

Corporate Management Committee

Thursday 9 September 2021 at 7.30pm

**Council Chamber
Runnymede Civic Centre, Addlestone**

Members of the Committee

Councillors N Prescott (Chairman), T Gracey (Vice-Chairman), A Alderson, D Cotty, M Cressey, L Gillham, J Gracey, M Heath, C Howorth, M Maddox, D Whyte and M Willingale.

In accordance with Standing Order 29.1, any Member of the Council may attend the meeting of this Committee but may speak only with the permission of the Chairman of the Committee, if they are not a member of this Committee.

AGENDA

Notes:

- 1) **The following Measures to comply with current Covid guidelines are in place:**
 - **restricting the number of people that can be in the Council Chamber. Space for the public will be limited and allocated on a first come first served basis.**
 - **temperature check via the undercroft for Members/Officers and Main Reception for the public**
 - **NHS track and trace register, app scan is next to the temperature check**
 - **masks to be worn when moving around the offices**
 - **masks can be kept on whilst sitting in the Council Chamber if individuals wish**
 - **use of hand sanitisers positioned outside and inside the Council Chamber**
 - **increased ventilation inside the Council Chamber**

- 2) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.

'see overleaf'

- 3) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr J Gurmin, Democratic Services Section, Law and Governance Business Centre, Runnymede Civic Centre, Station Road, Addlestone (Tel: Direct Line: 01932 425624). (Email: john.gurmin@runnymede.gov.uk)**.
- 4) Agendas and Minutes are available on a subscription basis. For details, please ring Mr B A Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on www.runnymede.gov.uk.
- 5) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.
- 6) **Filming, Audio-Recording, Photography, Tweeting and Blogging of Meetings**

Members of the public are permitted to film, audio record, take photographs or make use of social media (tweet/blog) at Council and Committee meetings provided that this does not disturb the business of the meeting. If you wish to film a particular meeting, please liaise with the Council Officer listed on the front of the Agenda prior to the start of the meeting so that the Chairman is aware and those attending the meeting can be made aware of any filming taking place.

Filming should be limited to the formal meeting area and not extend to those in the public seating area.

The Chairman will make the final decision on all matters of dispute in regard to the use of social media, audio-recording, photography and filming in the Committee meeting.

LIST OF MATTERS FOR CONSIDERATION

PART I

Matters in respect of which reports have been made available for public inspection

	<u>Page</u>
1. FIRE PRECAUTIONS	4
2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP	4
3. MINUTES	4
4. APOLOGIES FOR ABSENCE	15
5. DECLARATIONS OF INTEREST	15
6. STATEMENT OF ACCOUNTS 2020/21 – NARRATIVE REPORT	15
7. TREASURY MANAGEMENT ANNUAL REPORT 2020/21	44
8. BUDGET MONITORING REPORT – APRIL 2021 TO JUNE 2021	59
9. UPGRADE OF HOUSING IT SYSTEM (TO FOLLOW)	70
10. URGENT ACTION – STANDING ORDER 42	70
11. EXCLUSION OF PRESS AND PUBLIC	77

PART II

Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.

a) Exempt Information

12. REVIEW OF PARKING SERVICES – SYSTEM REVIEW	78
13. MAGNA SQUARE (FORMERLY KNOWN AS EGHAM GATEWAY WEST) COMMERCIAL LETTINGS	81
14. URGENT ACTION – STANDING ORDER 42	88

b) Confidential Information

(No reports to be considered under this heading)

1. **FIRE PRECAUTIONS**

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire or other emergency.

2. **NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP**

3. **MINUTES**

To confirm and sign the Minutes of the meeting of the Committee held on 22 July 2021 (at Appendix 'A').

(To resolve)

Background papers

None

Runnymede Borough Council
CORPORATE MANAGEMENT COMMITTEE

APPENDIX 'A'

22 July 2021 at 7.30 p.m.

Members of the Committee present: Councillors N Prescott (Chairman), T Gracey (Vice-Chairman), D Cotty, M Cressey, L Gillham, J Gracey, M Heath, C Howorth, J Hulley, M Maddox, I Mullens and D Whyte.

Members of the Committee absent: None

152 FIRE PRECAUTIONS

The Chairman read out the Fire Precautions.

153 NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

The Groups mentioned below had notified the Chief Executive of their wish that the changes listed below be made to the membership of the Committee. The changes were for a fixed period ending on the day after the meeting and thereafter the Councillors removed would be reappointed.

<u>Group</u>	<u>Remove From Membership</u>	<u>Appoint Instead</u>
Conservative	Councillor M Willingale	Councillor J Hulley
Runnymede Independent Residents'	Councillor A Alderson	Councillor I Mullens

The Chief Executive had given effect to these requests in accordance with Section 16(2) of the Local Government and Housing Act 1989.

154 MINUTES

The Minutes of the meeting held on 24 June 2021 were confirmed and signed as a correct record.

155 ADDLESTONE ONE – CLADDING

The Committee considered a report on remedial work that was required in respect of external wall cladding for the Addlestone One scheme.

Councillor Maddox queried whether he had declarable interest in this item as a Non-Executive Director of RBCI and it was noted that he did not have a declarable interest as the report related to the approval of expenditure required to carry out remedial works and did not relate to the recovery of any of the costs of those works.

In January 2020, the Government had produced "Advice for Building Owners of Multi Storey, Multi Occupied Residential Buildings 2020 MCHLG Consolidated Guidance". This document set out the fire safety requirements for all residential buildings of multi-occupancy, irrespective of the height of the building. Previously the focus had been on buildings over 18 metres in height.

In December 2020, PA Housing, the prospective purchaser of Witley House in the Addlestone One Scheme, had insisted upon an EWS 1 form which provided a fire safety rating for external wall cladding but was not a safety certificate. It was necessary to waive

public procurement rules to appoint industry experts who could undertake the façade assessment and provide an EWS 1 form which indicated the rating achieved. The services of Harris Associates and Tri Fire had been engaged who were experts in External Wall Fire Review. As so many buildings in the country were built with combustible cladding materials there was a considerable shortage of professional expertise in this key area.

In March 2021, Tri Fire and Harris Associates had carried out inspections of Witley House. Although they had only undertaken an EW1 survey for that block, as the scheme had been built at the same time with the same material, the issues that had been identified would be present throughout the whole of the Addlestone One scheme.

Tri Fire and Harris Associates had given Witley House a B2 EWS 1 rating. This meant that it was essential that remediation works were undertaken to replace the external wall system with materials that achieved a Euroclass A2 or better fire rating along with fire barrier provision and cavity closures around the openings of the windows. This remediation work would improve the fire rating, reduce the fire risk throughout the scheme and result in a compliant EWS1 rating. The current fire strategy in situ was deemed appropriate by the Council's appointed fire engineer, Tri Fire, who had advised that the situation currently was not severe and robust measures were in place and there was no need for any additional interim measures such as a waking watch. The fire strategy would remain under review throughout the forthcoming work and if necessary would be altered in light of professional advice received from the Council's appointed fire engineer.

The costs of the remediation were shown in Exempt Appendix '1' to the agenda. The costs were provided as budget estimates only and would be subject to a fully measured and designed solution. Therefore a maximum budget was set out in Exempt Appendix '1' to cover any unforeseen problems and prevent further Committee approvals. This sum would normally require the approval of Full Council. Given the urgent need for remedial action in this case, the Committee approved this sum under delegated authority.

In view of the specialist nature of these works, the limited professional firms available and the need to remedy this issue quickly, the Committee agreed that the professional team of Harris Associates and Tri Fire be retained to ensure that the Council delivered these works to an appropriate standard to provide a safe environment for residents and agreed that Contract Standing Orders be waived to maintain that team. The Committee agreed that the works should be undertaken in accordance with resolutions ii) and iii) below. The Committee agreed that the decisions that it had taken would not be called-in and the Chairman of the Overview and Scrutiny Select Committee had agreed to this course of action.

When the Addlestone One scheme had been completed in June 2018 by BYUK it was deemed to have been both compliant with the Building Regulations and had satisfied the guidance in Approved Document B 2006 Edition incorporating amendments which were made in 2010 and 2013. Although the development received Building Regulations Compliance sign off from independent Building Control inspectors employed by the construction contractor, there was now a question mark arising from a recent façade fire assessment carried out as to whether the relevant B4 (1) Regulation was satisfied.

It was noted that collateral warranties had been executed as deeds as part of the terms of the development agreement. The limitation period in respect of those deeds was twelve years. This meant that if it were to transpire that there had been a breach of contract, proceedings could take place up to 12 years from the date of the execution of those deeds. The Council was not in a position at this time to determine whether there had been any breach of contractual obligations. The most important issue at present was to remedy the safety issues which had been identified and the Council would review the legal position in due course.

In order for the works to be undertaken, the Council would have to comply with procurement legislation. As there were hundreds of buildings across the country which were faced with the same problem there would be pressure in securing a suitable contractor to undertake the work.

It was noted that the Committee would receive regular reports on the work being undertaken on the timetabling of the work and the progress being made. The Committee would also receive a further report on the frequency with which reports on the work would be made and on the style of reporting which would be adopted.

RESOLVED that –

- i) a capital estimate of up to the sum outlined in Exempt Appendix ‘1’ to the agenda be approved to carry out the remedial works highlighted in the report which will be subject to a formal procurement process to resolve safety issues and to enable the issue of the EWS1 (External Wall Cladding) certification throughout the Addlestone One scheme to be addressed;**
- ii) delegated authority be given to the Chief Executive, the Corporate Head of Law and Governance and the Corporate Head of Assets and Regeneration to agree the Action Plan and programme a way forward in consultation with the Leader of the Council as outlined in the report which will deliver the desired result to ensure that the safety of residents is put first and foremost and the scheme is remediated to ensure compliance with legislation;**
- iii) the remedial works will be done on a phased approach to rectify each block in the Addlestone One site with occupied blocks being undertaken first;**
- iv) Contract Standing Orders be waived to maintain the current professional team in respect of these works;**
- v) in accordance with paragraph 1.3 of Committee Responsibilities and the Scheme of Delegation, resolution i) above be a delegated function as it cannot be delayed until the next meeting of Full Council in view of the urgent need for remedial works to be undertaken; and**
- vi) in accordance with Standing Order 27.8 (b) and with the agreement of the Chairman of the Overview and Scrutiny Select Committee, no call-in of resolutions i) to v) above will be effective as the interests of the Council and the Borough would be prejudiced by delay in implementing those decisions in view of the urgent need for remedial works to be undertaken.**

156 CONSIDERATION OF MATTERS RAISED BY OVERVIEW AND SCRUTINY SELECT COMMITTEE CONCERNING CALL-IN OF DECISION – APPOINTMENTS TO OUTSIDE BODIES

The Committee considered matters raised by the Overview and Scrutiny Select Committee concerning the call-in of the decision of the Corporate Management Committee on 27 May 2021 on appointments to outside bodies. Councillors Alderson and Williams had called-in this decision as they did not consider that there had been a proper opportunity at the Corporate Management Committee meeting on 27 May 2021 for Councillors to make the case for alternative nominations for some of the outside body appointments.

At its meeting on 27 May 2021, the Corporate Management Committee had made a number of appointments to outside bodies. For most of those appointments only one nomination had been received, i.e those appointments had not been contested. After the call-in was received, in order to prevent any delay in appointments being notified to those bodies for which appointments were uncontested at the Corporate Management Committee, the Leader of the Runnymede Independent Residents' Group agreed that the call-in would only apply to those outside body appointments that were contested.

The Overview and Scrutiny Select Committee had noted the response of Officers to the issues raised in the call-in and at the Corporate Management Committee meeting on 27 May 2021. That Committee had discussed the way in which contested appointments (i.e. those appointments where more than one nomination was received) had been considered at the Corporate Management Committee meeting on 27 May 2021. It was confirmed that advice had been given at the meeting on 27 May 2021 that if a Member who had been nominated for an external appointment wished to speak in support of their own nomination for an appointment to an outside body they could not do so. Members at the meeting on 27 May 2021 had interpreted the advice which had been given to mean that no speech could be made in support of a nomination to an outside body.

The opinion of the Overview and Scrutiny Select Committee was that as Members at the meeting of the Corporate Management Committee on 27 May 2021 had not been clear about the procedure to be followed in respect of contested appointments to outside bodies, the contested outside body appointments should be considered again at the next meeting of the Corporate Management Committee and be determined in accordance with Standing Order 39.6. The Overview and Scrutiny Select Committee had recommended accordingly (recommendation 1). The Corporate Management Committee approved this recommendation in the interests of openness and transparency and considered the contested appointments again in accordance with Standing Order 39.6. It was noted that non-Conservative Councillors had not put forward nominations for all of the outside body appointments but only those where they considered that the nominee that they advocated had skills and/or knowledge that would be relevant to that role.

The Committee noted that if a Member was nominated for appointment to an outside body, they were not allowed to speak in support of their nomination. One Member of the Committee (not the Member nominated) was allowed a maximum of two minutes to speak in support of the nomination of another Member to represent the Council on an outside body. Any other Member of the Committee (not the Member nominated) wishing to speak on the proposed nomination would also have a maximum of two minutes to speak. It was also noted that a nomination for a person to represent the Council could only be made by a Member of the Committee, in accordance with the definition of "Member" provided at page 103 of the Council's Constitution.

The Overview and Scrutiny Select Committee had also recommended (recommendation 2) that for future outside body appointments an External Appointments Sub-Group be convened (this could meet remotely as it would not be making decisions) which would make recommendations on the appointments to the Corporate Management Committee for decision. This recommendation was made as the Corporate Management Committee had a large volume of business to consider and more time was needed to consider this item in future in view of the greater number of nominations being made by the different groups on the Council.

The Overview and Scrutiny Select Committee also recommended (recommendation 3) that for future outside body appointments Council representatives on outside bodies be required to report back to the Council on their attendance and on the activity of the outside bodies to which they were appointed by the Council.

It was agreed that the second and third recommendations referred to above would be deferred for consideration by the Constitution Member Working Party in September who would report back to the October meeting of the Corporate Management Committee.

RESOLVED that –

- i) **the contested outside body appointments set out in Appendix ‘C’ to the agenda be determined in accordance with Standing Order 39.6 on pages 161 and 162 of the May 2021 Constitution of the Council;**

Councillor M Cressey requested a recorded vote on the above decision and the voting was as follows: -

For (12): Councillors Prescott, T Gracey, Cotty, Cressey, Gillham, J Gracey, Heath, Howorth, Hulley, Maddox, Mullens and D Whyte.

Against: None

- ii) **the following appointments be made for the Municipal Year 2021/22 or for longer periods where stated:**

- (1) **Air Training Corps (No 398 Squadron) Management Committee**

Representative: Councillor M Adams

(Councillor R King was also nominated as the Council's representative on this Committee. The nominations of Councillors Adams and R King were put to the vote and Councillor Adams received the greater number of votes and was duly appointed)

- (2) **Ashford and St Peters NHS Trust (Three Year Term of Office)**

Representative: Councillor M Adams

(Councillor S Whyte was also nominated as the Council's representative on this Trust. The nominations of Councillors Adams and S Whyte were put to the vote and Councillor Adams received the greater number of votes and was duly appointed)

- (3) **Basingstoke Canal JMC**

Member Representative: Councillor S Lewis

(Councillor M Harnden was also nominated as the Council's Member representative on this JMC. The nominations of Councillors Harnden and Lewis were put to the vote and Councillor Lewis received the greater number of votes and was duly appointed)

- (4) **Egham Chamber of Commerce**

Member Representative: Councillor A Balkan

(Councillor S Williams was also nominated as the Council's representative on this Committee. The nominations of Councillors Balkan and Williams were put to the vote and Councillor Balkan received the greater number of votes and was duly appointed)

- (5) **Egham Chamber of Commerce**

Deputy Representative: Councillor N Prescott

(Councillor R King was also nominated as the Deputy representative on this outside body. The nominations of Councillors Prescott and R King were put to the vote and Councillor Prescott received the greater number of votes and was duly appointed).

Councillor I Mullens requested a recorded vote on the above decision and the voting was as follows: -

For appointment of Councillor Prescott (9): T Gracey, Cotty, Cressey, J Gracey, Heath, Howarth, Hulley and Maddox.

For the appointment of Councillor R King (3): Councillors Gillham, Mullens and D Whyte.

(6) Fairoaks Airfield Joint Consultative Committee

Deputy Representative: Councillor R Edis

(Councillor J Olorenshaw was also nominated as the Deputy representative on this Committee. The nominations of Councillors Edis and Olorenshaw were put to the vote and Councillor Edis received the greater number of votes and was duly appointed)

(7) Heathrow Community Noise Forum

Deputy Representative: Councillor J Sohi

(Councillor R King was also nominated as the Council's Deputy representative on this Forum. The nominations of Councillors R King and Sohi were put to the vote and Councillor Sohi received the greater number of votes and was duly appointed)

(8) Voluntary Support North Surrey (Three Year Term of Office)

Representatives: Councillors D Clarke and N Prescott

(Councillor T Burton was also nominated as a Council representative on this outside body. The nominations of Councillors Burton, Clarke and Prescott were put to the vote and Councillors Clarke and Prescott received the greater number of votes and were duly appointed).

157 **QUARTER 1 2021/22- PROJECT PORTFOLIO REPORTING**

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee noted a report providing them with a progress update on the delivery of the Council's Project Portfolio during the first quarter of 2021/22. The Committee noted project updates for the ten grade A and nine grade B projects ranging from the initiation to execution stages, the key project achievements over the first quarter of 2021/22 and the project execution delays highlighted and the corrective actions in place to address them and the pipeline projects that had been approved in service area business plans for delivery in 2021/22. The Committee also noted a Project Portfolio Dashboard which provided a summary of the projects including project end date changes and the portfolio timeline for projects in initiation to execution. Officers were asked to consider whether the effect of changes of dates in the projects could be highlighted. It was agreed that a reminder would be sent to all Members on how to access the Dashboard.

The Committee commended the excellent work of the project management team in producing the report and in progressing digital transformation across the organisation. It was noted that further progress had been made on the Corporate Business Plan project so that the time status for this project had moved to amber status from red. The Magna Square development project budget status had also moved to amber status from red as the contingency was not currently forecast to be fully spent.

RESOLVED that –

- i) project updates for ten grade A and nine grade B projects, ranging through the initiation to execution stages, be noted;**
- ii) key project achievements over the first quarter of 2021 be noted;**
- iii) the project execution delays highlighted and the corrective actions in place to address them be noted; and**
- vi) the pipeline projects that have been approved in service area business plans for delivery in 2021/22 be noted.**

158 PROPOSED REVIEW OF PARKING SERVICES

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 1 and 3 of Schedule 12A to Part 1 of the Act.

The Committee considered proposed arrangements for the Council's Parking Services. The Committee agreed that the Parking Services Review would be undertaken in three phases. The first phase was staffing, following the resignation of the Parking Services Manager. It was agreed that the line management of the four existing Parking Services staff be transferred initially from Community Services to Customer Services and that officers consider a more permanent home for the Parking Enforcement Officers (the PEOS) which might possibly be in a Joint Enforcement Team (JET). The JET had not yet been created and was subject to budget pressures and future Council aspirations. The Committee agreed that two new PEOs be created and the cost would be met from savings resulting from deleting the Parking Services Manager's post. This would allow new ways of working across the borough to be trialled and enable problem areas to be targeted.

The second phase would be a review of the software system and new ways of working. The third phase would be an asset review which would include changing responsibility for the asset to Commercial Services and investigating the viability and potential costs of implementing Automatic Number Plate Recognition (ANPR) and Electric Vehicle Charging points in five car parks where the business case supported the investment.

RESOLVED that –

- i) the phased approach to the Parking Services Review which will improve the overall service delivery and increase parking income long term be noted as follows:**
 - Phase 1 Change of staff line management following the departure of the Parking Services Manager.**
 - Phase 2 System review and new ways of working.**
 - Phase 3 Asset review including changing responsibility for asset to Commercial Services and investigating the viability and potential costs of implementing ANPR and Electric**

Vehicle Charging points in five car parks where the business case supports the investment;

- ii) **the line management of the four existing Parking Services staff be transferred to Customer Services initially while officers consider a more permanent home for the Parking Enforcement officers (PEOs) which could include moving to a Joint Enforcement Team (JET) once it is created; and**
- iii) **reinvestment in the sum reported back into the service be approved to create two new PEOs to trial new ways of working across the borough targeting problem areas.**

159 ENFORCEMENT AGENT COMPANIES – PROPOSED EXTENSION OF CONTRACTS

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

At its meeting on 13 October 2016, the Corporate Management Committee had selected two enforcement agent companies (formerly known as bailiffs) to undertake recovery of unpaid Council Tax and Business Rates and to execute arrest warrants on behalf of the Council. Both contracts were for five years with an option to extend for two years. Both companies had performed well and the Committee agreed that both contracts be extended for further two years.

RESOLVED that –

a two year extension to the two existing contracts to undertake enforcement services on behalf of the Council be approved.

160 MAGNA SQUARE DEVELOPMENT – COMMERCIAL LETTINGS

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

Marketing of the vacant units in the Magna Square (formerly Egham Gateway West) development had commenced in April 2021 and the Committee considered a report on three offers for three different commercial units in the development. The Committee was informed that one of the three prospective tenants had decided to withdraw their offer. This was the second company in the table at paragraph 2.3 of the report which set out the main prospective heads of terms. The Committee commended officers on bringing these offers forward in the current difficult trading environment. The Committee approved the lettings on the terms outlined in the body of the report and approved delegated authority as set out in resolution ii) below, as time was of the essence to progress legal documentation and subsequent completion in situ to enable the tenants to commence fitting out.

RESOLVED that –

- i) **leases be granted for two of the commercial units in the Magna Square development on the terms outlined in the body of the report; and**
- ii) **delegated authority be given to the Chief Executive or Assistant Chief Executive, the Corporate Head of Law and Governance and the Corporate Head of Assets and Regeneration to approve adaptations to**

the leases at resolution i) above if so required in consultation with the Leader and Deputy Leader of the Council, as the terms have been accepted by the prospective tenants advisors but have yet to receive Board approvals.

161 ADDLESTONE ONE LETTING

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

Approval was sought for the proposed letting of a commercial unit in the Addlestone One development. The financial due diligence which had been undertaken by officers, the details of the proposed tenant's current business operation and the proposed Heads of Terms, were noted. At present as a result of the pandemic and uncertainty going forward, options to attract new commercial occupiers to Addlestone One were limited. The Committee recognised that deterioration of market conditions caused by Covid meant there were greater risks associated with business tenants than before the pandemic and approved the Heads of Terms. In the event of vacation, the majority of the fit out could be used by another occupier.

RESOLVED that –

the agreed Heads of Terms for a letting of the Unit as reported in The Lane, Addlestone Town Centre, be approved.

162 COMMERCIAL PROPERTY LETTING

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee considered a report seeking approval to grant a lease of commercial office premises to a new tenant. The Committee noted the proposed terms. The Covid-19 crisis had caused a significant fall in open market lettings over the last 18 months and the Committee approved the letting noting that it would enhance the Council's revenue income stream.

RESOLVED that –

a new lease be granted to the company on the terms set out in the report for self-contained office premises at the commercial property as reported.

163 PAYMENT OF MARKET FACTOR SUPPLEMENT – LAW AND GOVERNANCE POST

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 1 and 3 of Schedule 12A to Part 1 of the Act.

The Committee considered a report proposing to continue to pay a Market Factor Supplement for a post for a further period of 2 years. At its meeting on 19 September 2019, the Committee had agreed that a Market Factor Supplement be created for a period of two years (effective as of 01.08.19) for this post and had approved a supplementary revenue estimate to cover the cost of this supplement. The Committee noted that the recruitment

and retention picture in respect of this post which had led to the payment of a Market Factor Supplement had not improved since the summer of 2019 and that the position had, if anything, worsened. The Committee therefore approved the continuation of the payment for a further period of 2 years. Provision of funding to pay the Market Factor Supplement for a further two years had been made in the Medium Term Financial Strategy.

RESOLVED that –

the continuation of the payment of a Market Factor Supplement in the sum reported per annum for a period of 2 years (effective as of 1 August 2021) to the holder of the post as reported, be approved.

164 CORPORATE FRAUD AND FINANCIAL INVESTIGATIONS

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 1 and 3 of Schedule 12A to Part 1 of the Act.

The Committee considered a report which proposed that the Council worked in partnership with the investigations team of another local authority to enhance the resources available for an increasing need to work on fraud prevention.

In 2018 the Council had entered into a shared service arrangement for corporate fraud and financial investigations with another local authority who had supplemented the one fraud officer based at Runnymede. That officer had applied for voluntary redundancy and by releasing that officer and expanding the very successful partnership with the other local authority, the Council could maintain an effective service and make an efficiency saving. The Council would enter into a Service Level Agreement with the other local authority if the proposals were approved by the Committee.

The fraud function had made over £1.2m in savings for the Council in 2020/21 despite the pandemic. The last review of the costs of the fraud function split the costs of the unit 50:50 between the Housing Revenue Account (HRA) and the General Fund. However, the trend over the last two financial years suggested that the HRA accounted for 80% by value and by numbers of referral/investigations with positive outcomes.

The Committee approved the proposals. It was agreed that a Member would be advised of the number of the referrals mentioned in paragraph 2.4 of the report that related to Runnymede and that future reports on shared services would provide a breakdown of the amount of work relating to Runnymede and the amount of work relating to the other local authority or local authorities.

RESOLVED that –

the Business Case be approved and the Council enters into a Service Level Agreement with the other local authority as identified in the report in order to expand the fraud prevention partnership with that local authority.

(The meeting ended at 9.48. p.m.)

Chairman

4. **APOLOGIES FOR ABSENCE**

5. **DECLARATIONS OF INTEREST**

If Members have an interest in an item, please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Democratic Services Officer at the start of the meeting. A supply of the form will also be available from the Democratic Services Officer at meetings.

Members are advised to contact the Council's Legal section prior to the meeting if they wish to seek advice on a potential interest.

Members are reminded that a registerable interest includes their appointment by the Council as the Council's representative to an outside body. Membership of an outside body in their private capacity as a trustee, committee member or in another position of influence thereon should also be declared. Any directorship whether paid or unpaid should be regarded as a disclosable pecuniary interest, and declared.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is a disclosable pecuniary interest or other registerable interest and/or the interest could reasonably be regarded as so significant as to prejudice the Member's judgement of the public interest.

6. **STATEMENT OF ACCOUNTS 2020/21 – NARRATIVE REPORT
(ASSISTANT CHIEF EXECUTIVE – PETER MCKENZIE)**

Synopsis of report:

The Accounts for 2020/21 have been submitted for audit by the Council's appointed auditor. The Narrative to the Statement is attached at Appendix 'B'. This gives Members an overview of the year and sets the scene for preparing the revised estimate for the current year, next year's detailed budget and the Medium Term Financial Strategy.

Recommendation:

The Narrative Report to the Statement of Accounts for 2020/21 attached at Appendix 'B' be noted.

1. **Context and background of report**

- 1.1 The Statement of Accounts is a very long document and is the Council's "stewardship" report to the residents on how the Council has spent public money. It is not easy for readers to see the various elements of the Council's financial position with ease. For that reason, the Narrative Report to the Statement Of Accounts 2020/21 (the Narrative) attached at Appendix 'B' is written in plain English and deals with all the major elements of the Council's financial position.
- 1.2 The section below deals exclusively in detail with the Business Rates Retention (BRR) scheme. A much abbreviated summary on BRR is in the Narrative. The variation in the Collection Fund and the uncertainty on future income compensation schemes is discussed below. However, this is too technical and confusing to be included in the Statement of Accounts.

2. **Business rates retention (BRR)**

- 2.1 The Narrative gives readers an overview of the BRR system, (formerly the National Non-Domestic Rates system) but this report goes into some detail to explain the reasons why a significant earmarked reserve is recommended. For 2020/21 the Government significantly reduced the rates liability through a “Business Rates Relief” scheme for retail and hospitality to a rates demand of zero, as the payments to Government and Surrey County Council had been fixed in January 2020, before the pandemic.
- 2.2 That relief reduced the rates liability of the borough to just under £7m and the Government provided a specific grant to the County Council and Runnymede to compensate. In addition, the pandemic caused a number of premises to be taken out of rating.
- 2.3 The sums due to the Government and the County Council paid in the year are based upon the pre-pandemic estimate. At the end of the year the business rates taxation Collection Fund is now in deficit as shown below. There has been a swing of £12.4 million taking a collection fund surplus of £2.989 million to a deficit of £9.442 million.

	Government	Runnymede	Surrey County Council	TOTAL
	£'000	£'000	£'000	£'000
Opening balance April 2020	(792)	738	3,043	2,989
Original surplus / (deficit) and prior year to be paid in 2020/21	3,730	2,984	746	7,459
Estimated income for the year	29,906	23,925	5,981	59,813
Actual income for the year	21,456	17,165	4,291	42,912
In year deficit	(8,451)	(6,761)	(1,690)	(16,901)
	(4,721)	(3,777)	(944)	(9,442)

- 2.4 Before the pandemic any surplus or deficit would be paid over or recovered in the following financial year. Those rules have been changed and the deficit will now be recovered in 2022/23, 2023/34 and 2024/25 with three equal instalments. This would have seriously disadvantaged this Council’s cash flow position.
- 2.5 The Government did make available a grant to cover the cash flow consequences of the pandemic, and the Council claimed £9.684m, in cash, which is very close to the final deficit shown above.
- 2.6 There are other risks caused mainly by the pandemic and these are set out below.
- 2.7 While the Government has passed emergency legislation to stop office premises claiming a reduction in their rates due to a “Material change in circumstances” there could still be some applications allowed, some premises in 2021/22 will remain unoccupied and the Government rates relief scheme ending may cause some difficulty in both billing and collecting.
- 2.8 In the Government’s finance settlement for local government the Ministry explained “There are a number of particularly complex and evolving challenges relating to the tax income guarantee for business rates and Government will continue to work through detailed calculations”. As the Statement of Accounts has been prepared it is assumed the scheme is now finalized and there will be no further backdated adjustments.
- 2.9 There is still a significant backlog of appeals with the Valuation Office to be resolved and a provision is still being maintained in the Collection Fund and the provision for bad debts has been increased to just under £900k. If appeals relating to the rateable value increase or the provision for bad debts is not adequate this will be adjusted in 2021/22.

- 2.10 There has been no announcement made regarding the 2021/22 scheme on Rates retention – so there may be no more tax loss compensation schemes.
- 2.11 For that reason the Statement of Accounts shows a significant increase in the “Business Rates Retention” earmarked reserve from £2.9 m to £10.9 m to enable the Council to cover its share of the deficit and also mitigate the risks shown above.
- 2.12 It is clear the effects of the pandemic on the Council’s Collection Fund alone will be felt for at least three more financial years. The position on earmarked reserves and the use of them will be reported to Members in the budget monitoring in 2021/22.

(For information)

Background papers

Final accounts working papers

Borough profile

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. The River Thames and Wey form a natural boundary to the N.E. In the N.W the boundary cuts through Windsor Great Park and in the south, it extends to just above Woking.

The Borough includes Thorpe village, with its popular theme park attraction, Egham, Addlestone, Chertsey, Virginia Water and several other urban and rural towns and villages.

The Borough is predominantly residential, with some light industry, and retains much of its rural character. 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.

The last study of vibrant economies was carried out in 2017 by Grant Thornton. It showed that Runnymede was ranked 13 out of 324 areas in England. While the pandemic of 2020 may have changed these rankings, it does suggest that the economy of Runnymede is well placed as the UK moves into recovery.

Introduction by the Assistant Chief Executive & Responsible Finance Officer

The purpose of these accounts is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees, and other interested parties clear information about the finances of Runnymede Borough Council. It provides information on:

- The cost of the services we provide
- Our sources of income
- Assets and liabilities at the year-end

The financial statements are in a format that meets legal and professional accounting requirements. The statement follows the *Code of Practice for Local Authority Accounting in the United Kingdom 2020/21* (the Code) and associated guidance. The overriding requirement of the Code is that the statement of accounts gives a true and fair view of the financial position of the Council as at 31 March 2021.

The aim of this report is to provide readers with a clear and understandable guide to the financial affairs of Runnymede Borough Council. I have included sections on the Government's known financial plans for local government, how the Council has responded to the changes in Government funding and how its financial strategies will allow it to continue to provide good quality services to our residents, visitors and the business community while setting one of the lowest council tax rates in England.

In late March 2020 the UK went into "lockdown" as the impact of Covid19 was felt and the ongoing effects were with us for the entire financial year. 2020/21 is one year in the Council's medium term plans which include investing significant sums in regeneration schemes, building new affordable homes, developing services and developing the ways residents and business communicate and transact with the Council. For the financial year 2020/21 the Council was focused on continuing to provide essential services such as refuse collection and recycling as well as taking on new responsibilities such as elderly and vulnerable resident shielding, arranging food and medical supplies for those residents.

It is important to note that, due to the impact of the Covid19 virus on the availability of local authority and audit staff to complete the audit process due to sickness, redeployment or remote working, the Government extended the deadlines for the preparation of the 2019/20 Statement of Accounts - to 31 August 2020 and the revised deadline for an Audit opinion to 30 November 2020. Unfortunately, due to resourcing issues, we are not expecting an opinion from the external auditors on the accounts for the year ended 31 March 2020 until August 2021 at the earliest. For the 2020/21 accounts the deadlines for completion, audit and publication have been extended again.

As the financial statements demonstrate, the financial standing of the Council continues to be viable. The Council has monitored its expenditure and income since “lockdown” in March 2020 and had identified very early in the summer of 2020 that in this financial year, 2020/21, and following years there will be a significant reduction in income and a corresponding reduction in the working balances. As part of its Risk Management Strategy the Council has always maintained a prudent working balance to protect service delivery from these unforeseeable events. While it is likely the Council’s balances will be reduced over the next two or three financial years the Council is in a sustainable financial position.

Income streams affected include Council owned car parks, planning fees, halls lettings, community transport, day centres, land charges etc. The main reduction is in the rents due from the commercial assets owned by the Council. The Council financial plans between 2021 and 2023 assume income streams will return slowly as the Surrey and local economy recovers. As this will reduce the working balances further in May and June 2021 the Council has implemented and accelerated its transformation and efficiency savings plans. While this will reduce spending, the Council has no plans to reduce the services which residents enjoy. Those efficiency plans include re-directing resources to increase spending on various services including parking enforcement and environmental protection. The Council continues to invest in upgrading digital systems allowing business and residents to communicate and transact with the Council remotely.

The Council prepares a medium-term financial strategy, including a detailed capital programme, in October each year. That process has continued with the added uncertainty due to the ongoing impact of Covid19 into 2021/22 and 2022/23, the potential future restructure of the county into one or more unitary councils, the continued Brexit negotiations and trading regimes and how local government will be funded in future. The Council will take any corrective action in the current financial year which is crucial to the financial sustainability of the Council in the future.

Covid 19 support

Covid 19 had several short-term implications for the Council including:

- There has been a significant increase in refuse collection of around 22% (30 tonnes) including recyclables and residual waste recycling tonnage; especially cardboard. This pattern has been repeated across the country where several Local Authorities have taken the decision to suspend green waste collections in order to prioritise public health. RBC’s decision has been to deploy additional resources in order to maintain a full service throughout the pandemic. RBC’s green waste service became more popular with residents and is also showing increased take up.
- The Council brought forward its “agile working strategy” to allow almost all staff to work from home to continue to provide essential services in compliance with Government guidelines. This facilitated maintenance of the civic centre as a Covid

secure site for those essential service elements which could not be delivered remotely.

- Awarding a grant to the Runnymede Food Bank to enable them to provide food and essential items to households who needed support. This included the provision of new accommodation and payment of utilities, rates etc. when it was found that their existing warehouse could not be made Covid secure.
- For self-isolating residents, the Council partnered with the local voluntary sector to instigate a delivery service for medicine and food shopping, with the Council taking payment from residents and refunding the volunteers for the shopping undertaken.
- Creating a “welfare system” where Council officers contacted vulnerable and shielded residents by telephone to continue to provide various welfare services. Over 40,000 calls were made during the first and second waves.
- Supporting 3,000 residents identified as “Clinically Extremely Vulnerable” with welfare support services.
- The Council’s customer services section was staffed 7 days a week between March and July 2020, taking 135,000 calls and referring 792 residents to the Runnymede Food Bank. Free car parking at St Peters hospital was provided to NHS staff and volunteers in the Council’s car parks.
- Provision of accommodation to be used as Covid19 vaccination and mass testing sites.
- The Council also played an important role in Operation Eagle – the Governments Covid19 surge testing event, following an outbreak of the Covid19 Beta variant, delivering 10,000 testing kits to residents in Egham and Thorpe.
- Support for Public Health England with the “surge testing” programme across the borough.
- We continued to provide a Community transport service for the full year.
- Government provided significant sums to the Council as the most appropriate public sector body to maintain close contact with local business, sole traders, self-employed etc. The Council distributed just under £4.4m in Government funding for business. Reductions in rates bills and further restart grants to businesses continues in 2021/22.
- Increasing the financial support to residents including reducing council tax bills using the council tax support scheme and agreeing to defer tax payments for those residents and businesses in financial distress. The Council also increased its expenditure on council tax support by around 9%.
- The Council has a significant commercial portfolio, with nationally known companies and a leisure trust paying rent to the Council. Most of these businesses have seen reduced income in 2020 and some have not been able to pay rent in full when it becomes due. The Council continues to work with all tenants in 2021 to understand their financial position and work with them on an affordable payment schedule.

- The Council is working with all its customers, tenants, and taxpayers to collect income over a longer timescale to avoid writing off sums owed.

Early in the 2020/21 financial year, the Government provided a considerable amount of financial support to local authorities. As well as providing grants to the Council to cover additional costs and lost income, the government provided £14m for the Council to reduce the rates liability of many commercial premises in the Borough. At the same time, it provided a grant to re-imburse the County, Districts and Borough councils with just under 75% of the income they would have received had rates not been reduced to zero.

Sources of funding

Government funding provided to all local authorities has been steadily declining since 2008 as the Government sought to re-balance the national economy. One part of the Government strategy was to reduce the Revenue Support Grant (RSG) paid to local authorities by 53% between April 2015 and March 2020. At the same time, the Government introduced a system where local authorities can retain part of the business rates they collect. The Council's Revenue Support Grant is now zero and the Council has assumed retained business rates will fall to zero over the next two or three financial years. The Council has claimed significant sums over the last eight years from the New Homes Bonus reward grant for both facilitating new build and bringing empty properties back into use. In 2018 Government announced the reward grant was to be scaled back significantly and the Council does not anticipate receiving any new reward grant in the future.

In preparing our Financial Strategies for 2020 and beyond the Council has assumed that Government priorities will continue to be the NHS, adult social care, and children's services, including education which are provided by the County Council.

The Council spends over £50m gross on delivering services, excluding housing and council tax benefits. This is largely funded by the income it generates.

The Council has been preparing for significant reductions in government grant by generating a sustainable income from services such as CCTV, community transport, "Meals at Home" and by investing in the regeneration of the Borough.

Most of the Council's income is from renting the commercial property it owns. Many fees are also determined by Government legislation. In 2020/21 income fell to £30m from the original expectation of almost £37m as shown below. Income is not expected to return to pre-Covid levels until 2023 although most commercial tenants are able to make rent payments or there is an arrears strategy in place to recover arrears.

Prior to the Covid19 emergency, income from fees and charges, mainly from car parking income, planning fees, trade waste charges etc. was just under £5 million. The scope for raising additional income is limited by the local economy.

Summary	2020/21		
	Original estimate	Probable outturn	Actual
	£'000	£'000	£'000
Housing General Fund	702	765	697
Community Services	3,568	2,315	1,908
Environment and sustainability	2,544	1,732	1,620
Licensing & regulatory	171	141	61
Planning & development management	1,598	1,155	976
Corporate Management Committee	28,208	22,595	25,109
	36,791	28,703	30,371

The income generation schemes are used mainly to fund the Council's significant regeneration schemes. This began with Addlestone One, a new leisure center in Egham and the Magna Square development in Egham. Those developments include commercial properties, supermarkets, hotels, cinemas, restaurants, and a mix of apartments - some purpose-built student accommodation, affordable rent and market rent with some owner occupier dwellings.

The main sources of funding from taxation received by the Council are currently retained business rates income and council tax.

Retained Business Rates

National non-domestic rates (business rates) are a national taxation scheme. The Ratable Value of a property is determined by the Government's Valuation Office, the rate in the pound to be applied is determined annually by Government in the Budget. Runnymede bills and collects the tax on behalf of the Government.

In April 2013 the Government introduced a national "Business Rates Retention" scheme where most of the Business Rates collected in Surrey are redistributed to other parts of the UK, with Runnymede and Surrey County Council retaining a proportion of the tax collected.

The retained business rates system is extremely complex and despite the Council collecting over 99% of the business rates due of £41m within the financial year, only £2.4m of it was retained by Runnymede after £8.0m has been set aside to fund the current collection fund deficit.

As Covid19 has affected most of the business premises in Runnymede Government has reduced the business rate liability of a significant proportion of the businesses. The Council has recognised the income from several businesses has fallen significantly and has instructed that while tax collection remains a priority, this will be undertaken in a sensitive manner.

The tables below report the results of the tax collection service. The tax due was reduced by £18m. This was reimbursed by Government grant to replace the rates that would normally have been retained by the Council.

Business rates collection figures		
	2019/20	2020/21
	£'000	£'000
Collectable at the start of the year	60,935	59,131
Collectable at the end of the year	58,463	41,120
Change	(2,472)	(18,011)
Cash collected		40,629
Percentage collected		98.8%

Unfortunately, some businesses rates had to be written off as irrecoverable

	£m
Business rates to be collected	41.12
Write off	0.611
Percentage written off	1.49%

Council tax

There are over 37,000 dwellings in the Borough. The Council has set one of the lowest district council tax rates in the UK. An average property, with a Band D valuation, paid £169.59 council tax, or £3.26 a week to fund all the services Runnymede provides.

In setting the tax rate the Council consults widely with residents' associations and forums as well as the Runnymede Business Partnership.

An average tax rate of £3.26 a week is generally viewed as good value for money. A band D tax bill is shown on the next page which shows Runnymede keeps 9% of the tax collected.

Council Tax for a Band D property											
2019/20		2020/21									
£		£									
1,453.50	Surrey County Council	1,511.46									
260.57	Surrey Police	270.57									
164.59	Runnymede Borough Council	169.59									
1,878.66		1,951.62									
<p>Allocation of 2020/21 Council Tax</p> <table border="1"> <caption>Allocation of 2020/21 Council Tax Data</caption> <thead> <tr> <th>Authority</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Surrey County Council</td> <td>77%</td> </tr> <tr> <td>Surrey Police</td> <td>14%</td> </tr> <tr> <td>Runnymede Borough Council</td> <td>9%</td> </tr> </tbody> </table>				Authority	Percentage	Surrey County Council	77%	Surrey Police	14%	Runnymede Borough Council	9%
Authority	Percentage										
Surrey County Council	77%										
Surrey Police	14%										
Runnymede Borough Council	9%										
		Increase yr on yr									
		£									
	Surrey County Council	57.96	3.99%								
	Surrey Police	10.00	3.84%								
	Runnymede Borough Council	5.00	3.04%								

During the Covid19 emergency the Council reduced the liability of some council taxpayers by increasing the council tax support spend and making discretionary payments to some households by £474,000 or 13% as shown on the next page. The main increase was in the working age, but not working section of households.

Council tax support caseload					
	Pensioner	Vulnerable	Working age employed	Working age not employed	TOTAL
31/03/2020	1,564	821	98	636	3,119
31/03/2021	1,471	859	82	859	3,271
Increase	-93	38	-16	223	152
Increase %	-6%	5%	-16%	35%	5%
Average entitlement per week					
31/03/2020	23.34	23.65	18.93	20.19	
31/03/2021	25.51	25.63	19.67	21.63	
Increase	2.17	1.98	0.74	1.44	
Increase %	9%	8%	4%	7%	
TOTAL COST					
31/03/2020	1,898,196	1,009,666	96,467	667,724	3,672,052
31/03/2021	1,951,311	1,144,841	83,873	966,169	4,146,193
Increase	53,115	135,175	-12,594	298,445	474,141
Increase %	3%	13%	-13%	45%	13%

The Council maintained its collection rate at 98.6% although some tax was written off as irrecoverable.

	£m
Council tax to be collected	67.974
Write off	0.2380
Percentage written off	0.35%

Some households had difficulty in paying rent during furlough, periods of unemployment etc. For a limited period, the Council assisted private and public sector residents with housing support as shown below:

Discretionary housing payments		
	£	
Total expenditure		243,182
Government grant		191,799
Runnymede's Housing Revenue Account		30,000
Surrey County Council		21,383
		243,182

The gross spend of the Council is around £60m a year, £30m excluding housing benefit. Assuming an average inflation rate of 2% the expenditure inflation would be over £600,000 and a tax increase of £5 a year (the permitted maximum) generates less than £200,000 as shown in the table on the next page.

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Expenditure inflation - RPI/CPI	603	683	669	637
Income inflation -RPI/CPI	(131)	(133)	(136)	(139)
Council Tax increases (at maximum)	(192)	(194)	(195)	(197)
Inflationary cost pressure	280	356	338	301

As the table above demonstrates, the increases in fees income and council tax cannot keep pace with an assumed annual inflation rate of 2%.

For that reason, the Council's financial strategy has been to invest significant sums in regeneration schemes to provide a sustainable income stream whilst at the same time improving the economic position of the Borough.

Financial strategies

Part of the Council's financial strategy has been to build financial resilience and a comprehensive evaluation of strategic risks into all its strategies.

In 2012 the Council's elected Members embarked on several financial strategies designed to increase income and reduce costs through efficient ways of working with no reductions in services provided. In the management restructure approved by the Council in April 2019 the Corporate Leadership Team had been reduced from six posts to three. The efficiency saving has been redirected to front line service provision.

The Council has made efficiency savings of over £6.7 million and reduced the workforce by 16% in the seven years to March 2020 prior to Covid19. At the same time, it has maintained a General Fund working balance above the minimum set for 2020/21.

One of the reasons behind the Council's strategy of maintaining the General Fund working balance is that it can be used to fund service delivery should income fall further and give Councillors a longer lead in time to adjust the Council's long-term plans. This strategy has served the Council well as the General Fund working balance and the earmarked reserves have been deployed in the year to fund the costs of the Covid pandemic.

The Council's financial strategy has the following three major themes:

1. Invest in the physical infrastructure of the Borough to improve the economic vibrancy of the towns. This commenced with Addlestone One and a new leisure centre in Egham. In summer 2019 the Council started the first phase of the regeneration of Egham, a £90 million scheme spread over two years, a scheme which includes a cinema, retail units and apartments for sale or rent, including affordable rent apartments. Construction continues into 2021/22.
2. Spending significant capital sums on regeneration schemes with no income from sales or rent income to offset the costs would deplete the Council's reserves. To compensate for this, the Council has in the past bought income generating commercial properties, to fund the costs of these major regeneration schemes. The pandemic and government restrictions on borrowing means that no commercial assets have been acquired in 2020/21 and any acquisitions in the future are likely to be limited to properties within the regeneration areas themselves.

3. The Council has made significant efficiency savings since 2014, reducing the workforce by around 16% with very few compulsory redundancies. It has invested significant sums in digital technology and a Customer Services function. The new ways of working benefits residents and businesses who can now communicate and transact with the Council much more easily. At the end of the year the Council embarked on a Voluntary Redundancy scheme to generate further efficiencies and to facilitate the re-engineering and transformation of certain services for the future starting in 2021/22.

The Council has chosen to invest in a place shaping and regeneration agenda which has involved developing a significant portfolio of commercial premises. The aim is to provide a sustainable commercial income to the Council, initially to replace reduced Government grant, but latterly to provide the funds to commence further significant regeneration schemes in the Borough.

The Council's regeneration schemes are mainly funded by borrowing from the Public Works Loans Board (an arm of H.M. Treasury). The General Fund working balance is to be used to fund the interest payments until the commercial income from rents covers the costs and provides an income stream which will enable the Council to invest in the services residents enjoy.

We have established financial management disciplines which we continue to develop. Internal Audit has given independent assurance that our key financial systems continue to be robust.

Governance and fraud

Runnymede Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. Runnymede Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Runnymede Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Runnymede Borough Council has formally adopted a code of corporate governance as recommended in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016 edition. This statement explains how Runnymede Borough Council meets the requirements of regulation 6 of the Accounts and Audit Regulations 2016 in relation to the publication of an Annual Governance Statement and the CIPFA/SOLACE Code of Practice.

The Council has also adopted the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Governance Framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority 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 this 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 them efficiently, effectively and economically.

The Governance Framework has been in place at Runnymede Borough Council for the year ended 31 March 2021 and up to the date of approval of these Financial Statements.

The full Annual Governance statement can be found towards the end of the Statement of Accounts.

Council owned companies

In 2014 when the Council commenced its regeneration strategy it wished the dwellings created to be different tenure – a mix of owner occupier, affordable rent, some shared ownership, and private sector market rent dwellings.

For legal and “state aid” reasons the Council created a company to own and manage the dwellings it wished to rent. Two other companies have been created, one to manage the service charges on the developments and one to manage the combined heat and power plant in Addlestone.

The Council sold the apartments to the company, RBC Investments (Surrey) Ltd, and made a working capital loan available as well as the development loans to fund the purchases. To comply with “state aid” rules the interest rate charged to the company is much higher than the rate the Council borrowed at to fund the regeneration schemes. All working capital loans made have been from cash reserves, with no additional borrowing needed.

The table below shows the cost to the company:

DEVELOPMENT LOANS					
Loan	Year taken out	Term (Years)	Interest rate	Sum borrowed	Annual interest charge
				£	£
1	2016	40	5.04%	1,400,000	70,560
2	2017	40	5.04%	8,429,095	424,826
3	2018	40	5.04%	12,267,404	618,277
4	2018	40	5.04%	3,229,555	162,770
5	2018	40	4.86%	1,000,000	48,600
				26,326,054	1,325,033
WORKING CAPITAL LOANS				2,045,000	138,123
				28,371,054	1,463,156

The financial benefit to the Council taxpayer is summarised on the next page. The Council has borrowed from Government at low interest rates to fund the development.

		Interest rate	Cost
Interest paid by the Council	£		£
Development loans	26,326,054	2.32%	610,764
Working capital loans	2,045,000	0	0
	28,371,054		610,764
Annual charge to the Companies			1,463,156
Surplus to the Councils General Fund			852,392

The interest charges of £1.463 million means the company will not be in profit for several years, however the continued support of the Council with the working capital loans and the increase in asset value shows the companies to be in a healthy financial position. Before the interest due to the Council the company accounts show a profit of £1,428m.

Consolidated income statement	£
Revenue	1,713,894
	0
Operating profit	1,001,685
Gain on property valuation	426,300
PROFIT BEFORE INTEREST	1,427,985
Net Interest payable	1,463,156
Profit / (Loss) before taxation	(35,171)
Tax paid	(7,495)
Loss after taxation	(27,676)

The table below is extracted from the company balance sheets as at 31 March 2021 and show the company assets are higher than the debt to the Council.

	Consolidated balance sheet
BALANCE SHEET	£
Fixed Assets	28,699,025
Current Assets	1,198,311
Less creditors	(1,158,127)
Total Assets less current liabilities	28,739,209
Loan term debt	(28,371,054)
Provision for bad debts etc	(56,875)
	(28,427,929)
Net Assets	311,280
Capital, retained earnings (Equity)	311,280

Explanation of the financial statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2021. 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 2020/21, which in turn is underpinned by International Financial Reporting Standards.

The Core Statements are:

- **The Comprehensive Income and Expenditure Statement** records all the Council's income and expenditure for the year in accordance with generally accepted accounting practices rather than the amount to be funded from taxation (or rents). Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- **The Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authorities' reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those.
- **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 Council has set up three Limited Companies as part of its ongoing regeneration and investment strategy and has therefore prepared consolidated Group Accounts.

Comprehensive income and expenditure statement

All the services provided by Runnymede Borough Council, including council housing, are shown within the comprehensive income and expenditure statement. This account shows the equivalent of trading profits and losses in the IFRS sense and discloses a surplus in 2020/21 of £11.872m, compared to the surplus of £23.532m for 2019/20.

There are several reasons for the volatility in the results, the main ones being:

- Accounting for pensions
- Accounting for changes in the value of non-current assets.

The movement in reserves statement reconciles the result on the comprehensive income and expenditure statement with the statutory provisions that local authorities need to consider when setting local taxes and housing rents.

The significant items included in the comprehensive income and expenditure statement, but financed from other resources and not a factor in setting local taxes, include:

- Council Housing and the Housing Revenue Account.
- Depreciation, amortisation and impairment of non-current assets.
- Revenue expenditure funded from capital resources as allowed under statute.
- Gains and losses on the disposal of fixed assets calculated in accordance with IFRS principles.
- Pension costs calculated in accordance with the IAS19 accounting standard.

These factors are not peculiar to Runnymede but are common to all local authorities.

The Expenditure and Funding Analysis set out in Note 6 to the Statement of Accounts sets out the changes between the figures reported to the Council’s service committees during the year and the IFRS figures reported in the Comprehensive Income and Expenditure Statement. This maps the net General Fund Surplus of £2.820m and the HRA Surplus of £4.819m (excluding capital financing), a combined total of £7.639m, to the £20.942m as reported in the Comprehensive Income and Expenditure Statement.

Financial assets

Financing and Investments income was lower due to less borrowing (delays in capital schemes) and borrowing at interest rates lower than expected. Note 18 to these accounts summarises the investments held with UK banks and building societies. I expect these institutions to repay these investments in full when they become due.

Income from customers and tenants form an important part of the resources required to pay for our services. Where possible, we prefer payment in advance or at the time our services are delivered. In all other cases we invoice our customers for sums due to the Council. I have carried out a full review of the debts that are outstanding at 31 March 2021. The cost of any impairment (bad debts in this case) is included in the comprehensive income and expenditure statement.

Pension accounting

The provision of public service pensions represents a substantial revenue cost and a long-term liability for the Council. Runnymede Borough Council is a contributor to the statutory 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 Surrey Pension Fund every three years. The latest valuation (with a valuation date of 31 March 2019) compiled by Hymans Robinson disclosed that Runnymede's element of the Pension Fund had a funding level of 98%. The deficit means that the assets (mainly investments in shares, property and bonds) in the Pension Fund are not enough to meet future liabilities (the pensions payable).

Accounting for pensions under IAS19

Pension costs in these accounts are based on the accounting standard IAS19 *Employee Benefits*. Legislation prevents certain accounting entries introduced by IAS19 from impacting on council tax levels and housing finances. Therefore, the difference between the charge to taxation and rents (set by the fund actuary) and the IAS19 entries is financed by an appropriation to a pension's reserve.

These accounts provide detailed disclosures on the assets and liabilities of the pension fund under the IAS19 accounting rules. Under IAS19, the position of the Runnymede element of the fund as at 31 March 2021 is a deficit of £58.024m, (£46.118m as at 31 March 2020).

The pension fund deficit is a very significant amount. Care needs to be taken in interpreting these figures, and it is important to remember that pensions are long-term assets and liabilities. IAS19 discloses the position of a pension fund at a point in time, based on the stated financial assumptions. However, it is the long-term position of the fund disclosed in the actuary's triennial valuation that determines the amounts that must be provided for pension commitments.

Financial performance 2020/21

General Fund

The Council set its budget and council tax for 2020/21 at a meeting of the Full Council in February 2020.

By March 2020 the UK was heading into the first of a series of "lockdowns" and "Tier" restrictions which impacted on the local economy which in turn effected the Council's financial

plans. The effects of this can be seen in the following management report which shows our General Fund budget pre-pandemic (the Estimate), in December 2020 (the Probable) and the Outturn for the year (the Actual).

When the budget was set in February the Council planned on buying commercial assets to fund future regeneration strategies. In the original budget £1.2m was to be generated to fund both service development and regeneration. The pandemic has created a number of economic uncertainties, including the value of assets and future rent income. Early in the financial year that strategy was replaced with focusing resources on maintaining services and dealing with the pandemic. As the General Fund Summary on the next page shows, the reductions in non-essential expenditure, offset by reductions in income from car parks etc. and significant pandemic grants from government has made a significant contribution to the Councils overall financial position.

The collection of business rates, 100% rate relief for some businesses offset by Government grant, means the business rates collection fund moved from a surplus of £2.989m on the 1 April 2020 to a deficit of £9.442m. The deficit is shared between Runnymede, the County Council and Government, and now is to be recovered over three financial years, rather than one. For that reason, the Council has set up a specific reserve to manage the cash flows and has earmarked £8m to equalise variation in the business rates collected.

The main reason for this surplus goes back to July 2020 at the height of “lockdown” when the Council’s Responsible Finance Officer (Section 151) submitted returns to Government on potential losses in business rates income due to Covid19. The Government paid a specific cash grant to the Council of just over £10m.

Between July 2020 and 5 May 2021 the Government have been working with local authorities to compensate them for tax losses during the pandemic and also to account for changes in the provision for bad debts and losses due to successful appeals which reduce a rateable value and which could be backdated a number of years. The Tax Income Guarantee Scheme (Business Rates) has yet to be finalised and audited by Government.

For that reason, £10.8m has been retained in an earmarked reserve. When the final compensation scheme has been agreed and audited some of the £10.8m may be reclaimed by Government

Government pandemic grants of £2.8m, efficiency savings and reduced capital financing costs have meant that the Council’s reserves have increased as shown later in the “Movement in reserves” section. As well as those reserves the Council sets aside sums to repay the General Fund debt when it matures, in the year £3.8m was set aside (the Minimum Revenue Provision).

General Fund Summary Revenue Account

Council Outturn for the Year Ending 31 March 2021

	<u>2020/21</u> Estimate	<u>2020/21</u> Probable	<u>2020/21</u> Actual
	£	£	£
<u>Expenditure on Services</u>			
Housing Committee	2,109,081	2,006,319	1,543,197
Community Services Committee	5,281,243	5,347,118	3,912,565
Environmental and Sustainability Committee	3,886,811	4,103,690	3,250,844
Licensing Committee	16,045	25,657	8,293
Regulatory Committee	70,941	91,795	86,864
Planning Committee	1,562,327	2,080,210	1,391,390
Corporate Management Committee	(18,825,044)	(15,673,156)	(16,688,669)
Estimates in the MTF5 yet to be agreed	1,278,000	0	0
Efficiencies and revenue reductions	(1,200,000)	0	0
Net Expenditure on Services	(5,820,596)	(2,018,367)	(6,495,516)
<u>Transfers and Financing Adjustments</u>			
Accounting and Other Adjustments:			
Reversal of Depreciation Charge	(2,640,428)	(2,181,422)	(2,232,141)
Cost of Capital Charge to HRA	(43,000)	(43,000)	(43,000)
Other accounting adjustments	0	4,000,000	1,051,409
Transfer to/(from) Reserves:			
Business Rates Equalisation Reserve	0	1,000,000	8,000,000
Equipment repairs and renewals reserve	1,000,000	1,286,000	1,286,000
Property repairs and renewals reserve	750,000	445,000	445,000
Investment Property income equalisation reserve	750,000	0	0
Infrastructure Feasibility Study Reserve	0	0	122,000
Financing and Investment Income:			
Investment Income	(373,000)	(271,000)	(353,639)
Interest on loans to RBC companies	(1,571,000)	(1,460,000)	(1,460,731)
Capital financing costs	14,466,000	12,467,000	12,149,650
Minimum Revenue Provision	4,097,000	3,820,000	3,819,919
Taxation and Non-Specific Grant Income:			
Council Tax income	(5,783,000)	(5,783,000)	(5,782,890)
Business Rates Retention	(3,700,000)	(1,500,000)	(10,425,862)
New Homes Bonus	(1,657,919)	(1,657,919)	(1,657,919)
Other grants	0	(2,469,000)	(1,242,569)
Use of / (Contribution to) Working Balance	(525,943)	5,634,292	(2,820,289)

How these management reporting figures morph into the Comprehensive Income and Expenditure Statement in these accounts is set out in the Expenditure and Funding Analysis note (Note 6) in the accounts.

The significant changes between the original estimate and the probable budget relate to the anticipated effects of Covid19 on the Council's finances at the end of 2021. The difference of £8.454m between the probable budget and the outturn are explained in the following table:

Variance analysis for Actual v Probable 2020/2021

Analysis of significant changes (over £25,000) shown in the Net Expenditure on GF services

	Increase in Cost or reduced income £000	Reduction in costs or increased income £000
General		
Planned underspends - Money unspent in the year to be spent in 2021/22		418
Salaries & Wages - vacant post freeze etc		1,147
Recharges to HRA - reduced	31	
Bad debt provision reduced		2,583
Financing & Investment betterment		401
Retained Business Rates (NNDR)		1,925
Net roundings below £25,000		232
Housing Services		
Reduced cost of rent deposits & bonds		28
Additional grant income		104
Benefits - increased incentive area subsidy		120
Community Services		
Reduction in maintenance work undertaken		126
Net variation in vehicle costs		108
Additional SCC contributions		98
Cemeteries - Additional income received		41
Environmental and Sustainability Services		
Net variation in vehicle costs		56
Additional refuse tipping away compensation received		75
Trade waste – higher than estimated income		57
Planning Services		
Income higher than anticipated		67
Corporate Management - General		
Corporate Management - External Audit provision not required		77
Corporate Management - Chief Executives - Initiatives and review		55
Economic Development Strategy - provisions not spent		66
Business Rates - additional grant income		71
Local Land Charges - increased search fee income		34
Contingencies Planning - Covid expenditure provision not required		196
Civic Centre - reduced maintenance costs		86
Civic Centre - increased rental income		54
Training summary - underspend		62
Car allowances summary - underspend		60
Financial services - supplies & services reduced		34
Digital services - communication and computing costs		28
Customer services - communication and computing costs		28
Law and Governance - increased income from fees and charges		54
Building services - additional restructuring costs	213	
Corporate Management - Property		
Unused provision for compensation		435
Contribution to lost car park income	46	
Insurance claim costs recovery		36
Savings on surveyors costs		35
Service charge balancing credits		98
Business Rate rebates		40
Planned redecoration cancelled		77
Contribution to commercial marketing not required		30
Increased legal costs	38	
Rent concessions and write offs (offset by reduced bad debt provision above)	643	
Rent increases		182
Total Significant changes	971	9,424
Net change against Probable budget		8,454

Commercial property

The commercial property portfolio is the main vehicle the Council uses to fund major regeneration projects. In 2020/21 income benefited the General Fund by £13m as shown in the table below. This was slightly down on the previous year due to the effects of the Coronavirus pandemic and income agreements on regeneration plans falling away.

	2018/19	2019/20	2020/21	Change 2019/20 to 2020/21
	£'000	£'000	£'000	£'000
Rental and other income	23,700	25,606	25,040	(566)
Direct operating costs	(2,498)	(1,937)	(1,998)	
Loan interest	8,309	9,738	10,035	
Surplus	12,893	13,931	13,007	(925)
Set aside to repay loans				
TOTAL set aside to repay loans				

During the year a number of organisations have struggled to pay bills and the Council has worked closely with tenants to manage the debt. A provision for debt write off is maintained but arrears are manageable.

From the income stream shown above the Council sets aside a proportion in a reserve which increases over time to repay the borrowing when it becomes due. The assets are valued at more than the debt outstanding.

The Council's balance sheet has also benefited by the values of the assets increasing. The Council's main aim is to generate revenue income. The assets are not held for capital appreciation and although over the next few financial years there is a risk is that the assets will reduce in value in some classes, that is only a problem if the Council intends to sell them. There are no such plans at the current time.

<u>Value of our commercial assets</u>				
	2018/19	2019/20	2020/21	Change 2019/20 to 2020/21
	£	£	£	£
Asset value at 31 March	478,789,203	522,690,274	541,736,000	19,045,726
Purchase costs	462,913,442	494,519,049	512,583,546	18,064,497
Capital appreciation	15,875,761	28,171,225	29,152,454	981,229
Actual borrowing	361,270,000	423,372,094	434,435,497	11,063,403

Housing Revenue Account

Runnymede Borough Council owns and manages a total stock of just over 2,900 dwellings. All revenue expenditure and income on council housing is contained within the Housing Revenue Account (HRA), income and expenditure account, and is reconciled to the statutory provisions for the HRA in the statement of movement on the HRA balance. The following table compares movement in the HRA balances from the original budget to the result for 2020/21:

Budget for the year ending 31 March 2021					
			<u>2020/21</u>	<u>2020/21</u>	<u>2020/21</u>
			Estimate	Probable	Actual
			£	£	£
<u>Expenditure</u>					
General management			1,854,190	1,873,290	1,892,514
Special services management			835,048	739,028	585,304
Supporting people for Council tenancies			159,160	144,770	129,482
Mobile home site (Net)			(75,150)	(180,650)	(189,395)
Housing repairs			7,173,190	6,186,820	5,159,167
Less funded from major repairs reserve			(3,550,000)	(2,720,000)	(2,359,955)
Sale of Council houses administered			0	0	0
Other HRA Expenditure			476,000	575,000	557,258
Debt charges			3,425,950	3,425,950	3,425,944
Depreciation charges			2,055,400	1,948,000	1,943,132
Total expenditure			12,353,788	11,992,208	11,143,451
<u>Income</u>					
Rent from dwellings			16,345,900	16,323,300	16,398,955
Non-dwelling rents and income			138,900	195,900	200,943
Interest on balances			183,000	48,200	33,256
Total income			16,667,800	16,567,400	16,633,154
Surplus (deficit) in the year			4,314,012	4,575,192	5,489,703

The significant changes at expenditure on services level between the revised budget and actual expenditure are largely as a consequence of significantly reducing the improvement plans for the stock as the pandemic prevented work being done. Rent arrears have not increased significantly during 2020/21 and will reduce as the local economy recovers.

The underspend has increased the HRA reserves to fund future works to the stock as shown below. Capital reserves are over £5.8m and revenue reserves stand at £29.254m. However, the HRA debt of around £100m must be redeemed or refinanced at some future date.

Housing revenue account working balance			
	2020/21	2020/21	2020/21
	Estimate	Probable	Actual
	£	£	£
Balance brought forward	25,350,080	24,434,695	24,434,695
Add surplus (less deficit) in the year	4,314,012	4,575,192	5,489,703
Capital expenditure - new purchases	(910,000)	(420,000)	(187,242)
Capital expenditure - new build programme	(1,442,500)	(366,700)	(344,261)
Capital expenditure - further potential schem	(1,460,000)	0	(138,886)
Balance carried forward	25,851,592	28,223,187	29,254,009
Major Repairs Reserve balance	1,798,232	5,451,287	5,806,464
Total balances	27,649,824	33,674,474	35,060,473
Major Repairs Reserve summary			
	2020/21	2020/21	2020/21
	Estimate	Probable	Actual
	£	£	£
Opening balance at start of year	3,292,832	6,223,287	6,223,287
Contribution to reserve	2,055,400	1,948,000	1,943,132
Capital expenditure funded from reserve	(3,550,000)	(2,720,000)	(2,359,955)
Net movement in year	(1,494,600)	(772,000)	(416,823)
Balance at year end	1,798,232	5,451,287	5,806,464

Capital strategy

The Council spends significant sums on new assets, maintaining its housing stock for rent and more significantly its regeneration strategy. An underpinning of the Prudential Code, which is backed by statutory guidance from Government, is that all capital expenditure must be financed from capital receipts (proceeds from the sale of an asset), capital grants or other contributions, or revenue income.

The broad aim of the Prudential Code is that councils will set aside sums each year to fully repay any borrowing used to finance capital expenditure.

Capital expenditure totalled £47.053m in 2020/21. This was financed using reserves, capital receipts, grants and contributions. The long term, fixed interest borrowing is used exclusively to fund the purchase of assets which generate a long-term income for the Council.

The table set out below shows a summary of the Council's capital expenditure for 2020/21 and how it has been financed.

Capital Financing Summary 2020/21							
	Gross Expend	Grants & Contributions	Capital Receipts	Earmarked Reserves	HRA Reserves	Major Repairs Reserve	Borrowing
	£	£	£	£	£	£	£
<u>Housing Services</u>							
Private Sector Improvement grants	165,715	165,715	-	-	-	-	-
Improvement Works to Council Housing	2,359,955	-	-	-	-	2,359,955	-
Purchase of Property	267,489	-	80,246	-	187,243	-	-
Housing Developments	632,363	-	149,342	-	483,021	-	-
Sleeping Pod purchases	11,169	11,169	-	-	-	-	-
			-				
<u>Environment & Sustainability</u>							
Vehicle fleet replacement programme	1,502,235	-	-	1,502,235	-	-	-
			-				
<u>Community Development</u>							
CCTV Equipment Replacement	31,688	5,294	-	26,394	-	-	-
Grants & Loans to Local Organisations	151,500	-	151,500	-	-	-	-
Improvements to Parks and Open Spaces	102,364	16,429	85,935	-	-	-	-
Egham Leisure Centre Development	397,204	-	397,204	-	-	-	-
			-				
<u>Corporate & Business Services</u>							
Investment in existing property assets	1,346,878	-	96,878	1,250,000	-	-	-
Investment in ICT	448,743	-	380,020	68,723	-	-	-
Runnymede Regeneration Programme - Addlestone	687,660	-	687,660	-	-	-	-
Runnymede Regeneration Programme - Egham	32,054,216	-	-	-	-	-	32,054,216
Runnymede Regeneration Programme - Chertsey	6,893,550	-	-	-	-	-	6,893,550
			-				
	47,052,729	198,607	2,028,785	2,847,352	670,264	2,359,955	38,947,766

Non-current asset valuations

Our tangible and intangible assets carried in the balance sheet at current value are normally revalued at intervals of not more than 4 years. This treatment is normally sufficient to provide reasonably robust asset valuations in our balance sheet. Each year a review of the assets held is undertaken and some assets may be brought forward for earlier revaluations if appropriate.

The Council's investment properties are revalued annually with indexation adjustments made to the more significant assets each year as appropriate.

The present economic climate has resulted in more volatile asset values. The full effects of Covid19 on property values and assumptions on commercial tenants' ability to fulfil the obligations under their leases may not be known for some time. I have carefully considered those assets that may require a formal revaluation in consultation with the Council's valuers. Those assets where values have changed materially have been subject to a formal revaluation. As ever, it must be appreciated that valuation is not a precise science. The great majority of our assets are used in the provision of real services and will remain so for the foreseeable future. In this respect, the current value of the assets has no bearing on the immediate provision of our services.

Capital receipts

Capital receipts can be used to pay for capital expenditure and, until they are spent, they also generate investment income.

The Council started the year with £6.8m in available capital receipts and ended with £7.5m. However more capital receipts are expected in 2022 as the last tranche of apartments from the Addlestone One development are completed and sold.

The sale of dwellings under right-to-buy legislation requires an element of receipts to be set aside for specific purposes. In Runnymede's case this is principally:

- Future funding of new affordable housing
- Repayment of housing debt over the next 30 years

Of the £7.5m at the year end, £3.992m is set aside for these purposes.

Housing capital receipts pooling

We must pay a determined proportion of the receipts from right-to-buy sales of dwellings to the Government, reduced only by specified sums set out in regulations. In 2020/21 this payment was £0.947m, of which included the repayment of £0.621m of unused retained receipts.

Movement in reserves

This statement shows the movement in the year on the different reserves held by the Council. The statement contains the entries needed between reserves to reflect the statutory amounts required to be charged to the General Fund balance and Housing Revenue Account for council tax setting and dwelling rent setting purposes, and those necessary to reflect the capital financing control regime for local authorities. This statement shows the net worth of the Council.

The Council finalised the budget for the year ending March 2021 in February 2020 and risk assessed those items which could cause an increase in expenditure or income. The Council's policy was to maintain a working balance of £3.0m for 2020/21 to contain any cash flow difficulties without resorting to temporary borrowing. The table below shows the General Fund reserves held for capital and revenue purposes. The Council has considered the financial risks it faces in 2021/22 onwards in detail and judges this sum to remain as a prudent contingency. The pandemic has reinforced this view. The Council will re-visit financial balances and strategy in the autumn of 2021 as the UK economy, the Government Comprehensive Spending Assessment and the structure of local government generally becomes clear.

The table below shows that the Council has increased reserves, both capital and revenue as at 31 March 2021.

	General Fund		HRA		Capital	
	Working balance	Earmarked reserves	Revenue	Major repairs	Capital receipts	Capital grants
	£'000	£'000	£'000	£'000	£'000	£'000
Opening General Fund working balance	12,369	14,179	24,434	6,223	6,802	2,211
Increase or (Decrease) in the year	2,819	8,412	4,820	- 417	770	3,609
BALANCE 31 March 2021	15,188	22,591	29,254	5,806	7,572	5,820

The Council's earmarked reserves provide funding for future expenditure. The change in the earmarked reserves are set out in Note 12 of the Notes to the accounts. These reserves are part of the Council's management of risks. For example, several significant commercial assets are due to re-negotiated in 2027 which may require a rent-free period. Post Covid 19 it is difficult to judge how the commercial market will operate. However, the Council uses these

reserves to minimise any unexpected call on the General Fund working balance. The movement in the Earmarked Reserves are as set out below:

2020/21	Balance at	Transfers	Transfers	Balance at
	1 April 2020	out	in	31 March 2021
	£000	£000	£000	£000
Business Rates (NNDR) equalisation reserve	2,880	0	8,000	10,880
Englefield Green maintenance reserve	264	28	1	237
Equipment repairs and renewals reserve	1,201	1,598	1,286	889
Infrastructure Feasibility reserve	100	0	122	222
Insurance reserve	106	0	0	106
Investment Property income equalisation reserve	3,750	0	0	3,750
Museum purchase and conservation fund	33	0	2	35
Maintenance of graves in perpetuity	2	0	0	2
Property repairs and renewals reserve	2,750	1,250	445	1,945
Section 106 and other contributions reserve	3,093	1,148	2,580	4,525
Total	14,179	4,024	12,436	22,591

The increase in the Business Rates (NNDR) Equalisation Reserve is due to a Government grant. It is expected that this will be fully utilised over the next two financial years to repay the collection fund deficit and Government have not yet published details of any compensation schemes for 2021 onwards. The reserve will be used to avoid significant fluctuations in income from taxation to the General Fund.

During 2021/22 and 2022/23 it may be necessary to use some of these reserves to mitigate any longer-term consequences of Covid19 either permanently or in the short term. The need to release any reserves for this purpose will be established along with the need to re-visit the Council's long-term plans for the General Fund and the HRA later in 2021.

Concluding remarks

I have set out the challenges the Council has faced over the last few years, and the continued uncertainty over Government funding, especially business rates, New Homes Bonus and the Fair Funding Review.

In the autumn of 2021, the Government is likely to produce a one year only local government finance settlement. A review of the structure of local authorities will be published in the devolution or levelling up white paper followed by a long-term Government view of how local authorities are funded.

The other risks the Council faces include increased inflation, interest rate increases and the UK's relationship with the EU. The Council holds significant usable financial reserves to mitigate those risks.

The uncertain long-term future effects of the Covid19 emergency means that in October to December 2021 the Council will need to re-visit its long-term plans for the General Fund and the HRA. The income lost from car parks, halls lettings etc means that these reserves are likely to be depleted in 2021/22 and into 2022/23. As part of the Councils approach to managing risks it has always maintained reasonable reserves to enable it to continue to provide services and adjust spending plans according to the economic circumstances faced.

The Statement of Accounts was signed by me on 30 July 2021 as the Council's responsible finance officer. This would not have been possible without the hard work of the finance team and the continued support of all Council staff and its elected councillors.

Other than the uncertainty over Covid19, and the Council implementing efficiency plans in May 2021, there have been no material events which will require the Council to adjust all of its spending plans, which would alter the financial statements or any other items I would wish to draw to the reader's attention after the 31 March 2021.

I have set out on the following page the responsibilities of the Council and my responsibilities as the Assistant Chief Executive and Section 151 Officer. This shows the requirements of the legislation together with my professional and legal responsibilities for the Statement of Accounts.

Further information

The auditor appointed by Public Sector Audit Appointments Ltd (PSAA) for the Council is BDO LLP. The audit report setting out the key issues the auditor identified during their audit of the statement of accounts is available on the Council's website.

Further information is available from the Finance department at the Runnymede Civic Centre, Addlestone. Our web site is www.runnymede.gov.uk.

Mr P McKenzie
Assistant Chief Executive and s151 Officer
30 July 2021

7. **TREASURY MANAGEMENT ANNUAL REPORT 2020/21
(FINANCIAL SERVICES – PAUL FRENCH)**

Synopsis of report:

This is the annual report on treasury management activity and performance for the 2020/21 financial year.

Recommendation:

For information.

1. **Background Information**

- 1.1 The Council's treasury management activity is underpinned by CIPFA's (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management ("the Code"), and the CIPFA Prudential Code for Capital Finance in Local Authorities ("the Prudential Code"). These require local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.
- 1.2 The Council's Treasury Management Strategy for 2020/21 was approved by this Committee at its meeting on 23 January 2020 and was subsequently approved at Full Council on 11 February 2020. This report sets out the Council's performance against the criteria in these reports for 2020/21.
- 1.3 Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.4 No treasury management activity is without risk; The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 1.5 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 1.6 In its oversight role, the Overview and Scrutiny Select Committee will consider this report on 7 October 2021.

2. **Prudential and Treasury Indicators and Compliance**

- 2.1 In compliance with the requirements of the Code this report provides Members with a summary report of the treasury management activity during 2020/21. Officers can confirm that during the year, the Council complied with all its legislative and regulatory requirements and its Treasury Management Statement and Treasury Management Practices.
- 2.2 During the year the Council operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy and in compliance with the Council's Treasury Management Practices and a prudent approach was taken in relation to all investment activity with priority being given to security and liquidity over yield.

2.3 A full set of prudential and treasury indicators for 2020/21 are set out in Appendix 'C'.

3. Risk management

3.1 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, sets out the Council's investment priorities as being:

Credit risk

Counterparty credit quality is assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price.

Liquidity risk

In keeping with the MHCLG's Guidance on Investments, the Council maintains a sufficient level of liquidity through the use of Money Market Funds and call accounts.

Yield

The Council seeks to optimise returns commensurate with its objectives of security and liquidity.

4 Economic background

4.1 The following section was provided by the Council's Treasury Advisors, Link Asset Services and reflects the market position as at 12 April 2021:

4.2 The financial year 2020/21 will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one. The advent of vaccines starting in November 2020, were a game changer. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels as soon as they reopen. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022.

4.3 Both the Government and the Bank of England took rapid action in March 2020 at the height of the crisis to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs. The Monetary Policy Committee (MPC) cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing (QE) (purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields). The MPC increased the QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months – by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

4.4 Average inflation targeting. This was the major change adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not

intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern to the MPC.

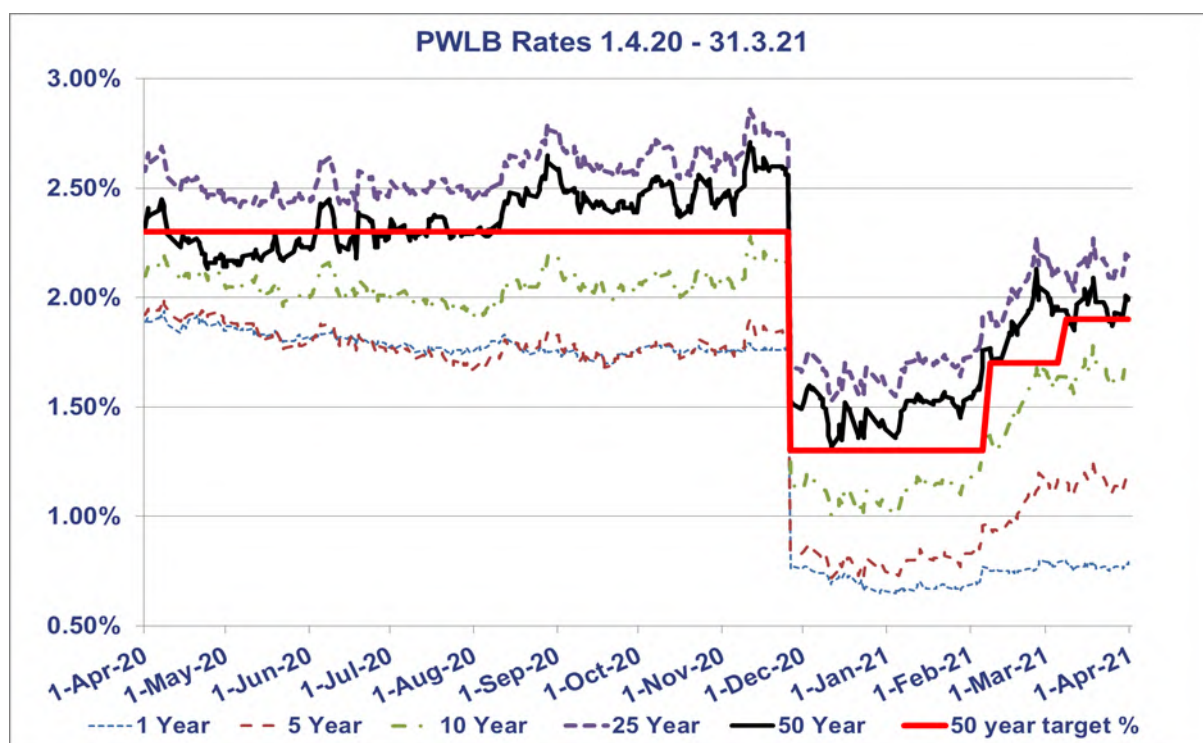
- 4.5 Government support. The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit ballooning in 20/21 and 21/22 so that the Debt to GDP ratio reaches around 100%. The Budget on 3rd March 2021 increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the Government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the Government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.
- 4.6 BREXIT. The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

5. **Borrowing Activity in 2020/21**

- 5.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2020/21 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 5.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLb], or the money markets), or utilising temporary cash resources within the Council.
- 5.3 During 2020/21, the Council maintained an under-borrowed position. This meant that the capital borrowing need, the CFR, was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.
- 5.4 Table 1 on the next page sets out the borrowing activity for the year.

Table 1 – Borrowing activity in 2020/21				
	Opening Balance £'000	New borrowing £'000	Borrowings repaid £'000	Closing balance £'000
HRA - PWLB	101,956	0	0	101,956
General Fund - PWLB	525,336	0	0	525,336
General Fund - Other	5,000	0	5,000	0
	632,292	0	0	627,292

- 5.5 The policy of avoiding new borrowing by running down spare cash balances is known as Internal Borrowing and has served the Council well over the last few years. Internal Borrowing at the end of the year amounted to just over £51,000 as increased government grants and increased balances negated the need to borrow. This policy will be kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 5.6 As depicted in the graph below, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend.



- 5.7 HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019/20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its capital programme. The new margins over gilt yields are as follows: -.

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)

- PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

- 5.8 There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate is not forecast to rise from 0.10% by March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%; this sets a high bar for Bank Rate to start rising.
- 5.9 There are strict criteria set out that forbid Councils from borrowing more than, or in advance of their needs, purely in order to profit from the investment of the extra sums borrowed. The Council has undertaken no such borrowing.
- 5.10 The Council operates two “loans pools”, one for the HRA and one for the General Fund to comply with the HRA ring fence requirements. The HRA average interest rate for the year as 3.36% and the General Fund as 2.31%. A schedule of the outstanding loans at the end of the year is set out at Appendix ‘D’ attached.

6. Interest rates in 2020/21

- 6.1 Investment returns plummeted during 2020/21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
- 6.2 Investment balances have been kept to a minimum through the strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.
- 6.3 Interest rates during the period were as set out in Appendix ‘E’ attached.
- 6.4 The Council’s actual interest rate performance during the year was 0.34%. The Council’s overall performance compares favourably with the Council’s benchmark rates which were as follows:

Table 3 - Comparison of investment returns in 2020/21	
Index	Annualised Return %
Average Bank Base Rate	0.10
7 day LIBID average	0.07
3 month LIBID average	0.15
12 month LIBID average	0.17
Runnymede Borough Council rate	0.34

LIBID - The London Interbank Bid Rate is a bid rate; the rate bid by banks on deposits i.e., the rate at which a bank is willing to borrow from other banks.

6.5 One of the reasons for this good performance was the decision by officers to place surplus funds for periods of 9-12 months with local authorities during the year as Money Market Fund returns plunged to near zero. Lending to local authorities is one of the safest forms of investment and authority to authority lending generally saw an upturn during the year as rates offered by local authorities out stripped the general market.

6.6 Another reason this favourable rate was achieved was due to the Council's investment in two Pooled Funds (operated by CCLA (Churches, Charities and Local Authorities) Investment Management Limited). These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Investments in these funds are long term in nature and over long term horizons they provide investors with strong levels of interest (in the form of dividends) relative to other forms of investment. However past performance has also shown that the capital values of these assets can be subject to large fluctuations (both up and down) over relatively short time frames.

6.7 The movement of the Council's two CCLA pooled funds is as follows:

Table 4 – Pooled Funds in 2020/21				
	Original Investment £	Value 31 March 2020 £	Value 31 March 2021 £	Average Return %
CCLA Property Fund	2,000,000	2,322,121	2,305,553	4.18
CCLA Diversified Income Fund	2,000,000	1,833,032	1,987,139	3.39

The differences between the Original Sums invested and the Values at 31 March 2020 are held on the Council's Balance Sheet in the Pooled Investments Adjustment Account.

6.8 The Council's Treasury Management Strategy sets out a lower rate of interest for the Housing Revenue Account based on the risk free nature of the account. This lower rate is achieved by deducting the credit risk margin from the actual rate achieved by the Council. The resulting interest rate applicable to the HRA during 2020/21 was 0.10%.

7. Investment Outturn for 2020/21

7.1 The Council's investment policy is governed by MHCLG investment guidance and is reflected in the Annual Investment Strategy approved by the Council each year. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

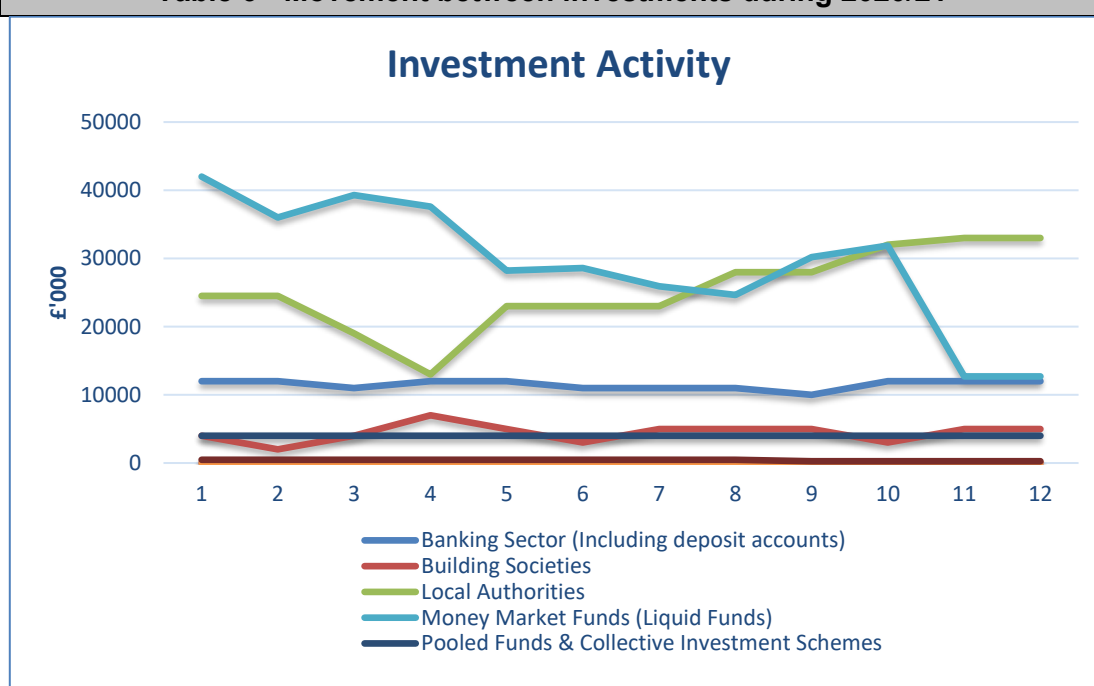
7.2 Investments of £66.696 million were held by the Council at 31 March 2021 which was lower than forecast due to officers using spare cashflows to pay for capital schemes rather than resorting to borrowing. Investment turnover in 2020/21 has been principally driven by the availability of counterparties that meet the criteria set out in the Annual Investment Strategy. Table 5 summarises investment activity during the course of the year, split between the sectors of the counterparties with which the funds were invested.

Table 5 - Investment activity in 2020/21

	Opening Balance	New Investments	Investments Recalled	Closing Balance
	£000	£000	£000	£000
Specified Investments				
Banking sector	15,500	7,000	10,500	12,000
Building societies	5,000	13,000	13,000	5,000
Local Authorities	24,000	46,500	37,500	33,000
Money Market Funds	30,600	140,695	158,805	12,490
Unspecified Investments				
Pooled Funds & Collective Investment Schemes	4,000	0	0	4,000
Funding Circle	461	11	266	206
	79,561	207,206	220,071	66,696

7.3 The monthly movement in balances between these categories is set out in Table 6 below and reflects the available counterparties and investment rates at that time.

Table 6 - Movement between investments during 2020/21



7.4 A full list of investments held at 31 March 2021 is set out in Appendix 'F' attached.

7.5 The Council's cash balances comprise revenue and capital resources and cash flow monies (creditors etc). Interest earned on these balances is derived from in-house investments. The table below shows gross investment income achieved in 2020/21 alongside the interest paid on borrowings:

Table 7 – Net investment income / Debt interest 2020/21

	Original Estimate	Revised Estimate	Outturn
	£'000	£'000	£'000
Investment income earned	364	216	228
Dividend income earned	190	87	179
Interest on loans to RBC companies	1,571	1,489	1,461
Gross investment income	2,125	1,792	1,868

Management expenses	(100)	(100)	(18)
Interest paid on deposits and other balances	(2)	(2)	(1)
Debt interest	(17,892)	(16,169)	(15,575)
Net Investment Income / (Debt interest)	(15,869)	(14,479)	(13,726)

This is broken down between services as follows:

General Fund	(12,624)	(11,098)	(10,334)
Housing Revenue Account	(3,245)	(3,381)	(3,392)
Net Investment Income / (Debt interest)	(15,869)	(14,479)	(13,726)

7.6 Aside from the parameters set in the Annual Investment Strategy, the main factors that determine the amount of investment income are the level of interest rates, cash flow and the level of reserves and balances. The impact of capital cash flows – receipts from sales and timing of capital projects – also has a significant impact on cash flows.

7.7 The variances between the estimate, revised estimate and outturn in the table above mainly stem from the Council receiving approximately £27m of Covid related money to passport onto businesses throughout the year, and the management decision to run down investment income due to minimal investment rates rather than borrow to fund the Magna Square regeneration scheme in Egham.

8. Legal Implications

8.1 The powers for a local authority to borrow and invest are governed by the Local Government Act 2003 and associated Regulations. A local authority may borrow or invest for any purpose relevant to its functions, under any enactment, or for the purpose of the prudent management of its financial affairs. The Regulations also specify that authorities should have regard to the CIPFA Treasury Management Code, the Department for Communities and Local Government (DCLG) Investments Guidance and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out their treasury management functions.

9. Council Policy

9.1 This is set out in the Treasury Management Policy Statement, the Annual Investment Strategy, and associated Practices and Schedules.

9.2 The Council's treasury management policy statement states:

“The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.”

9.3 It is the security of investments that has always been the main emphasis of our treasury strategy. In balancing risk against return, Officers continue to place emphasis on the control of risk over yield.

10. Conclusions

10.1 The financial year continued the challenging investment environment of previous years, with the continued uncertainty over the coronavirus pandemic and Brexit as well as global market uncertainty generally, having adverse effects on the markets. Despite this, by tapping into

medium term investments with Local Authorities, the Council has managed to achieve above average returns for the year.

- 10.2 The management of counterparty risk remains our primary treasury management priority. The criteria in the Annual Investment Strategy are continuously reviewed to minimise risk as far as reasonably possible whilst retaining the ability to invest with secure institutions. Hopefully, liquidity and confidence will return to money markets and investor confidence in general. When this happens, it is expected that our investment portfolio will start to again follow an approach that recognises all types of investment risk in a holistic way as set out in our treasury management strategy.

(For information)

Background Papers

None stated

Treasury Indicators 2020/21

Capital Expenditure – This prudential indicator is a summary of the Council's capital expenditure plans, and financing requirements which have been updated in line with the phased borrowing requirements of the new property investment plans. Any shortfall of resources results in a funding borrowing need.

Capital Expenditure	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Revised £000s	2020/21 Actual £000s
HRA	3,517	9,828	4,280	3,271
General Fund	14,555	37,624	34,341	35,489
Non-Financial Investments				
- Investment Properties	45,342	109,621	8,116	8,143
- Capital Loans	36	996	-	150
Total	63,450	158,069	46,737	47,053
Financed by:				
Capital Receipts	4,301	9,938	5,134	1,799
Earmarked Reserves	799	2,634	4,182	2,847
Capital Grants & Contributions	424	565	571	199
Revenue	3,301	7,862	3,965	3,259
Total	8,825	20,999	13,852	8,104
Net financing need for the year	54,625	137,070	32,885	38,949

The net financing need for non-financial investments included in the above table against expenditure is shown below:

	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Revised £000s	2020/21 Actual £000s
Capital expenditure	45,378	110,617	8,116	8,293
Financing costs met	36	996	-	150
Net financing need for the year	45,342	109,621	8,166	8,143
Percentage of total net financing need	83%	80%	25%	21%

The Council's borrowing need (the Capital Financing Requirement) - The Council's Capital Financing Requirement (CFR), is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Revised £000s	2020/21 Actual £000s
CFR:				
- HRA	101,956	101,956	101,956	101,956
- General Fund	91,695	175,349	100,684	100,684
- Non-Financial Investments	398,825	404,933	441,171	441,171
CFR at 1 April	592,476	682,238	643,811	643,811
Net financing need for the year	54,625	137,070	32,885	38,948

Less MRP/VRP and other financing movements	(3,289)	(4,265)	(3,820)	(3,820)
CFR at 31 March	643,812	815,043	672,876	678,939

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes, however the introduction of International Financial Reporting Standard 16: Leases during 2022/23 will change that as assets embedded into contracts are brought on to the Council's balance sheet as finance leases.

Current Portfolio Position - The Council's treasury portfolio position is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Revised £000s	2020/21 Actual £000s
External Debt at 1 April	-	665,083	632,574	-
Expected change in Debt	-	136,069	27,857	-
Actual gross debt at 31 March	632,574	801,152	660,431	627,609
Capital Financing Requirement	643,812	815,043	672,876	678,939
Under / (over) borrowing	11,238	13,891	12,445	51,330

The under borrowed position is due to internal borrowing. This is temporary funding of capital expenditure using positive cash flows and internal balances. A small part of this difference (£254,000) represents the value of balances held on behalf of local trusts (e.g. Cabrera Recreation Ground Trust, Runnymede Pleasure Ground Trust etc). This gives the Trusts certainty of income and quick access if needed.

Within the above figures, the level of debt relating to non-financial investments is:

	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Revised £000s	2020/21 Actual £000s
Debt at 1 April	441,171	665,083	665,083	632,574
Percentage of total external debt	70%	61%	61%	70%

The Operational Boundary – This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt. **The authorised limit for external borrowing.** – A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

	2020/21 £000s
Operational Boundary	840,898
Authorised Limit	880,998
Actual Borrowings	627,609

This limit includes a “cushion” to allow for the non repayment of any borrowing at the required time and headroom for rescheduling of debts (i.e. borrowing new money in advance of repayment of existing). This was not required during the year.

Interest Rate exposure - The upper limits on variable interest rate exposure indicator is set to control the Council’s net exposure (taking borrowings and investments together) to interest rate risk. Its intention is to ensure that the Council is not exposed to interest rate rises which could adversely impact the revenue budget.

	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Revised £000s	2020/21 Actual £000s
Upper limits on fixed interest rates based on net debt	598,792	827,648	801,152	573,250
Upper limits on variable interest rates based on net debt	0	0	0	0

The Upper Limit on fixed interest rates is calculated using the maximum allowed debt (The Authorised Borrowing Limit/Actual borrowing) less Fixed Term investments.

As the Council does not borrow at variable rates of interest, the Upper limits on variable interest rates are zero.

Investment Treasury Indicator and Limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

	2019/20 Actual £000s	2020/21 Estimate £000s	2020/21 Revised £000s	2020/21 Actual £000s
Upper limits on Principal sums invested for over 364 days	0	3,000	1,000	0

There were no investments made for a period of greater than 364 days at the 31 March 2021.

Maturity structure of fixed interest rate borrowing (Upper Limit)

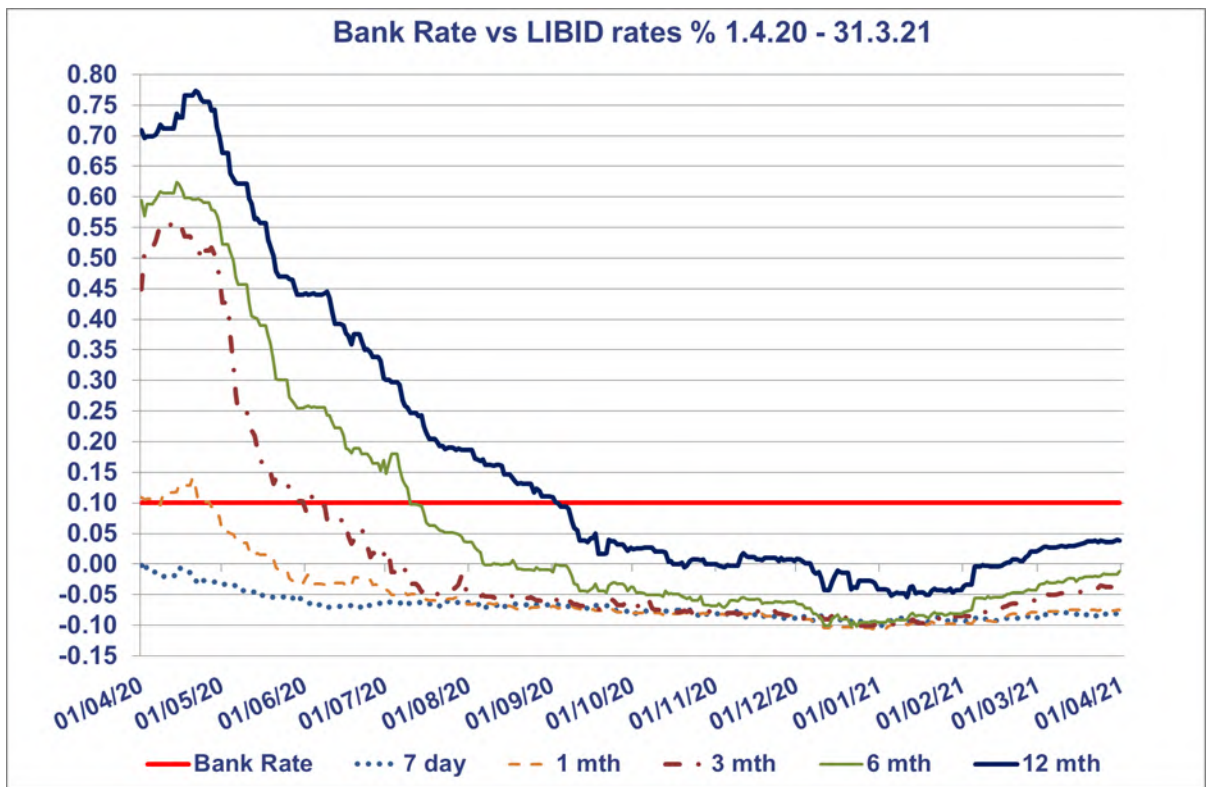
	2019/20 Actual %	2020/21 Estimate %	2020/21 Revised %	2020/21 Actual %
Under 12 months	0	25	25	7
12 months to 2 years	1	25	25	1
2 years to 5 years	9	25	25	5
5 years to 10 years	8	50	50	9
10 years to 20 years	13	100	100	10
20 years to 30 years	7	100	100	6
30 years to 40 years	0	100	100	0
40 years to 50 years	62	100	100	63

As the Council does not borrow at variable rates of interest, the upper limit on this type of debt will always be nil, therefore no table has been produced for variable interest rate borrowing.

Borrowings as at 31 March 2021

	Principal Sum £'000	Original Term (Years)	Annual Interest £	MATURITY	%
Housing Revenue Account					
PWLB - 500502 (part)	1,956	10	46,944	28 Mar 2022	2.40%
PWLB - 500495	10,000	15	301,000	28 Mar 2027	3.01%
PWLB - 500498	10,000	20	332,000	29 Mar 2032	3.32%
PWLB - 500500	10,000	20	332,000	29 Mar 2032	3.32%
PWLB - 500501	10,000	20	332,000	29 Mar 2032	3.32%
PWLB - 500493	10,000	25	344,000	27 Mar 2037	3.44%
PWLB - 500496	10,000	25	344,000	27 Mar 2037	3.44%
PWLB - 500503	10,000	25	344,000	27 Mar 2037	3.44%
PWLB - 500494	10,000	30	350,000	28 Mar 2042	3.50%
PWLB - 500497	10,000	30	350,000	28 Mar 2042	3.50%
PWLB - 500499	10,000	30	350,000	28 Mar 2042	3.50%
	101,956		3,425,944	Average Rate:	3.36%
General Fund					
PWLB - 507406	40,000	3	672,000	02 May 2021	1.68%
PWLB - 500502 (part) - Appropriated from HRA	1,336	10	32,064	28 Mar 2022	2.40%
London Borough of Barking & Dagenham	5,000	3	90,000	20 Dec 2022	1.80%
PWLB - 507919	10,000	5	195,000	17 Oct 2023	1.95%
PWLB - 507920	10,000	6	205,000	17 Oct 2024	2.05%
PWLB - 504312	10,000	10	256,000	17 Aug 2025	2.56%
PWLB - 506855	10,000	10	219,000	23 Jan 2028	2.19%
PWLB - 505012	4,000	12	86,400	08 Jun 2028	2.16%
PWLB - 507919	6,000	9	150,000	22 Dec 2028	2.50%
PWLB - 504520	15,000	15	414,000	04 Dec 2030	2.76%
PWLB - 176998	10,000	11	226,000	30 Mar 2031	2.26%
PWLB - 505233	10,000	30	244,000	12 Jul 2046	2.44%
PWLB - 505335	20,000	45	376,000	01 Sep 2061	1.88%
PWLB - 508328	10,000	43	247,000	31 Dec 2061	2.47%
PWLB - 508377	10,000	43	249,000	18 Jan 2062	2.49%
PWLB - 505968	15,000	45	351,000	04 Apr 2062	2.34%
PWLB - 505969	15,000	45	351,000	04 Apr 2062	2.34%
PWLB - 505972	20,000	46	470,000	05 Apr 2063	2.35%
PWLB - 505433	10,000	47	207,000	29 Sep 2063	2.07%
PWLB - 508192	10,000	45	243,000	12 Dec 2063	2.43%
PWLB - 508226	10,000	45	239,000	13 Dec 2063	2.39%
PWLB - 505434	14,000	48	289,800	29 Sep 2064	2.07%
PWLB - 505668	20,000	48	514,000	20 Jan 2065	2.57%
PWLB - 507420	40,000	47	980,000	29 May 2065	2.45%
PWLB - 507145	10,000	48	228,000	27 Mar 2066	2.28%
PWLB - 507416	40,000	48	984,000	25 May 2066	2.46%
PWLB - 505611	20,000	50	524,000	16 Dec 2066	2.62%
PWLB - 506991	10,000	50	240,000	05 Mar 2067	2.40%
PWLB - 507425	20,000	49	480,000	30 May 2067	2.40%
PWLB - 506125	10,000	50	230,000	12 Jun 2067	2.30%
PWLB - 506887	15,000	50	367,500	08 Feb 2068	2.45%
PWLB - 506888	15,000	50	367,500	08 Feb 2068	2.45%
PWLB - 507407	20,000	50	490,000	23 May 2068	2.45%
PWLB - 177081	40,000	50	932,000	30 Mar 2070	2.33%
	525,336		12,149,264	Average Rate:	2.31%
Total Borrowings	627,292		15,575,208	Annual Interest	
Advance Loan Deal (Refinancing existing loan)					
Phonenix Life Limited	£'000	(Years)		MATURITY	%
	40,000	40	Annuity Basis	02 May 2061	2.88%

APPENDIX 'E'



Investments as at 31 March 2021					
	<u>£'000</u>		<u>ORIGINAL</u>		
			<u>TERM</u>	<u>MATURITY</u>	<u>%</u>
<u>Banks</u>					
<u>Access Accounts</u>					
Santander Business Reserve Account	4,000		**** 95 Day Notice A/C ****		0.400
Lloyds Bank PLC	4,000		**** 95 Day Notice A/C ****		0.050
<u>Term Deposits</u>					
DBS Bank	1,000		3 mth	20 Apr 2021	0.040
Landesbank Hessen Thuringen Girozentrale - London	1,000		3 mth	15 Apr 2021	0.040
<u>Certificates of Deposit</u>					
Nat West Bank	2,000		1 yr	02 Jul 2021	0.380
Total Banks	12,000	18%			
<u>Building Societies</u>					
Leeds BS	3,000		3 mth	12 Apr 2021	0.025
Nationwide BS	2,000		3 mth	07 May 2021	0.020
Total Building Society	5,000	7%	(50% Limit)		
<u>Local Authorities</u>					
Birmingham City Council	5,000		6 mth	19 May 2021	0.150
Blackpool Council	2,000		5mth	28 Jun 2021	0.050
Cheshire East Council	3,000		3 mth	24 May 2021	0.150
Fife Council	3,000		6 mth	15 Jul 2021	0.050
Liverpool City Council	5,000		10 mth	03 Jun 2021	0.480
Nottinghamshire Office of Police & Crime Commission	2,000		5mth	09 Jul 2021	0.060
Plymouth City Council	5,000		9 mth	28 Jun 2021	0.200
Slough Borough Council	5,000		9mth	28 May 2021	0.300
South Somerset Council	3,000		10mth	20 Aug 2021	0.230
Total Local Authorities	33,000	49%			
<u>Money Market Funds</u>					
Aberdeen Liquidity Sterling Fund	10,000		***** On Call *****		Variable
Aviva Investors Sterling Liquidity Fund - Class 3	490		***** On Call *****		Variable
CCLA - Public Sector Deposit Fund	2,000		***** On Call *****		Variable
Total Money Market Funds	12,490	19%			
<u>Pooled Funds & Collective Investment Schemes</u>					
CCLA Property Fund	2,000		**** 3 mth settlement ****		Variable
CCLA Diversified Income Fund	2,000		**** 3 mth settlement ****		Variable
Total Pooled Funds	4,000	6%			
<u>Funding Circle</u>					
Lending to small and medium sized companies	206		**** up to 5 years ****		Variable
Total Other Investments	206	0%	(with the ability to sell loans)		
Total Investments	66,696				

8. **BUDGET MONITORING REPORT – APRIL 2021 TO JUNE 2021
(FINANCIAL SERVICES – PAUL FRENCH)**

Synopsis of report:

To report the latest financial projections for the 2021/22 financial year for General Fund, Housing Revenue Account and Capital Programme.

Recommendation:

For information

1 **Context and background of report**

- 1.1 The Medium-Term Financial Strategy (MTFS), the Capital Programme and the detailed General Fund budgets for 2021/22 were approved by the Corporate Management Committee on 21 January 2021 and subsequently by Full Council on 9 February 2021.
- 1.2 The detailed HRA budget for 2021/22 was approved by the Housing Committee on 6 January 2021 and subsequently by Full Council in February 2021.
- 1.3 Starting in July, all budget managers are provided with a monthly budgetary control statement showing total budget, profiled budget and spend to date (including commitments). A full salary listing is also provided on an ad-hoc basis to chief officers. Budget managers are expected to work with the accountancy team to report any variations and projected spend to 31 March. Due to the effects of the Coronavirus Pandemic and the need to report regularly to central Government on predicted income losses, the budget management regime was started earlier than usual.
- 1.4 Budget managers should constantly monitor their budgets and are accountable for their budget and service performance. The projected outturns shown in this report are managers' best estimates as at 30 June 2021.

2 **General Fund Revenue Budget**

- 2.1 The Council began the year with General Fund balances of £15m. This was an increase of £7m over that predicted during the peak of the Covid19 emergency due to increased government grants, better than predicted commercial income and the measures implemented following the Extraordinary Council meeting held on 28 September 2020 including:
 - A continued recruitment freeze
 - A freeze on non-essential expenditure
 - Removal of uncommitted growth from the existing budget
 - Produce plans to reduce the base budget by £2 million
- 2.2 The detailed General Fund budget for 2021/22 was approved in February 2021 along with the MTFS. Since then various changes have occurred and a summary of the current projected use of balances for the General Fund (in the Budget Book format) setting out these changes is set out at Appendix 'G' and is explored in more detail in the following paragraphs.
- 2.3 The original MTFS set a £2m savings target over two years with £0.5m included as a target for 2021/22. Due to the increased working balance at the start of the year, the achievement of these savings can now be programmed in over a longer period – although they still need to be made to balance future budgets.

- 2.4 The General Fund Summary set out in Appendix 'G' sets out the net expenditure for each service area against the forecast outturn as at 30 June 2021. The forecast outturn is made up of the original budget amended for any anticipated changes. A summary of the more significant changes (over £5,000) at the Net Expenditure on Services level is set out in Appendix 'H'.
- 2.5 At the present time none of the savings from the recently approved Voluntary Redundancy (VR) scheme have been recorded in these figures as negotiations are ongoing with staff as to leaving dates etc. Once these have been firmed up in the next month and as Corporate Heads start returning their budget submissions for 2022-23 these will be fed into an updated MTFS to be submitted to the Committee by December.
- 2.6 As reported to the June meeting of this Committee, it is anticipated that the VR scheme will create net revenue savings of £0.5m in a full year with one-off termination costs of approximately £1.3m being capitalised.

Commercial Income

- 2.7 By far the biggest income generator for the Council is our rental income from commercial property. In the 2020/21 financial year the Council invoiced £29.1m in rent to various businesses ending the year with arrears of only £1.3m (having previously written off £0.7m during the year). This fell far short of the £4m provision for bad debts predicted at the start of 2021 as businesses struggled with the third national lockdown.
- 2.8 Despite this achievement, there is still a need to be wary in regard to the long-term ramifications of Covid on the business sector. The effect on businesses as the furlough scheme ends, the future demand for office space and the ability to relet properties at current rental levels are all currently unknown. For this reason, the budget assumes a 5% bad debt provision in the current year (£2.7m) and a 3.5% provision for lower rent levels/delays to reletting vacant properties (£1.0m).

General Fund Reserves & Balances

- 2.9 The following table sets out the predicted movement in General Fund reserves for the next 4 years if no savings are made to the base budget. The General Fund Working Balance line shows that there is an underlying deficit of approximately £2.5m which is not sustainable. This is why the Council has set itself a £2m savings target, starting with the VR scheme and restructuring plans currently being implemented.

ESTIMATE July 21 (Excluding savings targets)	Balance at 31 March 2021	Movement in 2021/22	Balance at 31 March 2022	Movement in 2022/23	Balance at 31 March 2023	Movement in 2023/24	Balance at 31 March 2024	Movement in 2024/25	Balance at 31 March 2025
	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund Working Balance	15,188	-2,968	12,220	-2,940	9,280	-2,656	6,624	-2,450	4,174
Business Rates (NNDR) equalisation reserve	10,880	-4,000	6,880	-4,000	2,880	-2,880	0	0	0
Englefield Green Maintenance	237	0	237	0	237	0	237	0	237
Equipment repairs and renewals reserve	889	-651	238	22	260	316	575	-237	339
Infrastructure Feasibility Reserve	222	-170	52	0	52	0	52	0	52
Insurance Reserve	106	0	106	0	106	0	106	0	106
Investment Property income equalisation reserve *	3,750	0	3,750	0	3,750	0	3,750	0	3,750
Property repairs and renewals reserve	1,945	-1,700	245	0	245	0	245	0	245
Total	33,217	-9,488	23,729	-6,919	16,810	-5,221	11,589	-2,686	8,903
* NB: 2027 Potentially need £7m+ to cover for rent free lease periods									

- 2.10 In total the General Fund assets total close to £1bn. A reserve for repairs and maintenance and income variations of £4m is not adequate for a General Fund asset base close to £1billion – commercial assets, community assets, the civic centre etc. and needs to be increased. However, this cannot be done when there is a substantial ongoing annual General Fund deficit.

2.11 The Equipment repairs and renewals fund is also at a low level while the Council has significant commitments to replace community transport vehicles, refuse collection vehicles etc.

3. **Housing Revenue Account (HRA)**

3.1 The detailed HRA budget for 2021/22 was approved in February 2021. Since then, various changes have occurred and an updated HRA summary (in the Budget Book format) setting out these changes is set out at Appendix 'I'. This summary sets out the net expenditure for each service area against the forecast outturn as at 30 June 2021. The forecast outturn is made up of the original budget amended for any anticipated changes. A summary of the more significant changes (over £5,000) at the Surplus in year level is set out in Appendix 'J'.

3.2 The HRA usually funds (70%) of the costs of new housing property acquisitions, and new build costs and these are funded from the HRA working balances. At the current time it is assumed that all schemes are on budget.

3.3 The HRA surplus for the year shown in Appendix 'I' is expected to drop by £184,000 from £4.320m to £4.136m. In addition to this it is currently estimated that there will be around £4.423m of balances in the Housing Major Repairs Reserve on 31 March 2022.

4. **Capital Expenditure and Receipts**

Capital expenditure

4.1 The Capital Strategy and detailed Capital budget for 2020/21 was approved in February 2021. It is important to remember that the timing of capital expenditure can sometimes be difficult to predict and can be spread over several financial years.

4.2 Exempt Appendix '3' at pages 100 to 102 of the Confidential Part II agenda for this meeting (exempt under paragraph 3 of Schedule 12A to Part 1 of the Local Government Act 1972 and circulated only to Council Members) summarises the latest capital programme to the end of June 2021 updated for predicted movements in payment profiles and forecast under/overspends on the schemes as a whole. Included in the 2021/22 figures are:

- £3m of budgets that have been carried forward from 2020/21 where schemes and/or payments were delayed.
- £25m for the HRA New Build Programme (approved by the Housing Committee as part of the HRA Business Plan in March 2021)
- A new sum for the Addlestone One refurbishment works (CMC – July 2021)
- Provisions for:
 - ANPR Car parking Programme
 - Restructuring and Transformation costs
 - Addlestone One Internet upgrade
 - Parking Services system
- Reprofiting of the provision for Digital Transformation and Runnymede Pleasure Ground schemes

Capital receipts

4.3 The Council started the year with £6.8m in available capital receipts which can be used to fund future acquisition of assets. However, £4.0m of these receipts have been generated from the sale of dwellings under right-to-buy legislation or sales of land and legislation requires this is set aside for specific purposes. In Runnymede's case this is principally:

- Future funding of new affordable housing
- Repayment of housing debt over the next 30 years

4.4 The table on the next page sets out the anticipated usable (non set-aside) capital receipts position as at the 31 March 2021 based on the current forecast outturn in capital spend and receipts:

	Original Estimate £'000	Latest Prediction £'000	
Usable receipts in hand	7,773	3,579	
New Receipts:			
DIYSO Sales	300	200	
Addlestone One	3,065	256	
Loan Repayments	23	13	
Barbara Clark House	1,000	1,825	
Egham Gateway – Sale to RBCI	14,431	12,645	Revised figures
Less used to Finance Capital	(18,406)	(18,412)	
Usable receipts at year end	8,186	106	

- 4.5 The above table shows that the Council is uncomfortably close to not having enough usable receipts in hand to be able to fund its capital spend in the current year. Natural slippage in this year's Capital Programme at the year-end should alleviate this problem, however the ongoing issues will prevail unless property sales in the Addlestone and Egham regeneration schemes do not materialise in early 2022/23. Officers are monitoring this situation closely.

5 Legal Implications

- 5.1 Section 28 of the Local Government Act 2003 requires authorities to monitor their income and expenditure against their budget and be ready to take action if overspends or shortfalls in income emerge. If monitoring establishes that the budgetary situation has deteriorated, authorities are required to take such action as they consider necessary. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or the authority might decide to take no action but to finance the shortfall from reserves.

6 Conclusion

- 6.1 Assuming the predictions for the forecast outturn shown in Appendix 'G' materialise at the year end, this will reduce the General Fund working balance by £2.968m taking it from £15.188m at the start of the year to £12.220m at 31 March 2021. The HRA surplus for the year shown in Appendix 'I' is expected to drop by £184,000 from £4.320m to £4.136m.
- 6.2 The financing of the Capital Programme remains heavily reliant on income from the sale of development properties. Should sales activity not be forthcoming over the next year, it may be necessary to further delay some capital schemes.
- 6.3 The basic problems now facing the General Fund budgets have the following two major causes:
- (i) The budget was to be balanced by investing £100m in commercial assets to generate a net income of £2.5m which would increase over time and debt charges would be fixed. This would provide for Members' growth aspirations and contribute to the earmarked reserves to fund short life capital assets. The Covid 19 pandemic halted that strategy
 - (ii) Government have now prohibited commercial investment using PWLB borrowing. If other sources of borrowing are used there is a potential risk the PWLB will not lend to this Council in the future.
- 6.4 The budget for this year assumed reductions in income from car parks etc. However, in December 2020 to February 2021 when the budget was set, it was generally assumed the lockdowns would end Spring 2021 and the economy would recover. That now appears to be

too optimistic. Appendix 'H' shows a further fall of £641,000 over and above the planned income reductions. In total Appendix 'H' shows a reduction in the working balance of £1.6 million.

- 6.5 There are a number of projects carry forwards shown at Appendix 'H' and budgets not yet committed contractually, such as school transport provision which Members could re-visit to reduce spending.
- 6.6 In a similar way capital receipts are almost fully depleted and Members may wish to defer some projects.
- 6.7 Council policy is only to borrow when the debt charges can be funded by an increased revenue stream – a necessarily prudent approach. The only two large projects which could conceivably be loan funded are the Thames flooding and A320 project. Borrowing £7m would increase interest charges, at 1.5% fixed for 50 years, by £105,000 plus MRP set aside to repay £7m. However, there would be no additional income to offset this which would place even greater risk on the General Fund balance.

(For information)

Background Papers

None stated

General Fund Financial Monitoring Statement June 2021

Service Area	Original Budget £000	Forecast Outturn £000	Variance £000
Housing Committee	2,050	2,058	8
Community Services Committee	5,507	5,447	(60)
Environment & Sustainability Committee	4,067	4,373	306
Licensing Committee	31	31	0
Regulatory Committee	98	98	0
Planning Committee	1,645	1,803	158
Corporate and Business Services	(15,712)	(15,028)	684
Efficiencies & Revenue Reductions	(500)	0	500
Net expenditure/(surplus) on services	(2,814)	(1,218)	1,596
Accounting and other adjustments:			
Reversal of depreciation charges	(2,737)	(2,737)	0
Cost of capital charge to HRA	(43)	(43)	0
Transfer to/(from) reserves:			
Business Rates Equalisation Reserve	(3,880)	(4,000)	(120)
Equipment Repairs and renewals reserve	750	750	0
Property repairs and renewals reserve	500	500	0
Investment property income equalisation reserve	0	0	0
Financing and investment income			
Investment income - General	(209)	(209)	0
Dividends and Loan interest	(1,477)	(1,477)	0
Capital financing costs	15,097	13,579	(1,518)
Minimum Revenue Provision	3,973	4,526	553
Taxation and Non-specific grant income:			
Council Tax	(5,832)	(5,832)	0
Business rates retention	1,144	944	(200)
New Homes Bonus	(599)	(599)	0
Lower Teir Services Grant	(800)	(800)	0
Other Grants - COVID-19: emergency funding	0	(416)	(416)
(Contribution to) / Use of Working Balance	3,073	2,968	(105)

General Fund Working Balance:		
Assumed GF Working Balance at 1 April	5,489	15,188
2020/21 in year movement (from above)	(3,073)	(2,968)
Assumed GF Working Balance at 31 March	2,416	12,220
Note: Minimum Working Balance £3m		

Key:

Original Budget - Approved at Full Council on 11 February 2020

Forecast Outturn - Officer prediction of the year end position based on activity in the year to date

GENERAL FUND - Changes in Net Expenditure on Services as at 30 June 2021
APPENDIX 'H'

() = reduced expend or increased income

P/U = Planned Underspend (budget carried over from previous year)

	Increased Expenditure				Reduced Expend £'000	Increased Income £'000	Reduced Income £'000	Total £'000
	P/U C/fwd £'000	Supp Est £'000	Virement £'000	Other £'000				
Housing Committee								0
Reallocation of Housing IT system costs between GF & HRA				8				8
								0
Community Services Committee								0
<u>Community Services</u>								0
Community Transport - Anticipated savings from delay in restart of School Bus Service					(200)			(200)
Community Services - Admin - Fees	9							9
								0
<u>Community Development</u>								0
Parks General - Casuals	20							20
Parks General - Grounds Specials	15							15
Leisure development - legal Advice re Achieve Lifestyle				2				2
Leisure development - Independent financial review Achieve Lifestyle				10				10
Family support program 21/22 - missed during budget setting process				89				89
Safer Runnymede - contract income - Spelthorne out of hours calls and answering service						(5)		(5)
								0
Environment and Sustainability Committee								0
<u>Environmental and Regulatory Services</u>								0
Air Quality - Budget provision	3							3
Refuse and recycling - sale of bins						(5)		(5)
Green Waste - additional round required for 2 months, increased weight/tonnage of waste				20				20
Refuse - bulky waste project on hold							4	4
Trade Waste Collection - Income							20	20
Trade Waste Collection - disposal costs, price per tonne lower than estimated					(30)			(30)
Surrey Environmental Partnership financial mechanism - fixed payment (net)						(5)		(5)
Street Cleansing - litter and dog fouling fines - contractor not replaced in 2021/22					(40)		60	20
								0
<u>Highways and Transport Services</u>								0
Flood Mitigation - Civil Engineering	8							8
Flood Mitigation - Ground Maintenance	1							1
Car Parks - Chertsey Library, charging suspended until Sept whilst vaccination centre open							40	40
Car Parks - Pay & Display income at other sites lower							200	200
Car Parks - Reduction in non residents permits and season tickets							40	40
Car Parks - PCN income lower than estimated							5	5
Environmental Maintenance - RBC - hanging baskets and troughs cancelled for 21/22					(15)			(15)
								0
Planning Services								0
Padd Farm - Court costs - Enforcement	44							44
Local Plan - Other Professional	2							2

GENERAL FUND - Changes in Net Expenditure on Services as at 30 June 2021

() = reduced expend or increased income

P/U = Planned Underspend (budget carried over from previous year)

	Increased Expenditure				Reduced Expend £'000	Increased Income £'000	Reduced Income £'000	Total £'000
	P/U C/fwd £'000	Supp Est £'000	Virement £'000	Other £'000				
Neighbourhood Planning	21							21
Policy Implementation - Councils Local Plan	25							25
Policy Implementation - Conservation Advice	20							20
Policy Implementation - Neighbourhood Planning	8							8
Policy Implementation - Other Professional	10							10
Building Control - Anticipated reduction in income							7	7
Longcross Garden Village - £100k Grant received in 2020/21 with expenditure in 2021/22				130		(30)		100
Padd Farm - Court costs - Enforcement costs and costs recovered				70		(149)		(79)
								0
Corporate Management Committee								0
<u>Corporate, Democratic and Central Services</u>								0
Corporate Management - Economic development strategy potential income						(6)		(6)
Corporate Management - Fraud increased recharges to HRA						(30)		(30)
Democratic Representation - Independent remuneration panel - every three years				3				3
Register of Electors - IER grant funding						(6)		(6)
Council tax - increased use of Hybrid mail				20				20
Business rates - Business support administration grant						(167)		(167)
Additional Covid19 costs (covered by Grant on GF Summary page)				20				20
								0
<u>Commercial Property & Business Services</u>								0
Pine Trees Viability - Surveyors Fees	45							45
Land & Prop Portfolio - Surveyors Fees	125							125
Magna Sq Landlord costs - Marketing	18							18
Addlestone One - S&W ventilation improvements				6				6
Professional advice				10				10
St Judes - remedial works & compensation for loss of income				28				28
Pine Trees - fit out contribution				37				37
Property Development - Ashdene - abortive costs				282				282
Corporate property income/rents (predominantly Egham Gateway delays)							265	265
								0
<u>Control & Establishment</u>								0
Civic Centre - rent increase						(21)		(21)
Chertsey Depot - Reorganisation professional fees	23							23
Training - Management development	13					(13)		0
Financial services - Accountancy computer developments	2							2
Financial services - Income computer developments	6							6
Financial services - Increase in Internal Audit contract fees				4				4
Digital services - additional IT training costs				10				10
Digital services - Modern.Gov CMC May 2021				11				11
Digital services - Transformation Programme - Increased computer maintenance costs				21				21
Digital services - Comms development				9				9

GENERAL FUND - Changes in Net Expenditure on Services as at 30 June 2021

() = reduced expend or increased income

P/U = Planned Underspend (budget carried over from previous year)

	Increased Expenditure				Reduced Expend £'000	Increased Income £'000	Reduced Income £'000	Total £'000
	P/U C/fwd £'000	Supp Est £'000	Virement £'000	Other £'000				
								0
Efficiencies & Revenue Reductions								0
Variations in Strategic Maintenance Plan as agreed at CMC February 2021					(31)			(31)
Unmet Savings target				500				500
(Note: Voluntary Redundancy savings currently being worked out based on leaving dates)								0
								0
Total changes in net expenditure	418	0	0	1,290	(329)	(424)	641	1,596

	£'000
Original Net Expenditure on Services (as per the 2021/22 Budget Book)	(2,814)
Total changes in net expenditure	1,596
Forecast Net Expenditure on Services	(1,218)

HRA Financial Monitoring Statement June 2021

Service Area	Original Budget	Forecast Outturn	Variance
	£000	£000	£000
Expenditure			
General management	2,016	2,138	(122)
Special services management	872	872	0
Supporting people for Council tenants	145	177	(32)
Mobile home site (Net)	(83)	(83)	0
Housing repairs	6,606	6,606	0
Less funded from major repairs reserve	(2,976)	(2,976)	0
Other HRA Expenditure	481	511	(30)
Debt charges	3,425	3,425	0
Depreciation charges	1,948	1,948	0
	12,434	12,618	(184)
Income			
Rent from dwellings	16,574	16,574	0
Non-dwelling rents and income	180	180	0
Interest on balances	0	0	0
	16,754	16,754	0
Revenue Surplus / (deficit) in the year	4,320	4,136	184

HRA Working Balance:			
Assumed HRA Working Balance at 31/3/21	28,223	29,254	(1,031)
In year movement	4,320	4,136	184
Less Capital Contributions			
Strategic purchases	(910)	(910)	0
New Build programme	(843)	(5,343)	4,500
Further potential schemes (not yet approved)	(1,550)	(1,550)	0
Assumed HRA Balance at 31/3/22	29,240	25,587	3,653

Key:

Original Budget - Approved at Full Council on 9 February 2021

Forecast Outturn - Officer prediction of the year end position based on activity in the year to date

HRA - Changes in Revenue Account Working Balance as at 30 June 2021

() = reduced expend or increased income

APPENDIX 'J'

	Increased Expenditure				Reduced Expend £'000	Increased Income £'000	Reduced Income £'000	Total £'000
	P/U B/fwd £'000	Supp Est £'000	Virement £'000	Other £'000				
Revenue Expenditure & Income								
Management General - Increased staffing (Hsg Ctte - March 2021)		85						85
Reallocation of Housing IT system costs between GF & HRA (contra G Fund Housing)				(8)				(8)
Increased Housing insurance premiums wef July 2021 - (perceived flood risk)				45				45
Reallocation of Corporate Fraud costs wef 10/21 (CMC July 2021)				30				30
								0
Special Management - Community Alarm charges for 2021/22 cancelled							32	32
								0
								0
								0
Total changes in net expenditure	0	85	0	67	0	0	32	184

Original surplus in year (as per the 2021/22 Budget Book)

Total changes in net expenditure

Forecast Net Expenditure on Services

£'000
(4,320)
184
(4,136)

	Increased Expenditure				Reduced Expend £'000	Increased Income £'000	Reduced Income £'000	Total £'000
	P/U B/fwd £'000	Supp Est £'000	Virement £'000	Other £'000				
Changes in Capital Programme -								0
Land acquisition in Chertsey (Hsg Ctte - April 2021)		4,500						4,500
								0
								0
Total changes in capital expenditure funded from working balance	0	4,500	0	0	0	0	0	4,500

9. **UPGRADE OF HOUSING IT SYSTEM
(HOUSING – ANDY VINCENT)**

To follow.

10. **URGENT ACTION – STANDING ORDER 42
(LAW AND GOVERNANCE – JOHN GURMIN)**

A copy of proforma 982 detailing action taken after consultation with the Chairman and Vice – Chairman of this Committee and the Chairman and Vice-Chairman of the Housing Committee is attached at Appendix 'K'. Approval by email has been given by the Chairman of the Housing Committee to this Urgent Action and a copy of the signed and dated proforma will be forwarded to officers when physically possible.

(For information)

Background Papers

Email from Chairman of the Housing Committee approving Urgent Action Standing Order 42 982

RUNNYMEDE BOROUGH COUNCIL**CONSULTATION WITH APPROPRIATE CHAIRMAN AND VICE- CHAIRMAN FOR URGENT ACTION TO BE TAKEN UNDER STANDING ORDER 42**

TO: Councillors N Prescott, T Gracey, J Gracey and J Hulley
Chairman and Vice- Chairman of the Corporate Management and Housing
Committees

FROM: Dr Marcel Steward

OFFICER REFERENCE: Afghan LES

DATE: 18 August 2021

1. Synopsis of report:

Members are aware of the current humanitarian catastrophe which is rapidly unfolding in Afghanistan.

The Government has invited all Local Authorities to support and welcome Afghan Locally Employed Staff (LES) who have worked for the UK and risked their lives alongside British Forces in the Afghanistan over the last twenty years and are now relocating to the UK with their families.

T.G.
LES and members of their families are at high-risk injury or death.

In deciding whether to take part, the Council must consider the resources being made available by Government and the potential impact on the Council and residents

2. Reasons why this matter cannot wait for a Committee Decision.
(Please state if agreement of Chairman and Vice-Chairman required within 24 hours, and why)

The humanitarian crisis in Afghanistan is escalating rapidly. Circa 3, 000 Afghan Nationals including families have already been brought to the UK where they are currently being accommodated in hotels pending settlement in the regions. More are expected to follow imminently.

The Home Office has made an urgent appeal to all Local Authorities to provide the help and assistance required as a matter of urgency. Meetings of the two Committees will not take place until September and the Government is seeking assistance immediately.

3. Recommendation(s)

i) Approval is given for Runnymede Borough Council to take part in the scheme by offering settlement to three families of up to five / six people per family.

ii) Approval of the required support including and additional to housing needs. It is expected that this will be coordinated via the Family Support Scheme in combination with Housing and Community Services

iii) A full report on the Scheme and Runnymede's response will be brought to Corporate Management and Housing Committees *in September.*

T.G.

4. Context of report

- Runnymede has precedent for offering humanitarian assistance. On 07 January 2016, Corporate Management Committee approved the settlement of ten Syrian households
- The Government Scheme to support Afghan LES relocating to the UK is similar to the Syrian Scheme
- LES and their families, who choose to relocate to the UK, are not expected to return to Afghanistan. After completing five years limited leave, they can apply for permanent residence in the UK ensuring that they can settle here permanently and continue to build their lives and future here
- People coming to the UK under this scheme may arrive either as a whole family unit or with the lead person arriving first and their them later

5. **Summary of the Key Points of the Government Support Package:**

- **Government Funding is available for 12 months**
- **Funding includes an additional payment for English for Speakers of Other Languages (ESOL) for adults**
- **Where families do not travel and another family cannot be matched to the property, void costs can be claimed following the same criteria as with the UK Resettlement Scheme (UKRS)**
- **Exceptional Costs can be claimed, following the criteria of the UKRS**
- **No education tariff or separate payment for health provisions to clinical commissioning groups (i.e., GPs, Dentists, some hospital services, etc.) are included. Treasury's expectation is that Other Government Departments (OGDs) pick up additional costs from existing budgets**
- **Simplified payment structure comprising one tariff rate per person regardless of family size and which includes provision for void cost and set up costs**
- **Payments will be claimed in 3 instalments using the same process as the UKRS**
- **The payment process will be the same for those entering temporary (bridging) accommodation (with local authority support) with the exception that rent payments will not be payable until the individuals have entered their longer-term accommodation**
- **A funding instruction and an updated statement of requirements is expected shortly**

The table below sets out a breakdown of the funding package provided:

Accommodation				
Rent (ends after 4 months or when in receipt of benefit)	£15 per person per day			
Integration				
To provide integration support (includes element for void and set up costs for accommodation)	Per person rate £10,500			
Cash support				
Weekly cash support rates (up to 4 months or when in receipt of benefit)	Single (under 25)	Single (25 or over)	Couples	Child (under 18)
	£59.20	£74.70	£117.40	£37.75
ESOL provision				
£850 per adult (who requires it)				

- The funding package was reached on the expectation that families in this cohort will integrate more quickly than families who arrive under the UKRS and that the most intensive support is provided in the first few months and not for the full 12 months. The funding package is to provide a high level of intensive interventions and support in the 12 months following arrival into a Local Authority area and the commencement of the provision of housing and support to enable self-sufficiency for those relocated under these schemes. Given this intensive provision no funding is being made available for later years
- Unless specifically stated otherwise, the funding will be in respect of the costs of the Recipient (participating Local Authority) in fulfilment of its statutory duties and anything otherwise agreed with the Authority (Sec. of State for the Home Office acting through the Resettlement Operations on behalf of the Crown)
- The Recipient shall be free to determine how best to utilise the funding but for monitoring and evaluation purposes must be able to demonstrate that the funding has been committed in supporting Beneficiaries and furthering the aims of the Schemes
- The instruction under the scheme sets out the terms under which the Authority will make funding available to the Recipient, in respect of expenditure incurred supporting Beneficiaries brought to the UK under the Schemes during period 22 June 2021 to 31 March 2022
- In keeping with established HM Treasury funding policies, the Authority will issue a fresh indication for each financial year for which funding is approved. This will occur whether or not any changes are made
- The Recipient will comply with the transparency, confidentiality, data protection and data sharing requirements under the scheme and UK Data Protection Legislation

- No aspect of activity funded by the Authority may be party-political in intention, use or presentation and may not be used to support or promote religious activity not including activity to promote inter faith relationships and / or working
- Overpayments must be repaid to the Authority
- Payments may also be made to cover additional essential costs incurred by the Recipient subject to prior approval by the Authority e.g., Property Adaptation, Property Void Costs, Support for Children with identified educational needs and Social Care provision
- Unauthorised spends that exceed the maximum stated funding levels will not be reimbursed by the Authority
- In all instances, funding received is to be pooled and managed across all the Beneficiaries supported by the relevant Recipient
- All payments made also cover VAT or other duties paid by the Recipient to the extent that these are not otherwise recoverable
- The Recipient should manage and administer the quality and level of delivery relating to the support it provides to Beneficiaries. At a minimum the Recipient should provide reports detailing progress against the Statement of Outcomes. Detailed costings are not required but the Recipient must be able to provide the costs for individual cases and will, if required, be expected to justify, explain, and evidence costs
- On request, the Recipient shall disclose details of all Staff delivering the Schemes including CV's and / or Job Descriptions
- In regard to Staff, Recipients must consider eligibility for Disclosure and Barring Service (DBS 2) checks
- The Authority accepts no liability to the Recipient or to any third party for any costs, claims, damage, or losses, however incurred, except where they are caused by the Authority's negligence or misconduct.

A full copy of the Home Office document entitled 'Funding Instruction for local authorities in the support of the United Kingdom's Afghan Locally Engaged Staff Ex Gratia and Afghan Relocation and Assistance Schemes; Financial Year 2021 – 2022' is available on request.

6. Policy framework implications

- **Runnymede has precedent for offering humanitarian assistance. On 07 January 2016, Corporate Management Committee approved the settlement of ten Syrian households**
- **It is anticipated that the housing provision will be made via the private rental sector. Therefore, there is no perceived impact on the Council's Housing Allocations Policy**
- **There is no perceived relevance to any other existing policy, conformity, or departure**

7. Financial and Resource implications (where practicable)

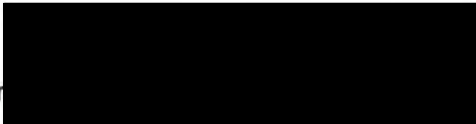


- The costs of housing managing and settling in the families will be met from the initial grant allocation set out in section 5 above. The Council's Homeless Team have the capacity to manage this in-house and as such we will be able to defray some of the staff costs against the scheme. This may include contracting further support if this is found to be necessary as the situation unfolds
- Comments of Assistant Chief Executive

8. Legal implications

The UK Government has made a public commitment to provide assistance to Afghan nationals who worked for the UK in Afghanistan. Assistance is being provided by allowing such nationals leave to enter the UK initially with a view to them obtaining indefinite leave to remain.

Local authorities in the UK are being asked to provide temporary assistance to such Afghan nationals to enable them settle. Funding for the delivery of assistance services is being provided by the Government for a limited period of time. It is expected that due to their language skills such Afghan nationals will settle into the UK relatively easily. *The Council will support integration through*

T.G. dedicated officer support.
Any services and assistance that local authorities provide will be under their existing statutory powers.

9.	Equality implications
	None
10.	Other implications (Environmental/biodiversity/ sustainability must be addressed)
	None
11.	Background papers
	A full copy of the Home Office document entitled 'Funding Instruction for local authorities in the support of the United Kingdom's Afghan Locally Engaged Staff Ex Gratia and Afghan Relocation and Assistance Schemes; Financial Year 2021 – 2022' is available on request.
12.	<u>Chief Officer(s) Decision</u>
	Signature of authorised officer 
	I have been consulted and am in agreement with the above
	Signature(s) and position(s) of other relevant Chief Officer, Corporate Heads or authorised representatives
	
	NB: this <u>must</u> include the Assistant Chief Executive or his authorised representative where the decision involves expenditure, loss of income, or future implications for budget or financial forecast.
13.	<u>Chief Executive's Decision</u>
	Signature of Chief Executive 
	I have been consulted and am in agreement with the above

14. **Chairman and Vice-Chairman Comments Corporate Management Committee**

I concur in the Chief Officer's decision

Signed

Date

Signed

Date



I have the following further comments:

Chairman and Vice-Chairman Comments Housing Committee

I concur in the Chief Officer's decision

Signed

Date

Signed

Date



Four horizontal lines are present to the right of the redacted area, corresponding to the 'Signed' and 'Date' labels for each of the two entries.

I have the following further comments:

Further information may be obtained from Dr Marcel Steward on Ext. 5502

The completed copy is to be returned by the Councillors to the Corporate Head of Law and Governance (John Gurmin) who will send a copy to the Chief Officer and report to the relevant Committee for information.

11. **EXCLUSION OF PRESS AND PUBLIC**

OFFICERS' RECOMMENDATION that –

the press and public be excluded from the meeting during discussion of the following reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.

(To resolve)

PART II

Matters involving Exempt or Confidential information in respect of which reports have not been made available for public inspection

	<u>Exempt Information</u>	<u>Paras</u>
12.	REVIEW OF PARKING SERVICES – SYSTEM REVIEW	3
13.	MAGNA SQUARE (FORMERLY EGHAM GATEWAY WEST) COMMERCIAL LETTINGS	3
14.	URGENT ACTION – STANDING ORDER 42	1 & 3

Confidential Information

(No reports to be considered under this heading)