Runnymede
BOROUGH COUNCIL

1 February 2022

Dear Councillor

Summons to a Meeting of the Full Council

I hereby summon you to attend the meeting of the Full Council to be held on **Thursday, 10 February 2022 at 7.30 pm. The meeting will be held at Addlestone Community Centre, Garfield Road, Addlestone.**

PAUL TURRELL
Chief Executive
01932 425500
Email: paul.turrell@runnymede.gov.uk

A G E N D A

1. **Mayor's Announcements**

2. **Apologies for Absence**

3. **Declarations of Interest**

   If Members have an interest in an item, please record the interest on the form circulated with this Agenda and email it to the Democratic Services Manager by 5pm on the day of the meeting. Members are advised to contact the Corporate Head of Law and Governance prior to the meeting if they wish to seek advice on a potential interest.

   Members are advised that Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with **any arrears of Council Tax which have been outstanding for two months or more** to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

4. **Petitions**

To receive any petitions from Members of the Council under Standing Order No 19.

5. **Questions from Members of the Council under Standing Order 13**

Question from Cllr Mullens to the Leader of the Council:

'The River Thames Scheme, originally proposed as a 3-channel scheme, is now being developed as a 2-channel scheme, as the channel from Datchet to Bell Weir, Egham (Channel 1) that was due to be built to the north of Egham Town ward is no longer included in the design.

My question concerns the potential flood protection the River Thames Scheme might provide for Egham, in particular the difference in this protection under the original 3-channel scheme compared to the current 2-channel scheme.

Could the Leader please tell me
(i) how many properties in Runnymede Borough were flooded in 2013/2014?
(ii) how many properties in Egham Town ward were flooded in 2013/2014?
(iii) how many of these properties, (in Runnymede, and separately in Egham Town), which flooded in 2013/2014, did the Environment Agency's model predict would have been protected from flooding by the original 3-channel scheme, (which included Channel 1), under river conditions similar to those in 2013/2014?
(iv) how many of these properties (in Runnymede, and separately in Egham Town), which flooded in 2013/2014, does the Environment Agency's model predict will be protected from flooding by the current 2-channel scheme (which excludes Channel 1), under river conditions similar to 2013/2014?'

6. **Review and Replacement of Runnymede's Council Tax Discount Scheme for Empty Properties - Recommendation from Corporate Management Committee - 16 December 2021**

The full Agenda report and appendices associated with this recommendation were circulated to all Members with the agenda for the meeting of Corporate Management Committee and are available on the website.

The Committee considered a report advising them of the implications associated with any changes to the Council's current policy on Council tax discount for empty dwellings and the Council tax premium for dwellings that were empty for a long period of time. Local authorities had been given powers to amend the time period for Council Tax discount for empty dwellings (which were defined in the legislation as unoccupied and substantially unfurnished dwellings), and to increase the Council Tax premiums for longer term empty dwellings.

Currently the Council gave a 100% Council Tax discount for empty dwellings for up to 3 months and increased the additional amount payable (or premium) for Council Tax by 50% for dwellings empty for more than 2 years. If it chose to do so, the Council was able to reduce the time period for the 100% discount for empty dwellings from up to 3 months to up to 28 days and to increase the premium for Council Tax for dwellings empty for more than 2 years from 50% to 100%, for dwellings empty for more than 5 years from 50% to 200% and for dwellings empty for more than ten years from 50% to 300%. The Committee noted the consequences which would result from making these changes and considered whether or not to recommend to Full Council that they be made.

At its meeting on 15 July 2021, Full Council had considered a Motion from Councillor D Whyte seeking the support of Full Council to fully enact Empty Dwelling Council Tax premiums from April 2022 to encourage empty dwellings in Runnymede to be brought back into use as legislated by the Government. This Motion had been lost and the Leader of the Council had stated that a report would be submitted to the Corporate Management Committee as part of the Medium-Term Financial Strategy (MTFS). As decisions on these issues were related to Council Tax rather than to the MTFS, the report was submitted to the Committee for it to make a recommendation to the Council Tax setting meeting of Full Council which would be held on 10 February 2022.

The Committee noted the policies of the other Surrey local authorities on this discount and on these premiums. Runnymede was the only Surrey authority that granted a 100% discount for up to 3 months. Most of them had reduced the discount period to 28 days or 1 month. Several Surrey authorities had applied Council Tax premiums of 100%, 200% and 300% to dwellings that had been empty for more than 2, 5 and 10 years respectively.

The estimated potential additional Council Tax raised by reducing the discount period from 3 months to 28 days was £87,662 and Runnymede's share of this sum would be £7,889. The estimated potential empty homes premium raised by increasing premiums at 2, 5 and 10 years by the percentages referred to above would be £317,785 and Runnymede's share of this sum would be £28,600.

Surrey County Council had indicated that it would be willing to reallocate its share of the Council tax premium funding (estimated at approximately £245,000) that would potentially directly result from changes in empty homes premium policies. This reimbursement would be available to fund new or extend existing initiatives and projects that directly supported a County initiative or specific project. However, it was noted that Runnymede would not derive benefit from this offer by Surrey County Council until 2023/24 and that the offer would only last for two years. Surrey County Council would require an audit of the sums that had been collected which would not be available until June/July of 2023.

The Committee noted that the overall potential approximate cost to the Housing Revenue Account of making these changes in respect of vacant properties would be £37,500 and that the potential cost of these changes to the Council in respect of other current vacant properties could be in the region of £93,000.

Properties left empty by deceased persons were exempt from Council Tax until 6 months after probate had been granted. The Committee noted details of numbers of properties in Runnymede paying Council Tax empty for more than 6 months but less than two years and those paying Council Tax that had been empty for more than 2 years. The Committee also noted the equality and environmental/sustainability/biodiversity implications in respect of considering a change to the Council Tax discount period and the Council Tax premium payable for empty properties.

A minority of Members of the Committee considered that given the increasing pressures on housing within the Borough, reducing the time period for the 100% discount and introducing the new premiums would provide a greater incentive for owners of empty properties to bring them back into use in a timely manner which would be a positive development. Additional revenue for Runnymede could also result if these changes were made.

However, a majority of Members of the Committee considered that the Council's policy on the time period for empty dwelling Council Tax discount and on the Council Tax premium for dwellings empty for more than two years should be unchanged for a number of reasons. The potential additional income which would result from these changes was speculative and uncertain. There would be potential costs to the Council in respect of current vacant properties as outlined above. Tracing persons liable for these additional amounts of Council Tax and obtaining summonses and court orders would be difficult and costs would be incurred by the Council's officers in pursuing these matters. It would be possible to avoid paying these extra sums quickly and legally. Making these changes would also have an adverse impact on bereaved families.

Recommend to Full Council on 10 February 2022 that with effect from 1 April 2022 -

i) the Council Tax discount for unoccupied and substantially unfurnished dwellings be retained at 100% for up to 3 months (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012); and

ii) in accordance with Section 11B of the Local Government Finance Act 1992 and Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 the additional amount payable for Council Tax for dwellings that are unoccupied and substantially unfurnished for more than two years be retained at 50%.

7. **Housing Revenue Account Estimates for 2022/23**

The full Agenda report and appendices associated with this recommendation were circulated to all Members with the agenda for the meeting of Housing Committee and are available on the website.

Council is asked to note that the Housing Committee undertook a detailed review of the HRA Estimates 2022/23 at its meeting on 12 January 2022 and the Minute of that review is set out below in italics. Council is therefore asked to make provision as requested in Resolution (i) below in respect of these Estimates.

Minute of Housing Committee 12 January 2022

The Senior Accountant for Housing advised that the current year's revised estimates revealed a difference of some £750k and a slight reduction in the surplus, the primary reason being ongoing repairs to the housing stock.

The revised estimate balance for 31 March 2022 was c£27m, with a further balance of £3m in the Major Repairs Reserve, however there were a number of costs on the horizon, including c£9m in major repairs.

A small repayment to the PWLB would be made in March 2022, which would be coming from capital receipts. Furthermore, it was now envisaged that while the Council would be repaying the PWLB debt to the original timescale, the intention going forward would be to service the original debt, by taking out further replacement loans when the finances required it.

£25m had been earmarked for new builds over the next five years, however approval to release those funds would be sought from this Committee, along with Corporate Management Committee and Full Council.

Current guidance from the government allows providers of Social Housing to increase rents by a maximum of CPI + 1%. Given the high level of Housing repairs required, officers recommended a rent increase of 4.1% with effect from April 2022. This would amount to an average rent increase of £4.50 per week.

However, there was nothing in the estimates to suggest that heating and hot water charges needed to be increased in IRL accommodation, so this would remain unchanged. In response to a Member's query, the potential trajectory had been analysed and officers were confident that an increase was not required. Furthermore, lots of effort was going into making properties more fuel efficient.

Whilst special provision had not been made for inflation, officers were monitoring the current *position, and if needed it would be reflected in the thirty year business plan, which would be coming to the next Housing Committee meeting.*

The Corporate Head of Housing advised that a thorough analysis had taken place of the potential tenants who might be affected by a rent increase. Those on housing benefit or universal credit would not be impacted due to a similar increase in their benefits.

Focus was being placed on those in arrears to try to understand their circumstances. Whilst a small minority in high arrears did not engage with the Council, a large number would potentially be able to benefit from the increase in discretionary housing payments.

The Head of Housing Services & Business Planning added that it was anticipated that 99% of rent was expected to be collected this year, even allowing for the pandemic. The Council had a decent track record in recent years in collecting rent.

Resolved that –

- ***i)*** ***The draft revenue estimates for 2022/23 were approved, and Full Council were requested to make provision accordingly.***
- ***ii)*** ***The Committee granted permission for officers to seek written consent from the Secretary of State to top up the DHP allocation by a sum of £30,000, which may only be used to assist in providing DHP to HRA tenants in need; and***
- ***iii)*** ***The proposed changes in rents and charges (including those for Housing General Fund services) for 2022/23 be approved to be effective either from the first rent week of April 2022, or 1 April 2022 as appropriate.***

8. **2022/23 Treasury Management Strategy, Annual Investment Strategy, Prudential and Treasury Management Indicators and Minimum Revenue Provision Statement - Recommendation from Corporate Management Committee of 20 January 2022**

The full Agenda report and appendices associated with this recommendation were circulated to all Members with the agenda for the meeting of Corporate Management Committee and are available on the website.

The Committee considered a report on the 2022/23 Treasury Management Strategy, Annual Investment Strategy, Prudential and Treasury Management Indicators and Minimum Revenue Provision Statement.

The Treasury Management (TM) Strategy was one of the ways in which the Council managed its financial planning, risk management, and governance processes. The TM Strategy placed controls over where, and in what, the Council could invest and borrow and ensured adequate planning for the cash flow requirements of the capital and revenue plans agreed by Members. The TM Strategy set out the framework each year for the Council's treasury operations and had to cover capital issues and treasury management issues. The Committee agreed to recommend the Council's Treasury Management Strategy as set out in the report and the Annual Investment Strategy at Appendix 'C' to the agenda which maintained the principle of prudent investment with regard to protecting security and liquidity before making returns or yield.

The Council had adopted both the CIPFA Treasury Management and Prudential Codes and new versions of these Codes had been published just before Christmas 2021 and the Committee noted the implications for the Council of those Codes. The key objectives of the Prudential Code were to ensure, within a clear framework, that the capital investment plans of local authorities were affordable, prudent and sustainable; that treasury management decisions were taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal were supported.

The new Prudential Code applied immediately, with the exception of the reporting requirements which did not take effect until the 2023/24 financial year, although early adoption was recommended. Officers had incorporated some of the new requirements in the Council's Capital and Treasury Management Strategies and would look to enhance all future reports with the new reporting requirements once the associated guidance notes had been received.

One area required by the Code that needed addressing was training for Members with responsibility for treasury management. The last Member training on treasury management had been carried out in November 2017. Plans for further training in June 2020 had to be delayed as a result of the pandemic and had been planned to take place in November 2021. However, CIPFA's draft Code amendments proposed a "Treasury Management Knowledge and Skills Framework" for officers and Members, including a learning needs analysis to support it, so this training had been deferred again until later in 2022 in order to ensure that the new requirements were met.

The Council's Treasury advisors had provided a section in the report on the economy and prospects for interest rates. Current projections showed that the Base Rate would climb to 0.75% by the end of the next financial year and the Council's financial plans and MTFS had been based upon these projections. The 2022/23 estimate for investment income and debt interest was noted. There were no proposed changes to the Council's borrowing strategy for next year. In general the Council would borrow for one of two purposes – to finance cash flow in the short term or to fund capital investment over the longer term. It was noted that the large majority of the Council's borrowing was for fixed rates so that it could be sure of its costs and in order to protect itself against any interest rate increases that had not been forecast.

The new Prudential Code stated that an authority must not borrow to invest for the primary purpose of commercial return. In order to gain access to Public Works Loan Board funding, local authority Chief Finance Officers now had to certify that their Council's capital spending plans did not include the acquisition of assets primarily for yield. The Government's current requirement for local authorities holding commercial assets was that local authorities should seek to divest themselves of these assets where appropriate. As a result of responses received to consultations, the Government had moderated its original intention which was to require local authorities to sell commercial assets.

The Committee agreed to recommend the Prudential and Treasury Management Indicators for 2022/23 as set out in Appendix 'D' to the agenda. This included a total authorised limit for external borrowing by the Council in 2022/23 of £720,710,000. These indicators were designed to support and record local decision making. They were not performance indicators and were not comparable between authorities. All of the indicators for next year included a provision for the effects of the introduction of a new Reporting Standard on Leases (IFRS 16). This standard would come into effect on 1 April 2022 and brought all leases onto the Council's Balance Sheet as a debt liability for the first time.

The Council was required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement – CFR) through Minimum Revenue Provision (MRP) which was a charge to revenue in order to have sufficient monies set aside to meet the future repayment of principal on any borrowing undertaken. The Council was required to approve an MRP statement in advance of each year. In November 2021, the Government had begun a consultation exercise on proposed amendments to the MRP regulations to take effect from 1 April 2023. Whilst it was not something that the Council had ever done, there was a sentence in the Council's current MRP Policy which stated that "*Where schemes require interim financing by loan, pending receipt of an alternative source of finance (for example capital receipts) no MRP charge will be applied".* This course of action appeared to be contrary to the amendments which were the subject of the consultation exercise. As it would have no effect on the Council's current operations or plans, therefore the Committee agreed to recommend the MRP Policy for 2022/23 as set out in recommendation iv) below which did not include this sentence.

Recommend to Full Council on 10 February 2022 that -

i) the proposed Treasury Management Strategy as set out in the report encompassing the Annual Investment Strategy, as reported, be approved;

ii) the Prudential and Treasury Management Indicators for 2022/23, as reported, be approved;

ii) the authorised limit for external borrowing by the Council in 2022/23, be set at £720,710,000 (this being the statutory limit determined under Section 3(1) of the Local Government Act 2003); and

iv) the Council's Minimum Revenue Provision (MRP) Statement for 2022/23 be agreed as follows:

The Council will use the asset life method as its main method for calculating MRP.

In normal circumstances, MRP will be set aside from the date of acquisition. However, in relation to capital expenditure on property purchases and/or development, we will start setting aside an MRP provision from the date that th asset becomes operational and/or revenue income is generated.

9. **Capital Strategy and Capital Programme 2022/23 to 2025/26 - Recommendation from Corporate Management Committee of 20 January 2022**

The full Agenda report and appendices associated with this recommendation were circulated to all Members with the agenda for the meeting of Corporate Management Committee and are available on the website.

The Committee considered a report on a proposed Capital Strategy and General Fund Capital Programme 2022/23 to 2025/26.

The CIPFA Prudential Code together with other guidance and legislation, required the Counc to produce a comprehensive capital strategy. The purpose of the capital strategy was to describe how the investment of capital resources would contribute to the achievement of the Council's key objectives and priorities, and to describe the long-term context in which capital expenditure and investment decisions were made. The Prudential Code required all local authorities to look at capital expenditure and investment plans in light of the overall organisational strategy and resources and make sure that decisions were being made with sufficient regard to the long term financial implications and potential risks to the authority. At Runnymede this was done through the Capital Strategy, Treasury Management Strategy anc Medium Term Financial Strategy (MTFS).

Although major changes to the strategy resulting from the new Prudential Code were not envisaged, the Council was still awaiting the guidance associated with the Code. The Committee agreed to recommend the Capital Strategy 2022/23 to 2025/26 at Appendix 'F' to the agenda which had not changed significantly from the Strategy approved in February 202 The Strategy aimed to balance the resources available to the Council and leave options ope as to future funding over the life of the MTFS whilst remaining affordable, financially prudent and sustainable.

The Committee agreed to recommend the updated Capital Programme set out at Appendix 'G' to the agenda and noted a summary of the costs and financing of the Programme set out at Appendix ‘H’ to the agenda. It was noted that the Council’s Capital Programme expenditure on the A320 road improvement scheme was limited to a maximum of £2 million in 2023/24. There was very little change to the Programme and the main changes related to phasing adjustments due to delays caused by the pandemic.

The Capital Programme was funded in a number of ways. In the Housing Revenue Account, (HRA) tenants’ rents funded the works to the Council’s housing stock. In the General Fund, revenue contributions funded some assets with a short life, and capital receipts were used from the sale of assets to fund much of the remainder. Some schemes were funded, or part funded, by third party grants and contributions such as section 106 contributions or Government grants.

The Council’s usable capital receipts were declining as predicted. Most short life assets were funded from capital receipts with some being funded from the revenue budget. The Council’s financial strategy aimed to fund all short life assets from revenue when the resources became available. However, with an ongoing revenue reductions target, this aim currently remained an aspiration.

All capital receipts generated from sales of Council dwellings were subject to special rules. A proportion of these receipts were set aside for repayment of the HRA debt, some was set aside for purchasing further HRA properties, with the remainder paid over to central Government according to a set of complex criteria. The current forecast for capital receipts, both general and set aside for housing purposes, was noted. This was based on existing plans for the sale of flats in the Council’s redevelopment schemes. It was noted that the letting by the Council of student accommodation in Egham was progressing well.

The Capital Strategy and Capital Programme met all the relevant legislative and statutory guidance and ensured that the Council’s assets were used to support the delivery of its priorities. Should the requirements of the new Prudential and Treasury Management Codes dictate any material changes, these would be incorporated into the Strategy and brought back to Members for approval.

Recommend to Full Council on 10 February 2022 that –

the Capital Strategy and the Capital Programme, as reported, be approved.

10. **Medium Term Financial Strategy 2022/23 to 2024/25- Recommendation from Corporate Management Committee of 16 December 2021**

The full Agenda report and appendices associated with this recommendation were circulated to all Members with the agenda for the meeting of Corporate Management Committee and are available on the website.

Members are asked to note that only recommendation (ii) is required to be voted on as recommendations (i) and (iii) have been superceded by the recommendations in item 11 below.

The Committee considered a report on the draft budget for 2022/23 and the Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25. The report contained the Section 25 report and the detailed risk analysis. The process of preparing the detailed 2022/23 budget and MTFS had begun in September 2021. The report contained the Section 25 report and the detailed risk analysis. The Section 25 report was compiled annually by the Section 151 officer (the Chief Financial Officer) and dealt with the robustness of the estimates included in the budget and the adequacy of reserves. The major review of how the Government intended to fund local authorities, known as the Fair Funding Review, had been delayed by the pandemic and was to be implemented in 2023/24. In late 2021 or early 2022 the Council would receive the detail behind the local government settlement, which would be a one year settlement for 2022/23 only.

In the winter of 2021/22, the impacts of Covid were still being felt across the UK and the emergence of the Omicron variant had led to increased numbers of Covid cases. In the early part of 2021, it had been anticipated that the threat from Covid would be receding. In 2021, the UK was not in the Covid recovery phase which was now anticipated to take place later in 2022 continuing into 2023. The MTFS was based on current forecasts and showed a reasonable, risk-based view of the Council's financial position. The MTFS was highly indicative at this stage. It was not known whether the Council's income streams would return to pre-pandemic levels in 2022 and 2023. One of the effects of the pandemic was that the variances between the original and the actual budgets were much larger than normal. The report covered the budget and medium term financial plans.

Since Business Rates Retention had been introduced, Runnymede had been in every Surrey business rates pool. The objects of the pool were to maximise the resources retained by each member of the pool and to minimise the collective risk of a significant fall in income collected across the pool. The 2022/23 Surrey business rates pool included those Surrey local authorities who were best placed to make the most financial gain for the pool members. Runnymede would be in the Surrey business rates pool for 2022/23 and the inclusion of the London Borough of Sutton in the 2022/23 pool resulted in Runnymede gaining an additional £900,000.

In 2020/21, the Government had paid the Council a grant of £9.6m to cover all the deficit relating to Covid, with a further £3.3m in 2021/22 to cover any future deficits. The Council would use those funds to repay Collection Fund deficits over three financial years.
When the Council set its final budget for 2022/23 in February 2022 an allowance would be made for inflation for the year. There was some uncertainty on inflation rates, mainly due to supply and demand issues. The original budget assumed an increase in costs of £329,000. Recent developments had meant that a further £429,000 had been added in 2022/23 and all subsequent years.

The projected commercial income that the Council would receive had held firm and Commercial Services had contacted all of the Council's tenants to arrange payment plans to pay existing rents and any arrears caused during lockdown. The Council was able to reduce its provision for voids and bad debts from £4,180,000 to £3,115,000. The original provision of 15% had been reduced to 11.5%. Monthly budget monitoring meetings would identify any corrective measures required. The interest charge to the revenue account remained lower than budgeted as officers had borrowed internally when interest rates were relatively high. From 31 March 2019 to 31 March 2021, the Council's commercial assets had appreciated in value by £29m.

The Committee noted that over the next few years, the Council was setting aside prudent sums to cover void periods and bad debts for its commercial income. The Council maintained two earmarked reserves to manage risk around dilapidation costs and to fund any large reductions in income. Some significant tenants had break clauses between 2026 to 2028. These earmarked reserves mitigated the risk of a re-gear of a lease including a rent free or rent reduction agreement. Officers were satisfied that the provision made in these reserves was adequate to cover this risk. In 2027 there was a potential need for more than £7 million to be included in the investment property income equalisation reserve for rent free lease periods. The balance on this reserve was estimated to increase from £3,750,000 at 31 March 2021 to £6,750,000 at 31 March 2025. The reserves would be reviewed every year to check that they were realistic and Commercial Services officers were negotiating with tenants on arrangements for regearing of leases in the future.

The Committee noted a MTFS 2021/22 to 2024/25 General Fund Summary. Adjustments to the 2021/22 base budget were noted. The Committee noted a table summarising the adjustments showing corporate property income or cost reduction/efficiency savings and increased costs. For 2021/22 the main reasons for the additional spending of £1.1million included Covid related income shortfalls and projects planned to start in 2020/21 which could not be completed due to the pandemic where the budgets had been carried forward as a previous year underspend.

The Council had undertaken a senior management restructure and a voluntary redundancy programme would reduce net costs by £380,000 every year from April 2022 onwards. This saving was made after creating new posts including a Bid Officer and a Climate Change Officer. It was noted that there was no extra provision in the budget for spending associated with the Climate Change Officer as it was anticipated that only small amounts of money would be required for environment related events (e.g. a green week) which could be contained within existing provision. It was noted that traveller provision in the budget had not as yet been spent as further work needed to be done before the traveller site which was located in Surrey but was outside Runnymede could be made available for use.

The Committee noted the new cost pressures identified for 2022/23 and potential income generation and revenue reduction ideas. Some of these schemes were included in the draft budgets but had not been approved by Members but as most of these schemes were in an advanced planning stage they had been included in the budget, subject to Member final approval.

The Council would maintain a working balance to fund any unforeseen new costs or reductions in income to the year ending March 2023 when it approved a budget in February 2022. The Committee noted a General Fund Revenue Reserves Calculation Of Minimum Prudent Balance which showed the minimum recommended level of unallocated General Fund reserves based on an assessment of risks and uncertainties. The General Fund Working Balance would remain at no lower than £3 million. The Council had sufficient reserves to continue to provide the same level of service using reserves for several years. The Committee noted a table showing how the reserves were likely to be used until 31 March 2025.

The Committee noted a summary of the capital programme up until 2025/26 and a scheme break down over a five year period. All capital expenditure, unless funded by selling other assets to generate a capital receipt, or by capital grants of contributions, had to be funded from the Council's annual revenue stream. The main schemes to be funded in the capital programme included a contribution of up to £5m towards the Thames flood relief scheme, a contribution of up to £2m to Surrey County Council for improvement to the A320, Egham regeneration, raising energy efficiency ratings and developing digital services infrastructure. The Committee noted the maturity profile of the Council's loan portfolio. The Council set aside cash reserves to repay debt which was known as the Minimum Revenue Provision (MRP). The MRP allowed the Council to fully repay debt when it matured and to not refinance loans at higher interest rates.

Runnymede had the lowest Council Tax in Surrey and one of the lowest in England. For several years now, the Government had set referendum limits so that local authorities could not raise the Council Tax beyond a certain level without holding a referendum, at the cost of the authority, to seek the local electorate's approval to set a higher tax rate. The draft budget assumed that the limit for low Council Tax rate Councils would be set at an increase in the Band D Council tax rate of 3% or £5 a year, whichever was the higher. In Runnymede a £5 a year increase would yield more than a 3% increase. The Committee agreed to recommend that Runnymede should increase its Council Tax in 2022/23 by the maximum amount allowable without holding a referendum. The Committee noted the effect on the Council's income for 2022/23, 2023/24 and 2024/25 if it did not increase the Council Tax by this amount.

The report centred on the risks faced by the Council and how those risks had been evaluated in financial terms to give the Council the resilience to deal with them. The Council's current Section 151 officer was retiring in December 2021 and he had gone through the budget with the Council's new section 151 officer who was content that the budget, reserves and financial position of the Council were robust.

Recommend to Full Council on 10 February 2022 that –

i) **the Medium – Term Financial Strategy be approved;**

ii) **the Band D Council Tax rate be increased by £5 subject to Government referendum limits; and**

iii) **the revised budget for 2021/22 and 2022/23 be approved.**

11. **Budget and Council Tax 2022/23 - Recommendation from Corporate Management Committee of 20 January 2022**

The full Agenda report and appendices associated with this recommendation were circulated to all Members with the agenda for the meeting of Corporate Management Committee and are available on the website.

The Committee considered a report on the Council's Budget and Council Tax for 2022/23.

At its meeting on 16 December 2021, the Committee had approved the Council Tax Base and Collection Fund surplus to be split among the precepting authorities which were the Council, Surrey County Council and Surrey Police. At the same meeting the Council had considered a report containing detailed risk analysis on the budget, the draft budget for 2022/23, the Medium Term Financial Strategy (MTFS) and the Section 25 report on the robustness of the estimates included in the budget and the adequacy of reserves. The Committee had recommended that the Band D Council Tax rate be increased by £5 subject to Government referendum limits and that the MTFS and the revised budget for 2021/22 and 2022/23 be approved.

Since that meeting, the Government had now provided details of the provisional Local Government Finance Settlement. As part of the Settlement, the limit by which Runnymede could increase its Band D Council Tax rate for 2022/23 without holding a referendum had been approved at £5 a year, so no change was required to the recommendation made by the Committee on 16 December 2021 on the Council Tax.

In the provisional Finance Settlement, in 2022/23 the Council would receive extra money from three Government grants consisting of New Homes Bonus for one year, the continuation of the Lower Tier Services Grant and a new Services Grant which included funding to partially offset the 1.25% increase in employer National Insurance contributions. These three grants totalled £633,000 and this meant that, along with some other very minor adjustments to previously estimated figures, in 2022/23 the Council would be making a contribution to working balances of £393,000 rather than the use of £212,000 reported in December 2021.

The Council's earmarked reserves were part of its risk management strategy. In particular the Commercial Income Equalisation and Property Repairs and Renewals reserves protected the Council's income stream from its commercial activities, which were the main reason why the Council's use of General Fund working balances were so low. The Committee noted that officers considered that those earmarked reserves were much more, not less, likely to be called upon for the purpose intended over the next year as the after effects of the remaining coronavirus measures were removed.

The Council currently managed £541 million of investment property which generated approximately £25 million for the General Fund. The Committee was advised that ideally, as a minimum, the Council would wish to set aside 10% of this income to put into the two reserves referred to above in order to pay for future known and unknown events. At present only 6% of this income was set aside annually which was split evenly between the two reserves.

Therefore the Committee agreed to recommend that, with further savings still to be made to balance future years budgets in the MTFS, a further £595,000 be transferred into the Property Repairs and Renewals earmarked reserve in 2022/23 to help protect the crucial investment income stream from any serious future unknown events. This would bring the General Fund bottom line back to the deficit figure reported to, and agreed by, the Committee in December 2021. The Committee noted the anticipated movement in reserves which would result from this transfer.

These budgetary changes meant that the recommendations made by the Committee on 16 December 2021 on the budget for 2021/22 and 2022/23 and on the MTFS had been superceded. Therefore the Committee agreed to recommend the amended General Fund Summary Revenue Account budget for 2021/22 and 2022/23 as set out in Appendix 'I' to the agenda which included the transfer referred to above and the amended MTFS for 2021/22 to 2024/25 as set out in Appendix 'J' to the agenda. As it was a large sum, it was agreed that the Committee would be advised of the composition of the 2020/21 Actual Other accounting adjustments totalling £1,051,409 as set out in the General Fund Summary Revenue Account at Appendix 'I' to the agenda.

Recommend to Full Council on 10 February 2022 that -

i) £595,000 of the additional grant money received from the provisional Finance Settlement be transferred to the Property Repairs and Renewals Reserve;

ii) the amended budget for 2021/22 and 2022/23, as reported, be approved; and

iii) the amended Medium Term Financial Strategy 2021/22 to 2024/25, as reported, be approved.

12. **Notices of Motion from Members of the Council under Standing Order 15**

To receive and consider any Notices of Motion from Members of the Council under Standing Order 15.

13. **Minority Group Priority Business**

To consider any item of Minority Group Priority business registered under Standing Order 23.

14. **Statement by the Leader of the Council**

15. **Press and Public to be Excluded by Resolution**

To consider any items so resolved at the meeting.