

NOTES TO THE CORE FINANCIAL STATEMENTS

41 CREDITORS AND RECEIPTS IN ADVANCE

31 March 2009 (restated) £		31 March 2010 £	£
	Trade and operational liabilities		
2,482,496	General accruals and provisions	2,824,761	
235,306	New Civic Office project	242,169	
47,890	Kitchen refurbishment programme	48,458	
2,765,692		3,115,388	
	Deposits, receipts in advance and other payables		
450,164	Council housing tenants credits and receipts in advance	524,106	
223,466	Sundry deposits held	267,617	
0	Sums payable to Central Government	634,223	
387,520	Sums payable to Surrey County Council	356,666	
315,757	Sums due to HM Revenue and Customs - Payroll taxation	317,681	
240,000	Sums due to staff for accrued leave (see note below)	250,000	
290,736	Other monies received in advance	229,962	
4,673,335	Total of creditors classified as financial instruments		5,695,643
	Tax account balances (see notes below)		
101,641	Council tax payers credits and receipts in advance attributable to Runnymede		110,871
0	Net balances attributable to Surrey County Council and Surrey Police Authority for Council tax items (see note below)		415,151
219,035	Business rates net creditor with the government (see note below)		960,577
4,994,011	Gross creditors and receipts in advance		7,182,242

Accrued Staff Leave

Employees of Runnymede Borough Council have a staff leave year that commences on the date they commenced employment. The value of holiday entitlement earned, but not taken at the year end is included in the above figures is as follows:

£		£
240,000	Sums due to staff for accrued leave	250,000
20,000	Sums payable to Surrey County Council (pension contributions)	20,500
19,000	Sums due to HM Revenue and Customs (payroll taxation)	20,000
279,000	Total value of accrued staff leave	290,500

Council taxpayer credits and receipts in advance

The collection of council tax is now treated in accountancy terms as an agency agreement and the figures for 2008/09 have been restated accordingly. More information about this change is included in our Principal Accounting Policies section of these Statements. The balance sheet now only includes the Runnymede share of total council taxpayer arrears and credits. The total arrears and credits are disclosed in the notes to the Collection Fund Statement. The balances attributable to the precepting authorities - Surrey County Council and Surrey Police Authority - represents their share of net cash collected in for council tax (see also note 33).

Business Rates net creditor with the government

Previously, balances relating to business ratepayer accounts were included on our Balance Sheet. Runnymede is now treated as acting as an agent for the government when collecting business rates and the comparative figures for 2008/09 have been restated accordingly. More information about this change is included in our Principal Accounting Policies section of these Statements. The balance sheet now only includes a net creditor in respect of business ratepayer cash collected but not paid to the government.

NOTES TO THE CORE FINANCIAL STATEMENTS

42 CAPITAL GRANTS AND CONTRIBUTIONS UNAPPLIED

This account shows the capital grants and contributions received by Runnymede Borough Council, and how they have been applied. Capital grants from the government, capital contributions from developers through the planning system, and other capital grants and contributions are all credited to this account. These are applied to finance capital schemes that meet the terms or purpose of the grant or contribution. Sums unspent are carried forward to be used in future years for new capital investment. A summary of the movements on this account is set out below:

2009/10					
Opening balance	Transfer to Deferred Credits (note 43)	New receipts	Applied in year	Closing balance	
£		£	£	£	
Developers contributions (see below)					
Leisure and other projects	196,828	(100,000)	-	(32,640)	64,188
SANGS (see note 43)	190,550	(190,550)	-	-	0
Disabled Facilities Grant	0	-	270,000	(270,000)	0
Big Lottery Fund grants	0	-	7,854	(7,854)	0
Other government grants	142,108	-	119,765	(261,873)	0
Other grants and contributions	0	-	74,704	(68,500)	6,204
Totals	529,486	(290,550)	472,323	(640,867)	70,392

2008/09					
Opening balance	Transfer to Deferred Credits (note 43)	New receipts	Applied in year	Closing balance	
£		£	£	£	
Developers contributions (see below)					
Leisure and other projects	196,828	-	121,000	121,000	196,828
SANGS (see note 43)	153,000	-	40,000	2,450	190,550
Disabled Facilities Grant	0	-	270,000	270,000	0
Big Lottery Fund Grants	0	-	106,107	106,107	0
Other government grants	2,161	-	147,401	7,454	142,108
Other grants and contributions	2,852	-	182,745	185,597	0
Totals	354,841	0	867,253	692,608	529,486

Developer contributions

Developer contributions are monies paid to the council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer. The sums set out in this note represent developer contributions for capital purposes only. Developer contributions towards revenue schemes are credited directly to the relevant service revenue account, either in total during the year, or over a period of years. Note 43 contains information about revenue contributions that are released to revenue accounts over a period of years.

Transfer to deferred revenue credits (note 43)

It has been possible to reclassify certain contributions, in accordance with the terms of the relevant developer agreement, as revenue items in the year.

NOTES TO THE CORE FINANCIAL STATEMENTS

43 DEFERRED REVENUE CREDITS

These sums are released to the Income and Expenditure Account to match the relevant liability or period of maintenance.

MOVEMENT IN DEFERRED CREDITS					
Credits as at 1 April 2009	Description	Transfer from capital grants	New receipts	Credited to revenue	Credits as at 31 March 2010
£		£	£	£	£
	Developers contributions:				
178,581	Homewood Park (see below)	-	4,988	(21,544)	162,025
39,614	Other parks & open spaces	-	10,237	(13,263)	36,588
-	Yellow Bus service	100,000		(100,000)	0
132,530	SANGS (see below)	190,550	16,720	(235,130)	104,670
15,344	CCTV maintenance	-	0	(8,744)	6,600
20,000	Egham Leisure Centre	-	0	(2,000)	18,000
25,888	Planning obligations (see below)	-	57,181	(57,615)	25,454
411,957	TOTALS	290,550	89,126	(438,296)	353,337

The developer contribution for **Homewood Park** is drawn down each year to match the expenditure incurred in maintaining the site. Interest is added each year on the balance in hand. Deferred credits in respect of other contributions - for parks and open spaces and CCTV maintenance - are credited to revenue in accordance with the terms of the agreement.

The sum for **SANGS** (Suitable Alternative Natural Green Spaces) relates to receipts for the maintenance programme of council land as part of an agreement for the development of new buildings within 5km of the Thames Basin Heath Special Protection Area.

The sums for **Planning Obligations** are amounts of money received from tariffs on planning applications since 1 April 2008 which are put towards infrastructure enhancement. Tariffs are charged on housing and commercial developments based on each new dwelling and/or increases in commercial floor area, with the money generated on behalf of Runnymede being put towards yellow school buses, recycling, crime and disorder and recreation schemes. Sums collected on behalf of Surrey County Council are put towards education, highways and libraries.

44 CAPITAL GRANTS AND CONTRIBUTIONS DEFERRED

Government grants and other contributions that have been used to finance capital expenditure are credited to this account. In accounting terms they are treated as receipts in advance, released to the Income and Expenditure Account over the useful life of the relevant asset to offset the depreciation charges on the relevant assets. The account holds the unamortised balance as deferred income. Movement on this account is summarised below:

2008/09		2009/10	
£		£	£
1,154,766	Balance as at 1st April		1,051,900
290,211	Capital grants and contributions applied in year to finance capital assets (note 27)	303,718	
(276,077)	Amortisation of grants to service revenue accounts to offset depreciation	(220,287)	
(117,000)	Grants written out to reflect the reclassification of certain fixed assets as soft loans	0	
		<hr/>	83,431
<u>1,051,900</u>	Balance as at 31st March		<u>1,135,331</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

45 SUMMARY INTRODUCTION TO DETAIL ON MOVEMENT ON RESERVES

There are a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans. This note shows the changes to the Balance Sheet in summary terms. Further information on each reserve can be obtained from the additional notes provided.

	Balance 01 April 2009 (restated)	Net movement in year	Balance 31 March 2010	Purpose of reserve
	£000	£000	£000	
Capital Adjustment Account (Note 46)	289,712	21,288	311,000	Store of capital resources set aside to meet past expenditure
Financial Instruments Adjustment Account (note 48)	(169)	53	(116)	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments
Collection Fund Adjustment Account (note 49)	(60)	61	1	Holds the difference between council tax income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund
Revaluation Reserve (Note 47)	10,044	334	10,378	Store of gains on revaluation of fixed assets not yet realised on sales
Deferred Capital Receipts (Note 50)	36	(10)	26	Sums not yet due from purchasers of council dwellings
Usable Capital Receipts (Note 51)	6,976	(1,338)	5,638	Proceeds of fixed asset sales available to meet future capital investment
Pension Reserve (Note 13)	(18,258)	(17,969)	(36,227)	Balancing account to allow inclusion of pensions liability in the Balance Sheet
Housing Revenue Account (Note 52)	3,088	134	3,222	Resources available to meet future running costs for council houses
Major Repairs Reserve (Note 68)	0	0	0	Resources available to meet capital investment in council housing
General Fund (Note 52)	6,045	(2,033)	4,012	Resources available to meet future running costs for non-housing services
Other Reserves (Note 52)	954	162	1,116	See note 52 for details.
Total	298,368	682	299,050	

NOTES TO THE CORE FINANCIAL STATEMENTS

46 CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account was created on 31 March 2007 by the transfer of the balances on the Fixed Asset Restatement Account and the Capital Financing Account.

The Account accumulates a number of entries:

It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure.

On the debit side, it includes the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal.

The same process applies to capital expenditure that is only capital by statutory definition.

The balance on this Account thus represents timing difference between the amount of the historical cost of fixed assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

2008/09 £		2009/10 £
330,316,060	Capital Adjustment Account balance as at 1st April	289,711,901
	Resources set-aside to finance capital expenditure:	
4,743,229	Use of capital receipts (note 51)	766,444
72,298	Use of revenue reserves (note 16)	725,769
2,176,461	Use of Major Repairs Reserve (note 68)	2,234,647
	Capital grants and contributions passed through the Statement of Movement on the on General Fund Balance as general grants deferred (note 16)	220,287
(127,000)	Recognition of repayment of long term debtors and investments as capital receipts	(104,077)
0	Recognition of assets donated or gained through barter transactions	2,500,000
	Depreciation and disposals:	
(42,792,377)	Depreciation and impairment losses posted out of the Statement of Movement on the on General Fund Balance (note 16)	(6,623,381)
0	Reversal of past impairments charged to I&E account (note 16)	27,563,531
(2,176,461)	Depreciation on Housing Assets charged to the Major Repairs Reserve (note 68)	(2,234,647)
415,137	Depreciation on revaluation gains to the Revaluation Reserve (note 47)	224,836
(2,957,124)	Disposals at book value (notes 20 & 21)	(3,768,481)
398,104	Disposals - transfer from Revaluation Reserve of revaluation gains (note 47)	81,975
72,532	Recognition of capital expenditure written off in past years as long-term debtors (note 31)	0
(822,035)	Revenue Expenditure Funded from Capital Under Statute (note 17)	(299,033)
<u>289,711,901</u>	Capital Adjustment Account balance as at 31st March	<u>310,999,771</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

47 REVALUATION RESERVE

The Revaluation Reserve records the accumulated unrealised valuation gains arising (since 1 April 2007) on the fixed assets held by the Council arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). These revaluation gains are recognised in the Statement of Total Recognised Gains and Losses.

The reserve is also debited with amounts equal to the part of depreciation charges and impairment losses on assets that has been incurred only because the asset has been revalued. The amount is written out of the Capital Adjustment Account.

Downward revaluations (impairments) are charged to the Reserve up to the value of the accumulated gains for the relevant assets. Where the impairment is due to the clear consumption of economic benefits the loss is recognised in the Income and Expenditure Account and a transfer of any previous revaluation gains is made from the Capital Adjustment Account. In other circumstances the loss is recognised in the Statement of Total Recognised Gains and Losses.

On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account.

The overall balance on the Reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Whilst these gains arising from revaluation increase the net worth of the Council they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated.

2008/09 £		2009/10 £
12,752,179	Revaluation Reserve balance as at 1st April	10,043,872
	Surplus (deficit) arising on revaluation of fixed assets in the Statement of Total Recognised Gains and Losses:	
6,971,046	Upward revaluations of fixed assets	4,469,333
(8,998,477)	Downward revaluations (impairments) (note 22)	(3,843,777)
132,365	Depreciation adjustments on revaluation gains and losses	<u>15,250</u>
		640,806
	Transfers to the Capital Adjustment Account (note 46) in respect of:	
(415,137)	Writing down unrealised valuation gains for the difference between depreciation charged at current cost and historic cost depreciation	(224,836)
(398,104)	Disposals - elimination of revaluation gains	(81,975)
<u>10,043,872</u>	Revaluation Reserve balance as at 31st March	<u>10,377,867</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

48 FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This Account provides a balancing mechanism between the different rates at which gains and losses are recognised by accounting standards and are required by statute to be met from the General Fund. All the entries in this Account relate to "soft loans" - loans at low or nil interest rate - awarded by the Council in pursuance of housing objectives (see notes 11 and 31).

2008/09		2009/10
£		£
-	Balance as at 1st April	(168,928)
(216,653)	Recognition of fair value of soft loans made before 1 April 2008	-
	Transactions in the year	
26,728	Loans repaid; extinguishment of balances	31,844
(6,822)	New Loans; difference between loan granted and fair value	(4,189)
27,819	Interest credits in the year	25,380
<u>(168,928)</u>	Balance at 31 March	<u>(115,893)</u>

49 COLLECTION FUND AJUSTMENT ACCOUNT

This account holds the difference between council tax income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund (see note 14). The balance represents an accumulated deficit for the Runnymede share of council tax surpluses and deficits only. The shares of council tax surpluses and deficits and other taxpayer balances attributable to Surrey County Council and Surrey Police Authority are included in the balance sheet (as a net debtor).

2008/09		2009/10
£		£
(75,156)	Balance as at 1st April	(59,718)
15,438	Adjustment for the year	61,202
<u>(59,718)</u>	Balance as at 31st March	<u>1,484</u>

50 DEFERRED CAPITAL RECEIPTS

These derive from the sale of assets (all from the sale of council dwellings) which will be received in instalments over agreed periods of time:

2008/09		2009/10
£		£
50,633	Balance as at 1st April	36,088
(14,545)	Less repayments of advances	(10,201)
<u>36,088</u>	Balance outstanding at 31st March	<u>25,887</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

51 USABLE CAPITAL RECEIPTS RESERVE

The Capital Receipts Reserve is credited with proceeds from fixed asset sales and other monies defined by statute as capital receipts. These receipts are free to be used to finance new capital expenditure.

2008/09		2009/10
£		£
7,956,618	Balance as at 1st April	6,975,803
3,775,362	Capital receipts in the year	2,777,347
0	Lease of Civic Offices to Surrey Police (note 28)	(3,120,000)
(12,948)	Appropriation to Housing Revenue Account for administration costs of Right-to-Buy sales (see note below)	(11,131)
(4,743,229)	Capital receipts used to finance capital expenditure (note 27)	(766,444)
0	Pooling of capital receipts (see note below)	(217,294)
6,975,803	Balance as at 31st March	5,638,281

Pooling of capital receipts: Local authorities have to pay a proportion of specified housing related receipts into a government "pool". The SORP requires the sum payable to the pool to be disclosed as expenditure in the Income and Expenditure Account. This is matched by a corresponding appropriation from usable capital receipts to the Statement of Movement on the General Fund Balance.

Administration of Right-to-Buy sales: Government regulations allow these costs to be met from the capital receipts arising from these disposals. The cost of administration is charged to the Housing Revenue Account, and an offsetting credit is made through the Statement of Movement on the Housing Revenue Account Balance.

Capital receipts received in the year (after deducting costs of sale) are as follows:

2008/09		2009/10
£	Housing land and assets	£
	Sales of council dwellings:	
219,000	Outright sales and repayment of discounts	289,000
14,545	Repayment of mortgages	10,201
99,811	Shared ownership sales and receipts	288,342
0	Sale of former sheltered housing site	1,848,000
118,506	All other housing asset sales and receipts	27,726
	Other land and assets	
3,120,000	Lease of Civic Offices to Surrey Police (note 28)	0
46,500	All other sales and miscellaneous receipts	205,000
	Other capital receipts	
30,000	Repayment of loan to Addlestone Community Association	5,000
77,000	Repayment of home loan	103,424
0	Repayment of housing improvement loan	654
50,000	Debenture with Association for District Councils	0
3,775,362	Total capital receipts in the year	2,777,347

Runnymede Borough Council invested in a debenture of £50,000 in 1991 the provision of the headquarters building at Chapter Street, London SW1, for the Association of District Councils (now Local Government Association). The property has now been sold and the debenture was repaid in 2008/09.

NOTES TO THE CORE FINANCIAL STATEMENTS

52 REVENUE RESERVES, FUNDS AND BALANCES

The Local Government and Housing Act 1989 introduced a power to raise financial reserves. This replaced the former general power to raise special funds. Certain funds however retain their statutory backing. The Council regularly reviews policy on reserves to ensure their continuing adequacy and relevance. The movements in reserves, funds and balances are set out below:

MOVEMENT OF RESERVES				
Reserves as at 1 April 2009 (restated) £	Name of Reserve	Surplus (deficit) on revenue accounts £	Transfers between reserves (note 19) £	Reserves as at 31 March 2010 £
6,044,747	General Fund Balance	(2,033,127)	-	4,011,620
3,088,023	Housing Revenue Account Balance	133,633	-	3,221,656
419,170	IT Renewals Reserve	-	23,350	442,520
92,112	Car Park Equipment Reserve	-	-	92,112
164,063	Safer Runnymede Reserve	-	36,312	200,375
111,088	Egham LC Fitness Equipment Reserve	-	40,000	151,088
75,000	Addlestone LC Fitness Equipment Reserve	-	30,000	105,000
60,000	Egham LC All Weather Pitch Reserve	-	30,000	90,000
30,493	Museum Purchase & Conservation Fund	-	1,937	32,430
2,458	Maintenance of Graves in Perpetuity	-	-	2,458
10,087,154	TOTAL RESERVES	(1,899,494)	161,599	8,349,259

The **General Fund Balance** provides a working balance for cash flow purposes and for major unforeseen expenses to be accommodated. This reserve provides the funds that will support service spending over the next few years as revenue reductions are introduced to balance service income and expenditure over the medium term.

The **Housing Revenue Account Working Balance** is kept separately under the "ring-fencing" provisions of the Local Government and Housing 1989 Act.

The **Egham and Addlestone Leisure Centre Fitness Equipment Reserves** hold contributions available to replace equipment in the Fitness Suites as and when required. Likewise the **Egham LC All Weather Pitch Reserve** is for the replacement of the 3rd generation all weather 5-a-side football pitches.

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

Maintenance of Graves in Perpetuity represents funds invested permanently for the benefit of the maintenance of specified cemeteries.

Restated balances at 31 March 2009: The Collection Fund is kept separately under the provisions of the Local Government Finance Act 1988. The accumulated deficit relating to the Runnymede share of council tax surpluses and deficits only Council Tax is now shown in our balance sheet in the Collection Fund Adjustment Account (see note 49). The shares of Collection Fund balances attributable to Surrey County Council and Surrey Police Authority are contained as debtors in the balance sheet (as a net debtor).

NOTES TO THE CORE FINANCIAL STATEMENTS

53 PREPARATION FOR ECONOMIC AND MONETARY UNION (EMU)

The adaptation of operational and information systems to accommodate the euro could become a priority for local authorities. As the euro becomes established as a major currency and the possible date for British participation in Economic and Monetary Union comes closer, local authorities are likely to have to devote increasing resources to dealing with this issue. However, until the intentions of the government become clear it has not been possible to make plans with any certainty in the Council. Contact has been made with the suppliers of the Council's main financial systems and developments will be monitored closely.

54 CONTINGENT LIABILITIES

Rent Bonds

2009/10 is only the second year that the Council has issued "rent bonds". The policy is designed to encourage private sector landlords to take on clients that might otherwise be homeless. The rent bond covers the deposit that a landlord might expect on commencement on a tenancy. Should the tenant not meet certain specified obligations on termination of the tenancy, the landlord can claim certain costs back from the Council. The Council issued 58 rent bonds in 2009/10 with a total value of £54,400. Experience from the first year of the scheme indicates that there will be a call on the Council rent bonds. This has been estimated at 10% of bonds issued and a provision of £5,400 has been made in the Income and Expenditure Account accordingly. There remains a potential maximum liability of £49,000, although it is highly unlikely that all rent bonds will be fully called down.

Surrey Towers major works

During 2008/09 the Council carried out a major health & safety upgrade to Surrey Towers, which included replacing all the external balconies and upgrading the fire safety equipment to the block. However due to problems encountered and the subsequent slippage of the programme whilst the contractor was on site they are now requesting a further £100,000 from the Council to cover extra costs. This matter has been ongoing since April/May 2009 yet to date the contractor has produced no evidence or documents to substantiate their claim. Due to the delay in the contractor substantiating this claim (one year later) it is not felt likely that this claim will proceed though if it is, it is likely to be for a much reduced sum, and in this instance the cost will need to be met from the HRA Housing Repairs account

55 CONTINGENT ASSETS

Planning appeal

Over several years numerous breaches of planning control have been observed at Padd Farm in Egham and the Council have proceeded with enforcement action to ensure that the planning controls are adhered to. The resulting planning inquiry was heard in 2009/10 and the costs incurred during the year have amounted to £121,900 all of which have been charged to the Income and Expenditure account. Both parties applied for their costs to be met during the appeal process. A successful outcome for the Council was announced in May 2010 and the Council is awaiting a ruling on the level of costs that it may recover.

NOTES TO THE CORE FINANCIAL STATEMENTS

56 RELATED PARTY TRANSACTIONS

Related parties are individuals or organisations that have the potential to control or influence the council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

A Register of Members Interests and a Register of Staff Interests is used to record and monitor related party transactions. In addition, declaration forms were sent to all councillors and relevant officers at the end of the year. These were all reviewed and no significant transactions were found.

This note exemplifies transactions between related parties and the Council.

Central Government

Central government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with government departments are set out in a note to the Cash Flow Statement (note 65).

Members of Runnymede Borough Council

Members of the Council have direct control over the Council's financial and operating policies. Each year the Director of Finance invites members to declare any such interests including related parties. Details of Members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interest, which is open to public inspection at the Runnymede Civic Centre in Addlestone. During 2007/08 and 2008/09 there were no reported material transactions with related parties advised by Members.

Chief and senior officers

Staff are required to disclose any pecuniary and non-financial interests with related parties in accordance with a Code of Conduct. In addition, on an annual basis chief and other senior staff are required to make a declaration of any such interests including related parties. In respect of the 2007/08 and 2008/09 there were no reported material transactions with related parties advised by chief and senior officers.

Pension Fund

Details of transaction with the Surrey Pension Fund are set out in note 13.

57 ANALYSIS OF NET ASSETS EMPLOYED

In legal terms, all the assets of the Council are part of the General Fund. This note categorises the net assets of the Council that are attributable to the General Fund and the Housing Revenue Account.

2008/09 £000 (Restated)		2009/10 £000
71,947	General Fund	48,151
226,421	Housing Revenue Account	250,899
<u>298,368</u>		<u>299,050</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

58 TRUST FUNDS

Runnymede Borough Council acts as sole or custodian trustee for three trust funds, and one of several trustees for a further one fund (Cabrera Recreation Ground Trust). In neither case do the funds represent assets of the council, and they have not been included in the Balance Sheet.

Funds for which Runnymede Borough Council acts as sole trustee are:

Registered Charity No.	Name of Trust	Income £	Expenditure £	Gains/(losses) on investments £	Assets £
305020	Cabrera Recreation Ground Trust	11,401	16,633	46,722	218,561
305021	Runnymede Pleasure Ground Trust	118,357	84,020	-	1,162,482
304999	Sir Edward Stern Trust Fund	72	72	-	1,806
289262	Victory Park Trust Fund	1	1	-	25
257032	Egham War Memorial Upkeep Fund	150	-	-	2,871
Totals		129,981	100,726	46,722	1,385,745

Further information on the trust funds are contained in pages 109 and 110 of this publication.

59 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events arising after the balance sheet date.

60 AUTHORISED FOR ISSUE DATE

Under the Accounts and Audit Regulations 2003, there are three formal points at which the Statement of Accounts can be regarded as issued in some form:

1. When the Responsible Finance Officer certifies the statements and makes them available to members for approval;

In accordance with regulation 10 of the Accounts and Audit Regulations 2003, the Statement of Accounts for 2009/10 of Runnymede Borough Council were certified by Mr S.R. Cawthorne CPFA, the Director of Finance, as 'presenting fairly' on 11 June 2010. The financial impact of any events taking place after the 31 March have been considered up until this authorisation date. The accounts were subsequently considered and approved by Councillors of the Corporate Management Committee on 30 June 2010.

The audit of the accounts commenced on 12 July 2010 and the work concluded in August.

2. When the Statement is ready for publication; and

3. When the audit of the statement is certified closed (if later than the publication date)

There were no material changes required to the Statement of Accounts certified by the Director of Finance and approved by Members in June, either as a result of any error in the statements or a need to reflect adjusting events up to the time of publication.

The auditor issued an opinion and certificate in accordance with section 9 of the Audit Commission Act 1998 on xx September 2010.

NOTES TO THE CORE FINANCIAL STATEMENTS

61 THE CASH FLOW STATEMENT – EXPLANATORY NOTE

Purpose of the cash flow statement

The cash flow statement includes only cash transactions with third parties and excludes all internal transfers. The statement is produced under specific headings so the reader can see which part of our operations generated differing levels of cash flow within the financial year, and what the overall cash movement was in the financial year.

Change in accounting policy - local taxation receipts

The 2009 SORP requires local authorities to account for local taxation on the basis that Runnymede acts as an agent of the major preceptors - Surrey County Council and Surrey Police Authority - for council tax, and as an agent of the government when collection business rates.

For council tax, the Cash Flow Statement now shows only the share of council tax cash attributable to Runnymede and the share of cash collected for council tax and the precepts paid to major preceptors are excluded. The difference between the major preceptors share of cash collected from council taxpayers and the net amounts paid to major preceptors as precepts and settlement of previous year's deficit on the Collection Fund is included in the management of liquid resources section of the Cash Flow Statement

Cash collected from business ratepayers and the amounts paid over to the government pool are also excluded. The difference between the cash collected from business ratepayers and the amount paid into the national pool is included in the management of liquid resources section of the Cash Flow Statement.

Revenue activities

This section reflects all the cash transactions relating to the day to day activities of the authority. This part of the statement reflects the following:

- Cash paid to and on behalf of employees includes all payments to the HM Customs and Revenue and the pension fund payments of employees and employers contributions.
- Housing benefit expenditure is for cash payments made to claimants who live in private housing.
- Rent income is the actual cash received from tenants and excludes benefits awarded.
- Subsidy receipts from the government for all housing benefits awarded.

Returns on investments and servicing of finance

This section reflects all the cash transactions relating to the revenue element of financing transactions. The interest received is the cash received in the form of interest on investments and cash balances.

Capital activities

This section reflects the cash flows relating to the purchase and sale of tangible and non-tangible fixed assets. It also includes capital grants and contributions received from the government and other third parties. Other capital cash payments include cash payments made to the government housing capital receipts pool. This section also includes the purchase of long-term investments.

Management of liquid resources (Note 63)

Liquid resources are current asset investments held as readily disposable stores of value, and either readily convertible into known amounts of cash at or close to its carrying amount, or traded in an active market. Items treated as liquid resources includes all short-term investments and short-term borrowing held by Runnymede Borough Council. This includes term investments that will mature within 12 months, and deposits repayable after giving notice of more than 24 hours. Certificates of deposits held under the agreement with our previous fund manager are also treated as liquid deposits.

Transactions for longer-term investments are recorded in the capital activities section of the Cash Flow Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

61 THE CASH FLOW STATEMENT – EXPLANATORY NOTE (Continued)

Financing (Note 64)

This includes the cash flows relating to borrowing from third parties.

Increase or decrease in cash (Note 64)

This is the sum of cash movements in the year. Cash is defined as cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Note 69 shows how this movement reconciles to the cash balance in the Balance Sheet.

62 RECONCILIATION OF NET SURPLUS/DEFICIT ON THE INCOME AND EXPENDITURE ACCOUNT TO THE REVENUE ACTIVITIES NET CASH FLOW IN THE CASH FLOW STATEMENT

2008/09 (restated) £000		2009/10 £000	£000
(44,215)	Net surplus (deficit) on the Income and Expenditure Account		17,505
	<u>Non-cash transactions in the Income and Expenditure Account</u>		
3,946	Depreciation charged to services (note 23)	4,059	
41,023	Impairment charged to services (note 22)	(22,764)	
96	Soft loans (note 11)	(53)	
(393)	General grants deferred amortisation (note 44)	(220)	
311	Additional pension charges under FRS 17 (note 13)	504	
(664)	(Gain) / Loss on sale of fixed assets (note 10)	1,737	
<u>44,319</u>			<u>(16,737)</u>
	<u>Change in revenue items on accruals basis</u>		
(27)	Add decrease (less increase) in stocks	12	
(1,053)	Add decrease (less increase) in revenue debtors	(904)	
70	Accruals of investment income	(39)	
(294)	Add increase (less decrease) in revenue creditors	982	
(6)	Add increase (less decrease) in deferred credits	(59)	
<u>(1,310)</u>			<u>(8)</u>
	<u>Items classified elsewhere in the Cash Flow statement</u>		
(1,847)	Returns on investments and servicing of finance		(647)
<u>(3,053)</u>	Net cash flow from revenue activities		<u>113</u>

The figures for 2008/09 have been restated to reflect the change in accounting policy for the treatment of council tax and business rate collections (see note 61).

NOTES TO THE CORE FINANCIAL STATEMENTS

63 RECONCILIATION OF THE ITEMS SHOWN WITHIN THE MANAGEMENT OF LIQUID RESOURCES TO OPENING AND CLOSING BALANCE SHEET FIGURES

Change in 2008/09 £000		31 March 2009 £000	Change in year £000	31 March 2010 £000
<u>Investments disclosed in management of liquid resources section of the Cash Flow Statement</u>				
0	Gilts	2	0	2
(1,536)	Deposits at bank repayable at 7-days notice	0	0	0
(7,061)	Short-term deposits maturing within one year	4,147	5,004	9,151
(8,597)	Sub-total	4,149	5,004	9,153
97	Less interest accrued at year-end	(147)	(4)	(151)
(8,500)	Cash movement in year	4,002	5,000	9,002

<u>Reconciliation with investments in the Balance Sheet</u>				
(8,597)	Current investments (as above)	4,149	5,004	9,153
2,753	Money Market Funds at call	2,753	(302)	2,451
(3,074)	Deposit accounts with banks at call (note 64)	0	2,008	2,008
(8,918)	Investments in Balance Sheet (note 35)	6,902	6,710	13,612

<u>Business rate receipts under or overpaid to the government</u>				
(41,553)	Cash received from business ratepayers			(41,633)
41,913	Total cash paid to the government pool			40,900
360	Business rates over/(under) paid to the government in the year			(733)

<u>Council tax receipts under or overpaid to major preceptors</u>				
41,059	Net cash collected for council tax attributable to preceptors			42,630
(40,796)	Precepts paid (net) to Surrey CC and Surrey Police Authority			(42,047)
263	Net council tax receipts (over)/under paid to preceptors			583

NOTES TO THE CORE FINANCIAL STATEMENTS

64 RECONCILIATION OF MOVEMENT IN CASH TO MOVEMENT IN NET FUNDS

The following items are treated as cash in the Cash Flow Statement. These items comprise cash in hand and in bank accounts, and cash in deposit accounts with banks that is available at call (i.e. without notice). The movement in the year on these items represents the increase or decrease in cash disclosed in the Cash Flow Statement.

Change in 2008/09 £000		31 March 2009 £000	Change in year £000	31 March 2010 £000
	Cash and bank balances			
(83)	Cash in hand and at bank (note 39)	258	(36)	222
0	Bank overdraft (note 39)	0	0	0
(83)	Increase (decrease) in cash	258	(36)	222
2,753	Money Market Funds at call	2,753	(302)	2,451
(3,074)	Deposit accounts with banks at call	0	2,008	2,008
(404)		3,011	1,670	4,681
71	Less interest accrued at year-end	(3)	(6)	(9)
(333)	Total movement in cash and cash equivalents	3,008	1,664	4,672

The following tables reconcile the movements in net debt disclosed in the Cash Flow Statement with the those disclosed in the Balance Sheet. It traces the source of the figures and the categorisations used in each statement. The cash movements are exposed by removing the accrual for interest on the investment balances.

Movement in net debt in Cash Flow Statement				
(333)	Cash and cash equivalents (as above)	3,008	1,664	4,672
(8,500)	Short-term investments (note 63)	4,002	5,000	9,002
1,450	Long-term investments (see below)	8,500	(5,500)	3,000
3	Short term borrowing (note 40)	(27)	(112)	(139)
(7,380)	Total net debt	15,483	1,052	16,535
Movement in net debt in the Balance Sheet				
(83)	Cash and bank balances (note 39)	258	(36)	222
1,549	Long term investments (note 30)	8,848	(5,301)	3,547
(8,920)	Current investments (note 35)	7,055	6,557	13,612
3	Short term borrowing (note 40)	(27)	(112)	(139)
0	Overdrawn at Bank (note 39)	0	0	0
(7,451)	Total short-term and long-term investments	16,134	1,108	17,242
71	Less interest accrued at year-end	(651)	(56)	(707)
(7,380)	Total net debt	15,483	1,052	16,535

The movement in long-term investments is treated as a capital activity in the Cash Flow Statement. The following table reconciles the amount disclosed in the Balance Sheet for long-term investments with the cash movement in the year:

Movement in long-term investments				
1,549	Long term investments (note 30)	8,848	(5,301)	3,547
(99)	Less interest accrued at year-end	(348)	(199)	(547)
1,450	Cash movement in the year	8,500	(5,500)	3,000

NOTES TO THE CORE FINANCIAL STATEMENTS

65 ANALYSIS OF GOVERNMENT GRANTS SHOWN IN THE CASH FLOW STATEMENT

2008/09 (Restated) £000		Awarding Body	2009/10	
			£000	£000
	Revenue government grants and subsidies			
14,593	Housing benefit subsidies (see notes below)	DWP		17,288
	<u>General revenue government grants</u>			
655	Revenue Support Grant		1,028	
121	Planning & Housing Delivery Grant	DCLG	267	
(15)	Performance Reward Grant	DCLG	92	
88	Local Authority Business Growth Incentive grant	DCLG	45	
23	Area Based Grant	DCLG	23	
872				1,455
	<u>Other revenue government grants</u>			
440	Housing benefit administration grants	DWP	518	
178	Improvement Grant Subsidy	DCLG	270	
162	Concessionary bus fares	DFT	166	
65	Homelessness	DCLG	105	
0	Swimming Grant	DCMS	65	
60	Safer Stronger Communities Fund	Home Office	58	
0	Accelerated Neighbourhood Fund	Home Office	42	
0	Habitat Regulations & Climate Change	DCLG	34	
7	Big Lottery Fund	Big Lottery Fund	34	
33	Air Quality Grant	DEFRA	0	
40	Other government grants and subsidies	Various	17	
985				1,309
16,450	Total revenue grants and subsidies			20,052
	Capital government grants and subsidies			
21	Safer Stronger Communities Fund	Home Office	23	
101	Big Lottery Fund	Big Lottery Fund	13	
5	Efficiency information on Council Tax Bills	DCLG	5	
58	Planning & Housing Delivery Grant	DCLG	0	
25	Free Swimming Grant	DCMS	0	
210				41
16,660	Total government grants and subsidies			20,093

Restated amounts: The figure for 'Housing Benefit subsidies' for 2008/09 have been restated to reflect the change in accounting policy for the treatment of council tax collections (see note 61). This means that the element of government subsidy for council tax benefit attributable to the major preceptors (£3.342m in 2008/09, £3.791m in 2009/10) has been excluded from the subsidies reported.

NOTES TO THE CORE FINANCIAL STATEMENTS

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THE HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) is a record of revenue income and expenditure relating to the council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax. The HRA statement has two parts:

1. HRA Income and Expenditure Account, and
2. Statement of Movement on the Housing Revenue Account Balance

Notes to the HRA follow these two statements.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT		
2008/09 £		2009/10 £
	<u>INCOME</u>	
12,874,298	Dwelling rents (gross) (note 71)	13,160,093
634,409	Non-dwelling rents (gross)	668,938
344,829	Charges for services and facilities	429,641
13,853,536	Sub Total - Income	14,258,672
	<u>EXPENDITURE</u>	
2,271,258	Repairs and maintenance (note 73)	2,213,668
3,085,805	Supervision and management	2,764,021
233	Rents, rates, taxes and other charges	426
5,965,683	Negative HRA subsidy payable to the government (note 74)	5,960,590
24,349	Change in provision for uncollectable rents (note 72)	2,843
2,176,461	Depreciation of fixed assets (note 75)	2,234,647
38,949,742	Impairment of fixed assets (note 76)	(25,951,265)
52,473,531	Sub Total - Expenditure	(12,775,070)
38,619,995	Net cost of HRA services as included in the Income and Expenditure Account	(27,033,742)
191,400	HRA services share of corporate and democratic core costs	196,800
40,915	HRA share of other amounts (note 78)	36,931
38,852,310	Net Cost of HRA Services	(26,800,011)
	HRA share of the operating income and expenditure included in the whole authority Income and Expenditure Accounts	
12,948	Gains and losses on the sale of HRA fixed assets (note 80)	11,131
(159,957)	Interest and investment income	(86,123)
38,705,301	(Surplus) or deficit for the year on HRA services	(26,875,003)

THE HOUSING REVENUE ACCOUNT

This Statement takes the surplus or deficit on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2008/09 £		2009/10 £
38,705,301	(Surplus) or Deficit for year on the HRA Income and Expenditure Account	(26,875,003)
(39,005,994)	Net additional items required by statute and non-statutory proper practices to be taken into account in the movement in the HRA Balance	26,741,370
(300,693)	(Increase) or decrease in the HRA Balance	(133,633)
(2,787,330)	HRA balance at the beginning of the year	(3,088,023)
<u>(3,088,023)</u>	HRA Balance carried forward at the end of the year	<u>(3,221,656)</u>

NOTE TO THE STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2008/09 £		2009/10 £
	Items included in the HRA Income and Expenditure Account but excluded from the Statement of Movement on the HRA Balance	
(38,949,742)	Impairment of fixed assets (note 76)	25,951,265
(174,897)	Revenue expenditure funded from capital under statute (note 77)	0
(174,200)	Pension costs charged to the HRA in accordance with FRS 17 (notes 13 and 79)	(148,800)
(12,948)	Net gain or loss on the disposal of assets (note 80)	(11,131)
	Items not included in the HRA Income and Expenditure Account but included from the Statement of Movement on the HRA Balance	
55,000	Capital expenditure funded by the HRA (note 69)	699,793
250,793	HRA share of employer's contributions to the Surrey Pension Fund (notes 13 and 79)	250,243
<u>(39,005,994)</u>	Net additional items required by statute and non-statutory proper practices to be taken into account in the movement in the HRA Balance	<u>26,741,370</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

66 HOUSING ASSETS

Stock Numbers

The Council was responsible for managing the following dwellings during 2009/10:

	DIYSO stock	Houses & bungalows	Flats & maisonettes	Total stock
Stock at 1st April 2009	52	1,901	996	2,949
Sales of dwellings	(1)	(2)	-	(3)
Transfer to Charitable Trust	-	(2)	-	(2)
Stock at 31st March 2010	51	1,897	996	2,944

At 31st March 2010 the Council also had 38 hostel rooms incorporating 114 bed spaces available for the homeless. Additionally, the Council owned mobile home site at Heathervale Way has 68 mobile home plots, of which 17 are occupied by mobile homes also owned by the Council.

Stock Valuation - Balance Sheet Basis

The basis for the balance sheet valuation for the bulk of the Council's housing stock is Existing Use Value - Social Housing (EUV-SH) as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The EUV-SH is broadly based on the vacant possession value of the properties, adjusted to reflect the occupation by a secure tenant. The adjustment factor is prescribed by the government and has been set at 45% of the vacant possession value. The factor broadly represents the ratio of local authority rents and yields to private sector rents and yields for the south-east region. The mobile home site at Heathervale Way, and our stock of garages, have been valued using the Market Value in Existing Use method (MV-EU). The shared ownership stock was valued using a mix of market valuation and capitalisation of rental income methods.

The properties in the HRA were last comprehensively revalued by the Council's Valuer in April 2005. For subsequent years, the valuations have been adjusted by reference to relevant house price indices as published by the Nationwide Building Society.

The balance sheet value increases where new dwellings and properties are built or acquired, and when capital works that improve or significantly enhance the value of assets are carried out. The balance sheet value reduces when assets are sold and are written out of the accounts. Depreciation is charged on assets and this also reduces the balance sheet valuation.

Valuations for HRA assets are:

	1 April 2009 £000	31 March 2010 £000
Council Houses:		
Dwellings	214,827	240,829
Shared ownership properties	5,867	6,168
Reception Centres	270	268
Other assets:		
Mobile home site and garages	4,223	3,928
Other land and buildings	218	218
Non operational land and buildings (open market value)	2,902	1,052
Total HRA Assets	228,307	252,463

Non operational assets are fixed assets held by the local authority but not directly occupied, used or consumed in the delivery of services. For the HRA, non operational assets include development sites and a number of miscellaneous property assets.

NOTES TO THE HOUSING REVENUE ACCOUNT

67 STOCK VALUATION - VACANT POSSESSION VALUE

The vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than open market rent. Using this latest valuation, the vacant possession value as at 1 April 2009 has been estimated at £496m for dwellings and £13m for other housing assets including development land.

68 MAJOR REPAIRS RESERVE

The Major Repairs Reserve is a reserve established by the government as part of the resource accounting system in the HRA. Movements in the Major Repairs Reserve during the year were:

2008/09 £000		2009/10 £000
0	Opening balance at 1 April 2009	0
2,176	Transfer from the Capital Adjustment Account (note 46)	2,235
(2,176)	Financing of capital expenditure on HRA assets	(2,235)
0	Closing balance at 31 March 2010	0

The transfer from the Capital Adjustment Account is equal to the depreciation on dwellings charged to the HRA (matching the Major Repairs Allowance) of £2,234,647. The total balance in the Major Repairs Reserve during 2009/10 has been used to finance capital works (improvements and major repairs and enhancements) to the housing stock.

69 CAPITAL EXPENDITURE ON HRA PROPERTY

The following table summarises total capital expenditure on land, houses and other property accounted for within HRA during 2009/10, and the source of finance:

Capital expenditure on HRA property and sources of finance					
Total 2008/09		Source of Funding in 2009/10			
		Capital receipts	Revenue contribu- tions	Major Repairs Reserve	Total
£000		£000	£000	£000	£000
	Works to existing stock				
140	Central heating and insulation	-	-	118	118
2,032	Kitchen & bathroom upgrade works	-	700	838	1,538
2,137	Other major works & improvements	-	-	1,279	1,279
	New developments				
175	Wapshott Road estate redevelopment	-	-	-	0
305	Heathervale mobile home site improvements	-	-	-	0
4,789	Total capital expenditure on HRA assets	0	700	2,235	2,935

NOTES TO THE HOUSING REVENUE ACCOUNT

70 CAPITAL RECEIPTS FROM HRA PROPERTY

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

2008/09		2009/10		
Total £000		Land £000	Dwellings £000	Total £000
233	Sale of council houses (Right-to-buy)	-	299	299
100	Shared ownership sales and receipts	-	288	288
0	Sale of Pinefields (Sheltered Housing scheme)	1,848	-	1,848
96	Other sales and receipts	-	-	0
429	Total capital receipts from HRA disposals	1,848	587	2,435

With effect from April 2004 an element of housing receipts have to be pooled and paid over to the Government. During 2009/10 this payment totalled £217,294 (2007/08 £nil).

71 GROSS RENT INCOME

This item comprises the income from rents and charges in respect of houses and other property within the account. It includes rent remitted by way of rebate. Following changes announced by the Housing Minister in March 2009 the rents for 2009/10 were changed twice (in April 2009 and July 2009). Therefore the average weekly rents charged by property type shown below, is the overall annual average:

Average weekly rents by property type	2008/09	2009/10
Bedsits	£49.91	£50.98
1 bed dwellings	£69.87	£71.92
2 bed dwellings	£83.31	£86.39
3 bed dwellings	£91.65	£94.20
4 bed dwellings	£99.30	£102.03
5 or more bed dwellings	£120.13	£122.13

At 31st March 2010, 43 properties were empty, of which 23 were Reception Centre rooms and 4 Council mobile homes used as temporary accommodation for the homeless.

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. During 2009/10 approximately 1,770 tenants received some help with their rents of which around 1,040 were wholly relieved of the rent burden.

72 ARREARS AND PROVISION FOR UNCOLLECTABLE RENTS

Rent arrears on all HRA housing as a proportion of gross rent income (including some small other charges collected with rents) was 1.57% as at 31st March 2010. This compares to 1.64% as at 31st March 2009. The figures are as follows:

2008/09 £		2009/10 £
202,928	Current tenants	192,068
19,311	Former tenants	25,308
222,239	Total tenants arrears of rent at 31st March	217,376

A provision of £124,920 has been made for HRA arrears estimated to be uncollectable as at 31st March 2010, a reduction of £5,860 on the provision of £130,780 as at 31st March 2009. Amounts written off in the year totalled £9,240 (£28,465 in 2008/09). In addition to the arrears of rent, there are £29,957 of court and debt collection costs outstanding as at 31st March 2010 (£31,184 at March 2009).

NOTES TO THE HOUSING REVENUE ACCOUNT

73 HOUSING REPAIRS AND MAINTENANCE

The HRA Income and Expenditure Account discloses revenue expenditure on repairs and maintenance of dwellings within the account:

2008/09		2009/10
£'000		£'000
890	Cyclical maintenance	914
766	Demand and responsive maintenance	824
543	Repairs on empty dwellings and redecoration allowances	413
72	Minor works and works to assist elderly person transfers	63
<u>2,271</u>	Repairs and maintenance revenue expenditure	<u>2,214</u>

74 HOUSING REVENUE ACCOUNT SUBSIDY

HRA subsidy is calculated in accordance with determinations made by the government under Section 80 of the Local Government and Housing Act 1988. It is calculated by reference to a notional account broadly comprising management and maintenance costs and capital charges on one hand, and income from rents and other receipts on the other. HRA subsidy represents the difference between notional costs and income. The sums involved are not the same as those recorded in the actual HRA.

For Runnymede, the notional income exceeds expenditure. The difference is paid to the government. The cost of rent rebates granted to council tenants, and the government subsidy receivable, are accounted for in the General Fund. The components of the calculation are as follows:

2008/09		2009/10
£'000		£'000
4,542	Management and maintenance allowances	4,721
2,176	Major Repairs Allowance	2,235
37	Other reckonable expenditure and allowances	37
<u>6,755</u>	Total reckonable expenditure	<u>6,993</u>
(12,713)	Notional rental and other reckonable income	(12,954)
<u>(8)</u>	Adjustment to previous years HRA subsidy entitlement	-
<u>(5,966)</u>	HRA Subsidy receivable from (payable to) the government	<u>(5,961)</u>

75 DEPRECIATION ON FIXED ASSETS

The HRA is constructed under a resource accounting framework whereby all housing assets must be considered for depreciation. The amount of the Major Repairs Allowance (a component of HRA subsidy) is used as a reasonable estimate of depreciation for council housing. The charge for depreciation is set at the level of the Major Repairs Allowance for 2009/10 in the sum of £2,234,647 (2008/09, £2,176,461).

Depreciation has not been charged on investment properties (principally garages) or on non operational housing assets.

NOTES TO THE HOUSING REVENUE ACCOUNT

76 IMPAIRMENTS ATTRIBUTABLE TO THE HRA

Impairments represent capital expenditure on HRA property that does not increase the value of fixed assets along with any drop in valuation over and above those amounts held in the Revaluation Reserve.

2008/09		2009/10		
Total £		Land £	Houses £	Total £
38,015,400	Fall in general property prices		(27,563,531)	(27,563,531)
934,342	Other impairments	295,188	1,317,078	1,612,266
<u>38,949,742</u>	Total impairments	<u>295,188</u>	<u>(26,246,453)</u>	<u>(25,951,265)</u>

During 2008/09, there was a significant drop in value of the housing stock in line with the general fall in property values in the wider housing market. The fall in value exceeded revaluation gains made since 1 April 2007 (the starting date for recording valuation gains and losses) and the net valuation loss was charged to the Income and Expenditure Account accordingly.

During 2009/10, values in the housing market have recovered. The upward revaluation is credited to the Income and Expenditure Account to the extent that a valuation loss was recognised in 2008/09.

In each case, the valuation loss or gain charged to the Income and Expenditure Account is reversed out to the Capital Adjustment Account in the Statement of Movement in the HRA (and General Fund) Balance.

77 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Revenue expenditure funded from capital under statute represents capital expenditure that does not give rise to the creation of a fixed asset. There were no costs incurred during 2009/10 (£174,897 in 2008/09). This charge would be included in the "Supervision and management" line in the HRA Income and Expenditure Account.

78 HRA SHARE OF OTHER AMOUNTS

In accordance with the Best Value Accounting Code of Practice, the HRA receives a complete allocation of the cost of support and other services. In this instance, a charge is made to the HRA to represent a share of the cost of capital in respect of the use of the Runnymede Civic Centre.

79 CHARGES TO THE HRA FOR PENSIONS

Charges for the pension costs of staff in the HRA Income and Expenditure Account are made on the FRS 17 accounting basis for the current service cost element of pension costs and settlements and curtailments only. The amount included in the 2009/10 accounts is £148,800 (£174,200 in 2008/09) for current service cost. There were no curtailment costs chargeable during 2009/10 (none in 2008/09). The total charge of £148,800 is reversed out in the Statement of Movement on the HRA Balance and replaced with the sum payable (£250,243) to the pension fund under the statutory arrangements for the HRA.

No charges are made to the HRA for the pensions interest cost and expected return of assets elements of FRS 17.

Details on the overall revenue charges for pensions are provided in note 13.

NOTES TO THE HOUSING REVENUE ACCOUNT

80 GAINS AND LOSSES ON THE SALE OF HRA FIXED ASSETS

The costs associated with the sales of council housing under the Right-to-Buy rules are treated as a loss on the disposal of the assets. These costs are met by a transfer from the Capital Receipts Reserve.

There were no other gains or losses on the sale of HRA assets in either 2008/09 or 2009/10.

<u>2008/09</u>		<u>2009/10</u>
£		£
12,948	Right-to-Buy administration costs	11,131
<u>0</u>	Repayment of discounts on Right-to-Buy properties	<u>0</u>
<u>12,948</u>		<u>11,131</u>

THE COLLECTION FUND

Runnymede Borough Council is responsible for collecting and distributing council tax and business rates in the Runnymede area. The Collection Fund is the statutory account that shows the transactions relating to non-domestic rates (business rates) and the council tax.

The Collection Fund discloses the total income from council tax and business rates accrued for the year. The release of funds, termed precepts and demands, from the Collection Fund is determined by regulations. The amount that can be taken to our General Fund under statute is our demand for the year, plus or minus the appropriate share of any surplus or deficit on the Collection Fund. The same rules apply to precepts for Surrey County Council and Surrey Police Authority.

The rules for business rates are simple. The business rates for the year are transferred to the government's national pool, with only a specified deduction for cost of collection allowed.

Notes to this statement are on the following pages.

THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT		
2008/09		2009/10
£		£
	<u>INCOME</u>	
41,521,133	Council tax (net of council tax benefit) (notes 81 and 82)	43,018,025
3,682,066	Council tax benefits (note 82)	4,199,261
40,721,334	Income collectable from business ratepayers	41,377,219
500,000	Contributions towards the previous year's Collection Fund deficit (note 83)	350,000
86,424,533	Total Income	88,944,505
	<u>EXPENDITURE</u>	
	Precepts and demands	
35,028,530	Surrey County Council	35,963,635
6,221,467	Surrey Police Authority	6,401,063
4,198,299	Runnymede Borough Council	4,389,225
	Council Tax - bad and doubtful debts	
75,389	Amounts written off in the year (note 84)	63,173
16,000	Increase in the provision for changes in doubtful debts and appeals (note 84)	88,000
	Business rates	
40,581,215	Payment to the national pool (note 85)	41,235,738
140,119	Cost of collection allowance	141,481
86,261,019	Total Expenditure	88,282,315
163,514	Surplus in the year	662,190

MOVEMENT ON FUND BALANCE		
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The Movement on Fund Balance statement shows the overall movement on the Collection Fund during the year, calculated in accordance with statutory provisions.

2008/09		2009/10
£		£
(809,960)	Balance at start of the year	(646,446)
163,514	Surplus in the year	662,190
(646,446)	Balance at end of the year	15,744

NOTES TO THE COLLECTION FUND

81 COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Surrey County Council, the Surrey Police Authority and Runnymede Borough Council for the forthcoming year and dividing this by the Council Tax Base.

The Council Tax Base is calculated before the start of the year by estimating the number of dwellings in each valuation band (adjusted for dwellings where discounts apply) and converting this into an equivalent number of band "D" dwellings. The calculation of the Council Tax Base for 2008/09 and 2009/10 together with the resulting Council Tax for each band is set out below:

COUNCIL TAX BASE AND AMOUNTS CHARGED FOR 2008/09 and 2009/10						
2008/09		Band	Range of property values	Proportion	2009/10	
Band D equivalent No	Council Tax £				Band D equivalent No	Council Tax £
789	915.18	A	Up to £40,000	6/9	784	943.98
768	1,067.71	B	£40,000 to £52,000	7/9	771	1,101.31
4,199	1,220.24	C	£52,001 to £68,000	8/9	4,318	1,258.64
9,107	1,372.77	D	£68,001 to £88,000	1	9,022	1,415.97
7,115	1,677.83	E	£88,001 to £120,000	11/9	7,011	1,730.63
4,927	1,982.89	F	£120,001 to £160,000	13/9	4,939	2,045.29
4,394	2,287.95	G	£160,001 to £320,000	15/9	4,364	2,359.95
1,766	2,745.54	H	More than £320,000	18/9	1,770	2,831.94
42			Other properties		40	
33,107		Council Tax Base			33,019	

The Collection Fund includes the actual net cash payments to the precepting authorities - Surrey County Council, and Surrey Police Authority - and the Demand transferred from the Collection Fund to the General Fund of Runnymede Borough Council. The precept and demand are calculated by multiplying the Band D tax set by each authority by the council tax base:

Band D council tax and precept/demand for each precepting authority				
2008/09			2009/10	
Band D tax £	Precept/demand £		Band D tax £	Precept/demand £
1,058.04	35,028,530	Surrey County Council	1,089.18	35,963,635
187.92	6,221,467	Surrey Police Authority	193.86	6,401,063
126.81	4,198,299	Runnymede Borough Council	132.93	4,389,225
1,372.77	45,448,296		1,415.97	46,753,923

Surrey Police Authority council tax demand in 2009/10

The Government decided to cap the Surrey Police Authority's budget for 2009/10. Parliament approved the order on 9 July 2009 to limit the amount Surrey Police Authority can charge for their element of council tax. The amount originally set by the Surrey Police Authority was £197.10 at Band D. Surrey Police Authority had to set a new budget and a revised council tax charge for their portion of the tax only. The amounts charged by Runnymede Borough Council and Surrey County Council were not changed. Revised bills were sent to all households in August 2009 accordingly.

NOTES TO THE COLLECTION FUND

82 COUNCIL TAX INCOME

The gross income from Council Tax in the year is set out below:

2008/09		2009/10
£		£
41,521,133	Due from council tax payers	43,018,025
3,682,066	Council tax benefit granted	4,199,261
(75,389)	Council tax written off	(63,173)
(16,000)	Change in provision for doubtful debts	(88,000)
<u>45,111,810</u>	Gross income from Council Tax	<u>47,066,113</u>

83 CONTRIBUTIONS FOR PREVIOUS YEARS SURPLUSES AND DEFICITS

Council tax is set before each financial year on the basis of the Collection Fund balancing to zero. However, changes in yields and assumptions about collectability during the year will result in a surplus or deficit on the Fund at the year-end. There are statutory arrangements that ensure that any surplus or deficit arising is distributed to or recovered from the billing authority (Runnymede) General Fund and from precepting authorities in succeeding financial years.

An estimate of the Collection Fund deficit at 31 March 2008 was made in January 2008 in the sum of £500,000. By law, Surrey County Council, Surrey Police, and Runnymede Borough Council paid their shares of this estimated deficit during 2008/09. Regrettably, this contribution was insufficient to clear the deficit on the Collection Fund. The greater than expected deficit resulted from over-optimistic assumptions about exemptions and discounts, and the re-banding of a number of properties.

A further estimate of the Collection Fund deficit at 31 March 2009 was made in January 2009 in the sum of £350,000. Surrey County Council, Surrey Police, and Runnymede Borough Council paid their shares of this estimated deficit during 2009/10.

The amounts charged to precepting authorities are based on the relative proportion of precepts and demands set in the previous financial year:

2008/09		2009/10
£		£
387,817	Surrey County Council	269,757
65,789	Surrey Police Authority	47,912
46,394	Runnymede Borough Council	32,331
<u>500,000</u>	Contributions towards the estimated council tax deficit	<u>350,000</u>

84 PROVISION FOR DOUBTFUL DEBTS AND APPEALS

A provision of £561,000 has been made for Council Tax estimated to be uncollectible as at 31 March 2010, an increase of £88,000 from the previous year. This provision is based on a realistic assessment of the likely non-collection of Council Tax calculated by reference to the status of the debtor and the stage of the collection process reached, and in assessing the outcome of appeals against banding decisions by local taxpayers. Actual write offs of Council Tax in the year amounted to £63,173 (£75,389 in 2008/09).

Changes in provisions for Business Rates arrears are included within the income figure for that tax. Write offs of Business Rates in 2009/10 totalled £74,060 (£33,969 in 2008/09).

NOTES TO THE COLLECTION FUND

85 NATIONAL NON-DOMESTIC RATES (BUSINESS RATES)

Business Rates is organised on a national basis. The latest rating list came into force on 1 April 2005. The Government specifies a rate poundage and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The rate poundage set for 2009/10 was 48.5p (2008/09 was 46.2p). Small businesses had a lower rate poundage of 48.1p in 2009/10 (45.8p in 2008/09).

The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to the local authorities' General Funds on the basis of a fixed amount per head of population. The payment to the national pool is set out below:

2008/09		2009/10
£		£
43,874,336	Gross Business Rates due	45,646,446
(3,293,121)	Less: Allowances and other adjustments	(4,410,708)
<u>40,581,215</u>	Payment to the National Pool	<u>41,235,738</u>

The total non-domestic rateable value of the 2005 valuation list was £99.1m as at 31st March 2010 (£101.1m at 31st March 2009).

86 ACCOUNTING FOR COUNCIL TAX INCOME

The Collection Fund includes the actual net cash payments to the precepting authorities - Surrey County Council, and Surrey Police Authority - and the Demand transferred from the Collection Fund to the General Fund of Runnymede Borough Council. The Income and Expenditure Account includes the share of council tax income accounted for on a full accruals basis. The Statement below shows the precept/demand and the share of the council tax surplus in the year attributable to each authority:

Council tax income recorded in the Income and Expenditure Account						
2008/09		2009/10				
		Precept/ demand	Previous year deficit		Share of 31 March 2010 surplus	Total
			Actual	Estimate		
£		£	£	£	£	£
34,769,189	Surrey County Council	35,963,635	498,235	(269,757)	12,106	36,204,219
6,175,405	Surrey Police Authority	6,401,063	88,493	(47,912)	2,153	6,443,797
4,167,216	Runnymede Borough Council	4,389,225	59,718	(32,331)	1,484	4,418,096
<u>45,111,810</u>		<u>46,753,923</u>	<u>646,446</u>	<u>(350,000)</u>	<u>15,743</u>	<u>47,066,112</u>

CABRERA RECREATION GROUND TRUST

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

- a) 1.9 acres of open space land at Trumps Green, Virginia Water, being the remnant of land the rest of which has been sold to the Surrey County Council for educational purposes under the terms of a Compulsory Purchase Order.
- b) 51.74 acres of land either side of the River Bourne between Wellington Avenue and Virginia Water Station car park. The land is completely undeveloped and has a considerable interest because of its fauna and flora content.

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

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

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

CABRERA RECREATION GROUND TRUST FUND ACCOUNTS

Revenue Account

2008/09 Actual £		2009/10 Actual £
48,296	Income from investments and contributions etc.	11,400
(51,433)	Expenses and works	(16,633)
(74,270)	Gain/(Loss) in valuation of investments	46,722
<u>(77,407)</u>	Surplus (Deficit) for Year	<u>41,489</u>

Balance Sheet as at 31st March

As at 31 March 2009 (restated) £		As at 31 March 2010 £
254,478	Fund balance at 1st April	177,071
(77,407)	Add Surplus (Deficit) for Year	41,489
<u>177,071</u>	Fund Balance at 31st March	<u>218,560</u>
Represented By:		
Investments at market valuation:		
25,000	Runnymede Borough Council	19,000
73,679	Charities Official Investment Fund - Income Shares	92,861
78,368	M&G Charifund	105,908
Net current assets:		
563	Cash at Bank	791
-1,816	Creditors	0
1,277	Debtors	0
<u>177,071</u>		<u>218,560</u>

OTHER TRUST FUNDS

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

Information on these other trust funds are set out below:

OTHER TRUST FUNDS HELD BY THE COUNCIL					
Registered Charity No.	Name of Trust	Balance as at 31 March 09 £	Receipts in year £	Payments in year £	Balance as at 31 March 10 £
305021	Runnymede Pleasure Ground Trust	83,276	118,357	84,020	117,613
304999	Sir Edward Stern Trust Fund	1,806	72	72	1,806
289262	Victory Park Trust Fund	25	1	1	25
257032	Egham War Memorial Upkeep Fund	2,721	150	0	2,871
Totals		87,828	118,580	84,093	122,315

Runnymede Pleasure Ground Trust

In August 1928 sixteen acres of land at Runnymede were given to Egham Urban District Council on trust "for the perpetual use thereof by the public for the purposes of exercise and recreation as an open space". Subsequently a caretaker's cottage, a refreshment chalet, a tea garden, a roadway and a parking area, a bathing pavilion and a residential property were added to the trust. The Fund's monies at 31st March 2010 were £117,613 and were invested with Runnymede Borough Council.

Sir Edward Stern Trust Fund

The Sir Edward Stern Trust Fund relates to a legacy made by Sir Edward Stern of Fan Court, Chertsey to the Chertsey Urban District Council in 1954. The sum left to Chertsey UDC is invested in 4% Consols which have a nominal value of £1,806. Income from the investment is credited to the Chertsey Recreation Ground, for the purposes of maintenance of that recreation ground, in accordance with the provisions of the will.

Victory Park Trust Fund

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

Egham War Memorial Upkeep Fund

The Egham War Memorial Upkeep Fund is a trust set up in 1923 for the upkeep in perpetuity of the War Memorial in Egham Churchyard and in 1985 was amended to include the upkeep of other war memorials in the area of the former Civil Parish of Egham. The trustees are the Council and the Vicar of Egham. Income from investments is accumulated in the Fund and may be used for expenditure which falls within the terms of the trust. The Fund's monies at 31st March 2010 were £1,871 invested with Runnymede Borough Council and £1,000 invested with the Charities Official Investment Fund (market valuation of £1,534).

Other Land Holdings

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

MEMBERS' ALLOWANCES

The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003 No 1021) as amended which came into force on 1 January 2004 require the Council to report the total payments made each year to individual Councillors and Co-optees under the Members' Allowance Scheme.

ALLOWANCES PAID TO MEMBERS - Financial Year 2009/2010

Member's Name	Basic Allowance	Special Allowance	Dependents' Carers' Allowance	Co-optees' Allowance	Travel & Subsistence Allowance	Total
	£	£	£	£	£	£
Mr A Alderson	2,334.96	584.04			90.72	3,009.72
Mr JR Ashmore	2,334.96	2,786.19			162.40	5,283.55
Mrs FJ Barden	2,334.96	2,025.13			37.20	4,397.29
Mr J Broadhead	2,334.96	1,174.45			42.00	3,551.41
Mrs P Broadhead	2,334.96	2,334.96			0.00	4,669.92
Mr MJ Brown	2,334.96	2,174.96			148.90	4,658.82
Mr H Butterfield	2,334.96	160.12			31.20	2,526.28
Mr C Chapman	2,334.96	1,007.84			101.92	3,444.72
Mr DA Cotty	2,334.96	2,342.41			135.00	4,812.37
Mr AJ Davis	2,334.96	0.00			0.00	2,334.96
Mrs R Denby	2,334.96	1,167.96			0.00	3,502.92
Mr R Edis	2,334.96	669.12			65.60	3,069.68
Mr JM Edwards	2,334.96	2,368.88			0.00	4,703.84
Mr P Francis	2,334.96	0.00			48.00	2,382.96
Mr JR Furey	2,334.96	8,366.04			176.40	10,877.40
Mrs CE Gant	2,334.96	0.00			0.00	2,334.96
Mrs E Gill	2,334.96	1,686.93			120.00	4,141.89
Mrs L Gillham	2,334.96	584.04			111.60	3,030.60
Mr D Hamilton	2,334.96	1,167.96			0.00	3,502.92
Mrs M Harnden	2,334.96	0.00			8.00	2,342.96
Miss MN Heath	2,334.96	1,167.96			54.00	3,556.92
Mr RN Jones	2,334.96	1,007.84			41.60	3,384.40
Mrs G Kingerley	1,900.40	0.00			20.80	1,921.20
Mr C Knight	2,334.96	1,361.04			0.00	3,696.00
Mr M Kusneraitis	2,334.96	1,361.04			142.80	3,838.80
Mrs Y Lay	2,334.96	1,361.04			98.80	3,794.80
Mr HW Meares	2,334.96	3,598.80			193.20	6,126.96
Mr AM Moore	2,334.96	0.00			79.20	2,414.16
Mr CJ Norman	2,334.96	320.12			99.20	2,754.28
Mr DW Parr	2,334.96	3,888.00			56.00	6,278.96
Mr J Perschke	110.26	0.00			6.80	117.06
Mr L Pouyanne	2,334.96	0.00			32.00	2,366.96
Mr A Ridge-Newman	1,900.40	0.00			62.40	1,962.80
Mrs M Roberts	2,334.96	186.59			90.00	2,611.55
Mr P Roberts	2,334.96	2,784.35			165.60	5,284.91
Mrs C Spurling	0.00	0.00		291.00	0.00	291.00
Mr N Stewart	2,334.96	771.99			214.56	3,321.51
Mr P Taylor	1,900.40	0.00			90.00	1,990.40
Mr AP Tollett	2,334.96	0.00			20.40	2,355.36
Mr PB Tuley	2,334.96	506.71			81.20	2,922.87
Mr S Tully	0.00	0.00		1,070.04	-28.80	1,098.84
Mr PJ Waddell	2,334.96	3,502.92			73.60	5,911.48
Ms G Warner	1,900.40	0.00			79.20	1,979.60
Mr JJ Wilson	2,334.96	2182.29			223.57	4,740.82
Mr GB Woodger	2,334.96	4,086.00			0.00	6,420.96
	96,440.34	58,687.72	0.00	1,361.04	3,232.67	159,721.77

GLOSSARY

Accounting Policies

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet is presented.

Accruals basis

an accounting convention in which transactions are reflected in the accounts of the period in which they take place as opposed to the period in which payments are made or received.

Actuarial gains and losses

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

- Events have not coincided with the assumption used by the actuary when carrying out the last valuation (experience gains and losses, or
- The actuarial assumptions have changed.

Agency arrangements

Services performed by or for another Authority or public body, where the agent is reimbursed for the cost of the work done.

Asset

An item that is intended to be used for several years such as a building or a vehicle.

Audit

An independent appraisal of a piece of work or process.

Balances

The accumulated surplus of income over expenditure which can be used to finance expenditure. Amounts in excess of that required for day-to-day cash management and to finance working capital can be invested.

Barter

The swapping of a Council owned asset in return for another asset of equal value

Benefits we have awarded for added years

Added years are additional pensionable years that an authority may grant when a member of staff retires early because of redundancy or in the efficiency of the service. These additional years will increase the employee's retirement benefit which are paid for by the authority, not the pension fund, and are usually financed from the savings that will be made.

Best Value

Under the Local Government Act 1999, local authorities must constantly aim to improve their services. Best Value was the approach introduced that gives local authorities a duty to provide local people with high-quality and efficient services.

Billing authority

A local authority empowered to set and collect council taxes, and manage the Collection Fund, on behalf of itself and local authorities in its area

Budget

The Budget is a statement of an authority's plans for net revenue expenditure over a specified time period.

Budget requirement

An amount calculated, in advance of each year, by an authority. It is broadly the authority's estimated net revenue expenditure allowing for movement in reserves. It is, therefore, the estimate of the amount to be met from revenue support grant, redistributed non-domestic rates and any additional grant, and from council tax income.

Business rates (Non-Domestic Rate – NDR)

Businesses pay business rates instead of Council Tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority. Business rates are pooled nationally and a share is given back to local authorities based on the number of people living in the area. The amount charged is based on multiplying the rateable value of each business property by the national rate in the pound.

Capital Adjustment Account (CAA)

GLOSSARY

The balance on this Account represents timing difference between the amount of the historical cost of fixed assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

Capital expenditure

Expenditure on the acquisition of a fixed asset or expenditure which creates or adds to (and not merely maintains) the value of an existing asset.

Capital financing costs

Each service is charged with an annual capital financing charge for each asset it owns. The charge is made up of a depreciation element and a notional interest element. This system provides an appropriate charge for the use of assets, but has a neutral impact on the Council's accounts and budget requirement as the capital financing costs are set against the actual costs of capital financing (interest and debt repayments).

Capital grants

Grants received towards Capital Expenditure incurred on specific schemes.

Capital programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital Receipts

Monies from the sale of assets, which can finance capital expenditure or repay any outstanding loan debt according to rules set down by Central Government. Capital receipts can be used to finance new capital expenditure within rules set by central government, but they cannot be used to finance day-to-day spending.

Capping

This is a power under which the Government may limit the maximum level of local authority spending or increases in that level year on year, which it considers excessive. It is a tool to restrain increases in council tax.

Cash-flow statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes. CIPFA specialises in the public sector.

Collection Fund

The Collection Fund is a separate statutory fund, which details the transactions in relation to non-domestic rates and the council tax, and the distribution to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the authority.

Community Assets

These are assets which the authority intends to hold in perpetuity and that have no determinable useful life. There are often restrictions on their disposal, for example, as a result of covenants or trust status. Examples of community assets are cemeteries, parks, and allotments. Expenditure is included in the balance sheet at historical cost. Most of our community assets are land holdings and depreciation is not normally applicable to this type of asset. Any buildings or other assets situated within these areas are separately categorised and depreciated accordingly.

Comprehensive Performance Assessment (CPA)

This is a process used by the Audit Commission to assess how well local authorities are performing. Authorities are assessed as being in categories ranging from "Excellent" to "Poor". Those authorities which are considered to be well run and have a rating of "Good" or "Excellent" have been given greater flexibilities and freedoms, and are subject to lower levels of inspection than poorer performing authorities.

Contingent Asset

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

Contingent Liability

A contingent liability is either:

- a possible obligation arising from past events whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the local authority's control, or

GLOSSARY

- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and democratic core

Spending relating to the need to co-ordinate and account for the many services we provide to the public including the cost of member representation and activities associated with public accountability.

Council Tax

A banded property tax levied on domestic properties in the Borough. The banding is based on estimated property values.

Council Tax Base

An assessment by each billing authority of the number of converted to Band D equivalents (the average band), after properties, allowing for non-collection and new properties, on which a tax can be charged.

Council Tax surpluses/losses

The District Councils' tax bases are calculated using estimated collection rates. Actual collection rates in a given year may give rise to a surplus/deficit to be taken into account when setting tax levels for the following year. Amounts in respect of Council Tax are shared between the District Council concerned, the County Council and the Police Authority pro-rata to the share of the aggregate of the precepts and demands on the collection fund. These surpluses and losses are applied to reduce or increase the spending of the authority.

Credit risk

The risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation.

Creditors

Amounts owed for goods and services provided for which payment has not been made at the end of the financial year.

Current assets

These are short-term assets that constantly change in value such as stocks, debtors and bank balances.

Current liabilities

Monies that are due to be paid in less than one year such as bank overdrafts and money owed to suppliers.

Current service cost (pensions)

A term used in accounting for retirement benefits. The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year (at today's prices) and is thus unaffected by the pension fund being in deficit or surplus. It is based on the most recent actuarial valuation adjusted by updated financial assumptions to reflect conditions. The calculation is based on the discount rate applicable at the beginning of the year.

Curtailement (pensions)

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailements include:

- termination of employees' services earlier than expected, for example as a result discounting a segment of a service, and
- termination, or amendment to the terms, of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits

Debtors

Sums of money due to the Council but not received at the end of the financial year.

Deferred charges

Deferred charges are capital expenditure, which does not result in tangible assets. An example is improvement grants made to private landlords.

Deferred liabilities

These are liabilities that are payable beyond the next year; they are primarily mortgage repayments and deferred purchase repayments.

Demand on the Collection Fund

GLOSSARY

This represents the amount calculated by a billing authority (Runnymede Borough Council is a billing authority) to be transferable from its Collection Fund to its General Fund.

Depreciation

Depreciation is the measure of the cost or revalued amount of the benefit of the fixed asset that has been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence.

Derivative

A derivative is a financial instrument whose price is very closely related to an underlying currency, commodity or other financial instrument. Examples include futures contracts, options and swaps

Discretionary benefits (pensions)

Retirement benefits that the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers,

Earmarked reserves

Money set aside for a specific purpose.

Effective rate of interest

The effective rate of interest method calculates the rate of interest that is necessary to discount the estimated stream of principal and interest cash flows through the expected life of the financial instrument to equal the amount at initial recognition. The rate is then applied to the carrying amount at each reporting date to determine the interest expenses or income for the period. In this way, the interest expense or income is recognized on a level yield to maturity basis.

Estimation Techniques

The methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

Existing Use Value

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Financial Reporting Standards (FRS)

Financial Reporting Standards are accounting standards which set out the framework and requirements that need to be adopted for certain transactions in the published accounts.

Finance lease

This is a lease that transfers most of the risks and rewards of ownership of an asset to the lessee.

Financial year

For local authorities, financial years start on 1 April and end on 31 March.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. It covers financial assets (e.g. cash, investments, trade receivables) and financial liabilities (e.g. trade payables, loans).

Fixed assets

Assets that yield benefits to the local authority and the services it provides for a period of more than one year. They can be Tangible (have a physical substance) or Intangible (no physical substance)

Floors

The minimum level of grant, as determined by government, that an authority will receive.

Formula Grant

This is the name given for the cash that the Council receives from the government in the form of general grant. Formula Grant comprises two elements; the Council's share of Business Rates; and Revenue Support Grant. Business Rates is distributed to local authorities on a head of population basis. Revenue Support Grant is calculated by the government and is based on the difference between what the government calculates an authority should spend income from Business Rates, and the government assumption for the level of Council

GLOSSARY

Tax. The result of this calculation is subject to minimum and maximum increases in cash grant.

General Fund (GF)

The General Fund is the main revenue fund of the Authority. This account includes the net cost of all services financed by local taxpayers and Government grants.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future.

Government grants

Payment by the Government towards the cost of local-authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (revenue support grant).

Government grants deferred account

The amount of money given to us by government to spend on assets that have a lasting value, for example, land and buildings. This amount is reduced each year as the value of the asset reduces due to wear and tear.

Gross expenditure

The overall cost of providing our services before allowing for government grants or other income.

Housing benefit

Financial help given to local authority or private tenants whose income falls below prescribed amounts. Central government finances 95% of the cost of benefits to non-HRA tenants ('rent allowances') and the whole of the cost of benefits to HRA tenants (through the rent rebate element of housing subsidy). Some local authorities operate 'local schemes' whereby they finance allowances in excess of the standard payments.

Housing Revenue Account (HRA)

The Housing Revenue Account is a statutory account maintained separately from General Fund services. It includes all revenue expenditure and income relating to the provision, maintenance and administration of Council Housing and associated areas.

Impairment

The drop in value of a fixed asset caused by either a consumption of economic benefits or a general fall in prices.

Infrastructure assets

These are fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Investment Properties

Interest in land and/or buildings which is held for their investment potential, with any rental income being negotiated at arm's length.

Liabilities

Money we will have to pay to people or organisations in the future.

Liquid (Resources) / Liquidity

Current asset investments that are readily disposable without disrupting the business and are either readily convertible into known amounts of cash at or close to the carrying amount, or traded in an active market.

Long-term investments

Investments with more than 364 days until maturity.

Loss

The amount left over when expenses are higher than all income received.

Major Repairs Allowance (MRA)

An allowance received as part of the Housing Subsidy grant.

Major Repairs Reserve (MRR)

The MRR is a reserve to which the Council's Major Repairs Allowance is transferred. The balance on the account will be used to finance future major housing repairs.

GLOSSARY

Market risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; **currency risk, interest rate risk, and other price risk.**

Minimum Revenue Provision (MRP)

The MRP is the statutory minimum amount that the council must set aside to repay loans.

Non-Domestic Rates

The NDR poundage is set annually by the government, collected by local authorities and paid into a national pool. The proceeds are then redistributed by Central Government as a grant to authorities in accordance with a government formula.

Net asset value

The total value of an organisation's assets, less its liabilities and capital charges.

Net Book Value (NBV)

This is the amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use; i.e. the cost of its replacement or the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of the asset in its existing use (or market value in the case of non-operational assets), less expenses to be incurred in realizing the asset.

Non-distributed costs

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

Non-operational assets

Fixed Assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating leases

These are leases under which the Council pays for, to use an asset but does not get the risks and rewards of ownership.

Operational assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either statutory or discretionary responsibility.

Overheads

Spending on items not directly related to the supply of our services, for example, office cleaning costs.

Past service cost (pensions)

The past service cost is the extra liability that arises when the council grants extra retirement benefits that did not exist before. For instance, where early retirement has been granted with added-on years of service.

Pensions interest cost and expected return on assets

The net interest cost is the increase in the value of the pension scheme liabilities that arise because those liabilities are one year closer to being paid. The expected return on assets is the forecast of accrued benefit from investments of the pension fund in the long-term.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Planned underspend

The transfer of budget from one financial year to another as specified in the Council's Financial Regulations

Precepts

This is a charge levied by one Council, which is collected on its behalf by another by adding the precept to its

GLOSSARY

own Council Tax and paying over the appropriate cash collected.

Prior period adjustments

Those material adjustments applicable to prior years which arise from changes in accounting policies or from the correction of fundamental errors.

Provisions

An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and the date it will arise is uncertain.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Inland Revenue's Valuation Office Agency.

Reconciliation

A reconciliation explains how figures are worked out, and shows how they are used in different statements in our accounts.

Related Party

An individual or organisation that has the potential to control or influence the Council or to be controlled or influenced by the Council.

Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reimbursements

Payments we receive for work we do for other public organisations, for example, the Government.

Remuneration

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

Reserves

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Residual Value

The net value of an asset that can be reasonably expected from its sale at the end of its useful life.

Restated

This is where the Council has changed figures that it has published in the past to show like-for-like comparisons with later year's figures.

Retirement Benefits

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

Revaluation Reserve

The Revaluation Reserve shows the value of fixed assets that has arisen out of having a policy of fixed asset revaluation. It records the accumulated gains on the fixed assets by the authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue expenditure

Spending on the day-to-day running of services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from the Council Tax, government grants, fees and charges.

Revenue support grant (RSG)

A Government grant that does not vary with a local authority's spending and is designed to compensate for differences in costs of providing a standard level of service.

Settlements (pensions)

GLOSSARY

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Short-term investments

Short-term investments are those with less than 364 days until maturity.

Specific grants

Payments from the Government to cover local-authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project

Statement of standard accounting practice (SSAP)

Recommendations on the way we need to treat certain items in our accounts. A majority of these have now been superceded by Financial Reporting Standards (FRS)

Stock and stores

Goods bought which have not been used.

Surplus

The remainder after taking away all expenses from income

Tangible Fixed Assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Tax Base

The tax base is an assessment by each billing authority of the likely yield of a Council Tax of £1, taking into account the number of properties on which a tax can be levied. The Tax base counts properties as Band D equivalents. For setting Council Tax, the tax base is based on the District or Borough Council's number of Band D equivalent properties within each local authority area, allowing for non-collection of Council Tax and new properties.

Total Gross Expenditure

Gross spending, taking all local authority accounts together (except Superannuation), after eliminating double counting of flows between services, accounts and other authorities, where this is possible. Total gross expenditure is divided into gross revenue expenditure and gross capital expenditure.

Trading services

Local authority services which are, or are generally intended to be, financed mainly from charges levied on the users of the service.

Trust fund

Money that does not belong to us but is managed by us for the owners of the money.

Unapportionable central overheads

Costs that do not relate to a single service or services, and so are held centrally.

Underwriting

An agreement by a fund manager to buy any unsold new issue of shares in exchange for a fee.

Useful Life

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

Virement

The transfer of budget from one spending head to another. Limits on the amount of transfers are specified in the Council's Financial Regulations.