective response to climate change

Empowering our communities:

To support groups and societies with initiatives to strengthen their communities and to represent and advocate for our residents' interests

Health and Wellbeing:

## Narrative Report to the Statement of Accounts 2022/23

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To improve the health and wellbeing of our residents, working in partnership with the NHS and other stakeholders

**Economic Prosperity:**

To support sustainable growth in the local economy

**Organisational Development:**

Through continual monitoring, assessment and adapting the way we work, how we use technology and the way we recruit and support our people, we will have the workforce and systems to deliver our public facing strategies

Service Areas produce annual Service Area Plans capturing the actions to be undertaken in the year ahead, based on both "business as usual" and specific actions falling out of the Corporate Business Plan, which are to be delivered in the coming year. These actions are amalgamated into one single view of the corporate action plan which is reported to Corporate Management Committee in March.

### Governance

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The Council has a strong system of governance and internal controls which is reviewed annually as set out in the Council's Annual Governance Statement (AGS), which is appended to the Statement of Accounts.

Some key improvements to the system of governance were made during 2022/23 and are set out in the AGS; most notably the adoption of the Corporate Business Plan for 2022 – 2026 but also the development of the Procurement Strategy 2023 - 2026 considered by Corporate Management Committee in late 2022/23 for adoption by full Council in April 2023. Appended to the Strategy are procurement policies for Social Value and Sustainable Procurement (including Carbon Reduction) and an update to the existing procurement policy in respect of Modern Slavery.

The AGS reports progress against planned improvements identified in the preceding year and sets out actions identified in 2022/23 to be undertaken in the following year, maintaining a cycle of continuous improvement in its governance arrangements. The four key areas of improvement identified for implementation during 2023/24 include increased risk reporting, training for staff in the updated Procurement Strategy and associated procedures, embedding new Corporate Leadership Team arrangements following the appointment of a second Assistant Chief Executive and a new Chief Executive, and continuing its positive dialogue with DLUHC and with Cipfa.

The AGS also provided an update on the action plan that was developed following the Council's self-assessment against Cipfa's Financial Management Code.

The Council complies with its legislative and regulatory requirements and takes heed of Government guidance on investments and making provision for the repayment of debt.

The Council's constitution is reviewed annually through the work of the Constitution Member Working Party, who make recommendations for amendments to the Corporate Management Committee and onwards to full Council.

## Performance

### Financial Performance

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2022/23 Budget:

A net budget requirement of £7.96m for 2022/23 was approved by a meeting of the full Council in February 2022. Councillors agreed a £5 (2.86%) increase in Council Tax, taking the Borough's element of the Council Tax to £179.59, still being the lowest Council Tax levied in Surrey by District and Borough Councils.



## Narrative Report to the Statement of Accounts 2022/23

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The Council significantly underspent against its budget during 2022/23, taking it from a position where it had expected to draw down around £0.25m from its balances to support spending in the year, to one resulting in just over £4.9m being available to be set aside to support future pressures and to increase the level of contingency available to mitigate risk. Approximately £1m of this underspend was transferred to two earmarked reserves which are held to support the Council's property assets. One of these reserves is used to manage fluctuations in the Council's income stream from its commercial property portfolio, allowing it to manage void periods should properties remain empty for a period between tenancies and to cover the granting of incentives such as rent-free periods to new tenants. The other provides funding to support the repair and maintenance of properties and to ensure that the commercial property portfolio is held in a lettable condition. £1m was also set aside to support invest-to-save initiatives, service reviews and transformation projects in support of the Council's Medium-Term Financial Strategy and the delivery of net budget reductions over the medium term. A further reserve was created to hold funds to undertake activity that was planned in 2022/23 but was unable to take place due to resourcing, external factors or project slippage, for example, so that these activities could be completed during 2023/24. Following these transfers, £2.1m was still available to flow into the General fund working balance, increasing balances to £20.3m, comfortably above the approved £5m minimum threshold.

Other key variances included additional staff vacancy savings (£2.6m), a reduction in the amount required to be set aside to meet doubtful debts (£1.4m), and a net reduction (£0.95m) in financing costs and investment income. This latter element was due to a reduction in investment income as interest rates were slower to rise than initially projected while balances held for investment were reduced as funds were used instead to defer additional borrowing.

### Pension liabilities:

The Council had net future pension liabilities of £6.9m as at 31 March 2023 (£48m as at 31 March 2022) as measured under International Accounting Standards (IAS19).

The provision of public service pensions represents a substantial revenue cost and a long-term liability for the Council. Runnymede Borough Council is a contributor to the Surrey Pension Fund administered by Surrey County Council. The fund actuary (Hymans Robertson) calculates the position for each contributing body separately and undertakes a statutory valuation of the Fund every three years. The actuarial valuation as at 31 March 2019, which set the employer contribution rates from 1 April 2020 to 31 March 2023, assessed that Runnymede's element of the Pension Fund had a funding level of 98%.

The deficit means that the assets (mainly investments in shares, property and bonds) in the Pension Fund are not enough to meet future liabilities (the pensions payable).

The Council's share of fund assets decreased by £2.9m in the year from £125.1m to £122.2m, with liabilities decreasing by £44m from £173.1m to £129.1m. The overall deficit reduced by £41.1m to £6.90m.

### Housing Revenue Account:

The Council owns approximately 2,900 homes, generating rental income of over £17.4m in the year (£16.9m in 2021/22). This income is held in a ring-fenced account (the Housing Revenue Account or HRA), which can only be used for social housing purposes.

The HRA produced a surplus for the year of £4.7m, compared to the probable £2.6m deficit reported earlier in the year, largely due to a £6.7m reduction in contributions to the Major Repairs Reserve (MRR) due to slippage in major project schemes, which stood at just under £1m by the year end.

The overall working balances for the HRA have increased to £37.7m from an anticipated £34.1m, due to the in-year surplus generated, partially offset by the fall in the MRR.

## Narrative Report to the Statement of Accounts 2022/23

The Council is planning to spend £61.2m over the next 4 years to increase and improve its housing stock.

### Capital Strategy:

The Council has an ambitious capital investment programme totalling £106m between 2022/23 and 2025/26 including;

- property-related schemes at Addlestone One, completion of Magna Square, Egham and provision for further regeneration within the Borough
- replacement ICT equipment and digital transformation schemes, replacing legacy systems and driving efficiencies
- contributions to major infrastructure such as the River Thames scheme

The following table shows a summary of capital expenditure undertaken in 2022/23 and how it was financed.

Capital Expenditure and Financing Summary	Gross Spend £000	Funded by:					
		Grants & Contributions £000	Capital Receipts £000	Earmarked Reserves £000	HRA Revenue Reserves £000	Major Repairs Reserve £000	Internal / External Borrowing £000
<b><u>Housing Services</u></b>							
Private Sector Improvement grants	574	574					
Private Sector Housing Improvement Loans	8		8				
Capitalisation of Improvement Works	5,330					5,330	
St Georges Development, Addlestone	70		25		45		
Investment in Energy Efficiency	898	527			371		
Housing Northgate System upgrade	160				160		
<b><u>Environment &amp; Sustainability</u></b>							
Depot Vehicle fleet replacement programme:	105			105			
Green Homes - raising energy efficiency	2,777	2,777					
Replacement car parking vehicles							
Grounds Maintenance Vehicles	347		347				
<b><u>Community Development</u></b>							
CCTV Equipment Replacement	115			115			
Grants to Local Organisations	2		2				
<b><u>Corporate &amp; Business Services</u></b>							
Development Loans to RBCI (Egham Gateway)	11,838		11,838				
ICT Hardware Replacement	135			135			
Telephony system	14		14				
<b><u>Runnymede Regeneration Programme</u></b>							
Egham Business Park	- 112		- 112				
Magna Square regeneration scheme	12,256						12,256
Addlestone One refurbishment	1,828		1,828				
<b>Total</b>	<b>36,345</b>	<b>3,878</b>	<b>13,949</b>	<b>355</b>	<b>577</b>	<b>5,330</b>	<b>12,256</b>

### Group Financial Performance:

Group Accounts provide an overview of organisations subject to Council control. In 2022/23, these were:

- RBC Investments (Surrey) Limited - (RBCI)
- RBC Services (Addlestone One) Limited – (RBCS)
- RBC Heat Company Limited – (RBCH)

RBCI was set up in January 2015 as part of the Council's regeneration plans, principally to hold investments in residential property within the Borough stemming from those plans. RBCS supports the promotion of the Addlestone One development and provides services to tenants, while RBCH provides heat and light to all residential properties in Addlestone One and any commercial tenants that wish to participate in the scheme.

### Non-Financial Performance

## Narrative Report to the Statement of Accounts 2022/23

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In addition to regular reporting to Councillors on the financial position, the Council measures its performance against a range of key performance indicators (KPIs) and monitors and reports progress of its major projects. A project management approach is embedded across the Council, supported by a dedicated Business Planning, Projects and Performance team.

KPIs achieving or exceeding their targets for the year included the number of bins collected on schedule (99.9% achieved), satisfaction with reactive repairs service for Housing tenants (96.4% achieved), number of major planning applications processed to deadline (95.2% achieved), number of non-major planning applications processed to deadline (91.1% achieved) and number of other planning applications processed to deadline (90.2% achieved).

Our Housing Benefits Team processed 3,024 new claims and 37,696 changes to existing claimants' circumstances. 40,721 Community Meals were served, 128,049 phone calls were received by Customer Services and there were 7,839 visitors to the Civic Centre.

Projects completed during the year include:

- Publication of the Corporate Business Plan and supporting strategies.
- Publication of the Economic Development Strategy.
- Official opening of Magna Square, our £90m town centre regeneration project in the centre of Egham, including a new town square, apartments, a cinema and business units.
- In-sourcing of the Grounds Maintenance Service.
- Upgrading of telephone system – allowing 300 staff to use an app on their laptops to make and receive calls, supporting a move to more agile working practices.
- Vulnerable People data – Processes and a database have been developed to gather data which will be used to support vulnerable residents in an emergency situation.
- CCTV monitoring expansion – Runnymede's CCTV control centre now monitors cameras in Rushmoor and Hart, Hampshire.
- Quality Management System – a new Quality Management system was introduced in our Housing Maintenance Team.

Further information of our performance and projects can be found in our [Annual Review 2022-23](#)

### Our People

Runnymede employs around 400 people in full- and part-time positions. The Council sees the support and development of its employees as integral to the delivery of quality services and invests in learning and development across the Council through its Leadership and Staff Competency Framework and initiatives such as its Management Development Programme. The Organisational Development Strategy forms a key part of the Council's new Corporate Business Plan, setting out how we will adapt to a changing landscape to ensure we are considered an employer of choice and have systems in place to deliver first class services.

The Council promotes the following values which provide the foundation for the way we work:

- Customer-focused: We put our customers at the heart of what we do, and they will be able to interact with us in the way they want
- Performance driven: We strive for excellence in all we do
- Innovative: We aim to creatively improve our service
- Passionate: We empower our staff to be passionate about all we do
- Promoting equality and diversity: We believe in fairness and creating a diverse workforce so we can draw upon a wide range of views and experiences to meet the changing needs of our customers
- Delivering excellent value for money: We strive to be as efficient and effective as possible

## Narrative Report to the Statement of Accounts 2022/23

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During 2022/23, a range of measures were introduced to support and develop our staff including increasing the number of holiday days staff are given each year to aid recruitment by providing staff with a better work/life balance. An agile working policy was developed to set out the expectations of how staff will operate now that many are able to work up to three days a week from home. A graduate development programme has been introduced and the Council welcomed its first National Graduate trainee during the year, alongside roll out of a Talent Management Strategy and delivery of a management development programme for senior managers.

### Guide to the financial statements

In addition to this **Narrative Report**, the introduction to the financial statements includes a **Statement of Responsibilities** which sets out our responsibilities for our financial affairs and how we make sure we fulfil them. The **Auditor's Report** provides an independent opinion of our Financial Statements including whether they provide a true and fair view of the financial position and have been prepared in line with relevant regulations.

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2023. It comprises core and supplementary financial statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which in turn is underpinned by International Financial Reporting Standards.

The Core Statements are:

- **The Comprehensive Income and Expenditure Statement** records all the Council's income and expenditure for the year in accordance with generally accepted accounting practices rather than the amount to be funded from taxation (or rents). Authorities raise taxation to cover expenditure in accordance with regulations; 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. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- **The Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The statement shows how the movements in year of the authorities' reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account balance movement in the year.
- **The Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Council (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 authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line "Adjustments between accounting basis and funding basis under regulations".
- **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

## Narrative Report to the Statement of Accounts 2022/23

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income, and 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.

The Supplementary Financial Statements are:

- The **Housing Revenue Account** – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund**. Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and business rates. The Collection fund is the account that shows the income and expenditure transactions of Runnymede Borough Council (as the billing authority) in this regard. It shows how income is distributed between preceptors, the net expenditure requirements charged by Central Government, Surrey County Council, Surrey Police Authority and Runnymede Borough Council and income from the council tax and business rates.

The **Notes to the financial statements** provide further detail about the Council's accounting policies and individual transactions. The notes include the 'Expenditure and funding analysis' which demonstrates how the funding available to the authority for the year has been used in providing services in comparison with the resources used or earned in accordance with generally accepted accounting practices. This supporting statement reconciles the net expenditure as presented in the Comprehensive income and expenditure statement to the net expenditure chargeable to the General fund as presented in our outturn reports.

The Council has set up three Limited Companies to support local regeneration and has therefore prepared consolidated **Group Accounts**.

Additional information is provided about funds that the Council holds as Trustee, which are not part of the Council's own assets.

Alongside the Statement of accounts, we publish the **Annual Governance Statement** that explains how we manage our affairs and control our activities. The statement highlights any important areas of governance that may need to be addressed following an annual review.

### Concluding remarks

There is no doubt that the future for local government as a whole, is a challenging one; a future in which an increasing number of Councils will face the prospect of being unable to meet these challenges within their estimated resources. On-going uncertainty over the future landscape of Government funding only adds to these challenges. At Runnymede, the Council strives to ensure that its medium-term financial position is sound, supported by robust reserves and a strong governance framework. The Council recognises the risks it faces and puts measures in place to manage those risk to an acceptable level.

The Statement of Accounts for 2022/23, which sets out the Council's financial position as at 31 March 2023, should provide assurance to all stakeholders and interested parties as to the Council's financial standing and the care taken to account for public money.

Production of these Accounts would not have been possible without the hard work of the finance team and the continued support of all Council staff and elected Councillors.

**Amanda Fahey FCCA**  
**Assistant Chief Executive and s151 Officer**

## Statement of responsibilities

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### The Council's responsibilities:

Runnymede Borough Council is required to:

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

I certify that the Statement of Accounts for 2022/23 was considered and approved by the Corporate Management Committee, on behalf of Runnymede Borough Council.

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Cllr Tom Gracey  
Chairman of the Corporate Management Committee

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Date

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### The Chief Financial Officer's responsibilities:

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

In preparing this statement of accounts, the Assistant Chief Executive has:

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

The Assistant Chief Executive has also:

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

I certify that the Statement of Accounts for 2022/23 presents a true and fair view of the financial position of Runnymede Borough Council at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

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Amanda Fahey  
Assistant Chief Executive and Chief Financial Officer

.....

Date:

## Auditor's report to the Council

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Auditor's report to follow on completion of audit

## Auditor's report to the Council

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Auditor's report to follow on completion of audit



## Auditor's report to the Council

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Auditor's report to follow on completion of audit

## **Auditor's report to the Council**

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Auditor's report to follow on completion of audit

## Comprehensive income and expenditure statement

2021/22							2022/23			
Expend £000	Income £000	Net £000		Note	Expend £000	Income £000	Net £000			
			<b>Gross expenditure, gross income and net expenditure of continuing operations</b>							
9,625	17,661	(8,036)	Housing Revenue Account		10,560	18,126	(7,566)			
18,917	16,167	2,750	Housing Committee		18,266	15,482	2,784			
9,058	4,670	4,388	Community Services Committee		9,322	4,624	4,698			
7,015	2,372	4,643	Environmental & Sustainability Committee		6,779	2,416	4,363			
277	149	128	Licensing & Regulatory Committees		282	127	155			
3,399	2,615	784	Planning Committee		3,441	2,470	971			
43,037	6,352	36,685	Corporate Management Committee		12,994	344	12,650			
			Exceptional costs:							
(25,482)	0	(25,482)	Reversal of previous impairments charged to the CIES		(16,985)	0	(16,985)			
<u>65,846</u>	<u>49,986</u>	<u>15,860</u>	<b>Cost Of Services</b>		<u>44,659</u>	<u>43,589</u>	<u>1,070</u>			
			<b>851</b>	Other operating expenditure	9		(445)			
			<b>(7,645)</b>	Financing and investment income and expenditure	10		14,199			
			<b>(13,763)</b>	Taxation and non-specific grant income	11		(10,482)			
			<u>(4,697)</u>	<b>(Surplus) or deficit on provision of services</b>			<u>4,342</u>			
			<b>Items that will not be reclassified to the (surplus) or deficit on provision of services:</b>							
			<b>(7,581)</b>	(Surplus) or deficit on revaluation of non-current assets	25.1		(13,194)			
			<b>2,231</b>	Impairment losses on non-current assets charged to the Revaluation Reserve	25.1		4,818			
			<b>(14,761)</b>	Remeasurement of the net defined benefit liability or (asset)	33		(44,727)			
			<u>(20,111)</u>	<b>Other comprehensive (income) and expenditure</b>			<u>(53,103)</u>			
			<u>(24,808)</u>	<b>Total comprehensive (income) and expenditure</b>			<u>(48,761)</u>			

## Movement in reserves statement

	Notes	General Fund Reserves		HRA Reserve			Capital Reserves		Total usable reserves	Unusable reserves	Total Council reserves
		General Fund balance	General Fund Earmarked Reserves	Housing Revenue account	Major Repairs Reserve	Other Housing Earmarked Reserves	Capital Receipts reserve (Note a)	Capital grants unapplied reserve			
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022</b>		<b>18,194</b>	<b>33,267</b>	<b>32,634</b>	<b>4,003</b>	<b>0</b>	<b>9,249</b>	<b>7,600</b>	<b>104,947</b>	<b>277,729</b>	<b>382,676</b>
Movement in Reserves during 2022/23											
Total comprehensive income and expenditure		(25,554)	0	21,212	0	0	0	0	(4,342)	53,103	48,761
Adjustments between accounting basis and funding basis under regulations	12	27,651	(2,239)	(17,082)	(3,101)	19	3,651	(3,242)	5,657	(5,657)	0
<b>Increase (decrease) in the year</b>		<b>2,097</b>	<b>(2,239)</b>	<b>4,130</b>	<b>(3,101)</b>	<b>19</b>	<b>3,651</b>	<b>(3,242)</b>	<b>1,315</b>	<b>47,446</b>	<b>48,761</b>
<b>Balance at 31 March 2023</b>		<b>20,291</b>	<b>31,028</b>	<b>36,764</b>	<b>902</b>	<b>19</b>	<b>12,900</b>	<b>4,358</b>	<b>106,262</b>	<b>325,175</b>	<b>431,437</b>
<b>Balance at 31 March 2021</b>		<b>15,188</b>	<b>22,591</b>	<b>29,254</b>	<b>5,806</b>	<b>0</b>	<b>7,572</b>	<b>5,820</b>	<b>86,231</b>	<b>271,637</b>	<b>357,868</b>
Movement in Reserves during 2021/22											
Total comprehensive income and expenditure		(24,695)	0	29,392	0	0	0	0	4,697	20,111	24,808
Adjustments between accounting basis and funding basis under regulations	12	27,701	10,676	(26,012)	(1,803)	0	1,677	1,780	14,019	(14,019)	0
<b>Increase (decrease) in the year</b>		<b>3,006</b>	<b>10,676</b>	<b>3,380</b>	<b>(1,803)</b>	<b>0</b>	<b>1,677</b>	<b>1,780</b>	<b>18,716</b>	<b>6,092</b>	<b>24,808</b>
<b>Balance at 31 March 2022</b>		<b>18,194</b>	<b>33,267</b>	<b>32,634</b>	<b>4,003</b>	<b>0</b>	<b>9,249</b>	<b>7,600</b>	<b>104,947</b>	<b>277,729</b>	<b>382,676</b>

Note (a) The Capital Receipts reserve includes £4.309m for HRA debt repayment and Housing 1-4-1 replacements as at 31 March 2023 (£2.047m at 31 March 2022)

## Balance sheet

31 March 2022 £000		Note	31 March 2023 £000
449,523	Property, plant and equipment	13	461,510
552,767	Investment property	16	539,581
659	Intangible assets	17	671
10	Long-term investments	18	10
29,267	Long-term debtors	18	41,700
<u>1,032,226</u>	<b>Long term assets</b>		<u>1,043,472</u>
68,233	Short-term investments	18	61,438
120	Inventories and work in progress	19	100
2,431	Short-term debtors	20	4,551
10,781	Cash and cash equivalents	21	13,090
<u>81,565</u>	<b>Current assets</b>		<u>79,179</u>
(11,009)	Short term borrowing	18	(16,063)
(28,176)	Short-term creditors	23	(39,858)
(821)	Provisions	24	(863)
(3)	Grants received in advance		(3)
<u>(40,009)</u>	<b>Current liabilities</b>		<u>(56,787)</u>
(643,076)	Long term borrowing	18	(627,509)
(48,030)	Liability related to pensions	33	(6,918)
<u>(691,106)</u>	<b>Long term liabilities</b>		<u>(634,427)</u>
<u><u>382,676</u></u>	<b>Net assets</b>		<u><u>431,437</u></u>
104,947	Usable reserves	MIRS	106,262
277,729	Unusable reserves	25	325,175
<u><u>382,676</u></u>	<b>Total reserves</b>		<u><u>431,437</u></u>

## Cash flow statement

2021/22 £000		Note	2022/23 £000      £000	
(4,697)	<b>Net (surplus) or deficit on the provision of services</b>			<b>4,342</b>
	<b>Operating activities</b>			
(24,229)	Adjustments to net surplus or deficit on the provision of services for non-cash movements			<b>(30,521)</b>
	Adjustments for items included in the net surplus on the provision of services that are investing or financing activities:			
1,613	Interest received		<b>3,013</b>	
(15,899)	Interest paid		<b>(16,365)</b>	
178	Dividends received		<b>145</b>	
23,545	Other		<b>(28,550)</b>	
9,437				<b>(41,757)</b>
(19,489)	<b>Net cash flow from operating activities</b>			<b>(67,936)</b>
	<b>Investing activities</b>			
35,212	Purchase of property, plant and equipment, investment property and intangible assets		<b>13,099</b>	
105,499	Purchase of short term and long term investments		<b>170,500</b>	
200	Other payments for investing activities		<b>12,438</b>	
(6,456)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		<b>(17,575)</b>	
(92,102)	Proceeds from the sale of short term and long term investments		<b>(117,062)</b>	
(2,994)	Other receipts from investing activities		<b>(660)</b>	
39,359	<b>Net cash flow from investing activities</b>			<b>60,740</b>
	<b>Financing activities</b>			
(69,748)	Cash receipts of short and long term borrowing		<b>0</b>	
43,292	Repayments of short and long term borrowing		<b>10,513</b>	
8,942	Other payments for financing activities		<b>(5,626)</b>	
(17,514)	<b>Net cash flow from financing activities</b>			<b>4,887</b>
<b>2,356</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>			<b>(2,309)</b>
(13,137)	<b>Cash and cash equivalents at the beginning of the reporting period</b>			<b>(10,781)</b>
(10,781)	<b>Cash and cash equivalents at the end of the reporting period</b>			<b>(13,090)</b>

## Notes to the financial statements

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### 1 Principal accounting policies

#### 1.1 General principles

The statement of accounts summarises the transactions for the 2023/24 financial year and the position at the year-end of 31 March 2024. The Accounts and Audit Regulations 2015 require the Council to prepare an annual statement of accounts in accordance with proper accounting practices. These practices primarily comprise the *code of practice on local authority accounting in the United Kingdom 2023/24* (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in these financial statements is historical cost modified by the revaluation of certain categories of non-current assets and financial instruments.

#### 1.2 Income and expenditure recognition

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

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

#### 1.3 Cash and cash equivalents

Cash comprises of cash in hand and deposits at financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that mature in 7 days or less from the date of acquisition, or repayable without penalty on notice of not more than 7 days, 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.

#### 1.4 Charges to revenue for non-current assets

Services, support services and trading accounts are charged with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, the Council is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This contribution is known as the Minimum Revenue Provision (MRP).

## Notes to the financial statements

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Depreciation, revaluation and impairment losses and amortisations are therefore replaced by MRP 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.

### 1.5 Council Tax and Non Domestic Rates (NDR)

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 (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.

#### Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired (i.e. a potential bad debt), the asset is written down and a charge made to the Taxation and Non-Specific Grant line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### 1.6 Employee benefits

#### Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render services to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. flexi leave) 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 pay rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

#### Termination benefits

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

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

#### Post-employment benefits



## Notes to the financial statements

Employees of the Council can be 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 whilst working for the Council.

### The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefit scheme. The liabilities of the Surrey Pension Fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of earnings for current employees etc.,

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.

The assets of the Surrey Pension fund attributable to Runnymede Borough Council are included in the Balance Sheet at their fair value as set out in the following table:

<b>Asset class</b>	<b>Valuation method used</b>
Quoted securities	Current bid price
Unquoted securities	Professional estimate
Unitised securities	Current bid price
Property	Market value

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

### Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the service segments; net interest on the net defined benefit liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

### Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – 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 – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
- Contributions paid to the Surrey Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities to the extent 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 in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are appropriations to and from the pensions reserve to remove the accounting debits and credits for retirement

## Notes to the financial statements

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benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary benefits

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

### Final-year pension enhancements

The Council has an obligation to pay the pension of certain former staff that received a final-year salary enhancement. This enhancement increased their pension but does not form part of the Local Government Pension Scheme. The valuation of the estimated pension liabilities is made in the same manner as for pensions under the Local Government Pension Scheme.

The statutory accounting arrangements for these local pensions are different to those for the Local Government Pension Scheme. Therefore, changes in pension liabilities in respect of the local scheme are recognised directly in the General Fund.

## **1.7 Exceptional items, prior period adjustments, Changes in Accounting Policies and Estimates and Errors**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the comprehensive income and expenditure statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Prior period adjustments may arise as the result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in 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.

## **1.8 Financial instruments**

### Financial liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument. Initially these are measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES 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.

### 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 cashflow characteristics. There are three main classes of financial assets which are measured as either:

- Amortised cost
- Fair value through profit or loss (FVPL), and

## Notes to the financial statements

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- Fair value through other comprehensive income (FVOCI)

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

### Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the comprehensive income and expenditure statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the loan, resulting in a lower amortised cost than the outstanding principal. Where there is no fixed life of the loan, an estimate of the life of the loan is made. Interest is credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement at an effective rate of interest that recognises the commercial rate that would apply on an equivalent loan, less the rate actually receivable on the loan, 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 in the year. The reconciliation of the amounts in the comprehensive income and expenditure statement to the net gain required against the general fund balance is managed by a transfer to or from the financial instruments adjustment account in the Movement in Reserves Statement.

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

### Financial assets measured at fair value through profit and loss (FVPL)

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

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

- Instruments with quoted market prices – the market place
- Other instruments with fixed and determinable payments – discounted cash flow analysis

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can assess 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 or liability.

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.

### Expected credit loss model

## Notes to the financial statements

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The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets.

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 the 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 months of expected losses.

The Council has some loans to local organisations. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It will therefore assess losses for the portfolio on a collective basis.

### 1.9 Intangible assets

The Council recognises intangible assets for purchased computer software systems and licences only. Expenditure on computer software that is not an integral part of a related item of computer hardware is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Capitalised software costs include external direct costs of material and services associated with the project. The amounts are not revalued but are carried at amortised cost. The depreciable amount of the intangible asset is amortised over its useful life (usually the lives of the individual contracts with the relevant computer suppliers) on a straight-line basis to the relevant service lines in the comprehensive income and expenditure statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired, and any losses are posted to the relevant service lines in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal losses are not permitted to have an impact on the General Fund balance. The losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

### 1.10 Interests in companies and other entities

Group accounts are prepared for the Council and its interest in its subsidiaries, associates and joint ventures. Inclusion in the Council group is dependent upon the extent of the Council's interest and power to influence an entity. The determining factor for assessing the extent of interest and power to influence is either through ownership of an entity, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests is carried out in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included in the Council's group accounts. In the Council's single-entity accounts the Council's interest in companies and other entities are recorded as financial assets at cost less any impairment. Any impairment gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

### 1.11 Inventories and long term contracts

Inventories are stated at cost price. Although this does not comply with the code, which states that stock should be valued at the lower of cost or net realisable value, the sums held as inventories is not significant and the differences between cost and net realisable value are not material.

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

### 1.12 Investment property

## Notes to the financial statements

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Investment 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 and expenditure line and result in a gain to 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.

### 1.13 Leases

Leases are treated as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant and equipment from the lessor to the lessee. All other leases are treated as operating leases. Where a lease covers both land and buildings, the land and building 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 when fulfilment of the arrangement is dependent on the use of specific assets.

#### Finance leases (council as lessee)

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated total useful life.

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

#### Operating leases (council as lessee)

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased item of property, plant and equipment. Charges are made on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable (on an accruals basis).

#### Finance leases (council as lessor)

The Council currently grants no leases of property, plant and equipment that count as finance leases.

#### Operating leases (council as lessor)

Where the Council grants an operating lease over a property, 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 for non-investment property assets, and to the Financing and Investment Income and Expenditure line for income from leases of investment properties.

## Notes to the financial statements

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### 1.14 Overheads and support services

The cost of overheads and support services are charged to services that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Accounting Code of Practice (SerCOP)*.

### 1.15 Property, plant and equipment

Assets that have physical substance and are held for use in the provision of services, for rental to others, or for administration purposes on a continuing basis are classified as property, plant and equipment. For accounting purposes, the Council has an individual de-minimis level of £10,000 for capitalising assets, however groups of smaller similarly classed assets, such as computer laptops which are brought in bulk, can be grouped together and included.

#### 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) charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

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

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

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 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 basis:

- Infrastructure assets and community assets and assets under construction - depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH) as provided for in government guidance.
- Surplus assets – current value which is fair value estimated at highest and best use from a market participant's perspective, and
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use – EUV)

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

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

Assets are included in the balance sheet at current value and are formally revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum as part of a four-year rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the

## Notes to the financial statements

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Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service revenue account.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the 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 (or that part in excess of the balance in the Revaluation Reserve) is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

### Impairment

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

Where an impairment loss is identified, it is accounted for in the same way as for a revaluation loss.

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

### Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings – the charge for depreciation is prepared in accordance with “Stock Valuation for Resource Accounting: Guidance for Valuers 2016” published by the government in November 2016. Under this guidance, the major repairs allowance charge to the Housing Revenue account is used as a proxy for component accounting and depreciation.
- Other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment - straight-line allocation over the estimated useful life of the asset

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.

### Componentisation

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item and with different estimated useful lives, the components are depreciated separately. For the purpose of assessing whether a component is significant, our policy is that the cost of a component must normally be greater than £50,000 and be greater than 20% of the cost of the asset. In addition, the component must have a useful life (for depreciation purposes) that is significantly different from that of the main structure.

### Disposals and non-current assets held for sale

Assets where a disposal is highly probable within the next 12 months and the asset is available for sale in its present condition are classified as Assets Held for Sale. Management must be committed to the sale within one year from the date of classification and the sale must be highly probable. Depreciation is not charged on assets held for sale. Assets that the Council intends to sell at some point, but which do not meet the criteria are treated as surplus assets.

## Notes to the financial statements

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When an asset is disposed of or decommissioned, the value 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 the 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 the disposal (i.e. netted off the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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 assets held for sale - and the recoverable amount at the date of the decision not to sell.

Receipts from disposals in excess of £10,000 are categorised as capital receipts. The net loss or gain on disposal is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

A pre-determined proportion of receipts relating to housing right-to-buy sales are payable to the government with the balance split in accordance with a government formula to repay HRA loans or to fund the re-provision of additional social housing. Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### 1.16 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation likely to require settlement by a transfer of economic benefit or service potential and a reliable estimate can be made of the amount of the obligation.

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

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

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

### 1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on services in the comprehensive income and expenditure statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and employment and retirement benefits that do not represent usable resources for the Council – these reserves are explained in the statements.



## Notes to the financial statements

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### 1.18 Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service account 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, 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.

### 1.19 Valuations – fair value

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 share holdings, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- 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 on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting 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 appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

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

### 1.20 Value added tax (VAT)

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. The net amount due to or from HM Revenue and Customs is included in the balance sheet as part of debtors or creditors.

## Notes to the financial statements

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### 2 Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

There are no changes in accounting requirements for 2023/24 that are anticipated to have a material impact on the Council's financial performance or financial position.

### 3 Critical judgements in applying accounting policies

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

1. There is a high degree of uncertainty about future levels of funding for local government. The Council has determined that this uncertainty is not sufficient to provide an indication that its assets might be impaired as a result of a need to close facilities and reduce levels of service provision. In taking into account this uncertainty, we have made judgements about provisions, bad debts and income streams based on our assumptions about future funding, past experience, known factors and the level of control we may have.
2. The overriding concept of materiality has been applied in the production of these accounts. This involves both the judgement of materiality in the application of transactions for accruals, and in the presentation of disclosures that relate to the accounting statements. Statutory notes are not affected.

### 4 Events after the balance sheet date

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.

There are no known events that would have a material impact on the Council's position as at 31 March 2023.

## Notes to the financial statements

### 5 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.

Item	Uncertainties	Effect if actual results differ from assumptions
Valuation of Property	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provide valuations of our operational property assets.</p> <p>The HRA residential portfolio is valued based on a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential property, information available at a local level showing house price movement plus regional and National Indices.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement (CEIS). If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the CIES of approximately £7.6m. A 10% reduction in the estimate value of HRA dwellings would lead to a reduction in value of about £35m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the CIES.</p>
Fair Value Measurements	<p>The Council uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Council bases its assumptions on observable data as far as possible but this is not always available. In that case the Council uses the best information available.</p> <p>When the fair values of Investment Properties, cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using Discounted Cash Flow valuation techniques. Where possible, the inputs to this technique is based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However changes in assumptions could affect the fair value of the Council's assets.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate technique to determine fair value (i.e. an external valuer).</p> <p>Information about the valuation techniques used in determining the fair value of assets is disclosed elsewhere in the notes.</p>	<p>The Council uses discounted cash flow (DCF) models to measure the fair value of some of its Investment Properties under IFRS13.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area, repairs backlogs, beacon classifications and others.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.</p>
Property, plant and equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain a full maintenance programme for all its assets, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings (excluding council houses) would increase by £192,000 for every year that useful lives had to be reduced.</p>

## Notes to the financial statements

### 5 Assumptions made about the future and other major sources of estimation uncertainty (Cont'd)

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.

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate that salaries are projected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. A firm of consulting actuaries engaged by the Surrey Pension Fund provides the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the real discount rate would result in a decrease in the pensions liability of £2m. The effects of other assumptions made in relation to the Pensions liability can be found in Note 33.
Business Rate Appeals (General)	Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses, in their proportionate share. A provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2023. The provision has been calculated using the Valuation Office ratings list of appeals and the analysis of successful appeals to date	If the level of successful appeals varies by 1%, it would increase or decrease the appeals provision by £381,000 which in turn would increase or decrease the deficit on the Collection Fund by the same amount. The Council's share of the increase or decrease would be £152,000, which would increase or decrease the surplus on provision of services in the CIES.
Impairment Allowance for doubtful debts	The effect of the Covid-19 pandemic and the cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	An understatement of the impairment allowance would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.

## Notes to the financial statements

### 6 Expenditure and funding analysis

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

Year ended 31 March 2023

Note	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis			Total adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
		Adjustments for Capital Purposes (Note 1) £000	Net change for the Pensions Adjustments (Note 2) £000	Other Differences (Note 3) £000		
Housing Revenue Account	(4,727)	3	462	(3,304)	(2,839)	(7,566)
Housing Committee	1,773	582	325	104	1,011	2,784
Community Services Committee	4,901	26	675	(904)	(203)	4,698
Environmental & Sustainability Committee	3,902	0	453	8	461	4,363
Licensing & Regulatory Committees	126	0	29	0	29	155
Planning Committee	1,672	0	356	(1,057)	(701)	971
Corporate Management Committee	(21,131)	4,361	89	29,331	33,781	12,650
Exceptional items	0	(16,985)			(16,985)	(16,985)
					0	
<b>Net Cost Of Services</b>	<b>(13,484)</b>	<b>(12,013)</b>	<b>2,389</b>	<b>24,178</b>	<b>14,554</b>	<b>1,070</b>
<b>Other Income and Expenditure</b>	<b>7,257</b>	<b>200</b>	<b>1,327</b>	<b>(5,512)</b>	<b>(3,985)</b>	<b>3,272</b>
<b>(Surplus) or deficit on provision of services</b>	<b>(6,227)</b>	<b>(11,813)</b>	<b>3,716</b>	<b>18,666</b>	<b>10,569</b>	<b>4,342</b>
<b>Opening General Fund and HRA Balance</b>	<b>(50,828)</b>					
(Surplus) or deficit on General Fund and HRA Balance in the year	(a) <b>(6,227)</b>					
<b>Closing General Fund and HRA Balance at 31 March</b>	<b>(57,055)</b>					

Note (a) - For the split between the (Surplus) or deficit on General Fund and HRA Balance in the year please refer to the Movement in Reserves Statement.

## Notes to the financial statements

### 6 Expenditure and funding analysis

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

Year ended 31 March 2022

Note	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis			Total adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
		Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)		
	£000	£000	£000	£000	£000	£000
Housing Revenue Account	(4,624)	145	696	(4,253)	(3,412)	(8,036)
Housing Committee	1,805	180	489	276	945	2,750
Community Services Committee	3,355	2	1,081	(50)	1,033	4,388
Environmental & Sustainability Committee	3,532	348	759	4	1,111	4,643
Licensing & Regulatory Committees	96	0	32	0	32	128
Planning Committee	505	0	558	(279)	279	784
Corporate Management Committee	(21,240)	36,396	28	21,501	57,925	36,685
Exceptional items	0	(25,482)	0	0	(25,482)	(25,482)
					0	
<b>Net Cost Of Services</b>	<b>(16,571)</b>	<b>11,589</b>	<b>3,643</b>	<b>17,199</b>	<b>32,431</b>	<b>15,860</b>
<b>Other Income and Expenditure</b>	<b>10,186</b>	<b>(1,471)</b>	<b>1,195</b>	<b>(30,467)</b>	<b>(30,743)</b>	<b>(20,557)</b>
<b>(Surplus) or deficit on provision of services</b>	<b>(6,385)</b>	<b>10,118</b>	<b>4,838</b>	<b>(13,268)</b>	<b>1,688</b>	<b>(4,697)</b>
<b>Opening General Fund and HRA Balance</b>	<b>(44,443)</b>					
(Surplus) or deficit on General Fund and HRA Balance in the year	(a) <b>(6,385)</b>					
<b>Closing General Fund and HRA Balance at 31 March</b>	<b>(50,828)</b>					

Note (a) - For the split between the (Surplus) or deficit on General Fund and HRA Balance in the year please refer to the Movement in Reserves Statement.

## Notes to the financial statements

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### 6 Expenditure and funding analysis (Cont'd)

#### Note 1 - Adjustments for capital purposes

This column adds in impairments and revaluation gains and losses in the services line and for:

- a) **Other operating expenditure**  
adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- b) **Financing and investment income and expenditure**  
the statutory charges for capital financing i.e. the Minimum Revenue Provision (MRP) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- c) **Taxation and non-specific grant income and expenditure**  
capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

#### Note 2 - Net change for pension adjustments

This column removes pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income for:

- a) **Services**  
This represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- b) **Financing and investment income and expenditure**  
The net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

#### Note 3 - Other differences

Other differences between amounts debited/credited to the comprehensive income and expenditure statement and amounts payable or receivable to be recognised under statute:

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

## Notes to the financial statements

### 7 Segmental analysis

The Net Expenditure Chargeable to the General Fund and HRA Balances in the Expenditure and Funding Analysis (note 6) includes the following Income and expenditure:

2021/22		2022/23
Restated		
£000		£000
	Revenues from external customers:	
17,255	Housing Revenue Account	18,007
799	Housing Committee	961
3,133	Community Services Committee	2,495
1,799	Environmental & Sustainability Committee	1,831
126	Licensing & Regulatory Committees	115
2,259	Planning Committee	1,306
1,076	Corporate Management Committee	2,262

### 8 Expenditure and income analysed by nature (Including material items)

The Council's expenditure and income in the comprehensive income and expenditure account is analysed as follows:

2021/22		2022/23
£000		£000
	<b>Expenditure:</b>	
28,347	Employer benefits expenses	27,922
14,918	Housing Benefits	13,689
8,317	Other service expenses	12,305
1,655	Revenue expenditure funded from capital under statute	4,871
14,425	Depreciation, amortisation and impairment	12,046
16,213	Interest payments	16,304
544	Payments to housing capital receipts pool	0
307	Gain / (Loss) on the disposal of assets	(445)
1,491	Impairment/credit loss adjustments	261
<u>86,217</u>	<b>Total expenditure</b>	<u>86,953</u>
	<b>Income</b>	
6,893	Fees charges and other service income	6,374
44,761	Rents and leases	46,652
14,876	Housing Benefit subsidy	14,876
2,340	Interest and investment income	3,044
8,255	Income from council tax, business rates	8,658
4,066	Government grants and contributions	1,404
8,255	Other grants and contributions	336
1,468	Costs recovered and sponsorship	1,267
<u>90,914</u>	<b>Total income</b>	<u>82,611</u>
<u>(4,697)</u>	<b>(Surplus) or Deficit on the provision of services</b>	<u>4,342</u>



## Notes to the financial statements

### 9 Other operating expenditure

Other operating expenditure includes payments made to the Government in line with statutory arrangements for certain property sales within the Housing Revenue Account and gains/losses generated from in year disposals of non-current assets.

2021/22 £000		2022/23 £000
544	Payments to the Government housing capital receipts pool	0
307	Net (gains) and losses on the disposal of intangible & non-current assets	(445)
<u>851</u>		<u>(445)</u>

### 10 Financing and investment income and expenditure

2021/22 £000		2022/23 £000
16,213	Interest payable and similar charges	16,305
1,195	Net interest on the net defined pension liability	1,324
(1,762)	Interest receivable and similar income	(3,673)
(496)	(Surplus) or deficit on revaluation of Pooled Investment Funds	631
(24,286)	Income and expenditure in relation to investment properties and changes in fair value	(649)
1,491	Impairments and credit loss adjustments	261
<u>(7,645)</u>	<b>Total</b>	<u>14,199</u>

### 11 Taxation and non specific grant incomes

This item consolidates all non-specific grants and contributions received by the Council that cannot be identified to a particular service expenditure area and therefore cannot be credited to the gross income under Cost of Services. All capital grants and contributions are required to be credited to here even if they are service specific.

2021/22 £000		2022/23 £000
(6,079)	Council tax income	(6,255)
(2,176)	Retained business rates income	(2,403)
(2,525)	Other non-ringfenced Government Grants	(1,188)
(2,983)	Capital grants and contributions	(636)
<u>(13,763)</u>	<b>Total</b>	<u>(10,482)</u>

## Notes to the financial statements

### 12 Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

#### General Fund balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. This balance is not available to be applied to services under the Housing Revenue Account.

The General Fund balance is made up of a general working balance and earmarked reserves which provide financing for future expenditure plans. The total of the earmarked reserves and the movements in and out during the year are as follows:

#### 2022/23

	1 April 2022	out	Transfers in	March 2023
	£000	£000	£000	£000
Business Rates (NNDR) equalisation reserve	15,000	6,361	0	8,639
Car Parks reserve	180	0	170	350
Englefield Green maintenance reserve	229	6	5	228
Equipment repairs and renewals reserve	1,308	355	973	1,926
Infrastructure Feasibility reserve	202	0	0	202
Insurance reserve	106	0	0	106
Investment Property income equalisation reserve	4,700	0	1,250	5,950
Museum purchase and conservation fund	36	0	2	38
Maintenance of graves in perpetuity	2	0	0	2
Planned Underspend reserve	0	0	819	819
Property repairs and renewals reserve	2,895	0	1,850	4,745
Service Transformation reserve	0	0	1,000	1,000
Tennis Court replacement Fund	0	0	47	47
Section 106 and other contributions reserve	8,609	5,496	3,863	6,976
<b>Total</b>	<b>33,267</b>	<b>12,218</b>	<b>9,979</b>	<b>31,028</b>

#### 2021/22

	Balance at 1 April 2021	Transfers out	Transfers in	Balance at 31 March 2022
	£000	£000	£000	£000
Business Rates (NNDR) equalisation reserve	10,880	0	4,120	15,000
Car Parks reserve	0	0	180	180
Englefield Green maintenance reserve	237	9	1	229
Equipment repairs and renewals reserve	889	331	750	1,308
Infrastructure Feasibility reserve	222	20		202
Insurance reserve	106	0	0	106
Investment Property income equalisation reserve	3,750	0	950	4,700
Museum purchase and conservation fund	35	0	1	36
Maintenance of graves in perpetuity	2	0	0	2
Property repairs and renewals reserve	1,945	0	950	2,895
Section 106 and other contributions reserve	4,525	2,173	6,257	8,609
<b>Total</b>	<b>22,591</b>	<b>2,533</b>	<b>13,209</b>	<b>33,267</b>

## Notes to the financial statements

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### 12 Adjustments between accounting basis and funding basis under regulations (Cont'd)

The **Business Rates (NNDR) equalisation reserve** was set up as part of the 2013/14 budget setting process to counter the effects of any backdated appeals under the new business rate regime.

The **Car Park reserve** was set up in 2021/22 to ringfence surplus car parking income for reinvestment into the Council's car parking service.

The **Englefield Green maintenance reserve** was set up in 2015/16 to offset the management, maintenance and enhancement of the village green utilising the receipt generated by the surrender of part of a long lease.

The **Equipment repairs and renewals** reserve is for the replacement of equipment (IT systems, Vehicles etc)

The **Infrastructure Feasibility Study reserve** is to provide funding for supporting future project developments at an early stage

The **Insurance reserve** was set up to meet claims from the Council's previous insurers Municipal Mutual Insurance (MMI) who are subject to a Scheme of Arrangement.

The **Investment property income equalisation reserve** is to smooth out the income streams of the Council's investment properties resulting from the negotiation of rent free periods etc

The **Museum purchase and conservation fund** is held under Section 15 of the Public Libraries and Museums Act 1964 and holds funds to be used for major purchases and conservation works.

**Maintenance of graves in perpetuity** represents funds invested permanently for the benefit of the maintenance of specified cemeteries.

The **Planned Underspends** reserve represents money agreed to be carried forward from one year to the next for specific one-off projects that could not be completed within the year that they were budgeted for. These sums will be released in the following year as the works progress

The **Property repairs and renewals reserve** is for the major repair or replacement of the Councils commercial property portfolio and other major property related assets.

The **Service Transformation Reserve** holds funds to pump-prime invest-to-save initiatives.

The **Tennis Court Replacement** fund is to set aside a set amount of money each year for the future replacement of tennis courts in the Councils parks as set out in a grant agreement with the Lawn Tennis Association who helped finance their replacement starting in 2022/23.

The **Section 106 and other contributions reserve** combines all monies received from third parties, mainly arising from planning agreements and CIL (Community Infrastructure Levy), that relate to works that have not yet been undertaken.

### 12 Adjustments between accounting basis and funding basis under regulations (Cont'd)

#### **Housing Revenue Account**

The Housing Revenue Account (HRA) balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

#### **Housing Revenue Account Earmarked Reserves**

##### **Major repairs reserve**

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

##### **Housing Planned Underspends**

The Planned Underspends reserve represents money agreed to be carried forward from one year to the next for specific one-off projects that could not be completed within the year that they were budgeted for. These sums will be released in the following year as the works progress.

#### **Capital receipts reserve**

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

#### **Capital grants unapplied**

The Capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to capital expenditure against which it can be applied and/or the financial year in which this can take place.

## Notes to the financial statements

### 12 Adjustments between accounting basis and funding basis under regulations (Cont'd)

Adjustments in 2022/23					
	General Fund reserves	Housing Revenue account	Major repairs reserve	Capital receipts reserve	Capital grants unapplied
	£000	£000	£000	£000	£000

#### Adjustments to the Revenue Reserves

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

Pensions costs (transferred to or from the Pensions reserve)	3,164	553			
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	5				
Council Tax and Business Rates (transferred to (or from) the Collection Fund adjustment account)	(4,378)				
Holiday pay (transferred to the Accumulated Absences reserve)	(12)				
(Surplus) transferred to Pooled Investment Funds Adjustment Account	632				
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustments Account)	48,290	(12,355)			
<b>Total Adjustments to Revenue Reserves</b>	<b>47,701</b>	<b>(11,802)</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Adjustments between revenue and capital resources

Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	(15,180)	(2,525)		17,705	
Administrative costs of non-current asset disposals (funded by a contribution from the capital receipts reserve)	57	49		(105)	
Payments to the Government housing receipts pool (funded by a contribution from the capital receipts reserve)					
Posting of HRA resources from revenue to the Major repairs reserve		(2,228)	2,228		
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	(4,291)				
Capital grants and contributions credited to the comprehensive income and expenditure statement	(636)				62
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)		(576)			
<b>Total adjustments between revenue and capital resources</b>	<b>(20,050)</b>	<b>(5,280)</b>	<b>2,228</b>	<b>17,600</b>	<b>62</b>

#### Adjustments to capital resources

Use of capital receipts reserve to finance capital expenditure				(13,949)	
Use of major repairs reserve to finance capital expenditure			(5,329)		
Application of capital grants to finance capital expenditure					(3,304)
<b>Total adjustments to capital resources</b>	<b>0</b>	<b>0</b>	<b>(5,329)</b>	<b>(13,949)</b>	<b>(3,304)</b>

<b>Total adjustments</b>	<b>27,651</b>	<b>(17,082)</b>	<b>(3,101)</b>	<b>3,651</b>	<b>(3,242)</b>
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## Notes to the financial statements

### 12 Adjustments between accounting basis and funding basis under regulations (Cont'd)

Adjustments in 2021/22					
	General Fund reserves	Housing Revenue account	Major repairs reserve	Capital receipts reserve	Capital grants unapplied
	£000	£000	£000	£000	£000

#### Adjustments to the Revenue Reserves

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

Pensions costs (transferred to or from the Pensions reserve)	4,070	770			
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(1)				
Council Tax and Business Rates (transferred to (or from) the Collection Fund adjustment account)	1,974				
Holiday pay (transferred to the Accumulated Absences reserve)	(215)				
(Surplus) transferred to Pooled Investment Funds Adjustment Account	(497)				
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustments Account)	33,866	(22,413)			
<b>Total Adjustments to Revenue Reserves</b>	<b>39,197</b>	<b>(21,643)</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Adjustments between revenue and capital resources

Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	(4,780)	(1,729)		6,509	
Administrative costs of non-current asset disposals (funded by a contribution from the capital receipts reserve)	10	43		(53)	
Payments to the Government housing receipts pool (funded by a contribution from the capital receipts reserve)		544		(544)	
Posting of HRA resources from revenue to the Major repairs reserve		(1,981)	1,981		
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	(4,126)			(1,956)	
Capital grants and contributions credited to the comprehensive income and expenditure statement	(2,600)				2,311
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)		(1,246)			
<b>Total adjustments between revenue and capital resources</b>	<b>(11,496)</b>	<b>(4,369)</b>	<b>1,981</b>	<b>3,956</b>	<b>2,311</b>

#### Adjustments to capital resources

Use of capital receipts reserve to finance capital expenditure				(2,279)	
Use of major repairs reserve to finance capital expenditure			(3,784)		
Application of capital grants to finance capital expenditure					(531)
<b>Total adjustments to capital resources</b>	<b>0</b>	<b>0</b>	<b>(3,784)</b>	<b>(2,279)</b>	<b>(531)</b>

<b>Total adjustments</b>	<b>27,701</b>	<b>(26,012)</b>	<b>(1,803)</b>	<b>1,677</b>	<b>1,780</b>
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## Notes to the financial statements

### 13 Property, plant and equipment

	Council dwellings	Other land and buildings	Vehicles, plant, furniture and Equipment	Community assets	Surplus assets	Assets under construction	Total Property, plant and equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
<b>At 1 April 2022</b>	<b>330,166</b>	<b>73,988</b>	<b>11,911</b>	<b>6,486</b>	<b>11,126</b>	<b>25,970</b>	<b>459,647</b>
Additions	6,298	736	698	0	210	0	7,942
Accumulated depreciation and Impairment written out on revaluation to GCA	(2,481)	(2,229)	0	0	0	0	(4,710)
Revaluations	21,522	3,398	0	0	600	0	25,520
Disposals	(1,583)	0	(144)	0	(14,000)	0	(15,727)
Assets reclassified to/from investment property	0	519	0	0	1,031	(3,263)	(1,713)
Assets reclassified between PPE categories	1,924	0	0	0	20,783	(22,707)	0
<b>At 31 March 2023</b>	<b>355,846</b>	<b>76,412</b>	<b>12,465</b>	<b>6,486</b>	<b>19,750</b>	<b>0</b>	<b>470,959</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 2022</b>	<b>0</b>	<b>1,448</b>	<b>8,665</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>10,124</b>
Depreciation charge in the year	2,228	902	795	0	0	0	3,925
Accumulated depreciation written out on revaluation	(2,223)	(2,229)	0	0	0	0	(4,452)
Disposals	(5)	0	(143)	0	0	0	(148)
<b>At 31 March 2023</b>	<b>0</b>	<b>121</b>	<b>9,317</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>9,449</b>
<b>Net book value</b>							
<b>At 31 March 2023</b>	<b>355,846</b>	<b>76,291</b>	<b>3,148</b>	<b>6,475</b>	<b>19,750</b>	<b>0</b>	<b>461,510</b>
<b>At 31 March 2022</b>	<b>330,166</b>	<b>72,540</b>	<b>3,246</b>	<b>6,475</b>	<b>11,126</b>	<b>25,970</b>	<b>449,523</b>

## Notes to the financial statements

### 13 Property, plant and equipment

	Council dwellings	Other land and buildings	Vehicles, plant, furniture and Equipment	Community assets	Surplus assets	Assets under construction	Total Property, plant and equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
<b>At 1 April 2021</b>	<b>298,544</b>	<b>73,879</b>	<b>12,066</b>	<b>6,486</b>	<b>12,010</b>	<b>49,015</b>	<b>452,000</b>
Additions	4,719	667	367			27,536	33,289
Accumulated depreciation and Impairment written out on revaluation to GCA	(2,086)	(282)				(81)	(2,449)
Revaluations	30,189	199			(884)	(34,436)	(4,932)
Disposals	(1,200)	(475)	(522)			(4,564)	(6,761)
Assets reclassified to/from investment property						(11,500)	(11,500)
<b>At 31 March 2022</b>	<b>330,166</b>	<b>73,988</b>	<b>11,911</b>	<b>6,486</b>	<b>11,126</b>	<b>25,970</b>	<b>459,647</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 2021</b>	<b>462</b>	<b>874</b>	<b>8,289</b>	<b>11</b>	<b>0</b>	<b>87</b>	<b>9,723</b>
Depreciation charge in the year	1,980	855	872				3,707
Accumulated depreciation written out on revaluation	(2,435)	(281)				(82)	(2,798)
Disposals	(7)		(496)			(5)	(508)
<b>At 31 March 2022</b>	<b>0</b>	<b>1,448</b>	<b>8,665</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>10,124</b>
<b>Net book value</b>							
<b>At 31 March 2022</b>	<b>330,166</b>	<b>72,540</b>	<b>3,246</b>	<b>6,475</b>	<b>11,126</b>	<b>25,970</b>	<b>449,523</b>
<b>At 31 March 2021</b>	<b>298,082</b>	<b>73,005</b>	<b>3,777</b>	<b>6,475</b>	<b>12,010</b>	<b>48,928</b>	<b>442,277</b>



## Notes to the financial statements

### 13 Property, plant and equipment (continued)

#### Depreciation and amortisation methods

Depreciation on a straight line basis is provided for on all tangible fixed assets with a finite useful life from the date of purchase. Depreciation is not charged on the land element of the valuation. Assets in the course of construction are not depreciated until they are brought into use. In general terms the following depreciation and amortisation policy is followed:

Asset class	Depreciation period
General buildings	From 20 to 50 years dependant on estimated useful life
General equipment	Up to 20 years (dependant on type of equipment)
Plant and vehicles	Up to 10 years (dependant on type of vehicle)
Leisure related play equipment	10 years
Safer Runnymede equipment	5 years
Computer hardware	Up to 5 years (dependant on type of equipment)

#### Revaluations

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 four years. Where any valuation is materially different for any asset, a review of similar assets in that class is undertaken to ensure fair value at the end of the reporting period. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the RICS "Red Book" UK Appendix 5 "Valuation of Local Authority Assets", and in accordance with International Financial Reporting Standards (IFRS) 13 & CIPFA Code of Practice on Local Authority Accounting.

Valuations have been undertaken by Wilks Head and Eve LLP.

Historic cost is considered a reasonable proxy for current value for most of our vehicles and equipment, but adjustments are made to this category where appropriate using the latest list prices of active second hand markets adjusted for the condition of the asset.

It is important to distinguish valuations for the purpose of financial accounting and reporting from those which are made to support the management of assets and policy decisions. In particular, it must be understood that the valuations do not necessarily mean the price the asset might fetch on the open market; for instance, land currently valued as recreation space will have a completely different valuation if deemed in the future to be surplus to requirements and available for sale as building land.

There were no other material changes to the Council's accounting estimates for property, plant and equipment in 2021/22 or 2022/23.

## Notes to the financial statements

### 13 Property, plant and equipment (continued)

#### Revaluations (continued)

The following statement shows the valuation for each category of asset resulting from our rolling programme for the revaluation of non-current assets over the past 5 years:

	Council dwellings	Other land and buildings	Vehicles plant, etc.	Community assets	Surplus assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000		£000
Valued at fair value as at:							
2022/2023	355,846	63,476	0	0	18,475	0	437,797
2021/2022		7,308	0	0	1,275	0	8,583
2020/2021	0	5,628	0	0	0	0	5,628
2019/2020	0	0	0	0	0	0	0
2018/2019	0	0	0	0	0	0	0
Valued at historic cost	0	0	12,465	6,486	0	0	18,951
<b>Total cost or valuation</b>	<b>355,846</b>	<b>76,412</b>	<b>12,465</b>	<b>6,486</b>	<b>19,750</b>	<b>0</b>	<b>470,959</b>

In addition the annual rolling provision, the Council also reviews its assets held in the other land and buildings category to ensure that the carrying value of assets last valued in previous years is not materially different from their current value.

### 14 Impairment losses

Impairment is caused either by the clear consumption of economic benefits or by a general fall in prices. Examples of events and circumstances that indicate an impairment caused by a consumption of economic benefits have incurred are physical damage to a fixed asset (e.g. as a result of a fire), obsolescence (e.g. a computer or computer system that no longer provides a useful service), or a major restructuring. Such impairments are recognised in the relevant service account in the income and expenditure account.

When impairment is caused through a general fall in prices it is treated as a revaluation. Where there are sufficient previous revaluation gains, the decrease in value is recognised in the statement of recognised gains and losses. Thereafter, the decrease is recognised in the relevant service account in the income and expenditure account.

The total impairments and their treatments in the year were as follows:

2021/22		2022/23	
£000		£000	£000
2,231	Offset against previous revaluation gains (net of depreciation adjustments)		4,818
Taken to comprehensive income and expenditure statement:			
35,417	Impairments in the year	99	
(25,350)	Reversal of previous years impairments - Council Dwellings	(16,077)	
(132)	Reversal of previous years impairments - Other	(908)	
<u>9,935</u>			<u>(16,886)</u>
<u>12,166</u>			<u>(12,068)</u>

## Notes to the financial statements

### 15 Capital expenditure and financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

The capital financing requirement is the term used to describe the underlying need to borrow for a capital purpose. The capital financing requirement will increase where existing resources (e.g. capital receipts or government grant or other contributions) are not sufficient to finance capital expenditure.

2021/22		2022/23	
£000		£000	£000
679,175	<b>Opening Capital Financing Requirement</b>		<b>699,634</b>
	Capital Investment:		
33,289	Property, Plant and Equipment	7,943	
132	Investment Properties	11,520	
309	Intangible Assets	173	
0	Long Term Debtors	11,838	
1,654	Revenue Expenditure Funded from Capital Under Statute	4,871	
<u>35,384</u>			<u>36,345</u>
	Sources of Finance:		
(2,279)	Capital Receipts	(13,948)	
(1,203)	Government Grants and Other Contributions	(3,878)	
(3,784)	Major Repairs Reserve	(5,330)	
(1,246)	Direct Revenue Contributions - HRA	(577)	
(331)	Direct Revenue Contributions - General Fund	(355)	
(4,126)	Minimum Revenue Provision (MRP)	(4,291)	
(1,956)	Capital receipts applied to reduce existing CFR (HRA debt)	0	
<u>(14,925)</u>			<u>(28,379)</u>
<u><u>699,634</u></u>	<b>Closing Capital Financing Requirement (CFR)</b>		<u><u>707,600</u></u>
	<b>Explanation of movements in the year</b>		
679,175	Opening Capital Financing Requirement		699,634
26,689	Increase in underlying need to borrow (unsupported)		12,257
(4,126)	Statutory provision for repayment of debt (MRP)		(4,291)
(1,956)	Capital receipts applied to reduce existing CFR (HRA debt)		0
(148)	Adjustment for capital loan repayments		0
<u>699,634</u>	Closing Capital Financing Requirement (CFR)		<u>707,600</u>

The Council has a capital programme listing proposed and potential schemes with a cost in the next financial year of £46.663m. At 31 March 2023, the Council had entered into a number of contracts for the purchase, construction or enhancement of property, plant and equipment in 2023/24 and future years of £2.674m.

## Notes to the financial statements

### 16 Investment properties

The following items of income and expenses have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement.

2021/22 £000		2022/23 £000
27,745	Rental income and other income arising from investment property	28,408
<u>(2,859)</u>	Direct operating expenses arising from investment property	<u>(2,200)</u>
<u>24,886</u>	Net gain	<u>26,208</u>

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

2021/22 £000		2022/23 £000
541,736	<b>Balance at start of the year</b>	552,767
131	Additions	11,520
0	Enhancements	0
0	Disposals	(1,575)
(600)	Net gains/(losses) from fair value adjustments	(24,844)
<u>11,500</u>	Transfers (to) / from property plant and equipment	<u>1,713</u>
<u>552,767</u>	<b>Balance at the end of the year</b>	<u>539,581</u>

### Valuers

The investment property portfolio was valued at 31 January 2023 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by G S C Harbord MA MRICS IRRV (Hons) RICS Registered Valuer and reviewed by A M Williams Dip BSc (Hons) MRICS FIRR REV, RICS Registered Valuer, both of Wilks Head & Eve LLP, the Council's valuing agents.

### Fair value hierarchy

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes (see Note 1 for explanation of fair value levels). Net gains/(losses) from fair value adjustments are recognised in the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement. When the degree of subjectivity or nature of the measurement inputs changes, consideration is given as to whether a transfer between fair value levels is deemed to have occurred.

### Valuation techniques used to determine Level 2 fair values for Investment Properties

The fair value of investment properties has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

## Notes to the financial statements

### 16 Investment properties (Cont'd)

#### Highest and Best use

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use.

#### Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2023 by Wilks Head and Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Due to the ongoing Covid-19 pandemic at the reporting date, Wilks, Head and Eve reported the property valuations on the basis of 'material valuation uncertainty' as per VPS3 and VPGA10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the review/ valuations than would normally be the case. However, the valuations have been professionally undertaken to RICS standards and therefore represent the best estimate at the current time.

### 17 Intangible assets

Intangible assets are assets that do not have a physical substance but are controlled by the Council through custody or legal rights. All the Council's intangible assets relate to purchased computer software.

Each asset is held in the books at its purchased cost value and is amortised on a straight-line basis over its useful economic life. Unless special circumstances dictate otherwise, the Council has deemed the useful economic lives of all software to be 5 years.

The amortisation was charged to the Computer Services cost centre and then absorbed as overhead across all the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

2021/22 £000		2022/23 £000
	<b>Balance at start of year:</b>	
2,160	Gross carrying amounts	1,991
(1,458)	Accumulated amortisation	(1,332)
<u>702</u>	<b>Net carrying amount at the start of the year</b>	<u>659</u>
308	Additions	173
(173)	Disposals	0
(178)	Amortisation for the period	(161)
<u>659</u>	<b>Net carrying amount at the end of the year</b>	<u>671</u>
	<b>Comprising:</b>	
1,991	Gross carrying amounts	2,164
(1,332)	Accumulated amortisation	(1,493)
<u>659</u>		<u>671</u>

At 31 March 2023 the Council had entered into contracts for the purchase or enhancement of intangible assets relating to 2023/24 and future years in the sum of £34,551. The value of such commitments as at 31st March 2022 was £197,160

## Notes to the financial statements

### 18 Financial Instruments

#### 18.1 Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet

	Non-Current		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£000	£000	£000	£000
<b>Financial Assets</b>				
Amortised cost:				
Short term investments	-	-	63,398	57,240
Cash and cash equivalents	-	-	10,781	13,090
Long term debtors	29,267	41,700	-	-
Short term debtors	-	-	1,204	4,205
Fair value through profit or loss:				
Long term investments	10	10	-	-
Short term investments	-	-	4,825	4,198
<b>Total financial assets</b>	<b>29,277</b>	<b>41,710</b>	<b>80,208</b>	<b>78,732</b>
Assets not defined as financial instruments			1,237	347
<b>Total</b>	<b>29,277</b>	<b>41,710</b>	<b>81,445</b>	<b>79,079</b>
<b>Financial Liabilities</b>				
Amortised cost:				
Short term creditors	-	-	21,517	28,603
Short term borrowing	-	-	11,009	16,063
Long term borrowing	643,075	627,509	-	-
<b>Total financial liabilities</b>	<b>643,075</b>	<b>627,509</b>	<b>32,526</b>	<b>44,666</b>
Assets not defined as financial instruments	0	0	7,483	12,121
<b>Total</b>	<b>643,075</b>	<b>627,509</b>	<b>40,009</b>	<b>56,787</b>

## Notes to the financial statements

### 18 Financial Instruments (Cont'd)

#### 18.2 Material soft loans at fair value (loans at low or interest-free rates)

##### Property loans

Home loans have been granted in the past to facilitate the redevelopment of council housing estates. All the new properties purchased via these loans are subject to a legal charge to protect the Council's interests thus ensuring repayment of the loan in the future. It has been assumed that these loans will be repaid on average after 10 years.

Loans have also been given to part purchase a scout headquarters and a local canoe club to ensure continuation of important local community activities. These loans are subject to legal charges on the properties.

##### Private sector improvement loans

As part of its private sector renewal strategy, the Council issues loans for private sector housing improvements which do not meet the criteria for the statutory disabled facilities grants. All such loans are subject to a legal charge to protect the Council's interests thus ensuring repayment of the loan in the future. It has been assumed that these loans will be repaid on average after 7 years.

	2021/22 £000		2022/23 £000
	<b>Loans at low or interest-free rates at fair value:</b>		
669	Balance at the start of the year		670
0	New loans granted in year		0
(6)	Less fair value adjustment		(12)
7	Credits for year		7
<u>670</u>	<b>Balance at the end of the year</b>		<u>665</u>

#### 18.3 Income, expense, gains and losses

	2021/22 £000	2022/23 £000
	Total in surplus or deficit on the provision of services	Total in surplus or deficit on the provision of services
<b>Net gains/losses on:</b>		
Financial assets measured at fair value through profit or loss	497	631
<b>Total net gains/losses</b>	<u>497</u>	<u>631</u>
<b>Interest revenue:</b>		
Financial assets measured at amortised cost	1,762	3,676
<b>Total interest revenue</b>	<u>1,762</u>	<u>3,676</u>
<b>Interest expense</b>	<u>16,213</u>	<u>16,305</u>

## Notes to the financial statements

### 18 Financial instruments (continued)

#### 18.4 Fair values of financial assets

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

As at 31 March 2022		Valuation technique used to measure fair value	Fair value hierarchy	As at 31 March 2023
£000				£000
2,736	CCLA Property Fund	Unadjusted quoted prices in active markets for identical shares	Level 1	2,291
2,089	CCLA Diversified income Fund	Unadjusted quoted prices in active markets for identical shares	Level 1	1,907
<u>4,825</u>				<u>4,198</u>

The details of the fair value hierarchy is set out in the accounting policies. There were no transfers between input levels 1, 2 and 3 during the year, and no changes in the valuation technique used during the year for the financial instruments.



## Notes to the financial statements

### 18 Financial instruments (continued)

#### 18.1 Fair values of financial assets and liabilities that are not measured at fair value

Except for the financial assets carried at fair value (described in the table above), all other financial assets and liabilities held by the Council are carried in the balance sheet at amortised cost. The fair values of these assets and liabilities are calculated as follows:

31 March 2022			31 March 2023	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
<b>Financial liabilities held at amortised cost</b>				
643,075	799,467	Long term borrowing	627,509	437,262
11,009	10,806	Short term borrowing	16,063	15,892
13,208	13,208	Short term creditors - trade or operational liabilities	12,857	12,857
8,659	8,659	Short term creditors - other financial liabilities	8,659	8,659
<b>675,951</b>	<b>832,140</b>	<b>Total liabilities</b>	<b>665,088</b>	<b>474,670</b>

Fair value of long term borrowing is higher than the carrying amount. This is due to discounting the loans outstanding by the Public Works Loan Board (PWLB) rate for early repayment of such loans. The PWLB loan redemption rates are lower than the rates at which the loans were borrowed resulting in a higher fair value at the balance sheet date.

31 March 2022			31 March 2023	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
<b>Financial assets held at amortised cost</b>				
10	10	Long term investments	10	10
55,509	55,450	Short term investments	73,515	73,685
29,267	29,267	Long term debtors	41,700	41,700
4,574	4,574	Short term debtors - trade or operational assets	7,705	7,705
946	946	Short term debtors - other financial assets	885	885
<b>90,306</b>	<b>90,247</b>	<b>Total assets</b>	<b>123,816</b>	<b>123,985</b>

The fair value for financial liabilities and financial assets that are not measured at fair value been assessed as Level 2 for valuation purposes (see Accounting Policies for explanation of fair value levels) using a discounted cash flow analysis. The fair value for financial liabilities and financial assets that are not measured at fair value 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:

#### Financial assets:

No early repayment or impairment is recognised.

Estimated ranges of interest rates at 31 March 2023 of 1.9% to 4.6% for investments in debt instruments receivable, based on new lending rates for equivalent loans at that date.

The fair value of trade and other receivables is taken to be the invoiced or billed amount, less provisions for uncollectable debts.

#### Financial liabilities:

No early payment is recognised.

Estimated ranges of interest rates at 31 March 2023 of **0.5%** to **3.5%** for loans payable based on new lending rates for equivalent loans at that date.

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

## Notes to the financial statements

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### 18 Financial instruments (continued)

#### 18.6 Nature and extent of risks arising from financial instruments

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 a party 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.

**Market risk:** The possibility that the value of an investment will fluctuate as a result of changes in such measures as interest rates.

The Council's overall treasury policies and procedures focuses on the unpredictability of financial markets and seek to minimise potential adverse affects on the resources available to fund services. Treasury risk is managed under policies approved by the Council in the annual Treasury Management Strategy and Annual Capital & Investment Strategy. These policies cover the principles for overall treasury risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the annual investment strategy, which requires that deposits can only be made with financial institutions that meet defined credit criteria, and sets limits for the amount that can be let to any one institution (including any subsidiaries). We use the ratings supplied by the three main credit rating agencies, supplemented by other information. The annual investment strategy in force for 2022/23 was approved by the Council in February 2022.

Treasury management consultants are contracted to provide advice on investment strategy, counterparty suitability, credit ratings, and other treasury management issues. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Financial instruments designated at fair value through profit and loss are restricted to investments as per the Council's Investment Strategy. The Council will use pooled funds that offer enhanced returns over the longer term but are potentially more volatile over the shorter term. For this reason the Investment Strategy limits the number of holdings and the amount that can be held in each fund. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued stability in meeting the Council's investment objectives are monitored regularly

## Notes to the financial statements

### 18 Financial instruments (continued)

#### Credit risk (continued)

For trade and operational credit, where a significant commitment is entered into, customers are assessed for their credit-worthiness by taking into account their financial position, past experience and other factors.

The following table summarises the Council's exposure to credit risk by categorising assets classified as investments based on the long-term and short-term credit ratings (supplied by Fitch IBCA) of the institutions as at 31 March 2023:

Long and short-term investments		
Credit rating at 31 March	Carrying value at 31 March 2022	Carrying value at 31 March 2023
	£000	£000
Long-term investments		
Investment in associated companies	10	10
	10	10
Short-term investments and cash equivalents		
Banks	22,012	22,248
Banks	1,000	3,013
Building societies - with credit rating	6,998	0
Building societies - with credit rating	8,999	6,036
Cash and bank balance	958	1,071
Local authorities	24,513	26,122
Money market funds	9,819	12,014
Property funds	2,026	2,028
Diversified Income Fund	2,010	2,012
Funding circle	104	42
	<b>78,438</b>	<b>74,587</b>

Expected credit losses have been calculated for the Council's long and short term investments based upon historic default tables produced by the three main credit agencies. For Runnymede this has resulted in the following:

Long and short-term investments		
Credit rating at 31 March	Carrying value at 31 March 2022	Carrying value at 31 March 2023
	£000	£000
12 month expected credit losses		
AAA	4	5
A, A+/-	19	14
	<b>23</b>	<b>18</b>

The changes in the loss allowance for each class of financial asset during the year are as follows:

	2021/22	2022/23
	£000	£000
12 month expected credit loss		
<b>Opening balance as at 1 April</b>	13	23
New financial assets originated or purchased	23	18
Financial assets that have been derecognised	(13)	(23)
<b>Closing balance as at 31 March</b>	<b>23</b>	<b>18</b>

## Notes to the financial statements

### 18 Financial instruments (continued)

#### Liquidity risk

Liquidity risk is not a significant risk for the Council. This is because our short-term investments are placed to mature when known significant liabilities will become payable. Typically a proportion of investments will also be held on call or at short notice in deposits at banks and in money market funds. The Council also has ready access to borrowing from the money market or from the PWLB if funds are required for the short-term. There is no significant risk that the Council will be unable to meet its obligations under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To counter this, the Council sets aside amounts each year to repay all outstanding debt as it becomes due.

The Council carefully plans its borrowing to ensure that maturities do not all fall due at the same time. The Council will also seek to repay any loans early where it is economically beneficial to do so.

The maturity analysis of financial liabilities is as follows:

31 March 2022 £000		31 March 2023 £000
10,903	less than one year	15,957
47,364	Between one and 5 years	42,433
78,362	Between 5 and 10 years	78,460
13,880	Between 10 and 15 years	33,993
64,477	Between 15 and 20 years	34,607
15,725	Between 20 and 25 years	15,891
5,403	Between 25 and 30 years	5,560
6,879	Between 30 and 35 years	7,079
47,092	Between 35 and 40 years	75,594
234,000	Between 40 and 45 years	264,000
130,000	Between 45 and 50 years	70,000
<u>654,084</u>		<u>643,572</u>

The modest amount of short-term borrowing disclosed on our balance sheet represents balances held by the Council on behalf of local trusts and charities.

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

#### 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. The risk relates to both 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 key parameters used to address this risk. These are approved as part of the Treasury Management Strategy each year and are regularly monitored by the Council's finance team.

#### Market risk - Interest rate risk

The fair value of a financial instrument held by the Council may fluctuate because of changes in short-term interest rates (interest rate risk), market prices (price risk) and foreign exchange rates.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. Upward movements in interest rates will have a beneficial effect on the amount of interest income credited to the comprehensive income and expenditure account to the extent that short-term investments will be made at the higher interest rates. However, the fair value of investments made previously at fixed rates will fall. Downward movements in interest rates will have the opposite impact.

The strategy for managing interest rate risk includes making a proportion of investments for longer terms in order to provide stability in returns and as a defence against the financial impact of lower interest rates. This strategy is tempered by the need to consider the credit risk of counterparties, and the longer-term liquidity risk of having too many investments tied into longer maturities.

## Notes to the financial statements

### 18 Financial instruments (continued)

#### Interest rate risk (continued)

The following table shows our long and short term investments held at fixed and variable rates of interest:

As at 31 March 2022			As at 31 March 2023	
Fixed £000	Variable £000		Fixed £000	Variable £000
		<b>Term Investments</b>		
10	-	Long Term Investments	10	-
68,233	-	Short-Term Investments	61,438	-
		<b>Investments at Call or Short Notice</b>		
-	9,822	Money Market Funds	-	12,018
-	958	Cash and Bank Balances (note 21)	-	1,071
<b>68,243</b>	<b>10,780</b>		<b>61,448</b>	<b>13,090</b>

At the Balance sheet date, the investments held in money market funds and at deposit at banks were subject to daily changes in interest rates. The holdings in cash and bank balances currently attract no interest.

As a guide, the impact on the comprehensive income and expenditure account if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

<b>Notional effect on the comprehensive income and expenditure account:</b>	<b>£000</b>
Increase in interest receivable on variable rate investments	4
Increase in interest receivable on fixed rate investments made in the year	148
Impact on surplus or deficit on the provision of services	<u>152</u>

The share of the overall impact attributable to the HRA would be: 53

<b>Notional effect on the balance sheet:</b>	<b>£000</b>
Decrease in value of fixed rate borrowing liabilities	4,575
Decrease in the fair value of fixed-rate investments	148

#### Price risk

The only quoted investments during 2021/22 and 2022/23 were with the CCLA Property Fund and the CCLA Diversified Income Fund. These are all classed at fair value through profit and loss meaning that all movements in the price will impact on gains and losses recognised in the surplus or deficit on the provision of services. A general shift of 5% in the general price of shares (positive or negative) would have resulted in a gain or loss of approximately £207,899.06

## Notes to the financial statements

### 19 Inventories and work in progress

All of the Council's inventories relate to consumable stores items. There were no works in progress in 2021/22 or 2022/23.

2021/22 £000		2022/23 £000
98	<b>Balance at start of year</b>	120
517	Purchases	594
(495)	Recognised as an expense in the year	(614)
<u>120</u>	<b>Balance at year-end</b>	<u>100</u>

### 20 Short term debtors

31 March 2022 £000		31 March 2023 £000
3,636	Trade Receivables	6,906
890	Council Tax and Business Rates	950
741	Prepayments	800
1,945	Other receivable amounts	884
<u>7,212</u>	<b>Gross debtors</b>	<u>9,540</u>
	Analysis of bad debt provision	
(466)	Council tax and Business Rate payers (attributable to Runnymede only)	(604)
(3,936)	General debtors	(3,963)
(379)	Council tenants arrears	(422)
<u>2,431</u>	<b>Total provision for impairment and expected credit losses on gross debtors</b>	<u>4,551</u>

### 21 Cash and cash equivalents

31 March 2022 £000		31 March 2023 £000
9	Cash balances held by the Council	1
950	Cash balances held at the bank	1,071
9,822	Short term deposits with money market funds	12,018
<u>10,781</u>		<u>13,090</u>

## Notes to the financial statements

### 22 Assets Held for Sale

2021/22		2022/23
£000		£000
340	<b>Balance at start of year</b>	<b>0</b>
	Property plant and equipment:	
0	Assets newly classified as held for sale:	<b>0</b>
(340)	Assets sold	<b>0</b>
<u>0</u>	<b>Balance at year-end</b>	<u><b>0</b></u>

### 23 Creditors and receipts in advance

31 March		31 March
2022		2023
£000		£000
(10,161)	Trade payables	<b>(18,740)</b>
(7,199)	Other payables	<b>(4,656)</b>
(5,601)	Council Tax and Business Rates	<b>(10,323)</b>
(5,215)	Receipts in advance	<b>(6,139)</b>
<u>(28,176)</u>	<b>Gross creditors and receipts in advance</b>	<u><b>(39,858)</b></u>

## Notes to the financial statements

### 24 Provisions

31 March 2022 £000		31 March 2023 £000
(787)	<b>Balance at 1 April</b>	(821)
(34)	Provisions made in the year	(42)
0	Amounts used in the year	0
0	Unused amounts reversed	0
<u>(821)</u>	<b>Balance at 31 March</b>	<u>(863)</u>

Provisions relate to the estimated Runnymede share of all outstanding business rate appeals based on an analysis of historic claims

### 25 Reserves

The movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. Unusable reserves are set out in this note and are required to be held for statutory reasons and to comply with proper accounting practice.

#### 25.1 Revaluation reserve

The Revaluation reserve records the accumulated unrealised valuation 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:

- 1) Revalued downwards or impaired and the gains are lost
- 2) Used in the provision of services and the gains are consumed through depreciation, or
- 3) Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance sheet on the capital adjustment account.

2021/22 £000		2022/23 £000	£000
36,514	<b>Revaluation reserve balance as at 1 April</b>		39,844
7,581	Upward revaluations of assets	13,194	
(2,231)	Downward revaluations of assets and impairment losses not charged to the surplus/deficit on the provision of services	(4,818)	
	<b>Surplus (deficit) arising on revaluation of non-current assets not posted to the surplus or deficit on the provision of services</b>		<b>8,376</b>
5,350			
(1,138)	Difference between depreciation charged at fair value and historic cost depreciation	(1,188)	
(882)	Accumulated gains on assets sold or scrapped	(998)	
(2,020)	<b>Amount written off to the capital adjustment account</b>		<b>(2,186)</b>
<u>39,844</u>	<b>Revaluation reserve balance as at 31 March</b>		<u>46,034</u>



## Notes to the financial statements

### 25.2 Pooled investment funds adjustment account

Following the introduction of International Financial Reporting Standard 9: Financial Instruments, the Government introduced a statutory override to allow authorities to mitigate the impact of fair value movements on Pooled Investment Funds. This reserve contains the gains and losses made by the Council arising from movements in these funds.

2021/22 £000	Note	2022/23 £000
292	<b>Balance as at 1 April</b>	<b>789</b>
497	Upward revaluations of investments	<b>0</b>
0	Downward revaluations of investments not charged to the surplus/deficit on the provision of services	<b>(631)</b>
<u>789</u>	<b>Balance as at 31 March</b>	<u><b>158</b></u>

## Notes to the financial statements

### 25 Unusable reserves (continued)

#### 25.3 Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the 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.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2021/22 £000	Note	2022/23 £000	£000
296,420			290,521
	<b>Capital adjustment account balance as at 1 April</b>		
	Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure		
(3,708)	Depreciation losses of non-current assets	(3,925)	
0	Impairment losses of non-current assets	(1)	
(35,416)	Revaluation losses on property, land and equipment	(98)	
25,483	Reversal of past impairments charged to the comprehensive income and expenditure statement	16,985	
(178)	Amortisation of intangible assets	(161)	
(1,654)	Revenue expenditure funded from capital under statute	(4,871)	
(6,764)	Amounts of non-current assets written off on disposal or sale as part of gains/loss on disposal to the comprehensive income and expenditure statement	(17,154)	
<u>(22,237)</u>		<u>(9,225)</u>	
	Adjusting amounts written out of the revaluation reserve:		
1,138	Difference between depreciation charged at fair value and historic cost depreciation	1,188	
<u>882</u>	Accumulated gains on assets sold or scrapped	<u>998</u>	
(20,217)	Net written out amount of the cost of non-current assets consumed in the year		(7,039)
	Capital financing applied in the year:		
		15	
2,279	Use of capital receipts reserve to finance capital expenditure	13,949	
3,784	Use of major repairs reserve to finance capital expenditure	5,330	
531	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	3,304	
671	Application of grants to capital financing from the capital grants unapplied account	574	
1,577	Use of revenue reserves	931	
6,082	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	4,290	
<u>14,924</u>		<u>28,378</u>	
(600)	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement		(24,845)
	Other Items:		
(6)	Recognition of repayment of long term debtors and investments as capital receipts		(20)
<u>290,521</u>	<b>Capital adjustment account balance as at 31 March</b>		<u>286,995</u>

## Notes to the financial statements

### 25 Unusable reserves (continued)

#### 25.4 Financial instruments adjustment account

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains in accordance with statutory provisions.

All the entries in this account relate to "soft loans" - loans at low or nil interest rate - awarded by the Council in pursuance of housing objectives.

2021/22		2022/23
£000		£000
(36)	<b>Balance as at 1 April</b>	<b>(29)</b>
	Transactions in the year:	
0	New loans; difference between loan granted and fair value	2
7	Interest credits in the year	7
<u>(29)</u>	<b>Balance at 31 March</b>	<u><b>(20)</b></u>

#### 25.5 Pensions reserve

This 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 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 costs. However, statutory arrangements require benefits earned through the Local Government Pension Scheme to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

2021/22		2022/23
£000		£000
(57,240)	<b>Balance at 1 April</b>	<b>(47,319)</b>
14,761	Remeasurement of net defined benefit liability	44,727
(8,572)	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	<b>(6,455)</b>
	Employer's pensions contributions and direct payments to pensioners payable in the year:	
3,805	Employer contributions	2,840
	Final year pay enhancements - pension liabilities	
(73)	Net liabilities charged to the General Fund	<b>(102)</b>
<u>(47,319)</u>	<b>Balance at 31 March</b>	<u><b>(6,309)</b></u>

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

This deficit represents the underlying commitments that Runnymede has in the long-run to pay retirement benefits through the statutory Surrey Pension Fund. It must be recognised that this figure is based on a number of assumptions and is a snapshot of the position at 31 March. The statutory arrangements for funding allows the deficit to be made good by increased contributions over the working life of employees, as assessed by the scheme actuary.

The pension liabilities at 31 March 2023 in respect of the final-year pay enhancements of £609,000 (31 March 2022 £711,000) are outside the statutory provisions and do not form part of this Reserve.

## Notes to the financial statements

### 25 Unusable reserves (continued)

#### 25.6 Collection fund adjustment account

This account holds the difference between council tax and business rates income included in the comprehensive income and expenditure statement and the amount required by regulation to be credited to the General Fund. The balance represents an accumulated deficit for the Runnymede share of council tax and business rates surpluses and deficits only. The shares of council tax and business rates surpluses and deficits and other taxpayer balances attributable to Surrey County Council, Surrey Police Authority and Central Government are included in the balance sheet (as a net debtor).

2021/22				2022/23		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
(3,777)	166	(3,611)	<b>Balance as at 1st April</b>	(5,865)	276	(5,589)
			Amount by which income credited to the comprehensive income and expenditure statement is different from income calculated for the year in accordance with statutory requirements			
(2,088)	110	(1,978)		4,434	(53)	4,381
<u>(5,865)</u>	<u>276</u>	<u>(5,589)</u>	<b>Balance as at 31st March</b>	<u>(1,431)</u>	<u>223</u>	<u>(1,208)</u>

#### 25.7 Accumulated absences account

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

2021/22 £000		2022/23 £000	£000
(703)	<b>Balance at 1 April</b>		(487)
703	Settlement or cancellation of accrual made at the end of the preceding year	487	
<u>(487)</u>	Amounts accrued at the end of the current year	<u>(476)</u>	
	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		
216			11
<u>(487)</u>	<b>Balance at 31 March</b>		<u>(476)</u>

## Notes to the financial statements

### 26 External audit fees

Public Sector Audit Appointments Limited (PSAA) appoint the external auditors that examine our financial statements. The external auditor of our financial statements for 2021/22 and 2022/23 is BDO LLP. The cost of audit and inspection work includes the estimated fees relating to the year of account, including the estimated cost of auditing these statements.

	2021/22		2022/23
	£000		£000
36	Fees payable to the appointed auditor with regard to external audit services		35
16	Fees payable to the appointed auditor for the certification of grant claims and returns		23
<u>52</u>			<u>58</u>

### 27 Members' allowances

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

	2021/22		2022/23
	£000		£000
168	Basic allowance		225
143	Special allowance		149
<u>2</u>	Travel, subsistence & Carers' allowance		<u>3</u>
313	<b>Members Allowances sub total</b>		<b>377</b>
40	Working group attendance		(1)
<u>353</u>	<b>Total payments to Members</b>		<u>376</u>

Local authorities are required to disclose the amounts paid to each member; these are published annually on the Council's website.

The working group attendance allowances were reconfigured in 2022/23 to form part of an increased basic allowance. The credit shown in the above table, relates to one member returning their working group attendance allowance from the previous year.

## Notes to the financial statements

### 28 Officers remuneration

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

		Salary (including fees and allowances)	Other non salary payments	Compensation for loss of office	Employers pension contributions including pension strain	Total including employers pension contributions
	Note	£	£	£	£	£
<b>2022/23</b>						
Chief Executive	(a)	137,522	3,443		0	140,965
Assistant Chief Executive		116,606			18,947	135,553
Corporate Head of Law and Governance		106,096			17,662	123,758
Corporate Head of Assets & Regeneration		99,976			17,596	117,572
Corporate Head of Community Services		87,492			15,148	102,640
Corporate Head of Customer, Digital and Collection Services		92,644			16,250	108,894
Corporate Head of Development Management & Building Control		78,814			13,871	92,685
Corporate Head of Environmental Services		80,730			14,208	94,938
Corporate Head of Finance		86,497			15,193	101,690
Corporate Head of Housing Services		89,214			15,484	104,698
Corporate Head of Human Resources		74,687			13,145	87,832
Corporate Head of Planning Policy & Economic Development		71,394			12,565	83,959
<b>2021/22</b>						
Chief Executive	(a)	130,222	14,719		0	144,941
Assistant Chief Executive	(b)	80,010			13,359	93,369
Assistant Chief Executive	(c)	31,115			5,250	36,365
Corporate Head of Law and Governance		102,936			16,966	119,902
Corporate Head of Assets & Regeneration		95,063			16,731	111,794
Corporate Head of Community Development	(d)	50,156		72,310	106,773	229,239
Corporate Head of Community Services		77,591			13,405	90,996
Corporate Head of Customer, Digital and Collection Services		89,418			15,623	105,041
Corporate Head of Development Management & Building Control		75,675			13,319	88,994
Corporate Head of Environmental Services	(e)	53,246			8,118	61,364
Corporate Head of Environmental Services	(f)	3,774			664	4,438
Corporate Head of Finance		83,156			14,603	97,759
Corporate Head of Housing Services		85,239			14,784	100,023
Corporate Head of Human Resources		71,808			12,638	84,446
Corporate Head of Planning Policy & Economic Development		68,641			12,081	80,722

Notes:

- (a) The Chief Executive has received fees this year relating to Returning Officer duties
- (b) The previous Assistant Chief Executive left the Council on 31 December 2021
- (c) The current Assistant Chief Executive was appointed on 20 December 2021 on an annualised salary of £105,000
- (d) The Corporate Head of Community Development left the Council on 31 October 2021
- (e) The previous Corporate Head of Environmental Services left the Council on 15 September 2021
- (f) The current Corporate Head of Environmental Services was appointed on 14 March 2022 on an annualised salary of £78,000

## Notes to the financial statements

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

Remuneration band	Number of employees 2021/22	Number of employees 2022/23
£50,000 to £54,999	13	13
£55,000 to £59,999	11	7
£60,000 to £64,999	4	7
£65,000 to £69,999	4	6
£70,000 to £74,999	0	1
£75,000 to £79,999	3	4
£80,000 to £84,999	0	0
£85,000 to £89,999	0	1

The amounts paid or received include all sums paid to or receivable by an employee, expenses allowances chargeable to tax, and the estimated money value of any other benefits received.

### 29 Officers remuneration (continued)

The numbers 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		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £000	2022/23 £000
0 - 20,000	4	2	1	3	5	5	48	31
20,001 - 40,000	1	1	3	-	4	1	112	35
40,001 - 60,000	1	-	5	-	6	-	297	-
60,001 - 80,000	-	-	1	-	1	-	61	-
80,001 - 100,000	-	-	3	-	3	-	278	-
100,001 - 150,000	1	-	2	-	3	-	377	-
150,001 - 200,000	-	-	1	-	1	-	171	-
Total	7	3	16	3	23	6	1,344	66

The Council undertook a Voluntary Redundancy Programme and several service reviews during 2021 which saw 23 staff leave the Council's employment, incurring liabilities of £1,344,066 in 2021/22 (of which £163,805 was attributable to the HRA). There were no such costs in 2022/23.

## Notes to the financial statements

### 30 Grant income

The Council credited the following grants, contributions and donations to the comprehensive income and expenditure statement:

2021/22 £000	Note	2022/23 £000
<b>Credited to taxation and non specific grant income</b>		
Grants:		
2,525	11	1,188
2,983	11	636
<u>5,508</u>		<u>1,824</u>
<b>Credited to cost of services</b>		
Grants:		
99		99
15,494		14,360
18		37
0		1
13		7
14		77
391		438
<u>16,029</u>		<u>15,019</u>
Covid19 Grants:		
216		58
104		0
4		0
4		0
16		0
4,195		0
<u>4,539</u>		<u>58</u>
Contributions:		
14		25
17		77
885		728
85		101
34		21
25		2
<u>1,060</u>		<u>954</u>
Donations:		
39		33
1		0
<u>40</u>		<u>33</u>
<u><u>27,176</u></u>		<u><u>17,888</u></u>



### 31 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 be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

#### Central Government

Central government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides significant funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from government departments are set out in the subjective analysis in the note on reporting for resources allocation decisions.

#### Members of Runnymede Borough Council

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in the year is shown in note 27. Each year the Corporate Head of Resources invites members to declare any such interests including related parties. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at the Runnymede Civic Centre in Addlestone. During 2021/22 and 2022/23 there were **no** reported material transactions with related parties advised by Members.

#### Directors and senior officers

Staff are required to disclose any pecuniary and non-financial interests with related parties in accordance with a Code of Conduct. In addition, on an annual basis chief and other senior staff are required to make a declaration of any such interests including related parties. In respect of the years 2021/22 and 2022/23 there were no reported material transactions with related parties advised by directors and senior officers.

#### Pension Fund

Details of transaction with the Surrey Pension Fund are set out in Note 33.

#### Entities controlled or significantly influenced by the Council:

##### RBC Investments (Surrey) Limited – (RBCI)

The Council owns 100% of the shares in RBCI which was formed in January 2015. The purpose of the company is to hold investments in residential property around the borough and act as the holding company of RBC Services (Addlestone One) Limited.

The Board of Directors of RBCI include the Council's Corporate Head of Assets & Regeneration (acting as Managing Director), the Senior Accountant (Technical & Commercial) (acting as Finance Director) and one Councillor acting as Non Executive Director and Chairman.

During the period the Council loaned the company a total of £12.44m taking the total borrowings under various Loan Agreements to £41.01m (£28.57m 31 March 2022). Of this sum £2.845m (£2.245m 31 March 2022) relates to Working Capital loans at rates of 7.36 - 7.54% with the remainder being for Development Loans at 4.22 - 5.04%.

RBCI is also party to a 20 year lease agreement with the Council with a twelve month rolling break clause under which an annual rent of £51,300 is due.

### 31 Related parties (Cont'd)

#### Entities controlled or significantly influenced by the Council:

##### RBC Services (Addlestone One) Limited – (RBCS)

The Council owns 1% of the shares in the company with the remaining 99% owned by RBC Investments (Surrey) Limited. RBCS was set up to publicise and promote the Addlestone One development and to carry out its ongoing maintenance, landscaping, cleaning, residential concierge services, gritting, loading, and security (including CCTV).

The Board of Directors of RBCS include the Council's Corporate Head of Assets & Regeneration (acting as Managing Director), the Commercial Property Accountant (acting as Finance Director) and two Councillors acting as Non Executive Directors.

RBCS is party to two twenty-five year leases with the Council with no break clauses. The entirety of the rent payable under these leases is £261,000. The annual rent payable is £11,885.

##### RBC Heat Company Limited – (RBCH)

RBC Heat Company is 100% owned by RBC Services (Addlestone One) Limited, and therefore Runnymede Borough Council has influence over it via its shares in RBC Investments (Surrey) Limited and RBC Services (Addlestone One) Limited. RBCH provides heat and hot water to all the residential properties within the Addlestone One development and any commercial properties that wish to take it.

The Board of Directors of RBCH include the Council's Corporate Head of Assets & Regeneration (acting as Managing Director), the Commercial Property Accountant (acting as Finance Director) and two Councillors acting as Non Executive Directors.

##### Applied Resilience

Applied Resilience is a Public Service Mutual company set up in 2015/16 to provide risk and resilience services. The Council invested £10,000 in the company at launch equating to a 10% holding. The Council currently has an agreement with the company to August 2023 for the provision of emergency planning and resilience services at a cost of £58,350 a year.

## Notes to the financial statements

### 32 Leases

#### Operating leases - Runnymede as lessee

The Council acts as lessee with regard to a whole range of assets. The amount paid under these arrangements in 2022/23 was **£128,582** (£133,983 in 2021/22). The future minimum lease payments due under these leases in future years were:

At 31 March 2022 £000		At 31 March 2023 £000
131	Not later than one year	129
307	Later than one year and not later than five years	208
297	Later than five years	269
<u>735</u>		<u>606</u>

#### Operating leases - Runnymede as lessor

The Council acts as lessor with regard to a whole range of assets, from commercial property to room leases to leases for access all of which are leased to individuals and organisations. All these transactions are accounted for as operating leases. The minimum future rentals receivable from these leases are as follows:

2021/22 £000		2022/23 £000
21,701	Not later than one year	27,445
82,557	Later than one year and not later than five years	111,544
131,257	Later than five years	135,660
<u>235,515</u>		<u>274,649</u>

The rentals receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

### 33 Defined benefit pension scheme

#### Participation in pension schemes

Runnymede Borough Council offers a funded defined benefit pension scheme as part of the terms and conditions of employment of its staff. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Runnymede participates in the Local Government Pension Scheme (LGPS) - a funded defined benefit scheme - administered by Surrey County Council. Management expenses for administration of the scheme amount to 0.4% of payroll. The scheme provides index-linked pensions and other retirement benefits for employees based upon their pay and length of service. Contributions to the pension fund are made from both Runnymede Borough Council and its employees. Runnymede's pension assets and liabilities are part of the Surrey Fund.

Valuations are prepared by the professionally qualified actuary appointed by the Surrey Pension fund. The Balance Sheet discloses the net liability in relation to retirement benefits. The assessment process used to compile the figures takes account of the most recent actuarial valuation updated to reflect current conditions. Therefore the figures presented are based on the actuary's latest calculations. The assumptions used by the actuary are in accordance with the Code and are mutually compatible.

Further information on the Surrey Pension Fund can be found in the latest Surrey County Council Pension Fund Annual Report which is available from Surrey County Council, Surrey Pension Fund, 2nd Floor Dakota, 11 De Havilland Dr, Weybridge KT13 0YP

#### Runnymede local pension liability scheme

In 1990, Runnymede introduced a scheme whereby staff with 10 years satisfactory service qualified for a final-year salary enhancement of up to 10%. This scheme formed part of a comprehensive Member led initiative aimed to 'maintain the authority's competitive advantage in the employment market and to underline the policy of attracting and retaining able staff'. The scheme was modified in 2003 and again in 2007 to make it clear that it was discretionary rather than an entitlement and to ensure that the scheme was within the Council's powers. In February 2010, the Council resolved that the final-year salary enhancement scheme be abolished with effect from 1 April 2011.

In March 2011, Counsels advice commissioned by Runnymede and the Surrey Pension Fund concluded that the final-year salary enhancements were not pensionable payments under the rules governing the LGPS.

The Council decided to honour the pension commitments it made to pensioners in respect of final-year salary enhancements. The charges to the General Fund for pensions payable through the LGPS are limited to those cash sums determined by the fund actuary. There are no mitigating rules for pension payments made outside the statutory scheme. Therefore, the liability for pensions payable outside the LGPS are a direct charge to the General Fund.

## Notes to the financial statements

### 33 Defined benefit pension scheme (continued)

#### Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, legislation requires that the charge on council tax and housing finances for pensions paid within the LGPS is based on the cash payable to the pension fund in the year, so the real cost of retirement benefits is reversed out of the General Fund through the movement in reserves statement. The following transactions have been made in the comprehensive income and expenditure statement and the General Fund balance through the movement in reserves statement:

<b>Comprehensive income and expenditure statement</b>			
2021/22		2022/2023	
£000		£000	£000
	<i>Service cost:</i>		
6,599	Current service cost	5,108	
778	Past service costs	20	
<u>7,377</u>	Total service cost		5,128
	<i>Finance and investment income and expenditure:</i>		
3,530	Interest cost on pension scheme liabilities	4,686	
<u>(2,335)</u>	Expected return on assets	<u>(3,359)</u>	
1,195	Net interest expense		1,327
<u>8,572</u>	<b>Total post employment benefit charged to the surplus or deficit on the provision of services</b>		<u>6,455</u>
	<i>Remeasurements of the Net defined liability comprising:</i>		
(5,501)	Return on plan assets	5,038	
	Actuarial gains and losses arising from changes in:		
(1,630)	- demographic assumptions	(1,049)	
(9,776)	- financial assumptions	(57,874)	
2,146	- Other experience	9,158	
<u>(14,761)</u>			<u>(44,727)</u>
<u>(6,189)</u>	<b>Total post employment benefit charged to the comprehensive income and expenditure statement</b>		<u>(38,272)</u>

<b>Movement in reserves statement</b>			
2021/22		2022/23	
£000		£000	
	Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the Code:		
3,805	Actual amount charged against the General Fund for the year - employers' contributions payable to the scheme		2,840
<u>3,805</u>			<u>2,840</u>
(73)	Amount charged to the General Fund for the pensions liability relating to Runnymede local scheme payable outside the LGPS		(102)

## Notes to the financial statements

### 33 Defined benefit pension scheme (continued)

#### Assets and liabilities for post-employment benefits (which includes both Surrey Pension Fund and Local Pension Liability)

##### Reconciliation of present value of the defined benefit obligation (scheme liabilities):

2021/22 £000		2022/23 £000
174,711	Opening balance at 1 April	173,104
6,599	Current service cost	5,108
3,530	Interest cost	4,686
905	Contributions by scheme participants	765
	Remeasurement (gains) and losses arising from:	
(1,630)	- changes in demographic assumptions	(1,049)
(9,776)	- changes in financial assumptions	(57,874)
2,146	- other	9,158
778	Past service costs	20
(4,405)	Benefits paid	(4,778)
<u>172,858</u>	<b>Closing balance at 31 March</b>	<u>129,140</u>

##### Reconciliation of fair value of the scheme assets:

2021/22 £000		2022/23 £000
116,687	Opening fair value of scheme assets	125,074
2,335	Interest income	3,359
5,501	Actuarial gains and (losses)	(5,038)
3,805	Contributions from employer	2,840
905	Contributions by scheme participants	765
(4,405)	Benefits paid	(4,778)
<u>124,828</u>	<b>Closing fair value of scheme assets</b>	<u>122,222</u>
<u>(48,030)</u>	<b>Net assets / (liabilities) for post-employment benefits</b>	<u>(6,918)</u>

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2021/22 £000		2022/23 £000
172,858	Present value of the defined benefit obligation	129,140
124,828	Fair value of plan assets	122,222
<u>48,030</u>	<b>Net liability arising from defined benefit obligation</b>	<u>6,918</u>

## Notes to the financial statements

### 33 Defined benefit pension scheme (continued)

#### Summary of assets and liabilities in relation to retirement benefits

The underlying share of the overall assets and liabilities in the Surrey Pension Fund attributable to Runnymede Borough Council and also for the Runnymede local scheme are:

2021/2022 £000		2022/23 £000
	<b>Estimated liabilities in the scheme</b>	
171,501	Funded benefits under the scheme regulations	128,498
892	Unfunded discretionary benefits awarded	33
711	Unfunded final-year salary enhancement pensions - local scheme	609
173,104	Estimated actuarial value of fund liabilities	129,140
	<b>Estimated market value of scheme assets</b>	
125,074		122,222
<u>48,030</u>	<b>Net pension liability</b>	<u>6,918</u>

The liabilities represent the underlying commitments that the Council has in the long-run to pay retirement benefits. The net total pension liability of **£6.9m** has a substantial impact on the net worth of the Council as recorded in the balance sheet. It must be recognised that this figure is based on a number of assumptions (set out in this note) and is a snapshot of the position at 31 March 2023. The statutory arrangements for funding pensions in the LGPS allow the deficit to be made good by increased contributions over the working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. The liability in respect of the Runnymede local scheme has been recognised as a charge to the General Fund. Also, finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions in cash expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2024 is £2,626,000

## Notes to the financial statements

### 33 Defined benefit pension scheme (continued)

#### Scheme assets

The fair value of the Surrey Pension Fund assets attributable to Runnymede Borough Council in respect of the Local Government Pension Scheme by investment category at 31 March are:

31 March 2022			31 March 2023		
£000	%		£000	£000	%
		Equity investments (by industry type):			
2,188		Consumer	1,919		
1,745		Manufacturing	1,602		
388		Energy and utilities	615		
1,452		Financial institutions	2,173		
1,494		Health and care	1,901		
<u>3,914</u>		Information technology	<u>2,692</u>		
11,181	8.94			10,902	8.92
		Bonds (by sector):			
<u>4,163</u>		UK Government	<u>0</u>		
4,163	3.33			0	0.00
		Private equity:			
12,291	9.83	All (Quoted prices not in active markets)		17,309	14.16
		Property (by location):			
4,990		UK	4,495		
<u>2,666</u>		Global	<u>2,870</u>		
7,656	6.12			7,365	6.03
		Investment funds:			
73,443		Equities	71,180		
<u>13,699</u>		Bonds	<u>13,233</u>		
87,142	69.67			84,413	69.07
		Derivatives:			
<u>(507)</u>		Foreign exchange	<u>(326)</u>		
(507)	(0.41)			(326)	(0.27)
3,148	2.52	Cash and cash equivalents		2,559	2.09
<u>125,074</u>	<u>100</u>	<b>Total fair value of scheme assets</b>		<u>122,222</u>	<u>100</u>

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



## Notes to the financial statements

### 33 Defined benefit pension scheme (continued)

#### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc discounted to present values. The figures used in compiling the accounting entries for pensions were supplied by the Surrey Fund actuary, Hymans Robertson. The actuary has based the value of the Employer's liabilities as at 31 March 2023 on his latest formal valuation of the scheme at **£129.1m**. The principal assumptions used by the actuary are:

	31 March 2022	31 March 2023
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#### Mortality assumptions:

Longevity at 65 for current pensioners		
Men	22.3 years	22.3 years
Women	24.9 years	24.8 years
Longevity at 65 for future pensioners		
Men	23.1 years	22.9 years
Women	26.3 years	26.2 years

Rate of increase in pensions	3.20%	3.00%
Rate of increase in salaries	4.20%	4.00%
Rate for discounting scheme liabilities (see below)	2.70%	4.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on **reasonably** possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and woman. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

#### Sensitivity analysis

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

Change in assumptions at year ended at 31 March 2023	Approximate increase to employer liability (%)		Approximate monetary amount £000	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
1% decrease in real discount rate	2%	2%	2,843	2,034
1 year increase in life expectancy	4%	4%	6,924	5,166
1% increase in the salary increase rate	0%	0%	273	174
1% increase in the pension increase rate	1%	1%	2,548	1,889

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

## Notes to the financial statements

### 34 Contingent assets and liabilities

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 in the control of the Council.

There were no Contingent Assets at 31 March 2023

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 in 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.

The following Contingent Liabilities existed at 31 March 2023:

- 1 Following a 4 year planning inquiry, costs were awarded against the Council in January 2023 relating to a 2018 planning decision that has not yet been billed for or claimed. Whilst the payment of the award is certain, the amount and timing of the payment is uncertain and therefore nothing has been included in the accounts.

### 35 Reconciliation of liabilities arising from financing activities

	<b>1 April 2022 £'000</b>	<b>Financing Cash Flows £'000</b>	<b>31 March 2023 £'000</b>
Long term Borrowing	643,075	(15,566)	627,509
Short Term Borrowing	11,009	5,054	16,063
<b>Total liabilities from financing activities</b>	<b>654,084</b>	<b>(10,512)</b>	<b>643,572</b>

## Housing Revenue Account Income and Expenditure Statement

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

2021/22 £000	Note	2022/23 £000
<b>Income</b>		
16,467	Dwelling rents	17,157
123	Non-dwelling rents	125
1,053	Charges for services and facilities	819
17,643	<b>Total income</b>	<b>18,101</b>
<b>Expenditure</b>		
2,610	Repairs and maintenance	3,055
4,526	Supervision and management	4,846
338	Rents, rates, taxes and other charges	368
1,987	Depreciation of non-current assets	2,263
146	Impairment of non-current assets	1
0	Revenue Expenditure Funded from Capital	2
9,607	<b>Total expenditure</b>	<b>10,535</b>
(8,036)	<b>Net cost/(surplus) of HRA services as included in the whole authority comprehensive income and expenditure statement</b>	<b>(7,566)</b>
332	HRA services share of corporate and democratic core costs	365
Exceptional costs:		
(25,350)	Reversal of previous impairments charged to the CIES	(16,077)
43	HRA share of other amounts included in the whole authority cost of services but not allocated to specific services	43
(33,011)	<b>Net cost for HRA services</b>	<b>(23,235)</b>
<b>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</b>		
Other operating expenditure:		
544	Payments to the Government housing capital receipts pool	40
(536)	Net (gains) and losses on the disposal of non-current assets	(900)
Financing and investment income and expenditure:		
3,340	Financing and investment expense	2,718
(59)	Income and expenditure in relation to investment properties and changes in fair value	(91)
174	Net interest on the net defined pension liability	194
156	HRA Impairments and Credit Loss adjustments	41
(29,392)	<b>(Surplus) or deficit on provision of HRA services</b>	<b>(21,212)</b>

## Movement on the Housing Revenue Account Statement

This Statement takes the surplus or deficit on the HRA income and expenditure account and reconciles it to the surplus or deficit for the year on the HRA balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2021/22		2022/23	
£000		£000	£000
(29,392)	(Surplus) or deficit for year on the HRA income and expenditure account	(21,212)	
22,440	Adjustments between accounting basis and funding basis under statute	14,226	
(6,952)	<b>Net (increase) or decrease before transfers to or from reserves</b>		(6,986)
1,980	Transfer to the Major Repairs Reserve		2,228
346	Transfer to Earmarked Reserves		49
(4,626)	<b>(Surplus) or deficit in the year on the HRA</b>		(4,709)
£000			£000
(29,254)	<b>HRA balance at the beginning of the year</b>		(32,634)
(4,626)	(Surplus) or deficit in the year on the HRA		(4,709)
1,246	Capital expenditure funded from balances		579
(32,634)	<b>HRA Balance carried forward at the end of the year</b>		(36,764)

### Note to the movement on the Housing Revenue Account statement

2021/22		2022/23
£000	Note	£000
<b>Items included in the HRA income and expenditure statement but excluded from the movement on the HRA statement:</b>		
25,204	Impairment of non-current assets	16,077
(1,057)	Pension costs charged to the HRA in accordance with IAS 19	(850)
(174)	Net interest on the net defined pension liability	(194)
(1,987)	HRA Depreciation/amortisation	(2,228)
0	Revenue Expenditure Funded from Capital	(2)
(544)	Payments to the Government housing capital receipts pool	0
536	Net (gains) and losses on the disposal of non-current assets	900
0	Changes in fair value of investment properties	32
<b>Items not included in the HRA income and expenditure statement but included in the movement on the HRA statement:</b>		
462	HRA share of employer's contributions to the Surrey Pension Fund	491
22,440	<b>Adjustments between accounting basis and funding basis under statute</b>	14,226

## Notes to the Housing Revenue Account

### 36 Housing assets

#### Stock valuation - balance sheet basis

The basis for the balance sheet valuation for the bulk of the Council's housing stock is Existing Use Value - Social Housing (EUV-SH) as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The EUV-SH is broadly based on the vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant. The adjustment factor is prescribed by the government and is currently set at 33% of the vacant possession value. The factor broadly represents the ratio of local authority rents and yields to private sector rents and yields for the south-east region.

The properties in the HRA are comprehensively revalued by the Council's valuer every five years in accordance with the government directions contained in *Guidance for valuers on stock valuation for resource accounting 2016*, published by the Department for Communities and Local Government. The last full valuation was undertaken in January 2020. Valuations between comprehensive reviews are adjusted by reference to relevant house price indexes as published by the Nationwide Building Society.

Valuations for HRA assets are:

	Council dwellings	Other land and buildings	Surplus Assets	Assets Under Construction	Investment Properties	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
<b>At 1 April 2022</b>	<b>330,166</b>	<b>888</b>	<b>0</b>	<b>2,767</b>	<b>8,809</b>	<b>342,630</b>
Additions	6,298	-	-	-	-	6,298
Accumulated depreciation and Impairment written out on revaluation to GCA	(2,481)	-	-	-	-	(2,481)
Revaluations	21,521	538	34	-	32	22,125
Disposals	(1,583)	-	-	-	-	(1,583)
Other movements	1,924	-	842	(2,767)	-	(1)
<b>At 31 March 2023</b>	<b>355,845</b>	<b>1,426</b>	<b>876</b>	<b>0</b>	<b>8,841</b>	<b>366,988</b>
<b>Accumulated depreciation and impairment</b>						
<b>At 1 April 2022</b>	-	-	-	-	-	0
Depreciation charge in the year	(2,228)	-	-	-	-	(2,228)
Accumulated depreciation written out on revaluation	1,965	-	-	-	-	1,965
Accumulated impairment written out on revaluation	258	-	-	-	-	258
Disposals	5	-	-	-	-	5
<b>At 31 March 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value</b>						
<b>At 31 March 2023</b>	<b>355,845</b>	<b>1,426</b>	<b>876</b>	<b>0</b>	<b>8,841</b>	<b>366,988</b>
<b>At 31 March 2022</b>	<b>330,166</b>	<b>888</b>	<b>0</b>	<b>2,766</b>	<b>8,809</b>	<b>342,726</b>

### 37 Stock valuation - vacant possession value

The vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost of providing council housing at less than open market rent. The vacant possession value as at 1 April 2023 has been estimated at £1,034m for dwellings and £28m for other housing assets including development land.

## Notes to the Housing Revenue Account

### 38 Stock numbers

The Council was responsible for managing the following dwellings during 2022/23:

	DIYSO stock	Houses & bungalows	Flats & maisonettes	<b>Total stock</b>
<b>Stock at 1 April</b>	36	1,856	981	<b>2,873</b>
Sales of dwellings	(1)	(5)	(6)	<b>(12)</b>
Demolitions, new builds & adaptations	0	0	9	<b>9</b>
Purchased properties	0	0	0	<b>0</b>
<b>Stock at 31 March</b>	<b>35</b>	<b>1,851</b>	<b>984</b>	<b>2,870</b>

In addition at 31 March 2023 the Council owned a mobile home site at Heathervale Way which has 69 mobile home plots, of which 17 are occupied by mobile homes owned by the Council.

### 39 Capital expenditure

The following table summarises total capital expenditure on land, houses and other property accounted for within the HRA during 2022/23, and the source of finance:

2021/22 Total Expenditure £000		Source of funding in 2022/23				
		Capital receipts £000	Revenue contributions £000	Major Repairs Reserve £000	Grants & Contributions £000	Total Expenditure £000
3,784	Improvements to stock	-	371	5,330	527	<b>6,228</b>
914	Purchase of property	-	-	-	-	<b>0</b>
997	Construction of new dwellings	25	45	-	-	<b>70</b>
0	New IT Systems	0	160	0		<b>160</b>
<b>5,695</b>	<b>Total capital expenditure on HRA assets</b>	<b>25</b>	<b>576</b>	<b>5,330</b>	<b>527</b>	<b>6,458</b>

### 40 Capital receipts from HRA property

The following table summarises total capital receipts arising from the disposal of land, houses and other property accounted for within the HRA:

2021/22 Total £000		2022/23		
		Land £000	Dwellings £000	Total £000
1,229	Sale of council houses (right-to-buy)	-	2,108	<b>2,108</b>
500	Shared ownership sales and receipts	-	416	<b>416</b>
<b>1,729</b>	<b>Total capital receipts from HRA disposals</b>	<b>0</b>	<b>2,524</b>	<b>2,524</b>

Government Regulations require a proportion of housing receipts to be pooled. The payment to the Government in 2022/23 totalled £nil (£544,284 in 2021/22).

## Notes to the Housing Revenue Account

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### 41 HRA Impairments and Credit Loss adjustments - Debt provisions & Write offs

Rent arrears on all HRA housing as a proportion of gross rent income (including some small other charges collected with rents) was 2.91% as at 31 March 2023. This compares to 2.74% as at 31 March 2022.

A provision of £422,250 has been made for HRA arrears estimated to be uncollectable as at 31 March 2023 (£379,300 as at 31 March 2022). Amounts written off in the year totalled £46,263 (£15,419 in 2021/22), making a net change in uncollectable rents in the year of £89,213. This was partially offset by sums recovered by debt collection agencies during the year of £593, resulting in HRA debt provision in relation to rents of £88,621. In addition to the arrears of rent, there are £680 of court and debt collection costs outstanding as at 31 March 2023 (£5,995 at 31 March 2022).

Following the implementation of IFRS9, with effect from April 2018 the debt provisions in respect of HRA non-rent losses also need to be accounted for under this heading. During 2022/23 the increased provision for these arrears relating largely to leaseholders and recharges to tenants for property repairs amounted to £13,557 (The cumulative provision previously charged against income at 31 March 2022 was £526). The HRA debt provision in relation to rents and the debtors bad debt provision comes to £102,178 of HRA impairments and credit loss adjustments.

## Collection Fund Statement

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates (business rates).

2021/22			2022/23		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
-	69,763	69,763	-	74,246	74,246
46,289	-	46,289	52,953	-	52,953
176	14	190	-	10	10
<u>46,465</u>	<u>69,777</u>	<u>116,242</u>	<u>52,953</u>	<u>74,256</u>	<u>127,209</u>
			<b>Income</b>		
			Council tax receivable		
			Business rates receivable		
			Transitional protection payment		
			<b>Total income</b>		
			<b>Expenditure</b>		
			Contributions towards the previous year's surplus / (deficit)		
(3,944)	-	(3,944)	(6,105)	-	(6,105)
(986)	1,230	244	(1,221)	1,076	(145)
-	220	220	-	201	201
(4,929)	138	(4,791)	(4,884)	121	(4,763)
(9,859)	1,588	(8,271)	(12,210)	1,398	(10,812)
			Precepts demands and shares: <span style="float: right;">44</span>		
24,658	-	24,658	26,538	-	26,538
6,165	51,745	57,910	5,308	56,150	61,458
-	9,539	9,539	-	10,204	10,204
30,823	5,832	36,655	21,230	6,199	27,429
61,646	67,116	128,762	53,076	72,553	125,629
			Charges to the Collection Fund:		
53	-	53	51	-	51
-	-	-	458	-	458
53	177	230	74	125	199
85	(391)	(306)	182	746	928
(434)	-	(434)	107	-	107
141	-	141	138	-	138
(102)	(214)	(316)	1,010	871	1,881
<u>51,685</u>	<u>68,490</u>	<u>120,175</u>	<u>41,876</u>	<u>74,822</u>	<u>116,698</u>
			<b>Total expenditure</b>		
<u>(5,220)</u>	<u>1,287</u>	<u>(3,933)</u>	<b>Surplus / (Deficit) in the year</b>		
			<b>Collection Fund Balance</b>		
(9,442)	1,906	(7,536)	(14,662)	3,193	(11,469)
(5,220)	1,287	(3,933)	11,077	(566)	10,511
<u>(14,662)</u>	<u>3,193</u>	<u>(11,469)</u>	<b>Surplus / (Deficit) at end of the year</b>		
			<u>(3,585)</u>	<u>2,627</u>	<u>(958)</u>



## Notes to the Collection Fund

### 42 Council tax

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 by Surrey County Council, the Surrey Police Authority and Runnymede Borough Council for the forthcoming year and dividing this 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 dwellings where discounts apply) and converting this into an equivalent number of band "D" dwellings. The calculation of the council tax base for 2021/22 and 2022/23 together with the resulting Council tax for each band is set out below:

<b>Council tax base and amounts charged for 2021/22 and 2022/23</b>						
<b>2021/22</b>		Band	Range of property values	Proportion	<b>2022/23</b>	
Band D equivalent number	Council tax £				Band D equivalent number	Council tax £
664	1,339.49	A	Up to £40,000	6/9	709	1,401.01
660	1,562.74	B	£40,000 to £52,000	7/9	737	1,634.51
4,799	1,785.99	C	£52,001 to £68,000	8/9	5,047	1,868.01
9,228	2,009.24	D	£68,001 to £88,000	1	9,486	2,101.51
7,302	2,455.74	E	£88,001 to £120,000	11/9	7,465	2,568.51
5,322	2,902.24	F	£120,001 to £160,000	13/9	5,402	3,035.51
4,679	3,348.73	G	£160,001 to £320,000	15/9	4,761	3,502.52
2,052	4,018.48	H	More than £320,000	18/9	2,103	4,203.02
44			Other properties		45	
<b>34,750</b>			<b>Council tax base</b>		<b>35,755</b>	
<b>1,346</b>			<b>Less Provision for Non Collection</b>		<b>890</b>	
<b>33,404</b>			<b>Tax Base</b>		<b>34,865</b>	

### 43 Business Rates (National non-domestic rates)

Business rates is organised on a national basis. The latest rating list came into force on 1 April 2017. The Government specifies a rate poundage and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The rate poundage set for 2022/23 was 51.2p (2021/22 was 51.2p). Small businesses had a lower rate poundage of 49.9p in 2022/23 (49.9p in 2021/22).

The 2010 valuation list has a rateable value of £104.9m as at 31 March 2023 (£105.3m at 31 March 2022). The 2017 list has a valuation of £135.4m as at 31 March 2023 (£133.2m at 31 March 2022)

## Notes to the Collection Fund

### 44 Distribution of the Collection Fund Balance

The Collection Fund includes the actual net cash payments to the precepting authorities - Surrey County Council and Surrey Police Authority for council tax and Central Government and Surrey County Council for business rates - and the Demand transferred from the Collection Fund to the General Fund of Runnymede Borough Council. The income and expenditure account includes the share of council tax and business rates income accounted for on a full accruals basis.

In accordance with regulations, the balance on the Collection Fund has to be estimated in January each year with the resulting estimate being distributed between the relevant precepting authorities the following year in order to get the Collection Fund balance to zero. However, changes in yields and assumptions about collectability during the year will result in a surplus or deficit on the fund at the year-end. There are statutory arrangements that ensure that any surplus or deficit arising is distributed to or recovered from the billing authority (Runnymede) General Fund and from precepting authorities in succeeding financial years.

The estimated Surplus / (Deficit) on the collection fund is split as follows:

2021/22			2022/23	
Business Rates	Council Tax		Business Rates	Council Tax
£000	£000		£000	£000
(7,331)	-	Central Government	(1,793)	-
(1,466)	2,462	Surrey County Council	(358)	2,033
0	455	Surrey Police Authority	0	370
(5,865)	276	Runnymede Borough Council	(1,434)	224
(14,662)	3,193		(3,585)	2,627
(11,469)		Surplus (Deficit) on the collection fund as at 31 March	(958)	

## Group accounts

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### 45 Introduction

For a variety of legal, regulatory and other reasons, a local authority chooses (or is required) to conduct their activities not through a single legal entity but through two or more legal entities which fall under its ultimate control. For this reason the financial statements of the local authority do not necessarily, in themselves, present a full picture of its economic activities or financial position. Because of this, The Code of Practice requires a local authority to prepare group accounts if it has a control over one or more other legal entities. The aim of the group accounts is to give an overall picture of the extended services and economic activity that is under the control of the local authority.

Runnymede Borough Council (the reporting authority) has three subsidiary companies:

#### RBC Investments (Surrey) Limited – (RBCI)

The Council owns 100% of the shares in RBCI. The purpose of the company is to hold investments in residential property around the borough and act as the holding company of RBC Services (Addlestone One) Limited.

#### RBC Services (Addlestone One) Limited – (RBCS)

The Council owns 1% of the shares in the company with the remaining 99% owned by RBC Investments (Surrey) Limited. RBCS was set up to publicise and promote the Addlestone One development and to carry out its ongoing maintenance via a service charge and to undertake other commercial service charge and property management activity for Council owned property including Egham & Chertsey Business Parks and Egham Town Centre Car Park.

#### RBC Heat Company Limited – (RBCH)

RBC Heat Company is 100% owned by RBC Services (Addlestone One) Limited, and therefore Runnymede Borough Council has influence over it via its shares in RBC Investments (Surrey) Limited and RBC Services (Addlestone One) Limited. RBCH provides heat to all the residential properties within the Addlestone One development and any commercial properties that wish to take it.

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

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

### **Basis of consolidation**

The group accounts have been prepared by consolidating the accounts of the Council and its subsidiaries on a line by line basis. The accounts of the subsidiaries have been prepared using similar accounting policies and practices to that of the Council. However some accounting policies and practices do differ in some respects from the authority's due to legislative requirements. The accounts of the subsidiaries have been prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The accounts have been prepared under FRS 102. Any material differences are highlighted within the accounts themselves.

### **Accounting Policies**

There are no material differences between the accounting policies that have been adopted by the subsidiaries and those adopted by the Council as set out from page 29. Where there are minor differences the impact of applying a consistent policy would not lead to a material change in the group accounts.

## Group comprehensive income and expenditure statement

This statement shows the expenditure and income for the group analysed by reporting segment and how it was financed

Year ended 31 March 2022			Year ended 31 March 2023			
Expend	Income	Net				
£000	£000	£000		£000	£000	
			<b>Gross expenditure, gross income and net expenditure of continuing operations</b>			
9,625	17,661	(8,036)	Housing Revenue Account	10,560	18,126	(7,566)
18,917	16,167	2,750	Housing Committee	18,266	15,482	2,784
9,058	4,670	4,388	Community Services Committee	9,322	4,624	4,698
7,015	2,372	4,643	Environmental & Sustainability Committee	6,779	2,416	4,363
277	149	128	Licensing & Regulatory Committees	282	127	155
3,399	2,615	784	Planning Committee	3,441	2,470	971
42,536	6,857	35,679	Corporate Management Committee	11,740	344	11,396
			Exceptional costs -			
(25,482)	0	(25,482)	Reversal of previous impairments charged to the CIES	(16,985)	0	(16,985)
<u>65,345</u>	<u>50,491</u>	<u>14,854</u>	<b>Cost Of Services</b>	<u>43,405</u>	<u>43,589</u>	<u>(184)</u>
			851	Other operating expenditure		(177)
			(4,930)	Financing and investment income and expenditure		16,032
			(13,763)	Taxation and non-specific grant income		(10,482)
			<u>(2,988)</u>	<b>(Surplus) or deficit on provision of services</b>		<u>5,189</u>
			(409)	Tax expenses of subsidiaries		(211)
			<u>(3,397)</u>	<b>Group (Surplus) or deficit on provision of services</b>		<u>4,978</u>
			<b>Items that will not be reclassified to the (surplus) or deficit on provision of services:</b>			
			(7,581)	(Surplus) or deficit on revaluation of non-current assets		(13,194)
			2,231	Impairment losses on non-current assets charged to the Revaluation Reserve		4,818
			(14,761)	Remeasurement of the net defined benefit liability or (asset)		(44,727)
			<u>(20,111)</u>	<b>Other comprehensive income and expenditure</b>		<u>(53,103)</u>
			<u>(23,508)</u>	<b>Total comprehensive income and expenditure</b>		<u>(48,125)</u>

## Group movement in reserves statement

This statement records the increases and decreases in the Group's reserves during the course of the year, including surpluses or deficits of expenditure and income and transfers between reserves.

	General Fund Reserves		HRA Reserves			Capital Reserves		Authority's share of subsidiaries reserves	Total usable reserves	Unusable reserves	Total
	General Fund balance	Earmarked Reserves	Housing Revenue account	Major Repairs reserve	Other Housing Earmarked Reserves	Capital Receipts reserve (Note a)	Capital grants unapplied reserve				
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Movement in Reserves during 2022/23</b>											
Total comprehensive income and expenditure	(25,554)	0	21,212	0	0	0	0	(636)	(4,978)	53,103	48,125
Adjustments between Group Accounts and Council Accounts	(434)	0	0	0	0	0	0	(530)	(964)	964	0
<b>Net (increase)/Decrease before Adjustments</b>	<b>(25,988)</b>	<b>0</b>	<b>21,212</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,166)</b>	<b>(5,942)</b>	<b>54,067</b>	<b>48,125</b>
Adjustments between accounting basis and funding basis under regulations	27,651	(2,239)	(17,082)	(3,101)	19	3,651	(3,242)	0	5,657	(5,657)	0
<b>Increase (decrease) in the year</b>	<b>1,663</b>	<b>(2,239)</b>	<b>4,130</b>	<b>(3,101)</b>	<b>19</b>	<b>3,651</b>	<b>(3,242)</b>	<b>(1,166)</b>	<b>(285)</b>	<b>48,410</b>	<b>48,125</b>
Balance at 31 March 2022	16,508	33,267	32,634	4,003	0	9,249	7,600	1,931	105,192	276,503	381,695
Increase (decrease) in the year	1,663	(2,239)	4,130	(3,101)	19	3,651	(3,242)	(1,166)	(285)	48,410	48,125
<b>Balance at 31 March 2023</b>	<b>18,171</b>	<b>31,028</b>	<b>36,764</b>	<b>902</b>	<b>19</b>	<b>12,900</b>	<b>4,358</b>	<b>765</b>	<b>104,907</b>	<b>324,913</b>	<b>429,820</b>
<b>Movement in Reserves during 2021/22</b>											
Total comprehensive income and expenditure	(24,695)	0	29,392	0	0	0	0	(1,300)	3,397	20,111	23,508
Adjustments between Group Accounts and Council Accounts	(42)	0	0	0	0	0	0	1,703	1,661	(1,661)	0
<b>Net (increase)/Decrease before Adjustments</b>	<b>(24,737)</b>	<b>0</b>	<b>29,392</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>403</b>	<b>5,058</b>	<b>18,450</b>	<b>23,508</b>
Adjustments between accounting basis and funding basis under regulations	27,701	10,676	(26,012)	(1,803)	0	1,677	1,780	0	14,019	(14,019)	0
<b>Increase (decrease) in the year</b>	<b>2,964</b>	<b>10,676</b>	<b>3,380</b>	<b>(1,803)</b>	<b>0</b>	<b>1,677</b>	<b>1,780</b>	<b>403</b>	<b>19,077</b>	<b>4,431</b>	<b>23,508</b>
Balance at 31 March 2021	13,544	22,591	29,254	5,806	0	7,572	5,820	1,528	86,115	272,072	358,187
Increase (decrease) in the year	2,964	10,676	3,380	(1,803)	0	1,677	1,780	403	19,077	4,431	23,508
<b>Balance at 31 March 2022</b>	<b>16,508</b>	<b>33,267</b>	<b>32,634</b>	<b>4,003</b>	<b>0</b>	<b>9,249</b>	<b>7,600</b>	<b>1,931</b>	<b>105,192</b>	<b>276,503</b>	<b>381,695</b>

Details of each reserve are set out in the main Runnymede Borough Council statements.

## Group balance sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Group.

31 March 2022 £000		31 March 2023 £000
449,523	Property, Plant and Equipment	461,510
580,225	Investment Property	578,609
659	Intangible Assets	671
10	Long-term Investments	10
696	Long-term Debtors	691
352	Deferred Tax Asset	563
<u>1,031,465</u>	<b>Long term Assets</b>	<u>1,042,054</u>
68,233	Short-term Investments	61,438
120	Inventories and Work in Progress	100
2,206	Short-term Debtors and Payments in Advance	4,233
11,049	Cash and Cash Equivalents	13,983
<u>81,608</u>	<b>Current Assets</b>	<u>79,754</u>
(11,009)	Short term Borrowing	(16,063)
(28,440)	Short-term Creditors	(40,632)
(821)	Provisions	(863)
(3)	Grants Received in Advance - Revenue	(3)
<u>(40,273)</u>	<b>Current Liabilities</b>	<u>(57,561)</u>
(643,075)	Long term Borrowing	(627,509)
(48,030)	Liability Related to Pensions	(6,918)
<u>(691,105)</u>	<b>Long term Liabilities</b>	<u>(634,427)</u>
<u>381,695</u>	<b>Net Assets</b>	<u>429,820</u>
105,192	<b>Usable Reserves</b>	104,907
276,503	<b>Unusable Reserves</b>	324,913
<u>381,695</u>	<b>Total Reserves</b>	<u>429,820</u>

## Group cashflow statement

The cash flow statement shows the changes in cash and cash equivalents of the Group during the reporting period.

2021/22 £000		2022/23 £000	£000
(3,397)	<b>Group (Surplus) or deficit on provision of services</b>		<b>4,978</b>
(24,942)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		<b>(18,314)</b>
	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities:		
136	Interest Received	<b>3,013</b>	
(15,899)	Interest Paid	<b>(16,365)</b>	
178	Dividends received	<b>145</b>	
409	Deferred Tax Liability	<b>211</b>	
<u>24,614</u>	Other	<b><u>(41,629)</u></b>	
9,438	Net cash flow from Operating Activities		<b>(54,625)</b>
39,159	Net cash flow from Investing Activities		<b>60,140</b>
(17,514)	Net cash flow from Financing activities		<b>4,887</b>
<u>2,744</u>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b><u>(2,934)</u></b>
(13,793)	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b><u>(11,049)</u></b>
<u>(11,049)</u>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b><u><u>(13,983)</u></u></b>

## Notes to the Group accounts

### 46 Short term debtors

31 March 2022 £000		31 March 2023 £000
3,408	Trade Receivables	6,588
890	Council Tax and Business Rates	950
741	Prepayments	800
1,945	Other receivable amounts	884
6,984	<b>Gross debtors</b>	<b>9,222</b>
	Analysis of bad debt provision	
(466)	Council tax and Business Rate payers (attributable to Runnymede only)	(604)
(3,933)	General debtors	(3,963)
(379)	Council tenants arrears	(422)
2,206	<b>Total provision for impairment and expected credit losses on gross</b>	<b>4,233</b>

### 47 Creditors and receipts in advance

31 March 2022 £000		31 March 2023 £000
(10,426)	Trade payables	(19,514)
(7,199)	Other payables	(4,656)
(5,600)	Council Tax and Business Rates	(10,323)
(5,215)	Receipts in advance	(6,139)
(28,440)	<b>Gross creditors and receipts in advance</b>	<b>(40,632)</b>



## Trust funds

### 48 Cabrera Recreation Ground Trust

The Council are trustees of the Cabrera Recreation Ground Trust under a scheme of management made by the Secretary of State for Education and Science in March 1972. The trust lands are:

1.9 acres of open space land at Trumps Green, Virginia Water, being the remnant of land the rest of which has been sold to the Surrey County Council for educational purposes under the terms of a Compulsory Purchase Order.

51.74 acres of land either side of the River Bourne between Wellington Avenue and Virginia Water Station car park. The land is completely undeveloped and has a considerable interest because of its fauna and flora content.

The Trust also has powers to make payments to other recreational institutions in Virginia Water to be applied in or towards the achievement of the Trust's objectives.

The Committee of Management consists of three Virginia Water ward members and two officers of Runnymede Borough Council. This arrangement places the management of Trust land in the hands of local residents.

The Charity has holdings with the Charities Official Investment Fund (income shares) and M&G Charifund shares with the aim of providing an attractive yield, steadily growing income and capital appreciation.

This Trust has not been audited by BDO LLP as part of the Statement of Accounts audit.

<b>Revenue account</b>		
2021/22 Actual £		2022/23 Actual £
6,358	Income from investments and contributions etc.	7,114
(15,932)	Expenses and works	(20,813)
8,881	Gain/(loss) in valuation of investments	(7,990)
<u>(693)</u>	Surplus (deficit) for year	<u>(21,689)</u>

<b>Balance sheet as at 31 March</b>		
As at 31 Mar 2022 £		As at 31 Mar 2023 £
147,771	Fund balance at 1 April	147,078
(693)	Add surplus (deficit) for Year	(21,689)
<u>147,078</u>	<b>Fund balance at 31 March</b>	<u>125,389</u>
	<b>Represented by:</b>	
	Investments at market valuation:	
130,745	Charities official investment fund - income shares	122,755
	Net current assets:	
16,333	Cash at bank	2,634
<u>147,078</u>		<u>125,389</u>

## Trust funds

### 49 Other trust funds held by the Council

The Council acts as sole custodian trustee for four other trust funds. In these cases the funds do not represent assets of the Council and they have not been included in the consolidated balance sheet

These Trusts have not been audited as part of the Statement of Accounts audit.

Information on these trust funds are set out below:

Registered Charity No.	Name of Trust	Balance as at 31 March 22 £	Receipts in year £	Payments in year £	Balance as at 31 March 23 £
305021	Runnymede Pleasure Ground Trust	329,987	168,264	118,974	<b>379,277</b>
304999	Sir Edward Stern Trust fund	1,898	41	0	<b>1,939</b>
289262	Victory Park Trust fund	25	0	0	<b>25</b>
257032	Egham War Memorial Upkeep fund	4,063	151	0	<b>4,213</b>
	<b>Totals</b>	<b>335,973</b>	<b>168,456</b>	<b>118,974</b>	<b>385,454</b>

#### Runnymede Pleasure Ground Trust

In August 1928 sixteen acres of land at Runnymede were given to Egham Urban District Council on trust "for the perpetual use thereof by the public for the purposes of exercise and recreation as an open space". Subsequently a caretaker's cottage, a refreshment chalet, a tea garden, a roadway, a parking area, a bathing pavilion and a residential property were built on the land. The fund's monies at 31 March were invested with Runnymede Borough Council.

#### Sir Edward Stern Trust fund

The Sir Edward Stern Trust fund relates to a legacy made by Sir Edward Stern of Fan Court, Chertsey to the Chertsey Urban District Council in 1954. Income from the investment is credited to the Chertsey Recreation Ground, for the purposes of maintenance of that recreation ground, in accordance with the provisions of the will.

#### Victory Park Trust fund

In 1985, a small part of Victory Park recreation ground was sold to Surrey County Council for £25 for the purpose of a road improvement scheme. This area of land was part of the area of Victory Park which the Council holds in charitable trust and, on the directions of the Charity Commissioners, the sale proceeds of £25 have been invested in trust for Victory Park and the income from the investment is applied towards the maintenance and improvement of Victory Park.

#### Egham War Memorial Upkeep fund

The Egham War Memorial Upkeep fund is a trust set up in 1923 for the upkeep in perpetuity of the War Memorial in Egham Churchyard and in 1985 was amended to include the upkeep of other war memorials in the area of the former Civil Parish of Egham. The trustees are the Council and the Vicar of Egham. Income from investments is accumulated in the fund and may be used for expenditure which falls within the terms of the trust. The fund's monies at 31 March 2023 were £3,213 invested with Runnymede Borough Council and £1,000 invested with the charities official investment fund (market valuation of £2,902).

#### Other land

The Council holds various pieces of land (often for recreational purposes) which have been donated by benefactors, often with conditions that the land is held in trust. So far as it can do so under the trust, the Council manages these land holdings as if they were Council owned property. No endowment was given with such land holdings and the Council bears any deficit on the running costs thereto.

# Annual Governance Statement 2022/23

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## Scope of responsibility

Runnymede Borough Council (“the Council”) has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it works, having regard to a combination of economy, efficiency and effectiveness. This includes a responsibility to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for.

In discharging this duty, the Council must put 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.

The Council has formally adopted a code of corporate governance which is consistent with the seven principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government 2016* and the Annual Governance Statement explains how the Council has complied with its code.

Production of the Statement also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 to review its system of internal control and to publicly report on the outcome of that review. In line with the CIPFA/SOLACE framework, the Statement should be “an open and honest self-assessment” which:

- describes key elements of the Council's governance arrangements, covering key corporate systems and the range of activities for which the Council is responsible
- describes processes applied in reviewing their effectiveness
- lists actions to deal with significant governance issues identified.

## The purpose of the Governance Framework

The governance framework comprises:

- the systems, policies, processes, culture and values by which the Council is directed and controlled; and
- the Council's activities through which it accounts to, engages with and leads the community.

The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of Runnymede Borough Council's policies, aims and objectives;
- to evaluate the likelihood of those risks being realised and the impact should they be realised; and
- to manage those risks efficiently, effectively and economically.

The governance framework outlined in this document has been in place at Runnymede Borough Council for the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts.

# Annual Governance Statement 2022/23

## Response to the external environment

While the governance framework sets out the internal processes that the Council follows in order to deliver outcomes, it must also be responsive to the changing external environment. For example, the effects of the cost-of-living crisis, including significant increases in energy costs and food prices, saw the Council developing policies, processes and governance arrangements to ensure support reached those in need and that grant funds were correctly administered.

The Council continued to put additional measures in place to respond to other external stimuli, such as increased cyber security threat, by securing grant funding to provide internal training and support for the review of its cyber security measures and the local impact of the war in Ukraine, through measures to support the Homes for Ukraine Scheme, assisting those fleeing the conflict to be matched with local hosts.

Examples of the impact of external events on the Council's governance framework are included in the Annual Governance Statement and demonstrate a constantly evolving, responsive approach to risk, adapting and strengthening governance arrangements where appropriate.

## Review of the Governance Framework

This annual review of the Council's governance framework ensures its continuing effectiveness in supporting the seven CIPFA/SOLACE<sup>1</sup> principles of delivering good governance.

Key elements of the governance framework in place at Runnymede Borough Council are shown against each of the seven principles in the following table. Processes undertaken to review effectiveness and examples of improvements to the system are also shown.

### Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

- ✓ The Council has adopted a [Constitution](#) which sets out how the Council operates and how decisions are made. The Constitution details the roles and functions of its various Committees and of its key statutory officers; namely

Chief Executive	Head of Paid Service	Section 4, Local Government and Housing Act 1989
Corporate Head of Law and Governance	Monitoring Officer	Section 5, Local Government and Housing Act 1989
Assistant Chief Executive	Chief Finance Officer	Section 151, Local Government Act 1972 and Section 114, Local Government Finance Act 1988

- ✓ The statutory officers each have specific responsibilities to ensure reports to Members for decision comply with Financial Regulations, Standing Orders and are lawful.
- ✓ A Member and Officer Code of Conduct form part of the Constitution
- ✓ The Member Code of Conduct is based upon [The Seven Principles of Public Life](#) (also known as the Nolan Principles) which promote Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership for everyone who works in public service.
- ✓ The Constitution also includes specific codes of conduct for Planning and Licensing Committees as well as protocols for Member/Officer relations and use of information technology (IT).

<sup>1</sup> CIPFA Chartered Institute of Public Finance and Accountancy / SOLACE The Society of Local Government Chief Executives and Senior Managers

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- ✓ The Council operates to a set of Corporate Values which underpin individual and collective behaviour and are reflected in discussion, communication and the decision-making process: Customer-focused, Passionate, Performance driven, Innovative, Promoting equality and diversity and Delivering excellent value for money
- ✓ The [Standards and Audit Committee](#) continues to have oversight of governance issues including ethical standards and code of conduct.
- ✓ Following the publication of a series of best practice recommendations from the independent Committee on Standards in Public Life, the Council have introduced reporting of complaints and compliments about Councillors to the Standards and Audit Committee. In the municipal year 2022/23, five complaints were received, concerning general conduct and the requirement under the Code of Conduct to treat others with respect and not bring their office into disrepute. Four of these have been closed due to no further details being provided by the complainant or where it was determined by the Monitoring Officer that no further action was required, and in the last case, the complaint had been dealt with under a different process. One case remains open and is still the subject of investigation. There were no Hearings held in 2022/23 in relation to the Member Code of Conduct.
- ✓ Standards and Audit Committee have received a number of follow up reports on the recommendations made by the Committee on Standards in Public Life, some resulting in changes being made to the Council's processes, as above, and some being for information purposes such as informing Members of the Government's response to the recommendations, in order to provide context for the Council's own response.
- ✓ The Council also has a [Customer Complaints Policy](#) which recognises the importance of providing an excellent service to every member of our community. A core part of this is an open, responsive approach to feedback and complaints, the central monitoring of which is a key governance role. Complaints (and compliments) are analysed quarterly and a report on these and any lessons learnt is considered by the Standards and Audit Committee.
- ✓ During 2022/23, a complaint was received concerning the treatment and processing of a planning application by the Council's Planning Service. Due to the serious nature of the allegations raised in the complaint, the Council engaged the services of an independent expert of high standing in the Planning profession to provide an objective assessment of the matters raised. The outcome was publicly reported to a [special meeting](#) of the Corporate Management Committee. The report concluded that there had been no credible evidence produced to support the claims which had been made.
- ✓ Members are required to declare any personal interest in items coming before Committees and as part of the governance regime, all Members are required to declare if they held any executive positions with organisations that carry out business with the Council. All Related Party Transaction declarations were received from Councillors for 2022/23 as part of the evidence base to support the production of the relevant note in the Statement of Accounts.
- ✓ Members and Officers are required to disclose any [gifts or hospitality](#) received in the course of their duties, where the value exceeds £50.

### Principle B – Ensuring openness and comprehensive stakeholder engagement

- ✓ The Council is committed to making information available to the public as part of its normal business activities. Details about how to [access and request](#) information under the Freedom of Information Act 2000, can be found on the Council's website along with the Council's FOI [Publication Scheme](#). The Council also publishes [information](#) in line with the Local Government Transparency Code 2015.
- ✓ The Council publishes its Contracts Register on a Quarterly basis of all live contracts

## Annual Governance Statement 2022/23

with total contract value above £5,000 in accordance with the Transparency Code

- ✓ The Council's Annual Governance Statement is published online as part of its [Statement of Accounts](#). Information notifying local electors about their rights to access this information, and the periods in which they can raise issues with the Council's external auditors, is also published on the Council's website.
- ✓ All Council meetings are open to the public except where personal or confidential matters are to be discussed. All [agendas](#) are published on the Council's website and are available by contacting the Council should electronic access not be possible. A full record of decisions taken is also published.
- ✓ The Council engages with local businesses via [Business Runnymede](#), a partnership between the business community, education providers, police and the Council. In January, a breakfast briefing was held which included consultation on the Council's budget proposals for 2023/24, alongside the launch of the Runnymede Business Awards.
- ✓ The Council publishes a magazine called Runnymede Talks which is delivered to every home in the Borough at least once per year. The Council also has a strong presence on Facebook, LinkedIn, Twitter and Nextdoor. These and other channels of communication are used to explain the work of the authority and promote decisions made by Members. They are also used to encourage residents and other stakeholders to engage through meetings, consultations and other methods.
- ✓ A list of open [consultations and surveys](#) is published online.

### Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits.

- ✓ Reports to Members for decision-making are assessed for any financial and legal implications and for any impact on equality and diversity. The Council has also introduced a mandatory requirement to consider any environmental, sustainability and bio-diversity implications of any proposed actions.
- ✓ The Council's Medium-Term Financial Strategy seeks to deliver a sustainable budget to enable the Council to continue to deliver services into the future.
- ✓ The Council has developed a new [Corporate Business Plan 2022- 2026](#) which was approved at Full Council in October 2022. The plan contains 5 themes: Empowering Communities, Health and Well Being, Economic Development, Climate Change and Organisational Development.
- ✓ Social Value is considered for all procurement activity and included in evaluation criteria where appropriate. A draft Procurement Strategy for the period 2023-2026 to support delivery of the Council's Corporate Business Plan and associated strategies was presented to [Corporate Management Committee](#) in March 2023 and will be considered for adoption by Full Council in April. Appended to the Strategy are procurement policies for Social Value and Sustainable Procurement (including Carbon Reduction) and an update to the existing procurement policy in respect of Modern Slavery.
- ✓ The Council has declared its intention that all its operations will be Carbon Net Zero by 2030 and has thereby committed to tackling climate change across every aspect of its service provision and estate. An update [report](#) on the various activities which had been undertaken, were ongoing or were planned to help the Council and the Borough of Runnymede to meet its net zero targets by 2030 and 2050 respectively was presented to Members during March 2023 with a detailed action plan to come forward in the next municipal year. Further information of how the Council will measure and report against its carbon baseline was also published in March.
- ✓ Review of the Runnymede 2030 Local Plan commenced in January 2021. The Council

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has prepared a [Sustainability Appraisal/Strategic Environmental Assessment Scoping Report](#) to support the review. The purpose of the SA/SEA is to consider the likely economic, social and environmental effects of implementing a plan or programme and any reasonable alternatives. This is the first stage of the process setting out the sustainability/environmental baseline and highlighting any current issues which the Local Plan should seek to address.

- ✓ To support the review, the Council has commenced the preparation of evidence to support its approach to sustainable places. [This evidence](#) is set out in 3 stages with Stage 1 setting out how the Council defines areas of the Borough for the distribution of development, Stage 2 models the accessibility of potential development sites to a range of services and Stage 3 (yet to be commenced) takes the form of site selection where other aspects of sustainability are taken into account in drawing rounded conclusions on the sites most appropriate for allocation in the next iteration of the Local Plan
- ✓ Between 30 September and 1 November 2022, the Council undertook a [call for sites](#) to inform its Strategic Land Availability Assessment (SLAA) 2022. The SLAA helps to identify future sources of land to help meet the area's development needs. It is a technical study which assesses particular areas of land supply in the Borough to determine how far each is suitable, available and achievable (viable) for development.
- ✓ In October 2022, the Council produced a [Retail and Main Town Centre Uses Study](#) which updates the forecast needs for retail floorspace across the Borough and for each of its main centres over a 20 year period from 2022 to 2042.
- ✓ The Council has continued its regeneration activities during 2022/23, with the official opening of its Magna Square development in Egham, taking place in the Summer. The development features eco-friendly features such as solar-controlled glazing, low energy lighting and highly efficient thermal insulation, and has been short-listed for a number of property industry awards for its design quality.
- ✓ Three Council-owned companies support the activities of the Council, allowing it to deliver long-term sustainable goals. The accounts of the Companies are consolidated into the Council's own Statement of Accounts.
  - RBC Investments (Surrey) Limited - manages properties in the private sector rental market
  - RBC Services (Addlestone One) Limited – administers service charges for commercial and residential properties within the Council's developments
  - RBC Heat Company Limited - provides heating and hot water as a commercial undertaking to all the dwellings on the Addlestone ONE development and those commercial tenants who choose to buy the service

### **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.**

- ✓ The Council sets overall strategy and policy, and has in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to. The system of internal control is based on a framework contained within the [Constitution](#) which sets out how decisions are taken and the processes and controls required in managing risk.
- ✓ The Constitution is reviewed each year. This process includes consultation with staff, Councillors (via the Constitution Member Working Party), a report to the Corporate Management Committee on proposed changes, and then approval of the revised Constitution by the Full Council. Matters considered during 2022/23 included provisions for presenting budget amendments, changes to delegations for property transactions, the

## Annual Governance Statement 2022/23

creation of a standing Appointments sub-Committee, and a Standards and Audit subcommittee to consider specific staffing transactions, along with amendments to the gifts and hospitality declaration form in response to auditor recommendations.

- ✓ As outlined under Principle B, the Council uses a number of methods of engagement with its stakeholders in order to determine when and how interventions are necessary.
- ✓ Option appraisal is undertaken for major schemes to ensure alternatives proposals and methods of delivery are considered. Reports to Members include discussion of alternatives considered.
- ✓ The Council has a range of key performance indicators which are [monitored by Members](#) alongside regular reporting on the progress of key projects.
- ✓ The Medium-Term Financial Strategy sets the context for the annual budget setting, ensuring resources are matched to priorities. Realistic estimates are drawn up, taking account of the whole life costing of capital projects, and ensuring a sustainable funding strategy is developed alongside [other key strategies](#) such as the Treasury Management Strategy, Annual Investment Strategy, Minimum Revenue Provision Statement and Capital Strategy. This provides a core framework to underpin the delivery of the Council's intended outcomes.
- ✓ Service reviews are regularly carried out to ensure capacity and resources are aligned to priorities. A significant project to review the future options for delivery of Grounds Maintenance, for example, was progressed during 2022/23, commencing implementation of the decision to bring the service in house.
- ✓ A rolling programme of digital transformation is reported to the Communications and Transformation Working Party to ensure the Council has the right tools to deliver its intended outcomes at the same time as supporting residents and customers to engage effectively with Council services.
- ✓ A Corporate Risk Register is maintained to keep abreast of existing and emerging risks.
- ✓ The Council's companies comply with registration requirements of Companies House, have Articles of Association, bespoke shareholder agreements and business plans, and have duly appointed directors and non-executive directors.
- ✓ The Council's internal audit service has a risk-based [rolling programme](#) of work to ensure audit coverage across the organisation. Management agree responses to the recommendations and the audit team follow up to ensure the recommendations are implemented in a timely manner. Regular reporting on progress is made to the Standards and Audit Committee.
- ✓ The Council also responds to recommendations from external bodies such as the Regulator for Social Housing, in making plans to improve the quality of its housing stock, for example.
- ✓ As set out in Principle B, the Council has a range of methods to undertake consultation forms part of the Corporate Business Plan, sets out a framework for consultation with our residents.

### **Principle E– Develop the entity's capacity, including the capability of its leadership and the individuals within it.**

- ✓ As noted under Principle D, the Council regularly carries out service reviews to ensure it has the capacity to deliver outcomes.
- ✓ The Medium-Term Financial Strategy is aligned with the new Corporate Business Plan so that appropriate levels of resources (financial and staffing) are allocated to programmes of work.
- ✓ The Council participates in a number of partnership arrangements which enable it to



## Annual Governance Statement 2022/23

address capacity and resilience. These include:

- In 2015/16 the Council set up an employee-led mutual with Spelthorne Borough Council called Applied Resilience. This has increased both Councils' capacity to respond to civil emergencies including severe weather events such as storms, flooding or heatwaves, and to address business continuity and risk management. This arrangement continued in 2022/23.
  - Community Services provides a range of community services in partnership with Surrey Heath Borough Council.
  - Safer Runnymede provides a CCTV service for other Councils as well as Thorpe Park (a large theme park) and various NHS establishments. The service has seen expansion during 2022/23 with further contracts expected to be finalised in the short term.
  - The Council entered into a shared management arrangement for its Building Control Service at the start of the current year, with a view to exploring a full shared service arrangement over the next year.
- ✓ The Council also works with other partners such as the Surrey Environmental Partnership and the Heathrow Strategic Planning Group which highlight potential future capacity and resource requirements allowing the Council to properly plan for them.
  - ✓ 2022/23 saw the continuation of Member working groups, providing access for all Members to be involved in developing policy, supported by a range of cross-departmental officer working groups. This has been particularly effective in progressing climate change activity which affects every service area within the Council. The working group provides a focus point to ensure a shared understanding of the aims and priorities of the climate change programme and how each department can contribute, bringing together the right people to ensure progress is made.
  - ✓ The Organisational Development Strategy includes a Talent Management Strategy.
  - ✓ Annual budgets are set aside for both corporate training and professional development. The Council commits to supporting the cost of membership of appropriate professional bodies for officers.
  - ✓ Senior Leaders in the organisation have continued to participate in a Management Development Programme including modules on commercial awareness, change management, leading your managers, collaborative leadership, employment law and political awareness. This training programme has been extended to include the middle management tier during 2022/23.
  - ✓ A renewed focus has been given to ensuring take up of apprenticeships within the Council and participation in the two year [National Graduate Development Programme](#) has seen two graduates placed during 2022/23 (Economic Development and Policy) with a further two graduates anticipated to start during the following year. Participation in the programme supports new entrants to the local government sector and adds capacity to the organisation.
  - ✓ The Project Management Office has responsibility for embedding a project management approach across the organisation to support, monitor and report on the progress of projects within the Council's Project Portfolio. This includes the provision of a range of in-house training and support tools.
  - ✓ The Council is supported by bodies such as the Local Government Association who can provide advice and support where required, to Members and officers.
  - ✓ The Senior Leadership Team, comprising the Chief Executive, Assistant Chief Executive, Corporate Heads of Service and members of the Chief Executive's office, meet on a monthly basis to debate cross-service issues. The Corporate Leadership Team led by the Chief Executive and supported by the Monitoring officer, the Assistant Chief

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Executive and other officers when necessary, meets on a weekly basis.

- ✓ The officer structure in place at the end of 2022/23 is appended to this Statement. The management structure is to be enhanced in 2023/24 with the addition of a second Assistant Chief Executive to provide strategic capacity in the organisation to take forward the extensive aims and ambitions of the Corporate Business Plan. The current Chief Executive has announced his intention to retire during 2023/24 and a recruitment process to secure a replacement has commenced.
- ✓ Member induction sessions are held for new Members after local elections.
- ✓ Weekly briefings are held with the Leader and Deputy Leader.

### **Principle F– Managing risks and performance through robust internal control and strong public financial management.**

- ✓ The Council’s system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Managers within the Council undertake development and maintenance of the system. The system includes:
  - Comprehensive budgeting systems
  - Clearly defined capital expenditure guidelines
  - Named budget managers who hold devolved responsibility for delivering services within approved their budget
  - Setting and monitoring of key performance indicators
  - Regular financial monitoring reports comparing financial performance against forecasts
  - Project management and procurement training and templates
  - Financial regulations and contract standing orders as set out in the [Constitution](#)
- ✓ During 2021/22 the Council undertook a detailed self-assessment against CIPFA’s new Financial Management Code and reported its findings to the [Standards and Audit Committee](#) in January 2022. While the self-assessment demonstrated compliance with the Code, a number of improvements or enhancements were recommended for implementation over the short to medium term, and these have been monitored during 2022/23. An update on progress is set out in the final table appended to this Statement.
- ✓ The Standards and Audit Committee monitors the implementation of recommendations made by the internal audit service, ensuring that management action is taken to address any identified weaknesses or potential improvements to the system of internal control. During the year, Corporate Heads of Service were required to attend the Committee to discuss progress against recommendations. The Assistant Chief Executive raises internal audit matters on a regular basis at SLT meetings, encouraging engagement with the audit team and timely response to the implementation of recommendations.
- ✓ The [Overview and Scrutiny Select Committee](#) may review decisions made or actions taken relating to the discharge of any of the Council’s functions. In exceptional cases it may “call in” the decision of another Committee for further consideration before it is implemented. The Committee makes reports and recommendations to the Full Council or the appropriate Committee and presents [an annual report](#) on its work programme to the Full Council. The main aim of the Overview and Scrutiny Select Committee is to act as a “critical friend” to the Council to promote better services, policies and decisions. No Member may be involved in scrutinising a decision in which they have been directly

## Annual Governance Statement 2022/23

involved.

- ✓ The Council also has [Planning](#), [Licensing](#) and [Regulatory](#) Committees which discharge the regulatory functions in respect of planning applications and enforcement, and the regulation of taxis, private hire vehicles and other licenses including liquor and public entertainment.
- ✓ The senior leadership team regularly reviews the Council's Corporate Risk Register to ensure action is taken to mitigate known risks and identify future threats. An area of improvement that has been highlighted both in the review of the Financial Management Code and as an action stemming from the last Annual Governance review, is to develop regular risk reporting to the Standards and Audit Committee. An update is provided in the review of actions appended to this statement.
- ✓ During the pandemic, there were an increasing number of cyber-attacks reported nationally and this led the Council to improve its cyber security and upskill officers in this area. Following a detailed gap analysis, a Cyber Treatment Plan was developed and in February 2022, the Council secured £125,000 of funding from the DLUHC's Cyber Support Fund to progress the action plan during 2022/23. A further grant of £5,000 was secured from the Local Government Association early in 2022/23 for specialist cyber security training, leading to professional accreditation being achieved.
- ✓ The Council has a Continuous Performance Management system in place including regular one-to-one conversations and performance reviews, promoting the following benefits;
  - Greater individual and, as a result, Council success
  - The clarification of roles and responsibilities
  - The ability to adapt to change and align with Council priorities
  - Enabling succession planning through regular personal and career development discussions
  - The identification of training and development needs

### **Principle G** – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- ✓ The Council has a standard template for committee reports designed to capture relevant information for the reader, stakeholder or decision-maker in a fair, balanced and understandable way.
- ✓ All public reports are available on the Council's website. Where reports are not able to be made public due to containing sensitive personal or commercial information for example, this is made clear on the relevant agenda.
- ✓ Members of the public have access to formal Committee and Council meetings and have rights to speak at public meetings as laid out in the Constitution.
- ✓ As outlined under Principle F, the Council regularly reports on its performance, through the monitoring of key performance indicators, project performance and financial monitoring reports in addition to receiving reports from its internal and external auditors.
- ✓ The Council produces an annual Statement of Accounts in line with statutory deadlines, accompanied by a review of its system of internal control (Annual Governance Statement)
- ✓ The Council also produces an Annual Report that provides a summary of its activity and achievements throughout the previous year.
- ✓ As part of the governance review, senior managers are asked to complete a declaration

## Annual Governance Statement 2022/23

that acknowledges their role in upholding the internal control and assurance framework. This covers areas such as reviewing internal controls and implementing audit recommendations, deployment of resources, achievement of targets and production of service plans, risk management, familiarisation with Council procedures and decision-making. The declarations also provide an opportunity for Managers to request further guidance or training.

- ✓ The implementation of internal and external audit recommendations is monitored by the Standards and Audit Committee. Both the Head of Internal Audit and the External Auditor have unfettered access to the Committee and can meet in private with Members should the need arise. Of concern for many local authorities is the backlog in external audit reporting. The Council's external auditors have yet to complete the audit and "value for money" conclusion for the financial year 2019/20. The formation of a new regulatory body to carry out audit quality reviews, provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice is one of the ways the backlog is expected to be addressed.
- ✓ The Council supports both the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and its Statement on the Role of the Head of Internal Audit.
- ✓ The Council reports its partnership arrangements in its Statement of Accounts and ensures robust mechanisms are in place for monitoring the delivery of partnership work, thorough contractual arrangements and Service Level Agreements.
- ✓ In April 2022, the Council expanded its anti-fraud arrangements with Reigate and Banstead Borough Council which cover all areas of fraud work including participation in the National Fraud Initiative data matching exercise. 531 cases were investigated and closed during 2022/23 with fraud or error detected in 47 cases (8.9%) resulting in financial savings to the public purse of £180,680 with an additional £15,371.69 of cashable savings to the Council.
- ✓ The Council has a Whistle-Blowing Policy included in its [anti-fraud and corruption policy](#)
- ✓ An annual fraud report is being developed for the Standards and Audit Committee, to report on counter-fraud activity during the year and develop an action plan for the year ahead to improve fraud awareness both internally and with residents across the Borough. It is intended that an annual review of the Anti-Fraud and Corruption Policy will be built into this annual reporting cycle.
- ✓ The Council has continued to participate in the delivery and monitoring of grant funding, in relation to various support schemes for businesses and individuals to mitigate the impact of coronavirus and, more recently, the effects of the cost-of-living crisis. The Council has anti-fraud processes in place in relation to these payments, in line with government guidance.
- ✓ As noted under Principle B, the Council provides information on its website about how to access and request information under the Freedom of Information Act 2000 and publishes data, including its Contracts Register, in line with the Local Government Transparency Code 2015.

### Conclusion

The review of effectiveness carried out as part of the production of the 2022/23 Annual Governance Statement supports the conclusion that there is a sound system of internal control and governance in place at Runnymede Borough Council. The Council adapts to external change, moderating its plans in line with emerging risks, and responds to recommendations of auditing bodies and other external regulators. Where weaknesses in controls are identified, the Council acts to strengthen those controls.

As part of this review, no significant weaknesses in the governance framework have been identified. However, some areas of improvement to further enhance the Council's governance

## **Annual Governance Statement 2022/23**

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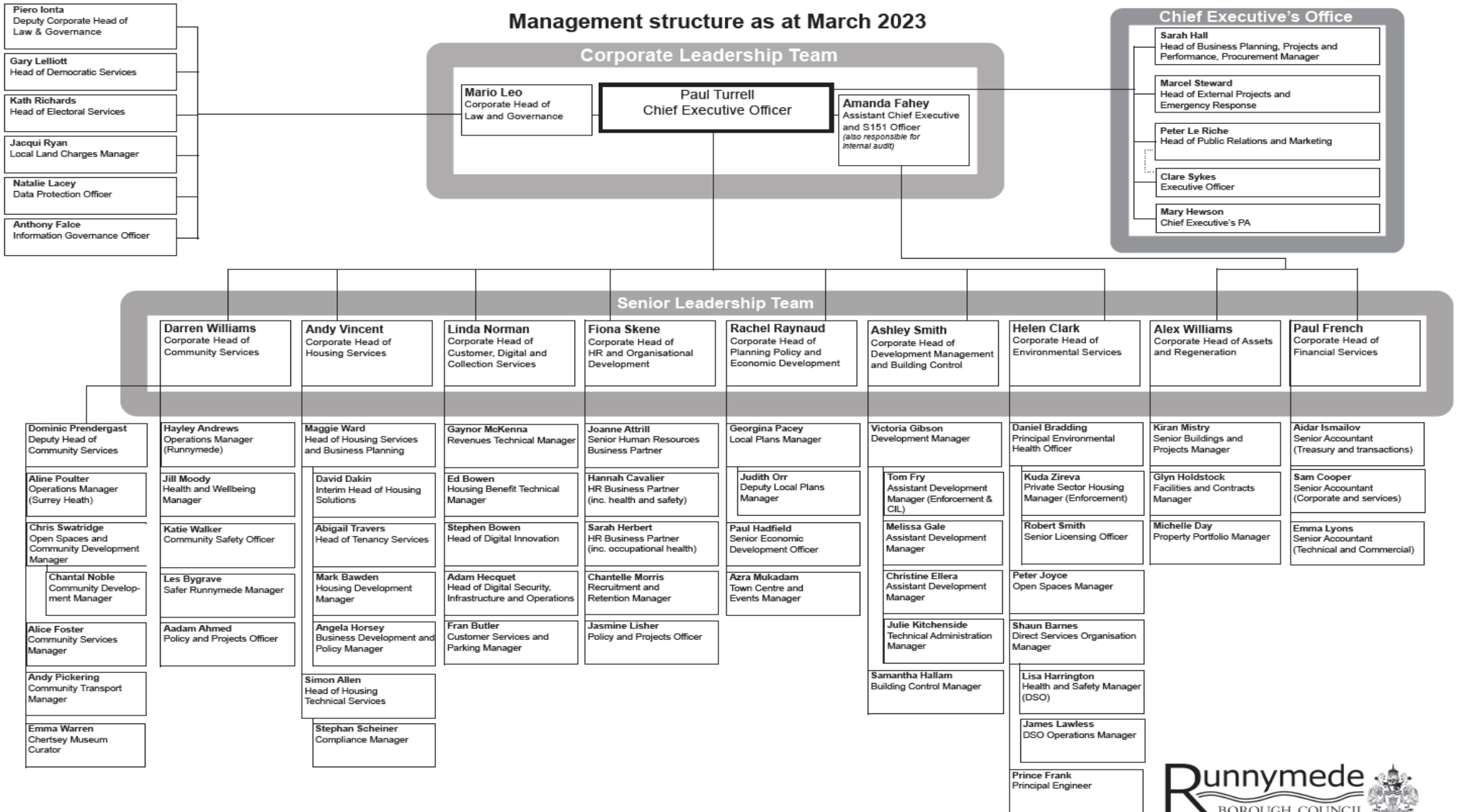
arrangements are planned.

The action plan appended to this Statement includes an update on action taken in 2022/23, in respect of areas identified for improvement in the previous year's Statement, alongside those issues identified during this review for action in 2023/24. A further table has been included to show progress against the areas for improvement or enhancement identified as part of the Council's self-assessment against Cipfa's Financial Management Code.

**Councillor T Gracey**  
**Leader of the Council**  
**25 May 2023**

**Mr. P Turrell**  
**Chief Executive**  
**25 May 2023**

# Annual Governance Statement 2022/23



## Annual Governance Statement 2022/23

### Review of actions from 2021/22 Annual Governance Statement

Item	Issues raised in 2021/22	Action taken during 2022/23
1.	<p><b>Risk Reporting</b></p> <p>As part of the Financial Management Code review, an area for improvement was identified around reporting risk matters to Standards and Audit Committee. This will be developed in consultation with the Chair of the Committee, to ensure proper oversight of risk management arrangements.</p>	<p>It was established during the year that the existing arrangements for managing updates to the Corporate Risk Register would require review. Due to past staffing changes, support for Risk Management administration was provided by a third party under a temporary arrangement that would cease at the next contract renewal date. Given the importance of Risk Management to the organisation, internal resource has been identified to support the Assistant Chief Executive (s151) in ensuring a robust mechanism is in place to maintain current and appropriate risk registers and associated documentation, policies and procedures. However, this resource will not be fully available to support this work until other staffing changes have been implemented towards the end of quarter 1, 2023/24.</p> <p>Alongside this, the Corporate Leadership Team (CLT) commenced a review of the Corporate Risk Register which will feed into the refresh of the Risk Strategy and future reporting. Once resource is available, it is proposed to carry out a risk-mapping exercise to fully understand and map the existing processes and risk management measures taking place across the Council and identify any gaps. This will provide the evidence base to inform the Risk Strategy and to develop an action plan to address any weaknesses in existing processes. It is anticipated that the refreshed Risk Management Strategy and overview of Corporate Risk will be reported to Members in October 2023, given the significant groundwork that it is proposed to undertake to ensure the right processes are put in place. This will also align with the next full audit of Risk Management which is scheduled to be undertaken during September 2023. This item will therefore be retained in the Annual Governance Statement as an on-going action to be progressed during 2023/24.</p>
2.	<p><b>Emergency Committee</b></p> <p>Following the debriefing sessions which took place after Storm Eunice, it is proposed to put together an officer group that meets on a regular basis outside of emergency situations, to consider topics related to business continuity and emergency response, supported by Applied Resilience. This will strengthen arrangements and bring a greater element of co-ordination in readiness for emergency situations.</p>	<p>An Emergency Planning Task and Finish Group has been set up during 2022/23 to take forward this action. The inaugural meeting on 22<sup>nd</sup> February 2023, considered and approved the Group's Terms of Reference, including membership and frequency of meetings. Membership includes all members of CLT and the Corporate Head of External Projects and Emergency Response, a representative from Applied Resilience (the body which provides the Council's Emergency Planning support) and key officers from across the Council who are actively involved in responding to an emergency. The first meeting also covered the review of a number of key policies and the resources needed to adequately respond to various emergency situations. The second meeting took place on 16<sup>th</sup> March 2023 and meetings will be on-going throughout 2023/24.</p>

## Annual Governance Statement 2022/23

3.	<p><b>Refresh Member Training Programme</b></p> <p>Given the changes to local government finances, the increasing complexity of the services provided by the Council, increased partnership working and new codes of practice, it would be prudent to refresh the Member training programme during 2022/23 for all Members, rather than just those newly inducted to the Council.</p>	<p>There was a renewed focus on Member training during the year, with the provision of a wide range of training sessions and briefings held throughout the year. For example, two Treasury Management sessions took place, having been made mandatory for members of both Corporate Management Committee and Overview and Scrutiny Select Committee, consisting of an in-house introductory session run by officers and a further technical session provided by the Council's Treasury Adviser. Sessions have also been held on budget issues leading up to the annual budget preparation, the Council Tax Support Scheme, the River Thames Scheme, Flood Modelling and Climate change and other key topics. Specific Committees also have mandatory training requirements (Planning, Licensing). A more comprehensive review of Member training will take place in 2023/24 to ensure adequate training is provided, including on current issues. For example, a report was taken to Corporate Management Committee in April 2023 to approve the rollout of a series of carbon literacy training for both officers and Members to support delivery of the Council's climate change ambitions.</p>
4.	<p><b>Refresh of the Local Code of Corporate Governance</b></p> <p>The review carried out as part of the Annual Governance Statement has highlighted a number of changes in the way services are provided. It would therefore be appropriate to refresh the Code of Corporate Governance to reflect these changes.</p>	<p>The review of the Local Code of Corporate Governance has commenced, with a draft revised Code being submitted for consideration to the May 2023 Standards and Audit Committee meeting ahead of consideration by Full Council for adoption. The changes to the Code have largely been presentational, providing a document that more easily demonstrates how the Council ensures that it adheres to its own Code, while also ensuring that the Code reflects current processes. A key element arising out of the report is an annual timetable for review and update of the Code, to ensure it remains relevant and reflective of current practices.</p>

### Areas of improvement for 2023/24

Item	Issues raised in 2022/23 for action in 2023/24	Responsible Officer
1.	<p><b>Risk Reporting</b></p> <p>As part of the Financial Management Code review, an area for improvement was identified around reporting risk matters to Standards and Audit Committee. This will be developed in consultation with the Chair of the Committee, to ensure proper oversight of risk management arrangements. Item carried forward from previous year as not yet complete.</p>	Assistant Chief Executive (s151)
2.	<p><b>Procurement</b></p> <p>A draft Procurement Strategy for the period 2023-2026 to support delivery of the Council's Corporate Business Plan and associated strategies was presented Corporate Management Committee in March 2023 ahead of formal adoption by Full</p>	Head of Procurement



## Annual Governance Statement 2022/23

	<p>Council in April. Appended to the Strategy are procurement policies for Social Value and Sustainable Procurement (including Carbon Reduction) and an update to the existing procurement policy in respect of Modern Slavery.</p> <p>Following adoption of the Strategy and Policies, these will be implemented in the new financial year alongside updates to the Procurement Toolkit and training for buying managers. In addition, the anticipated introduction of the Procurement Bill during 2023/24 will reform the UK's public procurement regime and have a significant impact on the Council's procurement processes and procedures. Change will be required to be implemented within six months of the Bill being passed. This will impact on procurement processes and procedures contained within the procurement toolkit and Contract Standing Orders, which will require review in light of any changes in legislation.</p>	
3.	<p><b>Embedding new Corporate Leadership Team arrangements</b></p> <p>It will be important for the maintenance of good governance in the organisation to ensure a smooth transition to the new Leadership Team with the arrival in 2023/24 of an additional Assistant Chief Executive (Place) and the recruitment of a new Chief Executive following the announcement of the forthcoming retirement of the current Chief Executive.</p>	Corporate Leadership Team
4.	<p><b>Response to engagement with Cipfa and DLUHC</b></p> <p>During 2022/23, the Council participated in a series of meetings with colleagues from the Department for Levelling Up, Housing and Communities and with Cipfa, as part of the engagement process with local authorities ahead of the enactment of the Levelling Up and Regeneration Bill, in order to aid understanding of the financial risk mitigation measures proposed within the Bill. The Council will consider the implementation of changes to its risk mitigation measures, once feedback from these sessions has been received, as part of its consideration of the impact of the final measures included in the Bill and any associated guidance for Councils.</p>	Chief Executive

### Progress on actions identified to strengthen compliance with the Financial Management Code

Item	Areas of improvement (short term actions)	Responsible Officer	Status
1.	<p><b>Update the Asset Management Strategy</b></p> <p>A revised Asset Management Strategy and associated policies was developed during 2022/23 and adopted by Full Council in March 2023</p>	Corporate Head of Assets and Regeneration	Actioned
Item	Areas for enhancement (medium-term actions)	Responsible Officer	Status

## Annual Governance Statement 2022/23

2.	<p><b>Integration of the Nolan Principles into a future version of the Staff Code of Conduct</b></p>	Corporate Head of HR & OD	To be progressed in 2023/24
3.	<p><b>Regular update to SLT on internal and external audit recommendations</b></p> <p>The Assistant Chief Executive (s151) ensures that that audit recommendations and progress on the implementation for any outstanding actions are discussed at regular SLT meetings. Internal Audit reports are circulated to SLT members to increase awareness of audit recommendations and to encourage engagement with the internal audit process.</p>	Assistant Chief Executive (s151)	Actioned
4.	<p><b>Update key financial risks facing the authority with “best” and “worst” case scenarios</b></p> <p>The format of the Medium-Term Financial Strategy has been revised to include alternative scenarios for levels of growth, income, inflation and funding assumptions for example and to demonstrate the effect of changes on the Council’s ability to balance its budget and on the level of reserves that it holds.</p>	Assistant Chief Executive (s151)	Actioned
5.	<p><b>Consider Commissioning an independent financial resilience assessment by a neighbouring authority</b></p> <p>As reported in the Financial Management Code self-assessment, the Council periodically participates in external reviews such as the Local Government Association’s Peer review process. During 2022/23, the Assistant Chief Executive (s151) engaged with the LGA’s Finance Improvement and Sustainability Adviser, and the Council participated in a series of meetings with colleagues from the Department for Levelling Up, Housing and Communities and with Cipfa, as part of the engagement process with local authorities ahead of the enactment of the Levelling Up and Regeneration Bill, in order to aid understanding of the financial risk mitigation measures proposed within the Bill. Further opportunities for external assessment will be considered on a rolling basis.</p>	Assistant Chief Executive (s151)	On-going.
6.	<p><b>Introduce a PESTLE analysis for cost drivers such as demographic changes</b></p> <p>During 2022/23, the Council created a Graduate Policy Officer post, reporting directly to the Chief Executive. The additional of this resource has enabled greater analysis to be undertaken of Government policy and statistical data such as the 2021 Census, to inform decision-making. For example, analysis of the successful bids under the Levelling Up fund was carried out, to understand the distribution of the funding and the criteria that led to success, which may then inform future grant funding bids from the Council. Further work on embedding the use of PESTLE analysis in decision -making is on-going.</p>	Senior Leadership Team	On-going
7.	<p><b>More frequent reporting on the achievement of savings plans and targets</b></p> <p>The achievement of savings targets under previous efficiency plans has been reported to the Overview and Scrutiny Select Committee. The Council’s latest MTFS commits to setting up a process for the identification of savings and efficiencies to capture ideas from across the organisation. From this, a set of targets will be defined, with progress on delivery monitored via</p>	Assistant Chief Executive (s151)	On-going

## Annual Governance Statement 2022/23

	the Overview and Scrutiny Select Committee, with greater focus being given to the timely delivery of the savings programme. A follow up report setting out more detail on these proposals will be presented to Corporate Management Committee in the new municipal year.		
8.	<p><b>Reinstate risk reporting to the Standards and Audit Committee</b></p> <p>Given the significance of this item, it has been included in the key actions to take forward under the Annual Governance Statement as noted above.</p>	Assistant Chief Executive (s151)	On-going
9.	<p><b>Increased reporting of Prudential Indicators (including Investment indicators)</b></p> <p>Under the latest Treasury Management Code update, reporting on both Treasury and non-Treasury indicators are required on a quarterly basis from 2023/24. The Treasury Management Strategy approved in February 2023 set out processes to be followed in the year ahead. This includes the development of performance indicators for the Council's property portfolio. As part of the growth bids for the 2023/24 budget, the Council is engaging with a specialist property analysis, to enable on-going benchmarking of our investment portfolio in the wider marketplace and analysis of the key drivers of risk and return.</p>	Corporate Head of Finance / Corporate Head of Assets and Regeneration	In progress
10.	<p><b>Undertake a formal balance sheet review to identify opportunities to improve the financial health of the Council</b></p> <p>To explore in 2023/24</p>	Assistant Chief Executive (s151)	To be progressed in 2023/24
11.	<p><b>Include Chief Financial Officer's specific responsibilities for ensuring that the statutory accounts comply with the Code of Practice on Local Authority Accounting in the United Kingdom in the CFO's role description, personal objectives and other relevant performance management mechanisms.</b></p>	Corporate Head of HR & OD	To be progressed in 2023/24