The Royal Borough of Kingston upon Thames

Statement of Accounts

2021/22

Contents

1. Narrative Report

Local authorities in England are required under the Accounts and Audit Regulation 2015 and the CIPFA Code of Practice to include a narrative report with their published statement of accounts. This report does not form part of the Accounts and so is not subject to the same inspection of accounts regime.

THE ROYAL BOROUGH OF
KINGSTON
UPON THAMES

Narrative Report

Narrative Report of the Council's S151 Officer

About the Royal Borough of Kingston upon Thames

The Royal Borough of Kingston upon Thames is one of only five Royal Boroughs in England and Wales, and is one of the 32 London Boroughs, along with the City of London.

The Royal Borough is located in south west London, on the banks of the Thames, 12 miles from central London. The Council works with its partners such as the healthcare trusts, Kingston University, housing cooperatives, the police and other Local Authorities to deliver public services including health, education, affordable housing, waste management and transport facilities in a high quality environment.

The Borough is well served by public transport links, being close to Heathrow Airport and easily accessible from the M25, London's orbital motorway, both of which make Kingston a regional visitor hub and a popular shopping and entertainment destination.

In 2020 the Borough had 179,142 residents [1] and this is projected to increase to 189,776 by 2030 (+5.94%) and to 202,459,100 by 2040 (+13% against 2020). Kingston is home to a higher proportion of older residents aged 65+ (14%) compared to London (12.2%).

This age group is projected to grow from 25,082 in 2020 to 31,831 in 2030, an increase of 26.9%, whilst the number of young people (aged 0-19) is set to decline from 40,787 in 2020 to 37,986 over the same period (-6.9%).

Whilst people living longer is to be celebrated, Kingston's growing population - particularly the number of older people who tend to require more social care support - puts increasing pressure on a range of services, particularly social care and housing.

Kingston's residents are generally in good health, with 86% self-reporting their health as being good or better [2]. Like much of the country, obesity levels are a concern - 57.6% of the borough's adults are classed as overweight or obese[3]. Kingston compares favourably to London and England on life expectancy for males (81.7 Kingston, 80.3 London, 79.4 England) and females (85.2 Kingston, 84.3 London, 83.1 England [4]).

Kingston ranks as the second least deprived local authority in London and is the 12th least deprived local authority in England (ranking 140th of 151 upper-tier local authorities) [5]. Nonetheless, there are pockets of relative deprivation. The Index of Multiple Deprivation ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area) and divides them into 10 equal groups (where decile 1 = 10% most deprived nationally). In Kingston there is only one LSOA (Lower Super Output Area) in the 20% most deprived nationally (deciles 1 and 2) and there are 3 LSOAs in deciles 3 and 4. Out of Kingston's 98 LSOAs, 38 are in the 20% least deprived nationally (deciles 9 and 10).

Kingston is one of the safest boroughs in London, with crime rates - including antisocial behaviour, violence and sexual offences - significantly lower than the London average.

For more information about the borough visit https://data.kingston.gov.uk/

[1] GLA 2018-based housing led population projections, 2020 (note projections have been rounded to the nearest 100 for publication)

[2] General health, Census (2011)

[3] Percentage of adults (18+ classed as overweight or obese, Public Health Fingertips (2018/19)

[4] Life expectancy at birth (male) (female) A01b, Public Health Fingertips (2016-18)

[5] Index of multiple deprivation (2019)

Political Structure

As at 31st March 2022, the Council consisted of 48 Councillors, split into 16 wards each represented by 3 councillors. The political composition of the Council at that time was;

- Liberal Democrats 37
- Conservative 8
- Independents 2
- Vacancy 1

A boundary review changed the composition to 19 wards, each represented by either 2 or 3 councillors. The number of councillors remained unchanged at 48. The local election held on 5th May 2022, followed by a by-election held in the New Malden Village ward on the 23 June 2022 were the first elections held for the newly created wards. The political composition of the Council is currently:

- Liberal Democrats 44
- Conservative 3
- Kingston Independent Residents Group 1

The Council has a Committee system, involving all members of the Council in decision making. The Council sets the policy and budgetary framework and decisions are made by the strategic, neighbourhood and regulatory committees.

A new committee structure was approved in 2021 comprising 3 strategic committees - Corporate & Resources, People and Place.

Organisational overview and operational model

Supporting the work of the elected members is the Council's Strategic Leadership Team (SLT).

SLT comprises 4 Executive Directors (Children's Services, Adult Social Care & Health, Place and Corporate and Communities), the Director of Public Health and the Monitoring Officer, and is led by the Chief Executive.

Within this structure Children's services are delivered by Achieving for Children (AfC) which is a community interest company established in 2014. It is jointly-owned by three councils (Kingston, Richmond and Windsor and Maidenhead) to deliver social and educational services for children across the boroughs.

Annual Governance Statement (AGS)

The purpose of Kingston's AGS is to provide assurance regarding the Council's governance arrangements. The format and wording of the AGS are based upon official guidance. In respect of the previous financial year, it lists the key elements of the Council's governance framework – those systems and processes which must be effective if there is to be a high standard of governance across the Council. It summarises how assurance is obtained on these systems and processes, and lists the key areas where improvement is needed. Progress on any improvements is monitored during the following year.

The Annual Governance Statement is published alongside the statement of accounts and this narrative report.

Covid-19 Pandemic

The Covid-19 pandemic continued to have a significant financial impact in 2021/22, this was managed through additional Central Government funding, careful budget management of expenditure throughout the year and delivery of in-year savings.

It is clear that COVID-19 challenges have widened the gap between the demands that Kingston needs to address and funding required. Careful monitoring and planning has continued on a regular basis. Future impact analysis and assessments are continuing to be modelled within various services based on anticipated future needs and demands and this information will continue to shape the Medium Term Financial Strategy.

The financial scarring effects of the pandemic may continue to impact demand for services and income due to the Council for years to come. Whilst the Council is not unique in facing these challenges, this does not lessen the scale of the challenge and the impact on the residents and businesses within the borough. This is in addition to the pressure placed on Council to manage the impact of high inflation and increasing energy costs.
Kingston Council has distributed over 11,102 grants to businesses with a value of over

£60.417m since April 2020. The Revenues and Benefits department has also supported the Kingston Stronger Together team by administering the Track & Trace Self Isolation Payment Scheme. The scheme ended in April 2022 and over 4100 applications have been received and processed. A total of £0.548m has been awarded to assist residents during the COVID pandemic.

The Covid-19 pandemic occurred after many years of financial pressures for the local authority due to austerity. Even prior to COVID-19 there were underlying pressures in a number of areas, some of which worsened or were accelerated during the pandemic. Central Government has provided significant financial support both directly to Kingston, but also to support local business with rates relief and support grants, which have been distributed through the Council.

Financial Outlook

Alongside the financial pressures caused by the pandemic, there are a number of significant financial risks that the Council needs to continue to manage over the medium term:

- There continues to be pressure on the Dedicated Schools Grant arising from funding for pupils with Special Educational Needs and Disabilities. A safety valve agreement was reached with the Department for Education (DfE) during 2020/21, under which an additional £30m of grant funding will be provided over 5 years, subject to the delivery of the SEND transformation plan. £5m of this was received in 2021/22, reducing the existing deficit balance.
- The extent to which the increasing rate of inflation, rising energy costs and the 'cost of living crisis' has adversely impacted on the economy of Kingston and its residents remains uncertain, although it is likely to significantly increase the Council's budget requirements. Therefore the full knock on impact this will have on Council services remains undetermined at this point. Careful forward planning, strategic vision and a strong understanding of financial risks, along with a clear line of sight on its likelihood and impact, will allow Kingston to focus on what matters most, make effective decisions and lock in financial resilience for the longer term. The Council will refresh the Medium Term Financial Strategy (MTFS) 2023/2027 in Autumn 2022 to begin to reflect the significant and unprecedented pressures.
- The Council is reliant on Council Tax and Business Rates to fund most of its services. This means that the proportion of the Council's budget funded from Council Tax is much higher than the London average.
- Potential volatility of income streams under the business rates retention finance system due to linkages with local economic performance. This has been particularly highlighted by the impact of the pandemic.
- Kingston's historically low level of reserves has improved to a more appropriate level but this will need to be closely monitored to prevent these levels deteriorating again. The level of reserves, excluding COVID related reserves, has been increased and is standing at an appropriate level in light of the challenges faced due to the Cost of Living Crisis and increasing inflation" .
- Demographic growth and an increasingly ageing population will continue to put pressure on the Council's budget
- The current medium term financial strategy reveals a budget gap of £32m to 2025/26 which will need to be closed by budget reductions and/or increases in resources through local taxation. The impact of soaring inflation will inevitably put upward pressure on this budget gap.

Risk

Councillors considered a financial risk analysis of the Council's proposed budget for 2022/23 when setting the Budget at Full Council in March 2022.

The Council holds a general fund balance to help mitigate against strategic financial risks such as interest rates, inflation and demographic spending pressures. Given the likelihood of all the risks materialising in full being low, the General Fund ba lance was considered to be sufficient. The budget for 2022/23 does not depend upon the drawdown of reserves, other than those related to Covid-19 grant funding, and has provided for growth and pressures arising.

Financial performance 2021/22

Kingston is self-sufficient in terms of general funding, as the Council did not receive revenue support grant between 2018 and 2022. Whilst some specific grants are still received, a series of one year funding settlements has made planning for these challenging. Grant funding relating to the pandemic has also been hard to predict. Following several rounds of general grant funding relating to Covid during 2020/21, there has only been one amount received for 2021/22, which was announced as part of the Local Government Finance Settlement and included in the budget. In addition, in contrast to 2020-21, where the Government compensated Local Authorities for the loss of sales, fees and charges due to the pandemic, only losses up to the end of June were funded. The majority of Covid-19 related funding received during 2021/22 has been targeted for use for particular schemes.

The Council set a balanced budget to deliver savings of £7.415m in 2021/22. The General Fund revenue position for 2021/22 after transferring £0.757m to an Economic Risk Reserve, is a balanced outturn against a budget of £145.136m.. The main contributors to the outturn position are:

- Additional Government funding included £3.932m in non ring-fenced Covid grants and £1.405m received in relation to lost Sales, Fees and charges income received from Government.

- An underspend of £0.861m in The Adults and Health Directorate. The largest underspend was in Homecare, due to reduced user numbers and increased income.

- There is an overspend of £2.805m in Children's Services with the largest pressure being in Children's Social care. This is due to a number of factors including difficulties in recruiting permanent social care staff and increasing numbers of Leaving Care placements.

- Corporate and Communities reported a £3.386m underspend. Of this £1.614m relates to Interest and Capital financing costs which were lower than budgeted due to slippage on the capital programme and changes to the way capital financing costs are calculated. £0.790m relating to Housing Benefit Payments and overpayment income which was lower than anticipated. The remainder of the overspend is spread across various services.
- An overspend of £1.854m in Place. The property team reported an overspend of £2.240m due to a combination of higher costs and lost rental income. This was offset by underspends in Planning and Community Housing.

The table below shows a summary of the outturn position at Directorate level

Directorate	2021/22 Budget	2021/22 Outturn	2021/22 Outturn Variance
	£'000	**£'000**	**£'000**
Adult Social Care & Health	50,527	49,665	(861)
Corporate & Communities	59,723	56,036	(3,686)
Place	2,133	3,987	1,854
Children's Services	31,524	34,329	2,805
Chief Executives	1,229	1,321	92
Total Expenditure	**145,136**	**145,339**	**203**
Resources	**(145,136)**	**(146,095)**	**(959)**
Transfer to economic risk reserve	**0**	**756**	**756**
Total net Revenue	**0**	**0**	**0**

Housing Revenue Account (HRA)

The HRA overspent by £0.481m against its revenue budget for 2021/22, The reasons for the reduction in overspend are as follows:

The overall overspend of £0.481m is due to void losses and council tax charges on properties for phase 1, and later phases, of the CRE scheme. The HRA balance has been reduced to £4.366m at the end of 2021/22.

Schools Budget

The Schools Budget had a final in year deficit of £4.789m. The main area of overspend is in the High Needs Block, which overspent by £5.715m. The overspend in the High Needs block is partly offset by an underspend of £0.358m in the Early Years Block and an underspend of £0.571m in the Schools Block.

The Council was successful in claiming an additional £5.000m in 'safety valve' funding this year, as well as an additional £1.100m, which has been provided by the DfE for future years, to allow for changes in planned grant settlements for 2023/24 and 2024/25. Receipt of this money was subject to successful implementation of the SEND Futures Plan.

The Council also committed £1.270m in general funding to support SEND services as part of the SEND Futures Plan. After allowing for this contribution the cumulative deficit reduces to £9.821m. This level of deficit is within the target threshold set by the DfE as part of the Safety Valve conditions.

Capital Programme

The outturn of £44.152m produced a net underspend of £22.201m when compared to the latest budget for 2021/22 of £66.353m.

Within the underspend an amount of £16.769m was approved to be slipped into the 2022/23 financial year to reflect delays to the programme. This is split between the General Fund, £6,833m and the Housing Revenue Account (HRA) - £9.936m.

The table below shows the revised capital budget, outturn position and slippage for each capital programme

While the spend this financial year is an improvement on the £39.4m spent in the previous year, the programme has been hampered by challenges in rebuilding capacity post Covid to execute projects on time. This improved over the course of the year and is expected to show an improved delivery in the new year.

Capital Programme	Budget	Outturn	Variance	Variance	Slippage
	£'000	£'000	£'000	%	£'000
Environment	669	618	51	92.38%	161
Highways	5,412	5,167	245	95.48%	473
Housing	11,970	11,162	808	93.25%	729
ICT	2,101	1,839	262	87.53%	570
Property	14,064	11,603	2,461	82.50%	2,961
Regeneration	822	1,156	(334)	140.68%	736
Schools	3,992	3,565	427	89.30%	1,203
General Fund Subtotal	**39,030**	**35,111**	**3,919**	**89.96%**	**6,833**
HRA	27,323	9,041	18,282	33.09%	9,936
Total Capital Programme	**66,353**	**44,152**	**22,201**	**66.54%**	**16,769**

The programme has been funded from a variety of sources as shown in the table below-

Capital Programme	Borrowing	Capital Receipts	Government Grants	External Contributions	Direct Revenue Financing & Reserves	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Environment	508	0	0	110	0	**618**
Highways	2,183	0	769	0	0	**2,953**
Housing	10,342	0	820	0	0	**11,162**
ICT	1,770	0	70	0	0	**1,839**
Property	11,602	0	0	0	0	**11,603**
Regeneration	719	0	2,563	90	0	**3,371**
Schools	195	0	3,370	0	0	**3,565**
General Fund Subtotal	**27,319**	**0**	**7,592**	**200**	**0**	**35,111**
HRA	323	303	2,348	0	6,068	**9,042**
Total Capital Programme	**27,642**	**303**	**9,939**	**200**	**6,068**	**44,152**

Corporate Plan

A corporate plan for 2019-23 was developed under the heading 'Making Kingston Better, Together' with four key outcomes:

- A well maintained borough with a sustainable approach to growth and development which benefits our communities
- A safe borough with diverse and vibrant communities which help to shape local priorities through participatory democracy
- Healthy, independent and resilient residents with effective support to those who need it most
- A financially and environmentally sustainable, engaging and collaborative council that works transparently in the best interests of Kingston's residents and businesses

Full details of the corporate plan can be found on the Council's website, www.kingston.gov.uk .

The Statement of Accounts 2021/22

The Statement of Accounts (SoA) provides a picture of the Council’s health as at the 31 March 2022, bringing together the financial performance of the Council for 2021/22 through the Comprehensive Income and Expenditure Statement (CIES) as well as highlighting the cumulative position of the assets, liabilities and reserves the Council holds on its Balance Sheet.

Explanation of Accounting Statements

The statement of accounts sets out the Council’s income and expenditure for the year and its financial position as at the 31 March 2022. It comprises core and supplementary statements as well as disclosure notes that provide additional information and explanation to the reader. Both the format and content of the financial statements are prescribed by CIPFA’s Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 which in turn is underpinned by International Financial Reporting Standards.

The core statements are listed below and are explained on the relevant page:

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

The accounts also include:

- Notes to the Accounts
- Collection Fund Account
- Housing Revenue Account
- Pension Fund Accounts
- Group Accounts

Sarah Ireland, CPFA
Executive Director of Corporate and Communities
16 September 2022

2. Statement of Responsibilities

This sets out the different responsibilities of the Council and the Executive Director of Corporate and Communities (S151 Officer) in terms of financial administration and accounting.

Statement of Responsibilities for the Statement of Accounts

The Responsibility of the Council

The Council is required to manage its affairs in a way that secures the economic, efficient and effective use of resources and safeguards its assets.

The Council also has to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs under S151 of the Local Government Act 1972. In this Council that officer is the Director, Corporate and Communities.

The Responsibilities of the Chief Finance Officer

The Executive Director of Corporate and Communities is responsible for the preparation of the Council's Statement of Accounts, which in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code"), is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2022. The Executive Director of Corporate and Communities is also responsible for preparing the Pension Fund accounts administered by the Council in accordance with the current Code of Practice.

In preparing this Statement of Accounts the Executive Director, Corporate and Communities has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent, and;
- complied with the code.

The Executive Director of Corporate and Communities has also:

- kept proper, up to date, accounting records, and;
- taken reasonable steps for the prevention and detection of fraud and other irregularities across the Council's service

My signature below certifies that the accounts were prepared in accordance with the requirements of the Accounts and Audit Regulations 2015 and, except where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities. I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2022 and its income and expenditure for the year.

Sarah Ireland, CPFA
Executive Director of Corporate and Communities
(S151 Officer)

16 September 2022

3. Auditor’s Reports

Auditor’s Report on the Financial Statements

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ROYAL BOROUGH OF KINGSTON

To be inserted following the completion of the audit by the Council’s auditors: Grant Thornton LLP

Auditor’s Report on the Pension Fund Financial Statements

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF THE ROYAL BOROUGH OF KINGSTON

To be inserted following the completion of the audit by the Pension Fund’s auditors: Grant Thornton LLP

4. Core Financial Statements

Comprehensive Income and Expenditure Statement

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

Gross Expenditure 2020/21	Gross Income 2020/21	Net Expenditure 2020/21		Notes	Gross Expenditure 2021/22	Gross Income 2021/22	Net Expenditure 2021/22
£'000	£'000	£'000			£'000	£'000	£'000
86,508	(38,849)	47,659	Adult Social Care		91,605	(36,880)	54,725
1,319	(180)	1,139	Chief Executive's		1,607	(150)	1,457
156,306	(101,857)	54,449	Corporate and Communities		114,409	(58,455)	55,954
115,520	(30,742)	84,778	Learning and Children's Services		68,370	(35,441)	32,929
61,560	(83,557)	(21,997)	Childrens Services - Schools		71,598	(68,825)	2,773
32,683	(17,562)	15,121	Place		39,978	(19,627)	20,351
7,260	(27,984)	(20,724)	Housing Revenue Account		51,191	(35,603)	15,588
461,156	**(300,731)**	**160,425**	**Cost of Services**		**438,758**	**(254,981)**	**183,777**

Comprehensive Income and Expenditure Statement (continued)

Gross Expenditure 2020/21	Gross Income 2020/21	Net Expenditure 2020/21		Notes	Gross Expenditure 2021/22	Gross Income 2021/22	Net Expenditure 2021/22
£000	**£000**	**£000**			**£000**	**£000**	**£000**
3,029	-	3,029	Other operating expenditure	6	31,754	(886)	30,868
22,291	(8,515)	13,776	Financing and investment income and expenditure	7	28,198	(18,948)	9,250
	(160,645)	(160,645)	Taxation and non-specific grant income	8	-	(156,295)	(156,295)
486,476	(469,891)	**16,585**	**(Surplus) or deficit on the provision of services**		498,710	(431,110)	**67,600**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(170,055)	Surplus or deficit on revaluation of non-current assets	12a			(77,532)
		33,413	Actuarial gains or losses on pension assets and liabilities	12c			(81,692)
		(136,642)	**Other comprehensive income and expenditure**				(159,224)
		(120,057)	**Total comprehensive income and expenditure (surplus)/deficit**				**(91,624)**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Accounts Balance movements in the year following those adjustments.

	Memorandum		Usable Reserves						Non-usable Reserves	Total Authority Reserves
2021/22	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance & Earmarked Reserves	Housing Revenue Account (HRA)	Capital Grants & Contributions Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Total Usable Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(19,631)	(60,596)	(80,227)	(4,847)	(24,037)	(9,565)	(15,693)	**(134,369)**	**(497,800)**	**(632,169)**
Movement during 2021/22:-										
Total Comprehensive Expenditure and Income	48,109		48,109	19,491				**67,600**	**(159,224)**	**(91,624)**
Adjustments between accounting basis and funding basis under regulations (Note 10)	(45,352)		(45,352)	(19,010)	(8,423)	(3,749)	(2,526)	(79,060)	**79,060**	**-**
Adjustment for Dedicated Schools Grant movement to unusable reserves		1,311	1,311					**1,311**	**(1,311)**	**-**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**2,757**	**1,311**	**4,068**	**481**	**(8,423)**	**(3,749)**	**(2,526)**	**(10,149)**	**(81,475)**	**(91,624)**
Transfers to / (from) Earmarked Reserves	(2,757)	2,757	-					**-**		**-**
Increase / (Decrease) in Year	-	4,068	**4,068**	**481**	**(8,423)**	**(3,749)**	**(2,526)**	**(10,149)**	**(81,475)**	**(91,624)**
Balance at 31 March 2022	**(19,631)**	**(56,528)**	**(76,159)**	**(4,366)**	**(32,460)**	**(13,314)**	**(18,219)**	**(144,518)**	**(579,275)**	**(723,793)**

Movement in Reserves Statement (continued)

2020/21 Comparative	Memorandum: General Fund Balance	Memorandum: Earmarked General Fund Reserves	Usable Reserves: Total General Fund Balance & Earmarked Reserves	Housing Revenue Account (HRA)	Capital Grants & Contributions Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Total Usable Reserves	Non-usable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	(16,131)	(14,193)	(30,324)	(7,203)	(16,839)	(4,424)	(16,102)	**(74,892)**	**(437,220)**	**(512,112)**
Movement during 2021/22:-										
Total Comprehensive Expenditure and Income	30,965	-	30,965	(14,380)				**16,585**	**(136,642)**	**(120,057)**
Adjustments between accounting basis and funding basis under regulations (Note 10)	(68,816)		(68,816)	17,086	(7,198)	(5,141)	409	**(63,660)**	**63,660**	**-**
Adjustment for Dedicated Schools Grant movement to unusable reserves	-	(12,402)	(12,402)					**(12,402)**	**12,402**	**-**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**(37,851)**	**(12,402)**	**(50,253)**	**2,706**	**(7,198)**	**(5,141)**	**409**	**(59,477)**	**(60,580)**	**(120,057)**
Transfers to / (from) Earmarked Reserves	34,351	(34,001)	350	(350)				**-**		**-**
Increase / (Decrease) in Year	(3,500)	(46,403)	**(49,903)**	**2,356**	**(7,198)**	**(5,141)**	**409**	**(59,477)**	**(60,580)**	**(120,057)**
Balance at 31 March 2021	**(19,631)**	**(60,596)**	**(80,227)**	**(4,847)**	**(24,037)**	**(9,565)**	**(15,693)**	**(134,369)**	**(497,800)**	**(632,169)**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve which may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021		Notes	31 March 2022
£'000			**£'000**
	Long Term Assets		
1,040,626	Property, plant and equipment	13a	1,076,548
1,209	Heritage assets	13b	1,209
80,986	Investment property	14	79,328
6,773	Intangible assets	13c	4,841
5,225	Long term investments	17	5,225
7,866	Long term debtors	17	7,836
1,142,685	**Total Long Term Assets**		**1,174,987**
	Current assets		
-	Assets held for sale	15	101
45,227	Short term investments	17	58,823
41	Inventories		27
89,549	Short term debtors	18	94,088
15,266	Cash and cash equivalents	20	13,392
150,083	Total Current Assets		**166,431**

Balance Sheet (continued)

31 March 2021		Notes	31 March 2022
£'000			**£'000**
	Current Liabilities		
(13,275)	Short term borrowing	17	(3,265)
(84,726)	Short term creditors	19	(106,061)
(7,974)	Provisions	21	(3,358)
(4,514)	Grants receipts in advance		(6,866)
(110,489)	**Total Current Liabilities**		**(119,550)**
	Long Term Liabilities		
-	Long term creditors		-
(301,712)	Long term borrowing	17	(308,974)
(247,418)	Liability Related to Defined Benefit Pension Scheme	31	(187,702)
(980)	Provisions	21	(1,404)
(550,110)	Total Long Term Liabilities		**(498,080)**
632,169	Net Assets		**723,788**
	Reserves		
(134,370)	Usable reserves		(144,514)
(497,799)	Unusable reserves	12	(579,274)
(632,169)	Total Reserves		**(723,788)**

Cash Flow Statement

The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2020/21			**2021/22**
£000		Notes	**£000**
16,585	Net (surplus) or deficit on the provision of services		67,600
(51,287)	Adjustment to the net surplus or deficit on the provision of services for non-cash movements		(125,669)
9,874	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities		17,277
(24,828)	Net cash flows from operating activities	22	(40,792)
42,160	**Net cash flows from investing activities**	23	39,372
(8,917)	**Net cash flows from financing activities**	24	3,294
8,415	**Net (increase)/decrease in cash and cash equivalents**		**1,874**
	Represented by:		
23,681	Cash and cash equivalents at the beginning of the reporting period	20	15,266
(8,415)	Net increase/(decrease) in cash and cash equivalents	20	(1,874)
15,266	**Cash and cash equivalents at the end of the reporting period**		**13,392**

5. Notes to the Core Financial Statements

Note 1 Accounting Policies

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

b) Accruals of Income and Expenditure

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

- Revenue from the sale of goods and disposal of assets is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the debtors' balance is written down and a charge is made to revenue for the income that might not be collected.

c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. This includes Call Accounts, Money Market Funds and Instant Access Accounts that are held to meet short-term cash flow requirements. It does not include fixed term deposits as they are not readily convertible to cash and, in certain market conditions, there could be a risk of change in value. In the Cash Flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

d) Material Items

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending how significant the items are to the authority's financial performance.

e) Prior Period Adjustments, Changes in Estimates and Errors and Accounting Policies

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. There were no prior period adjustments this financial year.

f) Charges to Revenue for Non-Current Assets and Minimum Revenue Provision

Service, support services and trading accounts are debited with the following amounts to record the cost of non-current assets that they use during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off, and;
- amortisation of intangible non-current assets attributable to the service

The Council is not required to raise Council Tax to fund these costs, However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis as determined by the Council in accordance with statutory guidance. Therefore depreciation, revaluation and impairment losses and amortisation are replaced by the contribution in the General Fund balance (Minimum Revenue Provision), by way of adjusting transactions in the Capital Adjustment Account through the Movement in Reserves Statement for the difference between the two. This Minimum Revenue Provision (MRP) represents the repayment of debt used to finance capital assets. The debt is to be repaid over a period that is commensurate with that over which the capital expenditure provides benefits to the Council. Assets funded by debt receive their first MRP charge once they are operational, and provision to repay debt is set aside over the asset's useful life on an annuity basis. No MRP is charged on debt related to Commercial Investment capital expenditure, as the Council has the ability to sell these properties to repay any outstanding debt. Further information can be found in the Council's Treasury Management Strategy, approved as part of the 2021/22 budget.

g) Council Tax and Non-domestic Rates

RBK, as a billing authority acts as an agent, collecting Council Tax (CT) and Non-domestic Rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting CT and NDR for themselves. Billing councils are required by statute to maintain a separate fund i.e. the Collection Fund (CF) for the collection and distribution of amounts due in respect of CT and NDR.

Under the legislative framework for the CF, billing authorities, major preceptors and central government share proportionately the risks and rewards the amount of CT and NDR collected could be less or more than predicted.

CT and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of CT and NDR that must be included in the Council's General Fund. Therefore the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciliation item in the Movement in Reserves Statement (MiRS).

The Balance Sheet includes the Council's share of the end of year balances in respect of CT and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of the likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

h) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and charged on an accrual basis to the relevant service line in the CIES.

Termination Benefits

Where the Council is committed to the termination of the employment of an officer or group of officers or to making an offer of voluntary redundancy, these costs are charged on an accrual basis to the respective service line in the CIES.

In the MiRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

i) Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE),
- The National Health Service Pension Scheme administered by NHS Pensions, and
- The Local Government Pensions Scheme, administered by The Royal Borough of Kingston upon Thames.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council or for related parties.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate which has been based on the market yield on high quality corporate bonds and gilts.

- The assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their Fair Value:

  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

  - current service cost – the increase in liabilities as a result of years of service earned this year allocated in the CIES to the services for which the employees worked

  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Surplus or Deficit on the Provision of Services in the CIES.

  - net interest on the net defined benefit liability (asset) - which represents the net interest expense for the authority that arises from the passage of time, charged to the Financing and Investment Income and Expenditure line of the CIES.

  - re-measurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

  - contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements.

Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

j) Events after the Balance Sheet Date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

k) Government Grants and Contributions

Government grants and third party contributions are recognised when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify how and when the grants will be used.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors because until conditions are met the Council may be required to return the grant. When conditions are satisfied the grant or contribution is credited to the relevant service line in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General fund Balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account.

Amounts in Capital Grants Unapplied reserves are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Covid-19 Business Grant Funding

Only amounts where the Council acts as the principal have been recognised in the Council's financial statements, with items where the Council is acting as agent being held as a short term liability.

Business Improvement Districts

A Business Improvement District (BID) scheme applies in Kingston town centre and is known as Kingston First. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CIES.

Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is a planning charge that the Council collects on new builds for the purpose of funding infrastructure projects within the borough to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised in the CIES at the commencement date of the chargeable development in accordance with the accounting policy for government grants and contributions set out above.

CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

l) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

Contingent Liabilities and Assets

A contingent liability or asset arises where an event has taken place that gives the Council a possible obligation or asset. These cannot be reliably measured and will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. These are not recognised in the Balance Sheet, but are disclosed in a note to the accounts.

m) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Where expenditure has been incurred which is to be financed from an earmarked reserve, it is charged to the relevant service within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. An amount is then transferred from the earmarked reserve to the General Fund Balance via an entry in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, employee benefits and the Dedicated Schools Grant deficit, and do not represent usable resources for the Council.

n) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the Fair Value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MiRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

o) Interests in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities. The Council has a joint venture Achieving for Children (AfC) which is a Community Interest Company (CIC) which commenced trading on 1 April 2014, The CIC is jointly owned and controlled by Royal Borough of Kingston (40%), London Borough of Richmond (40%) and The Royal Borough of Windsor and Maidenhead (20%) being a Private Limited Company limited by guarantee without share capital.

The Council has a subsidiary in the form of Kingston Theatre LLP. The interest in the company is not material and it is not incorporated into Group Accounts as its inclusion would not provide further benefit to the accounts. In the Council's own accounts, the interest in Kingston Theatre LLP is recorded as an investment.

The Council has formed a joint venture called Cambridge Road (RBK) LLP, on 25 September 2020 with property developers Countryside Properties (UK) Limited. Control is shared equally between parties. The Council has provided a loan of £3.6m to the company, however the level of activity by the company remains immaterial and so will not be consolidated into the Council's group accounts.

The Council also owns a subsidiary called RBK Holdings Ltd and its subsidiary, Kingston Upon Thames Investments Ltd, both of which are currently dormant. The level of activity is therefore also immaterial and so will not be consolidated into the Council's group accounts.

p) Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. They are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised gains and losses to impact the General Fund balance, Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Rental income received in relation to investment properties is credited to the Financing and Investment Income line and results in a gain for the General Fund balance.

q) Heritage Assets

Heritage assets are assets held or maintained principally for their contribution to knowledge and culture. Where the Council identifies such assets and cost or value information is available, these assets will be included in the Authority balance sheet. Where information on the value or cost of an identified heritage asset is not available and the cost of obtaining a valuation is not commensurate with the benefits to the users of the financial statements, then this asset will not be recognised in the balance sheet. Where a Heritage asset is used for operational purposes, this asset will be classed as an operational asset and will be subject to the same accounting policies as any other operational asset. Heritage assets are not subject to depreciation but can be impaired if a fall in value has occurred.

r) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council, the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of an asset acquired other than by purchase is deemed to be its Fair Value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MiRS.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is Fair Value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Impairment

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

Where impairment losses are identified, they are accounted for in the same way as revaluation losses.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following basis:

- Housing Revenue Account dwellings are depreciated based on componentisation of blocks of similar properties (using beacon principles).
- other buildings – straight-line allocation over the useful life of the property as estimated by the Valuer.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation over 20 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and Fair Value less costs to sell. Where there is a subsequent decrease to Fair Value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in Fair Value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal.

Any receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council’s underlying need to borrow (the capital financing requirement), or in line with the Council’s flexible use of capital receipts strategy. Receipts are appropriated to the Reserve from the General Fund Balance in the MiRS.

A proportion of housing receipts relating to ‘Right to Buy’ disposals is payable to the Government, net of statutory deductions, allowances and optional retention of one for one additional receipts. Any housing non-Right to buy or non-dwelling disposals are exempt from proportional payments to the Government as long as their use complies with statutory legislation.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.

s) Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of schools identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools’ assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools’ transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the council.

When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date that the school converts to Academy status, rather than as an impairment on the date that approval to transfer to Academy status is announced. Similarly, income and expense is only recognised up to the date that the School converts to Academy status.

t) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

u) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys the right to use all but an insignificant amount in the utility of the asset.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its Fair Value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to write down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and expenditure line in the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other

Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of interest in the property – applied to write down the lease debtor (together with any premiums received) in the balance, and

- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital receipts Reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital receipts Reserve in the MiRS. When the future rentals are received, the element for the capital receipt for the disposal of the asset is transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General fund Balance in the MiRS.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance sheet. Rental income is credited to the other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental Income.

v) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The categorisation of individual financial assets will depend on whether the financial instrument is ‘solely principal and interest’ (SPPI) or on the business model being used to hold that asset. The ‘solely principal and interest’ refers to the cashflows of the instrument and will be the first test to apply. This will cover most short-term lending and other deposits with financial institutions, as well as most loans to third parties. These assets will be held at amortised cost. Where the business model is to support a commercial activity with the objective of generating returns to support Council services then the financial instrument will be deemed to be held at fair value through profit or loss. If the business model to hold a particular financial instrument is to provide a Council service or support a Council policy then it will be classified at fair value through other comprehensive income.

Financial Assets Measured at Amortised Cost

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

Where the Council makes loans to voluntary organisations at less than market rates (soft loans), a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

<u>Expected Credit Loss Model</u>

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

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

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

The Council has the option to designate investments in equity instruments to FVOCI. This will be appropriate where the investment is made to meet service objectives of the Council and where the primary purpose is not to generate a financial return.

w) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Note 2 Accounting Standards issued but not yet adopted

At the Balance Sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice on Local Government Accounting in the United Kingdom:

IFRS16 - Leases removes the existing classifications of operating and finance leases under IAS 17 (Leases for lessees).

It will require local authorities that are leases to recognise most leases on their balance sheets as a right-of-use asset, with corresponding lease liabilities. CIPFA-LASSAC have deferred implementation of this standard until 1 April 2024.

Work is ongoing at present, but there is not currently sufficient information to make a reliable estimate of how this will impact the financial statements.

Note 3 Critical Judgements in Applying Accounting Policies

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

- Group Account boundaries have been estimated using the criteria associated with the Code of Practice. The Council has recognised the significant interest in Achieving for Children (AfC) CIC which it jointly owns with the London Borough of Richmond Upon Thames and the Royal Borough of Windsor and Maidenhead. From the Council's perspective, AfC is considered to be a Joint Venture which is consolidated into the Council's Group Accounts using the equity method.

- The new joint venture Cambridge Road (RBK) LLP has increased its economic activity during the 2021/22 financial year but is not yet considered to be material. The joint venture has therefore been included in the Council's Group Accounts.

- Kingston Upon Thames Ltd and RBK Holdings Ltd are both dormant and as such the activity within their accounts is minimal and not material enough to be included in the Group Accounts.

- As with previous years the Council has not consolidated into Group Accounts its interest in Kingston Theatre LLP on the grounds that they do not have a material effect on the overall financial statements and therefore their inclusion would not provide any further benefit to the users of the Statement of Accounts. The Council's shareholding in Kingston Theatre LLP is recognised as an investment within the accounts and measured at Fair Value. The Council's share of any profits or losses made by the LLP has been recognised through the Council's CIES.

- The South London Waste Partnership (SLWP), is a joint operation with three other boroughs and is not included for consideration in being part of the Group Accounts. It is merely a cost sharing arrangement where there is no intention to make profit. The entity does not trade but instead collects cost from the waste activities for the four boroughs which are paid for proportionately, similar to a levying arrangement. The proportionate cost of the entity is shown in the Council's single entity accounts. The SLWP also does not have any Long Term Assets on its Balance Sheet.

- In line with accepted practice, the Council has recognised Community, Voluntary Controlled and Foundation Schools on the Council's balance sheet. Individual assessments are made on a case by case basis for Voluntary Aided Schools and in practice this has led to the recognition of 4 such schools, whilst Free and Academy Schools remain excluded from the balance sheet.

- During the year the impact of the COVID 19 pandemic continued to have a significant effect on the economic activity of businesses and council tax payers. In response to this the government provided several grants to be paid to businesses. Where the Council had no discretion on how to apply any unspent grant monies, these were required to be returned to central government. These grants fall under the category of the council acting as an agent. These grants have therefore been excluded from the Council's financial statements.

Note 4 Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot always be determined with certainty, it is possible that actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Our accounting policy is to depreciate assets on their brought forward values at the 1 April and any effects of in-year revaluations are not taken into account until the year following the revaluation. Revaluations of property, plant and equipment are estimations of asset values using comparable recent market transactions, depreciated replacement costs, indices, and data from third parties such as Land Registry and Valuation Office Agency.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for building would increase by £1815k for every year that useful lives had to be reduced. If significant revaluation increases or impairments were experienced there is a risk that the charge for depreciation to reflect the economic consumption of the asset may be over or under stated. The effect of any over or under estimation on the revaluation of property, plant and equipment cannot be quantified until an asset is disposed of. A reduction of 1% in the value of PPE at 31.3.2022 would reduce the balance sheet value by £10.8m
Fair Value of Investment Property	The Investment Properties are measured at fair value, using income or market approach valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible unobservable inputs, which require judgement, are used to establish fair values. The significant unobservable inputs used in the fair value measurement include assumptions regarding passing rents and yields, estimated sale values, revenue streams and discount rates.	Significant changes in any of the observable inputs would result in a significantly lower or higher fair value measurement for the investment properties. A 1% reduction in fair value of investment property would equate to £0.81m, although this would not result in a charge to the general fund under local authority accounting practices.

Assumptions made about the future and other major sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. There is further uncertainty arising from the legal challenge to the Government's transitional arrangements following the public sector pension reforms in 2015. The McCloud case was upheld by the Court of Appeal in December 2018, which found the transitional arrangements to be discriminatory on the grounds of age and gender. The Government was refused appeal to the Supreme Court in June 2019. A full government response, incorporating the issues raised in earlier consultations, will be published in 2021 and changes to regulations are intended to come into force on 1 April 2023. Some pooled property funds have a degree of uncertainty surrounding their values. Their illiquidity was highlighted during the Covid-19 pandemic when many property funds were suspended from trading and valuations of underlying assets were subject to valuation uncertainty. This differentiates property funds from pooled funds in other asset classes. The property funds do not have published prices, are not regularly traded and have many unobservable inputs feeding into their valuations.	The effects on the net pension fund liability for the Royal Borough of Kingston pension fund can be measured. For example a 0.5% decrease in the discount rate assumption would result in an approximate increase of £74.6m in the Council's pension liability; a 0.5% increase in the pension increase rate would increase the liability by approximately £69.3m and a 0.5% increase in the salary increase rate would increase the liability by approximately £4.0m. The potential impact of the McCloud case has been assessed by the Government Actuary Department (GAD) on a national LGPS-wide basis using a range of remedies and assumptions. The Council's actuaries have applied the same assumptions as used to prepare the IAS19 report to the remedies in the GAD review which indicate a potential increase in pension liabilities of £1m. This figure is included in the past service cost and is based on a worst case scenario that will be reduced if the remedies proposed are not as extensive as in the original GAD report.

Note 5 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22	As Reported to Corporate & Resources Committee	Adjustment to arrive at net amount charged to GF and HRA	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adult Social Care	49,665	809	**50,474**	4,251	54,725
Chief Executive's	1,321	-	**1,321**	136	1,457
Corporate and Communities	56,792	(23,302)	**33,490**	22,463	55,953
Place	3,987	6,884	**10,871**	9,480	20,351
Learning and Children's services (incl schools)	34,329	(1,810)	**32,519**	3,183	35,702
Housing Revenue Account		(3,759)	**(3,759)**	19,347	15,588
Net cost of services	**146,094**	**(21,178)**	**124,916**	**58,860**	**183,776**
Other Operating Expenditure		777	**777**	30,091	30,868
Financing and investment income		3,912	**3,912**	5,338	9,250
Taxation and non-specific grants	(146,094)	19,728	**(126,366)**	(29,928)	(156,294)
(Surplus) or Deficit on provision of services	**-**	**3,239**	**3,239**	**64,361**	**67,600**
Opening General Fund and HRA Balances			**(24,478)**		
Add surplus/ deficit on GF & HRA Balance in year			**481**		
Closing General Fund and HRA Balances			**(23,997)**		

2020/21 Comparative figures	As Reported to Corporate & Resources Committee	Adjustment to arrive at net amount charged to GF and HRA	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adult Social Care	50,960	(5,590)	**45,370**	2,289	47,659
Chief Executive's	1,119	-	**1,119**	20	1,139
Communities	-	-	**-**	-	-
Corporate and Communities	71,220	(30,838)	**40,382**	14,067	54,449
Place	(3,681)	9,083	**5,402**	9,719	15,121
Learning and Children's services (incl schools)	31,659	(2,194)	**29,465**	35,517	64,982
Housing Revenue Account	-	(1,789)	**(1,789)**	(21,136)	(22,925)
Net cost of services	**151,277**	**(31,328)**	**119,949**	**40,476**	**160,425**
Other Operating Expenditure		561	**561**	2,468	3,029
Financing and investment income		10,228	**10,228**	3,548	13,776
Taxation and non-specific grants	(151,676)	(14,208)	**(165,884)**	5,239	(160,645)
(Surplus) or Deficit on provision of services	**(399)**	**(34,747)**	**(35,146)**	**51,731**	**16,585**
Opening General Fund and HRA Balances			(23,334)		
Add surplus/ deficit on GF & HRA Balance in year			(1,144)		
Closing General Fund and HRA Balances			**(24,478)**		

Note 5a Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis

Adjustment from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts.

Levy and Reserve Adjustments	Adjustments other	**Adjustment to arrive at net amount charged to GF and HRA**	**2021/22**	Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Difference Expenditure Statements	**Adjustments between Funding and Accounting Basis**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
1,044	(235)	**809**	Adult Social Care	1,451	2,787	13	**4,251**
-	-	**-**	Chief Executive's	-	121	15	**136**
(17,124)	(6,178)	**(23,302)**	Corporate and Communities	15,931	6,486	46	**22,463**
101	6,783	**6,884**	Place	8,144	1,294	42	**9,480**
(1,768)	(42)	**(1,810)**	Learning and Childrens' (incl schools)	(1,070)	5,958	(1,705)	**3,183**
481	(4,240)	**(3,759)**	HRA	18,353	973	21	**19,347**
(17,266)	**(3,912)**	**(21,178)**	Net cost of services	**42,809**	**17,619**	**(1,568)**	**58,860**
777	-	**777**	Other Operating Expenditure	30,838	(747)	-	**30,091**
	3,912	**3,912**	Financing and investment income	(303)	5,104	537	5,338
19,728		**19,728**	Taxation and non - specific grants	(17,984)	-	(11,944)	**(29,928)**
3,239	**-**	**3,239**	Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit	**55,360**	**21,976**	**(12,975)**	**64,361**

Note 5a Note to the Expenditure and Funding Analysis (continued)

Adjustments between Funding and Accounting Basis

Levy and Reserve Adjustments	Adjustments other	**Adjustment to arrive at net amount charged to GF and HRA**	**2020/21 Comparative figures**	Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Difference Expenditure Statements	**Adjustments between Funding and Accounting Basis**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
	(5,590)	**(5,590)**	Adult Social Care	1,932	232	125	**2,289**
-	-	**-**	Chief Executive's	-	12	8	**20**
-	-	**-**	Communities	-	-	-	**-**
(560)	(30,278)	**(30,838)**	Corporate and Communities	13,227	(510)	1,350	**14,067**
-	9,083	**9,083**	Place	6,868	76	576	**7,520**
-	(2,194)	**(2,194)**	Learning and Childrens' (incl schools)	35,513	274	(271)	**35,516**
-	(1,788)	**(1,788)**	HRA	(19,086)	80	69	**(18,937)**
(560)	**(30,767)**	**(31,327)**	Net cost of services	**38,454**	**164**	**1,857**	**40,475**
560	-	**560**	Other Operating Expenditure	2,468		-	**2,468**
-	10,230	**10,230**	Financing and investment income	(1,263)	4,803	8	3,548
-	(14,208)	**(14,208)**	Taxation and non - specific grants	(15,235)		20,475	**5,240**
-	**(34,745)**	**(34,745)**	Difference between GF/HRA (surplus)/ deficit and CIES (surplus) /deficit	**24,424**	**4,967**	**22,340**	**51,731**

Note 5b Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

2020/21		2021/22
£000		**£000**
	Expenditure	
126,907	Employee benefits expenses	140,995
322,792	Other service expenses	344,949
19,850	Depreciation, amortisation and impairment	9,817
5,051	Gain or Loss on disposal of non-current assets	30,838
11,028	Interest payments	28,198
848	Precept and Levies	777
486,476	**Total Expenditure**	**555,574**
	Income	
(86,262)	Fees and charges and other service income	(94,110)
(102,389)	Income from Council Tax and Business Rates	(126,996)
(280,656)	Government grants and contributions	(247,920)
(584)	Interest and investment income	(18,948)
(469,891)	**Total Income**	**(487,974)**
16,585	**(Surplus) or Deficit on Provision of Services**	**67,600**

Note 6 Other Operating Expenditure

2020/21		2021/22
£'000		**£'000**
560	Levies paid to Other Local and Public Authorities	777
690	Payment to the Government Housing Capital Receipts Pool	690
1,779	Net Losses/(Profit) on the disposal of non-current assets	30,148
-	Net cost of pension past service cost & settlements charged to CIES	(747)
-	Deficit/(Surplus) on Trading Undertakings not included in Net Cost of Services	
3,029	**TOTAL**	**30,868**

Note 7 Financing and Investment Income and Expenditure

2020/21		2021/22
£'000		**£'000**
11,028	Interest payable and similar charges	10,950
-	Interest payable from finance lease	
4,803	Net interest on the net defined benefit pension scheme liability	5,104
-	Remeasurements of the net defined benefit liability (asset)	
(200)	Interest income	(255)
(384)	Interest receivable from finance leases	(303)
5,056	Income and expenditure in relation to investment properties and changes in their fair value	536
(6,527)	Other investment income	(6,783)
13,776	**TOTAL**	**9,249**

Note 8 Taxation and non-specific grant income

This note consolidates all non-specific grants and contributions receivable that are not allocated to particular service areas and therefore cannot be credited to the gross income amount relevant to that service area. All capital grants and contributions are credited to non-specific grant income even if service specific.

2020/21		**2021/22**
£'000		**£'000**
(100,675)	Council Tax Income	(106,786)
(1,714)	Business Rates Retention Scheme	(15,326)
(43,021)	Non-ringfenced government grants	(16,200)
(15,235)	Capital grants and contributions	(17,984)
(160,645)	Total Credited to Taxation and Non-Specific Grant Income	**(156,296)**

Note 9 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

2020/21	Grants Credited to Taxation and Non-Specific Grant Income	2021/22
£'000		£'000
	Non-ringfenced government grants:	
	In relation to Covid-19:	
(14,889)	COVID-19 Expanded Retail Reliefs	-
(7,833)	**COVID-19 Unringfenced Support Grant**	(3,932)
(7,612)	COVID-19 Sales, Fees & Charges Compensation	(1,405)
(2,793)	COVID-19 Local Tax Income Guarantee	(252)
(612)	COVID-19 Council Tax Hardship Funding	-
	Other:	
(1,893)	New Homes Bonus	(565)
(1,929)	Section 31 Business Rate Grant	(2,384)
(1,786)	Better Care Fund	(1,786)
	Social Care Support Grant	(3,152)
(3,674)	Other Non-ringfenced government grants	(2,665)
(43,021)	Total	**(16,142)**

Note 9 Grant Income (continued)

2020/21		2021/22
£'000	Capital Grants and Contributions:	**£'000**
(3,771)	Transport for London	(2,636)
-	Schools Basic Need	(1,050)
(1,841)	Schools Capital funding	(6,165)
(1,520)	Disabled Facilities	(1,520)
(5,514)	Community Infrastructure Levy	(3,922)
	GLA Cambridge Road Estate Grant	(2,348)
(2,180)	GLA grant contribution to Small Sites Programme in 2020-21	
(409)	Other Capital Grants and Contributions	(344)
(15,235)	Total	**(17,984)**

Note 9 Grant Income (continued)

2020/21	Revenue Grants Credited to Services	2021/22
£'000		£'000
	In relation to Covid-19:	
(1,479)	Business Grants	-
(677)	Additional Restrictions Grant	(2,001)
(780)	Local Restrictions Support Grant	-
(3,762)	Contain Outbreak Management Fund	(1,015)
(1,473)	Test and Trace Services	(81)
(92)	Infection Control Funding	(536)
-	Rapid Testing Funding	(573)
(1,862)	Other Covid-19 funding	(3,961)
	Other service grants:	
(96,302)	Dedicated Schools Grant	(90,505)
-	Homelessness Prevention Grant	(1,935)
(10,151)	Public Health Grant	(10,465)
(5,945)	Pupil Premium	(5,253)
(1,537)	Unaccompanied Asylum Seeking Children (UASC)	(1,206)
(299)	Troubled Families Grant	(353)
(1,854)	Universal Infants Free School Meals	(1,707)
(55,651)	Benefit Subsidy	(50,833)
(2,422)	Teachers Pension Employer Contribution Grant	(154)
-	Rough Sleepers Initiative	(1,263)
-	Household Support Fund	(857)
(4,684)	Other Revenue Grants Credited to Services	(2,950)
(188,970)	Total Revenue Grants included in Cost of Services	**(175,646)**

Note 10 Adjustments between accounting basis and funding basis under regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or reduce the Council’s underlying need to borrow (the capital financing requirement), or in line with the Council’s flexible use of capital receipts strategy. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

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

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2021/22	Usable Reserves					Non-usable Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation	(15,843)	(9,817)				**25,660**
Revaluation losses on Property Plant & Equipment	(5,903)	(23,130)				**29,033**
Amortisation of Intangible Assets	(2,064)					**2,064**
Movements in the market value of investment properties	(1,250)					**1,250**
Capital Grants and contributions applied	5,493					**(5,493)**
Revenue expenditure funded from capital under statute	(1,097)					**1,097**
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(30,769)	619				**30,150**
Statutory provision for repayment of debt	3,177					**(3,177)**
Any voluntary provision for repayment of debt						**-**
Capital expenditure charged against the General Fund and HRA balances	111					**(111)**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	12,491		(12,491)			**-**
Application of grants to capital financing transferred to the Capital Adjustment Account			4,068			**(4,068)**
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	(26)					**26**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2021/22 (continued)	Usable Reserves					Non-usable Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on the disposal to the CIES	9	4,777			(4,786)	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure					303	**(303)**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals					-	**-**
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts pool	(690)				690	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash						**-**
Use of capital receipts for revenue purposes	(1,267)				1,267	**-**
Adjustments primarily involving the Major Repairs Reserve:						
Contribution to Major Repairs Reserve		9,817		(9,817)		**-**
Use of the Major Repairs Reserve to finance new capital expenditure				6,068		**(6,068)**
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(536)					**536**
Adjustments primarily involving the Financial Instruments Revaluation Reserve:						
Impairment Losses						**-**
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited to the CIES (see Note 31)	(32,151)	(1,776)				**33,927**
Employers Pensions contributions and direct payments to pensioners payable in the year	11,430	521				**(11,951)**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2021/22 (continued)	Usable Reserves					Non-usable Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income and residual community charge adjustment included in the CIES is different from the amount taken to the General Fund in accordance with regulation	11,944					**(11,944)**
Adjustments primarily involving the DSG Adjustment Account:						
Contribution (to)/from DSG Adjustment account	1,270					**(1,270)**
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	319	(21)				**(298)**
Total Adjustments	**(45,352)**	**(19,010)**	**(8,423)**	**(3,749)**	**(2,526)**	**79,060**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2020/21 Comparative figures	Usable Reserves					Non-usable Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation	(22,639)	(9,931)	-	-	-	**32,570**
Revaluation losses on Property Plant & Equipment	(32,628)	19,517				**13,111**
Amortisation of Intangible Assets	(2,036)	(15)	-	-	-	**2,051**
Movements in the market value of investment properties	(125)	(4,931)	-	-	-	**5,056**
Capital Grants and contributions applied	5,272	2,180	-	-	-	**(7,452)**
Revenue expenditure funded from capital under statute	(1,497)	(980)	-	-	-	**2,477**
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(3,025)	(845)	-	-	-	**3,870**
Statutory provision for repayment of debt	7,156	-	-	-	-	**(7,156)**
Any voluntary provision for repayment of debt	-		-	-	-	**-**
Capital expenditure charged against the General Fund and HRA balances	-	549	-	-	-	**(549)**
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CIES	7,783	-	(7,783)	-	-	**-**
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	585	-	-	**(585)**
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	(28)	-	-	-	-	**28**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2020/21 Comparative figures (continued)	Usable Reserves					Non-usable Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on the disposal to the CIES	42	2,049			(2,091)	**-**
Use of the Capital Receipts Reserve to finance new capital expenditure			-		995	**(995)**
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals		(19)			19	**-**
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts pool	(690)				690	**-**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash						**-**
Use of capital receipts for revenue purposes	(795)				795	**-**
Adjustments primarily involving the Major Repairs Reserve:						
Contribution to Major Repairs Reserve		9,946		(9,946)		**-**
Use of the Major Repairs Reserve to finance new capital expenditure				4,805		**(4,805)**
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(541)	-	-	-	-	**541**
Adjustments primarily involving the Financial Instruments Revaluation Reserve:						
Impairment Losses	60	-	-	-	-	**(60)**
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited to the CIES (see Note 31)	(22,128)	(1,493)	-	-	-	**23,621**
Employers Pensions contributions and direct payments to pensioners payable in the year	17,545	1,108	-	-	-	**(18,653)**

Note 10 Adjustments between accounting basis and funding basis under regulations (continued)

2020/21 Comparative figures (continued)	Usable Reserves					Non-usable Reserves
	General Fund Balance	Housing Revenue Account	Capital Grants Unapplied	Major Repairs Reserve	Capital Receipts Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income and residual community charge adjustment included in the CIES is different from the amount taken to the General Fund in accordance with regulation	(20,474)	-	-	-	-	**20,474**
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(67)	(49)	-	-	-	**116**
Total Adjustments	**(68,815)**	**17,086**	**(7,198)**	**(5,141)**	**408**	**63,660**

Note 11 Transfers to/from earmarked and usable reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

Earmarked Reserves	Balance 31 March 2020	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2021	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reserves earmarked for future revenue expenditure:									
Covid-19 Related Reserves:									
Covid-19 Grant Carry forward reserve	**(2,563)**	(7,759)	2,563	-	**(7,759)**	(252)	2,700	-	**(5,311)**
Covid-19 Expanded Business Rate Relief Grant carry forward	**-**	(14,889)	-	-	**(14,889)**	-	14,889	-	**-**
Covid-19 Hardship Funding pending allocation	**-**	(612)	-	-	**(612)**	-	-	-	**(612)**
Covid-19 Local Restrictions Support Grant pending allocatior	**-**	(125)	-	-	**(125)**	-	125	-	**-**
Covid-19 Reserve	**(1,809)**		1,809		**-**	-	-	-	**-**
Corporate Reserves:									
Strategic Investment Reserve	**(4,338)**	(1,827)	-	-	**(6,165)**	(1,050)	-	-	**(7,215)**
Collection Fund Risk Reserve	**-**	(4,771)	-	-	**(4,771)**	(1,772)	-	-	**(6,543)**
Revenue Grants Unapplied Reserve	**(2,171)**	(339)	693		**(1,817)**	(506)	-	-	**(2,323)**
Redundancy Reserve	**(250)**	(364)			**(614)**	(1,072)	-	-	**(1,686)**
Election Reserve	**(234)**	(92)			**(326)**	(174)	-	-	**(500)**
Company Loss Reserve	**(702)**	-			**(702)**	-	-	-	**(702)**
Children's Services and Education Reserve	**(1,486)**	(1,955)	2,021		**(1,420)**	-	-	-	**(1,420)**
Insurance Reserve	**(1,474)**				**(1,474)**	(715)	88	-	**(2,101)**
Local Plan Reserve	**(69)**	(130)	12		**(187)**	(130)	42	-	**(275)**
Economic Risk Reserve	-	-	-	-	-	(758)	-	-	**(758)**
Debt Collection Risk Reserve	-	-	-	-	-	(2,376)	-	-	**(2,376)**
MRP Equalisation Reserve	**-**	-	-	-	**-**	(3,839)	-	-	**(3,839)**

Transfers To/From Earmarked Reserves (continued)

Earmarked Reserves	Balance 31 March 2020	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2021	Transfers In	Transfers Out	Transfers Between	Balance 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Specific Reserves:									
Corporate and Communities	**(87)**	(1,267)	727		**(627)**	-	-	-	**(627)**
Children's Services	(179)	-	-	-	(179)	-	91	-	(88)
Adults Services	**(58)**	-	-	-	**(58)**	(806)	-	-	**(864)**
Statutory Reserves:									
On Street Parking Reserve	**(41)**	(1,707)	1,748	-	**-**	(3,133)	3,133	-	**-**
Bus Lane Enforcement Reserve	(201)	(582)	784	-	1	(722)	722	-	1
Moving Traffic Contravention Reserve	**(589)**	(1,221)	1,811	-	**1**	(2,035)	2,035	-	**1**
Kingston Theatre LLP Retained Profits Reserve	(970)			-	(970)	-	**76**	-	(894)
Other Revenue Funds:									
Coombe Estate Reserve	(100)	(11)	47	-	(64)	(9)	-	-	(73)
Earmarked Revenue Grants Funding	**(8,707)**	(991)	17		**(9,681)**	(300)	362	-	**(9,619)**
Total earmarked for future revenue expenditure	**(26,029)**	**(38,642)**	**12,232**	**-**	**(52,439)**	**(19,649)**	**24,263**	**-**	**(47,825)**
HRA Earmarked Reserves:									
HRA Earmarked Reserves	(486)	(480)	350	-	(616)	-	-	-	(616)
Total HRA earmarked reserve	**(486)**	**(480)**	**350**	**-**	**(616)**	**-**	**-**	**-**	**(616)**
Schools									
Schools (held by Schools under delegated schemes)	**(4,417)**	(2,616)	2,007	-	**(5,026)**	(1,361)	813	-	**(5,574)**
Unallocated DSG	19,252	(12,000)	5,150	(12,402)	-	(6,100)	4,789	1,311	-
Total Schools	**14,835**	**(14,616)**	**7,157**	**(12,402)**	**(5,026)**	**(7,461)**	**5,602**	**1,311**	**(5,574)**
Reserves earmarked for future capital expenditure:									
Kingston Bridge Reserve Fund	**(565)**		**-**	**-**	**(565)**	**-**	**-**	**-**	**(565)**

Gloucester Rd Bridge Reserve	(83)	-	-	-	(83)	-	-	-	(83)
Other earmarked capital reserves	**(1,865)**		-	-	**(1,865)**	-	-	-	**(1,865)**
Total earmarked for future capital expenditure	**(2,513)**	**-**	**-**	**-**	**(2,513)**	**-**	**-**	**-**	**(2,513)**
Total earmarked reserves	**(14,193)**	**(53,738)**	**19,739**	**(12,402)**	**(60,594)**	**(27,110)**	**29,865**	**1,311**	**(56,528)**
General Fund balances	**(16,132)**	**(3,500)**	**-**	**-**	**(19,632)**	**-**	**-**	**-**	**(19,632)**
Total	**(30,325)**				**(80,226)**				**(76,160)**

Further information about the purpose of the reserves held is set out below:

Corporate Reserves:

Strategic Investment Reserve – set aside to fund the Council's strategic and transformational priorities

Revenue Grants Unapplied Reserve – used to carry forward non-ring fenced grants or other carry forward amounts to meet the cost of operational priorities in the following year.

Covid 19 Grant carry forward reserve - holds unspent amounts of Covid-19 grant funding where costs will impact the general fund in future years. The most significant items within this balance are Contain Outbreak Management Fund and Local Tax Income Guarantee funding.

Covid 19 Reserve - set aside to help mitigate the additional costs associated with the pandemic in future years.

Redundancy Reserve – for the potential liabilities resulting from redundancies from the Council's various transformational programmes

Election Reserve - funds set aside to fund the cost of local elections.

Company Loss Reserve – to cover the ownership share of the current loss in AfC generated by the set up costs of the company.

Children's Service & Education Reserve - funds set aside to due additional pressures in both Education and Children's Services.

Local Plan Reserve - set aside to fund the cost of the statutory local plan

Economic Risk Reserve - funds to mitigate higher costs or lower income arising from fluctuations in economic conditions

Debt Collection Reserve - this reserve is held to mitigate a risk of lower rates of debt collection and therefore loss of income

MRP Equalisation Reserve - funds set aside to smooth the minimum revenue provision charge between financial years or to mitigate future changes in requirements on accounting for MRP

Service Specific Reserves:

Communities - service specific reserves primarily relating to Public Health and Heritage

Corporate & Commercial – residual reserve relating to a corporate project, the balance of which has now been transferred into the Strategic Investment Reserve.

Children's Services – specific reserves predominantly relating to the self-funding Education Kingston.

Adults Services – the review found that these reserves were no longer required and the balances have therefore been transferred to the Strategic Investment Reserve (operational).

Statutory Reserves:

On Street Parking reserve – the statutory On Street Parking Account surpluses. This reserve is used to meet qualifying expenditure in relation to transport and highways projects and concessionary fares.

Bus Lane Enforcement reserve – the statutory Bus Lane Enforcement Account surpluses. This reserve is used to meet qualifying expenditure in relation to transport and highways projects and concessionary fares.

Moving Traffic Contravention reserve – a statutory reserve for Moving Traffic Contravention surpluses. This reserve is used to meet qualifying expenditure in relation to transport and highways projects and concessionary fares.

Kingston Theatre LLP Retained Profits Reserve – reserve showing accounting adjustment related to Council's share of any retained profits from Kingston Theatre LLP. This is an accounting reserve and does not constitute available resource to the Council.

Other Revenue Funds:

Coombe Estate - Set aside for the maintenance and repair of the Coombe Estate Roads.

Earmarked Revenue Grants Funding – containing unspent grants which have no specific conditions.

Other Funds:

Insurance Reserve – established to underwrite a proportion of the Council's insurable risks. Held in conjunction with the Council's Insurance provision.

Schools (held by Schools under delegated Schemes) – this balance is comprised of unspent revenue balances held by Schools at year end which may be applied the following year. The balances can only be used by the Schools and are not available to the Council for general use.

Unallocated DSG – the unallocated DSG represents an accumulated deficit of DSG funding. Following changes to legislation, the deficit at the end of 2020/21 has been moved to an unusable reserve: the Dedicated Schools Grant Adjustment Account. This legislation was made to ensure that DSG deficits are separated from a Council's General Fund resources. See note 12 for further information.

Reserves Earmarked for future capital expenditure

Kingston Bridge Reserve Fund – earmarked and ring fenced for expenditure on the maintenance of Kingston Bridge.

Gloucester Rd Bridge Reserve – earmarked and ring fenced for expenditure on the maintenance of Gloucester Road Bridge.

Other funds - set aside for use on capital expenditure

Note 12 Unusable Reserves

31 March 2021		31 March 2022
£'000		**£'000**
(340,365)	Revaluation Reserve	(397,551)
(431,413)	Capital Adjustment Account	(381,727)
247,418	Pensions Reserve	187,702
(2,002)	Financial Instruments Adjustment Account	(1,465)
(8,095)	Deferred Capital Receipts	(8,069)
21,463	Collection Fund Adjustment Account	9,521
2,918	Accumulated Absences Account	2,620
(125)	Financial Instruments Revaluation Reserve	(125)
12,402	Dedicated Schools Grant Adjustment Account	9,821
(497,799)	**TOTAL**	**(579,273)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation,or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The table below details the movements through the Revaluation Reserve for 2020/21 and 2021/22:

2020/21		2021/22
£'000		£'000
(162,303)	**Balance at 1 April**	**(340,365)**
(223,299)	Upward revaluation of assets	(93,073)
53,245	Downward revaluation of assets and impairment losses not charged to the surplus/(deficit) on the provision of services	15,541
(170,054)	Surplus or deficit on revaluation of non current assets not posted to the surplus/(deficit) on the provision of services	(77,532)
(8,355)	Difference between current value depreciation and historical cost depreciation	(2,203)
347	Accumulated losses on assets sold or scrapped	22,549
(8,008)	Amount written off to the Capital Adjustment Account	20,346
(340,365)	**Balance at 31 March**	**(397,551)**

Note 12 Unusable Reserves (continued)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The table below details the transactions that took place on the Capital Adjustment Account for 2020/21 and 2021/22:

2020/21		2021/22
£'000		**£'000**
(477,013)	**Balance at 1 April**	**(431,413)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
32,569	Charge for depreciation and impairment of non-current assets	25,659
-	Impairment of available for sale financial assets	-
13,112	Revaluation gains/(losses) on Property, Plant and Equipment	29,033
2,051	Amortisation of intangible assets	2,064
2,477	Revenue expenditure funded from capital under statute	1,097
3,870	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	30,149
54,079		**88,002**
8,355	Difference between current value depreciation and historical cost depreciation	2,203
(347)	Accumulated losses on assets sold or scrapped	(22,549)
62,087	**Net written out amount of the cost of non-current assets consumed in the year**	**67,656**

Note 12 Unusable Reserves (continued)

Capital Adjustment Account (continued)

2020/21		2021/22
£'000		£'000
	Capital financing applied in the year:	
(995)	Use of the Capital Receipts Reserve to finance new capital expenditure	(303)
(4,805)	Use of the Major Repairs Reserve to finance new capital expenditure	(6,068)
(7,452)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,493)
(585)	Application of grants to capital financing from the Capital Grants Unapplied Account	(4,015)
(7,157)	Statutory provision for the financing of capital investment charged against the General Fund and HRA Balances	(3,177)
-	Voluntary provision for the repayment of debt	-
-	Funded from Revenue Reserves	-
(549)	Capital expenditure charged against General Fund and HRA balances	(164)
(21,543)		**(19,220)**
5,056	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,250
(431,413)	**Balance at 31 March**	**(381,727)**

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21		2021/22
£'000		£'000
209,037	**Balance at 1 April**	**247,418**
33,413	Remeasurement of the net defined benefit liability	(81,692)
(18,348)	Actual contributions from employers including unfunded element	(11,951)
18,435	Current Service Costs	29,570
78	Past service costs	139
-	Effect of settlements	(886)
4,803	Effect of interest costs	5,104
-	Effect of business combinations	-
247,418	**Balance at 31 March**	**187,702**

Note 12 Unusable Reserves (continued)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the adjustments to Financials Instruments, mainly liabilities.

2020/21		2021/22
£'000		£'000
(2,543)	**Balance at 1 April**	**(2,002)**
(21)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	(20)
562	Calculated interest on Loan from Greater London Authority	**557**
(2,002)	**Balance at 31 March**	**(1,465)**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the receipts from leases.

2020/21		2021/22
£'000		£'000
(8,123)	**Balance at 1 April**	**(8,095)**
28	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	26
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
(8,095)	**Balance at 31 March**	**(8,069)**

Note 12 Unusable Reserves (continued)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020/21		2021/22
£'000		**£'000**
(226)	**Balance at 1 April - Council Tax**	**2,258**
226	Opening balance reversed back to the Collection Fund Control Account	(2,258)
2,258	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	1,011
2,258	**Balance at 31 March**	**1,011**
1,215	**Balance at 1 April - Business Rates**	**19,205**
(1,215)	Opening balance reversed back to the Collection Fund Control Account	(19,205)
19,205	Amount by which Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Business Rates income calculated for the year in accordance with statutory requirements	8,510
19,205	**Balance at 31 March**	**8,510**
21,463	**Grand Total**	**9,521**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, i.e. annual leave entitlement carried forward at 31 March 2022. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

2020/21		2021/22
£'000		**£'000**
2,801	**Balance at 1 April**	**2,918**
(2,801)	Settlement or cancellation of accrual at the end of the preceding year	(2,918)
2,918	Amounts accrued at the end of the current year	2,620
2,918	**Balance at 31 March**	**2,620**

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains and losses made by the authority arising from increases and decreases in the value of its investments that are measured at fair value through other comprehensive income.

2020/21		2021/22
£'000		**£'000**
(65)	**Balance at 1 April**	**(125)**
	Transfer of Available for Sale balances - IFRS 9 Categorisation	**-**
(60)	Upward revaluation of investments	-
	Downward revaluation of investments	-
-	Change in impairment loss allowances	-
(125)	**Balance at 31 March**	**(125)**

Note 12 Unusable Reserves (continued)

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account was created during 2021/22 by the statutory instrument "Schools and Early Years Finance (England) Regulations 2020". It holds the Council's cumulative DSG deficit, which was previously reported as an earmarked reserve under the heading "Unallocated DSG". The purpose of this statutory instrument was to ensure school deficits are held separately from the Council's general fund resources.

2020/21		2021/22
£'000		£'000
-	**Balance at 1 April**	**12,402**
12,402	Amount of Dedicated Schools Grant (surplus) / deficit transferred to unusable reserves	(1,311)
-	Contribution (to)/from DSG Adjustment account	(1,270)
12,402	**Balance at 31 March**	**9,821**

Note 13a Property Plant & Equipment

2021/22	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2021	**398,991**	**533,028**	**31,316**	**186,284**	**4,933**	**13,728**	**16,300**	**1,184,581**
Additions	7,887	5,038	1,248	4,409	485		23,715	42,782
Revaluation increases/(decreases) recognised in the Revaluation Reserve	17,181	46,693				335		64,209
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(23,298)	(8,383)				922		(30,759)
Derecognition - Disposals	619	(30,767)						(30,148)
Reclassifications/Transfers		2,930					(2,930)	-
At 31st March 2022	**401,380**	**548,539**	**32,564**	**190,693**	**5,418**	**14,985**	**37,085**	**1,230,665**

Note 13a Property Plant & Equipment (continued)

2021/22	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1st April 2021	**(1)**	**(8,571)**	**(27,300)**	**(108,086)**	**-**	**-**	**-**	**(143,958)**
Depreciation charge	(9,402)	(7,301)	(1,368)	(7,588)				(25,659)
Depreciation charge written out to the Revaluation Reserve	9123	4,201						13,324
Depreciation charge written out to the Surplus/Deficit on the Provision of Services	168	2,008						2,176
Derecognition - Disposals								-
At 31st March 2022	**(112)**	**(9,663)**	**(28,668)**	**(115,674)**	**-**	**-**	**-**	**(154,117)**
Net book value at 31st March 2022	401,268	538,876	3,896	75,019	5,418	14,985	37,085	1,076,548
Net book value at 31st March 2021	398,990	524,457	4,016	78,198	4,933	13,728	16,300	1,040,623
Nature of asset holding								
Owned	401,268	538,876	3,896	75,019	5,418	14,985	37,085	1,076,548
Leased								-
	401,268	**538,876**	**3,896**	**75,019**	**5,418**	**14,985**	**37,085**	**1,076,548**

Note 13a Property Plant & Equipment (continued)

2020/21 Comparative movements	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1st April 2020	**381,044**	**403,839**	**29,767**	**179,310**	**3,761**	**14,891**	**6,467**	**1,019,080**
Additions	7,778	3,376	1,549	6,974	1,172	-	9,833	30,682
Revaluation increases/(decreases) recognised in the Revaluation Reserve	957	162,439	-	-	-	(1,163)	-	162,233
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	10,287	(33,937)	-	-	-	-	-	(23,650)
Derecognition - Disposals	(845)	(3,025)	-	-	-	-	-	(3,870)
Reclassifications/Transfers	(230)	336	-	-	-	-	-	106
At 31st March 2021	**398,991**	**533,028**	**31,316**	**186,284**	**4,933**	**13,728**	**16,300**	**1,184,581**

Note 13a Property Plant & Equipment (continued)

2020/21 Comparative movements	Council dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1st April 2020	**-**	**(3,509)**	**(24,848)**	**(101,389)**	**-**	**-**	**-**	**(129,746)**
Depreciation charge	(9,531)	(13,890)	(2,452)	(6,697)	-	-	-	(32,570)
Depreciation charge written out to the Revaluation Reserve	219	7,814	-	-	-	-	-	8,033
Depreciation charge written out to the Surplus/Deficit on the Provision of Services	9,311	1,014	-	-	-	-	-	10,325
Derecognition - Disposals	-	-	-	-	-	-	-	-
At 31st March 2021	**(1)**	**(8,571)**	**(27,300)**	**(108,086)**	**-**	**-**	**-**	**(143,958)**
Net book value at 31st March 2021	398,990	524,457	4,016	78,198	4,933	13,728	16,300	1,040,623
Net book value at 31st March 2020	381,044	400,330	4,919	77,921	3,761	14,891	6,467	889,334
Nature of asset holding								
Owned	398,990	524,457	4,015	78,198	4,933	13,728	16,300	1,040,622
Leased	-	-	1	-	-	-	-	1
	398,990	**524,457**	**4,016**	**78,198**	**4,933**	**13,728**	**16,300**	**1,040,623**

Revaluations
The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at Current Value is re-valued at least every five years

In 2021/22, Council properties were re-valued if they met one of the following criteria:

- Property valued at more than 1% of the total value of other land and buildings
- Property with a carrying value above £1.5m not re-valued within the past 3 years
- any properties that have reached the maximum interval between valuations of 5 years.
- all Investment Properties
- any property classed as a Council Dwelling

All General Fund, HRA stock and investment property valuations were carried out by Montagu Evans LLP, Chartered Surveyor under the instruction of the Council's Asset services. Valuation of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Where assets have been re-valued and the revaluation reserve balance for an asset is nil, a charge has been taken to the individual service lines within the Net Cost of Service of the Comprehensive Income and Expenditure Statement and reversed out to the Capital Adjustment Account.

These charges include the value of onward revaluations on properties with a nil or exhausted revaluation balance and upward revaluations for properties which previously had downward revaluation charges to the Comprehensive Income & Expenditure Statement. The Revaluation reserve is credited with gains on revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve.

Basis of Valuation

In determining the relevant methodology for valuation, the valuer has relied on the RICS Valuation - Global Standards 2017 - UK National Supplement, as well as the RICS Valuation - Global Standards 2021 ("The Red Book") and UK National Suipplem,emtn (2019) which forms the basis for the valuation methodology, in accordance with the requirements of International Financial Reporting Standards.

General Assumptions

- All assets valued on a DRC or EUV basis an apportionment of each valuation has been made between land and buildings.
- All of the assets are held on an unencumbered freehold basis with the Title being good and marketable.
- Apportionment is provided for the financial purposes of RBK but this does not necessarily reflect how each asset would be treated in the open market.
- On the continuation of the existing uses for all of those properties that are owner occupied by RBK.
- That the properties are all occupied and/or operated in accordance with a valid planning permission.
- Free of any matters (including deleterious materials or contamination) that could otherwise affect value;
- None of the properties are prone to flooding or other infrequent or regularly occurring natural events that could affect value
- All necessary mains services are connected to the propertie
- Valuations based on DRC are only to be used for valuing specialised property that is owner occupied for inclusion in financial statements
- Market Value would usually be provided where we consider the property is either considered as an investment property, it is held as a surplus asset, or as an asset held for sale by RBK.
- EUV is used as the basis of valuation for the land owner occupied by RBK, together with any non-specialised buildings.
- The valuations are based on the market conditions prevailing at the valuation date and relevant adjustments to values have been made following an Impairment Review

Effect of changes in estimates - componentisation

For 2021/22 depreciation for Council dwellings has been calculated based on componentisation of blocks of similar properties (using beacon principles). This resulted in depreciation of £9.402m being charged to the HRA (2020/21 £9.531m).

Schools Valuations

The valuation methodology applied by the Council's valuer has been amended to match the basis used by the Department of Education and wider industry. A school's valuation is now based upon the replacement cost of a school of an equivalent size, rather than the cost of the legacy premises, that may not be fully used.

Capital Commitments

As of 31 March 2022, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years

The major commitments are

Value of commitment 31 Mar 2021		Value of commitment 31 Mar 2022
£'000		**£'000**
552	Schools programme	298
1,218	General fund property programme	2,482
1,906	Public realm programme	1,304
965	Highways & transport programme	685
1,624	ICT programme	1,592
5,797	HRA housing	2,873
12,062		**9,234**

Note 13a Property Plant & Equipment (continued)

CURRENT VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 March 2022. Note the majority of property plant and equipment is carried at current value in accordance with IAS 16, as adapted for the public sector context. Fair value of the Council’s main property assets is estimated based on appraisals performed by independent, professionally-qualified property Valuers.

31 March 2022	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Surplus Assets			14,985	14,985
Investment Properties		79,326		79,326
Assets Held for sale			100	100
	-	**79,326**	**15,085**	**94,411**

Note 13b Heritage Assets

Kingston has a specialist Fine Art policy to cover its Heritage Assets. The value of the Council's Heritage Assets totalled £1.209m as at 31 March 2022. The last valuation was undertaken in 2014/15. The Council's Civic Regalia and paintings located in the Guildhall are included in the valuation.

A number of other items have been identified as Heritage Assets but have not been included on the balance sheet because seeking a valuation is either impossible given their nature or would cost too much to be commensurate with benefits to the users of the financial statements. These items include:

- **Museum Collection –** Comprises of just under 9,000 items of either historical, rather than monetary value or which are costly to value or impossible to value given their nature. The collection is varied, and though most are items of local interest, some items in the collection do hold national and international significance. There were a few additions during the year but no disposals.
- **Art Collection –** Over 700 items, mostly of local topographical interest and some commercially produced pieces. Within this collection are a small selection of pieces by more notable artists and the ever-growing Brill collection, aspects of which will appreciate in value as the artists achieve success in their later careers.
- **The Eadweard Muybridge Collection –** A collection of an early photographic pioneer donated to the Authority at the end of his life. Muybridge achieved international success and was key to the progress of early 20th century photography and the development of moving images. Some items are highly collectible. The Heritage Service has the Muybridge Collection valued at £15.53m and it is now insured for this value.
- **Local History Collection –** Collection includes books, pamphlets, maps, ephemera, oral histories, photographs and volumes of newspapers, totalling more than 18,000 items. There is no information detailing historical cost for significant items. There were a few additions during the year.
- **Archives –** The majority of the collection relates to the Royal Borough of Kingston upon Thames as an entity, this includes royal charters dating back to 1208. In addition to the records of the borough, over 350 collections from local organisations and individuals have been deposited with the archive.
- **Public Art –** sculptures and mosaics in public areas. There is no information on historic cost and given their nature the cost of valuation is not commensurate with benefits to users of the financial statements.

5 Year Summary of Transactions – the heritage collections continue to grow year on year, but there have been no significant acquisitions in the last 5 years.

Note 13c Intangible Assets

Intangible assets are those which do not have physical substance, but bring economic benefit to the Council. Intangible assets include both purchased licenses and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £2.064m charged to revenue in 2021/22 was charged directly to each service heading (£2.051m in 2020/21).

The movement on Intangible Assets balances during the year is as follows:

2020/21		2021/22
£'000		**£'000**
	Balance at start of year:	
16,414	- Gross carrying amounts	18,364
(9,540)	- Accumulated amortisation	(11,591)
6,874	**Net carrying amount at start of year**	**6,773**
	Additions:	
1,950	- Purchases	131
(2,051)	Amortisation for the period	(2,064)
6,773	**Net carrying amount at end of year**	**4,840**
	Comprising:	
18,364	- Gross carrying amounts	18,495
(11,591)	- Accumulated amortisation	(13,655)
6,773		**4,840**

Note 14 Investment Properties

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property. Investment properties are measured initially at cost and subsequently at fair value.The Code of Practice requires that investment properties are not depreciated, but are held at fair value, in this case open market value, and their book value is adjusted for indexation if the market movement is more than +/-3%

The following table summarises the movement in the Fair Value of investment properties over the year:

2020/21		2021/22
£'000		**£'000**
85,812	Balance at start of the year	80,986
230	Reclassifications	-
-	Additions	140
-	Disposals	-
-	Transfers to and from Investment properties	(550)
(5,056)	Net gains/(losses) from current value adjustments (Revaluations and Impairments)	(1,250)
80,986	**Balance at the end of the year**	**79,326**

Valuation Techniques used to Determine Level Three Fair Value

Fair value of the Council's main property assets is estimated based on appraisals performed by independent, professionally-qualified property Valuers. The valuations comprise a combination of Market Approach, Income Approach and Cost Approach. Investment properties are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually according to market conditions at the year-end. All the Council's investment properties have been value assessed as Level 3 on the fair value hierarchy for valuation purposes by our independent valuation provider, since they include both observable and unobservable inputs.

Note 14 Investment properties (continued)

The following amounts of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES.

2020/21		2021/22
£'000		**£'000**
(7,201)	Rental Income from Investment Properties	(6,783)
674	Direct Operating Expenses arising from Investment Property	-
(6,527)		**(6,783)**

Note 15 Assets Held for Sale

The value of assets held for sale are set out in the table below:

2020/21		2021/22
£'000		**£'000**
337	**Balance outstanding at start of the year**	**-**
	Assets newly classified as held for sale:	
-	Investment properties	550
	Assets declassified as held for sale:	
-	Derecognition - disposals	-
(337)	Reclassifications	-
-	Revaluation losses	(450)
-	**Balance outstanding at year-end**	**100**
	Represented by:	
-	Short term assets held for sale	100

Note 16 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the table below:

2020/21		2021/22
£'000		**£'000**
344,580	**Opening Capital Financing Requirement**	**358,146**
	Capital Investment:	
30,682	Property, Plant and Equipment	42,782
-	Investment Properties	140
1,950	Intangible Assets	131
2,477	Revenue Expenditure Funded from Capital Under Statute	1,097
	Sources of Finance:	
(995)	Capital Receipts	(303)
(8,586)	Government grants and other contributions	(9,672)
	Sums set aside from revenue	
(4,805)	- Direct revenue contributions	(6,068)
(7,157)	- MRP / Loans fund principal	(3,177)
358,146	**Closing Capital Financing Requirement**	383,076
	Explanation of movements in year:	
13,566	Increase in underlying need to borrow (unsupported by government financial assistance)	24,930
13,566	**Increase in Capital Financing Requirement**	**24,930**

Note 17 Financial Instruments

a) Financial Instruments Balances

Accounting regulations require financial instruments shown on the balance sheet to be further analysed into various defined categories as shown in the table below.

Categories of financial assets and financial liabilities

				31 March 2021								31 March 2022
Non-current		**Current**			Total	FINANCIAL ASSETS	**Non-current**		**Current**			Total
Investments	**Debtors**	**Investments**	**Debtors**	**Cash**			**Investments**	**Debtors**	**Investments**	**Debtors**	**Cash**	
£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
4,990	-	-	-	-	4,990	Fair value through profit and loss	4,937	-	4,990	-	-	9,927
-	7,866	49,470	45,251	15,266	117,853	Amortised Cost		7,360	-	59,249	13,392	80,001
235	-	-	-	-	235	Fair value through other comprehensive income - designated equity instruments	-	-	235	-	-	235
5,225	7,866	49,470	45,251	15,266	123,078	**Total financial assets**	4,937	7,360	5,225	59,249	13,392	90,163
-	-	-	44,297	-	44,297	Non-financial assets	-	-	-	34,839	-	34,839
5,225	7,866	49,470	89,548	15,266	167,375	**Total**	4,937	7,360	5,225	94,088	13,392	125,002

Note 17 Financial Instruments (continued)

31 March 2021						31 March 2022				
Non-current		Current		Total	FINANCIAL LIABILITIES	Non-current		Current		Total
Borrowings	Creditors	Borrowings	Creditors			Borrowings	Creditors	Borrowings	Creditors	
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(300,505)	-	(13,275)	(81,860)	(395,640)	Amortised Cost	(308,974)	-	(3,265)	(79,646)	(391,885)
(300,505)	-	(13,275)	(81,860)	(395,640)	Total financial liabilities	(308,974)	-	(3,265)	(79,646)	(391,885)
-	-	-	(2,866)	(2,866)	Non-financial liabilities	-	-	-	(26,415)	(26,415)
(300,505)	-	(13,275)	(84,726)	(398,506)	Total	(308,974)	-	(3,265)	(106,061)	(418,300)

Soft Loans

The Council is in receipt of an interest-free loan from the Greater London Authority for the purpose of regenerating the Cambridge Road Estate. There were 2 tranches of £10m each in 2017/18 and a further tranche of £6.625m in 2018/19. The Council is required to carry these liabilities in its accounts at the net present value of the loan discounted at a comparable rate offered by the Public Works Loan Board. The difference between the nominal principal of £26.625m and the net present value is taken to reserve and written down over the life of the loan so that the 2 values are equal on maturity

Greater London Authority	2020/21	2021/22
	£'000	£'000
Opening Balance	22,498	23,060
Increase in the discounted amount	562	557
Closing balance at end of year	23,060	23,617
Nominal value at 31 March	26,625	26,625

Note 17 Financial Instruments (continued)

Investments in equity instruments designated at fair value through other comprehensive income

Description	Nominal	Fair Value	Change in fair value during 2021/22	Dividends
	£'000	£'000	£'000	£'000
Kingston Theatre LLP	5,083	165	-	-
UK Municipal Bond Agency PLC	100	11	-	-

Kingston Theatre LLP is a Limited Liability Partnership (LLP) between the Council (95% stake) and Kingston University (5% stake), whose principal activity is to own and manage the property in High Street, Kingston upon Thames known as the Rose Theatre.

The UK Municipal Bonds Agency Plc was established in June 2014, with the primary purpose of reducing local authority financing costs by issuing bonds in the capital markets and on-lending to councils, lending between councils and sourcing funding from 3rd party sources, to on-lend to councils.

Reclassification

Reclassification of a financial instrument can only occur if it is allowed through the definitions of the Code, and as a consequence should be relatively rare.
In the case of financial liabilities an authority cannot reclassify. No financial instruments have been reclassified.

Note 17 Financial Instruments (continued)

b) Comprehensive Income and Expenditure Statement disclosures

Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2020/21			2021/22	
Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure		Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
£'000	£'000		£'000	£'000
		Net gains/losses on:		
60	-	Financial assets measured at fair value through profit or loss	-	-
562	-	Financial assets measured at amortised cost	(544)	-
-	-	Investments in equity instruments designated at fair value through other comprehensive income	-	-
622	-	**Total net gains/losses**	(544)	-
		Interest revenue:		
(584)	-	Financial assets measured at amortised cost	(558)	-
-	(79)	Other financial assets measured at fair value through other comprehensive income	-	-
(584)	(79)	**Total interest revenue**	(558)	-
		Interest expense		
11,028	-	Financial assets or financial liabilities that are not at fair value through profit or loss	10,950	-
11,028	-	**Total interest expense**	10,950	-

Note 17 Financial Instruments (continued)

Basis for recurring fair value measurements:
Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 Inputs – unobservable inputs for the asset or liability.

Fair Value of Financial Assets
Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2022	As at 31 March 2021
			£'000	**£'000**
Fair Value through Profit and Loss				
Other financial instruments classified as fair value through profit and loss	Level 1	Unadjusted quoted prices in active markets for identical shares	4,937	4,990
Total			**4,937**	**4,990**
Fair Value through Other Comprehensive Income				
Equity shareholding in Kingston theatre LLP	Level 3	Equity share attributable to shareholders	-	165
Equity shareholding in UK Municipal Bond Agency PLC	Level 3	Equity share attributable to shareholders	-	11
Total			**-**	**176**

Note 17 Financial Instruments (continued)

Equity Investments
Kingston Theatre LLP - the shares in this company are not traded in an active market and fair value of £224k has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation is based on the equity shown in Kingston Theatre LLP's latest accounts, shared proportionately between Partnership members.

The UK Municipal Bond Agency– the shares in this company are not traded in an active market and fair value of £11k has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the assets and liabilities in the company's latest audited accounts.

Other financial instruments Classified as Fair value through Profit and Loss
The Council has investments in two bond funds managed by Royal London: Cash Plus Fund and Enhanced Cash Plus Fund. Both funds are valued on a mid-price basis.

Transfers between Levels of the Fair Value Hierarchy
There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique
There has been no change in the valuation technique used during the year for the financial instruments

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)
Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

For loans from the PWLB payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment, highlighting the impact of the alternative valuation;
For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.
No early repayment or impairment is recognised;
Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Note 17 Financial Instruments (continued)

The calculated fair value of each class of financial asset and liability which are carried in the balance sheet are shown in the tables below. The prior year fair values as at 31 March 2021 are also provided for comparison.

Fair Value of Liabilities Carried at Amortised Cost

31 March 2021			31 March 2022	
Carrying amount	**Fair Value**		**Carrying amount**	**Fair Value**
£'000	**£'000**		**£'000**	**£'000**
(220,229)	(289,468)	PWLB debt	(216,159)	(262,584)
(61,342)	(91,467)	Non-PWLB debt	(61,927)	(91,329)
(23,060)	(23,060)	GLA Soft Loan	(23,617)	(23,617)
(775)	(775)	Short term Borrowing	(775)	(775)
(81,860)	(86,045)	Short term creditors	(79,646)	(79,646)
-	-	Short term finance lease liability	-	-
(387,266)	**(490,815)**	Total financial liabilities	**(382,124)**	**(457,951)**

The fair value is higher than the carrying amount because the Authority's portfolio of loans includes fixed rate loans, where the interest rate payable is higher than the prevailing rates at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB, rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £382m would be valued at £458.0m.

But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that would have been paid. The exit price for the PWLB loans including the penalty charge would be £314.4m.

Note 17 Financial Instruments (continued)

Fair Value of Assets Carried at Amortised Cost

31 March 2021			31 March 2022	
Carrying amount	Fair Value		Carrying amount	Fair Value
£'000	£'000		£'000	£'000
35,225	35,225	Money market loans < 1 year	30,550	30,562
14,581	14,581	Short term investments	37,700	37,617
45,250	45,250	Short term debtors	59,249	59,249
7,866	8,459	Long term debtors	7,836	7,836
11,024	11,024	Cash	13,392	13,392
113,946	**114,539**	Total financial assets	**148,727**	**148,656**

Where the fair values of financial assets are the same as carrying values, this is because the investments held are short term and their interest rates are equal to the rates available for similar loans at the balance sheet date. The carrying amount and fair value of long term investments are carried at fair value according to accounting practices.

Note 17 Financial Instruments (continued)

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

31 March 2022	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total
Recurring fair value measurements using:	**£'000**	**£'000**	**£'000**	**£'000**
Financial liabilities				
Financial liabilities held at amortised cost:				
PWLB	-	(216,934)	-	(216,934)
Non-PWLB	-	(61,962)	-	(61,962)
GLA Soft Loan	-	(23,617)	-	(23,617)
Short term debt	-	-	-	-
Short term creditors	-	-	-	-
Finance lease liability	-		-	-
Total	**-**	**(302,513)**	**-**	**(302,513)**
Financial assets				
Financial assets held at amortised cost:	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 17 Financial Instruments (continued)

31 March 2021 Comparative	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Total
Recurring fair value measurements using:	**£'000**	**£'000**	**£'000**	**£'000**
Financial liabilities				
Financial liabilities held at amortised cost:				
PWLB	-	(220,229)	-	(220,229)
Non-PWLB	-	(61,342)	-	(61,342)
GLA Soft Loan	-	(23,060)	-	(23,060)
Short term debt	-	(775)	-	(775)
Short term creditors	-	(81,860)	-	(81,860)
Finance lease liability	-	-	-	-
Total	**-**	**(387,266)**	**-**	**(387,266)**
Financial assets				
Financial assets held at amortised cost:	-	113,920	-	113,920
Total	**-**	**113,920**	**-**	**113,920**

The fair value for financial liabilities and financial assets that are not measured at fair value included in Level 2 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed above, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premium/discount calculations.

c) Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks actively works to minimise exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code on Treasury Management in the Public Services and investment guidance issued through the Act.

The Council has written principles for overall risk management as well as written policies and procedures (Treasury Management Practices - TMPs) covering specific areas such as interest rate risk, credit risk and the investment of surplus cash which are reviewed periodically.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Council in February 2021 and is available on the Council's website. Actual performance is reported on a half-yearly basis to the Audit, Governance and Standards Committee.

Credit Risk

Credit risk arises from the lending of surplus cash funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council is currently using highly rated institutions and high security money market funds. The Council limits the value and duration of deposits with individual institutions dependent on banding derived from modelling combining credit ratings, credit watches and credit outlooks and overlaid with Credit Default Swap (CDS) spreads, as set out in the Treasury Management strategy.

Amounts Arising from Expected Credit Losses

The Council's maximum exposure to credit risk on its money market investments has been deemed to be immaterial. This has been determined by reference to the historic default rates provided by credit rating agencies that show a risk of default of 0.05% or less for the rated financial institutions on the Council's approved counterparty list. Note that in the event of any default the Council would be entitled to a share of the assets in the financial institution so that any potential loss would be less than the default rate quoted.

The Council has made a credit loss allowance on its trade receivables in accordance with proper practices.

Liquidity Risk

The Council has access to borrowing from the money markets to cover day to day cash flow needs and to the Public Works Loans Board (PWLB) and money markets for access to longer term funds. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The maturity structure of financial liabilities is as follows (at nominal rate):

Note 17 Financial Instruments (continued)

31 March 2021		31 March 2022
£'000		**£'000**
219,364	Public Works Loans Board	216,089
51,000	Market debt	61,000
26,625	GLA	26,625
10,000	Temporary loans	-
306,989	Total	**303,714**
10,775	Less than 1 year	775
775	Between 1 and 2 years	775
4,326	Between 2 and 5 years	30,950
57,633	Between 5 and 10 years	40,236
253,480	More than 10 years	230,978
326,989	Total	**303,714**

Market Risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council depending on how variable and fixed interest rates move across differing financial instrument periods.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk, for example variable rate loans are limited to a maximum of 20% of overall borrowing. The Council continually tracks interest rates and uses its treasury management advisers, Link, to identify opportunities for restructuring debt. In doing so, any premiums or discounts applicable are taken into consideration when assessing whether this may be beneficial to the Council. There is an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2022
	£'000
Increase in interest receivable on variable rate investments	(1,139)
Impact Surplus or Deficit on the Provision of Services	**(1,139)**
Share of overall impact credited to the HRA	(182)
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(52,380)

Note 18 Short term Debtors

These are short-term debts consisting of amounts due from Government, other local authorities and amounts due for goods and services provided as at 31 March.

2020/21		2021/22
£'000		£'000
13,624	Central Government Bodies	17,911
24,009	Other Local Authorities	12,488
1,812	NHS Bodies	2,790
(11)	Public Corporations & Trading Funds	(11)
50,114	Other Entities & Individuals	60,910
89,548	**Total**	**94,088**

2020/21		2021/22
£'000		£'000
106,352	Debtors	110,775
7,515	Payments in advance	5,803
(24,319)	Less Provision for impairment of bad debts	(22,490)
89,548	**Total**	**94,088**

Note 19 Short term Creditors

These consist of amounts owed to Government and other public bodies and all unpaid sums for goods and services provided as at 31 March.

2020/21		2021/22
£'000		£'000
(38,477)	Central Government Bodies	(52,446)
(5,822)	Other Local Authorities	(2,420)
(302)	NHS Bodies	(4,689)
-	Public Corporations & Trading Funds	-
(40,125)	Other Entities & Individuals	(46,506)
(84,726)	**Total**	**(106,061)**

2020/21		2021/22
£'000		£'000
(81,583)	Creditors	(98,738)
(3,143)	Receipts in Advance	(7,323)
(84,726)	**Total**	**(106,061)**

Note 20 Cash and cash equivalents

The balance of cash and cash equivalents is made up as follows:

2020/21		2021/22
£'000		**£'000**
7,385	Cash held by the Authority	8,090
(12,682)	Cash at Bank	(15,012)
20,563	Short-term liquid deposits	20,563
15,266	**Total**	**13,641**

Note 21 Provisions

	Balance b/fwd1 April 2021	Additional provisions made in 2021/22	Amounts used in 2021/22	Unused amounts reversed in 2021/22	Balance c/fwd 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Non Current Provisions:					
a) Long Term Insurance Provision	(980)	(1,283)	-	859	(1,404)
Total Non Current Provisions	(980)	(1,283)	-	859	(1,404)
Current Provisions:					
b) Short Term Insurance Provision	(969)	-	969	-	-
c) NNDR Appeals	(3,188)	-	993	948	(1,247)
d) HRA Water Charges Provision	(1,772)	-	-	-	(1,772)
e) Keir Escalation	(1,500)	-	1,500	-	-
f) London Pool Gain	(255)	(50)	255	-	(50)
g) Other	(290)	-	-	-	(290)
Total Current Provisions	(7,974)	(50)	3,717	948	(3,359)
Total	**(8,954)**	**(1,333)**	**3,717**	**1,807**	**(4,763)**

a) This provision is held to meet the cost of that part of any liability claim that falls below the insurance deductible and is, therefore, not funded by the Council's insurance policy beyond one year. As at 31 March 2022, to our knowledge, there are no material unfunded risks. The estimated fund surplus is included under earmarked reserves, see Note 11.

b) This provision is made to meet the cost of that part of any liability claim that falls below the insurance deductible and is, therefore, not funded by the Council's insurance policy within one year. As at 31 March 2022, to our knowledge, there are no material unfunded risks.

c) A provision of £1.247m for outstanding appeals against valuations for Business Rates currently being assessed by the Valuation Office Agency (£3.187m in 2020/21).

d) HRA Water Charges - The High Court decided in November 2019 that Kingston was a 'water reseller' and had been overcharging its tenants for water and sewerage charges accordingly. The ruling was upheld by the courts in 2020. The Council started to refund current tenants from April 2021. Further work on the potential cost of refunds was undertaken including the cost of both current and former tenants. The provision remains the same as last year at £1.772m.

e) London Pool Gain - Provision of £0.05m made to potentially repay the "on account" gain distributed by the Pool in 2021/22. The actual gain (or loss) of the Business Rates pool will be calculated in-year, once the final position of all Council's in London is known.

f) Other provisions - The remains the same as last year at £0.290m for Legal costs.

Note 22 Cash Flows from Operating Activities

2020/21		2021/22
£'000		**£'000**
(200)	Interest received	255
11,049	Interest paid	(10,413)
10,849	**Total**	
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(32,570)	Depreciation	25,660
(13,112)	Impairment and revaluations	29,033
(2,051)	Amortisation	2,064
(6,270)	Increase / (decrease) in impairment for bad debts	-
(35,781)	Increase / (decrease) in creditors	23,687
57,659	(Increase) / decrease in debtors	(4,509)
-	(Increase) / decrease in inventories	14
(4,968)	Movement in Pension Liability	21,976
(3,870)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	30,149
	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	
(5,289)	Provisions	(4,192)
(5,056)	Movement in the value of investment properties	1,250
21	Movement in value of carrying value of loans	**537**
(51,287)	**Total non-cash adjustments**	**125,669**
7,783	Capital Grants credited to surplus or deficit on the provision of services	(12,491)
2,091	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(4,786)

Note 23 Cash Flows from Investing Activities

2020/21		2021/22
£'000		£'000
32,631	Purchase of property, plant and equipment, investment property and intangible assets	(43,053)
593,199	Purchase of short term and long term investments	(711,274)
-	Other payments for investing activities	-
(2,091)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,786
(573,796)	Proceeds from short and long term investments	697,678
(7,783)	Other receipts from investing activities	12,491

Note 24 Cash Flows from Financing Activities

2020/21		2021/22
£'000		£'000
(9,692)	Cash receipts of short and long term borrowing	5
775	Repayment of short term and long term borrowing	(3,290)
-	Other receipts from financing activities	(9)

Note 25 Officers Remuneration & Exit Packages

This table gives the number of employees whose remuneration, excluding pension contributions but including redundancy payments, was £50,000 or more in bands of £5,000. These figures exclude those senior officers who are individually disclosed overleaf.

2020/21		Remuneration Band	2021/22	
Schools Employees	**Non-Schools Employees**	**£**	**Schools Employees**	**Non-Schools Employees**
37	44	50,000 - 54,999	30	57
16	38	55,000 - 59,999	10	42
22	27	60,000 - 64,999	13	23
11	6	65,000 - 69,999	15	11
9	6	70,000 - 74,999	6	10
3	9	75,000 - 79,999	5	6
7	3	80,000 - 84,999	5	7
2	1	85,000 - 89,999	7	3
3	-	90,000 - 94,999	3	1
2	2	95,000 - 99,999	-	1
1	3	100,000 - 104,999	1	3
1	3	105,000 - 109,999	-	9
-	-	110,000 - 115,000	-	-
-	-	120,000 - 125,999	-	-
-	-	125,000 - 129,999	-	-
-	-	145,000 - 149,000	-	-
114	**142**	**Total**	**95**	**173**

Note 25 Officers Remuneration and Exit Packages (continued)

2021/22	Note	Salary, fees and allowances	Compensation for loss of office	Employers pension contributions	Total
		£'000	£'000	£'000	£'000
Chief Executive - Ian Thomas		197			197
Executive Director of Corporate and Communities - Sarah Ireland		162	-	29	190
Joint Director of Children's Services - Ian Dodds	1	74	-	18	92
Director of Public Health & Assistant Director Healthy and Safe Communities		131	-	23	154
General Counsel		115	-	20	135
Executive Director of Place - (01/04/2021 - 30/11/2021)	2	101	75	18	194
Interim Executive Director of Place - (01/12/2021 - 06/03/2022)		70	-		70
Executive Director of Place		10	-	2	12
Executive Director of Adult Social Care and Health		144	-	25	169

Note 25 Officers Remuneration and Exit Packages (continued)

2020/21 Comparative figures	Note	Salary, fees and allowances	Compensation for loss of office	Employers pension contributions	Total
		£'000	£'000	£'000	£'000
Chief Executive - Ian Thomas		194	-	-	194
Executive Director Corporate and Communities		160	-	28	188
Joint Director Children's Services		72	-	18	90
Executive Director Place		151	-	27	178
General Counsel		113	-	20	133
Director of Public Health & Assistant Director Healthy and Safe Communities		121	-	21	142
Interim Director Adult Social Care and Health		113		20	133
Executive Director Adult Social Care and Health		64	-	11	75

1. The Royal Borough of Kingston upon Thames and the London Borough of Richmond upon Thames share a Joint Director of Children's Services, with costs shared 50% each
2. The Executive Director of Place left the borough at the end of November 2021 and a new permanent postholder commenced work at the start of March 2022. An interim executive director was in post between those times.

Exit Packages

The cost of exit packages (excluding Voluntary Aided and Foundation schools) are as follows:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
£	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21 £'000**	**2021/22 £'000**
0 - 20,000	4	8	1	7	5	15	30	111
20,001 - 40,000	1	5	1	2	2	7	67	199
40,001 - 60,000	2	-	-	-	2	-	83	-
60,001 - 80,000	-	-	-	1	-	1	-	75
80,001 - 100,000	1	-	-	-	1		90	-
100,001 - 150,000	1	-	-	-	1	-	107	-
150,001 - 200,000	-	-	-	-	-	-	-	-
Total	9	13	2	10	11	23	377	386

The total cost of £0.386m (£0.377m in 2020/21) in the table above includes exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement in the current year. There are no costs to the Comprehensive Income and Expenditure Statement in respect of schools where schools are the decision making body. Foundation and Voluntary Aided schools have been excluded from this not as the Authority is not the direct employer.

Note 26 Members Allowances

2020/21		2021/22
£'000		**£'000**
743	Allowances	779
-	Expenses	-
743		**779**

Note 27 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2016. Legislation was revised during 2020/21 in the Schools and Early Year Finance (England) Regulations 2020, to require that a DSG deficit can not be charged to General Fund resources without the express permission of the Secretary of State. As a result of this, the DSG deficit was moved from usable reserves to unusable reserves (see Notes 11 and 12 for further information). The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2021/22 are as follows:

	Central Expenditure	**Individual Schools Budget (ISB)**	**Total**
	£'000	**£'000**	**£'000**
Final DSG for 2021/22 before Academy recoupment			157,650
Less Academy figure recouped for 2021/22			(73,245)
Total DSG after Academy recoupment for 2021/22			84,405
Brought forward from 2020/21			
Agreed initial budgeted distribution in 2020/21	22,713	61,692	84,405
In-year adjustments	7,370		7,370
Final budget distribution for 2021/22	30,083	61,692	91,775
Less actual central expenditure	(28,269)		(28,269)
Less actual ISB deployed to schools		(60,925)	(60,925)
Carry forward to 2021/22	**1,814**	**767**	**2,581**
DSG unusable reserve at the end of 2020/21			(12,402)
Net DSG position at the end of 2021/22			(9,821)

Note 28 Better Care Fund (Pooled Budgets with Kingston Clinical Commissioning Group)

2021/22 is the seventh year of the Council's aligned budget arrangement (Pooled Fund) with Kingston Clinical Commissioning Group (CCG). This agreement came into force on 1 April 2015. The Council continues to be the host of the Pooled Fund for the purpose of the regulations and is responsible for the Pooled Manager. The Executive Director, Adult Social Care and Health is the Pooled Manager and is accountable directly to the Chief Executive.

2021/22 was the fifth year that the government provided additional funding for Social Care through the "Improved Better Care Fund" and this funding went to Local authorities.

31 March 2021		31 March 2022
£'000		**£'000**
	Funding:	
	Underspend brought forward from previous year	(459)
3,306	Royal Borough of Kingston	(3,306)
11,741	Kingston CCG	(12,325)
15,047	**Total Funding**	**(16,090)**
	Expenditure:	
2,847	Royal Borough of Kingston	2,602
11,741	Kingston CCG	12,325
14,588	**Total Expenditure**	**14,927**
(459)	Net (Surplus)/Deficit on the pooled budget during the year	(1,163)
(459)	Council share of net (surplus)/deficit arising on the pooled budget*	(1,163)

Note 29 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or 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.

Central Government Central government has significant 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 grant funding that the council receives and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grant receipts are shown in Note 9.

Members - Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021/22 is shown in Note 26. During 2021/22 members of the Council (or members of their immediate family or household) undertook related party transactions with the following organisations to the value of £1.032m (£0.950m 2020/21). The amounts disclosed below are those considered to be material to either of the related party transactions (i.e. either the Royal Borough of Kingston upon Thames or the other entity).

Organisation	Nature of Transactions	2020/21	2021/22
		£'000	£'000
Kingston Carers Network	Grants and special project payments from RBK	240	313
Coombe Hill Investments	Payments from RBK	163	216
Aumkara Investments Ltd	Payments from RBK	39	39
Groundwork ltd	Grants to voluntary organisations	90	90
Kaleidoscope Ltd	Payments from both RBK and Kaleidoscope	-	-
Kingston Theatre LLP	Grants from RBK	418	374

Note 29 Related Parties (continued)

The disclosure has been prepared using the Council's Register of Members' Interest in addition to a specific declaration obtained in respect of related party transactions from Members. The Council issued 48 forms to be completed and 3 specific declarations of interest were received from Members were received (3 in 2020/21).

Details of all Members' interests are recorded in the Register of Members' Interests, open to public inspection on the Council's website www.kingston.gov.uk .

The Council makes a number of appointments each year to various local and regional bodies to represent the interests of the community. All of these appointments are approved by Council and details can be found within Committee minutes on the Council's website.

There were no other material related transactions between related parties and Members of the Council.

Voluntary Organisations

The Council made grants and other payments totalling £0.777m (£0.747m in 2020/21) to voluntary and other organisations.

Officers

The Assistant Director, Finance (Kingston) is the Council's nominated Director of Kingston Theatre LLP. The Council's interest in Kingston Theatre LLP is disclosed below under Interests in Companies. There were no other material transactions between related parties and senior officers within the Council.

Other Public Bodies

The Council has a pooled budget arrangement with Kingston NHS Foundation Trust for the provision of Moor Lane Children's and Young People's services.

The Council works in partnership with the Kingston Clinical Commissioning Group to continually improve integration of the NHS function with the Council's health-related functions.

South London Waste Partnership (SLWP)

The South London Waste Partnership is a Joint Committee, established in September 2007, to secure waste treatment and disposal services for the London Boroughs of Croydon, Merton, Sutton and the Royal Borough of Kingston upon Thames. The Royal Borough of Kingston upon Thames is the lead Borough for procurement and has awarded the contracts on behalf of the Partnership. The management group and the joint waste committee is made up of an equal number of representatives from across all four boroughs.

Other London Boroughs – Shared Service Arrangements

As part of the Council's response to the changing financial environment in which Local Authorities operate, a number of shared service arrangements with other Local Authorities are in operation.

- **Human Resources –** from 1 May 2016 the Council's Human Resource (HR) services commenced a shared service arrangement between The Royal Borough of Kingston upon Thames and The London Borough of Sutton. The service hosted by RBK, includes recruitment, employment contracts, advice on terms and conditions, payroll, employee relations, advice, provision of learning and development as well as Occupational Health and Health and Safety.

- **Internal Audit Shared Service –** Internal Audit and Investigations work is provided via a shared service with the London Boroughs of Richmond, Wandsworth, Merton and Sutton. The employing authority for the service is Richmond. This service is providing a shared expertise and a wider resilience for the boroughs.

- **ICT –** Royal Borough of Kingston entered into a joint service for ICT with London Borough of Sutton on 1 May 2013. The joint service is providing greater ICT infrastructure resilience as well as shared expertise to drive out further savings and provide a better quality service.

- **Legal –** Royal Borough of Kingston, along with London Borough of Sutton, joined the existing shared legal service between London Borough of Richmond and London Borough of Merton on 1 October 2013.

- **Environmental Services** – In 2016 the Royal Borough of Kingston and the London Borough of Sutton set up a Shared

Environment Service (SES), which includes Environmental Health, Trading Standards, Sustainable Transport and Highways & Transport.

- **Pensions Administration Service** – On the 1st April 2016 The Royal Borough of Kingston entered into a shared service for its Pension Administration service with the London Borough of Sutton.

- **Finance –** The Royal Borough of Kingston entered into a joint service for Finance with London Borough of Sutton on 1 April 2017.

- **Customer Contact Centre** – The Royal Borough of Kingston entered into a joint service for its customer contact centre with The London Borough of Sutton on 1 April 2017.

Interest in Companies – Entities Controlled or Significantly Influenced by the Authority

Achieving for Children CIC

Achieving for Children (AfC) started trading on 1 April 2014. The company is jointly owned with the London Borough of Richmond and the Royal Borough of Windsor & Maidenhead. The Royal Borough of Kingston and the London Borough of Richmond each hold a 40% stake with the Royal Borough of Windsor & Maidenhead holding the remaining 20%. The two controlling councils are the subscribing guarantors and first members. The company is a Community Interest Company (CIC) limited by guarantee which delivers Children's Services to the three boroughs. There are three specific ways in which the three Councils' control of AfC is exercised:

- Ownership - as the owners and members of the Company the Councils have a number of matters reserved to them, including the appointment and dismissal of the Non-Executive Independent Directors, who are responsible to them.

- Contractual - the Councils commission AfC and have a contractual relationship with the Company that provides them with rights and powers that can be enforced if not complied with
- Director of Children's Services - the appointed Director for Children's Services (DCS) is part of the Leadership team of AfC, the council is able to direct the actions of the DCS

The Statement of Accounts for 2021/22 includes consolidated Group Accounts which include the activities of the Council and its ownership share of the profit realised by AfC for 2021/22 because of the size of the company in terms of turnover and the parent relationship that RBK has with AfC.

The Community Interest Company model means that the assets of the company (including any profits or surplus generated) are locked into the company and there are restrictions on what they can be used for. They must either be retained within the CIC to be used for the community purposes for which it was formed or can (in limited circumstances and only in agreement with the owners) be transferred out of the company. These circumstances include transferring assets to another CIC or for the benefit of the community.

The Board of AfC is made up of:
1 x Managing Director
4 x Council Appointed Directors (Maximum 2 x per member)
6 x Non-Executive Independent Directors

AfC's audited statement of accounts for 2021/22 will be available on their website:
https://www.achievingforchildren.org.uk/

Kingston Theatre LLP

A Limited Liability Partnership (LLP) exists between the Council (95% stake) and Kingston University (5% stake), the principal activity, of which, is to own and manage the property in High Street, Kingston upon Thames known as the Rose Theatre. The LLP consider the Council to be the ultimate parent undertaking. The LLP is structured in such a way that future investors can purchase a stake in the partnership, but that the combined stake holding of the Council and University will not fall below 51%.

Cambridge Road (RBK) LLP

A 50:50 joint venture between RBK and Countryside Properties Ltd incorporated on 25 September 2020 to deliver the regeneration of the Cambridge Road Estate (CRE).
Additional disclosure: A senior officer of the Council has declared a relationship with a company contracted by Countryside Ltd to advise on the CRE project: ULL Property. As there have been no transactions directly between the council and ULL Property, and the Cambridge Road LLP is not currently consolidated into the Council's group accounts, there is no disclosure required in this note.

Note 30 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Councils external auditors. Public Sector Audit Appointments has appointed Grant Thornton UK LLP as the external auditor for 2021/22.

2020/21		2021/22
£'000		**£'000**
102	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	190
43	Fees payable to Grant Thornton for the certification of grant claims and returns for the year	45
145	**Total**	**235**

Grant Thornton are the external auditors of Achieving for Children CIC, a company jointly owned by the Council, the London Borough of Richmond and the Royal Borough of Windsor and Maidenhead. The external audit fee payable to Crowe LLP by Achieving for Children was £0.069m for 2021/22 (£0.055m for 2020/21)

Note 31 Defined Benefit Pension Schemes

Teachers employed by the Authority are eligible to be members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2021/22, the Council paid £2.022m to Teachers Pensions in respect of retirement benefits. The employer contributions percentage remained at 17.7% of pensionable pay. There were no contributions remaining payable at the year-end. The amount paid in 2020/21 was £2.358m, 23.68% of pensionable pay.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. The Authority also employs staff who are part of the NHS Pensions Scheme, administered by NHS Pensions. This is largely due to the transfer, in 2013/14, of Public Health responsibilities from the NHS to the Council. In 2021/22, the Council paid £0.026m in respect of NHS pensions retirement benefits, representing 14.38% of pensionable pay. The amount paid in 2020/21 was £0.030m which was 20.6% of pensionable pay. NHS pension with respect to four employees was transferred to LGPS. There were no contributions remaining payable at the year's end.

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by the Royal Borough of Kingston upon Thames – this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves kStatement during the year:

Local Government Pension Scheme (LGPS) deficit prepayment

During 2020/21 the Council took the decision to make a £6.868m pre-payment towards the LGPS pension deficit, which reduced the Council's pension fund "long term liabilities" section of the balance sheet. By making an early payment to the pension fund, revenue savings will be achieved by the council during the subsequent three year period, reducing the deficit contribution amount required to be paid by the Council. The pension deficit amount will be charged to the General Fund Reserves over the three year period set out in the actuary's certificate. However aggregating the Pension Prepayment alongside the Pension Liability will cause the liability amount to not align to the Pension Reserve sum, which it would otherwise do. This imbalance was £4.537m at 31.3.2021, and is £2.247m at 31.3.2022, will reduce to nil on 31.3.2023.

Note 31 Defined Benefit Pension Scheme (continued)

2020/21 £000	Comprehensive Income and Expenditure Statement	2021/22 £000
	Service cost comprising:	
18,740	- Current service cost	29,570
78	- Past service cost	139
-	- Settlements	(886)
	Financing and Investment Income & Expenditure	
(10,426)	- Interest income on plan assets	(11,587)
15,229	- Interest cost on defined benefit obligation	16,691
-	- Effect of Business combination	
23,621	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**33,927**
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
123,215	- Return on plan assets (excluding the amount included in the net interest expense	(29,443)
(9,666)	- Actuarial (gains) and losses arising on changes in demographic assumptions	(4,167)
(154,389)	- Actuarial (gains) and losses arising on changes in financial assumptions	(51,206)
7,427	- Actuarial (gains)/losses arising from changes in membership assumptions	3,124
-	- Experience gain on defined benefit obligation	
(33,413)	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(81,692)**
(9,792)	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account**	(47,765)
	Movement in Reserves Statement	
(23,621)	Reversal of net charges made to the (Surplus) or Deficit on the provision of Service for Post Employment Benefits in accordance with the Code	(33,927)
18,653	Actual amount charged against the General Fund balance for pensions in year - Employers' contributions payable to scheme	11,951

The re-measurement of the net defined liability in the Comprehensive Income and Expenditure Statement 2020/21 is a loss of £81.7m (2020/21 £33.4m loss).

Note 31 Defined Benefit Pension Scheme (continued)

Assets and Liabilities in Relation to Post-employment Benefits

Pension assets and liabilities recognised on the balance sheet

2020/21		2021/22
£'000		**£'000**
586,283	Fair value of plan assets	616,279
(819,773)	Present value of funded liabilities	(789,830)
(13,928)	Present value of unfunded liabilities	(14,151)
(247,418)	**Net Liability arising from defined benefit obligation**	**(187,702)**

Reconciliation of Fair Value of scheme assets :

2020/21		2021/22
£'000		**£'000**
454,596	**Balance at 1 April**	**586,283**
10,426	Interest income	11,587
-	Effect of business combinations and settlements	(2,065)
123,215	Remeasurement gain/loss:	29,443
17,149	Contributions from employer	10,719
3,541	Contributions from employees into the scheme	3,620
(22,644)	Benefits Paid	(23,308)
586,283	**Balance at 31 March**	**616,279**

The expected return on scheme assets is calculated using the discount rate used in calculating future liabilities within the scheme. This method is used for accounting purposes and will be different to the actual return on assets within the scheme.

Note 31 Defined Benefit Pension Scheme (continued)

The schemes assets measured at fair value were invested in the asset categories detailed below:

Asset Category	Quoted Prices in Active Markets at 31-Mar-22	Quoted Prices in not Active Markets at 31-Mar-22	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Equity Security:				
- Consumer	15	-	15	2%
- Manufacturing	10	-	10	2%
- Energy & Utilities	5	-	5	1%
- Financial Institutions	12	-	12	2%
- Health and Care	11	-	11	2%
- Information Technology	23	-	23	4%
- Other	14	-	14	2%
Debt Securities				
Private Equity				
Real Estate				
- UK Property	38	-	38	6%
- Overseas Property	-	-	-	0%

Note 31 Defined Benefit Pension Scheme (continued)

Asset Category	Quoted Prices in Active Markets at 31-Mar-22	Quoted Prices in not Active Markets at 31-Mar-22	Total	Percentage of Total Assets
	£'000	£'000	£'000	%
Investment Funds and Unit Trusts:				
- Equities	265	-	265	43%
- Bonds	121	-	121	20%
- Hedge Funds	-	-	-	0%
- Commodities	-	-	-	0%
- Infrastructure	-	-	-	0%
- Other	93	-	93	15%
Derivatives:				
- Inflation	-	-	-	0%
- Interest rates	-	-	-	0%
- Foreign Exchange	-	-	-	0%
- Other	-	-	-	0%
Cash and Cash equivalents				
- All	9	-	9	1%
Total	616		616	100%

Note 31 Defined Benefit Pension Scheme (continued)

Reconciliation of fair value of scheme liabilities:

2020/21		2021/22
£'000		**£'000**
663,318	**Balance at 1 April**	**833,701**
18,740	Current Service Cost	29,570
15,229	Interest Cost	16,691
-	Effect of business combinations and settlements	(2,951)
3,541	Contributions by Members	3,620
9,666	Actuarial (gains)/losses arising from changes in demographic assumptions	(4,167)
154,389	Actuarial (gains)/losses arising from changes in financial assumptions	(51,206)
(7,427)	Actuarial (gains)/losses arising from changes in membership assumptions	3,124
78	Past Service Cost	139
(23,833)	Benefits Paid	(24,540)
833,701	**Balance at 31 March**	**803,981**

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £803.981m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Note 31 Defined Benefit Pension Scheme (continued)

Assets and liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hyman Robertson LLP, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the Scheme as at 31 March 2019. The principal assumptions used by the actuary have been:

2020/21		**2021/22**
%		**%**
2.9	Rate of Inflation	3.2
3.3	Rate of Increase in Salaries	3.6
2.9	Rate of Increase in Pensions	3.2
2.0	Rate of Return on Assets	2.7
2.0	Rate for Discounting Scheme Liabilities	2.7
50% pre-2008 service	Take-Up of Option to Convert Annual Pension into Retirement Lump Sum	50% pre-2008 service
75% post-2008 service		75% post-2008 service
Years		
21.9	Longevity at 65 for Current Pensioners - Men	21.7
24.3	Longevity at 65 for Current Pensioners - Women	24.1
23.0	Longevity at 65 for Future Pensioners - Men	22.8
26.2	Longevity at 65 for Future Pensioners - Women	26.0

Note 31 Defined Benefit Pension Scheme (continued)

Sensitivity analysis:

Change In Assumptions at 31st March	**Approximate % increase to Defined Benefit Obligation**	**Approximate monetary amount (£000)**
0.1% decrease in Real Discount Rate	2%	14
1 year increase in member life expectancy	4%	32
0.1% increase in the Salary Increase Rate	0%	1
0.1% increase in the Pension Increase Rate	2%	13

The impact of a change in the financial assumptions used has been estimated and compared with the value of the scheme liabilities as at 31 March 2022 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figure.

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

The figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

2020/21		**2021/22**
%		**%**
65	Equity investments	58
6	Property	6
11	Bonds	20
16	Other Investment Funds and Unit Trusts	15
2	Cash	1
100		100

Note 32 Contingent Liabilities and Contingent Assets

Achieving for Children CIC

This company is jointly owned by the Council, the London Borough of Richmond and the Royal Borough of Windsor and Maidenhead and has a pension deficit of £53.105m as at 31 March 2019 (the most recent triennial valuation). A portion of this deficit equal to the Council's 40% ownership share represents a contingent liability to the Council because in the event of failure of the company, RBK would be required to take back its share of the pensions' deficit as joint owner of the company. This event would not impact on the Council's budget position but would be factored into existing pension fund deficit reduction strategies. The Council has made the judgement that this situation is not probable.

Amy Woodgate House

The council has contracted to sell a property - currently named Amy Woodgate House - to a third party by March 2025. The agreed price is £5.000m and a deposit has been paid. Due to the future nature of the exchange, this income has not been included in the comprehensive income and expenditure statement, and is recognised here as a contingent asset.

Note 33 Events after the Balance Sheet date

There were no material events after the end of the financial year which need to be reported.

Note 34 Leases

Authority as Lessor

Finance Leases
The Council has granted a number of property leases which have been accounted for as a finance lease. The following tables detail the gross investment and the minimum lease payments receivable under these finance leases.

Gross Investment:

31 Mar 2021		31 Mar 2022
£'000		**£'000**
	Finance lease debtor (net present value of minimum lease payments)	
27	- current	2,114
7,369	- non-current	2,088
18,778	Unearned finance income	5,381
126	Unguaranteed residual value of property	89
26,301	**Gross investment in the lease**	**9,672**

Reconciliation between gross investment in the lease and minimum lease payment:

31 Mar 2021		31 Mar 2022
£'000		**£'000**
26,301	Gross investment in the lease	9,672
(126)	less unguaranteed residual value of property	(89)
26,174		**9,583**

Note 34 Leases (continued)

Operating Leases

31 Mar 2021		31 Mar 2022
£'000		**£'000**
(1,838)	Not later than one year	(1,726)
(6,911)	Later than one year and not later than five years	(6,137)
(2,716)	Later than five years	(5,653)
(11,464)	**Gross investment in the lease**	**(13,516)**

6. Housing Revenue Account

Income and Expenditure Statement

this shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

Statement of Movement on the Housing Revenue Account Balance

this shows the increase or decrease in the year, on the basis of which rents are raised

Housing Revenue Account (HRA) Income and Expenditure Statement

2020/21	HRA Income and Expenditure Statement	Notes	2021/22
£'000			**£'000**
	Expenditure		
5,227	Repairs and maintenance		4,913
12,533	Supervision and management		10,823
48	Rents, rates, taxes and other charges		84
712	Special Services		1,048
9,734	Depreciation and impairment of non-current assets		9,817
(19,305)	HRA Property Revaluations		23,130
-	Debt management costs		40
3	Movement in the allowance for bad debts		509
980	Other revenue expenditure funded from capital under statute		-
9,932	**Total Expenditure**		**50,364**
	Income		
(26,246)	Gross rent from Council dwellings		(26,574)
(413)	Gross non dwellings rent		(405)
(1,179)	Charges for services and facilities		(1,652)
(569)	Contributions towards expenditure		(5,367)
(2,438)	Leaseholders charges for services and facilities		(1,115)
(30,845)	**Total Income**		**(35,113)**
(20,913)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		15,251
189	Add HRA services share of Corporate and Democratic Core		337
(20,724)	**Net Cost of HRA Services**		**15,588**

2020/21	HRA Income and Expenditure Statement	Notes	2021/22
£'000			£'000
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(1,204)	Gain or (loss) on sale of HRA non-current assets		(619)
305	Net interest on the net defined benefit liability		282
4,618	Interest payable and similar charges		4,309
(126)	Interest and investment income		(69)
4,931	Income, expenditure and changes in the fair values of investment properties		
(2,180)	Other expenditure/ income		
(14,380)	**(Surplus)/Deficit for the Year on HRA Services**		**19,491**

Statement of Movement on the Housing Revenue Account Balance

2020/21	Statement of Movement on the Housing Revenue Account Balance	2021/22
£'000		**£'000**
(7,203)	**Balance on the HRA at the end of the previous year**	**(4,847)**
(14,380)	Surplus/(Deficit) on the HRA Income and Expenditure Statement (MIRS)	19,491
17,086	Adjustments between accounting basis and funding basis under statute (see Note 10 - Notes to the Financial Statements)	(19,010)
2,706	**Net increase before transfers to or from reserve**	**481**
(350)	Transfers (to)/from reserves	
2,356	**(Increase) or decrease in year on the HRA (MIRS)**	**481**
(4,847)	**Balance on the HRA at the end of the current year**	**(4,366)**

Notes to the Housing Revenue Account

HRA 1. Housing Stock

The Council has overall responsibility for managing the housing stock. The stock movement during the year was as shown in the table below. The figure for hostels is based on dwelling equivalents; for this purpose three bed spaces equals one dwelling.

Total 2020/21		Total 2021/22
	Flats	
885	- low rise (up to 2 storeys)	917
1,979	- medium rise (3-5 storeys)	1,844
415	- high rise (6+ storeys)	430
3,279	**Total Flats**	**3,191**
1,235	Houses and Bungalows	1,201
32	Equivalent number of dwellings for multi-occupied premises (hostels)	32
20	Shared Ownership	23
-	Shared Equity	1
4,566	**Total Stock**	**4,448**

HRA 2. Stock Valuation

The net Balance Sheet value of the land, houses and other assets within the HRA is as follows:

At 31 March 2021		At 31 March 2022
£'000		**£'000**
	Operational Assets:	
398,992	Council Dwellings	416,828
11,639	Other Land and Buildings	11,440
711	Investment Properties	713
411,343	**Total**	**428,981**
1,482,533	Vacant possession value of dwellings within the authority's HRA as at 31 March in the financial year	1,482,533

The valuation of stock is in accordance with the Department for Communities and Local Government (DCLG) guidance entitled Guidance on Stock Valuation for Resource Accounting. The basis for valuation for operational property is Existing Use Value for non-housing property and Existing Use Value for Social Housing for housing property. The DCLG prescribes that the Existing Use Value for Social Housing should be 25% of the Existing Use Value. The variance between the Balance Sheet Value and the Vacant Possession value of the dwellings shows the economic cost to Government of providing council housing at less than open market rents.

HRA 3. Major Repairs Reserve

This reserve is credited with the depreciation charged to the HRA each year plus an adjustment to ensure the net credit in the year equals the Major Repairs. The reserve is only available for financing major repairs carried out to the housing stock. Any sums unspent are carried forward for use in future years.

2020/21		2021/22
£'000		**£'000**
(4,423)	Balance brought forward	(9,564)
	Transactions with HRA Income & Expenditure Statement	
(9,946)	Contribution to Major Repairs Reserve	(9,817)
	Adjustments between accounting and funding basis	
4,805	Capital expenditure charged against HRA balances	6,068
(9,564)	**Balance carried forward at 31 March**	**(13,313)**

HRA 4. Capital Expenditure Financing

Capital expenditure amounted to £9.041m (£8.680m in 2020/21). The following summary shows how this was funded:

2020/21		2021/22
£'000		**£'000**
8,680	**HRA Capital Expenditure**	**9,041**
	Financed by:	
(151)	Borrowing	(322)
(2,180)	Government Grants	(2,348)
(995)	Capital Receipts Reserve	(303)
(549)	Revenue Contributions	-
(4,805)	Major Repairs Reserve	(6,068)
(8,680)	**Total financing**	**(9,041)**

HRA 5. Capital Receipts

During the year the following movements took place on the Authority's HRA capital receipts reserve:

2020/21		2021/22
£'000		**£'000**
(9,745)	Balance brought forward	(10,090)
	Transactions with Comprehensive Income & Expenditure Statement Adjustments between Accounting Basis and Funding Basis	
(2,049)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,777)
-	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	
-	Refund of Retained one for one replacement receipts & interest	
995	Use of capital receipts to finance capital expenditure	303
20	Contribution towards administrative cost of non-current asset disposals	-
690	Financing of payment to Government Capital Receipts Pool	690
(10,089)	**Total**	**(13,874)**

HRA 6. Depreciation

The total charge for depreciation within the Authority's HRA is shown below:

2020/21	Depreciation	2021/22
£'000		£'000
9,531	Council Dwellings	9,402
394	Other Land and Buildings	409
6	Vehicles, plant, furniture and equipment	6
9,931	**Total**	**9,817**

The HRA split of assets between operational and non-operational is detailed in the Accounting Policies.

HRA 7. Rent Arrears and Bad Debt Provisions

Accumulated arrears for rents due to the Council from tenants in respect of dwellings and other property managed within the housing revenue account. (It excludes rents collectable in respect of non HRA properties accounted for in the General Fund).

2020/21	Tenant Rent and Service Charge Arrears	2021/22
£'000		£'000
4,517	Gross rent arrears	4,438
(2,051)	Provision for bad & doubtful debts	(2,115)
2,466	**Total**	**2,323**

HRA 8. IAS 19 Retirement Benefits

The Authority considers it to be proper accounting practice to allow the HRA to be charged with an attributable share of current and past service costs, interest costs and expected return on assets. To ensure that there is no net effect on the HRA, these entries are reversed out and replaced by employers' contributions payable by means of an appropriation to the Pensions Reserve in the Movement on the Housing Revenue Account Statement. HRA share of contributions to/from the Pension Reserve has been calculated at 6.4% of the Authority's total contribution – being the proportion of total employees pay met from the Housing Revenue Account. Note 31 to the Main Financial Statements provides further details.

2020/21		2021/22
£'000		**£'000**
	Transactions with Comprehensive Income & Expenditure Statement Adjustments between Accounting Basis and Funding Basis	
(1,188)	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 10)	(1,494)
1,108	Employers' pensions contributions and direct payments to pensioners payable in the year	521
(80)		**(973)**
	Other income & expenditure	
(305)	Pensions interest cost and expected return on pension assets	(282)
(385)		**(1,255)**

HRA 9. Provisions

A High Court ruling determined that the discounts granted to the Council to act as an administrator under an agreement with the water companies must be paid to tenants. A short term provision of £1.772m is held to cover the liability that arises as tenants are repaid, which was funded from within the Housing Revenue Account.

7. Collection Fund

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

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

Collection Fund Income and Expenditure Account 2021/22

2020/21				Note	2021/22		
Business Rates	**Council Tax**	**Total**			**Business Rates**	**Council Tax**	**Total**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
			Income				
-	(123,894)	(123,894)	Council Tax collectable		-	(130,851)	(130,851)
(35,298)	-	(35,298)	Business Rates collectable		(59,407)	-	(59,407)
(961)	-	(961)	Business Rates Supplement collectable		(1,939)	-	(1,939)
(36,259)	**(123,894)**	**(160,153)**			**(61,346)**	**(130,851)**	**(192,197)**
			Expenditure				
			Precepts & Demands	CF3&4			
28,437	-	28,437	Central Government		27,288		27,288
31,884	21,204	53,088	Greater London Authority		30,596	22,858	53,454
25,852	103,001	128,853	Royal Borough of Kingston		24,807	106,448	131,255
234	-	234	Costs of Collection		230		230
86,407	**124,205**	**210,612**			**82,921**	**129,306**	**212,227**
			Business Rate Supplement				
955	-	955	Payment to levying authority		1,933	-	1,933
6	-	6	Administrative costs		6	-	6
961	**-**	**961**			**1,939**	**-**	**1,939**

Collection Fund Income and Expenditure Account 2021/22 (continued)

	2020/21			Note		2021/22	
Business Rates	**Council Tax**	**Total**			**Business Rates**	**Council Tax**	**Total**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
			Impairment of Debts/Appeals				
10	17	27	Write-offs of uncollectible amounts		8	247	255
13,286	-	13,286	Appeals provision		(3,161)		(3,161)
(5,061)	-	(5,061)	Refunds to successful Appeals		(3,310)		(3,310)
695	-	695	Transitional Relief		616		616
5,274	2,479	7,753	Allowance for impairment		(911)	486	(425)
14,204	**2,496**	**16,700**			**(6,758)**	**733**	**(6,025)**
			Contributions towards previous year's estimated Collection Fund Surplus				
(1,604)	157	(1,447)	RBK		(15,725)	(600)	(16,325)
(902)	32	(870)	GLA		(19,654)	(123)	(19,777)
(567)	-	(567)	Government		(17,522)		(17,522)
(3,073)	189	(2,884)			(52,901)	(723)	(53,624)
62,240	**2,996**	**65,236**	**Movement on Fund Balance**	**CF5**	**(36,145)**	**(1,535)**	**(37,680)**

Notes to the Collection Fund

CF 1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, in this case for the Royal Borough of Kingston upon Thames. The revenue account shows the transactions into the Fund by way of Council Tax and National Non-Domestic Rates (NNDR) and how the amount collected has been distributed to preceptors and the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent years. Deficits likewise are proportionately charged to the relevant precepting bodies in the following years.

CF 2. Council Tax

Council Tax income is the amount payable by Council Tax payers, inclusive of changes arising during the year for successful appeals against valuation banding, new properties, disabled relief and exempt properties. The Council's tax base is based on the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings. For 2021/22 it was calculated as follows:

Valuation Office estimated market value as at April 1991	Band	Actual Number	Adjusted Number	Ratio	Band D Equivalent Dwellings
Less Than £40,000	A	615	291	6/9	194
£40,001 - £52,000	B	3,459	2,092	7/9	1,627
£52,001 - £68,000	C	15,443	11,133	8/9	9,896
£68,001 - £88,000	D	20,423	16,828	9/9	16,828
£88,001 - £120,000	E	14,879	13,173	11/9	16,100
£120,001 - £160,000	F	8,399	7,625	13/9	11,014
£160,001 - £320,000	G	4,192	3,929	15/9	6,548
£320,001 or more	H	1,027	970	18/9	1,940
		68,437	56,041		64,147
Estimated collection rate for 2021/22	97.70%				62,672
Contributions in lieu (MoD properties)					186
Tax Base for 2021/22					**62,858**

CF 3. Council Tax Income

The Greater London Authority (GLA) levies a precept upon the Council's Collection Fund based upon the Council's tax base for the year. In addition, the Council's own requirement is charged to the Collection Fund and credited to the General Fund. The GLA precept includes elements for the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London, the London Legacy Development Company (Queen Elizabeth Olympic Park), the Old Oak Common, Park Royal Development Corporation and the core GLA functions.

CF 4. Non-Domestic Rates

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform basis set nationally by Central Government. Under the business rates retention scheme, local authorities retain a proportion of the total collectable rates due with the rest distributed to preceptors. The distribution rates have changed in 2021/22 and are shown below, along with the 2020/21 rates for comparison

2020/21		2021/22
£'000		£'000
204,263	Total non-domestic rateable value at year end	204,210

pence per £		pence per £
51.2	Standard non-domestic multiplier	51.2
49.9	Small business non-domestic multiplier	49.9

The total non-domestic rateable value at year-end was:

2020/21		2021/22
%		%
30	Royal Borough of Kingston	30
37	Greater London Authority	37
33	Central Government	33
100	Total	100

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA. Appeals are charged and provided for in proportion to the precepting shares. The total provision charged to the collection fund for 2021/22 has been calculated at £4,154m (£10.624m in 2020/21) with RBK's share totalling £1.246m (£3.187m in 2020/21).

CF 5. Collection Fund Balance

A proportion of the Collection Fund balance above is properly attributable to the Greater London Authority and Central Government and thus should not be wholly taken to the net worth component of the Council's Balance Sheet. Only an element calculated pro rata to the precepts above therefore appears as a balance in the net worth section of the Balance Sheet with the remainder treated as a creditor.

CTax 2020/21	NNDR 2020/21	Total 2020/21		CTax 2021/22	NNDR 2021/22	Total 2021/22
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
(273)	2,269	1,996	Balance brought forward	2,723	64,509	67,232
2,996	62,240	65,236	Movement in year	(1,535)	(36,145)	(37,680)
2,723	**64,509**	**67,232**	Balance carried forward	**1,188**	**28,364**	**29,552**
			Split by preceptor:			
2,258	19,208	21,466	Kingston Upon Thames	1,011	8,509	9,520
465	23,949	24,414	Greater London Authority	177	10,495	10,672
	21,352	21,352	DLUCH		9,360	9,360
2,723	**64,509**	**67,232**	Balance carried forward	**1,188**	**28,364**	**29,552**

8. Group Accounts

Group Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2022

Gross Expenditure 2020/21	Gross Income 2020/21	Net Expenditure 2020/21		Notes	Gross Expenditure 2021/22	Gross Income 2021/22	Net Expenditure 2021/22
£'000	£'000	£'000			£'000	£'000	£'000
86,508	(38,849)	47,659	Adult Social Care		91,605	(36,880)	54,725
1,319	(180)	1,139	Chief Executive's		1,607	(150)	1,457
156,306	(101,857)	54,448	Corporate and Communities		114,409	(58,455)	55,954
115,520	(30,742)	84,778	Learning and Children's Services		68,370	(35,441)	32,929
61,560	(83,557)	(21,998)	Childrens Services - Schools		71,598	(68,825)	2,773
32,683	(17,562)	15,121	Place		39,978	(19,627)	20,351
7,260	(27,984)	(20,724)	Housing Revenue Account		51,191	(35,603)	15,588
461,156	**(300,731)**	**160,423**	**Cost of Services**		**438,758**	**(254,981)**	**183,777**

Group Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2022 (continued)

Gross Expenditure 2020/21	Gross Income 2020/21	Net Expenditure 2020/21		Notes	Gross Expenditure 2021/22	Gross Income 2021/22	Net Expenditure 2021/22
£000	**£000**	**£000**			**£000**	**£000**	**£000**
3,029	-	3,029	Other operating expenditure	6	31,754	(886)	30,868
22,291	(8,515)	13,776	Financing and investment income and expenditure	7	28,198	(18,948)	9,250
	(160,645)	(160,645)	Taxation and non-specific grant income	8	-	(156,295)	(156,295)
486,476	**(469,891)**	**16,583**	**(Surplus) or deficit on the provision of services**		**498,710**	**(431,110)**	**67,600**
		16,084	(Surplus) or deficit on Achieving for Children (AfC) based on equity share				(5,840)
		32,667	**Group (surplus) or deficit**				**61,760**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(170,055)	Surplus or deficit on revaluation of non-current assets	13a			(77,532)
		33,413	Actuarial gains or losses on pension assets and liabilities	31			(81,692)
			AfC other comprehensive income and expenditure				
		(136,642)					**(159,224)**
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services				
		-	Surplus or deficit on revaluation of available-for-sale financial assets				
		(136,642)	**Other comprehensive income and expenditure**				**(159,224)**
		(103,975)	**Total comprehensive income and expenditure (surplus)/deficit**				**(97,464)**

Group Movement in Reserves Statement

2021/22	Memorandum General Fund Balance*	Earmarked General Fund Reserves	Total General Fund Balance & Earmarked Reserves	Usable Reserves Housing Revenue Account (HRA)	Capital Grants & Contributions Unapplied	Major Repairs Reserve	Capital Receipts Reserve	Total Usable Reserves	Non-usable Reserves	Total Authority Reserves	Council's Share of AfC Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(19,631)	(60,596)	(80,227)	(4,847)	(24,037)	(9,565)	(15,693)	**(134,369)**	**(497,800)**	**(632,169)**	9,615	**(622,554)**
Movement during 20201/22:												
Total Comprehensive Expenditure and Income	48,109		48,109	19,491				**67,600**	(159,224)	**(91,624)**	**5,840**	**(85,784)**
Adjustments between accounting basis and funding basis under regulations (Note 10)	(45,352)		(45,352)	(19,010)	(8,423)	(3,749)	(2,526)	**(79,060)**	**79,060**	**-**		**-**
Adjustment to Dedicated Schools Grant deficit		1,311	1,311					**1,311**	**(1,311)**	**-**		**-**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**2,757**	**1,311**	**4,068**	**481**	**(8,423)**	**(3,749)**	**(2,526)**	**(10,149)**	**(81,475)**	**(91,624)**	5,840	**(85,784)**
Transfers to / (from) Earmarked Reserves	(2,757)	2,757	-					**-**		**-**		**-**
Increase / (Decrease) in Year	-	4,068	**4,068**	**481**	**(8,423)**	**(3,749)**	**(2,526)**	**(10,149)**	**(81,475)**	**(91,624)**	**5,840**	**(85,784)**
Balance at 31 March 2022	**(19,631)**	**(56,528)**	**(76,159)**	**(4,366)**	**(32,460)**	**(13,314)**	**(18,219)**	**(144,518)**	**(579,275)**	**(723,793)**	**15,455**	**(708,338)**

Group Movement in Reserves Statement (continued)

2020/21 Comparative	Memorandum: General Fund Balance*	Memorandum: Earmarked General Fund Reserves	Usable Reserves: Total General Fund Balance & Earmarked Reserves	Usable Reserves: Housing Revenue Account (HRA)	Usable Reserves: Capital Grants & Contributions Unapplied	Usable Reserves: Major Repairs Reserve	Usable Reserves: Capital Receipts Reserve	Usable Reserves: Total Usable Reserves	Non-usable Reserves	Total Authority Reserves	Council's Share of AfC Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	(16,131)	(14,193)	(30,324)	(7,203)	(16,839)	(4,424)	(16,102)	**(74,892)**	**(437,220)**	**(512,112)**	25,699	**(486,413)**
Movement during 2020/21:												
Total Comprehensive Expenditure and Income	30,965	-	30,965	(14,380)				**16,585**	(136,642)	**(120,057)**	**(16,084)**	**(136,141)**
Adjustments between accounting basis and funding basis under regulations (Note 10)	(68,816)	-	(68,816)	17,086	(7,198)	(5,141)	409	**(63,660)**	**63,660**	**-**		**-**
Adjustment to Dedicated Schools Grant deficit	-	(12,402)	(12,402)					**(12,402)**	**12,402**	**-**	**-**	**-**
Net Increase/(Decrease) before transfers to Earmarked Reserves	**(37,851)**	**(12,402)**	**(50,253)**	**2,706**	**(7,198)**	**(5,141)**	**409**	**(59,477)**	**(60,580)**	**(120,057)**	(16,084)	**(136,141)**
Transfers to / (from) Earmarked Reserves	34,351	(34,001)	350	(350)				**-**	**-**	**-**		**-**
Increase / (Decrease) in Year	(3,500)	(46,403)	**(49,903)**	**2,356**	**(7,198)**	**(5,141)**	**409**	**(59,477)**	**(60,580)**	**(120,057)**	**(16,084)**	**(136,141)**
Balance at 31 March 2021	**(19,631)**	**(60,596)**	**(80,227)**	**(4,847)**	**(24,037)**	**(9,565)**	**(15,693)**	**(134,369)**	**(497,800)**	**(632,169)**	**9,615**	**(622,554)**

Group Balance Sheet

31 March 2021		Notes	31 March 2022
£'000			**£'000**
	Long Term Assets		
1,040,626	Property, plant and equipment	13a	1,076,548
1,209	Heritage assets	13b	1,209
80,986	Investment property	14	79,328
6,773	Intangible assets	13c	4,841
5,225	Long term investments	17	5,225
7,866	Long term debtors	17	7,836
1,142,685	**Total Long Term Assets**		**1,174,987**
	Current assets		
-	Asset held for sale	15	101
45,227	Short term investments	17	58,823
41	Inventories		27
89,549	Short term debtors	18	94,088
15,266	Cash and cash equivalents	20	13,392
150,083	Total Current Assets		**166,431**

Group Balance Sheet (continued)

31 March 2021		Notes	31 March 2022
£'000			**£'000**
	Current Liabilities		
(13,275)	Short term borrowing	17	(3,265)
(84,726)	Short term creditors	19	(106,061)
(7,974)	Provisions	21	(3,358)
(4,514)	Grants receipts in advance		(6,866)
(110,489)	**Total Current Liabilities**		**(119,550)**
	Long Term Liabilities		
-	Long term creditors		-
(301,712)	Long term borrowing	17	(308,974)
(247,418)	Other long term liabilities		(187,702)
(980)	Provisions	21	(1,404)
(9,615)	RBK share of AfC liability		(15,455)
(559,725)	Total Long Term Liabilities		**(513,535)**
622,554	Net Assets		**708,333**

	Reserves		
(134,370)	Usable reserves		(144,514)
(497,799)	Unusable reserves	12	(579,274)
9,615	RBK share of AfC reserves		15,455
(622,554)	Total Reserves		**(708,333)**

Group Cash Flow Statement

2020/21			2021/22
£000		Notes	**£000**
32,669	Net (surplus) or deficit on the provision of services		61,760
(67,371)	Adjustment to the net surplus or deficit on the provision of services for non-cash movements		(119,829)
9,874	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities		17,277
(24,828)	Net cash flows from operating activities		(40,792)
42,160	**Net cash flows from investing activities**	23	39,372
(8,917)	**Net cash flows from financing activities**	24	3,294
8,415	**Net increase/(decrease) in cash and cash equivalents**		**1,874**
	Represented by:		
23,681	Cash and cash equivalents at the beginning of the reporting period	20	15,266
(8,415)	Net increase/(decrease) in cash and cash equivalents	20	(1,874)
15,266	**Cash and cash equivalents at the end of the reporting period**		**13,392**

Notes to the Group Accounts

G1. Introduction

Notes to the Group Accounts are presented where it is deemed that extra disclosure supporting the Council's notes to the single entity accounts is appropriate. Where notes have not been replicated in the Group Accounts, it is because it is deemed that there is no material change between the Council's single entity notes and the Group Accounts. The accounting policies of the subsidiary are in line with the Council's accounting policies.

G2. Group external audit costs

The Council's share in respect of audit fees payable to Crowe LLP amounts to £28k. This reflects a 40% share of the Council's share of fees disclosed in AfC accounts.

Achieving for Children CIC

The Council has significant interests in a number of entities, including Subsidiaries, Associates, and Investments. Significant interests have been identified as:

AFC - the Company is wholly owned by three Councils who are determined to be Going Concerns. The Company is able to borrow from the Councils under a Revolving Credit Facility to ensure short term cash flow and the Councils are contractually committed to procuring children's services from AfC for seven years from April 2014 (Richmond and Kingston) and seven years from August 2017 (Windsor and Maidenhead). Richmond and Kingston have recently agreed to use the contract extension to commission services until 31 March 2026.

G3. Major sources of estimation uncertainty

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at Current Value is re-valued at least every five years. The asset valuations are based on market prices. This is to ensure that the Authority does not materially misstate its non-current assets and values reflect current values.

The Council's property portfolio is valued on a rolling basis by **Montagu Evans LLP, Chartered Surveyor** under the instruction of the Council's Asset services. The valuation bases are in accordance with the Statement of Asset Valuation Practise and Guidance note of the Royal Institute of Chartered Surveyors.

Achieving for Children CIC has been assessed as a Going Concern. Despite the significant accounting losses reported in these Accounts, the Board and Senior Leadership Team have made significant progress in identifying how these financial challenges will be met and continue to develop these plans. The Board's Medium Term Financial Plan outlines these financial plans in more detail and addresses what actions are being taken to reduce the Company's cost base to accommodate proposed reductions in the owners' contract prices over the next three years. As with the parent Councils, the Company will revise pension contributions in line with the most up to date actuarial assessment and guidance.

G3. Major sources of estimation uncertainty (continued)

Assets Valuation uncertainty and general assumptions:

Refer to note 4 and 13a in the Council's accounts for more information.

Actuarial valuation of pension assets and liabilities

The total comprehensive income for the year contains accounting adjustments recognising the net liability from defined pensions plans. Pension assets and liabilities and associated costs are included in AfC's accounts based upon an actuarial estimate that has been calculated in line with methodologies prescribed in IAS19.

The actuarial assumptions are largely prescribed at any point and reflect the market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pensions in payment); can have a significant effect on the value of the liabilities reported.

A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude.

There is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment.

Sensitivity analysis on changes to actuarial assumptions in AfC's accounts is shown below.

Change assumptions at 31 March 2021	Approx % increase to employer liability	Approx monetary increase
	%	£'000
0.5% decrease in real discount rate	15	10,932
0.5% increase in the salary rate	1	968
0.5% increase in the pension increase rate	10	9896

G4. Group cash flows from operating activities

2020/21		2021/22
£'000		**£'000**
(200)	Interest received	255
11,049	Interest paid	(10,413)
10,849	**Total**	**(10,158)**
	Adjust net surplus or deficit on the provision of services for non-cash movements	
(32,570)	Depreciation	25,660
(13,112)	Impairment and downward revaluations	29,033
(2,051)	Amortisation	2,064
(6,270)	Increase / (decrease) in impairment for bad debts	-
(35,781)	Increase / (decrease) in creditors	23,687
57,659	(Increase) / decrease in debtors	(4,509)
-	(Increase) / decrease in inventories	14
(4,968)	Movement in Pension Liability	21,976
(3,870)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	30,149
	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	
(5,289)	Provisions	(4,192)
(5,056)	Movement in the value of investment properties	1,250
(16,084)	Surplus or deficit on AfC based on Equity share	5,840
(67,392)	**Total non-cash adjustments**	**130,972**
	Capital Grants credited to surplus or deficit on the provision of services	
	Proceeds from the sale of property plant and equipment, investment property and intangible assets	
(67,392)	**Total adjustments for investing or financing activities**	**130,972**

9. Pension Fund Accounts

These show the income and expenditure of the Royal Borough of Kingston upon Thames Local Government Pension Fund in relation to current employees and pensioners, investment transactions and the position of the Fund at year end including future liabilities .

Fund Account for the year ended 31 March 2022

2020/21			2021/22
£'000		**Note**	**£'000**
	Dealings with members, employers and others directly involved in the Fund		
(40,748)	Contributions	7	(36,788)
(3,360)	Transfers in from other pensions funds	8	(3,597)
(44,108)			**(40,385)**
31,697	Benefits	9	33,922
2,897	Payments to and on account of leavers:	10	4,283
34,594			**38,205**
(9,514)	**Net (additions) / withdrawals from dealings with members**		**(2,180)**
9,317	Management expenses	11	9,175
(197)	**Net (additions)/withdrawals including fund management expenses**		**6,995**
	Returns on Investments		
(9,426)	Investment income	12	(10,617)
91	Taxes on income	13	76
(224,641)	(Profit) loss on disposal of investments and changes in the market value of investments	16b	(76,245)
(233,977)	**Net Return on Investments**		**(86,787)**
(234,174)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(79,792)
(813,578)	**Opening Net Assets of the Scheme**		**(1,047,752)**
(1,047,752)	**Closing Net Assets of the Scheme**		**(1,127,544)**

Net Assets Statement for the year as at 31 March 2022

2020/21		Note	2021/22
£'000			**£'000**
150	Long term assets		150
1,027,489	Investment assets	14	1,106,172
1,027,639	**Total Net Investments**		**1,106,322**
25,818	Current assets	20	23,595
(5,705)	Current liabilities	21	(2,373)
1,047,752	**Net Assets of the Fund available to fund benefits at the end of the reporting period**		**1,127,544**

Notes to the Pension Fund Accounts

PF Note 1 - Description of the Fund

a). General

The Royal Borough of Kingston upon Thames Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Kingston upon Thames

The Fund is governed by the Public Service Pensions Act 2013 and is administered under the following regulations:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).
- the LGPS (Management and Investment of Funds) Regulations 2016
- the LGPS (Amendment) Regulations 2018

The Scheme is a contributory defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of the Royal Borough of Kingston upon Thames and the admitted and scheduled bodies in the Pension Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement.

b). Pension Fund Panel

The Council has delegated oversight of the Fund to the Pension Fund Panel who make recommendations on the investment policy most suitable to meet the liabilities of the Fund. The Panel is made up of five Members of the Council each of whom has voting rights.

The Panel considers the views of the Executive Director of Corporate & Communities (S151 Officer) and obtains, as necessary, advice from the Fund's appointed investment advisers, fund managers and actuary. The implementation of these decisions is delegated to the Executive Director of Corporate & Communities (S151 Officer)

c). Membership

Although Scheme employers are required to auto enrol employees into the LGPS, membership of the LGPS is voluntary and employees are free to choose whether to remain in the Scheme or to "opt out" and make their own personal arrangements outside the Scheme. Organisations participating in the Royal Borough of Kingston Pension Fund include:

- Scheduled bodies which are local authorities or other similar bodies whose staff are automatically entitled to be members of the Fund

- Admitted bodies which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector. This includes designated admitted bodies.

Member bodies at 31 March 2022 were as follows:

PF Note 1 - Description of the Fund (continued)

Scheduled bodies	**Scheduled bodies**	**Admitted bodies**
Kingston University	Southborough High School	Balance CIC
Castle Hill Primary School	St Agatha's School	London Grid for Learning
Coombe Boys School	Tiffin Girls School	Your Healthcare
Coombe Girls School	Tiffin School	Engie
Hollyfield School	Tolworth Girls School	Alliance in Partnership
Holy Cross School	Kingston Academy	Brayborne
Knollmead Primary School	Chessington Academy	**Admitted bodies (Designated bodies)**
Latchmere School	Bedelsford School	Achieving for Children CIC
Richard Challoner School	Dysart School	**Administering Authority**
Green Lane Primary School	St Philip's School	Royal Borough of Kingston upon Thames
Robin Hood academy	Coombe Academy	

PF Note 1 - Description of the Fund (continued)

The following table summarises the membership numbers of the scheme:

2020/21			2021/22
No.			**No.**
29	Number of Employers with active members		30
	Active Members		
2,598	Royal Borough of Kingston upon Thames		2,513
2,094	Scheduled bodies		2,259
742	Admitted bodies		734
5,434			5,506
	Deferred Members		
3,594	Royal Borough of Kingston upon Thames		3,724
1,784	Scheduled bodies		1,923
301	Admitted bodies		392
5,679			6,039
	Pensioners (including Dependents)		
3,737	Royal Borough of Kingston upon Thames		3,789
973	Scheduled bodies		1,031
157	Admitted bodies		181
4,867		-	5,001
15,980	**Total**		**16,546**

PF Note 1 - Description of the Fund (continued)

d). Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Key details of the scheme's variants are shown in the table below. Accrued pension is uprated annually in line with the Consumer Prices Index.

	Service pre 1 April 2008	Service 1 March 2008 to 31 March 2014	Service post 31 March 2014
Pension	Accrual rate per annum of 1/80th of final pensionable pay	Accrual rate per annum of 1/60th of final pensionable pay	Accrual rate per annum of 1/49th of current year's pensionable pay
Lump sum	Automatic lump sum of 3 x pension. Option to exchange annual pension for tax free lump sum at a rate of £1 pension for £12 lump sum up to a maximum of 25% of total pension pot.	No automatic lump sum. Option to exchange annual pension for tax free lump sum at a rate of £1 pension for £12 lump sum up to a maximum of 25% of total pension pot.	

There are other benefits provided by the LGPS including early retirement, disability pensions and death benefits. Further information is available here https://www.kingston.gov.uk/info/200285/financial_information/748/pensions/6 .

e). Funding

The Pension Fund is financed by contributions from employees, employers (including the Council, admitted and scheduled bodies) and from the Fund's investments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2021. Under the current scheme members can opt for the 50:50 option where they pay half their contributions for half the benefits.

In 2021/22, employer contribution rates ranged from 10.4% to 36.7% of pensionable pay. Employer contribution rates payable from 1 April 2020 were set by the triennial valuation as at 31 March 2019, the results of which were published on 31 March 2020. The Fund excludes teachers, who have a separate Teachers Pensions Scheme managed by the Teachers Pensions Agency. The Fund also excludes those contributing to the NHS Pensions Scheme.

PF Note 2 - Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2021/22 financial year and its position as at 31 March 2022 .The Accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2020/21' (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Accounts have been prepared on a going concern basis as the pension fund is a statutory backed scheme and also backed by an administering authority with tax raising powers.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not provide for obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 19 of these Accounts.

Accruals Concept

Income and expenditure has been included in the Accounts on an accruals basis. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The adequacy of the Fund to pay future pensions and other benefits is reported upon separately in these accounts.

Valuation of Investments

Investments are stated at their market values as at 31 March 2022 and are determined as follows:

- All investments priced within the Stock Exchange Electronic Trading Service (SETS), a Recognised or Designated Investment Exchange or Over-The-Counter market, are valued at the bid-market prices at close of business on the exchange or market on which the investment trades, or at the last trading price recorded.

- Securities which are not covered by the above are valued at their estimated realisable value. Suspended securities are valued initially at the suspended price but are subject to constant review.

- Investments held in foreign currency have been valued on the relevant basis and translated into Sterling at the rate ruling at the balance sheet date.

- Transactions in foreign currency are translated into Sterling at the exchange rate ruling at the time of transaction.

PF Note 3 - Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution Income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer's augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Augmentation is the cost of additional membership awarded by an employer.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in or out are accounted for when received or paid which is normally when the member liability is accepted or discharged except when they are significant and material. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis.

c) Investment income

• Interest income

Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of the financial instrument and its amount as at the date of acquisition or origination.

Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

• Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset

• Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the financial year is disclosed in the Net Assets Statement as a current financial asset.

• Movement in the net market value of investments

Changes in the net market value of investments (including investments properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump sum benefits include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Interest from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Investment income, Note 12, is shown gross of irrecoverable taxes deducted. The Fund is reimbursed VAT by HM Revenue and Customs, and the accounts are shown exclusive of VAT.

f) Management Expenses

Pension Fund management expenses are accounted for in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses (2016).*

• Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the Pension Administration Team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund

• Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged to the Fund. Associated management and accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

• Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the value of these investments change. The cost of obtaining investment advice from external consultants is included here.

Net Assets Statement

g) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

h) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits (Note 19).

i) Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from the Pension Fund (see Note 22). AVCs are paid to the AVC providers by employers, specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement from the AVC provider company showing the amount held in their account and the movements in year.

PF Note 4 - Critical judgements in applying accounting policies

In applying the accounting policies as set out in Note 3 above, the Council has had to make certain critical judgments about complex transactions or those involving uncertainty about future events.

Pension Fund Liability
The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years **.** The methodology used is within accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised at Note 18.
This estimate is subject to significant variances based on changes to the underlying assumptions.

PF Note 5 - Assumptions madeabout the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different in the forthcoming year, as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension fund liability for the Royal Borough of Kingston Pension Fund can be measured. For example a 0.5% decrease in the discount rate assumption would result in an approximate increase of £150m in the Fund's pension liability; a one year increase in member life expectancy would increase the liability by approximately £60m and a 0.5% increase in the salary increase rate would increase the liability by approximately £9m.
McCloud	There is further uncertainty arising from a legal challenge to the Government’s transitional arrangements following the public sector pension reforms in 2015. The McCloud case was upheld by the Court of Appeal in December 2018 which found the transitional arrangements to be discriminatory on the grounds of age and gender. Following consultation by government, the key features of the proposed remedy include levelling up benefits for the younger members who suffered discrimination using a form of final salary underpin. Final regulations are expected to be effective from 1 April 2023.	The potential impact of the McCloud case has been assessed by the Government Actuary Department (GAD) on a national LGPS-wide basis using a range of remedies and assumptions. The Council’s actuaries have applied the same assumptions as used to prepare the IAS26 report to the remedies in the GAD review which indicate a potential increase in pension liabilities of 0.3%. This figure is based on a worst case scenario and the impact will be reduced if the remedies proposed are not as extensive as in the original GAD report.
Pooled property and private debt funds	The assets held by the Pension Fund include properties and assets managed by Fund Managers on a pooled basis. As the assets are unquoted, values are estimated by Fund Managers using comparable market data, indices and data from third parties, as well as projected revenue streams associated with the assets. Both the property and private debt funds do not have published prices, are not regularly traded and have many unobservable inputs feeding into their valuations and so will be treated as level 3.	The potential impact of this uncertainty cannot be measured accurately. For example, total property funds held by the Pension Fund are valued at £75.6m, and the variation around this value is estimated to be +/- 10%.

PF Note 6 - Events after the reporting period end

There are no material adjusting or non-adjusting events after the reporting period end.

PF Note 7 - Contributions receivable

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The Council, scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain solvency of the Fund. The table below shows a breakdown of the total amount of employers' and employees' contributions

Category:

2020/21		2021/22
£'000		**£'000**
(8,394)	Employees' contributions	(9,313)
	Employers' contributions	
(23,793)	Normal Contributions	(23,857)
(8,019)	Deficit Recovery Contributions	(3,215)
(543)	Augmentation Contributions	(402)
(40,748)		**(36,788)**

Authority:

2020/21		2021/22
£'000		**£'000**
(20,944)	Royal Borough of Kingston Upon Thames	(16,082)
(14,488)	Scheduled bodies	(15,049)
(5,317)	Admitted bodies	(5,657)
(40,748)		**(36,788)**

PF Note 8 - Transfers in from other pension funds

The tables below show a breakdown of the total amount of benefits payable by category and by authority:

2020/21		2021/22
£'000		**£'000**
(3,263)	Individual transfers	(3,597)
(97)	Group transfers	-
(3,360)		**(3,597)**

PF Note 9 - Benefits payable

The tables below show a breakdown of the total amount of benefits payable by category and by authority:

Category:

2020/21		2021/22
£'000		**£'000**
27,078	Pensions	29,098
3,822	Commutation and Lump sum retirement benefits	4,040
797	Lump sum death benefits	783
31,697		**33,922**

Authority:

2020/21		2021/22
£'000		**£'000**
21,999	Royal Borough of Kingston Upon Thames	23,977
8,088	Scheduled bodies	8,277
1,610	Admitted bodies	1,668
31,697		**33,922**

PF Note 10 - Payments to and on account of leavers

2020/21		2021/22
£'000		**£'000**
112	Refunds to members leaving service	82
-	Group transfers	-
2,785	Individual transfers	4,200
2,897		**4,283**

PF Note 11 - Management expenses

2020/21		2021/22
£'000		**£'000**
857	Administration Expenses	1,005
8,196	Investment Management Expenses	8,069
263	Oversight and Governance	102
9,317		**9,175**

PF Note 11a - Investment management expenses

Investment Management Expenses are further analysed below in line with CIPFA Guidance on Accounting for Management Costs in the LGPS. Additional cost disclosures have been provided by fund managers following the publication of the LGPS cost transparency code in May 2017 by the Scheme Advisory Body. The use of a standardised cost template has enabled transaction costs and indirect management costs to be identified and accounted for. The Fund has always borne these costs but typically they were deducted either from the net asset value or from investment income so that they were hidden within the Fund.

2020/21		2021/22
£'000		**£'000**
4,830	Management Fees	5,688
68	Performance Fees	19
59	Custody Fees	58
3,240	Transaction Costs	2,304
8,196		**8,069**

PF Note 11b - External audit costs

2020/21		2021/22
£'000		**£'000**
33	External Audit Costs	33
33		**33**

PF Note 12 - Investment income

2020/21		2021/22
£'000		**£'000**
(3,755)	Equity Dividends	(3,553)
	Pooled Investments:	
(596)	- Fixed Income	(1,472)
(1,082)	- Property	(1,671)
(2,835)	- Multi-Asset	(2,726)
(1,170)	- Credit	(1,198)
12	Interest on Cash Deposits	3
-	Other	-
(9,426)		**(10,617)**

PF Note 13 - Taxes on income

2020/21		2021/22
£'000		**£'000**
91	Withholding tax - equities	76
91		**76**

PF Note 14 - Investments

2020/21 (re-stated)	Investment Assets	2021/22
£'000		**£'000**
225,851	Equities	163,326
	Pooled Investment Vehicles	
450,185	Equities	472,499
79,318	Fixed Income	179,019
65,266	Property	75,622
34,668	Credit	35,509
166,948	Diversified Growth Funds	152,181
-	Private Debt	23,504
	Other Investment Balances	
4,633	Cash deposits	3,138
814	Accrued income and recoverable taxes	923
(192)	Amount receivable/payable for sales/purchases of investments	452
1,027,489	Total Net Investment Assets	**1,106,172**

*This year, diversified growth funds, or multi-asset funds, have not been split into its separate asset classes and hence 20/21 has been re-stated throughout these accounts

PF Note 14a - Analysis of Pooled Investment Vehicles

2021/22	ACS	FCP-FIS Mutual Fund	Unit trusts	Unitised insurance policies	OEIC	SICAV	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
- Equities				453,026	19,473		472,499
- Fixed Income	102,178				35,507	41,334	179,019
- Property		25,408	50,214				75,622
- Credit	35,509						35,509
- Diversified Growth Funds	152,181						152,181
- Private Debt			23,504				23,504
	289,868	**25,408**	**73,718**	**453,026**	**54,979**	**41,334**	**938,333**

*OEIC - “Open-ended Investment Company: an investment company that will issue (or redeem) shares on a regular basis in response to investor demand.
**SICAV - “Société d'investissement à capital variable”, similar to an OEIC but used in Europe.
***ACS is a UK tax transparent collective investment scheme used by the LCIV and the 20/21 table below has been restated to more accurately use this category of fund

Pooled Investment Vehicles:

2020/21 (re-stated)	ACS	FCP-FIS Mutual Fund	Unit trusts	Unitised insurance policies	OEIC	SICAV	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
- Equities			149,583	267,976	32,625		450,185
- Fixed Income					37,363	41,955	79,318
- Property		24,423	40,843				65,266
- Credit	34,668						34,668
- Diversified Growth Funds	166,948						166,948
- Private Debt			0				0
	201,616	**24,423**	**190,426**	**267,976**	**69,988**	**41,955**	**796,384**

PF Note 14b - Reconciliation of movements in investments

2021/22	Value 31 March 2021	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Equities	225,851	113,357	(210,239)	34,357	163,326
Pooled Investment Vehicles:					
- Equities	450,185	158,956	(170,341)	33,700	472,499
- Fixed Income	79,317	111,406	(345)	(11,360)	179,019
- Property	65,266	277	(1,412)	11,490	75,622
- Multi-Asset	166,948	2,726	(24,161)	6,668	152,181
- Credit	34,668	1,198	(333)	(24)	35,509
- Private Debt	-	22,379	(166)	1,290	23,504
Sub-total Investments	**1,022,235**	**410,300**	**(406,997)**	**76,122**	**1,101,659**
Other Investment Balances:					
Cash deposits*	4,632	324	(57)	(234)	3,138
Trade receivables / payables	(192)	-	-	358	452
Accrued income and recoverable taxes	814			-	923
Net Investment Assets	**1,027,489**	**410,624**	**(407,054)**	**76,245**	**1,106,172**

PF Note 14b - Reconciliation of movements in investments (continued)

2020/21	Value 31 March 2020	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2021
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Equities	176,133	133,925	(153,774)	69,567	225,851
Pooled Investment Vehicles:		-	-	-	
- Equities	329,130	810	(3,505)	123,750	450,185
- Fixed Income	73,206	63	210	5,838	79,317
- Property	40,614	25,082	(1,018)	588	65,266
- Multi-Asset	146,825	2,835	(1,523)	18,811	166,948
- Credit	27,678	1,170	(391)	6,211	34,668
Sub-total Investments	**793,586**	**163,885**	**(160,000)**	**224,764**	**1,022,235**
Other Investment Balances:					
Cash deposits*	5,327	109	(208)	(28)	4,632
Trade receivables / payables	(86)	-	-	(95)	(192)
Accrued income and recoverable taxes	824	-	-	-	814
Net Investment Assets	**799,651**	**163,994**	**(160,208)**	**224,641**	**1,027,489**

PF Note 14c - Investments analysed by fund manager

31 March 2021			31 March 2022	
Market Value	**% of total**	**Fund Manager**	**Market Value**	**% of total**
£'000	**%**		**£'000**	**%**
		Investments managed by London Collective Investment Vehicle		
85,402	8.3%	Global Total Return Fund (Pyrford International)	66,192	6.0%
38,438	3.7%	Diversified Growth Fund (Baillie Gifford)	39,748	3.6%
43,108	4.2%	Absolute Return Fund (Ruffer)	46,241	4.2%
-		Private Debt (Pemberton & Churchill)	23,504	2.1%
-		Global Bond Fund (PIMCO)	102,178	9.2%
34,668	3.4%	Multi Asset Credit Fund (CQS)	35,509	3.2%
201,616	19.6%	Sub total	313,372	28.3%
		Investments managed outside of London Collective Investment Vehicle		
42,586	4.1%	UBS Global Asset Management	51,326	4.6%
261,987	25.5%	Fidelity Pensions Management	186,199	16.8%
267,976	26.1%	Threadneedle Asset Management - Global Equity Fund	292,510	26.4%
149,583	14.6%	Schroder Investment Management - Global Active Value Fund	-	0.0%
24,423	2.4%	M&G Investments	25,408	2.3%
-		Legal & General - Future World Global Equity Index Fund	160,517	14.5%
41,955	4.1%	Janus Henderson Investors - Total Return Bond Fund	41,334	3.7%
37,363	3.6%	Janus Henderson Investors - All Stocks Credit Fund	35,507	3.2%
825,873	80.4%	Sub total	792,801	71.7%
1,027,489	**100.0%**	**Total**	**1,106,172**	**100.0%**

PF Note 15 - Fair value – basis of valuation

The basis of the valuation of each class of investment asset is in accordance with the guidance contained in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Asset and liability valuations are classified into three levels, according to the quality and reliability of information used to determine fair values. The investment assets of the Pension Fund are classed, as set out in the table below.

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1
Fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Cash and short term investment debtors and creditors are classified as level 1.

Level 2
Quoted prices are not available and valuation techniques use inputs that are based significantly on observable market data. Investment assets classified at level 2 are those where quoted market prices are not available; for example, where an investment is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3
At least one input that could have a significant effect on valuation is not based on observable market data. Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data, and are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. They include private equity/debt and infrastructure investments. Assurances over the valuations are gained from the independent audit of their accounts by their auditors.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Recognised at market value	Not required	Not required
Pooled investments - excluding pooled property funds	Level 2	Closing bid price where bid price published. Closing single price where single price published	NAV based pricing set on a forward pricing basis. Evaluated price feeds	Not required
Pooled investments - UK and overseas property funds where regular trading does not take place	Level 3	Valued by investment managers on a periodical basis using PRAG guidance	NAV based pricing set on a forward pricing basis with many unobservable inputs feeding into their calculations	Valuations could be affected by any changes to the values of the underlying properties, caused by changes to discount rate, estimated rental growth, vacancy levels etc
Private Debt	Level 3	Valued by underlying investment managers	NAV based pricing with many unobservable inputs feeding into their calculations	Valuations could be affected by a range of variables such as the quality of underlying collateral, varying liquidity & many other unobservable factors

PF Note 15a -Fair value hierarchy

31 March 2021 (re-stated)					31 March 2022			
Quoted Market Price Level 1	**Using Observable Inputs Level 2**	**With Significant Unobservable Inputs Level 3**	**Total**		**Quoted Market Price Level 1**	**Using Observable Inputs Level 2**	**With Significant Unobservable Inputs Level 3**	**Total**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
225,851			225,851	Equities	163,326			163,326
			-	Pooled Investment Vehicles:				-
	450,185		450,185	Equities		472,499		472,499
	79,318		79,318	Fixed Income		179,019		179,019
		65,266	65,266	Property			75,622	75,622
	34,668		34,668	Credit		35,509		35,509
	166,948		166,948	Diversified Growth Funds		152,181		152,181
	-		-	Private Debt			23,504	23,504
4,633			4,633	Cash Deposits	3,138			3,138
814			814	Accrued income and recoverable taxes	923			923
(192)			(192)	Receivables/payables for investments	452			452
231,105	**731,118**	**65,266**	**1,027,489**	**Financial Assets at fair value through profit and loss**	**167,839**	**839,208**	**99,126**	**1,106,172**

PF Note 15b: Reconciliation of fair value measurements within Level 3

2020/21	Value 31 March 2021	Transfers into Level 3	Transfers out of Level 3	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2022
	£'000			**£'000**	**£'000**	**£'000**	**£'000**
Pooled Investment Vehicles:							
- Property	65,266			277	(1,412)	11,490	75,622
- Private Debt	-			23,504			23,504
Total	**65,266**	**-**	**-**	**23,781**	**(1,412)**	**11,490**	**99,126**

PF Note 15c: Sensitivity of assets valued within Level 3

	Potential variation in fair value	Value at 31 March 2022	Potential Value on Increase	Potential Value on Decrease
Property	"+/-" 10%	75,622	83,184	68,060
Total				

*the uncertainty around property values is estimated to be as much as 10% and is caused by uncertainty over key inputs to property valuations, such as rents varying by 10%, yields varying by up to 25%, and gross to net leakage varying by up to 30%.
**Private debt has been excluded from this note as the fund managers were not able to provide the necessary information.

PF Note 16a - Classification of financial instruments

2020/21 (re-stated)				2021/22		
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
225,851	150		Equities	163,326	150	
			Pooled Investment Vehicles:			
450,185			Equities	472,499		
79,318			Fixed Income	179,019		
65,266			Property	75,622		
34,668			Credit	35,509		
166,948			Diversified Growth Fund	152,181		
-			Private Debt	23,504		
5,254			Other	4,513		
	17,846		Cash deposits		14,532	
	7,972		Sundry debtors		9,062	
1,027,489	**25,968**	**-**		**1,106,172**	**23,745**	**-**
			Financial Liabilities			
-	-	(5,705)	Creditors			(2,373)
-	**-**	**(5,705)**		**-**	**-**	**(2,373)**
1,027,489	**25,968**	**(5,705)**	**Total**	**1,106,172**	**23,745**	**(2,373)**

*Other includes accrued income, currency contracts, irrecoverable withholding taxes and cash deposits in the investment portfolio (not within working capital - row below).

PF Note 16b - Net gains and losses on financial instruments

2020/21		2021/22
£'000		**£'000**
	Financial Assets	
224,669	Designated at fair value through profit and loss	76,479
(28)	Financial assets at amortised cost	(234)
224,641		**76,245**

PF Note 17 - Nature and extent of risks arising from financial instruments

Key risks

The Pension Fund's activities expose it to a variety of financial risks:

- Market risk – the possibility that financial loss might arise for the Pension Fund as a result of changes in such measures as interest rates and stock market movements.
- Credit risk – the possibility that other parties might fail to pay amounts due to the Pension Fund.
- Liquidity risk – the possibility that the Pension Fund might not have funds available to meet its commitments to make payments.

Overall Procedures for Managing Risk

The Pension Fund's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2013 and the associated regulations. These regulations set out permissible financial instruments, require the Administering Authority to maintain and invest on behalf of the Pension Fund in accordance with its investment principles, to take professional advice, to review investment performance and to operate a separate Pension Fund bank account. Overall these procedures require the Administering Authority to manage Pension Fund risk by maintaining and investing in accordance with a:

- Investment Strategy Statement;
- Funding Strategy Statement;
- Statement of Governance Policy;
- Governance Compliance Statement.

The Pension Fund Investment Strategy is reviewed at least triennially following actuarial valuation by the Pension Fund Panel who monitor investment performance and compliance quarterly, including the internal control arrangements of external fund managers and the custodian.

a) Market risk

Market risk is the risk of loss from fluctuations in equity, bond and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters whilst optimising the return.

In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of asset classes, geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short, is unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund investment strategy.

Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Value as at 31/03/2021 (re-stated)	Change +/-	Value on increase	Value on decrease	Asset Type	Value as at 31/03/2022	Change +/-	Value on increase	Value on decrease
£'000	**%**	**£'000**	**£'000**		**£'000**	**%**	**£'000**	**£'000**
676,035	17.9	797,045	555,025	Equities	635,825	18	750,273	521,376
79,318	7.8	85,505	73,131	Fixed income	179,019	7.6	192,625	165,414
65,266	15.0	75,056	55,476	Property	75,622	15.1	87,041	64,203
34,668	8.4	37,580	31,756	Credit	35,509	9.6	38,918	32,100
166,948	10.2	183,977	149,919	Diversified Growth Fund	152,181	10.3	167,855	136,506
-	10.4	-	-	Private Debt	23,504	10.6	25,995	21,012
4,633	5.3	4,879	4,388	Cash	3,138	5.5	3,311	2,965
621	-	621	621	Other	1,375	-	1,375	1,375
1,027,489		**1,184,663**	**870,316**	**Total**	**1,106,172**		**1,267,393**	**944,951**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The table below shows the sensitivity of the investments to interest rate changes.

Assets exposed to interest rate risk	Value as at 31 March 2022	Potential Movement on 1% Change in Interest Rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	3,138	-	3,138	3,138
Fixed income	179,019	10,295	189,314	168,724
Credit	35,509	401	35,910	35,107
Total	**217,666**	**10,696**	**228,362**	**206,970**

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund is exposed to direct currency risks on its segregated overseas equity holdings.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

Following analysis of historical data, the council considers the likely volatility associated with foreign exchange rate movements to be 10.0%.

This analysis assumes that all other variables, in particular interest rates, remain constant.

The following table summarises the Fund's currency exposure as at 31 March 2021 along with the impact that a 10.0% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would have on the values.

Value as at 31/03/2021 (re-stated)	Value on 10% price increase	Value on 10% price decrease	Currency Exposure - Asset Type	Value as at 31/03/2022	Value on 10% price increase	Value on 10% price decrease
£'000	£'000	£'000		£'000	£'000	£'000
217,295	239,024	195,565	Overseas Equities	156,337	171,971	140,704
217,295	**239,024**	**195,565**	**Total assets available to pay benefits**	**156,337**	**171,971**	**140,704**

The value on increase and value on decrease for an individual currency exposure is calculated with reference to that currency's volatility, relative to GBP, over the three years to March 2020. Because currency changes are not necessarily correlated it is not appropriate to sum the outputs from each currency. In calculating the increase and decrease at a total fund level, it is necessary to establish the change in value of the aggregate of currencies held. It is this change that is applied to the overall currency exposure.

a) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Pension Fund has selected bond managers who have an investment strategy which requires investment only in high investment grade and collateralised products and who use research and market knowledge to minimise exposure to credit risk. The Pension Fund uses a custodian to ensure that all money due is paid in full and on time. Internally invested cash is placed in a special interest bearing account with the Council's bankers.

b) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments. This will particularly be the case to meet the pensioner payroll costs; and also cash to meet investment commitments. The Pension Fund currently remains cash flow positive with contributions exceeding payable pensions, though this is regularly monitored.

The Council has immediate access to a proportion of its Pension Fund cash holdings, as these are held in an instant access special interest bearing account maintained by Council officers. The remainder is invested in fixed term deposits taking into account likely future cash flows. Surplus funds are invested externally with fund managers. In the event of a funding shortfall the LGPS regulations permit the administering authority to borrow on behalf of the Pension Fund for up to 90 days. If required, funds can also be called back from investment managers to meet liabilities

PF Note 18 - Funding arrangements

Actuarial Position

Rates of contributions paid by the participating Employers during 2020/21 were based on the actuarial valuation carried out as at 31 March 2019 by the Fund's actuary, Hymans Robertson. The objectives of the Fund's funding strategy is:

- to ensure the long-term solvency of the Fund, using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of three years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

The majority of employers participating in the Fund pay different rates of contributions depending on their past experience, their current staff profile, and the recovery period agreed with the Administering Authority. Their contribution rates are calculated taking account of the Fund's funding strategy as described in the Funding Strategy Statement, and for the majority of employers using the projected unit actuarial method. The rates of contributions payable by each participating employer over the period 1 April 2019 to 31 March 2022 are set out in a certificate dated 31 March 2019 which is appended to the actuary's report on the actuarial valuation. For those bodies which have become separate employers within the Fund since the valuation date, their contribution rates have been calculated individually and certified by the Fund's actuary.

At the 2019 actuarial valuation, the fund was assessed as 95% funded (82% at the March 2016 valuation). This corresponded to a deficit of £42m (2016 valuation: £145m) at that time. Contribution increases will be phased in over the three-year period ending 31 March 2023 for both scheme employers and admitted bodies.

Commutation assumption

It is assumed that future retirees will take 50% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and 75% of the maximum for post-April 2008 service.

50:50 option

0.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option, it is assumed.

The following table shows a summary of the results of the most recent valuation:

Past Service Position	**31/03/2019**
	£m
Past Service Liabilities	(882)
Market Value of Assets	839
Surplus (Deficit)	**(43)**
Funding Level	**95.0%**

Financial Assumptions		**31/03/2019**
	Nominal	**Real**
CPI Inflation	2.3%	
Discount Rate	3.9%	1.6%
Salary Increases*	2.7%	0.4%
Pension Increases	2.3%	-

Life Expectancy from Age 65	**31/03/2016**	**31/03/2019**
Male Pensioners	22.5	21.7
Male Non-Pensioners	24.2	22.6
Female Pensioners	24.8	23.9
Female Non-Pensioners	26.7	25.5

Contribution Rates

Employer Future Service Rate *	18.3%
Past service adjustment (21 year spread) **	3.7%
Total Employer Contribution Rate	**22.0%**

Projected Annualised Returns over 20 Years (50th % ile)	
Cash	2.40%
Index Linked Gilts	0.30%
Fixed Interest Gilts	1.00%
UK Equity	5.70%
Overseas Equity	5.80%
Property	4.30%
Corporate Bonds	1.90%

PF Note 19 - Actuarial present value of promised retirement benefits

CIPFA's Code of Practice requires the disclosure for the year ending 31 March 2022, of the actuarial valuation of promised retirement benefits as set out in IAS26, and that the actuarial present value should be calculated on an IAS 19 basis.

IAS26 is the accounting standard that sets out the requirements for accounting and reporting in respect of retirement and the requirements for accounting and reporting of promised retirement benefit plans following the move to financial reporting of the Pension Fund Accounts under the International Financial Reporting Standards (IFRS).

31 March 2021		31 March 2022
£m		**£m**
(1,477)	Actuarial Fair Value of Promised retirement benefits	(1,425)
1,048	Net Fund Assets available to fund benefits	1,126
(429)	**Net Liability**	**(299)**

PF Note 20 - Current assets

31 March 2021		31 March 2022
£'000		**£'000**
1,129	Contributions Due	1,665
6,843	Other debtors	7,397
17,846	Cash at Bank	14,532
25,818	**Total Current Assets**	**23,595**

PF Note 21 - Current liabilities

31 March 2021		31 March 2022
£'000		**£'000**
(80)	Benefits Payable	(525)
(127)	Transfer Values	0
(5,498)	Other Creditors	(1,848)
(5,705)	Total Current Liabilities	**(2,373)**

PF Note 22 - Additional voluntary contributions

A number of active Fund members have elected to pay additional voluntary contributions to increase their personal benefits. Regulation 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require that these are not paid into the Pension Fund.
The total AVCs paid by members in 2021/2 were £71,813 (£71,608 in 2020/21).

Market Value 31 March 2021	Contributions 2020/21		Market Value 31 March 2022	Contributions 2021/22
£'000			**£'000**	
79	0	Utmost Life and Pensions	81	0
959	72	Aviva	728	72
1,038	**72**		**809**	**72**

These are invested with the Council's approved AVC providers and are a money purchase arrangement.

PF Note 23 - Related party transactions

The Council is a related party to the Fund and in accordance with the regulations the Council's expenses in administering the Scheme are charged to the Fund. The amount charged by the Council for 2021/22 was £1,003,885 (£857,482 in 2020/21)

None of the Councillors voting on the Pension Fund Panel are members of the Pension Fund.

The key management personnel for the Pension Fund are the same as for the Council as a whole. Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority's Accounts, and are within scheme administration expenses as above. Extra disclosure can be seen in the Authority's accounts under the notes related to Senior Officers remuneration and Related Party Transactions .

The Council has a significant interest in one designated body (Achieving for Children Ltd) which is within the Fund and received £3.577m in employer contributions, deficit and early retirement costs from this body in 2021/22 (£3.259m in 2020/21).

PF Note 23a - Key Management Personnel Remuneration

The key management personnel for the Pension Fund are the Pensions Finance and Investments Manager, the Governance Lead, the Head of Pensions Investments, the Head of Pensions Administration and the Assistant Director of Finance at the Royal Borough of Kingston. Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority's Accounts, and are within scheme administration expenses as above in Note 11.

PF Note 24 - Contingent liabilities and contingent assets

There are no contingent liabilities. The only contingent asset is an extra c.£500k (over and above the £6,789,000 debtor in relation to this) for a bulk transfer-in to the RBK Pension Fund, due from Berkshire Pension Fund, for Royal Borough of Windsor and Maidenhead staff that joined AfC. The exact amount is dependent on investment returns and on discussions between the Funds' actuaries on how to value the liabilities..

There are outstanding contractual commitments at period end, as the RBK Pension Fund committed £86m to the LCIV Renewable Infrastructure Fund on 28 March 2022. As at 31 March 2022, there was also an outstanding contractual commitment to the LCIV Private Debt Fund of £32.6m

PF - Glossary of terms

Accounting Period
The timescale during which accounts are prepared. Local Authority accounts have an overall accounting period of one year from 1 April to 31 March.

Accounting Policies
Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements. Accounting policies define the process whereby transactions and other events are reflected in the financial statements.

Accounting Standards
A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Acts of Parliament and in professional codes and statements of recommended practice.

Accruals
This is the concept that income and expenditure are recognised as they are earned or incurred and not as money is received or paid.

Active Member
A member of an occupational pension scheme who is building up pensions benefits, in either a defined benefit or a defined contribution scheme, from their current job.

Actuarial Valuation
Every three years the Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the fund's financial position and recommended employers' contribution rates.

Actuary
An adviser on financial information and assumptions relating to the pension scheme.

Admitted Body
A body which can be admitted to the LGPS with the agreement of the Administering Authority, it must be non-profit-making and will normally be in receipt of a grant from either central or local government.

Assets
Any item of economic value owned by an individual or corporation, especially that which could be converted to cash

Balance Sheet
A Statement of the Council's assets and liabilities at 31 March (Balance Sheet date).

Cash & Cash Equivalents
Cash is represented by money held by the Council and deposits available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
This is the accountancy body that produces standards and codes of practice for accounting and financial functions in the public sector. It is one of the bodies responsible for the two principal codes of practice that determine how the Council presents its accounts.

The Code
The Local Authority Accounting Code of Practice provides guidance to all Local Authorities on how applying accounting standards for the production of the Statement of Accounts and outlines information that must be included. The Code of Practice is based on International Financial Reporting Standards (IFRS), and has been developed by CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

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

Contingent Liabilities
These are potential losses for which a future event will establish whether a liability exists. As it is not appropriate to establish provisions for such amounts, they are not accrued in the financial statements, but disclosed separately in a note to the Comprehensive Income and Expenditure Statement.

Creditors
These are amounts owed by the Council for goods and services supplied, but for which payment has not been made at the end of the financial year.

Current Assets
These are assets that will be consumed within the next accounting period (i.e. less than one year).

Current Liabilities
Those amounts which become payable or could be called upon in the next accounting period (i.e. less than one year).

Current Service Cost (Pensions)
The increase in the present value of the pension scheme's liabilities expected to arise from employee service in the current period.

Debtors
These are amounts owed but not received at the end of the financial year.

Deferred Member
A member who is no longer active in the pension scheme but is not yet in receipt of a pension.

Defined Benefits Pension Scheme
Retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The scheme may be funded or unfunded.

Defined Contribution Scheme
A retirement benefit scheme into which an employee pays regular fixed contributions as an amount or percentage of pay and has no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

Equity
The capital of a company belonging to the ordinary shareholders who have voting rights allowing them to influence the management of the company.

Events after the Balance sheet date
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Fair Value
Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Financial Instruments
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.

Fixed Interest Security
A security which yields fixed and regular income (interest).

General Fund
The Council's main revenue account that covers the net cost of all services other than the provision of council housing for rent.

Going Concern
The Council's financial statements are prepared on a going concern basis; that is, the accounts are prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

IAS19
Accounting Standard requiring the recognition by an authority of the attributable share of the assets and liabilities of pension funds with which it is associated showing the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme, even though the fund retains title to the assets and the responsibility to pay pensions.

Impairment
A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

International Financial Reporting Standards (IFRS)
The accounting standards adopted by the International Accounting Standards Board (IASB).

Intangible Assets
These are assets of value that do not have physical substance, for example software licences, franchises and patents. Expenditure incurred on these assets is capitalised at cost and charged to the Balance Sheet.

Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during the period, in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties
Property that is held solely to earn rentals or for capital appreciation.

Liability
A financial obligation, debt, claim, or potential loss.

Net Book Value (NBV)
An asset or liability's original book value net of any accounting adjustments such as depreciation.

Net Realisable Value
The open market value of the asset less the expenses to be incurred in realising the asset.

Past Service Costs (Pensions)
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet events
Events arising after the balance sheet date should be reflected in the statement of accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included.

Prior Year Adjustments
These are material adjustments, which are applicable to prior years arising from the correction of fundamental errors or inaccuracies. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision
This is an amount, which is set aside for a liability or loss in respect of a past event, which is likely to be incurred, but where the exact amount and date on which it will arise is uncertain.

Related Parties
Two or more parties are defined to be related parties when at any time during the financial period concerned, one party has direct or indirect control or influence on the other party, for example;

The parties are subject to common control from the same source; or one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests. Or the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

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

Scheduled Body
There are a number of employers who are required to provide membership of the Local Government Pension Scheme to all their employees. These employers are listed in a schedule that appears at the back of the Local Government Pension Scheme Regulations. Unlike admitted bodies, scheduled bodies cannot refuse membership of the Scheme to their employees

Section 151 Officer
Section 151 of the Local Government Act 1972 requires each local authority to appoint a suitably qualified officer to be responsible for the proper administration of its financial affairs. This officer is sometimes referred to as the Section 151 Officer.

Security
Any kind of transferable certificate of ownership.

Termination Benefits
Amounts payable to employees as a result of a decision by the Council to terminate an officer's employment prior to normal retirement age or an officer's decision to accept voluntary redundancy.

Unitised Fund
An investment vehicle whereby the contributions of a number of unit-holders are pooled and the total amount is then used to purchase assets such as shares, bonds, property and cash.

10. Annual Governance Statement 2021/22

(DRAFT)

This provides assurances on the Council's governance framework, that comprises the systems, processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community.

The Annual Governance Statement is published alongside but does not form part of the Accounts and so is not subject to the same inspection of accounts regime.

THE ROYAL BOROUGH OF KINGSTON UPON THAMES

THE COUNCIL'S RESPONSIBILITY

The Royal Borough of Kingston upon Thames (RBK) is responsible for making sure its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. RBK has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, considering a combination of **economy, efficiency** and **effectiveness** .

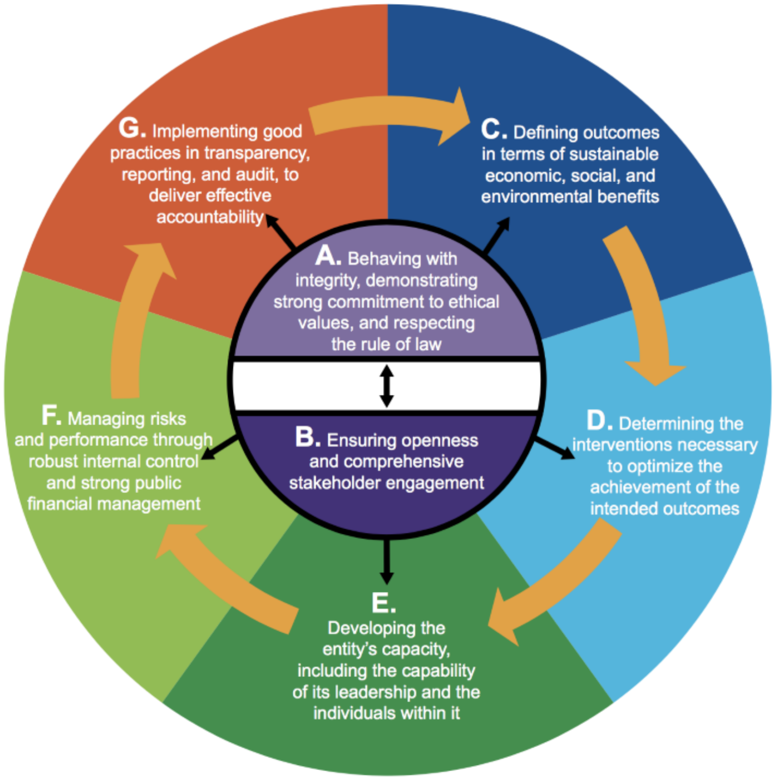
The Council is responsible for putting in place proper arrangements for the governance of its affairs, making sure its functions are exercised effectively, and having arrangements for managing risk, including arrangements for the management of risk. This statement is "an open and honest self-assessment" of the Council's performance across all its activities.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework is made up of the systems and processes, culture, and values by which the Council is directed, controlled, accounts to, engages with and leads Kingston's communities. It enables the Council to monitor the achievement of its strategic objectives and if those objectives have led to the delivery of appropriate, cost effective services. Whilst supporting the Council's arrangements for risk management, it cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

THE GOVERNANCE FRAMEWORK

The CIPFA/SOLACE Framework for Delivering Good Governance in Local Government (2016) provides a core set of seven principles, listed below, to support good governance and the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. RBK's Local Code of Corporate Governance reflects these principles.



The Constitution

The Constitution sets out the processes for how the Council considers issues and makes decisions. Its key purpose is to enable good quality decision making. It is a living document which means it is regularly updated and developed to reflect changes in legislation and the way we organise ourselves and do things. A detailed review of the Constitution took place in 2018/19 and updates since. There is now an annual review which is reported to Council and a further fuller review is due to take place in 2022/23.

Corporate Performance and Risk Management

The Council has a Risk Management Framew ork (approved in 2019) and directorate risk registers are updated quarterly alongside the quarterly performance management reporting cycle. Significant risks are escalated to the Corporate Risk Register for review by SLT and a bi-annual report is produced for the Audit, Governance and Standards Committee. During 2020 the Corporate Performance and Risk Board reviewed its Terms of Reference to ensure a golden thread through performance, risk management, and audit outcomes. The board monitors the risk register, key performance indicators, and priority one recommendations arising from audit outcomes.

The organisation's approach to risk continues to mature. Risk continues to be considered at the Corporate Risk and Performance Board, meetings of Directorate Leadership Teams and the Senior Leadership Team and at the Audit Governance and Standards Committee. Work is underway with the Corporate Leadership Group to ensure there is a consistent approach to the scoring of risk and that the organisation understands its tolerance for risk. One of the most significant risks which will need to be managed in 2022/23 will be the Cost of Living Crisis. Robust governance arrangements need to be established to manage and monitor the Council's response

The Council has a robust Audit, Governance and Standards Committee to strengthen and consolidate its governance arrangements and provide the core functions as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities". This includes providing independent and effective challenge in ensuring the council's internal control and risk framework is effective.

Commissioning Framework

A review of the Council's Contract Regulations was completed in April 2021. The updated regulations reflect amendments to the national procurement regulations following the withdrawal of the UK from the EU and new provisions such as the requirement to publish contract notices on a UK e-notification system, Find a Tender Service (FTS). The changes bring further clarity and consistency alongside the procedures and guidance developed during the national emergency response, to enhance understanding and streamline decision making process. The Commissioning Governance Board and Strategic Commissioning Board continue to support good governance of the Council's commissioning arrangements. The Strategic Commissioning Board has received detailed reports regarding potential changes to the national procurement regime arising from the Procurement Bill, with the impact being reviewed more fully during 2022/23 as the legislation progresses through Parliament.

A Member/officer working group was established in July 2020 to oversee the design and delivery of the new commissioning framework, which includes a new commissioning strategy, commissioning and contract policies, and a range of internal tools and resources. A commissioning competencies model and a learning development plan has been designed to support its implementation. The final commissioning framework and the four supporting policies were formally adopted by the Council in July 2022 following a decision by the Corporate and Resources Committee.

Government Funding

The financial context in which the Council is operating has been uncertain for a number of years due to the short term nature of the recent spending reviews. The latest announcement was no different, and despite the three year spending review period, the provisional settlement was, again, for one year only. The Council therefore has little assurance over funding levels beyond 2022/23, meaning that while the Council remains in a robust position financially, there are significant medium term financial risks that the Council needs to take account of and manage to ensure it remains financially resilient. This uncertainty has only been made greater by the significant long term impact of the COVID-19 pandemic, the continuing unknown long term impact of Brexit and inflation running at the highest rates seen in thirty years.

The economic effects of the COVID-19 pandemic are continuing to significantly impact the Council as it faces the longer term effect on residents, businesses and the wider local economy. The initial lockdown was in March 2020, nearly two years on COVID-19 is continuing to impact people's lives. This creates additional demand for the Council's services and impacts the Council's income base. The Council, and the economy as a whole, has suffered a significant financial shock from the economic consequences of the Covid pandemic. This will continue to have a major impact on the Council's financial position over the medium term and best estimates of this are included within the budget proposals.

There has been a delay in the external auditors issuing their opinion on the Council's 2020/21 financial statements. Whilst work was substantially complete in November 2021 and a draft audit findings report was issued in December 2021 the final work on the valuation of property, plant and equipment has taken substantially longer than anticipated. This is due to a combination of the greater level of detailed testing and challenge that the auditors have been required to carry out and slow responses from external valuers. The final opinion will be unable to be issued until a national technical issue relating to the accounting for infrastructure assets is resolved.

Commercial Arrangements

The Council has the following commercial arrangements:

- **Achieving for Children (AfC)**

  AfC is a Community Interest Company jointly owned by RBK and two other local authorities and is commissioned to deliver their children's services. Kingston has a 40% share of the guarantee of this community interest company. The Council's joint ownership functions of this community interest company are exercised through a Joint Ownership Board and reserved matter decisions are made by the committee with oversight of children's services for each of the three local authorities. The Committee is responsible for decisions on those matters that are reserved to the Council. All other decisions are delegated to the Board of Directors of AfC which includes non-executive independent directors jointly appointed by the three local authorities as well as two Kingston appointed directors. Governance arrangements require that a review of the effectiveness of internal control is carried out by the Director of Children's Services and reviewed by the Chief Operating and Finance Officer. Findings are reported to AfC's Audit and Risk Committee which agrees a Statement of Internal Control and advises the Board that the Company has adequate and effective arrangements in place in relation to company governance, risk management, internal control, treasury management and value for money systems and frameworks. No significant issues were identified in the Internal Control Statement for 2021/22 however a number of areas of focus were identified for the coming year where there is further scope to strengthen controls. These include the further development and strengthening of budget management accountability mechanisms, health and safety oversight, procurement, GDPR awareness training, review of ICT arrangements, embedding of the new HR service and maximising the use of the internal audit function.

- **Cambridge Road Estate Joint Venture, Limited Liability Partnership Board (CRE JV LLP)**

  The Council has established a JV Company with Countryside Properties following a positive ballot for the regeneration of the Cambridge Road Estate which will oversee the £800m scheme over the next 10-15 years. The CRE JV Board includes Councillor Board members, selected following an internal recruitment process to assess suitability and skills required to undertake such commercial activities. An audit of CRE governance arrangements will be undertaken in 2022/23.

- **Kingston Theatre LLP**

  The Council owns a 95% share in Kingston Theatre LLP who own the building operated by Kingston Theatre Trust and known as The Rose. The remaining 5% of Kingston Theatre LLP is owned by Kingston university. The company has been established for over 10 years and their sole purpose is to act as landlord for the Theatre. There is representation on the board for both the Council and the university.

- **RBK Holdings Ltd and Kingston-Upon -Thames Investments Ltd (formerly Guildhall Capital Ltd)**

  The Council established a commercial structure comprising a holding company for the Council's wholly owned companies. This currently comprises a dormant investment company. The holding company board is made up of Councillors and the investment company board has a mix of officers and councillors providing a mix of expertise.

New and Updated Governance Arrangements and External Sources of Assurance

A number of new governance arrangements were introduced in the 2020/21 financial year and the focus for 2021/22 has been embedding those arrangements and ensuring they are fit for purpose. As a source of assurance an audit was conducted and findings indicated that the structures in place were providing a high level of good governance but that each board would benefit from a Terms of Reference review. This will be completed with the support of internal audit to ensure any changes that can improve effectiveness are implemented and to ensure learning from the wider shared service arrangement.

Public Interest Reports

A workshop was held with the Senior Leadership team to review the key themes identified in recent public interest reports. This facilitated the identification of a number of areas of improvement including embedding more robust project management procedures and strengthening business case processes.

Statutory Integrated Care System

From 1 July 2022 the South West London Integrated Care System (ICS), became a statutory organisation led by two new bodies: the NHS Integrated Care Board (ICB) and the Integrated Care Partnership (ICP).

The South West London ICS brings together NHS organisations, the boroughs of Croydon, Kingston, Merton, Richmond, Sutton & Wandsworth, Healthwatch organisations, charities and community voluntary organisations. The aim of the ICS is to achieve four aims: to improve outcomes in population health and healthcare; to tackle inequalities in outcomes, experience and access; to enhance productivity and value for money; and to help the NHSsupport broader social and economic development. A new executive team for the NHS South West London Integrated Care Board has been announced. Large & complex system dynamics exist and which will need to be worked through over the year ahead as the system moves towards more integrated ways of working. Kingston Council's Director of Public Health has been appointed as the local 'Convenor' for the borough level structure for the SWL ICS: the Kingston Place Based Partnership Committee. As part of preparations to establish the NHS Place Based Partnership Committee, the Kingston Strategic Partnership and the Health and Wellbeing Board have taken action to combine remits, ensuring that statutory duties of the Health and Wellbeing Board can be discharged by the new Kingston Strategic Board, while streamlining governance, reducing duplication and clarifying roles and responsibilities in the Borough. The first meeting of the combined board will be on the 8th October 2022.

EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS

The Royal Borough of Kingston upon Thames has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the work of the General Counsel and Internal Audit and by comments made by external auditors and other review agencies and inspectorates.

The process for maintaining and reviewing the effectiveness of the governance framework in place in 2021/22 was led by the Head of Internal Audit and General Counsel who carried out the following work:

- reviewing reports from Internal and External Audit, external inspectors and other independent reviews
- completion of governance self assessments by senior officers
- holding discussions with key senior officers to assess the Council’s corporate governance framework
- Attending Departmental Management Team meetings to discuss governance issues.
- Holding an Annual Governance Statement workshop with the Strategic Leadership Team to assess the Council’s corporate governance framework

Key elements of the governance framework operating during the year under review (2021/22) include the following bodies:

The Council	Sets the policy and budgetary framework and is responsible for the appointment of the Mayor; members of other bodies such as the Strategic, Regulatory and Neighbourhood Committees. It also adopts the Code of Conduct for Councillors, agrees changes to the Council's Constitution and terms of reference for Committees, Panels and other Member bodies.
Strategic Committees	Responsible for making decisions on those powers, duties and functions of the Council that fall within their remit, within overall Council policy.
Neighbourhood Committees	Four neighbourhood committees made up of the councillors representing the electoral wards in each neighbourhood. Each neighbourhood has access to grant funding and can make decisions on a range of services, including traffic management, planning applications, parks, libraries, housing management, youth service and any matters which fall solely within a single Neighbourhood.

Annual Governance Statement (continued)

Audit, Governance and Standards Committee	Reviews internal audit strategy, plans and performance, considers the most significant issues arising from internal and external audit work and obtains assurance that appropriate action is being taken on those issues. Maintains an overview of the effectiveness of the Council's corporate governance arrangements particularly those concerned with risk management, internal control, financial governance, anti-fraud and anti-corruption strategies, approves the Annual Governance Statement and receives and considers the Council's Final Accounts and accompanying financial statements. Promotes and maintains high standards of conduct amongst elected, co-opted and advisory members of the authority. Advises the Council on the adoption of the Code of Conduct for Councillors, including its monitoring and updating.
Health and Wellbeing Board	The Health and Wellbeing Board brings together the Council, NHS partners, including the Kingston Clinical Commissioning Group, and patient representatives to have oversight of the Council's public health functions and ensure health services in the borough are properly integrated.
Regulatory Committees	The Planning Committee is responsible for decisions on large planning applications and those which neighbourhood committees are unable to deal with. The Licensing Committee reviews policy on licensing matters and appoints sub-committees which consider individual applications for activities which require licences, such as the sale of alcohol.
Scrutiny Panel	Established to consider Member and Community call-ins.
Kingston Strategic Partnership	Consists of partners from Statutory, Voluntary and Business sectors. Purpose is to set the overall vision and direction for partnerships working in Kingston.
Kingston Health Overview Panel	Acts as a lever to improve the health of local people in the widest sense. It looks at the whole health system, not just services provided, commissioned or managed by the NHS. It scrutinises and makes reports or recommendations to the Council, health bodies and other relevant agencies about possible improvements in service.

Kingston and Richmond Safeguarding Children Partnership	Responsible for the safeguarding arrangements of children and families in Kingston and Richmond. Replaces the Local Safeguarding Children's Board.
Kingston Safeguarding Adults Board	Governed by the Care Act 2014, the Board's role is to seek assurance that agencies are working together effectively to keep adults safe from abuse and neglect.
Strategic Commissioning Board (SCB)	Provides strategic oversight and scrutiny of RBK's commissioning and contract management practice. This meets quarterly and a highlight report is presented at each meeting which considers the performance and challenges across the Council's commissioning activity and practice.
Transformation Board	The Transformation Board meets every 6 weeks and has ownership of the outcomes of Kingston's transformation programme. The Board: ● oversees the transformation critical path and review progress from the Delivery Boards to take strategic actions to achieve the Council's vision and objectives ● Monitors progress of transformation projects in the programme against key milestone and actual expenditure against budget ● Receives and reviews the allocation of resources to deliver the Transformation Programme ● Oversees strategic risk and issue management
Capital Delivery Board	The Capital Board meets quarterly and leads on the development of the Capital Strategy that is consistent with Council vision and objectives. The board recommends a capital programme to members based on rigorous business cases, approves a 'pipeline' of capital projects, monitors the progress of capital schemes in the programme against key milestones and actual expenditure against budget. It receives and reviews in year changes to the capital programme, with delegated authority to approve changes and business cases up to £1m.
Major Developments and Investment Board	The Board is chaired by the Chief Executive with attendance from the S151 officer, General Counsel and the Executive Director of Place, with responsibility for ensuring delivery, managing risks, governance and financial oversight across the portfolio and decisions. This is supported by a delivery board which ensures a strong PMO approach and corporate oversight.

Annual Governance Statement (continued)

Strategic Leadership Team (SLT)	Led by the Chief Executive working alongside the 5 Directors (Adult Services & Public Health, Children's Services (AfC), Place, Corporate & Communities), and General Counsel. SLT has a mix of responsibilities combining directorate and service leadership, member portfolio management, neighbourhood and ward support, corporate core and enabling roles.
Corporate Leadership Group (CLG)	The CLG comprises senior managers (Assistant Directors and Heads of Service) directly led by SLT who are responsible for working with their teams to turn strategy into operational leadership and delivery and to ensure alignment and joined up activity across the Council.
Directorate Management Teams (DMT)	The structure consists of four directorates: Adult Services & Health, Children's Services (AfC), Place, and the Corporate & Communities. DMTs are established for each Directorate consisting of Directors, Assistant Directors, and can also include Corporate Heads of Service, who are collectively responsible for delivering strategies and outcomes.
Internal Audit	Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
External Audit	Audit/Review and report on the Council's financial statements, providing an opinion on the accounts and use of resources, concluding on the arrangements for securing economy, efficiency and effectiveness in the use of resources (value for money opinion).
Statutory Officers	The statutory roles of the Head of Paid Service, Monitoring Officer, Chief Financial Officer, Director of Children's Services, Director of Adult Social Services, Director of Public Health, Scrutiny Officer and Data Protection Officer are set out within the Articles of the Constitution.
Managers	Responsible for developing, maintaining and implementing the Council's governance, risk and control framework, contributing to the effective corporate management and governance of the Council.

Internal Audit Outcomes

A high level Governance audit was undertaken in 2021/22 to strength test the key elements of the governance framework above. This concluded that arrangements were generally fit for purpose but recommended that a more detailed review should be undertaken of each of the boards to ensure that they are operating effectively. This will be facilitated by Internal Audit during 2022/23.

The Head of the South West London Audit Partnership is required to provide the Council with an opinion on the adequacy and effectiveness of the internal control environment. In her Annual Report on the work of Internal Audit during 2021/22 the Head of the South West London Audit Partnership has confirmed that sufficient internal audit work has been undertaken to allow her to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's control environment. This year she provided reasonable assurance that the Council has an adequate and effective control process to manage the achievement of its objectives. However, she does caveat this opinion in respect of the limited assurance reports issued during the year where Priority 1 recommendations were raised.

Role of the Chief Financial Officer

In 2011/12 a requirement to report on Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government was introduced. A self-assessment has been carried out against the 5 principles within this Code (which was amended in 2016) and all required standards have been assessed as being met.

CIPFA Public Sector Internal Audit Standards (PSIAS)

Since April 2013 the Annual Governance Statements has been required to confirm compliance with the CIPFA PSIAS. Following the peer review in June 2018, a self-assessment has been carried out against these standards which has demonstrated substantial compliance. The next peer review will be undertaken in June 2023.

SIGNIFICANT GOVERNANCE ISSUES

The Audit, Governance and Standards Committee considered and approved the 2020/21 AGS at its meeting on the 16th December 2021. As part of this, a programme of work was drawn up to address areas of relative improvement and this was recorded in the Annual Governance Statement Action Plan (2021/22). Progress against this plan has been monitored regularly by SLT and reported to the Audit, Governance and Standards Committee and an update is detailed below.
Whilst some of these risks have been mitigated during the 2021/2022 financial year, there are a number that will continue to be monitored and remain high profile in 2022/23.

Compliance with Policies and Procedures

Compliance with policies and procedures will always be a key theme for ensuring the good governance of the organisation and continuous improvement is RBK's aim. As in previous years, a focus on mandatory training and the organisation's onboarding processes will be a focus. This will continue to be monitored through the Annual Governance Statement Action Plan.

Project and Programme Management

A corporate approach to project and programme management continues to be embedded. A review of transformation governance was completed and a new project and programme management framework was established. A Programmes and Projects Community of Practice has been launched to support training and development across the organisation and targeted training has been rolled out to over 150 staff members working on major projects and programmes. The governance framework has been rolled out across all of Kingston's major projects, which fall broadly to the following boards:

- Transformation Board
- Capital Board
- Major Developments and Investment Board

The continued work to embed this framework will be monitored through the Annual Governance Statement Action Plan and a follow up audit will be undertaken in Quarter 3 of 2022/23 to assess whether the new processes have properly embedded.

Dedicated Schools Grant

During 2020/21 a safety valve agreement was reached with the Department for Education which provides for an additional £30m in dedicated schools grant funding over five years, subject to the delivery of the SEND transformation plan. £6.1m of this grant funding was received in March 2021, reducing the overall DSG deficit and significantly reducing the financial risks associated with the deficit that had accumulated to that point.

The SEND Futures Plan will remain a critical priority for AfC and for Kingston moving into next year. The updated plan for Kingston, and detailed budget setting for the wider DSG fund, were approved by Council as part of the 2021/22 DSG budget setting process. The plans focus on both continuing to improve services for children and young people with SEND as well as on continuing to improve value for money. This will continue to be monitored through the Annual Governance Statement Action Plan.

Workforce planning

There is ongoing work on RBK's people strategy, a planned programme of organisational development to increase effectiveness and efficiency. The People and OD Strategy is being developed in consultation with our staff and leaders as a key driver for culture change, capacity building and performance improvement across the Council. The People and OD Strategy 2023-2027 will set how the organisation will meet its aims over the next four years. The strategy will be focused on increasing skills and capabilities, retaining staff and opening up opportunities for residents of our borough, as well as developing a culture of motivated staff who share our values and ambition to achieve our vision. The strategy will build on the momentum and progress made to date and will require continuous change across the organisation and will be underpinned by the council's STAR values. Progress will continue to be monitored through the AGS Action Plan.

Major Schemes and Development

Kingston continues to have a number of ambitious regeneration programmes and projects underway. The governance of the projects is crucial, and arrangements and structures are in place to ensure there is oversight from key officers and, in particular, the statutory officers and political leadership. The governance of the major schemes and developments will continue to be monitored through the Annual Governance Statement Action Plan and, as set out above, internal audit will assist to review the Terms of Reference to ensure that the governance structure is operating as efficiently and effectively as possible particularly in light of the national picture, which is set out in new governance issues below.

New Governance Issues - Improvement Plan 22/23

The improvement actions below have been identified as a result of the review carried out. Progress will be followed up during 2022/23 and reported to the Audit, Governance and Standards Committee.

Issue/Risk	Action Taken
The updated Governance structure and supporting processes and procedures have now been in place for almost two years. Whilst there will have been the usual 'staff churn', structures have by and large remained unchanged. However, with any organisational change and implementation of new structures, it would be of benefit for a more detailed 'post implementation' style review to be undertaken of each of the key governance boards using relevant outcomes from this audit, it should include ensuring that clear Board accountability and reporting lines are in place. This process should then be undertaken at least annually or sooner if there are any known changes that have a material impact on the Governance structure and supporting processes. This should also involve each Board reviewing its own performance and whether any changes need to be made to its operation to help optimise their effectiveness.	A 'post implementation' review of the key Governance boards should be undertaken. This should be led by Internal Audit and working with each Board to review its own performance in terms of whether any changes need to be made to its operation to help optimise their effectiveness. A review of each Board should be undertaken thereafter on an annual basis to ensure that the Terms of Reference remains relevant, and the Board continues to properly discharge its duties.

Nationally, the cost of living crisis is resulting in significant issues for local government, from helping residents who are pushed into poverty to managing our own budgets in light of significant increases in inflation, increasing energy costs, and increasing construction costs.	There will be a need to keep a focus on the impacts of the national picture. This will be kept under constant review by the Council's finance team and a wider piece of work on the cost of living crisis will be managed corporately by the Assistant Director for Culture and Communities. Work is being undertaken to identify what support is already available, working with the Voluntary Sector and other key stakeholders to identify and address gaps.

CONCLUSION

The review of effectiveness on the Council's governance arrangements found that for the majority of services the control environment was satisfactory. It is not possible to eliminate all risks of failure and there were some areas where the Council high expectations were not met and/or progress has been slower than originally expected. The control framework is an ongoing process and therefore where issues were identified action plans were agreed with the relevant Director with a view to progress being reviewed within 6 months of the report. The Council's review mechanisms are an effective framework for maintaining satisfactory governance arrangements including identifying any issues and for monitoring and securing their implementation.

There are some common control themes for improvement plus a diverse range of service issues to be addressed and the Annual Governance Statement identifies continuing actions on the significant governance issues.

CERTIFICATE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit, Governance and Standards Committee (the report providi ng the detailed assurance will be presented to the Audit Governance and Standards committee for their consideration, and action plans to address weaknesses and ensure continuous improvement of the system in place.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation.

The 2021/22 Annual Governance Statement is due to be approved by the Audit, Governance and Standards Committee in November 2022.

Signed:

Councillor Andreas Kirsch

Leader of the Royal Borough of Kingston upon Thames

Signed:

Ian Thomas, CBE

Chief Executive of the Royal Borough of Kingston upon Thames

11. Glossary of Terms

An explanation of financial terms and abbreviations used in the Statement of Accounts

Glossary of Terms

Accounting Policies

The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

Accruals

Amounts that are charged to the accounts for goods and services rendered/received during the year for which payments have not been received/made.

Actuary

An independent consultant who advises on the financial position of the pension fund.

Amortisation

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

Appropriations

The transfer of resources to and from various revenue reserves.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure that adds value to an existing non-current asset. Expenditure can only be treated as ‘capital’ if it meets statutory definitions and is in accordance with accounting practice and regulations.

Capital Receipts

Income from the sale of capital assets such as council dwellings, land and buildings.

Carrying Amount

This is the nominal value of the loan / investment plus accrued interest due to the end of the financial year.

Council Tax

A tax on domestic properties, introduced 1 April 1993 as a replacement for the Community Charge (Poll Tax), based on their value.

Creditors

Amount of money owed by the Council for goods or services received.

Debtors

Amount of money owed to the Council for goods or services received.

Depreciation

A measure of the cost of the economic benefits of a non-current asset consumed during the period.

Earmarked Reserves

Amount set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Effective Interest Rate

This 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.

General Fund

The fund within which most transactions of a local authority take place. It includes the cost of all services provided (excluding the Housing Revenue Account) which are paid from government grants, generated income and the borough’s share of Council Tax and business rate income.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future; in particular, that the revenue accounts and balance sheet are not based on the assumption of an intention to curtail significantly the scale of operations.

Housing Revenue Account (HRA)

A local authority statutory account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.

Impairment

A reduction in the value of a non-current asset below its carrying value (but not through economic consumption).

Intangible Assets

Assets that do not have physical substance, e.g. computer software licences.

Glossary of Terms (continued)

Levies

Payments to London wide bodies such as the Lee Valley Regional Park Authority. The cost of these bodies is borne by local authorities in the area concerned based on their Council Tax base and is met from the General Fund.

Minimum Revenue Provision

The minimum amount that the Council must charge to the revenue account to provide for the repayment of debt.

Non-Domestic Rates (NDR)

Business rates, or non-domestic rates, collected by councils are the way that those who are responsible for non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally.

Precept

The charge made by one authority (e.g. The Greater London Authority) on another authority to finance its net expenditure

Property, plant and equipment

Tangible assets (ie assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

Provisions

Amounts set aside for liabilities or losses which are certain or very likely to be incurred but where exact amounts and dates on which these will arise are uncertain.

Reserves

Amounts set aside in one financial year which can be carried forward to meet expenditure in future years. Earmarked reserves are allocated for specific purposes. Unallocated reserves are often described as balances.

Revenue Expenditure

The regular day-to-day running costs an authority incurs in providing services e.g. salaries and wages, premises costs and supplies and services.

Support Services

Services that are provided by the administrative and professional service groups that support all the Council's services. They include financial, legal, personnel, information technology, property and general administrative support.

Glossary of Terms (continued)

Abbreviations used in the accounts

AFC - Achieving for Children

AVC - Additional Voluntary Contribution

CCG - Clinical Commissioning Group

CF - Collection Fund

CIES - Consolidated Income and Expenditure Statement

CIPFA - Chartered Institute of Public Finance and Accountancy

CT - Council Tax

DfE - Department for Education

DLUHC - Department of Levelling Up, Housing and Communities

DSG - Dedicated Schools Grant

HRA - Housing Revenue Account

IAS - International Accounting Standard

I&E - Income and Expenditure

IFRS - International Financial Reporting Standard

IT - Information Technology

LASAAC - Local Authority (Scotland) Accounts Advisory Committee

LATC - Local Authority Trading Company

LOBO - “Lenders Option Borrowers Option” Loan

MIRS - Movement in Reserves statement

MRA - Major Repairs Allowance

MRP - Minimum Revenue Provision

NDR - Non Domestic Rates

PWLB - Public Works Loan Board

REFCUS - Revenue Expenditure Funded From Capital Under Statute

RICS - Royal Institution of Chartered Surveyors

RCCO - Revenue Contribution to Capital Outlay

TFL - Transport for London

TPA - Teachers’ Pension Agency

UCR - Usable Capital Receipts