

# Runnymede Borough Council

## 2023-24 Statement of Accounts

(Subject to audit)



Runnymede Borough Council  
**Useful information**

**Address and telephone number**

Address: Civic Centre,  
Station Road,  
Addlestone  
Surrey, KT15 2AH  
Telephone: 01932 838383  
Fax no: 01932 838384  
Website address: [www.runnymede.gov.uk](http://www.runnymede.gov.uk)

**Mayor and Deputy Mayor in the 2023/24 municipal year**

Mayor: Councillor S Saise-Marshall  
Deputy Mayor: Councillor R Bromley

**Chairmen of Committees in 2023/24**

Corporate Management Committee	Councillor T Gracey
Community Services	Councillor C Howorth
Crime and Disorder Committee	Councillor J Furey
Englefield Green Committee	Councillor T Gates
Environment and Sustainability Committee	Councillor D Coen
Housing Committee	Councillor M Nuti
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 J Hulley

**Chief Officers in 2023/24**

Chief Executive	Paul Turrell (to 31 July 2023) Andrew Pritchard (from 1 Aug 2023)
Corporate Head of Law and Governance	Mario Leo
Assistant Chief Executive (Chief Financial Officer)	Amanda Fahey
Assistant Chief Executive for Place	Phil Turner (from 17 July 2023)

**External Auditor in 2023/24**

Appointed Auditor: Grant Thornton UK LLP  
Address: 30 Finsbury Square, London EC2A 1AG

**Bankers in 2023/24**

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 2023/24

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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 2023/24.

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 2023/24
- 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 2023/24 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.

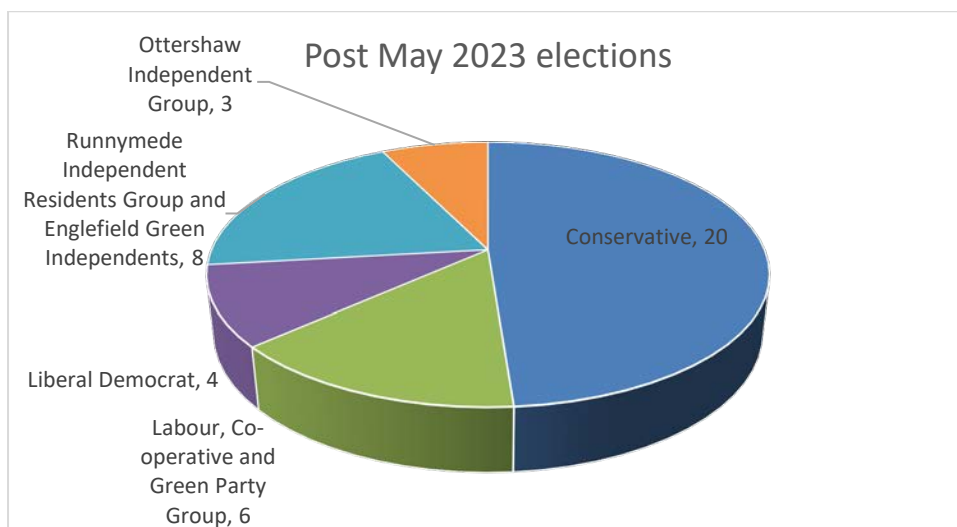
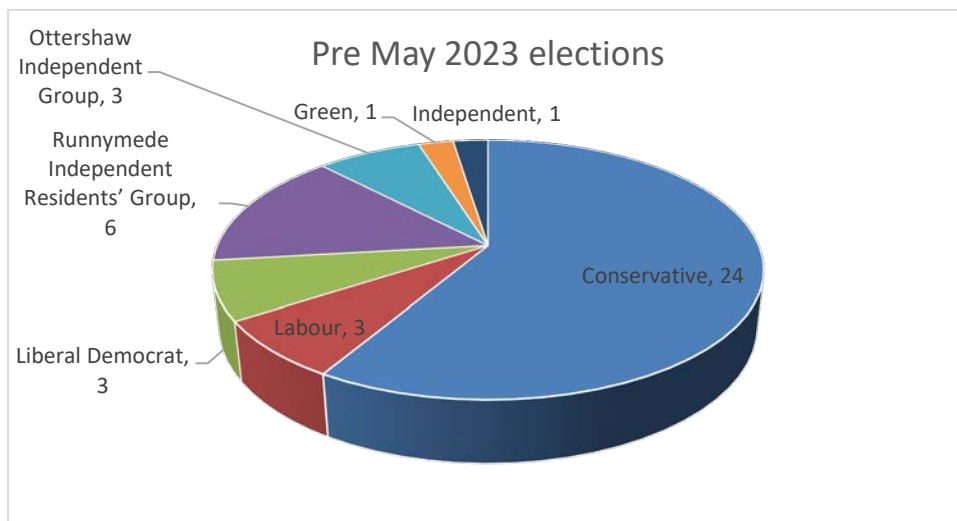
## Narrative Report to the Statement of Accounts 2023/24

The Council operates under a committee system meaning that decisions are taken by a number of politically balanced Committees, through meetings of the full Council or by officers under delegated authority. Local elections are held every year for 3 years, for a third of Council seats, with a fallow year in the fourth year, when the County Council elections take place.

Conservatives were the majority group 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 group had a majority of the 41 seats on the Council although the Conservatives remained the largest single group, with 20 of the 41 seats. Councillor Tom Gracey was appointed Leader of the Council for the 2023/24 municipal year, at the Annual Council meeting of 17 May 2023, again supported by Councillor Myles Willingale as Deputy Leader.

The political make-up of the Council during the 2023/24 financial year is shown below:



A vacancy arose in March 2024 in Woodham and Rowtown ward following the resignation of Councillor Max Darby. The by-election for this seat took place on 2<sup>nd</sup> May 2024.

## Narrative Report to the Statement of Accounts 2023/24

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On May 2<sup>nd</sup>, 2024, local elections took place for the next tranche of 14 seats, the outcome of which saw the Conservatives initially remain as the largest single group with 13 seats but with no group having an overall majority. Members of the Labour and Cooperative, Runnymede Independent Residents Group, Liberal Democrat and Green Parties, along with non-affiliated members from Englefield Green East ward, subsequently came together to form a single majority group, the Runnymede Council Alliance (RCA) under a 4 Co-Leader model. On forming their group, the RCA had a total of 25 seats while the Ottershaw Independents had 3 seats. Councillors Linda Gillham, Robert King, Steve Ringham and Don Whyte were appointed as the co-leaders of Runnymede Borough Council on 15<sup>th</sup> May 2024.

Councillors are supported by the Corporate Leadership Team (CLT) which at the start of 2023/24 consisted of the Council's Chief Executive, Paul Turrell, the Council's Chief Financial Officer and its Monitoring Officer. The Chief Financial Officer role is undertaken by the Council's Assistant Chief Executive, Amanda Fahey, who joined the Council in December 2021, while the Monitoring Officer role is undertaken by the Council's Corporate Head of Law and Governance, Mario Leo.

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 Community Services, 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, 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 Corporate Heads of Service and other roles reporting directly to the Chief Executive. During 2023/24, the number of Corporate Heads of Service were reduced from 9 to 8, following the departure of Rachel Raynaud, Corporate Head of Planning Policy and Economic Development and the subsequent merger of two service areas to create the Planning, Economy and Built Environment Service. 2023/24 saw two other changes at Corporate Head of Service level with Maggie Ward stepping up internally as Interim Corporate Head of Housing following the departure of Andy Vincent, and Kate Enver joining the Council in January 2024 as Corporate Head of Human Resources and Organisational Development following the departure of Fiona Skene.

An organisation chart, showing the position as at the end of 2023/24, 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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The UK economy largely stagnated during 2023, growing by just 0.1%. Technically the economy was in recession by the end of 2023 but with more positive signs emerging in early 2024. The cost-of-living crisis continued to hit household spending and business activity during the year.

Against this backdrop, the Council continued to manage a diverse portfolio of commercial properties, producing a significant income stream and supporting the regeneration of the Addlestone and Egham. The year saw the opening of new leisure propositions in Addlestone such as Kick X and Geek Retreat and, towards the end of the year, an indoor, adventure golf proposition was agreed. While success was achieved in the opening of these leisure-based businesses, other businesses in Addlestone One closed their doors during 2023/24 such as Holland and Barratt.

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

## Narrative Report to the Statement of Accounts 2023/24

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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 against the revenue budget in 2023/24, it was possible to contribute to this contingency, increasing the balance to just over £21m, leaving the Council well-placed to manage the challenges going into the new financial year. In addition, the Council chose to set aside further sums in its two key reserves supporting its property portfolio, adding an additional £1m to both the Property Income Equalisation Reserve and the Property Repairs and Renewals Reserve. The Council also agreed to set aside £1m as a voluntary revenue provision (VRP) which is when the council chooses to set funds aside for the future repayment of loans, over and above the statutory minimum provision it is required to make. This action supported the Council's commitment to respond to Cipfa and DHLUC's recommendations and demonstrated its prudent approach to debt management, whilst being affordable and not impacting on service provision.

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 2023/24 year. 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.

The measures to support the strategy included the development of a process for the identification of savings, income generation and efficiencies; the commencement of a series of service reviews; the potential expansion of partnership working arrangements; the maximisation of 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 a proposal to strengthen the Council's Leadership Team.

The financial forecast was updated as part of the budget setting process for 2023/24 and showed a projected deficit of £5.2m by the close of 2025/26.

The next review of the MTFS took place in December 2023 and included an updated action plan that demonstrated the implementation of many of the measures set out previously. For example, the Asset Management Strategy had been approved in March 2023, the savings and efficiencies process has been agreed by full Council in October 2023, the first tranche of Service Reviews was underway, and a new Risk Management Framework has been implemented. The projected deficit by the close of 2026/27 stood at £7m but was reduced to £5.2m when updated as part of the 2024/25 budget report in January 2024, following the inclusion of successfully delivered savings.

### Other Funding Issues

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The Local Government Finance Settlement for 2023/24 introduced a minimum funding guarantee to ensure all councils 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) did not materialise in 2023/24 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 gained 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



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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 which continued in 2023/24 and included an external review of its capital health and associated risk, undertaken by the Chartered Institute of Public Finance and Accountancy (Cipfa) in July 2023. Following this review, the Council received a non-statutory Best Value Notice from DLUHC in December 2023, which set 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 continued to engage fully with this process resulting in the Notice not being renewed at its annual review date in December 2024.

### Strategic Direction

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The Medium-Term Financial Strategy supports the Council's four-year 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:

1. Climate change:  
To play a key role in creating a greener environment and effective response to climate change
2. Empowering our communities:  
To support groups and societies with initiatives to strengthen their communities and to represent and advocate for our residents' interests
3. Health and Wellbeing:  
To improve the health and wellbeing of our residents, working in partnership with the NHS and other stakeholders
4. Economic Prosperity:  
To support sustainable growth in the local economy
5. 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 notable improvements to the system of governance were made during 2023/24 and are set out in the AGS. The Council began preparation for the proposed joint Complaint Handling Code, reviewing its processes to ensure compliance with the new code and commencing the design of a



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streamlined process for responding to its customers and residents. Stakeholder engagement was carried out to support development of the Council's Climate Change Action Plan and a Climate change study was undertaken to support the development of future planning policies which will seek to mitigate the impacts of climate change. Members were consulted about proposals to establish a Citizens' Panel to increase local engagement. April 2023 saw the adoption by full Council of a new Procurement Strategy. Appended to the Strategy are procurement policies for Social Value and Sustainable Procurement (including Carbon Reduction) and an updated policy in respect of Modern Slavery. A rolling programme of Service Reviews was commenced. Following receipt of a non-statutory best value notice in December 2023, robust programme governance arrangements were set up to manage the various workstreams being undertaken to respond to the notice, in addition to having oversight of both the Service Review and the Savings and Efficiencies programmes.

The AGS reports progress against planned improvements identified in the preceding year and sets out actions identified in 2023/24 to be undertaken in the following year, maintaining a cycle of continuous improvement in its governance arrangements. Actions progressed during 2023/24 included improved risk reporting with the development of new Risk Management Framework and Risk Appetite Statements alongside the creation of a dashboard for reporting risk to the Standards and Audit Committee on a regular basis. Training for staff in the updated Procurement Strategy and associated procedures was undertaken, the new Corporate Leadership Team arrangements were embedded following the appointment of a second Assistant Chief Executive and a new Chief Executive, and the Council continued its positive dialogue with DLUHC and with Cipfa.

Given its significance, the only action proposed for 2024/25 was the Council's response to the non-statutory best value notice and progression of the workstreams falling with the Best Value Notice Response Programme.

The AGS also provided an update on the action plan that was developed following the Council's previous self-assessment against Cipfa's Financial Management Code, showing that only two of the eleven actions remained outstanding at the end of the year.

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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##### 2023/24 Budget:

A net budget requirement of £13.1m for 2023/24 was approved by a meeting of the full Council in February 2023. Councillors agreed a £5.37 (2.99%) increase in Council Tax, taking the Borough's element of the Council Tax to £184.92, still being the lowest Council Tax levied in Surrey by District and Borough Councils.

The Council significantly underspent against its budget during 2023/24, taking it from a position where it had expected to draw down around £3.9m from its balances to support spending in the year, to one resulting in just over £3.8m being available to be set aside to support future pressures and to increase the level of contingency available to mitigate risk. £1m of this underspend was transferred to each of 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 as a voluntary

## Narrative Report to the Statement of Accounts 2023/24

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revenue provision towards the repayment of debt, supporting the Council's commitment to respond to Cipfa and DHLUC's recommendations and demonstrating its prudent approach to debt management, whilst being affordable and not impacting on service provision. Following these transfers, around £0.8m was still available to flow into the General Fund working balance, or General Fund Reserve, increasing balances to £21.1m, comfortably above the approved £5m minimum threshold.

Other key variances included additional staff vacancy savings (£1.6m), a reduction in the amount required to be set aside to meet doubtful debts (£2.2m), and a net reduction (£2.2m) in investment income. Measures have been taken in the 2024/25 budget process to review the staffing costs held in the budget and realign the budget to the staffing establishment, which should reduce the high level of variance against employee budget moving forward.

### Pension liabilities:

The Council had net pension assets of £3.4m as at 31 March 2024, moving from a position of net liability of £6.9m as at 31 March 2023, as measured under International Accounting Standards (IAS19). This favourable movement was mainly due to strong returns on plan assets.

The provision of public service pensions represents a substantial revenue cost 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 2022, which set the employer contribution rates from 1 April 2023 to 31 March 2026, assessed that the funding level for Runnymede's element of the Pension Fund had increased from 98% to 103%.

The surplus means that the assets (mainly investments in shares, property and bonds) in the Pension Fund are more than sufficient to meet future liabilities (the pensions payable).

The value of the Council's share of fund assets increased by £12.5m in the year from £122.2m to £134.7m, with liabilities decreasing by £2.3m from £129.1m to £131.4m. The overall deficit of £6.9m moved to a net surplus of £3.4m.

### Housing Revenue Account:

The Council owns approximately 2,900 homes, generating rental income of over £19.4m in the year (£18.1m in 2022/23). 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 surplus on the provision of HRA services for the year stood at £1.7m.

The overall working balances for the HRA have increased to £39.4m from an anticipated £36.7m, due to the in-year surplus generated.

### Capital Spending:

The following table shows a summary of capital expenditure undertaken in 2023/24, including both HRA and General Fund expenditure, and how it was financed.

## Narrative Report to the Statement of Accounts 2023/24

### Capital Financing Summary 2023/24

	Gross Spend	Grants & Contributions	Capital Receipts	Earmarked Reserves	HRA Revenue Reserves	Major Repairs Reserve
	£	£	£	£	£	£
<b><u>Housing Services</u></b>						
Housing Northgate System upgrade	35,301				35,301	
Capitalisation of Improvement Works	6,104,238					6,104,238
HRA Property Purchases	2,984,737	2,180,126			804,611	
Housing IT enhancements	51,750				51,750	
Private Sector Improvement grants	769,187	769,187				
<b><u>Environment &amp; Sustainability</u></b>						
Grounds Maintenance Vehicles	104,879		104,879			
Contribution to A320 scheme	2,000,000		2,000,000			
Chertsey Depot EV Chargers	10,866		10,866			
<b><u>Community Services</u></b>						
CCTV Equipment Replacement	107,193			107,193		
Grants to Local Organisations	1,500		1,500			
Replacement Play Areas	160,000	160,000				
Tennis Court improvements	227,311	179,037		48,274		
Chertsey Museum Lift	43,308		43,308			
<b><u>Corporate &amp; Business Services</u></b>						
Grants supporting local business	10,000	10,000				
Investment in ICT	239,611		148,247	91,364		
<b><u>Regeneration Programme</u></b>						
Addlestone One Project	312,994		312,994			
Magna Square regeneration scheme	1,341,703		1,341,703			
Addlestone One refurbishment	2,069,816		2,069,816			
	<b>16,574,392</b>	<b>3,298,349</b>	<b>6,033,312</b>	<b>246,831</b>	<b>891,662</b>	<b>6,104,238</b>

#### Future Capital Strategy:

The Council has an ambitious capital investment programme totalling £104.8m over the period 2024/25 to 2027/28 as set out in the Capital and Investment Strategy approved by full Council in February 2024. No new borrowing is assumed to be undertaken to finance the programme and capital expenditure will instead be met from external funding sources such as grants and contributions, from capital receipts, from earmarked reserves or other contributions from the Revenue account. The Council has approved a strategy whereby any receipts from the sale of debt-funded assets will be used to reduce the Council's borrowing level and has formally placed a moratorium of the purchase of any new commercial property using borrowing.

The Council is planning to spend £76.6m over the next 4 years (2024/25 – 2027/28) to increase and improve its housing stock.

Proposed General Fund capital expenditure includes:

- Necessary expenditure on operation assets including buildings, vehicles and car parks to ensure they remain fit for purpose
- Provision for asset management of the Council's investment properties
- Replacement ICT equipment and digital transformation schemes, replacing legacy systems and driving efficiencies
- Contributions to major infrastructure such as the River Thames scheme

## Narrative Report to the Statement of Accounts 2023/24

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### Group Financial Performance:

Group Accounts provide an overview of organisations subject to Council control. In 2023/24, 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

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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.

The year end performance report showed 13 out of 25 Corporate Key Performance Indicators having a "green" status for their annual result meaning that performance has met or over-achieved against the annual target. 4 out of 25 showed an "amber" status meaning that the target had been missed but that results were within 10% of the relevant target. 8 out of 25 recorded a "red" status where the outcome was a greater than 10% variance against target or where the indicator related to compliance, where no tolerance is allowed, and any level of underachievement will score "red".

KPIs achieving or exceeding their targets for the year included the number of bins collected on schedule; individual KPIs for the number of major, non-major and other planning applications processed to deadline, processing times for Housing Benefit and Council Tax support; Housing tenant rent arrears and numbers of electrical safety condition surveys processed.

Amber results were recorded for the number of invoices processed within 30 days (95.8% against a 98% target); the percentage of Freedom of Information requests processed within statutory deadlines (91.1% against a 99% target); the number of decisions investigated by the Ombudsman requiring a remedy (1 instance against a target of 0); and the number of community meal products served which at 39,575 fell marginally below the target of 39,700.

Red results included an above target number of lost customer service calls, a lower performance against targets for a number of housing service KPIs due to contract performance issues, and a greater than target number of households in bed and breakfast accommodation. 1 of the red indicators was a compliance indicator for the number of properties requiring a gas safety check, which scored red due to 1 outstanding instance out of 2,637 properties.

Quarterly updates are provided to Members on the progress of the Council's Project Portfolio, with Quarter 4's report providing summary statistics for the year. The year end statistics for project portfolio delivery in 2023/24 were:

- Total number of projects delivered - 16 (6 grade A, 4 grade B, and 6 grade C)
- Number of projects ongoing into 2024/25 - 30 (13 grade A, 11 grade B, 6 grade C)
- Number of projects that in the pipeline but yet to start – 12

In addition to the 30 on-going projects and 12 pipeline projects that already form the project portfolio, there are a further 30 planned activities for delivery in 2024/25 that are identified as projects to commence during 2024/25.

## Narrative Report to the Statement of Accounts 2023/24

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Projects completed during the year include:

- Works to remove and replace cladding on residential blocks in the Addlestone One development
- Review of Addlestone Day Centre provision
- Lawn Tennis Association project to improve tennis facilities in the Borough
- Installation of hybrid meeting equipment in meeting rooms across the Council
- Introduction of new payment methods for customers such as Apple Pay and Google Pay

### 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 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

The Council continued with its participation in the Local Government Association's National Graduate Development Programme in 2023/24 alongside other graduate posts across service areas including Assets and Regeneration, Climate Change and Sustainability, and Policy development.

### 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 2024. 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 2023/24, 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

## Narrative Report to the Statement of Accounts 2023/24

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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 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**.

## Narrative Report to the Statement of Accounts 2023/24

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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 local government funding only adds to these difficulties. 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 risks to an acceptable level.

The Statement of Accounts for 2023/24, which sets out the Council's financial position as at 31 March 2024, 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 2023/24 was considered and approved by the Standards and Audit Committee, on behalf of Runnymede Borough Council.

.....

Cllr  
Chairman of the Standards and Audit Committee

.....

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 2023/24 presents a true and fair view of the financial position of Runnymede Borough Council at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

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Amanda Fahey  
Assistant Chief Executive and Chief Financial Officer

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Date:

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## **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

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2022/23			2023/24			
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>						
10,560	18,126	(7,566)		16,206	19,559	(3,353)
18,266	15,482	2,784		17,759	15,152	2,607
9,322	4,624	4,698		7,768	3,896	3,872
6,779	2,416	4,363		10,815	2,854	7,961
282	127	155		273	134	139
3,441	2,470	971		3,337	5,313	(1,976)
12,994	344	12,650		11,597	3,211	8,386
Exceptional costs:						
(16,985)	0	(16,985)		0	0	0
<u>44,659</u>	<u>43,589</u>	<u>1,070</u>		<u>67,755</u>	<u>50,119</u>	<u>17,636</u>
<b>Cost Of Services</b>						
	<b>(445)</b>		9			<b>535</b>
	<b>14,199</b>		10			<b>177,943</b>
	<b>(10,482)</b>		11			<b>(13,210)</b>
	<u>4,342</u>					<u>182,904</u>
<b>(Surplus) or deficit on provision of services</b>						
<b>Items that will not be reclassified to the (surplus) or deficit on provision of services:</b>						
	<b>(13,194)</b>		25.1			<b>(4,558)</b>
	<b>4,818</b>		25.1			<b>43,517</b>
	<b>(44,727)</b>		33			<b>(10,549)</b>
	<u>(53,103)</u>					<u>28,410</u>
<b>Other comprehensive (income) and expenditure</b>						
	<u>(48,761)</u>					<u>211,314</u>
<b>Total comprehensive (income) and expenditure</b>						

## Movement in reserves statement

The movement in reserves statement shows the position at the 31 March 2024 for the movements between reserves in accordance with the requirements of the Code of Practice. Detailed analysis of the movement in Earmarked Reserves is found in Note 12 to the Statement of Accounts

Notes	General Fund balance	General Fund Earmarked Reserves	Total General Fund Reserves	Housing Revenue Account (HRA)	HRA Earmarked Reserves	Total HRA Reserves	Major Repairs Reserve	Capital Receipts reserve (See Note)	Capital grants unapplied reserve	Total usable reserves	Unusable reserves	Total Council reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2023</b>	20,300	31,028	51,328	36,767	19	36,786	902	12,900	4,358	106,274	325,175	431,449
Movement in Reserves during 2023/24:			0			0				0		
Total comprehensive income and expenditure	(184,628)		(184,628)	1,724		1,724	0	0	0	(182,904)	(28,410)	(211,314)
Adjustments between accounting basis and funding basis under regulations	185,435	11,251	196,686	965	31	996	(902)	433	(41)	197,172	(197,172)	0
<b>Increase (decrease) in the year</b>	807	11,251	12,058	2,689	31	2,720	(902)	433	(41)	14,268	(225,582)	(211,314)
			0			0						
<b>Balance at 31 March 2024</b>	21,107	42,279	63,386	39,456	50	39,506	0	13,333	4,317	120,542	99,593	220,135
			0			0						
			0			0						
<b>Balance at 31 March 2022</b>	18,203	33,267	51,470	32,637	0	32,637	4,003	9,249	7,600	104,959	277,729	382,688
Movement in Reserves during 2022/23:			0			0						
Total comprehensive income and expenditure	(25,554)		(25,554)	21,212	0	21,212	0	0	0	(4,342)	53,103	48,761
Adjustments between accounting basis and funding basis under regulations	27,651	(2,239)	25,412	(17,082)	19	(17,063)	(3,101)	3,651	(3,242)	5,657	(5,657)	0
<b>Increase (decrease) in the year</b>	2,097	(2,239)	(142)	4,130	19	4,149	(3,101)	3,651	(3,242)	1,315	47,446	48,761
			0			0						
<b>Balance at 31 March 2023</b>	20,300	31,028	51,328	36,767	19	36,786	902	12,900	4,358	106,274	325,175	431,449

**Notes:**

The Capital Receipts reserve includes £6.090m for HRA debt repayment and Housing 1-4-1 replacements as at 31 March 2023 (£4.309m at 31 March 2023)

## Balance sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory or other 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'.

31 March 2023 £000		Note	31 March 2024 £000
461,510	Property, plant and equipment	13	409,067
539,581	Investment property	16	354,665
671	Intangible assets	17	757
10	Long-term investments	18	10
41,700	Long-term debtors	18	42,533
0	Asset related to pensions	33	3,374
1,043,472	<b>Long term assets</b>		810,406
61,438	Short-term investments	18	42,676
100	Inventories and work in progress	19	69
4,551	Short-term debtors	20	14,133
13,090	Cash and cash equivalents	21	8,606
0	Assets held for sale	22	300
79,179	<b>Current assets</b>		65,784
(16,063)	Short term borrowing	18	(11,100)
(39,846)	Short-term creditors	23	(27,173)
(863)	Provisions	24	(851)
(3)	Grants received in advance		(3)
(56,775)	<b>Current liabilities</b>		(39,127)
(627,509)	Long term borrowing	18	(616,928)
(6,918)	Liability related to pensions	33	0
(634,427)	<b>Long term liabilities</b>		(616,928)
431,449	<b>Net assets</b>		220,135
106,274	Usable reserves	MIRS	120,542
325,175	Unusable reserves	25	99,593
431,449	<b>Total reserves</b>		220,135





## Notes to the financial statements

### 1 Principal accounting policies

#### 1.1 General principles

The Accounts and Audit Regulations 2015 require the Council to prepare an annual statement of accounts in accordance with proper accounting practices. For 2023/24, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code)
- the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (as amended) (the 2003 Regs)

The Statement of Accounts has been prepared using the going concern and accruals bases. The historical cost convention has been applied, modified by the valuation of the following material categories of non-current assets and financial instruments:

Class of Assets	Measurement Basis								
Property, Plant and Equipment: Dwellings	Current value - comprising existing use value for social housing. Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secure tenancies.								
Property, Plant and Equipment: Other Land and Buildings	Current value - comprising existing use value. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.								
Property, Plant and Equipment: Surplus Assets	Fair value - 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								
Investment Properties	Fair value – as above								
Financial Instruments – Fair Value through Profit or Loss	Fair value – as above								
Pension Assets	Fair value – <table style="margin-left: 20px; border: none;"> <tr> <td>Quoted securities</td> <td>Current bid price</td> </tr> <tr> <td>Unquoted securities</td> <td>Professional estimate</td> </tr> <tr> <td>Unitised securities</td> <td>Current bid price</td> </tr> <tr> <td>Property</td> <td>Market value</td> </tr> </table>	Quoted securities	Current bid price	Unquoted securities	Professional estimate	Unitised securities	Current bid price	Property	Market value
Quoted securities	Current bid price								
Unquoted securities	Professional estimate								
Unitised securities	Current bid price								
Property	Market value								

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.

Where relevant, the Statement of Accounts has been adjusted to reflect events after 31 March 2024 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

#### 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.

## Notes to the financial statements

- 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 Adjustments Between Accounting Basis and Funding Basis

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement (CIES), adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation/impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Investment Properties	Movements in fair value	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in the year	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in the year or were received in the year without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March) Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal) Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in the year Losses on soft loans granted in the year and interest receivable in the year on an amortised cost basis	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regs  Interest due to be received on soft loans in the year	Financial Instruments Adjustment Account
Pooled Investments	Movements in the fair value of pooled investment funds	Historical cost gains/losses for money market fund investments disposed of in the year	Pooled Investment Funds Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities	Employer's pensions contributions payable and direct payments made by the Council to pensioners for the year	Pensions Reserve
Council Tax	Accrued income from current year bills	Demand on the Collection Fund for current year plus recovery of share of estimated deficit/surplus for previous year	Collection Fund Adjustment Account

## Notes to the financial statements

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Business Rates	Accrued income from current year bills	Budgeted income receivable from the Collection Fund for the current year plus recovery of share of estimated deficit/ surplus for previous year	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March	No charge	Accumulated Absences Adjustment Account

### 1.4 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.

### 1.5 Employee benefits

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 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 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

## Notes to the financial statements

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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.

### 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.

### 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.

## 1.6 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.

## Notes to the financial statements

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### 1.7 Financial instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to their contractual provisions. They are initially measured at fair value.

#### Financial liabilities

Financial liabilities are subsequently measured at 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 - assets whose contractual terms are basic lending arrangements (ie, they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- fair value – all other financial assets

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 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.

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.

## Notes to the financial statements

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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.

Changes in the value of assets carried at fair value (described as Fair Value through Profit or Loss) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

### 1.8 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the Council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

### 1.9 Intangible assets

The Council recognises intangible assets for purchased computer software systems and licences only. 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 CIES.

### 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 Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. 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 CIES. 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

### 1.12 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

## Notes to the financial statements

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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.

### 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.

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).

### 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.

## **1.13 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



## Notes to the financial statements

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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 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).

## Notes to the financial statements

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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.

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.

### **1.14 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.

## Notes to the financial statements

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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.

### **1.15 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.

## 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.

The changes in accounting requirements for 2023/24 that are anticipated to have a material impact on the Council's financial performance or financial position are as follows:

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

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

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

The council does not yet have sufficient information available to quantify the likely impact on its balance sheet of the new assets and liabilities to be recognised. However, based on the minimum lease payments outstanding at 31 March 2024 disclosed in Note 32 it is estimated that the transition will result in the recognition of new assets and liabilities in the Balance Sheet of less than £1m

### 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. Property, Plant and Equipment assets are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end; as a minimum, revaluations occur at least once every four years. In addition, the Council makes judgements based on advice from its valuers and changes in the current years valuations as to whether to bring forward other asset valuations to ensure that the carrying value is not materially different from their current value.
2. The council has reviewed its portfolio of non current assets in order to determine which should be classified as investment properties. In the case of those properties for which it receives rental income, the council has had to judge whether its primary reason for holding the property is to generate income, or whether its main purpose is to achieve a policy objective such as economic development.

### 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 2024.

## 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
Property, plant and equipment	<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>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>Valuations are undertaken by qualified professionals to provide up to date assessments using accepted valuation bases and methods. However, if assumptions within the methodology do not materialise then there could be a material impact on the value of land and buildings.</p> <p>A reduction of 10% in the net book value (total NBV £66M) of the Council's operational properties would result in a charge to the CIES of approximately £7m. A 10% reduction in the estimate Net Book Value ( £319m) of HRA dwellings would lead to a reduction in value of about £31.9m.</p> <p>Asset lives are regularly assessed as part of the valuation process. 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 £27,000 for every year that useful lives had to be reduced.</p>
Investment Properties	<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 the investment method to value its investment property assets. In utilising this method, the passing rent and market rent against a market yield is assessed.</p> <p>The investment method reflects various types of income streams by associating market risk within the yield choice and structuring the calculation appropriately. In arriving at a chosen yield profile for each subject Property, the council assesses the main drivers of value of the property itself (location, specification, condition etc) and the underlying investment (sector, covenant strength, lease duration etc). In addition to this, consideration is given to a number of market based assumptions including the application of void and rent free periods.</p> <p>The effect of a 10% change in the carrying value of investment properties would result in a charge to the CIES of approximately £35m .</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 £2.2m. The effects of other assumptions made in relation to the Pensions liability can be found in Note 33.
Provision for Appeals Business Rates	Estimation of the likelihood of successful appeals against the valuations calculated by the Valuation Office	The effect of a 1% increase in the assumption for appeals against the 2017 and 2023 valuations would result in a £0.644 million change in the provision, of which Runnymede's provision would change by £0.258 million.

## 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 2024

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	(3,577)	4,983	113	(4,872)	224	(3,353)
	Housing Committee	1,766	769	72	0	841	2,607
	Community Services Committee	3,542	2	146	182	330	3,872
	Environmental & Sustainability Committee	5,800	2,000	155	6	2,161	7,961
	Licensing & Regulatory Committees	131	0	7	1	8	139
	Planning Committee	1,510	0	84	(3,570)	(3,486)	(1,976)
	Corporate Management Committee	6,262	1,849	(635)	910	2,124	8,386
	Exceptional items	0	0			0	0
						0	
	<b>Net Cost Of Services</b>	<b>15,434</b>	<b>9,603</b>	<b>(58)</b>	<b>(7,343)</b>	<b>2,202</b>	<b>17,636</b>
	<b>Other Income and Expenditure</b>	<b>(30,212)</b>	<b>(1,831)</b>	<b>327</b>	<b>196,984</b>	<b>195,480</b>	<b>165,268</b>
	<b>(Surplus) or deficit on provision of services</b>	<b>(14,778)</b>	<b>7,772</b>	<b>269</b>	<b>189,641</b>	<b>197,682</b>	<b>182,904</b>
	<b>Opening General Fund and HRA Balance</b>	<b>88,114</b>					
	Surplus or (deficit) on General Fund and HRA Balance in the year	(a) <b>14,778</b>					
	<b>Closing General Fund and HRA Balance at 31 March</b>	<b>102,892</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 2023

Note	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis			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)	(7,566)
Housing Committee	1,773	582	325	104	2,784
Community Services Committee	4,901	26	675	(904)	4,698
Environmental & Sustainability Committee	3,902	0	453	8	4,363
Licensing & Regulatory Committees	126	0	29	0	155
Planning Committee	1,672	0	356	(1,057)	971
Corporate Management Committee	(21,126)	4,361	89	29,326	12,650
Exceptional items	0	(16,985)			(16,985)
					0
<b>Net Cost Of Services</b>	<b>(13,479)</b>	<b>(12,013)</b>	<b>2,389</b>	<b>24,173</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>3,272</b>
<b>(Surplus) or deficit on provision of services</b>	<b>(6,222)</b>	<b>(11,813)</b>	<b>3,716</b>	<b>18,661</b>	<b>4,342</b>
<b>Opening General Fund and HRA Balance</b>	<b>84,107</b>				
Surplus or (deficit) on General Fund and HRA Balance in the year	(a) 6,222				
Movement in Earmarked reserves	(b) (2,215)				
<b>Closing General Fund and HRA Balance at 31 March</b>	<b>88,114</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:

For financing and investment income and expenditure the other differences column recognises adjustments for the timing differences for premiums and discounts.

The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and 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 from contract with service recipients:

2022/23 Restated £000		2023/24 £000
	Revenues from external customers:	
18,007	Housing Revenue Account	19,284
961	Housing Committee	847
2,495	Community Services Committee	2,600
1,831	Environmental & Sustainability Committee	2,524
115	Licensing & Regulatory Committees	129
1,306	Planning Committee	1,331
2,262	Corporate Management Committee	1,563

### 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:

2022/23 £000		2023/24 £000
	<b>Expenditure:</b>	
27,922	Employer benefits expenses	27,259
13,689	Housing Benefits	13,194
12,305	Other service expenses	13,593
4,871	Revenue expenditure funded from capital under statute	4,620
12,046	Depreciation, amortisation and impairment	202,971
16,304	Interest payments	16,139
0	Payments to housing capital receipts pool	0
(445)	Gain / (Loss) on the disposal of assets	535
261	Impairment/credit loss adjustments	(772)
86,953	<b>Total expenditure</b>	<b>277,539</b>
	<b>Income</b>	
6,374	Fees charges and other service income	6,597
46,652	Rents and leases	47,696
14,876	Housing Benefit subsidy	14,876
3,044	Interest and investment income	5,730
8,658	Income from council tax, business rates	8,674
1,404	Government grants and contributions	742
336	Other grants and contributions	8,858
1,267	Costs recovered and sponsorship	1,462
82,611	<b>Total income</b>	<b>94,635</b>
4,342	<b>(Surplus) or Deficit on the provision of services</b>	<b>182,904</b>

## 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.

2022/23		2023/24	
£000		Expend £000	Income £000
			Net £000
	Net (gains) and losses on the disposal of intangible & non-current assets	1,122	(587)
(445)		<u>1,122</u>	<u>(587)</u>
<u>(445)</u>			<u>535</u>

### 10 Financing and investment income and expenditure

2022/23		2023/24
£000		£000
16,305	Interest payable and similar charges	16,139
1,324	Net interest on the net defined pension liability	327
(3,673)	Interest receivable and similar income	(5,530)
631	(Surplus) or deficit on revaluation of Pooled Investment Funds	(5)
(649)	Income and expenditure in relation to investment properties and changes in fair value	167,784
261	Impairments and credit loss adjustments	(772)
<u>14,199</u>	<b>Total</b>	<u>177,943</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.

2022/23		2023/24
£000		£000
	Local taxation:	
(6,255)	Council tax income	(6,549)
(2,403)	Retained business rates income	(2,125)
	Grants & Contributions:	
(1,188)	Other non-ringfenced Government Grants	(1,279)
(636)	Capital grants and contributions	(3,257)
<u>(10,482)</u>	<b>Total</b>	<u>(13,210)</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:

#### 2023/24

	1 April 2023	out	Transfers in	March 2024
	£000	£000	£000	£000
Business Rates (NNDR) equalisation reserve	8,639	252	4,509	12,896
Car Parks reserve	350	0	40	390
Englefield Green maintenance reserve	228	2	13	239
Equipment repairs and renewals reserve	1,926	196	950	2,680
External audit fees reserve	0	0	252	252
Infrastructure Feasibility reserve	202	0	0	202
Insurance reserve	106	0	0	106
Investment Property income equalisation reserve	5,950	0	1,750	7,700
Local Plan reserve	0	0	100	100
Museum purchase and conservation fund	38	0	2	40
Maintenance of graves in perpetuity	2	0	0	2
Planned Underspend reserve	819	819	197	197
Property repairs and renewals reserve	4,745	0	1,750	6,495
Service Transformation reserve	1,000	0	0	1,000
Tennis Court replacement Fund	47	0	15	62
Section 106 and other contributions reserve	6,976	1,383	4,325	9,918
<b>Total</b>	<b>31,028</b>	<b>2,652</b>	<b>13,903</b>	<b>42,279</b>

#### 2022/23

	Balance at 1 April 2022	Transfers out	Transfers in	Balance at 31 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>

### 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 **External Audit Fees reserve** was set up in 2023/24 for the payment of outstanding audit fees following the uncertainty around the audit backstop provisions and what payments need to be made both by past and future audits.

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 **Local Plan reserve** was set up in 2023/24 to enable the build up of funds to pay for the bulk of the local plan work when it falls due.

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.

## Notes to the financial statements

### 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.

<b>2023/24</b>	<b>Balance at 1 April 2022 £000</b>	<b>Transfers out £000</b>	<b>Transfers in £000</b>	<b>Balance at 31 March 2023 £000</b>
Housing Planned Underspends	19	19	50	50

<b>2022/23</b>	<b>Balance at 1 April 2022 £000</b>	<b>Transfers out £000</b>	<b>Transfers in £000</b>	<b>Balance at 31 March 2023 £000</b>
Housing Planned Underspends	0	0	19	19

#### Capital receipts reserve

The capital receipts reserve holds the proceeds from the 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

## Notes to the financial statements

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

<b>Adjustments in 2023/24</b>					
	General Fund reserves	Housing Revenue account	Major repairs reserve	Capital receipts reserve	Capital grants unapplied
	£000	£000	£000	£000	£000

<b>Adjustments to the Revenue Reserves</b>					
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)	193	64			
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	5				
Council Tax and Business Rates (transferred to (or from) the Collection Fund adjustment account)	4,822				
Holiday pay (transferred to the Accumulated Absences reserve)	(27)				
(Surplus) transferred to Pooled Investment Funds Adjustment Account	(5)				
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)	206,112	8,489			
<b>Total Adjustments to Revenue Reserves</b>	<b>211,100</b>	<b>8,553</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Adjustments between revenue and capital resources</b>					
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	(5,111)	(1,511)		6,622	
Administrative costs of non-current asset disposals (funded by a contribution from the capital receipts reserve)	108	48		(156)	
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		(5,202)	5,202		
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	(5,907)				
Capital grants and contributions credited to the comprehensive income and expenditure statement	(3,257)				550
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)		(892)			
<b>Total adjustments between revenue and capital resources</b>	<b>(14,167)</b>	<b>(7,557)</b>	<b>5,202</b>	<b>6,466</b>	<b>550</b>

<b>Adjustments to capital resources</b>					
Use of capital receipts reserve to finance capital expenditure	(247)			(6,033)	
Use of major repairs reserve to finance capital expenditure			(6,104)		
Application of capital grants to finance capital expenditure					(591)
<b>Total adjustments to capital resources</b>	<b>(247)</b>	<b>0</b>	<b>(6,104)</b>	<b>(6,033)</b>	<b>(591)</b>

<b>Total adjustments</b>	<b>196,686</b>	<b>996</b>	<b>(902)</b>	<b>433</b>	<b>(41)</b>
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## Notes to the financial statements

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

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

<b>Adjustments to the Revenue Reserves</b>					
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)	46,734	(12,336)			
<b>Total Adjustments to Revenue Reserves</b>	<b>46,145</b>	<b>(11,783)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Adjustments between revenue and capital resources</b>					
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	(1,319)				62
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)		(576)			
<b>Total adjustments between revenue and capital resources</b>	<b>(20,733)</b>	<b>(5,280)</b>	<b>2,228</b>	<b>17,600</b>	<b>62</b>

<b>Adjustments to capital resources</b>					
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>25,412</b>	<b>(17,063)</b>	<b>(3,101)</b>	<b>3,651</b>	<b>(3,242)</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><u>Cost or Valuation</u></b>							
<b>At 1 April 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>
Additions	9,089	0	706	0	238	0	10,033
Accumulated depreciation and Impairment written out on revaluation to GCA	(3,799)	0	0	0	0	0	(3,799)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(36,545)	4	0	0	(34)	0	(36,575)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,268)	0	0	0	(232)	0	(4,500)
Disposals	(1,109)	0	(623)	0	(5,775)	0	(7,507)
Assets reclassified to/from held for sale	0	0	0	0	(300)	0	(300)
Assets reclassified to/from investment property	0	(5,953)	0	0	(1,030)	0	(6,983)
Assets reclassified between PPE categories	1,292	(2,960)	1,668	0	0	0	0
<b>At 31 March 2024</b>	<b>320,506</b>	<b>67,503</b>	<b>14,216</b>	<b>6,486</b>	<b>12,617</b>	<b>0</b>	<b>421,328</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 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>
Depreciation charge in the year	2,402	904	919	0	26	0	4,251
Accumulated depreciation written out on revaluation	(3,799)	0	0	0	0	0	(3,799)
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	2,272	0	0	0	0	0	2,272
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	595	0	0	0	0	0	595
Disposals	(4)	0	(501)	0	0	0	(505)
Derecognition - Other	0	0	0	0	0	0	0
Assets reclassified to/from held for sale	0	0	0	0	0	0	0
Assets reclassified to/from investment property	0	(1)	0	0	0	0	(1)
Other movements in depreciation and impairments	0	(85)	85	0	0	0	0
<b>At 31 March 2024</b>	<b>1,466</b>	<b>939</b>	<b>9,820</b>	<b>11</b>	<b>26</b>	<b>0</b>	<b>12,262</b>
<b>Net book value</b>							
<b>At 31 March 2024</b>	<b>319,040</b>	<b>66,564</b>	<b>4,396</b>	<b>6,475</b>	<b>12,591</b>	<b>0</b>	<b>409,066</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>

## 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)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,466	3,040	0	0	149	0	8,655
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	16,056	358	0	0	451	0	16,865
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)
<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	(2,445)	(2,204)	0	0	0	0	(4,649)
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	278						278
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(56)	(25)					(81)
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 (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 for 2023/24 have been undertaken by Montagu-Evans 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 2022/23 or 2023/24.

## 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

	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:							
2023/2024	320,508	62	0	0	1,760	0	<b>322,330</b>
2022/2023		59,246	0	0	10,730	0	<b>69,976</b>
2021/2022	0	2,564	0	0	1,275	0	<b>3,839</b>
2020/2021	0	5,628	0	0	0	0	<b>5,628</b>
2019/2020	0	0	0	0	0	0	<b>0</b>
Valued at historic cost	0	0	14,216	6,485	0	0	<b>20,701</b>
<b>Total cost or valuation</b>	<b>320,508</b>	<b>67,500</b>	<b>14,216</b>	<b>6,485</b>	<b>13,765</b>	<b>0</b>	<b>422,474</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:

2022/23		2023/24	
£000		£000	£000
4,818	Offset against previous revaluation gains (net of depreciation adjustments)		43,517
Taken to comprehensive income and expenditure statement:			
99	Impairments in the year	5,454	
(16,077)	Reversal of previous years impairments - Council Dwellings	(471)	
(908)	Reversal of previous years impairments - Other	0	
(16,886)			4,983
(12,068)			<b>48,500</b>

## 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.

2022/23 £000		2023/24 £000	£000
699,488	<b>Opening Capital Financing Requirement</b>		<b>707,464</b>
	Capital Investment:		
7,943	Property, Plant and Equipment	10,032	
11,520	Investment Properties	1,655	
173	Intangible Assets	268	
0	Long Term Investments	0	
11,838	Long Term Debtors	0	
4,871	Revenue Expenditure Funded from Capital Under Statute	4,620	
<u>36,345</u>			<u>16,575</u>
	Sources of Finance:		
(13,948)	Capital Receipts	(6,033)	
(3,878)	Government Grants and Other Contributions	(3,298)	
(5,330)	Major Repairs Reserve	(6,104)	
(577)	Direct Revenue Contributions - HRA	(892)	
(355)	Direct Revenue Contributions - General Fund	(248)	
(4,291)	Minimum Revenue Provision (MRP)	(4,906)	
0	Voluntary Revenue Provision (VRP)	(1,000)	
<u>(28,379)</u>			<u>(22,481)</u>
<u>707,454</u>	<b>Closing Capital Financing Requirement (CFR)</b>		<u>701,558</u>
	<b>Explanation of movements in the year</b>		
699,488	Opening Capital Financing Requirement		707,464
12,257	Increase in underlying need to borrow (unsupported)		0
(4,291)	Statutory provision for repayment of debt (MRP)		(4,906)
0	Voluntary provision for repayment of debt (VRP)		(1,000)
10	Other Adjustments		0
<u>707,464</u>	Closing Capital Financing Requirement (CFR)		<u>701,558</u>

The Council has a capital programme listing proposed and potential schemes with a cost in the next financial year of £40.737m. At 31 March 2024, the Council had entered into a number of contracts for the purchase, construction or enhancement of property, plant and equipment in 2024/25 and future years of £784k.

## 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.

2022/23 £000		2023/24 £000
28,408	Rental income and other income arising from investment property	28,805
<u>(2,200)</u>	Direct operating expenses arising from investment property	<u>(3,230)</u>
<u>26,208</u>	Net gain	<u>25,575</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:

2022/23 £000		2023/24 £000
552,767	<b>Balance at start of the year</b>	539,581
11,520	Additions	0
0	Enhancements	1,655
(1,575)	Disposals	0
(24,844)	Net gains/(losses) from fair value adjustments	(193,554)
<u>1,713</u>	Transfers (to) / from property plant and equipment	<u>6,983</u>
<u>539,581</u>	<b>Balance at the end of the year</b>	<u>354,665</u>

### Valuers

The investment property portfolio was valued at 31 March 2024 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 Scott Young MRICS RICS Registered Valuer and reviewed by Gary Howes MRICS RICS Registered Valuer, both of Montagu-Evans 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 2024 by Montagu-Evans in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis of valuation is defined within the RICS Valuation – Global Standards 2021 under the Global Technical and Performance Standards (VPS 4) Bases of Value, assumptions and special assumptions. The investment method is used where there is an income stream to value. In utilising this method, we will typically assess the passing rent and market rent against a market-based yield. Valuation also considers a number of market based assumptions including the application of void and rent free periods.

### 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.

2022/23 £000		2023/24 £000
	<b>Balance at start of year:</b>	
1,991	Gross carrying amounts	2,156
<u>(1,332)</u>	Accumulated amortisation	<u>(1,485)</u>
659	<b>Net carrying amount at the start of the year</b>	671
173	Additions	268
0	Disposals	0
(161)	Amortisation for the period	(182)
<u>671</u>	<b>Net carrying amount at the end of the year</b>	<u>757</u>
	<b>Comprising:</b>	
2,156	Gross carrying amounts	2,378
<u>(1,485)</u>	Accumulated amortisation	<u>(1,621)</u>
<u>671</u>		<u>757</u>

At 31 March 2024 the Council had entered into contracts for the purchase or enhancement of intangible assets relating to 2024/25 and future years in the sum of £63,060. The value of such commitments as at 31st March 2023 was £34,551



## 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 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
<b>Financial Assets</b>				
Amortised cost:				
Short term investments	-	-	57,240	<b>38,513</b>
Cash and cash equivalents	-	-	13,090	<b>8,606</b>
Long term debtors	41,700	<b>42,533</b>	-	-
Short term debtors	-	-	4,204	<b>7,051</b>
Fair value through profit or loss:				
Long term investments	10	<b>10</b>	-	-
Short term investments	-	-	4,198	<b>4,163</b>
<b>Total financial assets</b>	<b>41,710</b>	<b>42,543</b>	<b>78,732</b>	<b>58,333</b>
Assets not defined as financial instruments			347	7,082
<b>Total</b>	<b>41,710</b>	<b>42,543</b>	<b>79,079</b>	<b>65,415</b>
<b>Financial Liabilities</b>				
Amortised cost:				
Short term creditors	-	-	28,603	<b>23,903</b>
Short term borrowing	-	-	16,063	<b>11,100</b>
Long term borrowing	627,509	<b>616,928</b>	-	-
<b>Total financial liabilities</b>	<b>627,509</b>	<b>616,928</b>	<b>44,666</b>	<b>35,003</b>
Assets not defined as financial instruments	0	<b>0</b>	12,121	3,270
<b>Total</b>	<b>627,509</b>	<b>616,928</b>	<b>56,787</b>	<b>38,273</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.

	2022/23 £000		2023/24 £000
	<b>Loans at low or interest-free rates at fair value:</b>		
<b>670</b>	Balance at the start of the year		<b>665</b>
<b>0</b>	New loans granted in year		<b>0</b>
<b>(12)</b>	Less fair value adjustment		<b>(12)</b>
<b>7</b>	Credits for year		<b>(7)</b>
<b>665</b>	<b>Balance at the end of the year</b>		<b>646</b>

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

	2022/23 £000	2023/24 £000
<b>Net gains/losses on:</b>		
Financial assets measured at fair value through profit or loss	<b>631</b>	<b>5</b>
<b>Total net gains/losses</b>	<b>631</b>	<b>5</b>
<b>Interest revenue:</b>		
Financial assets measured at amortised cost	<b>3,676</b>	<b>(5,530)</b>
<b>Total interest revenue</b>	<b>3,676</b>	<b>(5,530)</b>
<b>Interest expense</b>	<b>16,305</b>	<b>16,139</b>

## 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 2023	Valuation technique used to measure fair value		Fair value hierarchy	As at 31 March 2024
£000				£000
2,291	CCLA Property Fund	Unadjusted quoted prices in active markets for identical shares	<b>Level 1</b>	<b>2,207</b>
1,907	CCLA Diversified Income Fund	Unadjusted quoted prices in active markets for identical shares	<b>Level 1</b>	<b>2,002</b>
<u>4,198</u>				<u>4,209</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)

#### 18.5 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 2023			31 March 2024	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
		<b>Financial liabilities held at amortised cost</b>		
627,509	437,262	Long term borrowing	617,033	393,859
16,063	15,892	Short term borrowing	10,582	10,922
19,381	19,381	Short term creditors - trade or operational liabilities	14,950	14,950
9,222	9,222	Short term creditors - other financial liabilities	8,952	8,952
672,175	481,757	<b>Total liabilities</b>	651,517	428,683

Fair value of long term borrowing is lower 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 higher than the rates at which the loans were borrowed resulting in a lower fair value at the balance sheet date.

31 March 2023			31 March 2024	
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
73,515	73,685	Short term investments	50,378	50,510
41,700	41,700	Long term debtors	42,533	42,533
7,705	7,705	Short term debtors - trade or operational assets	7,367	7,367
885	885	Short term debtors - other financial assets	1,909	1,909
123,815	123,985	<b>Total assets</b>	102,197	102,329

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 2024 of 5.0% to 5.8% for investments in fixed term deposits, based on the deposit rates for equivalent deposits at that date.

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

#### Financial liabilities:

No early payment is recognised.

Estimated ranges of interest rates at 31 March 2024 of 1.67% 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 2023/24 was approved by the Council in February 2023.

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 2024:

<b>Long and short-term investments</b>		
Credit rating at 31 March	Carrying value at 31 March 2023	Carrying value at 31 March 2024
	£000	£000
Long-term investments		
Investment in associated companies	10	10
	<b>10</b>	<b>10</b>
Short-term investments and cash equivalents		
Banks	22,248	22,497
Banks	3,013	11,086
Building societies - with credit rating	0	0
Building societies - with credit rating	6,036	0
Cash and bank balance	1,071	56
Local authorities	26,122	5,085
Money market funds	12,014	7,649
Property funds	2,028	2,032
Diversified Income Fund	2,012	2,014
Funding circle	42	14
	<b>74,587</b>	<b>50,433</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:

<b>Long and short-term investments</b>		
Credit rating at 31 March	Carrying value at 31 March 2023	Carrying value at 31 March 2024
	£000	£000
12 month expected credit losses		
AAA	5	3
AA- and below	14	13
	<b>18</b>	<b>16</b>

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

	2022/23	2023/24
	£000	£000
12 month expected credit loss		
<b>Opening balance as at 1 April</b>	23	18
New financial assets originated or purchased	18	16
Financial assets that have been derecognised	(23)	(18)
<b>Closing balance as at 31 March</b>	<b>18</b>	<b>16</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 2023 £000		31 March 2024 £000
15,957	less than one year	10,995
42,433	Between one and 5 years	42,503
78,460	Between 5 and 10 years	68,561
33,993	Between 10 and 15 years	34,109
34,607	Between 15 and 20 years	34,741
15,891	Between 20 and 25 years	15,471
5,560	Between 25 and 30 years	6,313
7,079	Between 30 and 35 years	7,284
75,594	Between 35 and 40 years	138,052
264,000	Between 40 and 45 years	220,000
70,000	Between 45 and 50 years	50,000
643,572		628,028

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 2023			As at 31 March 2024	
Fixed £000	Variable £000		Fixed £000	Variable £000
		<b>Term Investments</b>		
10	-	Long Term Investments	0	-
61,438	-	Short-Term Investments	38,681	4,060
		<b>Investments at Call or Short Notice</b>		
-	12,018	Money Market Funds	-	7,652
-	1,071	Cash and Bank Balances (note 21)	-	56
<b>61,448</b>	<b>13,090</b>		<b>38,681</b>	<b>11,768</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	10
Increase in interest receivable on fixed rate investments made in the year	130
Impact on surplus or deficit on the provision of services	<u>139</u>

The share of the overall impact attributable to the HRA would be: 49

<b>Notional effect on the balance sheet:</b>	<b>£000</b>
Decrease in value of fixed rate borrowing liabilities	2,320
Decrease in the fair value of fixed-rate investments	130

#### Price risk

The only quoted investments during 2022/23 and 2023/24 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 £208,140.58



## 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 2022/23 or 2023/24.

2022/23 £000		2023/24 £000
120	<b>Balance at start of year</b>	<b>100</b>
594	Purchases	<b>589</b>
(614)	Recognised as an expense in the year	<b>(620)</b>
<u>100</u>	<b>Balance at year-end</b>	<u><b>69</b></u>

### 20 Short term debtors

31 March 2023 £000		31 March 2024 £000
6,906	Trade Receivables	<b>6,526</b>
950	Council Tax and Business Rates	<b>7,551</b>
800	Prepayments	<b>841</b>
<u>884</u>	Other receivable amounts	<u><b>2,048</b></u>
9,540	<b>Gross debtors</b>	<b>16,966</b>
	Analysis of bad debt provision	
(604)	Council tax and Business Rate payers (attributable to Runnymede only)	<b>(607)</b>
(3,963)	General debtors	<b>(1,787)</b>
(422)	Council tenants arrears	<b>(439)</b>
<u>4,551</u>	<b>Total provision for impairment and expected credit losses on gross debtors</b>	<u><b>14,133</b></u>

### 21 Cash and cash equivalents

31 March 2023 £000		31 March 2024 £000
		<b>0</b>
1	Cash balances held by the Council	<b>899</b>
1,071	Cash balances held at the bank	<b>55</b>
12,018	Short term deposits with money market funds	<b>7,652</b>
<u>13,090</u>		<u><b>8,606</b></u>

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. 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.

## Notes to the financial statements

### 22 Assets Held for Sale

2022/23		2023/24
£000		£000
0	<b>Balance at start of year</b>	0
	Property plant and equipment:	
0	Assets newly classified as held for sale:	300
<u>0</u>	<b>Balance at year-end</b>	<u>300</u>

### 23 Creditors and receipts in advance

31 March		31 March
2023		2024
£000		£000
(18,740)	Trade payables	(13,667)
(4,656)	Other payables	(4,380)
(10,323)	Council Tax and Business Rates	(2,503)
(6,139)	Receipts in advance	(6,623)
<u>(39,858)</u>	<b>Gross creditors and receipts in advance</b>	<u>(27,173)</u>

## Notes to the financial statements

### 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. Total Unusable Reserves are as follows:

2022/23 £000		Note	2023/24 £000
46,034	Revaluation reserve	25.1	5,148
158	Pooled investment funds adjustment account	25.2	163
286,995	Capital adjustment account	25.3	96,801
(20)	Financial Instruments adjustment account	25.4	(12)
(6,309)	Pensions reserve	25.5	3,971
(1,208)	Collection fund adjustment account	25.6	(6,030)
(476)	Accumulated absences account	25.7	(449)
<u>325,174</u>			<u>99,592</u>

#### 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.

2022/23 £000		2023/24 £000	£000
39,844	<b>Revaluation reserve balance as at 1 April</b>		46,034
13,194	Upward revaluations of assets	4,558	
(4,818)	Downward revaluations of assets and impairment losses not charged to the surplus/deficit on the provision of services	(43,517)	
	<b>Surplus (deficit) arising on revaluation of non-current assets not posted to the surplus or deficit on the provision of services</b>		<b>(38,959)</b>
8,376	Difference between depreciation charged at fair value and historic cost depreciation	(713)	
(1,188)	Accumulated gains on assets sold or scrapped	(1,214)	
(998)	<b>Amount written off to the capital adjustment account</b>		<b>(1,927)</b>
(2,186)			
<u>46,034</u>	<b>Revaluation reserve balance as at 31 March</b>		<u>5,148</u>

## Notes to the financial statements

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### 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.

2022/23 £000	Note	2023/24 £000
789	<b>Balance as at 1 April</b>	<b>158</b>
0	Upward revaluations of investments	<b>93</b>
(631)	Downward revaluations of investments not charged to the surplus/deficit on the provision of services	<b>(88)</b>
<u>158</u>	<b>Balance as at 31 March</b>	<u>163</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.

2022/23 £000	Note	2023/24	
		£000	£000
290,521	<b>Capital adjustment account balance as at 1 April</b>		<b>286,995</b>
	Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure		
(3,925)	Depreciation losses of non-current assets	(4,250)	
(1)	Impairment losses of non-current assets	(4,983)	
(98)	Revaluation losses on property, land and equipment		
16,985	Reversal of past impairments charged to the comprehensive income and expenditure statement	(714)	
(161)	Amortisation of intangible assets	(182)	
(4,871)	Revenue expenditure funded from capital under statute	(4,620)	
(17,154)	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	(6,287)	
(9,225)		(21,036)	
	Adjusting amounts written out of the revaluation reserve:		
1,188	Difference between depreciation charged at fair value and historic cost depreciation	25.1	713
998	Accumulated gains on assets sold or scrapped	25.1	1,214
(7,039)	Net written out amount of the cost of non-current assets consumed in the year		(19,109)
	Capital financing applied in the year:	15	
13,949	Use of capital receipts reserve to finance capital expenditure		6,033
5,330	Use of major repairs reserve to finance capital expenditure		6,104
3,304	Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing		2,707
574	Application of grants to capital financing from the capital grants unapplied account		591
931	Use of revenue reserves		1,139
4,290	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances		5,907
28,378			22,481
(24,845)	Movements in the market value of investment properties debited or credited to the comprehensive income and expenditure statement		(193,554)
	Other Items:		
(20)	Recognition of repayment of long term debtors and investments as capital receipts		(12)
286,995	<b>Capital adjustment account balance as at 31 March</b>		<b>96,801</b>

## 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.

2022/23 £000		2023/24 £000
(29)	<b>Balance as at 1 April</b>	<b>(20)</b>
	Transactions in the year:	
0	Loans repaid; extinguishment of balances	1
2	New loans; difference between loan granted and fair value	0
7	Interest credits in the year	7
<u>(20)</u>	<b>Balance at 31 March</b>	<u><b>(12)</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.

2022/23 £000		2023/24 £000
(47,319)	<b>Balance at 1 April</b>	<b>(6,309)</b>
44,727	Remeasurement of net defined benefit liability	10,549
(6,455)	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	(3,709)
	Employer's pensions contributions and direct payments to pensioners payable in the year:	
2,840	Employer contributions	3,452
(102)	Final year pay enhancements - pension liabilities	(12)
(102)	Net liabilities charged to the General Fund	(12)
<u>(6,309)</u>	<b>Balance at 31 March</b>	<u><b>3,971</b></u>

Since 31 March 2023, there has been a favourable movement in the net asset/liability valuation of the Pension Fund (see note 33), resulting in a net asset at 31 March 2024. The movement is principally due to strong returns and interest income from plan assets. The movement impacts favourably on the net assets of the authority as recorded in the balance sheet.

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 any 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 £597,000 (31 March 2022 £609,000) 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).

2022/23				2023/24		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
(5,865)	276	(5,589)	<b>Balance as at 1st April</b>	(1,431)	223	(1,208)
			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			
4,434	(53)	4,381		(4,681)	(141)	(4,822)
<u>(1,431)</u>	<u>223</u>	<u>(1,208)</u>	<b>Balance as at 31st March</b>	<u>(6,112)</u>	<u>82</u>	<u>(6,030)</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.

2022/23 £000		2023/24 £000	£000
(487)	<b>Balance at 1 April</b>		(476)
487	Settlement or cancellation of accrual made at the end of the preceding year	476	
<u>(476)</u>	Amounts accrued at the end of the current year	<u>(449)</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		27
<u>(476)</u>	<b>Balance at 31 March</b>		<u>(449)</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 2022/23 was BDO LLP and for 2023/24 is Grant Thornton UK 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.

	2022/23		2023/24
	£000		£000
35	Fees payable to the appointed auditor with regard to external audit services		200
23	Fees payable to the appointed auditor for the certification of grant claims and returns		27
	58		227
	58		227

### 27 Members' allowances

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

	2022/23		2023/24
	£000		£000
225	Basic allowance		233
149	Special allowance		153
3	Travel, subsistence & Carers' allowance		4
	377	<b>Members Allowances sub total</b>	390
-1	Working group attendance		0
	376	<b>Total payments to Members</b>	390
	376		390

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	Employers pension contributions including pension strain	Total including employers pension contributions
	Note	£	£	£	£
<b>2023/24</b>					
Chief Executive (to 31 July 2023)	(a)	61,923	3,375	0	<b>65,298</b>
Chief Executive (from 1 August 2023)	(b)	92,328	12,491	16,306	<b>121,125</b>
Assistant Chief Executive (s151)		117,557		19,887	<b>137,444</b>
Assistant Chief Executive (Place)	(c)	70,933		12,484	<b>83,417</b>
Corporate Head of Law and Governance		111,493		18,557	<b>130,050</b>
Corporate Head of Assets & Regeneration		103,719		18,199	<b>121,918</b>
Corporate Head of Community Services		91,250		15,809	<b>107,059</b>
Corporate Head of Customer, Digital and Collection Services		96,256		16,941	<b>113,197</b>
Corporate Head of Development Management & Building Control		90,980		16,012	<b>106,992</b>
Corporate Head of Environmental Services		83,944		14,774	<b>98,718</b>
Corporate Head of Finance		90,053		15,841	<b>105,894</b>
Corporate Head of Housing Services	(d)	53,464		8,972	<b>62,436</b>
Corporate Head of Human Resources (to 4 October 2023)	(e)	43,859		7,223	<b>51,082</b>
Corporate Head of Human Resources (from 8 January 2024)	(f)	18,446		3,247	<b>21,693</b>
Corporate Head of Planning Policy & Economic Development	(g)	17,109		2,971	<b>20,080</b>
<b>2022/23</b>					
Chief Executive		137,522	3,443	0	<b>140,965</b>
Assistant Chief Executive (s151)		112,215	4,391	18,947	<b>135,553</b>
Corporate Head of Law and Governance		106,096		17,662	<b>123,758</b>
Corporate Head of Assets & Regeneration		99,976		17,596	<b>117,572</b>
Corporate Head of Community Services		87,492		15,148	<b>102,640</b>
Corporate Head of Customer, Digital and Collection Services		92,644		16,250	<b>108,894</b>
Corporate Head of Development Management & Building Control		78,814		13,871	<b>92,685</b>
Corporate Head of Environmental Services		80,730		14,208	<b>94,938</b>
Corporate Head of Finance		86,497		15,193	<b>101,690</b>
Corporate Head of Housing Services		89,214		15,484	<b>104,698</b>
Corporate Head of Human Resources		74,687		13,145	<b>87,832</b>
Corporate Head of Planning Policy & Economic Development		71,394		12,565	<b>83,959</b>

#### Notes:

- (a) The previous Chief Executive left the Council on 31 July 2023 and received fees this year relating to Returning Officer duties
- (b) The current Chief Executive was appointed on 1 August 2023 on an annualised salary of £136,000, and received fees this year relating to Returning Officer duties and relocation expenses
- (c) The current Assistant Chief Executive (Place) was appointed on 17 July 2023 on an annualised salary of £99,457
- (d) The Corporate Head of Housing Services left the Council on 16 October 2023, the post was vacant on 31 March 2024
- (e) The previous Corporate Head of Human Resources left the Council on 4 October 2023
- (f) The current Corporate Head of Human Resources was appointed on 8 January 2024 on an annualised salary of £79,791
- (g) The Corporate Head of Planning Policy & Economic Development left the Council on 12 June 2023. Following a restructure the post was deleted

## 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 2022/23	Number of employees 2023/24
£50,000 to £54,999	13	14
£55,000 to £59,999	7	14
£60,000 to £64,999	7	10
£65,000 to £69,999	6	7
£70,000 to £74,999	1	3
£75,000 to £79,999	4	1
£80,000 to £84,999	0	2
£85,000 to £89,999	1	2

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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23 £000	2023/24 £000
0 - 20,000	2	-	3	8	5	8	31	32
20,001 - 40,000	1	-	-	-	1	-	35	-
40,001 - 60,000	-	-	-	-	-	-	-	-
60,001 - 80,000	-	-	-	-	-	-	-	-
80,001 - 100,000	-	-	-	-	-	-	-	-
100,001 - 150,000	-	-	-	-	-	-	-	-
150,001 - 200,000	-	-	-	-	-	-	-	-
Total	3	0	3	8	6	8	66	32

## Notes to the financial statements

### 30 Grant income

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

2022/23 Restated £000	Note	2023/24 £000
<b>Credited to taxation and non specific grant income</b>		
Grants:		
1,188	Non-ringfenced Government grants 11	1,279
636	Capital grants and contributions 11	3,257
<u>1,824</u>		<u>4,536</u>
<b>Credited to cost of services</b>		
Grants:		
99	Housing Revenue Account	23
14,360	Housing Committee	13,875
37	Community Services Committee	39
1	Environmental & Sustainability Committee	1
7	Regulatory Committee	3
77	Planning Committee	6
438	Corporate Management Committee	448
<u>15,019</u>		<u>14,395</u>
Covid19 Grants:		
58	Community Services Committee	0
<u>58</u>		<u>0</u>
Contributions:		
25	Housing Revenue Account	8
77	Housing Committee	71
625	Community Services Committee	877
204	Environmental & Sustainability Committee	136
21	Planning Committee	202
2	Corporate Management Committee	0
<u>954</u>		<u>1,294</u>
Donations:		
33	Community Services Committee	29
0	Corporate Management Committee	0
<u>33</u>		<u>29</u>
<u>17,888</u>		<u>20,254</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 2022/23 and 2023/24 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 2022/23 and 2023/24 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 Chair of the Board.

During the period the Council loaned the company a total of £0.9m taking the total borrowings under various Loan Agreements to £41.91m (£41.01m 31 March 2023). Of this sum £3.745m (£2.845m 31 March 2023) 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. The purpose of the company is to manage the service provision at the Addlestone One and Magna Square developments plus other commercial sites.

The Board of Directors of RBCS 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 Chair of the Board.

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 £225,814. 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's only transactions with the Council relate to the provision of heat and hot water to the Civic Centre and to the remaining unsold properties in the Addlesone One development. Heat and hot water is supplied to all the residential properties within the Addlestone One development and any commercial properties in the area that wish to take it.

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

##### 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 a three year agreement with the company to 31 August 2026 for the provision of emergency planning and resilience services at a cost of £64,000 in the first year, £65,920 in the second year and £68,000 in the third 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 2023/24 was **£268,431** (£1128,582 in 2022/23). The future minimum lease payments due under these leases in future years were:

At 31 March 2023 £000		At 31 March 2024 £000
129	Not later than one year	268
208	Later than one year and not later than five years	459
269	Later than five years	163
<u>606</u>		<u>890</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:

2022/23 £000		2023/24 £000
27,445	Not later than one year	27,602
111,544	Later than one year and not later than five years	114,698
135,660	Later than five years	116,188
<u>274,649</u>		<u>258,488</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>			
2022/23		2023/2024	
£000		£000	£000
	<i>Service cost:</i>		
5,108	Current service cost	3,382	
<u>20</u>	Past service costs	<u>0</u>	
5,128	Total service cost		3,382
	<i>Finance and investment income and expenditure:</i>		
4,686	Interest cost on pension scheme liabilities	6,099	
<u>(3,359)</u>	Expected return on assets	<u>(5,772)</u>	
1,327	Net interest expense		327
<u>6,455</u>	<b>Total post employment benefit charged to the surplus or deficit on the provision of services</b>		<u>3,709</u>
	<i>Remeasurements of the Net defined liability comprising:</i>		
5,038	Return on plan assets	(8,188)	
	Actuarial gains and losses arising from changes in:		
(1,049)	- demographic assumptions	(741)	
(57,874)	- financial assumptions	(5,839)	
<u>9,158</u>	- Other experience	<u>4,219</u>	
(44,727)			(10,549)
<u>(38,272)</u>	<b>Total post employment benefit charged to the comprehensive income and expenditure statement</b>		<u>(6,840)</u>

<b>Movement in reserves statement</b>			
2022/23		2023/24	
£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:		
(6,455)	Reversal of post employment benefit charged to the surplus or deficit on the provision of services		(3,709)
2,840	Actual amount charged against the General Fund for the year - employers' contributions payable to the scheme		3,452
<u>(3,615)</u>			<u>(257)</u>
(102)	Amount charged to the General Fund for the pensions liability relating to Runnymede local scheme payable outside the LGPS		(12)



## 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):

2022/23 £000		2023/24 £000
173,104	Opening balance at 1 April	129,140
5,108	Current service cost	3,382
4,686	Interest cost	6,099
765	Contributions by scheme participants	1,042
	Remeasurement (gains) and losses arising from:	
(1,049)	- changes in demographic assumptions	(741)
(57,874)	- changes in financial assumptions	(5,839)
9,158	- other	4,219
20	Past service costs	0
(4,778)	Benefits paid	(5,920)
<u>129,140</u>	<b>Closing balance at 31 March</b>	<u>131,382</u>

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

2022/23 £000		2023/24 £000
125,074	Opening fair value of scheme assets	122,222
3,359	Interest income	5,772
(5,038)	Actuarial gains and (losses)	8,188
2,840	Contributions from employer	3,452
765	Contributions by scheme participants	1,042
(4,778)	Benefits paid	(5,920)
<u>122,222</u>	<b>Closing fair value of scheme assets</b>	<u>134,756</u>
<u>(6,918)</u>	<b>Net assets / (liabilities) for post-employment benefits</b>	<u>3,374</u>

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

2022/23 £000		2023/24 £000
129,140	Present value of the defined benefit obligation	131,382
<u>122,222</u>	Fair value of plan assets	<u>134,756</u>
<u>6,918</u>	<b>Net (asset) / liability arising from defined benefit obligation</b>	<u>(3,374)</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:

2022/2023 £000		2023/24 £000
	<b>Estimated liabilities in the scheme</b>	
128,498	Funded benefits under the scheme regulations	130,753
33	Unfunded discretionary benefits awarded	32
609	Unfunded final-year salary enhancement pensions - local scheme	597
129,140	Estimated actuarial value of fund liabilities	131,382
122,222	<b>Estimated market value of scheme assets</b>	134,756
6,918	<b>Net pension (asset) / liability</b>	(3,374)

The assets / liabilities represent the underlying commitments that the Council has in the long-run to pay retirement benefits. The net total pension asset of £3.3m (2022-23 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 2024. 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 2025 is £3,281,000.



## 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 2024 on his latest formal valuation of the scheme at **£130.8m**. The principal assumptions used by the actuary are:

	31 March 2023	31 March 2024
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners		
Men	22.3 years	22.1 years
Women	24.8 years	24.6 years
Longevity at 65 for future pensioners		
Men	22.9 years	22.7 years
Women	26.2 years	26.0 years
<b>Rate of increase in pensions</b>	3.00%	2.80%
<b>Rate of increase in salaries</b>	4.00%	3.80%
<b>Rate for discounting scheme liabilities (see below)</b>	4.75%	4.80%

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 2023	31 March 2024	31 March 2023	31 March 2024
1% decrease in real discount rate	2%	2%	2,034	2,260
1 year increase in life expectancy	4%	4%	5,166	5,255
1% increase in the salary increase rate	0%	0%	174	88
1% increase in the pension increase rate	1%	2%	1,889	2,211

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 2024

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 2024:

- 1 The Council is currently subject to a constructive dismissal and age discrimination case. If found to be successful, the maximum compensation for this claim is estimated to be £105,000 Plus any legal costs associated with this matter. This matter remains under review, and it is anticipated that any Employment Trial would not be heard until 2026 so the outcome cannot be determined at this stage.
- 2 The Council has undertaken extensive work to address water ingress into the basement car park at one of its properties. While we await the final report from our consultants, initial findings indicate that the issue stems from failing expansion joints on the upper decking. These joints were part of works carried out when the asset was acquired. The Council may have a liability to rectify this defect and is exploring the possibility of referring the matter back to the original contractor under the collateral warranty for resolution.
- 3 The Council is engaged in ongoing litigation concerning the cladding system at one of its developments. The litigation process seeks to address potential liabilities and determine the responsible parties. The outcome of is uncertain at this stage, and any potential liability arising from this matter will depend on the resolution of the legal proceedings.

### 35 Reconciliation of liabilities arising from financing activities

	<b>1 April 2023 £'000</b>	<b>Financing Cash Flows £'000</b>	<b>31 March 2024 £'000</b>
Long term Borrowing	627,509	(10,581)	616,928
Short Term Borrowing	16,063	(4,963)	11,100
<b>Total liabilities from financing activities</b>	<b>643,572</b>	<b>(15,544)</b>	<b>628,028</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.

2022/23 £000	Note	2023/24 £000
	<b>Income</b>	
17,157	Dwelling rents	18,466
125	Non-dwelling rents	145
819	Charges for services and facilities	757
<u>18,101</u>	<b>Total income</b>	<u>19,368</u>
	<b>Expenditure</b>	
3,055	Repairs and maintenance	2,943
4,846	Supervision and management	5,252
368	Rents, rates, taxes and other charges	383
2,263	Depreciation of non-current assets	2,454
1	Impairment of non-current assets	4,983
2	Revenue Expenditure Funded from Capital	0
<u>10,535</u>	<b>Total expenditure</b>	<u>16,015</u>
(7,566)	<b>Net cost/(surplus) of HRA services as included in the whole authority comprehensive income and expenditure statement</b>	(3,353)
365	HRA services share of corporate and democratic core costs	383
	Exceptional costs:	
(16,077)	Reversal of previous impairments charged to the CIES	0
43	HRA share of other amounts included in the whole authority cost of services but not allocated to specific services	43
<u>(23,235)</u>	<b>Net cost for HRA services</b>	<u>(2,927)</u>
	<b>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement:</b>	
	Other operating expenditure:	
(900)	Net (gains) and losses on the disposal of non-current assets	(360)
	Financing and investment income and expenditure:	
2,718	Financing and investment expense	1,517
(91)	Income and expenditure in relation to investment properties and changes in fair value	0
194	Net interest on the net defined pension liability	53
102	HRA Impairments and Credit Loss adjustments	(7)
<u>(21,212)</u>	<b>(Surplus) or deficit on provision of HRA services</b>	<u>(1,724)</u>

## 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.

2022/23 £000		2023/24 £000	£000
(32,637)	<b>HRA balance at the beginning of the year</b>		(36,767)
(21,212)	(Surplus) or deficit for year on the HRA income and expenditure account	(1,724)	
17,030	Adjustments between accounting basis and funding basis under statute	<u>(996)</u>	
<u>(4,182)</u>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>(2,720)</b>	
52	Transfer to/(from) Earmarked Reserves	<u>31</u>	
(4,130)	(Surplus) or deficit in the year on the HRA		(2,689)
<u>(36,767)</u>	<b>HRA Balance carried forward at the end of the year</b>		<u>(39,456)</u>

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

2022/23 £000		2023/24 £000
	<b>Items included in the HRA income and expenditure statement but excluded from the movement on the HRA statement:</b>	
16,077	Impairment of non-current assets	(4,983)
(850)	Pension costs charged to the HRA in accordance with IAS 19	(547)
(194)	Net interest on the net defined pension liability	(53)
(2,228)	HRA Depreciation/amortisation	(2,402)
(2)	Revenue Expenditure Funded from Capital	0
900	Net (gains) and losses on the disposal of non-current assets	359
32	Changes in fair value of investment properties	0
	<b>Items not included in the HRA income and expenditure statement but included in the movement on the HRA statement:</b>	
491	HRA share of employer's contributions to the Surrey Pension Fund	536
2,228	Transfer to/(from) the Major Repairs Reserve	5,202
576	Capital expenditure funded from balances	892
<u>17,030</u>	<b>Adjustments between accounting basis and funding basis under statute</b>	<u>(996)</u>

## 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 March 2024.

Valuations for HRA assets are:

	Council dwellings	Other land and buildings	Plant Vehicles & Equip	Surplus Assets	Investment Properties	Total
	£000	£000	£001	£000	£000	£000
<b>Cost or Valuation</b>						
<b>At 1 April 2023</b>	<b>355,846</b>	<b>1,426</b>	<b>11</b>	<b>876</b>	<b>8,841</b>	<b>367,000</b>
Additions	9,089	-	-	-	-	9,089
Accumulated depreciation and Impairment written out on revaluation to GCA	(3,799)	-	-	-	-	(3,799)
Revaluations	(40,813)	-	-	(266)	(2,181)	(43,260)
Disposals	(1,109)	-	-	-	-	(1,109)
Other movements	1,292	(1,292)	-	-	-	0
<b>At 31 March 2024</b>	<b>320,506</b>	<b>134</b>	<b>11</b>	<b>610</b>	<b>6,660</b>	<b>327,921</b>
<b>Accumulated depreciation and impairment</b>						
<b>At 1 April 2023</b>	-	-	2	-	-	2
Depreciation charge in the year	2,402	-	1	-	-	2,403
Accumulated depreciation written out on revaluation	(3,799)	-	-	-	-	(3,799)
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	2,272	-	-	-	-	2,272
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of	595	-	-	-	-	595
Disposals	(4)	-	-	-	-	(4)
<b>At 31 March 2024</b>	<b>1,466</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1,469</b>
<b>Net book value</b>						
<b>At 31 March 2024</b>	<b>319,040</b>	<b>134</b>	<b>8</b>	<b>610</b>	<b>6,660</b>	<b>326,452</b>
<b>At 31 March 2023</b>	<b>355,845</b>	<b>1,426</b>	<b>10</b>	<b>876</b>	<b>8,841</b>	<b>366,998</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 2023/24:

	Mobile Home stock	DIYSO stock	Houses & bungalows	Flats & maisonettes	Total stock
<b>Stock at 1 April</b>	0	35	1,851	984	<b>2,870</b>
Sales of dwellings	0	(1)	(2)	(3)	<b>(6)</b>
Demolitions, new builds & adaptations	0	0	0	0	<b>0</b>
Purchased properties	0	0	8	0	<b>8</b>
Mobile Homes	17	0	0	0	<b>17</b>
<b>Stock at 31 March</b>	<b>17</b>	<b>34</b>	<b>1,857</b>	<b>981</b>	<b>2,889</b>

Previously mobile homes were not reported in these stock numbers but have now been allocated a beacon in Asset Manager.

### 39 Capital expenditure

The following table summarises total capital expenditure on land, houses and other property accounted for within the HRA during 2023/24, and the source of finance:

2022/23		Source of funding in 2023/24				
Total Expenditure		Capital receipts	Revenue contributions	Major Repairs Reserve	Grants & Contributions	Total Expenditure
£000		£000	£000	£000	£000	£000
6,228	Improvements to stock	-	0	6,104	0	<b>6,104</b>
0	Purchase of property	-	805	-	2,180	<b>2,985</b>
70	Construction of new dwellings	0	0	-	-	<b>0</b>
160	New IT Systems	0	87	0		<b>87</b>
<b>6,458</b>	<b>Total capital expenditure on HRA assets</b>	<b>0</b>	<b>892</b>	<b>6,104</b>	<b>2,180</b>	<b>9,176</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:

2022/23		2023/24		
Total		Land	Dwellings	Total
£000		£000	£000	£000
2,108	Sale of council houses (right-to-buy)	-	1,060	<b>1,060</b>
416	Shared ownership sales and receipts	-	451	<b>451</b>
<b>2,524</b>	<b>Total capital receipts from HRA disposals</b>	<b>0</b>	<b>1,511</b>	<b>1,511</b>

## 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 2.86% as at 31 March 2024. This compares to 2.91% as at 31 March 2023.

A provision of £439,253 has been made for HRA arrears estimated to be uncollectable as at 31 March 2024 (£422,250 as at 31 March 2023). Amounts written off in the year totalled £3,942 (£46,263 in 2022/23), making a net change in uncollectable rents in the year of £17,001. In addition to the arrears of rent, there are £2,910 of court and debt collection costs outstanding as at 31 March 2024 (£680 at 31 March 2023).

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 2023/24 the *reduced* provision for these arrears relating largely to leaseholders and recharges to tenants for property repairs amounted to £12,964 (The cumulative provision previously charged against income at 31 March 2023 was £13,557). The HRA debt provision in relation to rents and the debtors bad debt provision comes to £7,980 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).

2022/23			2023/24		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
-	74,246	74,246	-	77,185	77,185
52,953	-	52,953	50,509	-	50,509
-	10	10	2,122	17	2,139
<b>52,953</b>	<b>74,256</b>	<b>127,209</b>	<b>52,632</b>	<b>77,202</b>	<b>129,834</b>
<b>Income</b>			<b>Income</b>		
Council tax receivable			Council tax receivable		
Business rates receivable			Business rates receivable		
Transitional protection payment			Transitional protection payment		
<b>Total income</b>			<b>Total income</b>		
<b>Expenditure</b>			<b>Expenditure</b>		
Contributions towards the previous year's surplus / (deficit)			Contributions towards the previous year's surplus / (deficit)		
(6,105)	-	(6,105)	46	-	46
(1,221)	1,076	(145)	9	2,061	2,070
-	201	201	-	376	376
(4,884)	121	(4,763)	36	227	263
<b>(12,210)</b>	<b>1,398</b>	<b>(10,812)</b>	<b>91</b>	<b>2,664</b>	<b>2,755</b>
Precepts demands and shares:			Precepts demands and shares:		
26,538	-	26,538	32,022	-	32,022
5,308	56,150	61,458	6,404	58,401	64,805
-	10,204	10,204	-	10,828	10,828
21,230	6,199	27,429	25,618	6,447	32,065
<b>53,076</b>	<b>72,553</b>	<b>125,629</b>	<b>64,044</b>	<b>75,676</b>	<b>139,720</b>
Charges to the Collection Fund:			Charges to the Collection Fund:		
51	-	51	252	-	252
458	-	458	(2,439)	-	(2,439)
74	125	199	69	158	227
182	746	928	(75)	363	288
107	-	107	2,407	-	2,407
138	-	138	142	-	142
<b>1,010</b>	<b>871</b>	<b>1,881</b>	<b>356</b>	<b>521</b>	<b>878</b>
<b>41,876</b>	<b>74,822</b>	<b>116,698</b>	<b>64,491</b>	<b>78,861</b>	<b>143,353</b>
<b>11,077</b>	<b>(566)</b>	<b>10,511</b>	<b>(11,860)</b>	<b>(1,659)</b>	<b>(13,519)</b>
<b>Collection Fund Balance</b>			<b>Collection Fund Balance</b>		
(14,662)	3,193	(11,469)	(3,585)	2,627	(958)
11,077	(566)	10,511	(11,860)	(1,659)	(13,519)
<b>(3,585)</b>	<b>2,627</b>	<b>(958)</b>	<b>(15,445)</b>	<b>968</b>	<b>(14,477)</b>

## Collection Fund Statement

### 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 2022/23 and 2023/24 together with the resulting Council tax for each band is set out below:

<b>Council tax base and amounts charged for 2022/23 and 2023/24</b>						
<b>2022/23</b>		Band	Range of property values	Proportion	<b>2023/24</b>	
Band D equivalent number	Council tax £				Band D equivalent number	Council tax £
685	1,401.01	A	Up to £40,000	6/9	709	1,447.05
674	1,634.51	B	£40,000 to £52,000	7/9	737	1,688.22
4,935	1,868.01	C	£52,001 to £68,000	8/9	5,047	1,929.39
9,313	2,101.51	D	£68,001 to £88,000	1	9,486	2,170.57
7,396	2,568.51	E	£88,001 to £120,000	11/9	7,465	2,652.92
5,359	3,035.51	F	£120,001 to £160,000	13/9	5,402	3,135.27
4,714	3,502.52	G	£160,001 to £320,000	15/9	4,761	3,617.62
2,104	4,203.02	H	More than £320,000	18/9	2,103	4,341.14
46			Other properties		45	
<b>35,226</b>			<b>Council tax base</b>		<b>35,755</b>	
<b>702</b>			<b>Less Provision for Non Collection</b>		<b>890</b>	
<b>34,524</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 2023/24 was 51.2p (2022/23 was 51.2p). Small businesses had a lower rate poundage of 49.9p in 2023/24 (49.9p in 2022/23).

The 2010 valuation list has a rateable value of £104.4m as at 31 March 2024 (£104.9m at 31 March 2023). The 2017 list has a valuation of £132.1m as at 31 March 2024 (£135.4m at 31 March 2023) and the 2023 list has a valuation of £148.6m as at 31 March 2024 (£nil 31 March 2023).

## Collection Fund Statement

### 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:

2022/23			2023/24	
Business Rates	Council Tax		Business Rates	Council Tax
£000	£000		£000	£000
(1,793)	-	Central Government	(7,723)	0
(358)	2,033	Surrey County Council	(1,544)	748
0	370	Surrey Police Authority	0	138
(1,434)	224	Runnymede Borough Council	(6,178)	82
(3,585)	2,627		(15,445)	968
	(958)	Surplus (Deficit) on the collection fund as at 31 March		(14,477)

### 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 the same 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, on an accruals basis, all the day to day expenditure and income for the group analysed by reporting segment and how it was financed. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that councils need to take into account when setting the annual council tax charge. The required adjustments between the accounting basis and funding basis under regulations are shown in the group movement in reserves statement.

Year ended 31 March 2023			Year ended 31 March 2024			
Expend £000	Income £000	Net £000		Expend £000	Income £000	Net £000
			<b>Gross expenditure, gross income and net expenditure of continuing operations</b>			
10,560	18,126	(7,566)	Housing Revenue Account	16,206	19,559	(3,353)
18,266	15,482	2,784	Housing Committee	17,759	15,152	2,607
9,322	4,624	4,698	Community Services Committee	7,768	3,896	3,872
6,779	2,416	4,363	Environmental & Sustainability Committee	10,815	2,854	7,961
282	127	155	Licensing & Regulatory Committees	273	134	139
3,441	2,470	971	Planning Committee	3,337	5,313	(1,976)
11,740	344	11,396	Corporate Management Committee	10,032	3,211	6,821
			Exceptional costs -			
(16,985)	0	(16,985)	Reversal of previous impairments charged to the CIES	0	0	0
<u>43,405</u>	<u>43,589</u>	<u>(184)</u>	<b>Cost Of Services</b>	<u>66,190</u>	<u>50,119</u>	<u>16,071</u>
			(177)	Other operating expenditure		535
			16,032	Financing and investment income and expenditure		182,730
			(10,482)	Taxation and non-specific grant income		(13,210)
			<u>5,189</u>	<b>(Surplus) or deficit on provision of services</b>		<u>186,126</u>
			(211)	Tax expenses of subsidiaries		(340)
			<u>4,978</u>	<b>Group (Surplus) or deficit on provision of services</b>		<u>185,786</u>
			<b>Items that will not be reclassified to the (surplus) or deficit on provision of services:</b>			
			(13,194)	(Surplus) or deficit on revaluation of non-current assets		(4,558)
			4,818	Impairment losses on non-current assets charged to the Revaluation Reserve		43,517
			(44,727)	Remeasurement of the net defined benefit liability or (asset)		(10,549)
			<u>(53,103)</u>	<b>Other comprehensive income and expenditure</b>		<u>28,410</u>
			<u>(48,125)</u>	<b>Total comprehensive income and expenditure</b>		<u>214,196</u>

Notes:

The Group Comprehensive Income and Expenditure Statement includes a net difference of about £2.9m 2022/23 (£0.6m) which account for adjustment between the council and its subsidiaries

## 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	Major Repairs reserve	Capital Receipts reserve (Note a)	Capital grants unapplied reserve	Unusable reserves	<b>Total Council reserves</b>	Authority's share of subsidiaries reserves	<b>Total Group reserves</b>
	£000		£000	£000	£000	£000	£000	£000	£000
<b>Movement in Reserves during 2023/24</b>									
Total comprehensive income and expenditure	(184,628)	1,724	0	0	0	(28,410)	(211,314)	(2,882)	(214,196)
Adjustments between Group Accounts and Council Accounts	(208)	3	0	0	0	(2,463)	(2,668)	2,658	(10)
<b>Net (increase)/Decrease before Adjustments</b>	<b>(184,836)</b>	<b>1,727</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(30,873)</b>	<b>(213,982)</b>	<b>(224)</b>	<b>(214,206)</b>
Adjustments between accounting basis and funding basis under regulations	196,686	996	(902)	433	(41)	(197,172)	0	0	0
<b>Increase (decrease) in the year</b>	<b>11,850</b>	<b>2,723</b>	<b>(902)</b>	<b>433</b>	<b>(41)</b>	<b>(228,045)</b>	<b>(213,982)</b>	<b>(224)</b>	<b>(214,206)</b>
Balance at 31 March 2023	49,199	36,783	902	12,900	4,358	324,913	429,055	765	429,820
Increase (decrease) in the year	11,850	2,723	(902)	433	(41)	(228,045)	(213,982)	(224)	(214,206)
<b>Balance at 31 March 2024</b>	<b>61,049</b>	<b>39,506</b>	<b>0</b>	<b>13,333</b>	<b>4,317</b>	<b>96,868</b>	<b>215,073</b>	<b>541</b>	<b>215,614</b>
<b>Movement in Reserves during 2022/23</b>									
Total comprehensive income and expenditure	(25,554)	21,212	0	0	0	53,103	48,761	(636)	48,125
Adjustments between Group Accounts and Council Accounts	(434)	0	0	0	0	964	530	(530)	0
<b>Net (increase)/Decrease before Adjustments</b>	<b>(25,988)</b>	<b>21,212</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,067</b>	<b>49,291</b>	<b>(1,166)</b>	<b>48,125</b>
Adjustments between accounting basis and funding basis under regulations	25,412	(17,063)	(3,101)	3,651	(3,242)	(5,657)	0	0	0
<b>Increase (decrease) in the year</b>	<b>(576)</b>	<b>4,149</b>	<b>(3,101)</b>	<b>3,651</b>	<b>(3,242)</b>	<b>48,410</b>	<b>49,291</b>	<b>(1,166)</b>	<b>48,125</b>
Balance at 31 March 2022	49,775	32,634	4,003	9,249	7,600	276,503	379,764	1,931	381,695
Increase (decrease) in the year	(576)	4,149	(3,101)	3,651	(3,242)	48,410	49,291	(1,166)	48,125
<b>Balance at 31 March 2023</b>	<b>49,199</b>	<b>36,783</b>	<b>902</b>	<b>12,900</b>	<b>4,358</b>	<b>324,913</b>	<b>429,055</b>	<b>765</b>	<b>429,820</b>

Note:

The General Fund Reserves encompass the General Fund Working Balance and the General Fund Earmarked Reserves. The Housing Revenue Account Reserves include the HRA Earmarked reserves. Details of each reserve are set out in the main Runnymede Borough Council statements.



## Group balance sheet

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

31 March 2023 £000		31 March 2024 £000
461,510	Property, Plant and Equipment	409,067
578,609	Investment Property	390,965
671	Intangible Assets	757
10	Long-term Investments	10
691	Long-term Debtors	624
563	Deferred Tax Asset	340
0	Asset related to pensions	3374
1,042,054	<b>Long term Assets</b>	<b>805,137</b>
61,438	Short-term Investments	42,676
100	Inventories and Work in Progress	69
4,233	Short-term Debtors and Payments in Advance	14,329
13,983	Cash and Cash Equivalents	10,058
0	Assets held for Sale	300
79,754	<b>Current Assets</b>	<b>67,432</b>
0	Bank Overdraft	
(16,063)	Short term Borrowing	(11,100)
(40,632)	Short-term Creditors	(28,073)
(863)	Provisions	(851)
(3)	Grants Received in Advance - Revenue	(3)
(57,561)	<b>Current Liabilities</b>	<b>(40,027)</b>
(627,509)	Long term Borrowing	(616,928)
(6,918)	Liability Related to Pensions	
0	Deferred Tax Liability	
(634,427)	<b>Long term Liabilities</b>	<b>(616,928)</b>
429,820	<b>Net Assets</b>	<b>215,614</b>
104,907	<b>Usable Reserves</b>	118,746
324,913	<b>Unusable Reserves</b>	96,868
429,820	<b>Total Reserves</b>	<b>215,614</b>

**Notes:**

The Group Balance Sheet includes a net difference of about (£4.5m), 2022/23 (£1.6m) which accounts for adjustment between the council and its subsidiaries.

## Group cashflow statement

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

2022/23 £000		2023/24 £000	£000
4,978	<b>Group (Surplus) or deficit on provision of services</b>		185,786
(18,314)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(208,379)
	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities:		
3,013	Interest Received	3,871	
(16,365)	Interest Paid	(15,472)	
145	Dividends received	189	
211	Deferred Tax Liability	340	
17,771	Other	20,784	
4,775			9,712
(8,561)	<b>Net cash flow from Operating Activities</b>		(12,881)
	<b>Investing activities</b>		
13,099	Purchase of property, plant and equipment, investment property and intangible assets	16,913	
0	Purchase of short term and long term investments	5	
12,438	Other payments for investing activities	0	
(17,575)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,422)	
(6,562)	Proceeds from the sale of short term and long term investments	(19,028)	
(660)	Other receipts from investing activities	(3,319)	
740	<b>Net cash flow from investing activities</b>		(11,851)
	<b>Financing activities</b>		
0	Cash receipts of short and long term borrowing	(20)	
10,513	Repayments of short and long term borrowing	15,565	
(5,626)	Other payments for financing activities	13,112	
4,887	<b>Net cash flow from financing activities</b>		28,657
(2,934)	<b>Net (increase) or decrease in cash and cash equivalents</b>		3,925
(11,049)	<b>Cash and cash equivalents at the beginning of the reporting period</b>		(13,983)
(13,983)	<b>Cash and cash equivalents at the end of the reporting period</b>		(10,058)

Notes:

The Group Cashflow Statement includes a net difference of about (£1.5m) 2022/23 (£0.9m) which account for adjustment between the council and its subsidiaries

## Notes to the Group accounts

### 46 Short term debtors

31 March 2023 £000		31 March 2024 £000
6,588	Trade Receivables	6,723
950	Council Tax and Business Rates	7,551
800	Prepayments	841
884	Other receivable amounts	2,048
<u>9,222</u>	<b>Gross debtors</b>	<u>17,163</u>
	Analysis of bad debt provision	
(604)	Council tax and Business Rate payers (attributable to Runnymede only)	(607)
(3,963)	General debtors	(1,788)
(422)	Council tenants arrears	(439)
<u><b>4,233</b></u>	<b>Total provision for impairment and expected credit losses on gross</b>	<u><b>14,329</b></u>

### 47 Creditors and receipts in advance

31 March 2023 £000		31 March 2024 £000
(19,514)	Trade payables	14,568
(4,656)	Other payables	4,379
(10,323)	Council Tax and Business Rates	2,503
(6,139)	Receipts in advance	6,623
<u>(40,632)</u>	<b>Gross creditors and receipts in advance</b>	<u>28,073</u>

**Notes:**

The debtors and creditors included within the Group Accounts exclude any amounts owed within the Group

## 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.

<b>Revenue account</b>		
2022/23 Actual £		2023/24 Actual £
7,114	Income from investments and contributions etc.	7,221
(20,813)	Expenses and works	(8,273)
(7,990)	Gain/(loss) in valuation of investments	(2,242)
<u>(21,689)</u>	Surplus (deficit) for year	<u>(3,294)</u>

<b>Balance sheet as at 31 March</b>		
As at 31 Mar 2023 £		As at 31 Mar 2024 £
147,078	Fund balance at 1 April	125,390
(21,689)	Add surplus (deficit) for Year	(3,294)
<u>125,389</u>	<b>Fund balance at 31 March</b>	<u>122,096</u>
<b>Represented by:</b>		
Investments at market valuation:		
122,755	Charities official investment fund - income shares	120,513
Net current assets:		
2,634	Cash at bank	1,583
<u>125,389</u>		<u>122,096</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 23 £	Receipts in year £	Payments in year £	Balance as at 31 March 24 £
305021	Runnymede Pleasure Ground Trust	379,277	178,601	162,034	<b>395,844</b>
304999	Sir Edward Stern Trust fund	1,939	97	0	<b>2,036</b>
289262	Victory Park Trust fund	25	0	0	<b>25</b>
257032	Egham War Memorial Upkeep fund	4,213	247	0	<b>4,460</b>
	<b>Totals</b>	<b>385,454</b>	<b>178,945</b>	<b>162,034</b>	<b>402,365</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 £3,460 invested with Runnymede Borough Council and £1,000 invested with the charities official investment fund (market valuation of £3,168).

#### 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 2023/24

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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 2024 and up to the date of approval of the Statement of Accounts.

# Annual Governance Statement 2023/24

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## 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 continuing to administer grant funds during 2024/24, such as the Household Support Fund, requiring robust policies, processes and governance arrangements to be in place to ensure support reached those in need.

The Council continued to put additional measures in place to respond to other external stimuli, such as increased cyber security threat, through development of its cyber security action plan, and continuing to assist those fleeing conflict, for example through the continuation of the Homes for Ukraine Scheme and its participation in the Local Authority Housing Fund to purchase properties to support both Ukrainian and Afghan refugees.

Most significantly in relation to external stimuli, all Councils have been working in an environment where the sector is under increasing scrutiny in respect of concerns about financial resilience and financial risk. The Government has responded in a number of ways including:

- the launch of the [Office for Local Government](#) (OfLog) in July 2023 with the following objectives:
  - **(inform)** to increase understanding - among citizens, civil society, central government and local government itself - about data on the performance of local authorities;
  - **(warn)** to help identify local authorities that are at risk of serious failure but have not raised the alarm themselves; and
  - **(support)** to support local government to improve performance, productivity, and value for money: championing best practice, improving data capability and rationalising a complex data landscape
- Issue of draft guidance in July 2023 to support councils in assessing whether they were delivering against their Best Value duties. This [statutory guidance](#) was finalised 8th May 2024.
- Enactment of the Levelling Up and Regeneration Act 2023 (LURA) which contains a section on Capital Risk and a set of metrics for assessing this risk.
- Instigation of a number of statutory [Best Value interventions](#) and issuance of a number of non-statutory [Best Value Notices for local authorities](#)

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.

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

## Annual Governance Statement 2023/24

### 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).
- ✓ 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 Council is about to embark on an assessment of its Organisational Culture as one of the workstreams under its response to receipt of a non-statutory Best Value Notice from the Department for Levelling Up, housing and Communities (DLUCH) in December 2023. This work may feed into a refresh of the Values and demonstrates how the Council intends to review the effectiveness of its Values framework.
- ✓ 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 2023/24, 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. Two of these have been closed following initial consideration by the Monitoring Officer and three remain open: one awaiting the draft report of the independent investigator and the other two are open and with the Monitoring officer for consultation with the independent person. There were no Hearings held in 2023/24 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



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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 2023/24, the Local Government and Social Care Ombudsman and the Housing Ombudsman launched consultations on a joint Complaint Handling Code working together to produce a unified Code to be introduced from 1 April 2024, to raise the standard of complaint handling across housing and local government services. The Council has been working throughout the year to review its complaint handling processes to ensure compliance with the new Code and provide a more streamline process for its residents and customers to follow. This work has been undertaken under the Council's Service Review Programme. The new Code and associated guidance are anticipated to be presented to the Standards and Audit Committee for consideration at its July meeting.
- ✓ 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 2023/24 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 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 February, a breakfast briefing was held which included consultation on the Council's budget proposals for 2024/25 alongside updates on the 2024 Runnymede Business Awards and the availability of free mentoring and support to local, small businesses via Runnymede Business Boost.
- ✓ 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. After consultation with the Service Review,

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Communication and Transformation Member Working Party, the Corporate Management Committee considered a Social Media Policy and associated workplan for 2024 - 26 which approved a six-month pause in use of X / Twitter during 2024 to create capacity to trial the use of Instagram.

- ✓ The Council runs a residents' e-newsletter which is sent to 2,000 subscribers as well as producing other service specific newsletters such as for housing or climate change.
- ✓ Internal communications include monthly all-staff emails, weekly "Friday message" from CLT, the Chief Executive's forum and the staff intranet.
- ✓ During 2023/24 the Council carried out stakeholder engagement to support development of its [Climate Change Action Plan](#)
- ✓ In July 2023, Members considered the business case for [establishing a Citizens' Panel](#) which is anticipated to be taken forward in the new municipal year.
- ✓ 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. Alongside its usual financial monitoring reports, the Council received a report on the [approach to financial sustainability](#) which set out the process for the identification and delivery of savings, efficiencies and income generation.
- ✓ The Council's Corporate Business Plan 2022- 2026 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. A golden thread flows from the Corporate Business Plan through to individual Service Area plans, ensuring that the work of services supports the strategic aims of the Council and is adequately planned and resourced. An action tracker has been developed internally to track progress against the plan and this is used both as a tool for performance management and to assist in business planning for the year. It is intended to perform a mid-point review of the Corporate Business Plan in June/July 2024 to ensure the overarching themes are still applicable, thus demonstrating the council's willingness for continuous improvement and to take stock of an ever-changing environment, and ensure its plans remain fit for purpose.
- ✓ Social Value is considered for all procurement activity and included in evaluation criteria where appropriate. A new 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 adopted 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 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. Significant work has been undertaken in this area during 2023/24 including setting a [baseline](#) for carbon emissions measurement and [developing a Climate Change Action Plan](#) and at [Full Council](#) on 7<sup>th</sup> December 2023, Runnymede Borough Council resolved to declare a climate emergency. The latest [Climate Change](#)

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[update report and report on Runnymede Borough Council's Green House Gas emissions for 2022/23](#) were presented to Members in April 2024. In March 2024, the Environment and Sustainability Committee recommended approval of a Sustainable Fleet Management Strategy and approved the business case for the switch from diesel to Hydrotreated Vegetable Oil (HVO) fuel for its Depot fleet.

- ✓ Review of the Runnymede 2030 Local Plan commenced in January 2021 but was paused in September 2022 due to uncertainty at a national level because of the proposed planning reforms. A meeting of the Council's Planning Committee on [28th June 2023](#) revisited the pause to the Local Plan Review and a high-level timetable for resuming work on the Local Plan, based around three potential options was discussed. Members elected to proceed with the option for preparing a plan under the new plan-making arrangements (expected to commence at the end of 2024). The review of the Local Plan will strengthen the policies relating to Climate Change set out in the adopted Local Plan, including creating a strong, well-considered network of green and blue corridors and spaces, supporting adaptation and resilience to climate change, helping to halt the loss of, and improving biodiversity, and contributing to the health and wellbeing of our communities. In addition, as part of the production of the review of the Local Plan, a Sustainability/ Strategic Environment Appraisal (SA/SEA) will be produced at each stage in the process. The SA/SEA document will ensure that environmental/ economic and social issues are considered throughout the production of the Plan.
- ✓ A further update on the government's planning reforms was provided at the meeting of the Council's Planning Committee on [25th October 2023](#) including information about a further consultation paper on the Levelling Up and Regeneration Bill and its plan making reforms, and setting out a high-level picture of the current and future workstreams of the Planning Policy team up until the new plan making system was expected to commence in late 2024. These workstreams included production of a Design Code; production of climate change guidance documents to support the policies in the Runnymede 2030 Local Plan and encourage developers to build to higher standards to help reach net zero targets; updating the Strategic Flood Risk assessment; and supporting the Climate Change team where capacity allows (for example by leading on the [Electric Vehicle Strategy](#) and the Climate Change Action Plan).
- ✓ To support the introduction of stronger planning policies to address the impacts of climate change, the Council has commissioned consultants to undertake a Climate Change Study. The findings will help identify policy options and inform the development of revised and/or new policies as part of the Local Plan Review once this work resumes. Full details are available on the 2030 Local Plan Review Evidence Base documents page of the Council's website.

The Study is made up of five elements of work, presented in four reports as follows:

### [Emission Pathways Report \(December 2023\)](#)

This report models two scenarios – a 'business as usual' emissions pathway to 2050 showing the likely impacts of already 'locked-in' decarbonisation actions; and an alternative 'emissions reduction trajectory' which illustrates the possible impacts of alternative, stronger actions, including societal changes. This trajectory demonstrates the scale of action/intervention required to reach net zero emissions in Runnymede and helps justify the introduction of stronger climate change planning policies.

### [Low Carbon Development and Sustainable Design Principles Report \(December 2023\)](#)

This report identifies policy options to help ensure the revised Local Plan better supports the transition to a low/zero carbon Runnymede. The report draws on best practice case studies from other local authorities and references the latest standards and metrics that could be used in emerging planning policies. It provides policy options covering low/zero carbon

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buildings, renewable/low carbon energy generation, embodied carbon, addressing the performance gap, and sustainable transport and active travel. It also includes a section identifying measures that could be taken to strengthen the implementation of existing 2030 Local Plan climate change policies in the interim period until a revised Local Plan is adopted.

### [Renewable Energy Assessment Report \(December 2023\)](#)

The National Planning Policy Framework states that Local Plans should consider identifying suitable areas for renewable and low carbon energy sources, and supporting infrastructure, where this would help secure their development. This report goes some way to achieve this, identifying the 'technical' potential of various technologies being deployed in the Borough, including wind, solar, heat pumps and heat networks. The report also considers factors such as grid connection which may affect the extent to which these technologies can be deployed.

The report is accompanied by a [Key Assumptions Note](#) explaining the assumptions used in the assessment.

### [Climate Change Adaptation Report](#)

This report identifies the likely future climatic conditions that will be experienced in Runnymede and identifies ways in which the Local Plan policies can be strengthened (or new policies introduced) to better adapt new development and the built environment to the changing climate. Policy options cover flood risk reduction, overheating, water resource management, supporting nature recovery and resilience, green infrastructure and carbon sequestration.

- ✓ The Council's Magna Square development in Egham, featuring eco-friendly features such as solar-controlled glazing, low energy lighting and highly efficient thermal insulation, was short-listed for a number of property industry awards during the year for its design quality, gaining a Highly Commended in the Residential project of the Year category in the British Construction Industry Awards in October 2023.
- ✓ 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

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[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 2023/24 included updates to the Contract Standing Orders, review of the Publicity and Media Handling Protocol and the Member Training and Development Programme, discussion on the content of a survey of Members on the elections cycle and a review of the budget amendment process, following its first year of formal operation. Continual review of the Constitution ensures that it remains reflective of current practice and is kept up to date with changes in regulations and legislation as well as ensuring practices remain efficient and effective in supporting the delivery of the Council's aims.
- ✓ 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 alternative 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. Enhanced Member scrutiny has been introduced during 2023/24 through increased reporting to the Corporate Management Committee rather than through the Service Review, Communication and Transformation Member Working Party.
- ✓ The Council's Corporate Business Plan sets out the strategic objectives for the period 2022 – 2026 and is underpinned by an action plan to ensure delivery of these objectives. A midpoint review of the Plan will be conducted early in 2024/25.
- ✓ 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.
- ✓ The Council's rolling programme of service reviews has been recommenced with new governance arrangements in place and is an interdependent workstream of the Council's response to receipt of a non-statutory Best Value notice. Four reviews commenced during 2023/24 (Community Transport, Complaints Process, Safer Runnymede, Trade Waste) with progress reported to the Service Review, Communications and Transformation Member Working Party. Interventions recommended following these reviews will be considered at the relevant Committee.
- ✓ A programme of digital transformation is also reported to the Service Review, Communications and Transformation Member 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. Digital Transformation governance has also been reinvigorated by drawing this into the overall Savings and Efficiencies Programme and reinstating regular, cross-department meetings to discuss digital proposals.
- ✓ A Corporate Risk Register is maintained to keep abreast of existing and emerging risks. The Standards and Audit Committee received three key risk reports during 2023/24, following a review of the Council's risk management process and approving revised Risk Management Framework, implementing Risk Appetite Statements and approving a new dashboard mechanism for the reporting of strategic risks. The monitoring of risk and the measures put in place to mitigate risk is an important element of determining what further



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interventions may be necessary.

- ✓ To ensure that the Council's companies continue to comply with registration requirements of Companies House, and Articles of Association, shareholder agreement and business plan, an external governance review is planned for early 2024/25.
- ✓ The Council has a risk-based [rolling programme](#) of internal audit 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 reviewed its provision of internal audit services during 2023/24 and approval was given to join Southern Internal Audit Partnership from 1<sup>st</sup> April 2024. The Partnership will provide resilience to the audit function and shared learning from other public sector bodies (including the majority of Surrey Councils) who belong to the partnership. The Council's Chief Financial Officer will sit on the Partnership's Key Stakeholder Board.
- ✓ 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.
- ✓ The Council participates in external review through its participation in the Local Government Association's Corporate Peer Challenge (CPC) process. This provides the Council with the opportunity to understand from others what interventions may be necessary to ensure it meets its objectives and demonstrates its desire to deliver continuous improvement in the way it operates. Participation is recommended at least every 5 years. The last CPC at Runnymede was during 2019 and the next engagement is planned during 2024/25. Ahead of the next review, The Standards and Audit Committee will receive a report updating Members on the actions delivered against the recommendations in the previous review.
- ✓ Throughout 2023/24, the Council continued its engagement with the Department for Levelling Up, Housing and Communities (DLUHC) which had commenced during the sector engagement on the (then) proposed capital risk metrics to be included in the Levelling up and Regeneration Act 2023. At the end of 2022/23, the Chartered Institute of Public Finance and Accountancy (CIPFA) was engaged by DLUHC to undertake a review of the Council's capital risk, given its investment and debt profile, and its arrangements for managing this risk. CIPFA's report was finalised in July 2023 and the Council responded with a plan to implement the recommendations made in the report.

Subsequently, in December 2023, the Council received a non-statutory [Best Value Notice](#) from DLUHC acknowledging the steps it had already taken to address the recommendations identified in the CIPFA capital review but requesting continued engagement to provide assurance of improvement and full delivery of those recommendations.

The Council has formed a robust governance programme to respond to the Notice and deliver the necessary interventions to ensure a positive outcome from the engagement with DLUHC. This includes the setting up of a Programme Board, and the development of a [Programme Charter](#), workstreams with sponsors and lead officers, a project plan and action tracker, alongside regular updates to DLUHC.

### 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 carries out service reviews to ensure it has the capacity to deliver outcomes.
- ✓ The Medium-Term Financial Strategy is aligned with the Corporate Business Plan so that appropriate levels of resources (financial and staffing) are allocated to programmes of

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work.

- ✓ The Council participates in a number of partnership arrangements which enable it to 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. This arrangement continued in 2023/24 with a new contract being awarded to Applied Resilience in September 2023 for a 3-year period.
  - Community Services provides a range of services in partnership with Surrey Heath Borough Council.
  - Safer Runnymede provides a CCTV service for a number of other organisations including neighbouring councils, Thorpe Park and various NHS establishments. The service has seen further expansion during 2023/24.
  - The Council entered into a shared management arrangement for its Building Control Service at the start of the 2022/23, with a view to exploring a full shared service arrangement during 2023/24. Further work on the financing model of the full partnership is required in order for this to progress.
  - 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.
  - During 2023/24, the Council worked with colleagues across all Surrey councils to draw together a picture of their financial resilience. As part of this work, Surrey councils continue to explore opportunities for joint working across council boundaries.
- ✓ 2023/24 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.
- ✓ The Council has a leadership and staff competency framework that sets out the behaviours expected by managers and staff in the delivery of their daily work and the aims of the Council. The framework forms part of the conversations held during continuous performance management meetings which consist of regular one-to-one sessions, a six-month review and an annual appraisal. An individual development plan is produced alongside the appraisal process.
- ✓ Senior Leaders in the organisation have continued to participate in management development sessions throughout the year alongside specific training on key strategic topics such as carbon literacy training and refresher risk assessment. Mandatory completion of a suite of e-learning modules is required of all staff including topics such as safeguarding, cyber security, data protection, manual handling and stress awareness. A variety of optional e-learning modules are also easily accessible.
- ✓ The Council has continued to support the take up of apprenticeships within the Council

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and participation in the [National Graduate Development Programme](#) which supports new entrants to the local government sector and adds capacity to the organisation. Two members of staff have also been accepted onto the District Council's Network (DCN) Staff Development Programme which encourages future leaders in their professional development and leadership potential. The programme is delivered over 12 months and includes:

- the opportunity to build leadership skills, delivery skills and strategic policy capability
  - a series of face-to-face professional development sessions
  - a senior officer mentor for advice and development
  - a Whitehall senior civil servant work-shadowing offer
  - the opportunity to undertake an improvement project within the Council
- ✓ 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 Executives, 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 and the two Assistant Chief Executives meets on a weekly basis.
- ✓ The officer structure in place at the end of 2023/24 is appended to this Statement. The management structure was enhanced in July 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 long-standing Chief Executive, Paul Turrell, retired at the end of July 2023 and Andrew Pritchard was appointed to the post from August 2023, following a rigorous recruitment process,
- ✓ The non-statutory Best Value Notice programme includes two key workstreams relating to organisational capacity and capability. One workstream is around the capacity and capability of the Assets and Regeneration team to support the essential work of managing the Council's large portfolio of both commercial and operational assets and the significant income stream flowing from its investment assets. The other workstream is to provide an assessment of organisational culture and leadership capacity across the Council. A key objective of this workstream is to develop an action plan to support a high performing, one team corporate culture across all council departments, that actively contributes to strong governance and delivery.
- ✓ Member induction sessions are held for new Members after local elections and an extensive Member training programme has been devised for all Members during 2023/24 for the new municipal year with input from Members and via the Constitution Member Working Party. During the year, Members participated in mandatory and optional training sessions including [Carbon Literacy training](#).

**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



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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 their approved 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](#)
- ✓ 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 an update on progress against the remaining outstanding actions 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. The Assistant Chief Executive (s151 Officer) 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. As noted under Principle D, the Standards and Audit Committee recommended to Corporate Management Committee that the council join the Southern Internal Audit Partnership to deliver the Council's internal audit service from April 2024. The in-coming internal auditor has engaged with Members and senior officers and considered the Council's risk register and the Partnership's in-depth knowledge of the sector, to provide a risk-based audit programme.
- ✓ 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 involved. The Committee also plays a key role in the monitoring of the delivery of savings and efficiencies under the approved approach to achieving financial sustainability.
- ✓ 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.
- ✓ Significant work has been undertaken during the year to improve the risk management framework, introduce risk appetite statements and develop a risk reporting dashboard. The Standards and Audit Committee's future work programme includes twice early reporting of risk matters while the Corporate Leadership Team review the Corporate Risk Register on a quarterly basis. The Standards and Audit Committee also recommended to Full Council that the Committee report template be amended to include a mandatory section on risk, which was approved and implemented. Internal audit carried out an assurance review of Risk Management in March 2024 which gained a "Reasonable"

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assurance rating and made 1 Important, 3 Routine and 1 Operational recommendation while recognising the significant progress made during the year. All recommendations were accepted and are due to be implemented in 2024.

- ✓ The Council carried out a debrief event following Storm Henck, using an external facilitator, to capture learning from the Council's response to the event and provide a programme of actions for implementation in 2024/25.
- ✓ Business continuity plans are regularly updated.
- ✓ The Safeguarding policy and Home Assistance policy were both updated during 2023/24.
- ✓ To tackle cyber risk, all Digital Services policies were updated in November 2023 and are published on the staff intranet including:
  - Bring Your Own Device policy
  - Email policy
  - Mobile Phone policy
  - Password policy
  - Patch Management policy
  - Incident Management policy
  - Data and Cyber security policy
  - Acceptable Usage Policy
  - Change Management Policy
- ✓ 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.

- ✓ In March 2024, the Standards and Audit Committee considered a [report](#) on their draft work programme for the year ahead and a number of proposed improvements to support the effectiveness of the Committee in carrying out its governance role. These improvements included the development of a process for the self-assessment of the Committee's effectiveness; the provision of an annual report on the work of the Committee to Full Council; and exploration of the potential to seek co-opted independent members to sit on the Committee. In addition, Full Council approved in [April 2024](#) that the Standards and Audit Committee would have responsibility for approval of the Annual governance Statement and the Statement of Accounts, aligning these tasks with the committee's other governance work.
- ✓ 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

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understandable way. The template has been updated during the year to improve clarity and consistency and to encompass recommendations from Committees on mandatory sections. Financial reporting on property transactions has been developed to include a greater level of detail to aid understanding of options when considering the sale or letting of assets.

- ✓ The Property and Assets Task Force has developed a standard reporting spreadsheet of the Council's investment assets to support its work.
- ✓ 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 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 alongside the introduction of "backstop" dates for the completion of outstanding audit work.
- ✓ New external auditors have been appointed to Runnymede Borough Council by Public Sector Audit Appointments Ltd for the 5-year period from 2023/24. The new audit team are engaging with Members and officers and progressing their audit planning and Value for Money reporting for the 2023/24 financial year in line with timescales reported to the Standards and Audit Committee in [March 2024](#).
- ✓ 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.
- ✓ The Council's anti-fraud arrangements with Reigate and Banstead Borough Council cover all areas of fraud work including participation in the National Fraud Initiative data matching exercise. 544 cases were investigated and closed during 2023/24 with fraud or error detected in 126 cases (23.2%) resulting in financial savings to the public purse of

# Annual Governance Statement 2023/24

£315,600 with an additional £87,180.88 of cashable savings to the Council.

- ✓ The Council has a Whistle-Blowing Policy included in its [anti-fraud and corruption policy](#)
- ✓ The Standards and Audit Committee receive an annual report on counter-fraud activity during the year which includes an action plan for the year ahead to improve fraud awareness and prevention.
- ✓ The Council has continued to participate in the delivery and monitoring of grant funding in relation to various support schemes such as schemes designed to mitigate the effects of the cost-of-living crisis, for example or to alleviate the impact of flooding. 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 2023/24 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 arrangements are planned.

The action plan appended to this Statement includes an update on action taken in 2023/24, in respect of areas identified for improvement in the previous year's Statement, alongside those issues identified during this review for action in 2024/25. 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.

**Signed on behalf of Runnymede Borough Council by:**

**Councillor L Gilham**

**Councillor R King**

**Councillor S Ringham**

**Councillor D Whyte**

**Co-Leaders of the Council**

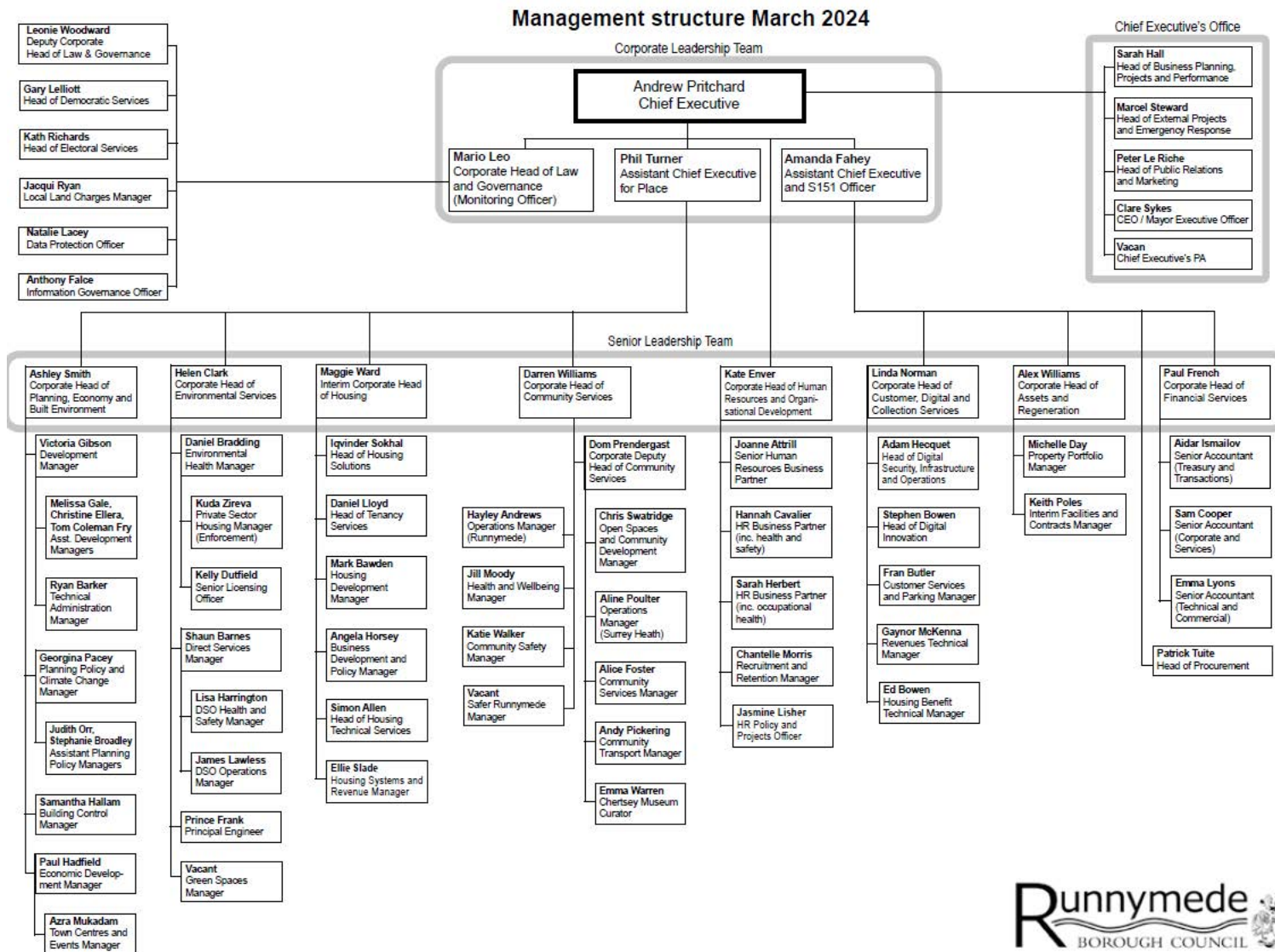
**31 May 2024**

**Mr. A Pritchard**

**Chief Executive**

**31 May 2024**

# Annual Governance Statement 2023/24





# Annual Governance Statement 2023/24

## Review of actions from 2022/23 Annual Governance Statement

Item	Issues raised in 2022/23	Action taken during 2023/24
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 the 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 as part of a self-assessment exercise against CIPFA's Financial Management Code, and through the annual governance review, that the Council's arrangements for managing risk required a refresh. In addition, work undertaken with CIPFA recommended the introduction of risk appetite statements which set out the amount of risk that the Council is prepared to take in pursuit of its strategic objectives.</p> <p>Given the importance of risk management to the organisation, internal resource was identified to support the Assistant Chief Executive (s151) in ensuring the Council has a robust mechanism in place to maintain current and appropriate risk registers and associated documentation, policies and procedures.</p> <p>The Corporate Leadership Team (CLT) commenced a review of the Corporate Risk Register, and a risk-mapping exercise was undertaken to fully understand and map the existing processes and risk management measures taking place across the Council and identify any gaps. From this work, a refreshed <a href="#">Risk Management Framework</a> was developed and approved by Full Council in October 2023. <a href="#">Risk appetite statements</a> were considered for each of the Council's risk categories, with input from Members and officers before consideration by the Standards and Audit Committee, receiving final approval from Full Council in December 2023. In January 2024, the Standards and Audit Committee approved a new <a href="#">dashboard</a> for reporting risk, which will form the basis of future biannual reporting to the Committee.</p> <p>In March 2024, the Council's internal auditors undertook an assurance review of the Council's risk management processes which identified some areas for improvement, whilst recognising the significant work that had been undertaken during the year. All recommendations were accepted and will assist in further shaping and improving the new framework.</p>
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 to the Corporate Management Committee in March 2023 ahead of formal adoption by Full Council in April. Appended to the Strategy are</p>	<p>The Procurement Strategy for the period 2023-2026 was approved by Full Council in April 2023. During the year, the Council's Toolkit and training materials were all updated to reflect the new Strategy and simplified to provide easy-to-use guidance.</p> <p>Following ongoing training and participation in webinars, the impact of the Procurement Act 2023 was assessed not to be as impactful on the Council's processes as previously anticipated. The Council's Contract Standing Orders (CSOs) were reviewed and recommendations for changes were taken through the appropriate channels including the Constitution Member Working Party. The changes were approved</p>

## Annual Governance Statement 2023/24

	<p>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>	<p>by Members and will future proof the CSOs to accommodate the Procurement Act when it goes live in October 2024 following the completion of secondary legislation (regulations) and a 6 month notice period.</p> <p>It was planned that procurement staff would be undertaking Cabinet Office training early in 2024/25 and devising internal training for appropriate staff across the Council. However, both the Head of Procurement and one of the Council's two Procurement officers left the Council in April 2024. This may lead to a delay in rolling out the training until the team is fully staffed and this risk will be kept under review.</p> <p>It should also be noted that during 2023/24, Members requested a report be made to the Standards and Audit Committee on procurement activity, including the number of waivers to CSOs approved during the year. As part of the review of the Committee's work programme for the year ahead, it was agreed to include this as an annual item on the work programme.</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>	<p>Following rigorous recruitment processes, Phil Turner was appointed to the post of Assistant Chief Executive (Place) in July 2023 and Andrew Pritchard was appointed to the post of Chief Executive in August 2023.</p> <p>Weekly CLT meetings continue to be held with the Chief Executive, Assistant Chief Executives and the Monitoring Officer in attendance.</p> <p>Monthly Senior Leadership Team (SLT) meetings (which include CLT, all Corporate Heads of Service and those officers who report directly to the Chief Executive) have continued throughout the year and are one of the ways in which information is cascaded in the organisation and new processes are consulted on.</p> <p>New agenda templates were introduced so that a common approach to these meetings could be taken, commencing with urgent business, then considering any items for decision, followed by items for information. A rotating Chair for the meetings has been introduced, providing an opportunity for different members of the team to take a turn chairing the meeting, emphasising the collaboration required from senior management.</p> <p>In May 2024, SLT completed a number of personality profiling exercises in preparation for facilitated sessions about how the team works together, as part of the assessment of organisational culture and</p>

## Annual Governance Statement 2023/24

		leadership capacity which forms one of the workstream of the Council's non-statutory Best Value Notice programme.
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 (LURB), 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>	<p>CIPFA finalised their <a href="#">Capital assurance review</a> of Runnymede Borough Council in July 2023, reporting back to DLUHC their findings and making 6 key recommendations for improvement. The report recognised the steps the Council had already taken, or planned to take in the year, such as review of its risk management processes, and built on this, for example, by proposing the introduction of risk appetite statements. The Council responded to the report, setting out proposals for how it would implement the recommendations. During the same period, the Council's s151 officer attended webinar workshop sessions on the proposed metrics in the LURB and continued to feed into discussions about the proposed metrics and how they would be calculated. The Levelling Up and Regeneration Act was enacted in October 2023.</p> <p>In December 2023, the Council received a non-statutory <a href="#">Best Value Notice</a> from DLHUC acknowledging the steps it had already taken to address the recommendations identified in the CIPFA capital review but requesting continued engagement to provide assurance of improvement and full delivery of those recommendations.</p> <p>The Council has formed a robust governance programme to respond to the Notice and deliver the necessary interventions to ensure a positive outcome from the engagement with DLUHC. This includes the setting up of a Programme Board, and the development of a <a href="#">Programme Charter</a>, workstreams with sponsors and lead officers, a project plan and action tracker, alongside regular updates to DLUHC.</p>

### Areas of improvement for 2024/25

Item	Issues raised in 2023/24 for action in 2024/25	Responsible Officer
1.	<p><b>Best Value Notice Programme – response to DHLUC</b></p> <p>The Chief Executive is the sponsor for the Best Value Notice Programme and a Programme Board has been set up that meets fortnightly in order to ensure progress is made on each of the workstreams in the Programme and any other interdependent activities. The final output from the Programme will be the production of a report to DHLUC to demonstrate how the Council has addressed the concerns raised in the Notice, which will need to be produced ahead of the 12-month anniversary of its receipt (December 2024). Outputs from key workstreams will be reported to Members throughout the year.</p> <p>The workstreams within the Programme flow from the statutory best value guidance and aim to review how the Council secures continuous improvement in the way in which it works, having regard to a combination of economy, efficiency and effectiveness.</p>	Chief Executive



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<p>Key elements of the Programme include:</p> <ul style="list-style-type: none"> <li>• Undertaking a self-assessment against Best Value guidance and developing a gap analysis and subsequent action plan</li> <li>• Review of the capital programme to provide a longer-term view of capital resource requirements</li> <li>• External review of the governance of the Council's subsidiary companies</li> <li>• Review of the resilience of the Council's commercial portfolio</li> <li>• Review the capacity and capability of the Council's Assets and Regeneration team</li> <li>• Demonstrate implementation of the Cipfa report recommendations</li> <li>• Undertake an assessment of organisational culture and leadership capacity</li> <li>• Deliver an external governance review (LGA Corporate Peer Challenge)</li> </ul> <p>Given the significant extent of the work to be undertaken under the Best Value Programme, this will form the focus of the governance improvement work to be undertaken during 2024/25.</p> <p>It should be noted that for some workstreams, the work undertaken will provide an assessment of the Council's position from which will flow a future action plan, depending on the results of the assessment. It is likely that some of these action plans will form a programme of work to be delivered beyond the production of the 12-month report to DHLUC, and into the year beyond.</p>	
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### 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	Closed
Item	Areas for enhancement (medium-term actions)	Responsible Officer	Status

## Annual Governance Statement 2023/24

2.	<p><b>Integration of the Nolan Principles into a future version of the Staff Code of Conduct</b></p> <p><i>Update: Due to the changeover at Corporate Head of Service level, this action was not progressed in 2023/24.</i></p>	Corporate Head of HR & OD	To be progressed in 2024/25
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> <p><i>Update: The new internal auditor from 1<sup>st</sup> April 2024, has carried out interviews with the Senior Leadership Team t understand risk in the organisational and support the audit planning work for 2024/25. The Council's new external auditors have engaged management in a risk assessment exercise also designed to feed into their audit work programme for the year ahead.</i></p>	Assistant Chief Executive (s151)	Closed
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> <p><i>Update: Further scenario modelling has been recommended by CIPFA as part of their review and is being taken forward with support from LGA and DLUHC.</i></p>	Assistant Chief Executive (s151)	Closed
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> <p><i>Update: During 2023/24 the Council worked with all Surrey authorities, with external support, to review their financial resilience. A further Corporate Peer Challenge is set to take place in October 2024.</i></p>	Assistant Chief Executive (s151)	Closed
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,</p>	Senior Leadership Team	Closed

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	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.		
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 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.</p> <p><i>Update: Reports on the savings process were taken to Members in July and October 2023. Reporting to the Overview and Scrutiny Select Committee commenced in March 2024, with quarterly updates to follow. The Service Review, communications and Transformation Member Working Party were regularly updated throughout the year on progress with the programme of Service Reviews.</i></p>	Assistant Chief Executive (s151)	Closed
8.	<p><b>Reinstate risk reporting to the Standards and Audit Committee</b></p> <p><i>Update: As set out in the Annual Governance Statement, significant work has been undertaken to refresh the Risk Management Framework and reinstate regular risk reporting to the Standards and Audit Committee and to ensure risk is considered in all decision-making by making this a mandatory section in the committee report templates.</i></p>	Assistant Chief Executive (s151)	Closed
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	Closed
10.	<p><b>Undertake a formal balance sheet review to identify opportunities to improve the financial health of the Council</b></p> <p><i>A balance sheet review was undertaken as part of the Surrey-wide financial resilience work referred to under item 5. In addition, the development of the data explorer tool under OfLog allows Councils to compare their position with others for a range of data covering waste management, planning, corporate and finance with other service areas to follow.</i></p>	Assistant Chief Executive (s151)	Closed

## Annual Governance Statement 2023/24

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11.	<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>  <i>Update: Due to the changeover at Corporate Head of Service level, this action was not completed during in 2023/24 but is now underway.</i>	Corporate Head of HR & OD	To be completed in 2024/25
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