LONDON BOROUGH OF RICHMOND UPON THAMES

STATEMENT OF ACCOUNTS 2012/13

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Director of Finance and Corporate Services

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www.richmond.gov.uk

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EXPLANATORY FOREWORD

INTRODUCTION

Welcome to the London Borough of Richmond upon Thames' Statement of Accounts for the financial year 2012/13. The Statement of Accounts is a complex, technical document, the form and content of which is governed by the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). This Foreword is intended to provide a concise and understandable guide to the most significant aspects of the Council's financial performance, year-end financial position and cash flow, as well as giving information as to how the Council will develop over the next few years. The figures within this foreword are based upon information that was reported to Members during the year and at the year-end. The figures within the main body of the Statement of Accounts have been adjusted in line with International Financial Reporting Standards to allow comparisons between the Council and other similar bodies.

The Council also produces a summary version of the accounts which can be found on our website via the following link:

http://www.richmond.gov.uk/statements_of_accounts

KEY FEATURES OF STATEMENT OF ACCOUNTS

The Statement of Accounts is made up of 4 core statements as listed in the table below. Note 30, Amounts Reported for Resource Allocation Decisions, provides a reconciliation between service information reported to Members as part of the annual reporting cycle and the Code compliant figures reported as part of this Statement of Accounts.

Core Statement	Purpose / Relationship with other statements
Movement in Reserves Statement (MIRS)	This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes.
Comprehensive Income and Expenditure Statement (CI&ES)	This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
Balance Sheet	This shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the

	authority. Reserves are reported in two categories: The first category of reserves is usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority 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’.
Cash Flow Statement	The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority’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 authority.

FINANCIAL STRATEGY

The 2012/13 budget and 3 year Medium Term Financial Strategy (MTFS) has been set against a background of austerity measures designed to reduce the UK budget deficit and public borrowing alongside continuing increases in demand for public services. The direct impact on Richmond will continue to come mainly through the Local Government Finance Settlement and the consequent reductions in grant funding. The Government has announced that it intends to continue to reduce public sector spending for at least 2 years beyond the current spending review (i.e. in 2015/16 and 2016/17). Any cuts for Local Government will be on top of the 26% reduction in funding for Local Government over 2011/12-2014/15. All of the Council’s plans are set against this backdrop of reducing resources but will also seek to take advantage of short term measures to help local people including Council Tax Freeze Grant allocations.

The Council set a key objective to deliver a zero % Council Tax increase in 2012/13 and 2013/14 and work towards zero or sustainable low increases in the years beyond. In pursuing this aim, the Council will:

- be open and accountable.
- support the most vulnerable in the community.
- act as trustees for the natural and built environment of the Borough.
- focus expenditure on services of direct benefit to local residents.
- give local people a more direct say in Council services.

In order to achieve its aims the Council has; continued to implement savings plans agreed last year; implemented significant change to its procurement process; proposed a number of further changes and efficiencies linked to repositioning the Council as a "Commissioning Council" and generally sought to reduce its costs where possible. The Council continues to believe it will be necessary to identify further savings if it is to sustain its Council Tax aims in the medium term, particularly with the spectre of further very difficult local government finance settlements until at least 2016/17.

The 2012/13 budget enabled the achievement of the zero % Council Tax (Richmond element) for 2012/13 and the 2013/14 Council Tax (Richmond element) was also frozen on 26 February 2013. Later years are significantly more difficult to project but the likelihood of further general grant reductions mean that significant further changes in the way the Council runs and procures services are likely to be needed if the aim of low Council Tax increases is to be sustained into the future. The Council recognises that this will be challenging, given the pressure on public finances and the scale of change required. The Council will continue to need to ensure that the following targets are achieved:

1. All spending is managed within the overall agreed budget
2. That the headcount of the Council is reduced
3. That the move towards a Commissioning Council yields real savings whilst achieving excellent service standards
4. That the Capital Programme is set at a prudent, affordable level to achieve the Council's priorities

The Council's full financial strategy is available on the Council's website at:

http://cabnet.richmond.gov.uk/documents/s31452/Appendix%20C%2023022012%20Cabinet.pdf

REVENUE BUDGET AND OUTTURN

The Richmond element of Council Tax was frozen at the 2011/12 level for 2012/13. The Council Tax Requirement (net budget) was set at £115.855m by Full Council on 28 February 2012. Key points to note about the 2012/13 budget are:

- General grant reduced by £3.5m but the Council received additional one off Council Tax Freeze grant (£2.9m) and New Homes Bonus grant (£1.1m).

- The Council received an additional £3m in ringfenced Dedicated Schools Grant, which was reflected in the level of schools expenditure budgets.

- Budgets for adults and children's care services were increased by a total of £1m for demand led pressures.

- One off funding for investment priorities was provided as follows:
    - pavements and potholes - £1m
    - social care initiatives - £0.5m
    - wider works on Twickenham Riverside - £0.5m
    - sixth forms in schools - £1m
    - parks - £0.6m

- Budgets were reduced by £8.3m for planned efficiencies and income generation schemes.

The table below sets out the final revenue budget compared to the 2012/13 outturn position for each directorate of the Council. The figures have been adjusted for decisions made by Cabinet when the outturn position was reported in July 2013. Cabinet agreed that any underspend would be used to fund the capital programme and so the £3.9m underspend shown below was treated as Direct Revenue Funding.

Directorate	Budget £000	Outturn £000	2013/14 Commit-ments £000	Variance £000
Education, Children's & Cultural Services	35,263	35,603	0	340
Adult and Community Services	58,642	56,841	514	(1,287)
Environment	23,696	21,773	588	(1,335)
Finance & Corporate Services	23,054	22,007	0	(1,047)
Central Items & Contingency	(24,800)	(25,325)	0	(525)
Total	**115,855**	**110,899**	**1,102**	**(3,854)**

The full provisional revenue and capital outturn report is available on the Council's website at:

http://www.richmond.gov.uk/home/council_government_and_democracy/democratic_processes_and_events/calendar_of_meetings.htm?mgl=ieListDocuments.aspx&CId=163&MId=3002

A summary of each directorate's performance is outlined below:

Education, Children's & Cultural Services (ECCS)

The ECCS Directorate experienced a number of over and underspends in relation to demand led services during 2012/13 resulting in a net overspend of £340k. There are two key areas of pressure which were the subject of overspend control reports during the year were Looked after Children (£323k overspend) and Special Educational Needs (SEN) (£320k overspend). Both these overspends reflect increasing numbers of children who use these services and in the case of Looked after Children a number of high cost placements. Usage for both services is closely monitored and reviewed during the year to ensure service users are getting the care they need and that residents are getting value for money. Growth of £150k for Looked after Children and £100k for SEN has been added to 2013/14 budgets to alleviate these pressures in the future.

The Directorate's 2012/13 budgets were reduced by £1.471m for the expected impact of efficiency measures and the Directorate achieved these savings except for the £200k reduction in growth funding for Looked After Children. The Directorate has also identified budget reductions for 2013/14 totalling £1.098m.

The full report is available on the public website:
http://www.richmond.gov.uk/home/council_government_and_democracy/democratic_processes_and_events/calendar_of_meetings.htm?mgl=ieListDocuments.aspx&CId=536&MId=3063

Adult and Community Services (ACS)

The ACS directorate underspent by a net £1.3m. This final position is made up of several large underspends that are offset by a number of smaller overspends. All overspends over £100k were the subject of overspend control reports during the year. The largest variances contributing to the net position are Commissioning Care Services (£596k underspent), Corporate Grants programme (£365k underspent) and Rent Allowances (£441k underspent). The large underspend on Commissioning Care Services is due to reduced demand for intensive care services following the investment in prevention and recovery through Reablement Services.

The Directorate's 2012/13 budgets were reduced by £1.9m for the expected impact of efficiency measures. The Directorate has fully achieved these savings. The key savings achieved are Reablement (£700k), procurement savings (£500k), review of day care provision for older people (£215k), administration review (£150k) and changes to the Care Provision Priority Programme (£120k). Budgets have been reduced by a further £2m in 2013/14.

The full report is available on the Council website:
http://www.richmond.gov.uk/home/council_government_and_democracy/democratic_processes_and_events/calendar_of_meetings.htm?mgl=ieListDocuments.aspx&CId=538&MId=3057

Environment Directorate (ENV)

The Environment Directorate underspent by a net £1.4m after allowing for £400k additional funding for pavements and potholes (agreed by Cabinet during the year). The Directorate has many over and underspends across many services. The most significant variances that contributed to this position are Waste Collection and Recycling (£1.069m underspend), On and Off Street Parking (£472k underspend) and Parking Enforcement (£615k underspend). A large proportion of this underspend is attributable to the collection of more income than anticipated across parking and waste collection. In addition a number of recycling projects have been delayed due to staff vacancies.

The Directorate's 2012/13 revenue budgets were reduced by £3.063m resulting from service and employee reviews and ongoing budget efficiencies identified during 2011/12. The Directorate has fully achieved this level of budget reduction. The most significant amount of savings were achieved through staff restructures (£1.223m), contract savings (£1.116m) and income generation (£503k). Budgets have been reduced by a further £1.966m in 2013/14.

The full report is available on the Council's website:
http://www.richmond.gov.uk/home/council_government_and_democracy/democratic_processes_and_events/calendar_of_meetings.htm?mgl=ieListDocuments.aspx&CId=537&MId=3068

Finance and Corporate Services (FCS)

The Finance and Corporate Services Directorate underspent by £1.047m. This includes underspends within Council Tax and Business Rates, Internal Audit, Corporate Management, Legal Services and Accountancy. Employee budgets were a major source of underspend in FCS due to vacancies experienced whilst new shared services were becoming established, and whilst other services plan for the achievement of future savings and structure services to meet future challenges and changes (e.g. welfare reform).

The Directorate's 2012/13 budgets were reduced by £1.9m for the expected impact of efficiency measures. The Directorate has fully achieved these savings with the largest saving coming from the renegotiation of the ICT contract with Serco (£1.3m).

Central Items

Central items underspent by a net £525k principally relating to the Carbon Reduction Scheme (£230k) for which budgets have been reduced in 2013/14 and due to the delay in the development of the new Richmond Account card (£217k). Treasury Management reported a projected underspend during the year, and Cabinet approved the use of this underspend to finance the capital programme.

REVENUE RESERVES

Excluding schools and grants, reserves have decreased by a net £1.9m in 2012/13. £3m has been used to fund revenue, £5.2m has been used to fund the capital programme and £6.3m has been added to reserves for use in future years. The Council has had a higher in-year revenue underspend to fund the capital programme than anticipated when the budget was agreed, which has led to a lower usage of reserves than originally envisaged.

The most significant additions to reserves were:
- Council Tax Freeze Grant - £2.9m
- Committed Budgets - £1.102m
- Repairs and Renewal Fund - £921k

The General Fund stands at £9.956m as at 31 March 2013 (a reduction of £250k in line with original budget proposals). This is equivalent to 7% of the Council's Budget Requirement and within the target range of 5 – 10% that was agreed in June 2011.

Schools reserves have reduced by just under £3m. This is principally due to the transfer out of balances with the 3 schools that have become Academies during the year. This has been partially off-set by £629k additions due to an underspend on the Dedicated Schools Grant in year.

CAPITAL EXPENDITURE

The table below sets out the provisional capital outturn position for each directorate of the Council.

Directorate	Budget £000	Outturn £000	Slippage / Re-phasing £000	Variance £000
Education, Children's Services & Culture	51,297	43,388	(7,909)	0
Adult and Community Services	8,536	4,425	(4,111)	0
Environment	15,106	12,390	(2,716)	0
Finance & Corporate Services	1,224	1,007	(139)	(78)
Total	**76,163**	**61,210**	**(14,875)**	**(78)**

The £14.9m slippage will be carried forward for works that will be carried out in 2013/14 and beyond. The slippage mainly relates to delayed works on Academies projects (£5.8m), Property, Parks and Sustainability (£2.6m), Affordable Housing (£2.7m) and Housing Grants / Loans (£1.3m).

Looking forward, there continues to be a requirement to provide additional school places and with the Council's own resources and Government support diminishing, new borrowing will be required to finance the programme.

The Council had total debt of £42m at 31 March 2013 of which £38m was long term to support capital investment. It has the power to borrow to fund short term cash flow or for long term capital investment (e.g. building works) and cannot borrow to invest in the financial markets. The Council has to demonstrate its need to borrow based on planned capital works and has to assess the affordability of the borrowing required for these works before agreeing the capital programme.

The Council has a 6 Year Capital Programme which is reviewed annually. This programme includes £74m of new borrowing over the 5 years to finance £130m of capital spend, a large proportion of which is for the expansion of Borough primary schools required due to rising school rolls in the Borough.

FUTURE CHANGES AND RISKS

Despite the 2012/13 underspend the achievement and identification of further budget reductions remains crucial to the Council's Medium Term Financial Strategy and its objective of keeping Council Tax rises at a zero or sustainable low levels in future years. The Council still faces a number of challenges over the next year which could have a significant financial impact. The key risks are:

- **Spending Review 2013**

  The next Spending Review will be announced in June 2013. It is expected that this will be for one year (2015/16) only. At the 2010 Spending review Government announced that Local Authority funding would be reduced by 26% by 2014/15. Current expectations are that the next series of Spending Reviews will reduce budgets by a similar amount over the next 4 year Spending Review period (to 2018/19). This level of further reductions will have a significant impact on the level of grant the Council receives and as a consequence on future budget reduction targets and strategy. The detail of the June Spending Review will inform the Medium Term Financial Strategy going forward.

- **Local Government Resource Review**
  From 2013/14, the Local Government funding mechanism is changing. There will be a move away from a grants based system towards a system that is part grant funded and partly funded by retained Business Rates. The 2013/14 Local Government Finance Settlement saw the Council's funding reduce by 7% or £4.6m for 2013/14 and exposes the Council to an additional, new risk of up to £1.5m on Business Rates income. Initial indications are that the Council will exceed its business rates targets for 2013/14.

- **Changes to the welfare system**
  The Government is making major changes to the welfare system with the introduction of Universal Credit, changes in Local Housing Allowance and the localisation of Council Tax Benefit. These changes could have a significant impact on the demand for Council services and on the Council's budget.

- **Demand led budgets**
  Demand led budgets remain a pressure across Council services and in particular within social services (adults and children), Housing and the Education Capital Programme. This pressure is particularly apparent for the Council's Homelessness service as the full impact of upcoming changes in the Benefits System on demand is still not known. Demand for these services is being closely monitored by Council officers.

- **Achievement and identification of efficiency savings**
  A key risk to the Council is the ability and capacity to identify and deliver efficiency savings. These budget reductions are integral to the Council's financial strategy. The latest Medium Term Financial Strategy was presented to Cabinet in February 2013.

The Council is currently working towards the achievement of 2 significant projects as part of its Commissioning Strategy which will have a significant impact on how the Council provides services:

Achieving for Children (AfC) - Cabinet has agreed the establishment of a Joint Committee with the Royal Borough of Kingston to oversee the design and development of a jointly owned local authority company to deliver children's services. The proposed governance framework is now being developed including how the three parties will interact with each other, along with the design and development of AfC itself. It is currently anticipated that Richmond will have a 50% stake in AfC and commission all Children's Social Services and

Education Services from this new entity from April 2014. Richmond currently anticipates producing fully grouped accounts to include AfC from 2014/15 onwards.

Integrated Care Organisation – A full business case will be presented to Members in July 2013 outlining proposals for the formation of an Integrated Care Organisation to deliver core health care, social care and designated social services functions to the communities of LB Richmond and the London Borough of Hounslow.

PENSIONS DEFICIT

The accounts show a deficit in the Pension Fund of £178.9m at 31 March 2013 (up from £147.3m at 31 March 2012). This figure is calculated by the Council's Actuary and is an estimate of the shortfall in funds available to the Pension Fund to meet all of its liabilities. The calculation is heavily dependent on the assumptions made by the Actuary about factors such as investment return, longevity, and future inflation rates. The increased deficit this year is mainly due to the change in the discount rate (which is linked to the return on investments) making the cost of liabilities higher and the increase in value of the assets lower. The Council has a 20 year plan in place to recover the deficit. In addition, the changes following the Hutton Review of public sector pensions will be implemented from April 2014. These changes are expected to reduce the overall cost of pensions to Councils.

UNUSUAL CHARGES OR CREDITS

In 2012/13 the following material and unusual items are reported as part of the accounts:

- Over the last two financial years the Authority has been going through a restructuring process. The impact of reorganisation has resulted in £0.9 million in 2012/13 and £2.3 million in 2011/12 of redundancy costs.

- Capital receipts totalling £1.8m in 2012/13 and £4.7m in 2011/12 were received on the sale of various Council assets. There were no individual items over £1m in either year.

- A one off payment of £5m was made during 2011/12 to secure the purchase of some land within the Borough. The payment was treated as a Payment in Advance in 2011/12. The final purchase price was £8.45m and the balancing payment of £3.45m was made on completion in September 2012. The full £8.45m is reported as capital expenditure in the 2012/13 accounts. Full details of the proposed use of the site and the relevant consultation were presented to Cabinet in May 2012, and details confirming the sale, can be viewed on the Councils website:

  http://cabnet.richmond.gov.uk/documents/s33117/Cabinet%20report%2024%20May%202012%20re%20Clifden%20site.pdf

  http://www.richmond.gov.uk/home/council_government_and_democracy/council/civic-offices/departments/communications/press_office/press_releases/september_2012_press_release/clifden_site_sale.htm

- One off S256 contributions of £2.1m were received from NHS Richmond CCG in 2012/13, which were in addition to the normal recurring contributions received from them. This included a receipt for £1m specifically for the Out of Hospital Care Strategy which is to improve care for adults over 18. The funding for this strategy was not spent in 2012/13 and has been held within reserves. The strategy is in the consultation phase, with implementation expected in 2013/14.

- In 2011/12 a one off payment of £1.7m was made to the Council's ICT provider to settle the Council's outstanding capital liability under the contract. The ICT contract was treated as a similar arrangement to a Private Finance Initiative (PFI) in the accounts (see Note 43). The Council received a discount on the settlement of the liability because it paid it as a one-off payment in 2011/12. Full details of the Cabinet's decision to pay this money is available on the Council's website (Cabinet June 2011):

  http://cabnet.richmond.gov.uk/documents/s25520/Item%2023%20-%20ICT%20Capital%20Repayment%20-%20Public.pdf

CHANGES IN ACCOUNTING POLICIES

There have been 2 additions to the Council's Accounting Policies in 2012/13:

- Addition of policy on the **Community Infrastructure Levy** (CIL). CIL is a planning charge available to local authorities in England and Wales which was introduced by the Planning Act 2008 and came into force on 6 April 2010. The Council has not levied a CIL in 2012/13 but plans to introduce this levy from 2013/14. CIL collected on behalf of other bodies is treated as an agency transaction and as such only the net cost of administration will be reported in the Council's accounts. The actual amount collected and paid over will not be reported as income and expenditure of the Council but will instead be reported as part of the levying body's accounts. The Council collected CIL on behalf of the Greater London Authority in 2012/13.

- The Council has added a policy outlining the Council's **accounting treatment of schools** as per recent CIPFA LASAAC guidance. The Council accounts for all income and expenditure (revenue and capital) for Local Authority maintained schools as part of its Statement of Accounts. Transactions and assets / liabilities relating to Academies or Voluntary Aided schools are not included. The only current exceptions are a number of properties occupied by Academies where there is an operating lease arrangement in place rather than a finance lease arrangement. In these instances the Council still reports the assets (and related entries) as the current agreement does not transfer the majority of the risks and rewards of ownership to the Academy organisations. Capital expenditure incurred on assets that are not reported on the Council's Balance Sheet is treated as Revenue Expenditure funded from Capital under Statute (REFCUS) and reported via the Council's revenue account. This includes works on maintaining and expanding Voluntary Aided (VA) Schools.

CHANGES IN STATUTORY FUNCTIONS AND POTENTIAL IMPACT ON FUTURE PLANS

There were no changes to statutory functions during 2012/13 but various Public Health responsibilities will transfer to Local Authorities from Primary Care Trusts from 1 April 2013. The Council will receive a Government Grant to pay for this new duty and the transfer of duties will involve staff moving from the PCT to the Council to provide these services. The value of these services in 2013/14 is expected to be £7.6m and will be fully grant funded. No material assets or liabilities will be transferring with the duties. Public Health will be separately disclosed on the face of the Comprehensive Income and Expenditure Account from 2013/14 onwards in line with CIPFA best practice guidance (SeRCOP). The transfer will be treated as an acquired service in the year of transfer (2013/14) and will be clearly identified in the 2013/14 accounts, with comparative figures.

PROVISIONS, CONTINGENCIES AND WRITE OFFS

There were no new significant provisions or contingencies allowed for in the 2012/13 Accounts. The total level of write offs during the year was £182k for Council Tax, £1,519k for Business Rates and other debts totalled £317k. These figures are broadly in line with previous years except for

Business Rates which has seen a £1m increase in write offs due to a review of all debts in anticipation of the new Business Rates Retention Scheme that was introduced on 1 April 2013.

MATERIAL POST BALANCE SHEET EVENTS

There were no events that require adjustment to the accounts. The following non-adjusting events occurred after 31 March 2013 but before publication of the unaudited Statement.

- **Non-Domestic Rates (NNDR) Reform**
  The Local Government Finance Act 2012 introduces a Business Rates Retention Scheme that enables local authorities to retain a proportion of the Business Rates generated in their area. It also enables local authorities to implement tax increment financing, giving them the ability to undertake borrowing against future business rates growth, supported by the forecast tax increment that accrues from additional development. The new arrangements for the retention of Business Rates came into effect on 1 April 2013.

  The new system will mean that the Council will share in both the risks and rewards of fluctuations in the NNDR income of the Borough. The Collection Fund will pay Richmond a share of the Business Rates collected and Richmond will also take on responsibility for its share of any liabilities that may arise.

  When the new arrangements come into effect local authorities will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts that were paid over (to Central Government) in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the authorities, but would have been transferred to the DCLG. When authorities assume these liabilities on 1 April 2013, a provision will need to be recognised. At 31 March 2013 there were 715 appeals pending a decision. The Council can not provide a precise figure for the number of successful appeals (as judgements are yet to be made) or an amount that may be payable on successful appeals. The Council will be including a provision in the 2013/14 accounts for this potential liability and based on available historic information this could be in the region of £1.7m. This represents 30% of the total estimated liability as the remainder will be met by preceptors and Central Government.

- **Public Health Reform**
  From 1 April 2013 various Public Health responsibilities will transfer to Local Authorities from Primary Care Trusts. The Council will receive a Government Grant to pay for this new duty and the transfer of duties will involve staff moving from the PCT to the Council to provide these services. The value of these services in 2013/14 is expected to be £7.6m and will be fully grant funded. No material assets or liabilities will be transferring with the duties. Public Health will be separately disclosed on the face of the Comprehensive Income and Expenditure Account from 2013/14 onwards in line with CIPFA best practice guidance (SeRCOP). The transfer will be treated as an acquired service in the year of transfer (2013/14) and will be clearly identified in the 2013/14 accounts, with comparative figures.

- **Contingent Liabilities** - Connexions Legal Case – The appeal ruled in favour of the Council on 23 May 2013 and so this contingent liability will not be realised.

- **Purchase of freehold** – In May 2013 Cabinet agreed to proceed with the purchase of the freehold on several properties in Twickenham as part of its Uplift Programme. At the time of issue no money had yet been paid but the Council expects to exchange imminently. The acquisition will increase the value of the Council's Non Current Assets and reduce the value of reserves.

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Council

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Corporate Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Responsibilities of the Director of Finance and Corporate Services

The Director of Finance and Corporate Services is responsible for the preparation of the Council's Statement of Accounts, including the Pension Fund, in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Director of Finance and Corporate Services has:

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

The Director of Finance and Corporate Services has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the London Borough of Richmond upon Thames Council as at the 31 March 2013 and its income and expenditure for the year ended 31 March 2013.

Mark Maidment
Director of Finance and Corporate Services
23rd September 2013

CERTIFICATE OF APPROVAL

These financial statements were approved by the Statutory Accounts Committee on 23rd September 2013.

Councillor Lord True
Chairman
Statutory Accounts Committee
23rd September 2013

Date authorised for issue: This statement of accounts is authorised for issue on 23rd September 2013 and any events up to this date are reflected in the note on events after the Balance Sheet date – see Note 6.

THE CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year 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 'unusable reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the change to the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Notes	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2011 carried forward		**(10,706)**	**(46,834)**	**(3,707)**	**(3,993)**	**(65,240)**	**(479,739)**	**(544,979)**
Movement in reserves during 2011/12								
(Surplus) or deficit on provision of services	*CI&E*	(41,296)	0	0	0	**(41,296)**	**5**	**(41,291)**
Other Comprehensive Expenditure and Income	*CI&E*	31,223	0	0	0	**31,223**	**0**	**31,223**
Total Comprehensive Expenditure and Income		**(10,073)**	**0**	**0**	**0**	**(10,073)**	**5**	**(10,068)**
Adjustments between accounting basis & funding basis under regulations	*7*	4,341	0	(2,661)	(9,568)	**(7,888)**	**7,888**	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(5,732)**	**0**	**(2,661)**	**(9,568)**	**(17,961)**	**7,893**	**(10,068)**
Transfers (to)/from Earmarked Reserves	*8*	6,232	(6,232)			**0**	**0**	**0**
(Increase)/Decrease (movement) in Year		**500**	**(6,232)**	**(2,661)**	**(9,568)**	**(17,961)**	**7,893**	**(10,068)**
Balance at 31 March 2012 carried forward		**(10,206)**	**(53,066)**	**(6,368)**	**(13,561)**	**(83,201)**	**(471,846)**	**(555,047)**

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	Notes	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
		£000	£000	£000	£000	£000	£000	£000
Movement in reserves during 2012/13								
(Surplus) or deficit on provision of services	*CI&E*	(17,532)	0	0	0	**(17,532)**	**0**	**(17,532)**
Other Comprehensive Expenditure and Income	*CI&E*	38,969	0	0	0	38,969	5	**38,974**
Total Comprehensive Expenditure and Income		**21,437**	**0**	**0**	**0**	**21,437**	**5**	**21,442**
Adjustments between accounting basis & funding basis under regulations	7	(21,623)	0	(1,871)	8,741	**(14,753)**	**14,753**	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(186)**	**0**	**(1,871)**	**8,741**	**6,684**	**14,758**	**21,442**
Transfers (to)/from Earmarked Reserves	*8*	436	(436)	0	0	**0**	**0**	**0**
(Increase)/Decrease (movement) in Year		250	(436)	(1,871)	8,741	6,684	14,758	21,442
Balance at 31 March 2013 carried forward	25/26	**(9,956)**	**(53,502)**	**(8,239)**	**(4,820)**	**(76,517)**	**(457,088)**	**(533,605)**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

		31 March 2013			31 March 2012		
		Expenditure	Income	Net	Expenditure	Income	Net
	Notes	£000	£000	£000	£000	£000	£000
Central Services to the Public		19,080	(15,505)	3,575	19,414	(15,653)	3,761
Cultural & Related Services		16,817	(4,247)	12,570	17,412	(5,089)	12,323
Environmental & Regulatory Services		17,391	(5,489)	11,902	18,306	(6,079)	12,227
Planning Services		7,766	(3,328)	4,438	8,412	(3,499)	4,913
Education and Children's Services		169,861	(118,974)	50,887	182,116	(142,220)	39,896
Highways and Transport Services		23,866	(13,435)	10,431	25,751	(12,717)	13,034
Housing Services (General Fund)		80,887	(71,777)	9,110	76,505	(68,133)	8,371
Adult Social Care		73,604	(27,652)	45,952	75,437	(25,507)	49,930
Corporate and Democratic Core		3,592	(62)	3,530	3,781	(63)	3,718
Non Distributed Costs		928	(1)	927	468	(1)	467
Cost Of Services	*30*	**413,792**	**(260,470)**	**153,322**	**427,602**	**(278,962)**	**148,640**
Other Operating Expenditure	*9*	8,793	(1,779)	7,014	7,958	(4,728)	3,230
Financing and Investment Income and Expenditure	*10*	12,715	(7,774)	4,941	14,065	(11,732)	2,333
Taxation and Non-Specific Grant Income	*11*	0	(182,809)	(182,809)	0	(195,499)	(195,499)
(Surplus) or Deficit on Provision of Services	*30*	**435,300**	**(452,832)**	**(17,532)**	**449,625**	**(490,921)**	**(41,296)**
Surplus or Deficit on Revaluation of Property, Plant and Equipment	*12*	6,477	0	6,477	0	(9,130)	(9,130)
Actuarial Gains/Losses on Pension Assets/Liabilities	*47*	32,492	0	32,492	40,353	0	40,353
Other Comprehensive Income and Expenditure		**38,969**	**0**	**38,969**	**40,353**	**(9,130)**	**31,223**
Total Comprehensive Income and Expenditure		**474,269**	**(452,832)**	**21,437**	**489,978**	**(500,051)**	**(10,073)**

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 authority (assets less liabilities) are matched by the reserves held by the authority. 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 that 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'.

	Notes	**31 March 2013 £000**	**31 March 2012 £000**
NET ASSETS			
Property, Plant & Equipment	12	710,555	699,114
Heritage Assets	13	2,753	2,785
Investment Property	14	6,890	6,853
Intangible Assets	15	374	416
Long Term Investments	16	2,250	7,250
Long Term Debtors	19	2,885	2,858
Long Term Assets		**725,707**	**719,276**
Short Term Investments	16	57,536	53,446
Assets Held for Sale	21	2,469	234
Inventories	17	55	64
Short Term Debtors	19	25,155	31,783
Cash and Cash Equivalents	20	10,484	13,916
Current Assets		**95,699**	**99,443**
Short Term Borrowing	16	(4,045)	(7,462)
Short Term Creditors	22	(34,609)	(35,717)
Provisions	23	(616)	(2,567)
Current Liabilities		**(39,270)**	**(45,746)**
Grants Receipts in Advance - Revenue	22	(1,278)	(1,198)
Grants Receipts in Advance - Capital	22	(7,453)	(4,383)
Provisions	23	(242)	(1,064)
Long Term Borrowing	16	(38,361)	(40,861)
Other Long Term Liabilities	24	(201,197)	(170,420)
Long Term Liabilities		**(248,531)**	**(217,926)**
Net Assets		**533,605**	**555,047**

	Notes	31 March 2013 £000	31 March 2012 £000
TOTAL RESERVES			
Usable Reserves	25	(76,517)	(83,201)
Unusable Reserves	26	(457,088)	(471,846)
Total Reserves		**(533,605)**	**(555,047)**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Cash flows on investing activities include capital expenditure and changes in levels of short and long term investments (i.e. cash flows associated with assets). Cash flows on financing activities primarily include changes in long and short term borrowing and changes to principal balances on finance leases (i.e. include the changes to external borrowing of the Council).

	Notes	31 March 2013 £000	31 March 2012 £000
Net (surplus) or deficit on the provision of services		(17,532)	(41,296)
Adjustments to net (surplus) or deficit on the provision of services for non cash movements		(29,744)	(2,760)
Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities		1,881	4,510
Net cash flows from Operating Activities		**(45,395)**	**(39,546)**
Investing Activities	*28*	46,781	33,651
Financing Activities	*29*	2,046	9,263
Net (increase) or decrease in cash and cash equivalents		**3,432**	**3,368**
Cash and cash equivalents at the beginning of the reporting period		13,916	17,284
Cash and cash equivalents at the end of the reporting period	***20***	**10,484**	**13,916**

NOTES TO THE ACCOUNTS

NOTE 1 ACCOUNTING POLICIES

General principles

Basis of preparation - accounting practices

The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its year-end position at 31 March 2013. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011. These regulations also require that the Accounts be prepared in accordance with proper accounting practices. These practices comprise the following:

- Code of Practice on Local Authority Accounting in the United Kingdom 2012/13,
- Service Reporting Code of Practice 2012/13
- All relevant approved accounting standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Issues Committee (IFRIC)
- Relevant statutory guidance issued by government

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.

Pension Fund Accounts

The Council is an administering authority for the Local Government Pension Scheme (the LGPS). It maintains a local retirement benefit plan (called the Pension Fund), under the statutory provisions of the LGPS, that includes a number of employer organisations in addition to the Council. The Pension Fund is a separate entity to the Council and is required under the LGPS regulations to prepare and publish an Annual Report that includes the Pension Fund Accounts. These Pension Fund Accounts are also required to be included within the Council's Accounts.

The Pension Fund Accounts are prepared in accordance with the same proper accounting practices as the Council's accounts. The accounting policies adopted by the Council, generally apply to the Pension Fund Accounts, (where appropriate) but with some minor differences as set out in the Pension Fund Accounting Policies (in the Pension Fund Accounts).

Changes in accounting policies and prior year adjustments

Prior year adjustments arise either as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current financial year and future years affected by the change, and do not result in a prior year adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and economic conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Exceptional Items

Exceptional items are those which are separately identified by virtue of their size or incidence to enable a full understanding of the Council's financial performance. The nature and amount of these items is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are.

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:

Income

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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.

Expenditure

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption (and the values are material) 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

- 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.

Debtor and creditor balances (accruals policy)

- Where income 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 (i.e. collection is doubtful), the balance of debtors is written down (an impairment) and a charge made to revenue for the income that might not be collected.

Exceptions to this accruals policy are made where it would be impractical in terms of time and cost required and where the effect of not accruing has no material affect on the Council's accounts.

Utility payments

Accruals are made for outstanding invoices (for example fourth quarter not paid by 31 March) but no accruals are calculated for consumption of utilities that have not been billed at 31 March. This departure from the Code is made on the basis that taking one year with another the effect of this treatment on the accounts is negligible and does not justify the additional time and cost necessary to accurately estimate consumption figures for the numerous cost centres affected.

Income from Penalty Charge Notices (PCNs)

Income received from PCNs does not directly relate to the full recorded value of notices issued due to the incidence of discount for prompt payment, disputed notices and other mitigating circumstances. As a consequence income is recognised on cash basis. The effect of this treatment, taking one year with another is estimated to be not material.

De Minimis levels

The Council has set a general de minimis level for accruals of creditors that are calculated manually at year-end in order to avoid additional time and cost in estimating and recording accruals. This level is reviewed annually and is currently set at £10,000. There has been no change in this level since last year.

Exceptions to this de minimis rule where accruals are made in full are:

- Qualifying expenditure upon which income from government grant or other third parties is dependent and associated grant income.
- Invoices for substantially the same supply or service that are chargeable to the same cost centre / service area are aggregated where their total is over £10,000.

Inventories

The Council recognises all inventories (stock) that have a value over £10,000 as at 31 March. The Council initially recognises inventory when it has control of it and when it expects to have a right to the future economic benefits / service potential. All inventories are measured at the lower of cost or net realisable value. Where there are large numbers of items of inventory that are ordinarily interchangeable, the Council uses either first-in, first-out (FIFO) or the weighted average cost method of stock measurement.

Trading Accounts

Where services make charges that are based on a pre-determined charge basis (for example a fixed schedule of rates for specified works) with a view to fully recovering costs during the year, they are treated as trading operations as defined by the Service Reporting Code of Practice (SERCOP).

Any surplus or deficit at the year-end is charged back to the relevant services in order to report total cost of services. The gross income and expenditure on the Trading Accounts is reported under Financing and Investment Income and Expenditure in the Consolidated Income and Expenditure Account.

Long term non-monetary assets

The following categories of non-monetary long term assets are recognised in the accounts where their value on initial recognition or subsequent upward revaluation exceeds de minimis levels set by the Council. Expenditure that falls below these levels is charged as revenue to the relevant service line in Cost of Services in the Comprehensive Income and Expenditure Statement.
These de minimis levels are periodically reviewed and applied to avoid administrative effort and cost in recording and accounting for long term assets where their value is not material. The current de minimis levels for recognising these assets are:

- Land and buildings - £50,000
- Vehicles, plant and equipment - £10,000
- Intangible assets - £10,000

These de minimis levels are not applied where assets are financed by grants or contributions that are below these levels but are required to be applied to capital expenditure.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of the Council website is not capitalised as this is primarily used 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 Comprehensive Income and Expenditure Statement. When there is an event which may cause impairment, assets are tested for impairment – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, 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 Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s-length. 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.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in 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.

Heritage Assets

The Council is required to report on and separately identify Heritage Assets on its Balance Sheet. Heritage Assets can be tangible or intangible and are defined as assets with historical, cultural, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Recognition

The Council will recognise all Heritage Assets on the Balance Sheet where the cost of obtaining a valuation is commensurate to the benefit of the users of the accounts. If the cost of obtaining a valuation is assessed as being disproportionate to the benefit of the user the existence of the asset will be disclosed in the notes to the accounts along with relevant information. The de minimis levels applied to all Non Current Assets will be applied to this asset class. Heritage Assets that do not meet the de minimis criteria are not disclosed in the Council’s accounts.

Where a Heritage Asset is operational this will be treated as Property, Plant and Equipment (PPE) rather than as a Heritage Asset.

Measurement

Heritage Assets will be valued in line with the existing policies for Property, Plant and Equipment. Where Heritage Assets do not fall into this category they will be valued in line with the Insurance valuation. All Heritage Assets will be revalued as a minimum every 5 years. The carrying amounts of Heritage Assets will also be reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority’s policies on impairment (please see section on Property Plant and Equipment). Heritage Assets with an indefinite life will not be subject to annual depreciation.

The proceeds on the disposal of Heritage Assets are accounted for in accordance with the Authority's policies relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, 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 and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) 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 cost of assets acquired other than by purchase is deemed to be 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 Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair 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 Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against 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 Comprehensive Income and Expenditure Statement.

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against 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 Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment - straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and whose useful life and / or depreciation method is significantly different from that of the main asset, the component is recognised and depreciated separately. The carrying amount of the old (or replaced) component is derecognised. An item of PP&E is not considered for component accounting where its carrying value is less than £500,000 or their remaining useful life is less than 10 years.

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 Comprehensive Income and Expenditure

Statement. 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 (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of 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. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to 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). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Charges to Revenue for Non-Current Assets

Services, (including support services) and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (known as Minimum Revenue Provision (MRP)) equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation, impairment losses and amortisations are therefore replaced by MRP, by way of an adjusting transaction with the Capital Adjustment Account (CAA) in the Movement in Reserves Statement for the difference between the two.

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 investments that are readily convertible to known amounts of cash with insignificant risk of change in value (this will exclude fixed term deposits as they are not highly liquid and not readily convertible to cash).

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.

Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end.

They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council can be members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by the Council (the London Borough of Richmond upon Thames – LBRUT).

Both schemes provide defined benefits to members, earned as employees who have worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the LBRUT 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on 20 year gilts adjusted for credit spread).

- 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 seven components:
  - > current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - > past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - > interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - > expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - > gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - > 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 – debited to the Pensions Reserve
  - > contributions paid to the LBRUT 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 Movement in Reserves Statement, 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 are 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.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. 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 (an adjusting event).
- 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 (a non-adjusting event).

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value 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 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 Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council 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 Comprehensive Income and Expenditure Statement 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 into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset’s original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Instruments Entered Into Before 1 April 2006

The Council entered into a financial guarantee that is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts as a contingent liability note under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors / receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. 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 the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Grants that can not be directly allocated to a service area are credited to Taxation and Non-Specific Grant Income. Grants that fall under this category include Revenue Support Grant (RSG) and Council Tax Freeze Grant. Council Tax Freeze Grant is a general grant allocated to central Government to councils who freeze Council Tax.

Group relationships

Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and there is no requirement to prepare group accounts.

Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Long Term Contracts

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

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 or 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 for classification.

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

In recognising finance leases, the Council applies the same de minimis levels that it uses to recognise its own assets, as set out in the policy for Long Term Non Monetary Assets.

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 writing 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 Comprehensive Income and Expenditure Statement).

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).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds (Minimum Revenue Provision – MRP) towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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 the interest in the property – applied to write down the lease debtor (together with any premiums received), and

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

The gain credited to the Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement. 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 Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are 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 Movement in Reserves Statement.

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 Comprehensive Income and Expenditure Statement. 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.

Overheads and Support Costs

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2012/13* (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into four elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Redundancy Costs

The Council provides for redundancy costs at the point that an employee is formally notified. If a notification of redundancy has been issued before 31 March but the amount has not yet been paid, a liability is recognised in the accounts.

Carbon Reduction Commitment (CRC)

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

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 Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

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.

Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is a planning charge available to local authorities in England and Wales which was introduced by the Planning Act 2008 and came into force on 6 April 2010. The Council has not levied a CIL in 2012/13 but plans to introduce this levy from 2013/14.

CIL collected on behalf of other bodies is treated as an agency transaction and as such only the net cost of administration will be reported in the Council's accounts. The actual amount collected and paid over will not be reported as income and expenditure of the Council but will instead be reported as part of the levying body's accounts. The Council collected CIL on behalf of the Greater London Authority in 2012/13.

Accounting for schools

Revenue Income and Expenditure

The Council includes all revenue income / expenditure and resulting assets / liabilities (e.g. debtors, creditors, reserves etc) arising from maintained schools as part of its Statement of Accounts. Revenue income and expenditure incurred by Academies and Voluntary Aided schools are not consolidated into the Council's Accounts.

Capital
The Council currently holds all Local Authority maintained schools on the Balance Sheet. This includes Academy buildings on an operating lease, which will be kept on the Council's Balance Sheet until finance lease arrangements are signed upon completion of building works at the respective schools. The Council does not currently have a policy of holding Voluntary Aided (VA) schools on its Balance Sheet. Capital expenditure on schools not on the Council's Balance Sheet such as VA schools goes through REFCUS - Revenue Expenditure Funded by Capital under Statue. REFCUS refers to any expenditure that should be treated as capital but where the council does not own the asset. This expenditure is reported through the Comprehensive Income and Expenditure Statement.

NOTE 2 ACCOUNTING STANDARDS ISSUED, NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) has introduced a number of changes in accounting policies which will need to be adopted fully by the Council in the 2013/14 financial statements.

The Council is required to disclose information relating to the expected impact of the accounting changes on the financial statements as a result of the adoption by the Code of a new standard that been issued, but is not yet required to be adopted by the Council. The Council is required to make disclosure of the estimated effect of the new standards in these (2012/13) financial statements.

These are as follows:

1. The change in the 2013/14 Code for IAS 19 (Employee Benefits) is a result of amendments in June 2011 (effective from 1st April 2013) to the recognition and measurement requirements for:

   Post employment benefits - The amendments are focused on new definitions of components of defined benefit costs to be recognised in the financial statements (i.e. net interest on the net defined benefit liability and re-measurements of the net defined benefit liability), and new definitions or recognition criteria for service costs (e.g. past service costs). It has been assessed that as a result of the above amendment there would have been an increase of £3.782m on the Comprehensive Income & Expenditure Statement. No estimate is available for impact on the net liability and reserve held on the Balance Sheet.

   Termination benefits – This complete revision provides more precisely when a liability and an expense for termination benefits shall be recognised. The recognition point will be based on the date when an authority can no longer withdraw an offer of termination benefits, compared to the previous test of being demonstrably committed to terminations. Although this is a substantial change, CIPFA/LASAAC is of the view that the new requirements should not make a substantial practical difference to the way in which benefits are recognised, measured and disclosed compared with the provisions in the 2012/13 Code. It has been assessed that this change would have no expected material impact on the 2012/13 financial statements.

   There are also changes to terminology in relation to short-term employee benefits however CIPFA/LASAAC has not identified any consequences for the preparation of the statement of accounts arising from the revisions to the definitions.

2. The 2013/14 Code includes the amendments to IFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets & Liabilities) issued in December 2011 requiring information that will enable users of an authority's financial statements to evaluate the potential effect of netting arrangements on the authorities financial position.

   It has been assessed that this new disclosure requirement would have no material impact on the 2012/13 financial statements.

3. The 2013/14 Code includes amendments to IAS 12 Deferred Tax on recovery of underlying assets. These are however minor and CIPFA is of the opinion as they do not relate to accounting for VAT, Council Tax or Non-Domestic Rates IAS 12 is not relevant to an authority's single entity financial statements.

NOTE 3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has made certain judgements about transactions, relationships and uncertainty about future events. The critical judgements made in the Statement of Accounts are:

a) There is a high degree of uncertainty around the future funding for local government. In addressing the future risks that arise from this uncertainty the Council believes there are no indications that assets need to be impaired as a result of a need to close facilities and reduce levels of service provision.

b) In view of the deteriorating economic position and the uncertainty over future funding levels, the Council has planned efficiency savings. Staffing levels have been reduced significantly and the cost of redundancies has generally been met from savings and reserves. A provision has been made for the cost of likely redundancies at 31 March 2013 and an earmarked reserve (Invest to Save Reserve - £2.5 million at 31 March 2013) has been established to meet the cost of implementing future efficiency savings, including redundancy costs.

c) The Council has established a Trust Fund that controls donated assets comprising of an historic building, adjacent properties and an extensive art collection. During the latter part of 2010/11 charitable status was granted for this Trust with the Council the sole trustee. Certain governance arrangements were agreed with the Charity Commissioners to ensure that the operation and control of the charitable Trust would remain independent of the Council and on this basis it has been determined that the Trust is not a subsidiary of the Council.

d) During the year the Council entered in to a new contract with Serco for the provision of ICT advice and support. Under the new contract the Council retains ownership and control of the ICT assets used under the contract and therefore the new contract has not been treated as a Service Concession.

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 Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows

Non-current assets

The Council values its property assets on a rolling five year basis. 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. Fair value as applied to relevant assets will depend upon the property market.

Gross book value of PPE at 31 March 13 was £711m. A change in value of 1% on 20% (approximately 1 year of valuation) of that value is £1m. The average building asset life is 35 years so a change in useful life of 1 year would change depreciation by approximately £0.5m.

Pensions Liability
Estimation of the net liability to pay pensions depends on a number of complex estimates that include:

- The discount rate used
- The projected rate of increase for salaries and pensions
- Changes in retirement ages
- Changes in mortality rates
- Expected returns on investment assets

The Council's Actuary provides advice on these estimates. The effect of changes in individual assumptions can be measured, but the assumptions interact in complex ways. The Council takes advice from its Actuary regarding appropriate assumptions and relies on its actuary for the calculations of their effects.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below		
Change in assumptions at year ended 31 March 2013:	**Approximate % increase to Employer**	**Approximate monetary amount (£000)**
0.5% decrease in Real Discount Rate	9%	57,794
1 year increase in member life expectancy	3%	18,278
0.5% increase in the Salary Increase Rate	2%	14,587
0.5% increase in the Pension Increase Rate	7%	42,632

Arrears

At 31 March 2013 the Council had a balance of £5.4m in respect of sundry debtors and had an impairment for doubtful debts of £1.3m. Although this allowance is regarded as adequate taking into account historic and recent recovery levels and the current economic climate, any future adverse economic or financial events could impact on the collection of debts.

If collection rates were to deteriorate below levels assumed in estimating an impairment allowance, additional amounts may need to be set aside. A decrease in collection rates of 10% would require an additional £120,000 to be set aside as an allowance for impairment.

Interest Rates

The Council has borrowings of £2m and investments of £67m at 31 March 2013 on which interest is not fixed and the amount paid or received will vary if interest rates change. Financial provision has been made in the Council's future financial plans for a modest increase in interest rates over the next few years. The current uncertainty in money markets, especially around sovereign debts, could result in increases in interest rates significantly above the levels planned for.

The impact of a 1% change in interest rates on these current values would be a net increase in interest receivable of £0.7m.

The Capital programme for 2013/14 includes new borrowing of £31.2m. The impact of a 1% change in interest rates on this new borrowing would change the cost by £0.3m resulting in a variance against the Council's budgeted interest costs.

NOTE 5 MATERIAL ITEMS OF INCOME AND EXPENSE

A material item is an item of expenditure or income that is unusual in scale and non-recurring. In 2012/13 and 2011/12 the following material items were reported as part of the accounts:

- Over the last two financial years the Authority has been going through a restructuring process. The impact of reorganisation has resulted in £0.9 million in 2012/13 and £2.3 million in 2011/12 of redundancy costs.

- Capital receipts totalling £1.8m in 2012/13 and £4.7m in 2011/12 were received on the sale of various Council assets. There were no individual items over £1m in either year.

- A one off payment of £5m was made during 2011/12 to secure the purchase of some land within the Borough. The payment was treated as a Payment in Advance in 2011/12. The final purchase price was £8.45m and the balancing payment of £3.45m was made on completion in September 2012. The full £8.45m is reported as capital expenditure in the 2012/13 accounts. Full details of the proposed use of the site and the relevant consultation were presented to Cabinet in May 2012, and details confirming the sale, can be viewed on the Councils website:

  http://cabnet.richmond.gov.uk/documents/s33117/Cabinet%20report%2024%20May%202012%20re%20Clifden%20site.pdf

  http://www.richmond.gov.uk/home/council_government_and_democracy/council/civic-offices/departments/communications/press_office/press_releases/september_2012_press_release/clifden_site_sale.htm

- One off S256 contribution of £2.1m were received from NHS Richmond in 2012/13, which were in addition to the normal recurring grants received from them. This amount is included in NHS Richmond revenue contribution as shown in Note 39 in the accounts. A receipt for £1m was received within this specifically for the Out of Hospital Care Strategy which is to improve care for adults over 18. The funding for this strategy was not spent in 2012-13, therefore has been held within reserves. The strategy is in the consultation phase, with implementation expected in 2013/14.

- In 2011/12 a one off payment of £1.7m was made to the Council's ICT provider to settle the Council's outstanding capital liability under the contract. The ICT contract was treated as a similar arrangement to a Private Finance Initiative (PFI) in the accounts (see Note 43). The Council received a discount on the settlement of the liability because it paid it as a one-off payment in 2011/12. Full details of the Cabinet's decision to pay this money is available on the Council's website (Cabinet June 2011):

  http://cabnet.richmond.gov.uk/documents/s25520/Item%2023%20-%20ICT%20Capital%20Repayment%20-%20Public.pdf

NOTE 6 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts is authorised for issue on 28 June 2013. There were no events that require adjustment to the accounts.

The following non-adjusting events occurred after 31 March 2013 but before publication of this Statement.

- **Non-Domestic Rates (NNDR) Reform**
  The Local Government Finance Act 2012 introduces a Business Rates Retention Scheme that enables local authorities to retain a proportion of the Business Rates generated in their area. It also enables local authorities to implement tax increment financing, giving them the ability to

undertake borrowing against future business rates growth, supported by the forecast tax increment that accrues from additional development. The new arrangements for the retention of Business Rates came into effect on 1 April 2013.

The new system will mean that the Council will share in both the risks and rewards of fluctuations in the NNDR income of the Borough. The Collection Fund will pay Richmond a share of the Business Rates collected and Richmond will also take on responsibility for its share of any liabilities that may arise.

When the new arrangements come into effect local authorities will assume the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts that were paid over (to Central Government) in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the authorities, but would have been transferred to the DCLG. When authorities assume these liabilities on 1 April 2013, a provision will need to be recognised. At 31 March 2013 there were 715 appeals pending a decision. The Council can not provide a precise figure for the number of successful appeals (as judgements are yet to be made) or amount that may be payable on successful appeals. The Council will be including a provision in the 2013/14 accounts for this potential liability and based on available historic information this could be in the region of £1.7m. This represents 30% of the estimated liability as the remainder will be met by preceptors and Central Government.

- **Public Health Reform**
  From 1 April 2013 various Public Health responsibilities will transfer to Local Authorities from Primary Care Trusts. The Council will receive a Government Grant to pay for this new duty and the transfer of duties will involve staff moving from the PCT to the Council to provide these services. The value of these services in 2013/14 is expected to be £7.6m and will be fully grant funded. No assets or liabilities will be transferring with the duties. Public Health will be separately disclosed on the face of the Comprehensive Income and Expenditure Account from 2013/14 onwards in line with CIPFA best practice guidance (SERCOP). The transfer will be treated as an acquired service in the year of transfer (2013/14) and will be clearly identified in the 2013/14 accounts, with comparative figures.

- **Contingent Liabilities (note 48)**
  Connexions Legal Case – The appeal ruled in favour of the Council on 23 May 2013 and so this contingent liability will not be realised.

- Purchase of freehold – In May 2013 Cabinet agreed to proceed with the purchase of the freehold on several properties in Twickenham as part of its Uplift Programme. At the time of issue no money had yet been paid but the Council expects to exchange imminently. The acquisition will increase the value of the Council’s Non Current Assets and reduce the value of reserves.

NOTE 7 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 the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Movement in reserves during 2012/13:

	Usable Reserves						
	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Depreciation/amortisation	(14,956)	0	0	0	**(14,956)**	**14,956**	**0**
Impairment/revaluation losses (charged to I&E)	(20,800)	0	0	0	**(20,800)**	**20,800**	**0**
Movement in market value of investment property	(171)	0	0	0	**(171)**	**171**	**0**
Movement in value of held for sale assets	0	0	0	0	**0**	**0**	**0**
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	31,914	0	0	0	**31,914**	**(31,914)**	**0**
Revenue expenditure funded from capital under statute	(11,316)	0	0	0	**(11,316)**	**11,316**	**0**
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	(1,171)	0	0	0	**(1,171)**	**1,171**	**0**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement							
Statutory provision for the financing of capital investment charged against the General Fund	2,934	0	0	0	**2,934**	**(2,934)**	**0**
Capital expenditure charged against the General Fund	18,990	0	0	0	**18,990**	**(18,990)**	**0**
Adjustments primarily involving the CAA		0	0	0			
Capital grants and contributions unapplied credited to the CI&ES	1,796	0	0	**(1,796)**	**0**	**0**	**0**
Application of grants to capital financing transferred to the CAA	0	0	0	**10,537**	**10,537**	**(10,537)**	**0**

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	Usable Reserves						
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserve							
Transfer of cash sale proceeds from gain/loss on disposal	1,899	0	(1,899)	0	**0**	**0**	**0**
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	(74)	0	**(74)**	**74**	**0**
Contribution towards costs of non-current asset disposal	(18)	0	18	0	**0**	**0**	**0**
Contribution to finance Government Capital Receipts Pool	(24)	0	24	0	**0**	**0**	**0**
Contribution to finance the Distribution of HLU Capital Receipts	(120)	0	120	0	**0**	**0**	**0**
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(60)	0	**(60)**	**60**	**0**
Adjustments primarily involving the Financial Instruments Adjustment Accounts							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	51	0	0	0	**51**	**(51)**	**0**
Adjustments Primarily involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited to CI&ES	(47,163)	0	0	0	**(47,163)**	**47,163**	**0**
Employer's pensions contributions and payments to pensioners due in the year	15,572	0	0	0	**15,572**	**(15,572)**	**0**
Adjustments primarily involving the Collection Fund Adjustment Account							
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	93	0	0	0	**93**	**(93)**	**0**
Adjustments Primarily involving the Accumulated Absences Account							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	841	0	0	0	**841**	**(841)**	**0**
Adjustments Primarily involving the Deferred Lease Income Account							
Transfer of Deferred Lease Receipts included in gain/loss on disposal to CI&ES	26	0	0	0	**26**	**(26)**	**0**
Adjustments between accounting basis and funding basis under regulations	**(21,623)**	**0**	**(1,871)**	**8,741**	**(14,753)**	**14,753**	**0**

Movement in reserves during 2011/12:

	Usable Reserves						
	General Fund Balance £000	Earmarked GF Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Depreciation/amortisation	(12,447)	0	0	0	**(12,447)**	**12,447**	**0**
Impairment/revaluation losses (charged to CI&ES)	(6,795)	0	0	0	**(6,795)**	**6,795**	**0**
Movement in market value of investment property	331	0	0	0	**331**	**(331)**	**0**
Movement in value of held for sale assets	0	0	0	0	**0**	**0**	**0**
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	42,227	0	0	0	**42,227**	**(42,227)**	**0**
Revenue expenditure funded from capital under statute	(14,106)	0	0	0	**(14,106)**	**14,106**	**0**
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	(1,231)	0	0	0	**(1,231)**	**1,231**	**0**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement							
Statutory provision for the financing of capital investment charged against the General Fund	4,156	0	0	0	**4,156**	**(4,156)**	**0**
Capital expenditure charged against the General Fund	10,799	0	0	0	**10,799**	**(10,799)**	**0**
Adjustments primarily involving the CAA	0	0	0	0	**0**	**0**	**0**
Capital grants and contributions unapplied credited to the CI&ES	12,567	0	0	(12,567)	**0**	**0**	**0**
Application of grants to capital financing transferred to the CAA	0	0	0	2,999	**2,999**	**(2,999)**	**0**

Table continued overleaf…

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	Usable Reserves						
	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserve							
Transfer of cash sale proceeds from gain/loss on disposal	4,728	0	(4,728)	0	**0**	**0**	**0**
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	1,787	0	**1,787**	**(1,787)**	**0**
Contribution towards costs of non-current asset disposal	(218)	0	218	0	**0**	**0**	**0**
Contribution to finance Government Capital Receipts Pool	(22)	0	22	0	**0**	**0**	**0**
Contribution to finance the Distribution of HLU Capital Receipts	(80)	0	80	0	**0**	**0**	**0**
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(40)	0	**(40)**	**40**	**0**
Adjustments primarily involving the Financial Instruments Adjustment Accounts							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	165	0	0	0	**165**	**(165)**	**0**
Adjustments Primarily involving the Pensions Reserve							
Reversal of items relating to retirement benefits debited to CI&ES	(52,696)	0	0	0	**(52,696)**	**52,696**	**0**
Employer's pensions contributions and payments to pensioners due in the year	16,001	0	0	0	**16,001**	**(16,001)**	**0**
Adjustments primarily involving the Collection Fund Adjustment Account							
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	1,004	0	0	0	**1,004**	**(1,004)**	**0**
Adjustments Primarily involving the Accumulated Absences Account							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(71)	0	0	0	**(71)**	**71**	**0**
Adjustments Primarily involving the Deferred Lease Income Account							
Transfer of Deferred Lease Receipts included in gain/loss on disposal to CI&ES	29	0	0	0	**29**	**(29)**	**0**
Adjustments between accounting basis and funding basis under regulations	**4,341**	**0**	**(2,661)**	**(9,568)**	**(7,888)**	**7,888**	**0**

NOTE 8 TRANSFERS TO/FROM EARMARKED RESERVES

DESCRIPTION / PURPOSE	Balance at 31 March 2011 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2012 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2013 £000
STATUTORY OR OUTSIDE THE COUNCIL'S DIRECT CONTROL:							
Home Loans Unit	(34)	0	(11)	(45)	0	(41)	(86)
Thames Landscape Strategy - Funds held for third party	(199)	60	0	(139)	61	0	(78)
Orleans House	(488)	0	(20)	(508)	13	(21)	(516)
	(721)	**60**	**(31)**	**(692)**	**74**	**(62)**	**(680)**
EARMARKED FOR CERTAIN OR PROBABLE EXPENDITURE OUTSIDE THE COUNCIL'S CONTROL:							
General Insurance Reserve	(3,052)	583	(505)	(2,974)	759	(759)	(2,974)
Vehicles Insurance Reserve	(219)	0	(46)	(265)	0	(56)	(321)
PFI Reserve (Social Services)	(2,605)	614	(90)	(2,081)	0	(214)	(2,295)
PFI Reserve (Education)	(3,216)	0	(137)	(3,353)	0	(152)	(3,505)
VAT Liabilities	(205)	17	0	(188)	83	0	(105)
	(9,297)	**1,214**	**(778)**	**(8,861)**	**842**	**(1,181)**	**(9,200)**
OTHER EARMARKED RESERVES:							
Infrastructure Reserve	(40)	40	0	0	0	0	0
Infrastructure Reserve (Earmarked for Schools)	(2,518)	1,809	(576)	(1,285)	1,135	0	(150)
Twickenham Riverside / Uplift Projects	(484)	0	(774)	(1,258)	0	0	(1,258)
Project Development Reserve	(1,441)	181	0	(1,260)	130	0	(1,130)
Repairs and Renewals Fund	(1,699)	15	(1,054)	(2,738)	1,059	(921)	(2,600)
Social Services Special Equipment and Furniture Fund	(119)	14	0	(105)	0	0	(105)
Commitments Reserve	(462)	462	(844)	(844)	844	(1,102)	(1,102)
Waste and Recycling Reserve	(3,164)	1,145	(2,060)	(4,079)	1,000	0	(3,079)
Youth Development Fund	(683)	0	0	(683)	10	0	(673)
Community Development Fund	(120)	16	(3)	(107)	87	(35)	(55)
Climate Change Reserve	(518)	48	(59)	(529)	0	(5)	(534)

DESCRIPTION / PURPOSE	Balance at 31 March 2011 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2012 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2013 £000
Invest to Save	(6,286)	3,259	(921)	(3,948)	1,416	0	(2,532)
Section 106 Interest Reserve (Affordable Housing Fund)	(732)	0	(3)	(735)	738	(3)	0
Section 106 Interest Reserve	(393)	0	(1)	(394)	396	(2)	0
Section 117 Reserve	0	0	0	0	0	0	0
Recession and Recovery Fund	(70)	70	0	0	0	0	0
Economic Development Fund	(314)	314	0	0	0	0	0
Salaries and General Oncost Account	(630)	921	(291)	0	0	0	0
Public Service Agreement Revenue	0	0	0	0	0	0	0
Youth Centres Reserve	(329)	8	0	(321)	91	0	(230)
Civic Pride Fund	(113)	113	0	0	0	0	0
All In One Reserve	0	0	(125)	(125)	50	(25)	(100)
Economic Support Fund	0	118	(384)	(266)	89	0	(177)
Connexions Legal Challenge	0	0	(325)	(325)	0	0	(325)
Council Tax Freeze Reserve	0	0	0	0	0	(2,896)	(2,896)
Other Minor Earmarked Reserves	(367)	32	(52)	(387)	11	(106)	(482)
	(20,482)	**8,565**	**(7,472)**	**(19,389)**	**7,056**	**(5,095)**	**(17,428)**
TOTAL RESERVES EXCLUDING SCHOOLS	**(30,500)**	**9,839**	**(8,281)**	**(28,942)**	**7,972**	**(6,338)**	**(27,308)**
SCHOOLS RESERVES:							
Schools' Balances	(10,251)	0	(4,487)	(14,738)	3,629	(75)	(11,184)
Dedicated Schools Grant Reserve	(873)	3	(31)	(901)	0	(629)	(1,530)
Schools Maternity and Supply cover scheme	(432)	0	(136)	(568)	25	(2)	(545)
	(11,556)	3	(4,654)	(16,207)	3,654	(706)	(13,259)
TOTAL INCLUDING SCHOOLS	**(42,056)**	**9,842**	**(12,935)**	**(45,149)**	**11,626**	**(7,044)**	**(40,567)**

DESCRIPTION / PURPOSE	Balance at 31 March 2011 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2012 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2013 £000
REVENUE INCOME FROM GRANTS / CONTRIBUTIONS WHERE NO CONDITIONS ARE OUTSTANDING BUT EXPENDITURE HAS NOT YET BEEN INCURRED							
Pre-contact point	(138)	27	0	(111)	0	0	(111)
S106 Revenue Contributions	(2,933)	5	(1,140)	(4,068)	14	(134)	(4,188)
Overcrowding Grant	(122)	122	(108)	(108)	0	0	(108)
Homelessness Grant	(200)	0	0	(200)	200	0	0
PCT Contributions to Services	(31)	31	0	0	0	0	0
PCT Section 256 Contributions	(381)	381	(998)	(998)	416	(4,483)	(5,065)
PCT Continuing Care	(459)	459	(240)	(240)	0	0	(240)
PCT Funding Carers break	(247)	247	0	0	0	(133)	(133)
Learning Disability and Health Reform	0	0	(1,011)	(1,011)	0	(48)	(1,059)
Warm Homes Healthy People	0	0	(162)	(162)	0	(35)	(197)
Flood Defence Grant	0	0	(125)	(125)	68	(201)	(258)
Health Authority - S256 (Winter Pressures)	0	0	(408)	(408)	0	(449)	(857)
Other Minor Earmarked Reserves	(267)	145	(364)	(486)	125	(358)	(719)
	(4,778)	**1,417**	**(4,556)**	**(7,917)**	**823**	**(5,841)**	**(12,935)**
TOTAL EARMARKED RESERVES	**(46,834)**	**11,259**	**(17,491)**	**(53,066)**	**12,449**	**(12,885)**	**(53,502)**

NOTE 9 OTHER OPERATING EXPENDITURE

	2012/13 £000	2011/12 £000
Levies payable		
West London Waste Authority (WLWA)	6,714	5,500
Lee Valley Regional Park	258	264
London Pensions Fund Authority	304	305
Environment Agency Flood Defence	176	176
Coroners' Service	129	162
Payments of Housing Capital Receipts to Gov't Pool	24	22
(Gain)/loss on disposal of Non Current Assets	(711)	(3,279)
HLU distribution of Capital Receipts	120	80
Total	**7,014**	**3,230**

NOTE 10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2012/13 £000	2011/12 £000
Interest payable and similar charges	3,582	3,992
Pensions interest cost and expected return on pensions assets	3,195	746
Interest receivable and similar income	(1,786)	(1,835)
Income and expenditure in relation to investment properties and changes in their fair value	(50)	(570)
Total	**4,941**	**2,333**

Trading accounts are also included under Financing and Investment Income and Expenditure. These accounts net to nil as they are fully charged out to services during the year. The gross figures for income and expenditure are £5.738 million in 2012/13 and £8.907 million in 2011/12.

NOTE 11 TAXATION AND NON-SPECIFIC GRANT INCOME

	2012/13 £000	2011/12 £000
Council Tax Income (including Collection Fund Surplus)	**(116,448)**	**(116,206)**
National Non Domestic Rates	**(29,539)**	**(23,492)**
Revenue Support Grant	(573)	(7,261)
Council Tax Freeze Grant	(2,896)	(2,874)
Non Ringfenced Government Grants	**(3,469)**	**(10,135)**
Capital Grants	(32,491)	(44,383)
Capital Contributions	(719)	(705)
S106 Contributions	(143)	(578)
Capital Grants and Contributions	**(33,353)**	**(45,666)**
Total Taxation and Non Specific Grant Income	**(182,809)**	**(195,499)**

Full breakdowns of all capital and revenue grants and contributions are available in Note 39.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Movements in Property, Plant and Equipment 2012/13 are as follows:

2012/13	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastr-ucture Assets £000	Community Assets £000	Surplus Assets £000	PP&E Under Construct-ion £000	Total PP&E £000	PFI Assets Included in Total PPE £000
Cost or Valuation								
At 1 April 2012	590,707	17,720	96,306	20,868	11,730	17,127	**754,458**	32,544
Additions	24,388	1,149	7,556	2,097	494	14,810	**50,494**	154
Revaluation Increases/(decreases) to Revaluation Reserve	(11,508)	0	0	0	0	0	**(11,508)**	0
Revaluation Increases/(decreases) to Surplus/Deficit on Provision of Services	(15,653)	0	0	0	0	0	**(15,653)**	0
Derecognition-Disposals	(571)	(1,347)	0	0	0	0	**(1,918)**	0
Reclassifications	(7,434)	1,079	0	0	3,797	0	**(2,558)**	(3,076)
At 31 March 2013	**579,929**	**18,601**	**103,862**	**22,965**	**16,021**	**31,937**	**773,315**	**29,622**
Depreciation and Impairment								
At 1 April 2012	27,506	12,110	15,351	0	377	0	**55,344**	4,416
Depreciation Charge	7,904	1,550	2,628	0	37	0	**12,119**	523
Depreciation written out to Revaluation Reserve	(5,031)	0	0	0	0	0	**(5,031)**	0
Depreciation written out to Surplus/Deficit on Provision of Services	(1,188)	0	0	0	0	0	**(1,188)**	0
Impairment losses/(reversals) to Surplus/Deficit on Provision of Services	2,114	0	0	0	472	0	**2,586**	0
Derecognition-Disposals	(42)	(939)	0	0	0	0	**(981)**	0
Reclassification	(167)	75	0	0	3	0	**(89)**	(2,565)
At 31 March 2013	**31,096**	**12,796**	**17,979**	**0**	**889**	**0**	**62,760**	**2,374**
Net Book Value								
At 31 March 2013	**548,833**	**5,805**	**85,883**	**22,965**	**15,132**	**31,937**	**710,555**	**27,248**
At 31 March 2012	**563,201**	**5,610**	**80,955**	**20,868**	**11,353**	**17,127**	**699,114**	**28,128**

Comparative movements in Property, Plant and Equipment for 2011/12 are:

2011/12	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastr-ucture Assets	Community Assets	Surplus Assets	PP&E Under Constru-ction	Total PP&E	PFI Assets Included in Total PPE
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2011	582,303	16,180	92,378	18,183	10,994	650	**720,688**	30,190
Additions	19,707	1,392	3,928	2,576	196	16,477	**44,276**	441
Revaluation Increases/(decreases) to Revaluation Reserve	6,389	0	0	352	21	0	**6,762**	1,913
Revaluation Increases/(decreases) to Surplus/Deficit on Provision of Services	(16,120)	0	0	(243)	(1)	0	**(16,364)**	0
Derecognition-Disposals	(275)	(42)	0	0	(110)	0	**(427)**	0
Reclassifications	(1,297)	190	0	0	630	0	**(477)**	0
At 31 March 2012	**590,707**	**17,720**	**96,306**	**20,868**	**11,730**	**17,127**	**754,458**	**32,544**
Depreciation and Impairment								
At 1 April 2011	22,320	10,154	12,928	0	394	0	**45,796**	3,638
Depreciation Charge	7,884	1,931	2,423	0	34	0	**12,272**	863
Depreciation written out to Revaluation Reserve	(2,123)	0	0	0	(49)	0	**(2,172)**	(85)
Depreciation written out to Surplus/Deficit on Provision of Services	(4,178)	0	0	0	0	0	**(4,178)**	0
Impairment losses/(reversals) to Surplus/Deficit on Provision of Services	3,700	41	0	0	0	0	**3,741**	0
Derecognition-Disposals	(12)	(37)	0	0	0	0	**(49)**	0
Reclassification	(85)	21	0	0	(2)	0	**(66)**	0
At 31 March 2012	**27,506**	**12,110**	**15,351**	**0**	**377**	**0**	**55,344**	**4,416**
Net Book Value								
At 31 March 2012	**563,201**	**5,610**	**80,955**	**20,868**	**11,353**	**17,127**	**699,114**	**28,128**
At 31 March 2011	**559,983**	**6,026**	**79,450**	**18,183**	**10,600**	**650**	**674,892**	**26,552**

Depreciation
The following useful lives and depreciation rates have been used in the calculation of depreciation:
- Other Land and Buildings – estimated useful life provided by RICS qualified valuer
- Vehicles, Plant, Furniture & Equipment – estimated useful life on acquisition
- Infrastructure – 40 years

Capital Commitments
At 31 March 2013, the Council had entered into a number of ongoing contracts for the construction or enhancement of Property, Plant and Equipment. The total amount outstanding on these contracts is estimated at £25.431m (compared to £36.4m on outstanding contracts at 31 March 2012). The major commitments are:

Capital Scheme	Value of Commitments £000
Chase Bridge Primary School Expansion	365
Lowther Primary School Expansion	190
St Mary's and St Peter's CE Primary School Expansion	(338)
Stanley Primary School - Phase 1. Expansion	1,304
St Mary's Primary at Strafford Road Site	236
Buckingham Primary - Phase 3	1,151
Orleans Infants School - Phase 2	1,432
Heathfield Phase 3.	3,746
Hampton Wick Expansion to 3FE	2,396
St Elizabeth’s	178
East Sheen	164
Clifden Primary School	2,109
Vineyard Primary	2,966
Hampton Academy	6,089
Twickenham Academy	3,366
Barn Elms Pavilion	77
TOTAL	**25,431**

Effects of Changes in Estimates
The Council has not made any material changes to its accounting estimates for Property, Plant and Equipment during the year.

Revaluations
The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally as at 1 April 2012. Valuations 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. The assumptions applied in estimating the fair values are per the “Red Book” section 1.12 Local Authority Asset valuations, which gives guidance to RICS valuers on the valuation of assets in line with the requirements of IFRS compliance per the CIPFA Code of Practice.

This following table shows the new value of assets that were revalued over the last 5 years:

	Other Land & Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000
Carried at historical cost	N/A	18,601	103,862	21,566	N/A	144,029
Valued at fair values as at:						
31 March 2013	97,303	0	0	0	0	97,303
31 March 2012	100,986	0	0	1,399	1,391	103,776
31 March 2011	82,434	0	0	0	0	82,434
31 March 2010	69,959	0	0	0	11,609	81,568
31 March 2009	167,990	0	0	0	1,086	169,076
Gross Book Value	**518,672**	**18,601**	**103,862**	**22,965**	**14,086**	**678,186**

NOTE 13 HERITAGE ASSETS

Art Collection
The Authority's art collection includes approximately 3,000 paintings from various artists dating back to the early 19th century to the last decade. These painting are of landscapes and buildings in and around the surrounding area of the authority. The collections are held in Orleans House Gallery and York House.

Civic Regalia
The Civic Regalia includes the Mayoral Mace, Mayoral Badge and Mayoral Collaret as well as various other ceremonial items.

Land and Buildings
This is related to Garrick Temple which is a listed building originally constructed in 1756 and restored in 1999. It is used as a memorial temple and therefore contributes to the history and enhances the knowledge of this region of London.

Heritage Assets are held on the Council's Asset Register. Policies on acquisition, preservation, management and disposal of heritage assets are in line with other asset classes.

Movements in Heritage Assets are as follows:

	Civic Regalia £000	Art Collection £000	Land & Buildings £000	Total Assets £000
Cost or Valuation				
1 April 2011	600	1,777	229	2,607
Revaluations	0	161	22	183
Depreciation	0	0	(4)	(4)
31 March 2012	**600**	**1,938**	**247**	**2,785**
Cost or Valuation				
1 April 2012	600	1,938	247	2,785
Impairment Losses/(reversals) recognised in Surplus or Deficit on the Provision of Services	(28)	0	0	(28)
Depreciation	0	0	(4)	(4)
31 March 2013	**572**	**1,938**	**243**	**2,753**

No impairments were recognised on Heritage Assets between 2008/09 and 2011/12. Heritage Assets were impaired by £28k in 2012/13.

NOTE 14 INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2012/13 £000	2011/12 £000
Rental income from investment property	(251)	(261)
Unrealised (Gain) / Loss from Investment Property Valuation	171	(331)
Direct operating expenses arising from Investment property	30	22
Net (gain) / loss	**(50)**	**(570)**

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 table above includes Investment Properties held under an operating lease. These assets have been classified as Investment Properties in line with professional property definitions and the code of practice.

The Council has no contractual obligations to purchase, construct, develop, repair, maintain or enhance investment property.

The following table summarises the movement in the fair value of investment properties over the year:

	2012/13 £000	2011/12 £000
Balance at start of the year	**6,853**	**6,698**
Additions:		
Subsequent Expenditure	208	15
Disposals:	0	(709)
Net gains/(losses) from fair value adjustments	(171)	331
Transfers:		
to/from Assets Held for Sale	0	(220)
to/from Property, Plant, Equipment	0	737
Balance at end of year	**6,890**	**6,853**

NOTE 15 INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. There are no individually significant assets used by the Council. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £80k charged to revenue in 2012/13 was charged to IT Services, Human Resources and Customer Services cost centres and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

Intangible Asset	Asset Life on Acquisition (Years)	Remaining Useful Life (Years)
Software License 2012/13	5	4
Software License 2011/12	2	0
Software License 2002/03	10	0
Software License 2003/04	10	1
I@W Software Licence	5	2
Cyborg License	20	6
Customer Contact Centre License	20	14

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

	2012/13		2011/12	
	Other Assets £000	**PFI Assets Included in Intangibles £000**	**Other Assets £000**	**PFI Assets Included in Intangibles**
Balance at start of year:				
Gross carrying amounts	1,459	1,130	1,080	1,030
Accumulated amortisation	(1,043)	(1,011)	(871)	(858)
Net carrying amount at start of year	416	119	209	172
Additions:				
Purchases	38	0	379	100
Other Reclassification*	0	(119)	0	0
Amortisation for the period	(80)	0	(172)	(153)
Net carrying amount at year-end	**374**	**0**	**416**	**119**
Comprising:				
Gross carrying amounts	1,496	0	1,459	1,130
Accumulated amortisation	(1,122)	0	(1,043)	(1,011)
	374	0	416	119

* ICT assets which are no longer PFI

NOTE 16 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. For the Council this means that all treasury contracts (borrowings and investments) are recognised as financial instruments as well as trade receivables, payables and bank deposits. Statutory charges and payments (e.g. amounts due from Council Tax) are not recognised as financial instruments as these do not arise from contractual agreements and are outside the scope of the accounting treatment for financial instruments.

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Financial Assets				
Investments	2,250	7,250	57,536	53,446
Cash and Cash Equivalents	0	0	10,484	13,916
Trade Debtors	0	0	5,447	6,497
	2,250	**7,250**	**73,467**	**73,859**
Financial Liabilities at amortised cost				
Loans	(38,361)	(40,861)	(4,045)	(7,462)
Trade Creditors	0	0	(7,079)	(7,673)
Other Long Term Liabilities				
PFI and Finance Lease Liabilities	(22,299)	(23,114)	(866)	(846)
Total Financial Liabilities	**(60,660)**	**(63,975)**	**(11,990)**	**(15,981)**

Soft Loans Made by the Authority

The Council did not have any soft loans during 2012/13 or 2011/12 where the value of the subsidy would be material based on market rates at 31 March. The areas meeting the definition of soft loans are as follows :

Staff Loans - The Council offers loans to staff to purchase season tickets and cars. No interest is charged on these loans. The value of debt outstanding at 31 March 2013 was £58k and the annual interest due on this value at market rates would be approximately £4k and therefore not material.

Deferred Payment Agreements - Adult social care service users are able to request a deferred payment in respect of their residential or nursing care home fees. Service users are required to make a contribution to the fees from their income and savings until the property is sold, but the Council will pay the remainder of the cost on the understanding that this amount is repaid to the Council by the service user when their property is sold. The Council places a charge on the property to secure the debt. No interest is charged on this debt. The value of debt outstanding at 31 March 2013 was £749k and the annual interest due on this value at market rates would be approximately £47k and therefore not material.

Rent Deposit Guarantee Scheme – The scheme is intended to assist people who are homeless or at risk of becoming homeless to find housing in the private rented sector. It guarantees the deposit required against any reasonable dilapidations which may occur during the period of rental, up to the equivalent of 6 week's rent. Service users are assessed by the Council as being homeless or at risk of becoming homeless to qualify. This scheme is intended to provide accommodation for people who may be in priority need of housing but have not become homeless intentionally. The deposit is required to be paid back by the service user in instalments. No interest is charged on this debt. The value of debt outstanding at 31 March 2013 was £307k and the annual interest due on this value at market rates would be approximately £19k and therefore not material.

Reclassifications
The Council did not reclassify any financial instruments during the year, other than to move them from long to short term based on remaining duration to maturity.

FINANCIAL INSTRUMENTS – GAINS AND LOSSES
The gains and losses recognised in the Income and Expenditure Account in relation to financial instruments are made up as follows:

	2012/13			2011/12		
	Financial liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total	Financial liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	3,582	0	3,582	3,992	0	3,992
Total expense in Surplus or Deficit on the Provision of Services	**3,582**	**0**	**3,582**	**3,992**	**0**	**3,992**
Interest income	0	(1,786)	(1,786)	0	(1,835)	(1,835)
Total income in Surplus or Deficit on the Provision of Services	**0**	**(1,786)**	**(1,786)**	**0**	**(1,835)**	**(1,835)**

FAIR VALUES OF ASSETS AND LIABILITIES

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- PWLB loans are valued using the PWLB "premature repayment" rates in force on 31 March 2013.
- Other loans and borrowings were valued individually using the comparable rate at the Balance Sheet date for a loan with the same maturity and similar counterparty.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Assets

The Council's financial assets consist of short and long term investments, bank deposit accounts and trade debtors. These are not carried at fair value as they do not meet the criteria for a fair valuation basis (i.e. they are not held for trading, do not show evidence of being managed for short term profit making and are not derivatives).

Investments are fixed term deposits with financial institutions or other Local Authorities. Interest is usually set at the time of the investment.

Cash and Cash Equivalents accrue variable rate interest so the amortised cost is assumed to be equivalent to fair value.

Trade debtors are considered short term, as the Council's policy is to pursue recovery of debt on a prompt basis, unless there are overriding service considerations, which would mainly occur for clients contributing to the cost of their care. Where maturity is within 12 months the amortised cost is assumed to be equivalent to fair value.

	31 March 2013		31 March 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Investments	59,787	60,830	60,696	61,938
Trade Debtors	5,447	5,447	6,497	6,497
Cash and Cash Equivalents	10,484	10,484	13,916	13,916
	75,718	**76,761**	**81,109**	**82,351**

The fair value of financial assets is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate investments where the interest rate receivable is higher than the rates available for similar investments at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the investments. The difference in value has decreased slightly in 2012/13.

Financial Liabilities

The Council's financial liabilities consist of long and short term borrowing and trade creditors. These are not carried at fair value as they do not meet the criteria for a fair valuation basis (that is - they are not held for trading, do not show evidence of being managed for short term profit making and are not derivatives).

The interest payable on these loans is either fixed at the prevailing market rate at the time of the loan, or varies with market lending rates. The majority of the Council's long-term debt is held by the Public Works and Loans Board (PWLB), which is part of the Government.

The Council holds one long-term market loan (£5m) where the lender has the option to vary the rate on every 5th anniversary of the loan. If the lender exercises this option, the Council has the option to accept the new rate of interest or redeem the loan with no penalty. The next option to vary occurs in 2018.

Short-term debt is with other public bodies or charities and therefore varies with the needs of the counterparty to realise their investment. There is an element of cash flow lending to related public bodies such as the South West Middlesex Crematorium Board under the arrangements by which the Council acts as their financial administrators. The terms of these loans allow for repayment on demand by the counterparty, and interest is paid to them based on the market rates. Where maturity is within 12 months the amortised cost is assumed to be equivalent to fair value.

Trade creditors are also considered short term as the Council's policy is to pay all creditors within their agreed terms (usually 28 days or 10 days to local small businesses). Where maturity is within 12 months the amortised cost is assumed to be equivalent to fair value.

	31 March 2013		31 March 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Borrowings and PFI / Finance Lease Liabilities	(65,571)	(72,322)	(72,283)	(79,274)
Trade Creditors	(7,079)	(7,079)	(7,673)	(7,673)
	(72,650)	**(79,401)**	**(79,956)**	**(86,947)**

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest below current market rates reduces the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans. The difference in value has decreased slightly in 2012/13, due to a decrease in the fair value of loans as at 31 March 2013.

NOTE 17 INVENTORIES

Inventories are valued at the lower of cost or net realisable value.

	2011/12					2012/13			
	Balance at 31 March 2011 £000	Purchases £000	Issues £000	Written off balances £000	Balance at 31 March 2012	Purchases £000	Issues £000	Written off balances £000	Balance at 31 March 2013
Consumable Stores									
Highways Salt	54	19	(16)	0	57	27	(29)	0	55
Print unit*	20	11	(13)	(12)	6	9	(12)	(3)	0
Transport Fuel*	24	251	(271)	(3)	1	41	(41)	(1)	0
Total	**98**	**281**	**(300)**	**(15)**	**64**	**77**	**(82)**	**(4)**	**55**

* Print and fuel amounts written off are due to the values of inventory being below the Councils £10k de minimis level

NOTE 18 CONSTRUCTION CONTRACTS

This note relates to the Council constructing assets on behalf of another body. At 31 March 2013 and 31 March 2012 there were no such construction contracts in progress, with no work in progress shown on the Balance Sheet.

NOTE 19 DEBTORS

The table below summarises the **short term debtors** by type and organisation:

	31 March 2013 £000	31 March 2012 £000
Debtors	**31,526**	32,924
Payments in Advance	**3,073**	7,887
Less provision for impairment of debts	**(9,444)**	(9,028)
Total Debtors	**25,155**	**31,783**
Central Government Bodies	6,717	5,910
Other Local Authorities	4,193	6,350
NHS bodies and Trusts	1,388	990
Public Corporations and Trading Funds	11	5
Bodies external to general Government	12,846	18,528
Total short term Debtors	**25,155**	**31,783**

The table below summarises the **long term debtors** by type and organisation:

	31 March 2013 £000	31 March 2012 £000
Central Government Bodies	**117**	0
Other Local Authorities	**0**	0
NHS bodies and Trusts	**0**	0
Public Corporations and Trading Funds	**0**	0
Bodies external to general Government	**2,768**	2,858
Total long term Debtors	**2,885**	**2,858**

NOTE 20 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2013 £000	31 March 2012 £000
Cash held by the Council	25	32
Bank current accounts*	229	(1,906)
Short Term Instant Access Accounts	10,230	15,790
Total Cash and Cash Equivalents	**10,484**	**13,916**

* Bank current accounts include the balances on current accounts and amounts received / raised but not yet cleared (e.g. cheques issued but not yet cashed)

NOTE 21 ASSETS HELD FOR SALE

The following table gives a breakdown of the movement in properties that are Current Assets Held For Sale. These are properties that are likely to be sold within the next year.

	Current		Non Current	
	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000
Balance outstanding at start of year	**234**	**0**	**0**	**470**
Assets newly classified as held for sale:				
Property, Plant and Equipment	2,469	0	0	0
Other assets / liabilities in disposal groups	0	220		0
Revaluation gains	0	14	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	0		(326)
Assets sold	(234)	0		(144)
Balance outstanding at year-end	**2,469**	**234**	**0**	**0**

NOTE 22 CREDITORS

The table below summarises the **Short Term Creditors** by type and organisation:

	31 March 2013 £000	31 March 2012 £000
Creditors	(32,082)	(32,302)
Receipt in Advance	(2,527)	(3,415)
Total Creditors in Balance Sheet	**(34,609)**	**(35,717)**
Central government bodies	(5,907)	(2,933)
Other local authorities	(5,347)	(3,747)
NHS Bodies and Trusts	(176)	(416)
Public Corporations and Trading Funds	0	(46)
Other Entities and individuals	(23,179)	(28,575)
Total Short Term Creditors	**(34,609)**	**(35,717)**

The table below summarises the **Long Term Creditors** by type and organisation:

	31 March 2013 £000	31 March 2012 £000
Receipt in Advance - Revenue	(1,278)	(1,198)
Receipt in Advance - Capital	(7,454)	(4,383)
Total Creditors in Balance Sheet	**(8,732)**	**(5,581)**
Central government bodies	(6,125)	(4,020)
Other local authorities	0	0
NHS Bodies and Trusts	0	0
Public Corporations and Trading Funds	0	0
Other Entities and individuals	(2,607)	(1,561)
Total Long Term Creditors	**(8,732)**	**(5,581)**

NOTE 23 PROVISIONS

The following table shows the movements on the Councils provisions during the year:

	Central Insurance Fund £000	Welfare Funds £000	Carbon Reduction £000	Redundancy £000	Other Provisions £000	Total £000
Short Term Provisions						
Balance at 1 April 2012	**(434)**	**(933)**	**(167)**	**(785)**	**(247)**	**(2,567)**
Additional provisions made in 2012/13	(96)	(38)	(145)	(125)	(31)	(435)
Amounts used in 2012/13	28	*773	125	785	0	1,711
Unused amounts reversed in 2012/13	406	0	42	0	227	675
Balance at 31 March 2013	**(96)**	**(198)**	**(145)**	**(125)**	**(52)**	**(616)**
Long Term Provisions						
Balance at 1 April 2012	**(844)**	**0**	**0**	**0**	**(220)**	**(1,064)**
Additional provisions made in 2012/13	(162)	0	0	0	0	(162)
Amounts used in 2012/13	0	0	0	0	140	140
Unused amounts reversed in 2012/13	844	0	0	0	0	844
Balance at 31 March 2013	**(162)**	**0**	**0**	**0**	**(80)**	**(242)**

*Amounts used on welfare funds relate to the payment of client funds into new bank accounts set up in the client’s name. These accounts do not form part of the Council’s balances.

Insurance Fund

In common with most local authorities, the Council operates an Insurance Fund as a means of self-insurance. The Fund is periodically valued by external assessors to ensure that it is maintained at an appropriate level. A sufficient Insurance Fund is held as a reserve, on a 'worst year in nine' basis.

This part of the Fund relates to claims made upon the Fund outstanding at 31 March. The value of these claims is held as a provision to meet future expenditure that the Fund is likely to incur in meeting the claims. The Council has a Stop Loss limit such that no more than £650,000 will be paid for total Material Damage to Property, and no more than £750,000 will be paid for Additional Insurance Covers including Fidelity Guarantee, and Casualty Insurance including Public Liability claims.

Welfare Funds

Welfare funds are accounts for clients living in the community for whom the Council holds appointeeship over their finances (the majority of these clients receive most of their income in benefits and the Council is responsible for paying any day to day expenses the clients incur).

Carbon Reduction Commitment

This provision relates to the obligation to purchase and surrender Carbon Reduction Commitment (CRC) Allowances in relation to carbon dioxide emissions. The retrospective purchase of allowances is anticipated to take place from 3 June 2013 – 31 July 2013. Participating authorities are then required to surrender allowances to the scheme, for the reporting year of 2012/13 the deadline for surrendering allowances has been extended to the last working day in 31 October 2013. The allowances surrendered must be in proportion to their reported emission for the preceding scheme year and in accordance with the scheme requirements

The measurement of the obligation is accounted for as a provision in the accounts at 31 March 2013 and is the best estimate of the expenditure required to settle the obligation.

Redundancies

The Council is required to hold a Redundancy Provision where the Council is committed to terminating a contract of employment but this termination has not yet occurred.

NOTE 24 LONG TERM LIABILITIES

The following table breaks down the Long Term Liabilities shown in the Balance Sheet:

	Balance at 31 March 2013 £000	Balance at 31 March 2012 £000
Primary schools PFI	8,652	8,829
Residential care homes PFI	9,134	9,549
Lease liabilities	4,513	4,735
Pension fund defined benefit	178,898	147,307
Total	**201,197**	**170,420**

NOTE 25 USABLE RESERVES

Details of the Council's usable reserves are summarised below. Further details are available in the Movement in Reserves Statement and in Note 8.

	Balance at 31 March 2013 £000	Balance at 31 March 2012 £000
General Fund Reserve	**(9,956)**	**(10,206)**
General Fund Earmarked Reserves	**(53,502)**	**(53,066)**
Capital Grants Unapplied :		
Capital Grants	(3,728)	(12,558)
S106 Contributions	(1,092)	(1,003)
	(4,820)	**(13,561)**
Capital Receipts Reserves:		
Usable Capital Receipts Reserve	(6,859)	(5,008)
Riverside House	(1,380)	(1,380)
Home Loans Unit	0	20
	(8,239)	**(6,368)**
TOTAL USABLE RESERVES	**(76,517)**	**(83,201)**

General Fund Reserve - This is available for any purpose and is held to manage major in-year spending issues and to ensure financial stability.
General Fund Earmarked Reserves - Amounts set aside for specific purposes falling outside the definition of provisions. A full breakdown is available in Note 8.
Capital Grants Unapplied - These are the grants and contributions received towards capital projects where the Council has met the conditions and set aside the funding for future capital expenditure.
Capital Receipts Reserves - This represents the proceeds from the disposal of land or other assets which have been received but not yet applied.

NOTE 26 UNUSABLE RESERVES

The following table summarises the Council's unusable reserves:

	31 March 2013 £000	31 March 2012 £000
Revaluation Reserve	(54,776)	(62,609)
Capital Adjustment Account	(583,869)	(560,149)
Financial Instruments Adjustment Account	1,119	1,170
Pensions Reserve	178,898	147,307
Deferred Capital Receipts Reserve	(1,820)	(1,884)
Collection Fund Adjustment Account	(2,338)	(2,245)
Accumulated Absences Account	2,527	3,368
Deferred Lease Income Account	3,171	3,197
Total Unusable Reserves	**(457,088)**	**(471,846)**

Revaluation Reserve

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

- 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.

	2012/13		2011/12
	£000	£000	£000
Balance at 1 April		**(62,609)**	**(54,741)**
Upward revaluation of assets	(2,973)		(9,130)
Downward revaluation of assets and impairment losses not charged to the surplus / deficit on the Provision of Services	9,449		0
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		6,476	(9,130)
Difference between fair value depreciation and historical cost depreciation	1,153		1,154
Accumulated gains on assets sold or scrapped	204		109
Amount written off to the Capital Adjustment Account		1,357	1,262
Balance at 31 March		**(54,776)**	**(62,609)**

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, depreciation, impairment losses and amortisations. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account also contains accumulated gains and losses on Investment Properties and Property, Plant and Equipment (revalued before 1 April 2007). Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2012/13		2011/12	
	£000	£000		£000
Balance at 1 April		**(560,149)**		**(540,299)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	14,876		16,017	
Revaluation losses on Property, Plant and Equipment	14,324		12,185	
Amortisation of intangible assets	80		172	
Revenue expenditure funded from capital under statute	11,316		14,106	
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	1,171	41,767	1,231	43,711
Adjusting amounts written out of the Revaluation Reserve		(1,357)		(1,262)
Net written out amount of the costs of non-current assets consumed in the year		40,410		42,449
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	74		(1,787)	
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(31,914)		(42,227)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(10,537)		(2,999)	
Statutory provision for the financing of capital investment charged against the General Fund	(2,934)		(4,156)	
Capital expenditure charged against the General Fund	(18,990)		(10,799)	
		(64,301)		(61,968)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	171		(331)	
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		171		(331)
Balance at 31 March		**(583,869)**		**(560,149)**

Financial Instruments Adjustment Account
The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.
The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2013 will be charged to the General Fund over the next 11 years.

	2012/13		2011/12
	£000	£000	£000
Balance at 1 April		**1,170**	**1,335**
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0		(104)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(51)		(61)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(51)	(165)
Balance at 31 March		**1,119**	**1,170**

Pensions Reserve
The Pensions Reserve absorbs the financial impact of timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as 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 Council 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 Council 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.

	2012/13	2011/12
	£000	£000
Balance at 1 April	**147,307**	**110,612**
Actuarial gains / losses on pensions assets and liabilities	32,492	40,353
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	14,671	12,343
Employer's pensions contributions and direct payments to pensioners payable in the year	(15,572)	(16,001)
Balance at 31 March	**178,898**	**147,307**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2012/13 £000	2011/12 £000
Balance at 1 April	**(1,884)**	**(1,928)**
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	4	4
Transfer to the Capital Receipts Reserve upon receipt of cash	60	40
Balance at 31 March	**(1,820)**	**(1,884)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax 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.

	2012/13 £000	2011/12 £000
Balance at 1 April	(2,245)	**(1,241)**
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	(93)	(1,004)
Balance at 31 March	**(2,338)**	**(2,245)**

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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2012/13 £000	2012/13 £000	2011/12 £000
Balance at 1 April		**3,368**	**3,297**
Settlement or cancellation of accrual made at the end of preceding year	(3,368)		(3,297)
Amounts accrued at the end of the current year	2,527		3,368
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(841)	71
Balance at 31 March		**2,527**	**3,368**

Deferred Lease Payment Account
The Deferred Lease Payment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for lease payments to and from the Council in respect of operating leases. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2012/13 £000	2011/12 £000
Balance at 1 April	**3,197**	**3,226**
Lease signed during the year	0	0
Write down of deferred leases signed in prior years	(26)	(29)
Balance at 31 March	**3,171**	**3,197**

NOTE 27 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The following items form part of operating activities in the Cash Flow Statement:

	2012/13 £000	2011/12 £000
Interest received	(1,905)	(1,837)
Interest paid	3,617	3,989

NOTE 28 CASH FLOW STATEMENT – INVESTING ACTIVITIES

The following table shows the breakdown of the investing activities shown in the Cashflow Statement:

	2012/13 £000	2011/12 £000
Purchase of property, plant and equipment, investment property and intangible assets	49,453	44,975
Purchase of short-term and long-term investments	0	0
Other payment for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,881)	(4,510)
Proceeds from short-term and long-term investments	(791)	(6,814)
Other receipts from investing activities	0	0
Net cash flows from investing activities	46,781	33,651

NOTE 29 CASH FLOW STATEMENT – FINANCING ACTIVITIES

The following table shows the breakdown of the financing activities shown in the Cashflow Statement:

	2012/13 £000	2011/12 £000
Cash receipts of short and long term borrowing	0	(949)
Other receipts from financing activities	(4,688)	(158)
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	852	2,327
Repayment of short and long term borrowing	5,882	5,634
Other repayments for financing activities	0	2,409
Net cash flows from financing activities	2,046	9,263

NOTE 30 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Expenditure Reporting Code of Practice*. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across directorates. These directorate reports are prepared on a management accounts basis and differ from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

A provisional outturn of £115m was reported to Cabinet in July 2013 after allowing for £3.9m additional revenue funding for the capital programme, bringing the final use of the general reserve to £250k. The table below shows the final management position.

Service Information for the year ended 31 March 2013:

	Education, Children's and Cultural Services	Environment	Adult and Community Services	Finance and Corporate Services	Central Items	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges & other service income	(16,946)	(29,316)	(27,939)	(2,267)	(1,051)	**(77,519)**
Interest & investment income	0	0	0	0	(1,277)	**(1,277)**
Income from Council Tax	0	0	0	0	(116,355)	**(116,355)**
Government Grants	(4,862)	(233)	(76,388)	(13,839)	(40,606)	**(135,928)**
Dedicated Schools Grant	(94,445)	0	0	0	0	**(94,445)**
Total income	**(116,253)**	**(29,549)**	**(104,327)**	**(16,106)**	**(159,289)**	**(425,524)**
Employee expenses	88,884	14,262	22,955	14,031	812	**140,944**
Other service expenses	62,256	29,153	137,853	21,725	2,079	**253,066**
Support Services	717	535	359	1,747	0	**3,358**
Depreciation, Impairments etc.	0	400	0	0	18,433	**18,833**
Interest payments	0	0	0	0	1,992	**1,992**
Levies	0	6,972	0	609	0	**7,581**
Total expenditure	**151,857**	**51,322**	**161,167**	**38,112**	**23,316**	**425,774**
Net Expenditure	**35,604**	**21,773**	**56,840**	**22,006**	**(135,973)**	**250**

Service Information for the year ended 31 March 2012:

	Education, Children's and Cultural Services	Environment	Adult and Community Services	Finance and Corporate Services	Central Items	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, charges & other service income	(21,791)	(31,523)	(24,880)	(2,745)	(939)	**(81,877)**
Interest & investment income	0	0	0	0	(1,487)	**(1,487)**
Income from Council Tax	0	0	0	0	(115,203)	**(115,203)**
Government Grants	(6,306)	(466)	(73,232)	(14,085)	(40,371)	**(134,461)**
Dedicated Schools Grant	(104,018)	0	0	0	0	**(104,018)**
Total income	**(132,115)**	**(31,989)**	**(98,112)**	**(16,830)**	**(158,000)**	**(437,046)**
Employee expenses	97,185	14,594	22,776	16,257	2,323	**153,135**
Other service expenses	63,202	33,665	135,418	24,714	8,054	**265,053**
Depreciation, Impairments etc.	(21)	0	0	0	10,799	**10,778**
Interest payments	0	0	0	0	2,197	**2,197**
Levies	0	5,740	0	643	0	**6,383**
Total expenditure	**160,366**	**53,999**	**158,194**	**41,614**	**23,373**	**437,546**
Net Expenditure	**28,251**	**22,010**	**60,082**	**24,784**	**(134,627)**	**500**

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of the management accounts relate to the amounts included in the Comprehensive Income and Expenditure Statement.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	2012/13 £000	2011/12 £000
Net expenditure in directorate analysis	250	500
Amounts in the Comprehensive Income and Expenditure Statement not included in the analysis	23,746	16,893
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	129,326	131,247
Cost of services in Income and Expenditure Statement	**153,322**	**148,640**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of management accounts relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012/13	Service analysis £000s	Amounts not reported to management for decision making £000s	Amounts not included in I&E £000s	Allocation of recharges £000s	Cost of services £000s	Corporate amounts £000s	Total £000s
Fees, charges & other service income	(77,519)	(47,154)	5,208	56,208	**(63,257)**	(8,330)	**(71,587)**
Interest and Investment Income	(1,277)	0	1,277	0	**0**	(1,774)	**(1,774)**
Income from Council Tax	(116,355)	0	116,355	0	**0**	(116,448)	**(116,448)**
Government Grants	(135,928)	(7,762)	40,606	316	**(102,768)**	(64,031)	**(166,799)**
Dedicated Schools Grant	(94,445)	0	0	0	**(94,445)**	0	**(94,445)**
Gain or Loss on Disposal of Assets	0	0	0	0	**0**	(1,779)	**(1,779)**
Total Income	**(425,524)**	**(54,916)**	**163,446**	**56,524**	**(260,470)**	**(192,362)**	**(452,832)**
Employees	140,944	(4,884)	(1,807)	(21,469)	**112,784**	5,062	**117,846**
Other Services Expenses	253,066	7,389	(3,907)	(16,003)	**240,545**	4,291	**244,836**
Support Services / Recharges	3,358	46,875	0	(14,164)	**36,069**	821	**36,890**
Depreciation Etc.	18,833	29,282	(18,833)	(4,888)	**24,394**	171	**24,565**
Interest Payments	1,992	0	(1,992)	0	**0**	3,582	**3,582**
Precepts & Levies	7,581	0	(7,581)	0	**0**	7,581	**7,581**
Total Expenditure	**425,774**	**78,662**	**(34,120)**	**(56,524)**	**413,792**	**21,508**	**435,300**
Surplus or Deficit	**250**	**23,746**	**129,326**	**0**	**153,322**	**(170,854)**	**(17,532)**

2011/12	Service analysis £000s	Amounts not reported to management for decision making £000s	Amounts not included in I&E £000s	Allocation of recharges £000s	Cost of services £000s	Corporate amounts £000s	Total £000s
Fees, charges & other service income	(81,877)	(42,773)	9,227	50,156	**(65,267)**	(13,170)	**(78,437)**
Interest and Investment Income	(1,487)	0	1,487	0	**0**	(1,836)	**(1,836)**
Income from Council Tax	(115,203)	0	115,203	0	**0**	(116,207)	**(116,207)**
Government Grants	(134,461)	(15,683)	40,405	62	**(109,677)**	(76,018)	**(185,695)**
Dedicated Schools Grant	(104,018)	0	0	0	**(104,018)**	0	**(104,018)**
Gain or Loss on Disposal of Assets	0	0	0	0	**0**	(4,728)	**(4,728)**
Total Income	**(437,046)**	**(58,456)**	**166,322**	**50,218**	**(278,962)**	**(211,959)**	**(490,921)**
Employees	153,135	(4,907)	(2,274)	(22,748)	**123,206**	3,189	**126,395**
Other Services Expenses	265,053	(3,675)	(16,957)	(15,614)	**228,807**	7,183	**235,991**
Support Services / Recharges	0	42,162	0	(9,668)	**32,494**	873	**33,367**
Depreciation Etc.	10,778	41,770	(7,241)	(2,188)	**43,119**	378	**43,497**
Interest Payments	2,197	0	(2,197)	0	**0**	3,993	**3,993**
Precepts & Levies	6,383	0	(6,407)	0	**(24)**	6,407	**6,383**
Total Expenditure	**437,546**	**75,350**	**(35,076)**	**(50,218)**	**427,602**	**22,023**	**449,625**
Surplus or Deficit	**500**	**16,894**	**131,246**	**0**	**148,640**	**(189,936)**	**(41,296)**

NOTE 31 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations in 2011/12 or 2012/13.

NOTE 32 TRADING OPERATIONS

The majority of support services are charged out to front line services on the basis of actual cost, but some services make charges that are based on a pre-determined charge basis (for example a fixed schedule of rates for specified works). These services are treated as trading operations within the definition applied under the Service Reporting Code of Practice (SeRCOP).

The following table shows the turnover, expenditure and surplus or deficit on these trading operations and explanations for their performance are shown below. The surplus or deficit is charged back to the relevant services in order to report total cost of services in the Income and Expenditure Account.

	Note	2012/13 Turn-over £000	2012/13 Expend-iture £000	2012/13 (Surplus) / Deficit £000	2011/12 Turn-over £000	2011/12 Expend-iture £000	2011/12 (Surplus) / Deficit £000
CHARGED WITHIN NET COST OF SERVICES							
Print Unit	A	299	302	3	274	414	140
Building Maintenance	B	529	653	124	1,233	1,343	110
Pantry Service	C	70	111	41	52	116	64
Vehicle Workshops / Contract Hire	D	0	0	0	2,824	2,581	(243)
Transport Operations	E	4,309	4,672	363	4,854	5,180	326
Total All Trading Accounts		**5,207**	**5,738**	**531**	**9,237**	**9,634**	**397**

A. The Print Unit is responsible for the provision of both general and specialised printing requirements for all Council services. Over recent years the unit has faced increased competition from a growing number of external suppliers and this has resulted in trading account deficits being recorded over the last three years. In view of this, a review of the service both financially and operationally was undertaken in 2012/13 and it was agreed the service would be reviewed as part of the Council's Efficiency and Transformation Programme. The Print Unit made a small deficit of £3k in 2012/13.

B. The Building Maintenance service closed on 24 September 2012. Services are now provided by an external provider using a bundled services hard facilities management contract. The trading account recorded a £123k deficit in 2012/13.

C. The Pantry Service provides meeting refreshments for officers and Member meetings. A deficit of £41k was recorded in 2012/13 compared to £64k in 2011/12. This service will be included within the Council's review of all facilities management services as part of its Efficiency and Transformation Programme.

D. The number of Council owned vehicles is reducing and in acknowledgement of this it was agreed in 2012/13 that a trading account mechanism was no longer a relevant method for recovery of costs; as transport charges were being reviewed each year to reflect the need to recover fixed overheads over a reduced client base. Budgets for all council vehicles are now recharged based on final expenditure and usage during the year.

E. Transport Operations provides transport for clients in Adult Social Care and Children's Services. There was a deficit of £363k in 2012/13 which is an increase of £37k on the previous year. This increase in the deficit is due to resources expended on a review of passenger transport operations.

NOTE 33 AGENCY SERVICES

Agency Services in relation to the Collection Fund are detailed in the Collection Fund Accounts elsewhere in this document. Further agency arrangements are detailed below.

	Note	2012/13 Income £000	2012/13 Expend. £000	2012/13 Net £000	2011/12 Income £000	2011/12 Expend. £000	2011/12 Net £000
Emergency Duty Team	A	(350)	606	256	(304)	606	302
Thames Landscape Strategy	B	(133)	187	54	(118)	176	58
Careline	C	(183)	525	342	(168)	265	97
Other minor agency arrangements	D	(5)	3	(2)	(14)	14	0
Net surplus arising on the agency relationship		**(671)**	**1,321**	**650**	**(604)**	**1,061**	**457**

A. Emergency Duty Team
This LB Richmond Adult Emergency Duty team provides an emergency ‘out of hours’ social work service to RB Kingston, LB Sutton and LB Merton as well as LB Richmond. The service covers referrals which arise ‘out of office hours’ from the four boroughs which cannot be left until the next working day. The service also includes an emergency assessment and placement service for homeless adults on behalf of the housing departments of the four boroughs.

B. Thames Landscape Strategy
The Council is the lead borough for the Thames Landscape Strategy which undertakes work to conserve and enhance the Thames. As lead borough, the Council provides all professional services.

C. Careline
Careline provides technical and professional services to RB of Kingston, Richmond Housing Partnership, Hampton Fuel Allotment Charity, and the Richmond Charities in respect of alarm fitting and monitoring services.

D Other minor agency arrangements
This includes agency arrangements with the LB Hounslow for the Adult Placement Scheme, with the GLA for the Mayor’s Community Infrastructure Levy (Cross Rail) and the Home Loans Unit.

NOTE 34 POOLED BUDGETS

The Council entered into an agreement in March 2004 to operate a joint integrated community equipment service with NHS Richmond. This arrangement falls within section 75 of the NHS Act 2006.

The basis of the funding arrangement is that the Council and Hounslow & Richmond Community Healthcare NHS Trust (formally the provider arm of NHS Richmond) contribute jointly to a pooled budget for the provision of a daily living and nursing equipment service comprising of the procurement, storage, delivery, installation, maintenance, collection, cleansing and recycling of equipment. This service includes minor works adaptations and the servicing of hoists and other equipment. The pooled budget is hosted and managed by the Council and the basis on which costs are shared is reviewed periodically to reflect usage of equipment by different client groups. In October 2011 the Council joined the London Consortium contract for provision of equipment, which is administered by the RB of Kensington & Chelsea. LB Richmond pays an administrative fee for governance, overseeing contract compliance, and negotiation of equipment prices.

Funding Basis

	2012/13	2011/12
London Borough of Richmond upon Thames (LBRUT)	50.00%	50.00%
Hounslow & Richmond Community Healthcare (HRCH)	50.00%	50.00%

Pooled Budget Memorandum Account

	2012/13		2011/12	
	£000	£000	£000	£000
Funding provided to the pooled budget:				
LBRUT	487		487	
HRCH	486	973	486	973
Expenditure met from pooled budget:				
LBRUT	460		577	
HRCH	460	920	577	1,154
Net (surplus) / deficit arising on the pooled budget during the year		**(53)**		**181**
LBRUT share of 50% of the net surplus arising on the pooled budget		**(27)**		**91**

NOTE 35 MEMBERS ALLOWANCES

The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to Members, and to the maximum amounts payable in respect of certain allowances. In accordance with the Local Government Act 2000, the Council established a Members' Allowances Scheme. The scheme is a public document and sets out details of all allowances that are paid to Council Members. Changes to the scheme are made by full Council at its annual meeting. Further details of the scheme are available from the following link:

Councillors' Allowances - London Borough of Richmond upon Thames

The total payments made to Members were as follows:

	2012/13	2011/12
	£000	£000
Members Allowances	690	688
Members Expenses	0	3
Employers Pension Contributions	65	66
Total	**755**	**757**

NOTE 36 OFFICERS' REMUNERATION

The following information is required to be disclosed for certain officers who are statutorily defined as 'senior officers' of the Council.

		Salary, Fees & Allowances £	Pension Contribution £	Termination Benefits £	Total £
Chief Executive (Note i)	2012/13	176,517	43,070	0	**219,587**
Gillian Norton	2011/12	176,448	42,996	0	**219,444**
Director of Finance and Corporate Services	2012/13	127,039	30,998	0	**158,037**
Mark Maidment	2011/12	127,039	30,998	0	**158,037**
Director of Adult & Community Services	2012/13	125,103	30,525	0	**155,628**
Cathy Kerr	2011/12	123,245	29,998	0	**153,243**
Director of Environment	2012/13	124,990	30,498	0	**155,488**
Paul Chadwick	2011/12	122,941	29,998	0	**152,939**
Director of Childrens' Services and Culture (Note ii)	2012/13	139,786	34,108	0	**173,894**
Nick Whitfield	2011/12	127,072	30,998	0	**158,070**
Head of Human Resources (Note iii)	2012/13	7,001	1,708	31,988	**40,697**
	2011/12	84,099	20,498	0	**104,597**
Head of Democratic Services	2012/13	58,440	14,259	0	**72,699**
	2011/12	58,440	14,259	0	**72,699**
Seconded to the Association of Directors of Adult Social Services (Costs fully reimbursed to the Council)					
Director of Adult & Community Services (Note iv)	2012/13	0	0	0	**0**
Jeff Jerome	2011/12	75,798	18,495	0	**94,293**

Notes:
Note i - The Chief Executive is the Head of the Paid Service

Note ii - On 1 July 2012, Nick Whitfield was appointed as a joint Director with the RB Kingston. The above figures show the full cost of his post for the year but the Council has been reimbursed for 50% of the cost since July 2012.

Note iii - The Head of Human Resources left on 30 April 2012 following the introduction of a shared Human Resources Service. RB Kingston employs all Human Resources staff as host of the service.

Note iv - Jeff Jerome's secondment ended on 31 October 2011

The number of employees, including teaching staff, whose remuneration was in excess of £50,000 is shown in the following table. These figures include redundancy / compensation payments in both years, as required by legislation. The table includes the officers that were disclosed in the 'senior officers' table above.

Remuneration Band	Number of employees 2012/13	Number of employees 2011/12
£50,000 - £54,999	36	55
£55,000 - £59,999	34	45
£60,000 - £64,999	23	23
£65,000 - £69,999	20	21
£70,000 - £74,999	10	15
£75,000 - £79,999	5	8
£80,000 - £84,999	4	7
£85,000 - £89,999	5	4
£90,000 - £94,999	9	10
£95,000 - £99,999	1	4
£100,000 - £104,999	1	1
£105,000 - £109,999	1	1
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	1	2
£125,000 - £129,999	2	2
£130,000 - £134,999	0	0
£135,000 - £139,999	1	0
£140,000 - £144,999	0	0
£145,000 - £149,999	0	0
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	0	0
£165,000 - £169,999	0	0
£170,000 - £174,999	0	0
£175,000 - £179,999	1	1
Total	**154**	**199**

The number and cost of exit packages is included in the following table:

Exit package cost band (including special payments)	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	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
							£000	£000
£0 - £20,000	29	18	11	13	40	31	348	283
£20,001 - £40,000	4	6	6	10	10	16	283	499
£40,001 - £80,000	2	4	1	9	3	13	146	760
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,000 - £150,000	0	0	0	0	0	0	0	0
Sub-Total	**35**	**28**	**18**	**32**	**53**	**60**	**777**	**1,542**
Provision	6	6	0	18	6	24	125	785
Total	**41**	**34**	**18**	**50**	**59**	**84**	**902**	**2,327**

The total cost of £0.902m (£2.327m) in the table above includes £0.777m (£1.542m) for exit packages that have been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year. In addition the authority's Comprehensive Income and Expenditure Statement includes a provision for £0.125m (£0.785m) which has been agreed and is payable to 6 (24) officers. These costs are not included in the bands and therefore an additional line has been added to reconcile to the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement.

NOTE 37 EXTERNAL AUDIT COSTS

	2012/13	2011/12
	£000	£000
Fees payable to Grant Thornton* (in 11/12 Audit Commission) with regard to external audit services carried out by the appointed auditor for the year		
Main fee	120	200
Rebates (Audit Commission) **	(11)	(16)
Fees payable to Grant Thornton (in 11/12 Audit Commission) in respect of statutory inspections	0	0
Fees payable to the Audit Commission (12/13 and 11/12) for the certification of grant claims and returns for the year	34	45
Fees payable in respect of other services provided by external auditors during the year (Audit Commission)	1	1
Total	**144**	**230**

*The Council's external auditors changed in October 2012 from the Audit Commission to Grant Thornton.
** In 2012/13 the Council received a direct rebate from the Audit Commission of £11k due to a reduction of its previously charged Audit Fees to Local Government. In 2011/12 the Council received a direct rebate from the Audit Commission as part of the process of winding up this organisation.

NOTE 38 DEDICATED SCHOOLS GRANT AND SCHOOL BUDGETS

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DFE) – 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 2008. The Schools Budget includes elements for a range of 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 2012/13 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2012/13 before Academy recoupment	-	-	118,428
Academy figure recouped for 12/13	-	-	(23,983)
Total DSG after Academy recoupment	**-**	**-**	**94,445**
Brought forward from 2011/12	-	-	901
Carry forward to 2013/14 agreed in advance	-	-	0
Agreed initial budgeted distribution in 2012/13	**23,926**	**71,420**	**95,346**
In year adjustments	0	0	0
Final budgeted distribution for 2012/13	**23,926**	**71,420**	**95,346**
Less Actual central expenditure	(22,396)	-	-
Less Actual ISB deployed to schools	-	(71,420)	-
Plus Local Authority Contribution for 2012/13	0	0	0
Carry forward to 2013/14	**1,530**	**0**	**1,530**

	Revenue £000	Capital £000
Schools' balances at 1 April 2012	(14,738)	(1,059)
Revenue Balances Draw Down	3,553	
Capital Balances Draw Down	0	596
Schools' balances at 31 March 2013	**(11,185)**	**(463)**

	31 March 2013 £000	31 March 2012 £000
Range of size of revenue balances:		
Largest Overdrawn Balance	n/a	n/a
Largest Surplus Balance	(760)	(1,246)
Range of size of capital balances:		
Largest Overdrawn Balance	n/a	33
Largest Surplus Balance	(67)	(137)

NOTE 39 INCOME FROM GRANTS AND CONTRIBUTIONS

The Council credited the following grants, contributions and donations to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Account:

	2012/13 £000	2011/12 £000
Council Tax Income (including Collection Fund Surplus)	**(116,448)**	**(116,206)**
National Non Domestic Rates	**(29,539)**	**(23,492)**
Revenue Support Grant	(573)	(7,261)
Council Tax Freeze Grant	(2,896)	(2,874)
	(3,469)	**(10,135)**
Capital Government Grants		
Academies Grant	(13,179)	(14,967)
Aiming High for Disabled Children (Short Breaks) Grant	(107)	(107)
Basic Need Grant	(10,137)	(11,851)
Department of Health Grants	(344)	(250)
Devolved Schools Formula Grant	(933)	(1,471)
Disabled Facilities Grant	(678)	0
Harness Technology Grant	0	(2)
Maintenance Grant	(1,548)	(2,946)
Primary Grant	0	(2,251)
Surestart Grant	0	(183)
Targeted 14 -19 Grant	0	(4,333)
Targeted Diversity Grant	0	(1,644)
Targeted Kitchens Grant	0	(457)
Transport for London Grants	(3,835)	(2,081)
Two Year Olds from Lower Income Households Grant	(262)	0
Other Capital Grants		
Empty Property Grant	0	(158)
Football Foundation Grants	(406)	(126)
Football Pavilion Grant	0	(116)
Help a London Park Grant	0	(264)
Lawn Tennis Association Grant	0	(134)
London Marathon Trust Grant	(768)	0
London Waste and Recycling Board Grant	0	(218)
Opportunity Learning Fund	0	(597)
Playbuilders Grants	(1)	(21)
School's Grants other	(33)	(114)
Other Capital Grants under £100k	(260)	(92)
Capital Contributions		
Richmond Housing Partnership Contributions	0	(148)
S106 Contributions	(143)	(578)
School's Contributions	(680)	0
Universal Coldbusters Contributions	0	(148)
Other Capital Contributions under £100k	(39)	(409)
	(33,353)	**(45,666)**
Total Grants, Contributions and Donations	**(182,809)**	**(195,499)**

The Council credited the following grants, contributions and donations to Cost of Service in the Comprehensive Income and Expenditure Account:

	2012/13 £000	2011/12 £000
Revenue Government Grants		
16+ Special Educational Needs Grant	(417)	0
Big Lottery Fund Grants	(5)	(120)
Community Safety (LSSG)	(92)	(183)
Council Tax Benefit Grant	(12,509)	(12,700)
Dedicated Schools Grant	(94,445)	(104,018)
Diploma Formula Grant	(80)	(220)
Discretionary Housing Benefit Grant	(201)	(145)
Early Intervention Grant	(6,572)	(6,012)
Flood Defence Grant (LSSG)	(201)	(130)
Fraud Grant (LSSG)	(100)	(100)
Housing Benefit & Council Tax Benefit Admin Subsidy Grant	(1,100)	(1,225)
Housing Benefit Grant	(65,351)	(62,265)
Learning Disability & Health Reform Grant	(9,208)	(8,981)
Music Grant	(62)	(209)
New Homes Bonus	(1,027)	(733)
PFI Grant	(852)	(852)
Preventing Homelessness Grant (LSSG)	(600)	(600)
Pupil Premium Grant	(1,512)	(977)
School's PFI Grant	(1,342)	(1,342)
Skills Funding Agency Grants	(532)	(490)
Social Work Improvement Fund	(131)	(88)
Standards Fund	0	(1,630)
Surestart Grant	0	(46)
Tackling Troubled Families Grant	(261)	0
Targeted Mental Health in Schools Grant	0	(18)
Teacher Training Grant	0	(2)
Transport Asset Grant	0	(299)
Unaccompanied Asylum Seeker Child & Leaving Care Grant	(231)	(398)
Warm Homes Healthy People Grant	(35)	(162)
Young Person Learning Agency Grants	0	(441)
Youth Justice Board Grants	(159)	(183)
Other Government Revenue Grants under £100k	(341)	(241)
Capital Government Grants		
Basic Need Grant	0	(3,915)
Disabled Facilities Grant	0	(644)
Targeted 14 -19 Grant	0	(825)
Targeted Diversity Grant	0	(3,016)
Transport for London Grants	(139)	(395)
Other Capital Grants under £100k	(24)	0
	(197,529)	**(213,605)**

Table continued overleaf..

Continued from previous page	2012/13	2011/12
	£000	£000
Other Revenue Grants		
Help a London Park Grant	0	(33)
Low Carbon Zone Grant	0	(103)
Outer London Fund (Revenue)	(12)	(210)
Other Revenue Grants under £100k	(153)	(46)
Other Capital Grants		
Opportunity Learning Fund	0	(203)
Outer London Fund (Capital)	(94)	0
	(259)	**(595)**
Revenue Contributions		
Elections Contribution	0	(4)
NHS Richmond Contributions	(8,072)	(837)
Other Health Authority Contributions	(683)	(4,727)
Parental Contributions	(324)	(304)
Recoupment for Special Education Children in LBRuT Schools	(2,012)	(1,823)
S106 Contributions	(2,552)	(1,638)
School's Contributions	(443)	(3,050)
School's PFI Contributions	0	(1,888)
Supporting People Contribution	(113)	(113)
Other Revenue Contributions under £100k	(240)	(631)
Capital Contributions		
VA School's Contribution	0	(131)
Other Capital Contributions under £100k	(101)	0
	(14,540)	**(15,146)**
Donations	**(48)**	**(170)**
Total Grants, Contributions and Donations	**(212,376)**	**(229,516)**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balance at year-end are as follows:

Grants & Contributions - Long Term Receipts in Advance	**2012/13 £000**	**2011/12 £000**
Academies Grant	(5,060)	(2,374)
Schools Devolved Formula Grant	(873)	(1,504)
S106 Contributions	(2,607)	(1,561)
Other LT grants and contributions under £100k	(192)	(142)
Total Long Term Receipts in Advance	**(8,732)**	**(5,581)**
Grants & Contributions - Short Term Receipts in Advance		
Council Tax Grant	(139)	(115)
Diploma Grants	0	(80)
Health Contributions	(40)	(37)
S106 Contributions	0	(329)
Social Work Improvement Fund	0	(131)
Government ST grants under £100k	(199)	(187)
Other ST grants and contributions under £100k	(51)	(46)
Total Short Term Receipts in Advance	**(429)**	**(925)**

NOTE 40 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.

The Government

Central government has a strong influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant part of its funding in the form of grants and re-distribution of non-domestic rates, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax & Housing Benefits).
Details of grants received from Government departments are set out in Note 39 as well as liabilities outstanding at the year-end in relation to those grants. The following table provides a summary of the main amounts arising in the accounts that involve Central Government departments:

Income:	2012/13 £000	2011/12 £000
Credited to Taxation and Non Specific Grant Income		
Formula Grant - NNDR	(29,539)	(23,492)
Formula Grant - RSG	(573)	(7,261)
Council Tax Freeze Grant	(2,896)	(2,874)
Capital Grants	(31,023)	(42,543)
Credited to Services		
Housing Benefit subsidy	(65,351)	(62,265)
Council Tax Benefit subsidy	(12,509)	(12,700)
Housing and Council Tax benefit admin subsidy	(1,100)	(1,225)
Capital Grants	(163)	(8,795)
Service Related Revenue Grant	(118,406)	(128,620)
VAT recovery	**(23,280)**	**(22,452)**
Total Income from Government	**(284,840)**	**(312,227)**
Expenditure:		
Contribution to Non-Domestic Rates Pool	79,327	68,262
National Insurance, PAYE & other deductions	25,433	29,996
VAT	1,385	1,683
Total Expenditure to the Government	**106,145**	**99,941**

Members

Members of the Council have direct control over the council's financial and operating policies. The total of members allowances paid in 2012/13 is shown in Note 35. A number of councillors are self employed; these councillors would not be involved in any decisions that involve their self employed professional capacity. During the year Members of the Council (or their immediate family) were also employees of EMB Strategic Consulting, of which there were no transactions, and members of Orleans House Trust where the Council is sole trustee. Organisations where there have been transactions during the year are listed in the Members & Officers table below. In addition, the Leader of the Council is a member of the House of Lords.

Officers

Senior officers of the Council also have direct control over the Council's financial and operating policies. During the year senior officers (or their immediate family) were also members or employees of the following organisations:

- The Director of Finance and Corporate Services has declared an interest as Treasurer to the South West Middlesex Crematorium Board. The Council provides support services to the Board and also holds investment of surplus balances on behalf of the Board.
- The Director of Adult and Community Services has declared an interest as a co-opted member of the board for NHS Richmond. There is partnership working between the NHS Richmond and the Council including joint commissioning and funding arrangements.

- The Director of Education, Children's and Cultural Services has declared that he is a board member of The Learning Schools Trust. This organisation is involved in the management of Academy schools in the Borough.

Where there have been transactions during the year involving these organisations these are shown in the Members & Officers table below:

Members & Officers

Organisation	Nature of Transaction	2012/13 £000	2011/12 £000
London Councils	Subscription Paid	521	667
Audit Commission	Fees Paid	21	232
Greater London Authority	Precept, Surplus & Business Rate Supplement Paid	29,846	29,931
Local Government Association	Subscription Paid	39	48
London Pensions Fund Authority	Levy Paid	304	305
Petersham Common Conservators	Payment for Maintenance	19	18
Richmond Churches Housing Trust	Supported and Other Housing Services	719	597
Richmond Housing Partnership	Supported and Other Housing Services	1,155	1,274
Richmond Housing Partnership	Capital Payments	977	1,060
Richmond Theatre	Lease guarantee	859	824
NHS Richmond	Joint Commission/Funding	10,832	8,234
West London Waste Authority	Levy paid	6,714	5,500
Environment Agency	Levy paid	176	176
Solace Enterprises	Consultancy Services	0	1
South West Middlesex Crematorium Board	Support Services & Investment	557	558
Ultralux Windows Systems	Housing Services	4	12
Learning Schools Trust	Capital Grant Payment	1,130	-

Other Public Bodies

The Council delivers services in close co-operation with other public bodies such as the Greater London Authority, Transport for London, Metropolitan Police Service, Health Authorities and other Local Authorities. Where the Council receives significant grant funding from another public body, details are disclosed in note 39. Amounts owed to or by other public bodies are disclosed in notes 19 and 22.

The Authority has a pooled budget arrangement with Hounslow and Richmond Community Healthcare (HRCH), for the provision of a joint integrated community equipment service; details are disclosed in note 34. The Council also has shared service arrangements with LB Merton and RB Kingston. Full details are provided in Note 54 to the accounts.

Voluntary Organisations

It is the nature of local government that the majority of Council Members are heavily involved in the local community through various organisations such as voluntary bodies, societies, groups etc. often as an appointed Council representative. Members' interests are formally disclosed in a register of interests, and the relevant Cabinet Member approves the amount of grant aid awarded to voluntary organisations annually. Both the register of Members' Interests and schedule of grant aid are public documents and further details are available on request.

The Pension Fund

The LB Richmond Pension Fund is a separate entity from the Council with its own Statement of Accounts with separate audit arrangements, included in this Statement starting on page 118. The Council is an Administering Authority under the LGPS regulations, and Council members form the Pension Fund Committee. The decisions made by the Committee include setting the employer's contribution rate, from which the Council's employer contributions are calculated. Senior officers of the Council also act to advised the Fund as part of the Council's role as Administering Authority. The following material transactions took place between the Council and the Pension Fund:

	2012/13 £000	2011/12 £000
Expenditure:		
Pension Contributions to the pension fund	14,039	14,494
Pension Contributions from employees	3,568	3,815
Interest	0	2
Total Expenditure	**17,607**	**18,311**
Income:		
Indirect support costs recovered from the Pension Fund	**(282)**	**(282)**

Amounts Due to and From Related Parties

	2012/13		2011/12	
	Amount owed by the Related party £000	Amount owed to the Related party £000	Amount owed by the Related party £000	Amount owed to the Related party £000
Central Government:				
Revenue Grants:				
- Received/Payments in Advance	0	392	0	513
- Due	3,599	0	924	0
Capital Grants - Receipts in Advance	0	6,125	0	4,020
Amounts due from NNDR Pool	117	3,001	1,659	0
National Insurance	0	1,084	0	1,124
Income Tax	53	1,032	52	1,296
VAT recovery	3,065	0	3,275	0
Other	0	397	0	0
Total Central Government	**6,834**	**12,031**	**5,910**	**6,953**
Other:				
Audit Commission	11	0	0	46
NHS Richmond	1041	0	0	0
Richmond Churches Housing Trust	5	0	0	0
Richmond Housing Partnership	38	3	163	0
Richmond Theatre	859	0	824	0
South West Middlesex Crematorium	0	6	9	0
West London Waste Authority	655	262	549	0

NOTE 41 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 and PFI/PP contracts), 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 second part of this note.

	2012/13 £000	2011/12 £000
Opening Capital Financing Requirement	**86,644**	**89,836**
Capital Investment		
Property, Plant and Equipment	50,494	44,276
Investment Properties	208	15
Intangible Assets	38	379
Revenue Expenditure Funded from Capital under Statute	11,316	14,106
Sources of Finance		
Capital Receipts	74	(1,786)
Government Grants and Other Contributions	(42,451)	(45,226)
Sums set aside from Revenue		
Direct Revenue Contributions	(18,990)	(10,799)
MRP/loans fund principal	(2,934)	(4,156)
Closing Capital Financing Requirement	**84,399**	**86,645**
Explanations of Movements in Year		
Increase in underlying need to borrow	0	0
Assets acquired under finance leases	429	619
Assets acquired under PFI/PPP contracts	260	346
MRP set aside to finance borrowing requirement	(2,934)	(4,156)
Increase/(decrease) in Capital Financing Requirement	**(2,245)**	**(3,191)**

The Council has two formal PFI arrangements and one PFI type contract (Service Concession) where assets were being acquired (the ICT contract) which ended during the year.

NOTE 42 LEASES

The Council as Lessee

Finance Leases

The Council has acquired a number of buildings, vehicles and equipment under finance leases.

The Council leases the Quadrant multi-storey car park on a 99 year finance lease and leases it out on identical terms. This asset is not included in the Balance Sheet as there is no net interest in the property. The Council is liable for its long-term lease payments but there is no guarantee that it will receive matching income in the event that the lessee defaults on its lease obligations. The assets and liabilities associated with these matching leases (the long-term liability of the Council as lessee and the finance lease debtor to the Council as lessor) are therefore accounted for separately and not netted off against each other.

The assets acquired under these leases (other than those in the lease for the Quadrant car park) are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2013 £000	31 March 2012 £000
Other Land and Buildings	4,940	5,038
Vehicles, Plant and Equipment	458	662
	5,398	**5,700**

The Council is committed to making minimum payments under these leases comprising of two elements – payment of the lease liability and interest payable on the outstanding liability each year. All of the finance leases for property, with the exception of the Quadrant car park, included premiums that wrote down the lease liability at the start of the lease with annual rents restricted to a peppercorn. The minimum lease payments are as follows:

	31 March 2013 £000	31 March 2012 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	234	267
Non-Current	308	492
Finance cost (interest) payable in future years	453	487
Minimum lease payments	**995**	**1,246**

The minimum lease payments and the element relating to the repayment of the liability are payable over the future lease periods as follows:

	Minimum Lease payments		Finance Lease Liabilities	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	298	333	234	263
Later than one year and not later than five years	289	490	228	404
Later than five years	408	423	80	86
	995	**1,246**	**542**	**753**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In both 2012/13 and 2011/12 contingent rents of £337,750 were payable by the Council.

The Council sub-lets the Quadrant car park on identical terms to those on which it leases the property. The total minimum rentals due under this sub-lease as at 31 March 2013 are £449,240 (£457,408 as at 31 March 2012).

Operating Leases

The Council has a number of operating leases in existence after 1 April 2012 that include property, vehicles and a variety of equipment (mainly office and schools - related equipment such as copiers, IT equipment etc.). The future minimum lease payments due under non-cancellable leases are as follows:

	31 March 2013 £000	31 March 2012 £000
Not later than 1 year	1,029	1,489
Later than 1 but not later than 5	1,665	2,279
Later than 5	2,356	2,731
	5,050	**6,499**

The Council has acquired Old Deer Park and Centre House properties under operating leases and these properties are sub-let to other parties. The future minimum sub-lease payments expected to be received by the Council (included within the Council as Lessor note below) are as follows:

	31 March 2013 £000	31 March 2012 £000
Operating Leases		
No later than one year	163	163
Later than one year and not later than five years	459	621
Later than five years	0	0
	622	**784**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £49,000 contingent rents were payable by the Council (2011/12 £46,000).

The Council as Lessor

Finance Leases

The Council has leased out several properties, including the Quadrant Car Park mentioned under Council as Lessee. These leases vary between containing a premium in full or partial settlement of the principal to principal payment over the full term of the lease.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. Where a premium has been received this has been allocated against the long term debtor when received and used to reduce the lease payments over the term. The gross investment is made up of the following amounts:

	2012/13 £000	2011/12 £000
Finance Leases		
Finance lease debtor (NPV of minimum lease payment)	1,697	1,701
Unearned finance income	10,324	10,451
Unguaranteed residual value of property	0	0
Gross investment in the lease	**12,021**	**12,152**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
No later than one year	131	131	5	4
Later than one year and not later than five years	524	524	23	22
Later than five years	11,366	11,497	1,669	1,675
	12,021	**12,152**	**1,697**	**1,701**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £556,000 contingent rents were receivable by the Council (2011/12 £497,000). Included within this amount is the contingent rent of £337,750 for the Quadrant car park. As the Council leases and subs-lets this on identical terms, the contingent rent was recognised here as well as being disclosed as payable earlier in this note.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses
- for use by partner organisations such as health or the police.

This includes Centre House and part of Old Deer Park which are leased by the Council as Lessee.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2013 £000	31 March 2012 £000
Operating Leases		
No later than one year	583	676
Later than one year and not later than five years	2,042	2,343
Later than five years	16,038	18,232
	18,663	**21,251**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2012/13 £94,000 contingent rents were receivable by the Council (2011/12 £94,000).

NOTE 43 PFI AND SIMILAR CONTRACTS

The Council has 2 formal PFI schemes (Primary Schools and Residential Care Homes), and previously had one Similar Contract (for ICT support) which ceased in 2012/13.

Primary Schools PFI Scheme

2012/13 was the 10th year of a 30 year PFI contract for the construction and maintenance of six schools in the Borough, four of which are Council owned and 2 of which are part of voluntary aided schools. The Council has rights under the contract to use all of the schools. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed in the schools. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to voluntarily terminate the contract if it compensates the contractor in full for borrowing costs incurred and redundancy costs of relevant employees.

Residential Care Homes PFI Scheme

2012/13 was the 12th year of a 25 year PFI contract for the construction, maintenance and operation of 3 care homes. The Council has rights under the contract to use 195 of the bed spaces provided, and the option to purchase any of the 19 remaining beds at specified preferential rates. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the homes and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the homes as well as staffing them. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract. The council and the contractor are currently negotiating a reconfiguration of the bed types at the 3 homes to come into effect during 2013/14.

ICT Support Similar Contract

There was previously a ten year contract for the provision of IT support through an IT and e-government 'partner', which ended on 28 January 2013. At this point all assets used under that contract transferred to the Council. There was previously a ten year contract for the provision of IT support through an IT and e-government 'partner', which ended on 28th January 2013. Under this arrangement the Council had usage rights of ICT equipment, both software and hardware. The contract specified minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities were unavailable or performance was below the minimum standards. The contractor took on the obligation to provide and maintain the Council's ICT equipment and systems in a minimum acceptable condition as well as providing on site and remote technical support. The equipment and assets transferred to the Council at the end of the contract for nil consideration.

A new contract has since been entered into with the same provider, although the Council now maintains ownership and control of all the assets. The substance of the new contract is around services rather than the provision of assets. It has therefore been assessed that the new contract should not be treated as a service concession.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed.

The Care Home contract has provision to vary charges based on the usage and configuration of beds from residential to including various types of nursing or other support.

Payments remaining to be made under the PFI contracts at 31 March 2013 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service Charge £000	Capital £000	Interest £000	Total £000
Payments due:				
Payable in 2013/14	7,881	592	1,572	10,045
Payable within two to five years	30,840	2,952	5,703	39,495
Payable within six to ten years	44,542	5,460	5,359	55,361
Payable within eleven to fifteen years	38,067	5,742	2,620	46,429
Payable within sixteen to twenty years	16,781	3,633	813	21,227
Payable within twenty one to twenty five years	0	0	0	0
Total	**138,111**	**18,379**	**16,067**	**172,557**

Total Liability (Long and Short Term)

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractor for capital expenditure incurred is as follows:

	2012/13				2011/12			
	ICT Support Services	Residential Care Homes	Primary Schools	Total	ICT Support Services	Residential Care Homes	Primary Schools	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	0	(9,930)	(8,991)	(18,921)	(1,362)	(10,279)	(9,139)	(20,780)
Capital expenditure incurred in the year	(260)	0	0	(260)	(345)	0	0	(345)
Payments during the year	260	381	162	803	1,707	349	148	2,204
Closing balance 31 March	**0**	**(9,549)**	**(8,829)**	**(18,378)**	**0**	**(9,930)**	**(8,991)**	**(18,921)**

Property Plant and Equipment

The assets used at the Council owned schools are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

	2012/13				2011/12			
	ICT Support Services	Residential Care Homes	Primary Schools	Total	ICT Support Services	Residential Care Homes	Primary Schools	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
Opening balance 1 April	3,076	14,642	14,826	32,544	2,831	14,642	12,717	30,190
Additions	260	0	154	414	245	0	196	441
Revaluation	0	0	0	0	0	0	1,913	1,913
Disposal	0	0	0	0	0	0	0	0
Other*	(3,336)	0	0	(3,336)	0	0	0	0
Closing balance 31 March	**0**	**14,642**	**14,980**	**29,622**	3,076	14,642	14,826	32,544
Depreciation & Impairments								
Opening balance 1 April	2,565	928	923	4,416	2,219	662	757	3,638
Depreciation	198	266	257	721	346	266	251	863
Revaluation	0	0	0	0	0	0	(85)	(85)
Disposal	0	0	0	0	0	0	0	0
Other*	(2,763)	0	0	(2,763)	0	0	0	0
Closing balance 31 March	**0**	**1,194**	**1,180**	**2,374**	2,565	928	923	4,416
Net Book Value 31 March	**0**	**13,448**	**13,800**	**27,248**	**511**	**13,714**	**13,903**	**28,128**

* The ICT contract came to an end during 2012/13 and formal ownership of all ICT assets transferred to the Council. Under the new contract the Council retains ownership and control of the ICT assets it uses and it is therefore not treated as a PFI type arrangement.

Intangible Assets

The ICT support services contract which was previously in operation included the Council having access to intangible assets in the form of software licences. The movement in their value over the year is detailed below.

	2012/13 Software Licenses	2011/12 Software Licenses
Cost or Valuation		
Opening balance 1 April	1,130	1,030
Additions	0	100
Reclassification	(1,130)	0
Closing balance 31 March	**0**	**1,130**
Depreciation & Impairments		
Opening balance 1 April	1,011	858
Depreciation	62	153
Other*	(1,073)	0
Closing balance 31 March	**0**	**1,011**
Net Book Value 31 March	**0**	**119**

* The ICT contract came to an end during 2012/13 and formal ownership of all ICT assets transferred to the Council. Under the new contract the Council retains ownership and control of the ICT assets it uses and it is therefore not treated as a PFI type arrangement.

NOTE 44 IMPAIRMENT LOSSES

During 2012/13 the Authority has recognised impairment losses of £2.755m. The main impairments are as follows:

£1.993m – Land and Buildings – Primary Schools
This relates to the demolition of existing buildings to facilitate the schools expansion project.

£0.262m – Land and Buildings – Secondary Schools
This relates to the demolition of existing buildings to facilitate new buildings.

£0.472m– Surplus Properties
This relates to the demolition of a building to facilitate a new development in the Hampton area.

For all these assets, the impairment represented the Net Book Value of the asset. This impairment has been charged to the relevant line in the Provision of Services in line with accounting practice, with the charge
reversed from the charge to the General Fund within the Movement in Reserves Statement.

NOTE 45 CAPITALISATION OF BORROWING COSTS

The Council has not capitalised any borrowing costs during 2011/12 and 2012/13.

NOTE 46 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTIONS SCHEMES

Participation in pension schemes

The Council participates in two pension schemes:

The Local Government Pension Scheme (the LGPS) – Defined Benefit Scheme:

This scheme is administered by the Council (as the administering authority) and is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. All employees of the Council (excluding those eligible to join the Teachers' Pension Scheme) are entitled to join the LGPS.

Teachers' Pension Scheme (TPS) – Defined Benefit Scheme accounted for as a Defined Contribution Scheme:

Teachers employed by the Council are members of the Teachers' Pension Scheme (TPS), administered by the Department for Education. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2012/13, the Council paid £6.9m (£8.1m in 2011/12) to TPS in respect of teachers' retirement benefits, representing 14.1% of pensionable pay in both years. There was £0.56m (£0.68m in 2011/12) owed to the TPS at year-end.

The Council 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 and detailed in Note 47.

NOTE 47 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments. This future commitment needs to be disclosed as the future entitlement is earned by employees. The Council participates in two post employment schemes:

- The Local Government Pension Scheme, administered by the Council – this is a funded defined benefit final salary scheme, meaning that the Council 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 pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required 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 Statement during the year:

Comprehensive Income and Expenditure Statement	2012/13 £000	2011/12 £000
Cost of Services:		
Current service costs	10,796	11,163
Past service costs	86	31
Settlements and curtailments	414	403
Financing and Investment Income and Expenditure		
Interest cost	25,131	26,448
Expected return on scheme assets	(21,936)	(25,702)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**14,491**	**12,343**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Actuarial gains and losses	32,492	40,353
Total post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**46,983**	**52,696**
Movement in Reserves Statement		
Reversal of net charges made to the surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	(31,591)	(36,695)
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	**13,859**	**14,494**
Retirement benefits payable to pensioners	**1,533**	**1,507**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £149.163m and £116.889m in 2011/12.

The total value of Unfunded Benefits are shown as Retirement benefits payable to pensioners. The analysis of the costs is not split in the table due to the low value in comparison to the funded benefits.

Assets and Liabilities in Relation to Post-Employment Benefits
Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Liabilities	
	2012/13	**2011/12**
	£000	**£000**
Opening balance at 1 April	**(528,588)**	**(482,498)**
Current service costs	(11,032)	(10,944)
Interest cost	(25,131)	(26,448)
Contributions by scheme participants	(3,415)	(3,815)
Actuarial (losses) / gains	(62,702)	(22,952)
Benefits paid	19,106	18,503
Past service costs	(86)	(31)
Curtailments	(381)	(403)
Liabilities Extinguished on Settlement	2,959	0
Closing balance 31 March	**(609,270)**	**(528,588)**

Reconciliation of fair value of the scheme (plan) assets:

	Assets	
	2012/13	**2011/12**
	£000	**£000**
Opening balance at 1 April	**381,281**	**371,886**
Expected rate of return	21,936	25,702
Actuarial gains / (losses)	30,265	(17,619)
Employer contributions	15,573	16,000
Contributions by scheme participants	3,415	3,815
Benefits paid	(19,106)	(18,503)
Assets Distributed on Settlement	(2,992)	0
Closing balance 31 March	**430,372**	**381,281**

In both these tables, the figures are presented unadjusted from the actuary's report. For accounting purposes, the Council is required to ensure that the transactions reported match the actual payments during the year. As the actuary estimates the payments before year-end, adjustments are to be expected. These are made on the value of actuarial gain / (loss) as this figure is least certain.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £52.275m compared to £8.168m in 2011/12.

Scheme History

	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Present value of liabilities					
- Local Government Pension Scheme	(587,129)	(506,799)	(461,758)	(527,100)	(324,030)
- Discretionary Benefits	(22,141)	(21,789)	(20,740)	(22,172)	(18,156)
Fair value of the assets in the local Government Pension Scheme	430,372	381,281	371,886	329,417	228,695
Surplus / (deficit) in the scheme:	**(178,898)**	**(147,307)**	**(110,612)**	**(219,855)**	**(113,491)**
Local Government Pension Scheme	(156,757)	(125,518)	(89,872)	(197,683)	(95,335)
Discretionary Benefits	(22,141)	(21,789)	(20,740)	(22,172)	(18,156)
Total	**(178,898)**	**(147,307)**	**(110,612)**	**(219,855)**	**(113,491)**

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £609.3m is greater than the total assets of £430.4m, giving a net deficit of £178.9m. This reduces the net worth of the Council, as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council 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.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2014 is £20.6m. Expected contributions for the Discretionary Benefit scheme in the year to 31 March 2014 is £1.6m.

Basis for Estimating Assets and Liabilities

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 Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Council Fund are being based on the latest full valuation of the scheme as at 1 April 2010. The principal assumptions used by the actuary have been:

	Assumptions	
	2012/13 £000	2011/12 £000
Long term expected rate of return on assets in the scheme:		
Equity investments	4.5%	6.3%
Bonds	4.5%	4.1%
Property	4.5%	4.4%
Cash	4.5%	3.5%
Mortality assumptions		

	Assumptions 2012/13 £000	2011/12 £000
Longevity at 65 for current pensioners:		
Men	20.1 years	20.1 years
Women	22.9 years	22.9 years
Longevity at 65 for future pensioners:		
Men	22.0 years	22.0 years
Women	24.8 years	24.8 years
Financial Assumptions		
Rate of inflation	2.8%	2.5%
Rate of increase in salaries	5.1%	4.8%
Rate of increase in pensions	2.8%	2.5%
Rate of increase in scheme liabilities (discount rate)	4.5%	4.8%
Expected return on assets	4.5%	5.8%
Take up option to convert annual position into retirement lump sum		
- Pre April 2008 Service	25%	25%
- Post April 2008 Service	63%	63%

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

	31 March 2013 £000	31 March 2013 %	31 March 2012 £000	31 March 2012 %
Equity investments	284,045	66%	285,961	75%
Debt instruments	107,593	25%	57,192	15%
Property	34,430	8%	34,315	9%
Cash	4,304	1%	3,813	1%
	430,372	**100%**	**381,281**	**100%**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2012/13	2011/12 %	2010/11 %	2009/10 %	2008/09 %
Actual compared to expected return on asset	5%	(4.0%)	2%	24%	(31.0%)
Experience (gains) and losses on liabilities	13.8%	1.5%	4.3%	0.2%	(0.1%)

	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Changes due to experience					
Experience (gains) / losses on Assets	(30,265)	17,619	(15,562)	(80,316)	71,909
Experience (gains) / losses on Liabilities	(716)	7,732	20,981	989	(344)
	(30,981)	**25,351**	**5,419**	**(79,327)**	**71,565**
Changes due to Actuarial Assessment					
Actuarial (gains) / losses on Employer Assets	(30,265)	17,619	(15,562)	(80,316)	71,909
Actuarial (gains) / losses on Liabilities	62,702	22,952	(37,633)	187,447	(31,320)
Total (gains) / losses recognised on CI&ES	**32,437**	**40,571**	**(53,195)**	**107,131**	**40,589**
Cumulative Actuarial (gains) / losses recognised on CI&ES	**149,326**	**116,889**	**76,318**	**129,512**	**22,382**

NOTE 48 CONTINGENT LIABILITIES

Contingent liabilities relate to possible expenditure arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise, or cannot be reliably estimated. The possible liability is dependent on the outcome of something happening in the future. A review is undertaken annually to identify any potential liabilities. There are always a number of claims and potential costs outstanding against the Council. This note lists those with material financial costs.

At the 31 March 2013 the Council had a number of outstanding employment tribunals, legal and insurance cases which could give rise to a liability in the future. If the cases do give rise to a liability these costs will be met from the insurance provision (based on total value of all outstanding cases) or from in year budgets. Where possible, details have been disclosed in the note below but for confidentiality reasons the Council can not disclose the details of all cases.

Land Charges

The government changed the Local Land Charge Rules with effect from 17 August 2010 and revoked the fee chargeable for a personal search of the local land charges register. The government concluded that these charges are not compatible with the Environmental Information Regulations 2004 (EIR) and the underlying EU Directive. As a consequence personal search companies are claiming refunds for charges made between January 2005 (when the EIR came into force) and 17 August when charges ceased. The Council is contributing to a Local Government Association fund for a legal case between most Local Authorities and personal search companies. Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

A total of £302k has been calculated in respect of personal search fees collected by the authority for the relevant period but as the case is ongoing and may include other elements the final level of refunds is still unclear.

Termination Benefits

The Council continues to face major challenges arising from the requirement to cope with funding pressures whilst seeking to maintain key services and restrict increases in Council Tax. In response to the Spending Review 2010, the Council embarked on an ambitious programme of change which required significant expenditure reductions over a four year period. Such reductions will inevitably result in a number of redundancies during the next few years as restructures and changes to service delivery are implemented. At this point the Council is unable to reliably estimate the liability that could arise. Any future liability will be met from reserves.

Rent Review

Negotiations are ongoing with a landlord, following a rent review, about the level of rent chargeable on a property where the Council is tenant. The proposed rent increase of £87k per annum has been rejected and negotiations are ongoing for an agreement that both parties are satisfied with. The new rent agreed will be backdated to May 2011.

Connexions Legal Challenge

The Council terminated a contract with CfBT Educational Trust in July 2011. The career advice service provided under the contract was for 6 south London councils, including Richmond Council. Following the termination, a case was brought against the 6 councils, CfBT Educational Trust and the South London Connexions Consortium by 92 staff and Unison. If the case rules against the Council there is a potential liability for compensation claims. The Council does not expect a liability to arise but if a liability does arise this will be met from earmarked reserves.

NOTE 49 CONTINGENT ASSETS

Contingent assets relate to possible income arising from a past event that has not been recognised in the Statement of Accounts due to the probability that a transfer of economic benefits will not arise, or cannot be reliably estimated. The right to the potential asset is dependent on something happening in the future. A review is undertaken annually to identify potential contingent assets. There were 2 contingent assets outstanding as at 31 March 2013.

Land Charges

Following the government change in the Local Land Charge Rules in August 2010, which could require the repayment of fees for personal land searches, (detailed in the contingent liability above) the LGA are in discussion with the HM Treasury on behalf of London Boroughs regarding the reimbursement of all or a large percentage of costs that may be incurred if the Council repays income received through personal search fees. The potential income to the Council, if this action is successful, will be dependant on how much is reimbursed but could be in the region of £302k.

Uncertificated CCTV Cameras Cars

During 2011/12 the Council repaid around £800k worth of fines that were collected by an uncertified CCTV camera car. The Council is pursuing the contractor involved for breach of contract/negligence relating to the certification problems and will be seeking to recover the sum of the amounts that the Council has repaid. Proceedings will commence in the first few months of 2013/14.

NOTE 50 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management for treasury instruments is carried out under policies approved by the Council in the annual treasury management strategy and policy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

In respect of investment assets, the Council's investment strategy:

- Sets out clear procedures for determining the type of asset class to be used
- Restricts investments to those denominated in sterling to avoid any exchange rate risk
- Prescribes maximum periods for investments in each asset class
- Prescribes financial limits to be invested in each asset class
- Limits the amount to be invested over 12 months to 40% of the investment portfolio.

<u>For Investments and Loans receivable</u>:

The Council's investment objectives are to achieve security and liquidity of investments and obtain the optimum return commensurate with the prior objectives. Overall levels of investment are governed by cash flow, and cash flow projections are used to determine the duration of investments made to ensure sufficient liquidity. Liquidity is further enhanced by the use of "instant access" deposit accounts, and as a last resort the Public Works and Loans Board (PWLB) would offer short term loans to cover any cash flow deficit. There was no requirement to use PWLB borrowing in this way during 2011/12 or 2012/13.

In respect of the security of its investment assets, the Council's policy uses credit ratings published by major international credit rating agencies to measure the credit quality and risk of each counterparty with which it invests. Credit ratings are continuously monitored and, in addition to notification of changes by the credit rating agency, the Council's treasury team receives regular updates from its external financial advisors as well as using its own assessment of changes to individual risks. This assessment is used to determine appropriate limits for each category of investment. The Council also recognises banks and building societies with substantial government ownership as secure institutions, with this support over-riding low credit ratings.

These limits are set out in the Treasury Management Strategy that can be viewed via the following link:

http://cabnet.richmond.gov.uk/documents/s39046/Appendix%20B%20Treasury%20Management%20Strategy%20201314%2014022013%20Cabinet.pdf

The following are a summary of relevant limits approved for 2012/13:

Banks with over 20% UK government ownership - up to £15 million

Building Societies with required credit rating - up to £5 million for up to 6 months.

Banks that are on the Financial Services Authority authorised list – a total investment limit of between £5 million and £10 million for durations up to a year dependent on the rating of the institution.

Money Market Funds with AAA Fitch rating - up to £10 million

Local Authorities - up to £5 million or 10% of net budget per authority

UK Government Debt Management Office - unlimited investment.

These limits on amounts to be placed with counterparties are based both on the credit assessment of the counterparty, and with a view to limiting the Council's exposure with any one institution.

During 2012/13, regular reports were made to Members. These reports covered the need to focus on the security of investments and updates on the financial market position.

Further information on the changes made and risks discussed is available in the relevant Cabinet reports.

For Trade Receivables:

Customers are assessed, taking into account their financial position, past experience and other factors, with credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and collection data over the last five financial years, adjusted to reflect current market conditions:

	Amount at 31 March 2013 £000	**Historical experience of default %**	**Historical experience adjusted for market conditions at 31 March 2013 %**	**Estimated maximum exposure to default and uncollectability at 31 March 2013 £000**	**Estimated maximum exposure at 31 March 2012 £000**
	A	**B**	**C**	**(AxC)**	
Money Market Deals	67,130	0.00%	0.00%	0	0
Bonds	2,250	0.00%	0.00%	0	0
Customers	5,447	4.40%	10.50%	572	500
				572	**500**

The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and loans. The Council has taken advice from their Treasury Advisors who have confirmed there is no adjustment for market conditions at 31 March 2013 on the basis of the counterparty assessments the Council undertakes before making any investment.

The historic experience of default on customer debt has averaged 4.4% on debt outstanding at year-end over the last seven years (comparative data is only available from the introduction of new systems in 2004/05). Due to the recent recession and the uncertainty in the economy the potential risk of default on customers' debts is assessed as equivalent to the average of the two worst years experience in the past seven years. On the evidence of collection rates in 2012/13 and taking into account the continuing difficult economic climate, a rate of 10.5% is assumed in the current projection of risk exposure to default on these outstanding debts.

The Council does not generally allow credit for customers, such that £3.598 million of the £5.447 million balance is overdue for payment. The past due amount can be analysed by age as follows:

	31 March 2013 £000	31 March 2012 £000
Less than 3 months	1,509	2,090
3 to 6 months	468	444
6 months to 1 year	492	385
More than 1 year	1,129	1,475
	3,598	**4,394**

LIQUIDITY RISK

The Council uses cash flow projections to ensure that cash is available as needed. As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To limit the risk of having to refinance or repay a significant amount of loans at any one time, the Council sets maturity limits of loans. Possible repayment and new borrowing considers the maturity curve of debt while weighing this against the interest costs of different loans. The maturity analysis of treasury financial liabilities is as follows:

Liabilities	31 March 2013 £000	31 March 2012 £000
Less than one year (including accrued interest)	4,045	7,462
Between 1 and 2 years	3,013	3,013
Between 2 and 5 years	2,500	5,000
Between 5 and 10 years	10,348	10,348
Between 10 and 15 years	5,000	2,500
Between 15 and 25 years	12,500	15,000
More than 25 years	5,000	5,000
	42,406	**48,323**

The maturity analysis of financial assets, excluding sums from customers, is as follows:

Assets	31 March 2013 £000	31 March 2012 £000
Less than 1 year	57,537	53,446
Between 1 and 2 years	0	5,000
Between 2 and 5 years	1,500	1,500
More than 5 years	750	750
	59,787	**60,696**

MARKET RISK

Interest rate risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £.

The Council has a number of strategies for managing interest rate risk. Treasury policy limits use of variable rate loans to a maximum of 50% of borrowings. The treasury team will monitor interest rates and forecasts to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the expenditure projections 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 2013, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	Amount at 31 March 2013 £000	**Amount at 31 March 2012 £000**
Increase in interest payable on variable rate borrowings	21	25
Increase in interest receivable on variable rate investments	(671)	(684)
Impact on surplus or deficit on the Provision of Services	**(650)**	**(659)**
Decrease in fair value of fixed rate investment assets		
Impact on Other Comprehensive Income and Expenditure	0	0
Decrease in fair value or fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	0	0

The impact of a 1% fall in interest rates would be as above but with the movements being reversed**.**

Price risk

The Council does not currently invest in any tradable financial instrument subject to changes in fair value. The Council is consequently not exposed to losses arising from movements in the prices of such instruments.

Foreign exchange risk
The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates. The Council occasionally transacts in foreign currency but the value and frequency of these transactions does not indicate any currency hedging or other risk control measure would be beneficial.

Economic Environment

The economic issues which continued during 2012/13 have been well documented in the media and their impact on various Council services has been reported to Cabinet and Council Members.

The impact on counterparty risk in terms of treasury management is that all institutions with high street customers would be exposed to increased defaults. The concerns of commercial institutions, which continue to limit inter bank lending to mitigate their own risks, further pressurise institutions at risk. This could lead to further defaults and possible failure of financial institutions. The Council's policy limits the counterparties it would invest with by using credit ratings that have been produced by ratings agencies.

Of the investments held at 31 March 2013, there was 1 investment of £5m fixed until 2013/14 with a counterparty which is now on the list for instant access accounts only. This was not recognised as at risk due to the perceived likelihood of full repayment.

NOTE 51 TRUST FUNDS

The following table provides a summary for the main Trust Funds held by the Council, and gives details of the total value and movement for the other, smaller Trust Funds. The Trust Funds are separate entities, and not part of the Council's Comprehensive Income and Expenditure Account or Consolidated Balance Sheet.

Trust Fund	Balance at 31 March 2012	Income	Expenditure	Balance at 31 March 2013
	£000	£000	£000	£000
Orleans House Trust	6,831	0	64	6,767
Housing Trust	948	10	0	958
Endres Bequest Trust Fund	62	0	0	62
Richmond Chapel	161	0	0	161
Other minor Trust Funds	29	0	0	29
	8,031	**10**	**64**	**7,977**

Orleans House Charitable Trusts
Orleans House, the Octagon Room, the extension wings, stable block and art collection were bequeathed to the Council for the public benefit of the residents of Twickenham in 1962. In the same bequest, Riverside House, River Lawn and the Gardener's Cottage were left to the Council for its statutory purposes and to provide income to support the maintenance of the Orleans House buildings and art collection. In 2010/11 Orleans House was formally registered as a Charity from this Bequest.

Housing Trust

On 18 October 2011 Richmond Housing Partnership (RHP) & London Borough of Richmond entered into a Trust Account Deed. If RHP sell any of the properties that are transferred to RHP under the Large Scale Voluntary Transfer then from 2011 the proceeds are paid into this account. RHP can then draw down from this account, spend monies on eligible affordable housing schemes as dictated by the terms of the Trust Account Deed. RHP will have 3 years from the completion date of the sale to spend these proceeds. After 3 years any unspent monies will be split equally between both parties.

Endres Bequest
The Endres Bequest was established to provide funds for the exchange of cultural and educational values between the residents of Richmond and other countries.

Richmond Chapel
This Trust was established from the proceeds of the sale of the chapel and the interest received is used to maintain the grounds around the area.

NOTE 52 HOME LOANS UNIT

REVENUE ACCOUNT

In 1988 the Council took over the responsibility for the former Greater London Council (GLC) mortgage portfolio. The details of the transfer of this function and the terms on which the Council undertakes the functions are set out in the London Government Reorganisation (Mortgages) Order 1988, SI 1988 (1747). The Council administers these loans on behalf of all London Borough Councils through the Home Loans Unit (HLU), and distributes any surpluses from the operation of the loan portfolio to the Councils annually. As no new advances are made, the redemption of existing mortgages will eventually extinguish this account. The following table provides details of the Home Loans Unit Revenue Account:

Income	2012/13 £000	2011/12 £000
Interest Receivable		
On advances to mortgagors	(7)	(9)
On temporary investments	(1)	(1)
Other Income		
Insurance commission – buildings	(4)	(4)
Insurance commission – other	(62)	(71)
Rents	(59)	(57)
Miscellaneous (fees and charges)	(1)	(6)
	(134)	**(148)**
Expenditure		
Employees	35	66
Supplies and services	17	15
Central support costs	0	21
	52	**102**
Net Operating Surplus	**(82)**	**(46)**
Distribution to London Borough Councils	40	35
Transfer to / (from) Earmarked Reserve	42	11
Net effect on the General Fund Balance	**0**	**0**

BALANCE SHEET

The Council administers all transactions, assets and liabilities relating to the previously made mortgages of the Home Loans Unit (HLU) on behalf of all London Borough Councils. The following table provides details of the HLU's Balance Sheet:

	As at 31 March 2013		As at 31 March 2012	
	£000	£000	£000	£000
Long Term Assets				
Equity shares in property	4,286		4,286	
Current Assets				
Temporary Investments	59		151	
Sundry Debtors	115		138	
Cash and Bank	330	4,790	325	4,900
Current Liabilities				
Sundry Creditors	(325)		(325)	
Bank Overdrawn	(13)	(338)	(44)	(369)
Provisions		(80)		(220)
Total Assets less Liabilities		4,372		4,311
Represented By:				
Capital Reserve - Equity Shares in Property		(4,286)		(4,286)
Revenue Account Surplus		(86)		(45)
Capital Appropriation Account		0		20
		(4,372)		(4,311)

<u>Long Term Assets</u>
These are equity share properties that are 50% owned by the individual mortgagors and 50% owned by the HLU.

<u>Capital Receipts</u>
Capital receipts are in respect of mortgage principal repayments. The Council administers the HLU on behalf of all London Borough councils, and therefore, all receipts are distributed to these councils at the year-end.

CAPITAL DISTRIBUTION

This table provides a summary of the mortgage payments made to the HLU, and the amount distributed to all London Borough councils:

	2012/13	2011/12
	£000	£000
Balance brought forward	20	50
Surplus for the year	(140)	(110)
	(120)	(60)
Amounts distributed to London Borough councils	120	80
Balance carried forward	0	20

The capital distribution relates to mortgage repayments and receipts from the freehold element of equity share mortgages that have been purchased by mortgagors.

NOTE 53 INSURANCE

The Council has two methods of insurance. External insurance is bought for unmanageable scenarios, such as catastrophic loss. Self-insurance is used for smaller possible losses (e.g. vandalism, replacement of stolen equipment) where the cost would be below the excess of the external policy.

The Council held the following insurance policies with external insurers with material excess limits:

Policy	2012/13 Total Sum Insured £000	2012/13 Excess £000	2011/12 Total Sum Insured £000	2011/12 Excess £000
Property	891,429	100	869,201	100
Public Liability	30,000	100	30,000	100
Employer's Liability	30,000	100	30,000	100
Vehicles	n/a	100	n/a	100

The sums insured include cover for terrorism for which there is an additional premium.

The Council maintains an Insurance Fund set aside as self-insurance for uninsured risks. The Fund is split between existing and un-discharged claims at 31 March that will, with reasonable certainty, give rise to expenditure by the Council (recognised as a Provision) and an amount set aside to fund unknown or future losses (recognised as a Reserve). The total Fund is regularly reviewed by external assessors to ensure that sufficient cover is provided, with the last valuation and review in 2013.

Insurance Fund	2012/13 £000	2011/12 £000
Recognised as a Reserve	2,974	2,975
Recognised as a Provision	258	1,278
Total Fund at 31 March	**3,232**	**4,253**

NOTE 54 GROUP RELATIONSHIPS

Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and there is no requirement to prepare group accounts.

Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Legal Services - In September 2011 the Council entered into a joint arrangement with LB Merton for the provision of Legal Services. The service is hosted by LB Merton but governed by a joint board who oversee the delivery of services. The joint service provides legal services to all Directorates and across all of the Council's functions, to schools and to certain other public bodies; procures specialist advice and advocacy where necessary; and ensures legality, probity and sound corporate governance.

The shared Legal Service is working towards establishing a four borough (to include RB of Kingston upon Thames and LB of Sutton) shared Legal Services. This establishment has been approved in February 2013 Cabinet with the aim of going live in 2013.

Young People Substance Misuse Service - The LB Richmond and the RB of Kingston have commissioned and developed a shared Young People's Substance Misuse Service. Key drivers for this were the ongoing reductions in funding from the National Treatment Agency (from 1 April 2013, part of Public Health England), local efficiencies and the need to improve the delivery model to meet the identified needs and quality standards. The shared service has been operational since 1 April 2011. The key aim of the service is to provide specialist substance misuse treatment for young people and their families and support for universal services to respond to substance misuse issues.

Internal Audit & Investigations - A shared service with the RB of Kingston upon Thames was established on 1 June 2012, hosted by Richmond. The service provides the statutory internal audit service for both councils and provides an anti fraud and corruption service by carrying out investigations of suspected financial fraud and irregularity. The two boroughs have shared a Joint Head of Internal Audit since 1 December 2011.

Human Resources - Since 1 April 2012 the Council's Human Resource (HR) services have been delivered via a shared service between LB Richmond and RB Kingston. The service includes recruitment, employment contracts, advice on terms and conditions, payroll, employee relations advice and the provision of learning and development. All HR staff are now employed and based in RB Kingston.

The table below summarises the expenditure and income incurred on the shared services detailed above during 2012/13:

	2012/13			2011/12		
	Expenditure £000	**Income £000**	**Net £000**	**Expenditure £000**	**Income £000**	**Net £000**
Hosted by other Local Authorities						
Legal Services						
- Time charges from Merton	975	0	975	648	0	648
- Disbursements arranged by Merton	563	0	563	0	0	0
Human Resources	1,928	0	1,928	0	0	0
Hosted by other LB Richmond						
Internal Audit & Investigations	898	(423)	475	0	0	0
Young People Substance Misuse	121	(94)	27	102	(79)	23

COLLECTION FUND ACCOUNTS

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This 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, Non-domestic Rates (NNDR) and the Business Rates Supplement (BRS).

			2012/13	2011/12
Income	*Note*		**£000**	**£000**
Income from Council Tax			(132,279)	(131,756)
Transfers from the General Fund:				
Council Tax Benefits		(12,777)		(12,915)
Transitional Relief		(7)	(12,784)	(3)
Income collectable from business ratepayers			(80,984)	(68,756)
Income collectable from business ratepayers - BRS			(2,269)	(2,161)
			(228,316)	**(215,591)**
Expenditure				
Precepts:				
Payment to LB Richmond upon Thames	*C3*	115,855		114,953
Payment to Greater London Authority	*C3*	27,602	143,457	27,664
Business rate:				
Payment to National Pool		79,327		68,263
Payment to Greater London Authority - BRS		2,215		2,065
Costs of Collection		309		311
Costs of Collection - BRS		13	81,864	54
Bad and doubtful debts and appeals:				
Write offs Council Tax		182		145
Write offs NNDR		1,519		563
Provisions Council Tax		694		361
Provisions NNDR		(171)		(381)
Provisions NNDR - BRS		41	2,265	42
Contributions – distribution of previous year's surplus				
LB Richmond upon Thames		500		250
Greater London Authority		120	620	60
			228,206	**214,350**
Net (Surplus) / Deficit for the Year			**(110)**	**(1,241)**
Movement on Fund Balance				
Net (Surplus)/Deficit for year	*C4*		(110)	(1,241)
Surplus Brought Forward at 1 April	*C4*		(2,781)	(1,540)
Surplus Carried Forward at 31 March	*C4*		**(2,891)**	**(2,781)**

NOTES TO THE COLLECTION FUND ACCOUNTS

NOTE C1 NNDR RATEABLE VALUE AND MULTIPLIER

This note shows the total non-domestic rateable value at year-end and the national non-domestic rate multiplier for the year.

	2012/13 £000	2011/12 £000
Total NNDR rateable value	206,947	206,706
NNDR multiplier	45.8 pence	43.3 pence
Small NNDR multiplier	45.0 pence	42.6 pence

NOTE C2 COUNCIL TAX BASE

This note shows the calculation of the Council Tax Base, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of band D dwellings.

	2012/13			2011/12
Valuation Band	**Number of Properties** (after discounts and exemptions)	**Ratio**	**Equivalent Band D Properties**	**Equivalent Band D Properties**
A*	0.75	5/9	0.42	0.42
A	438.15	6/9	292.10	284.30
B	1,742.40	7/9	1,355.20	1,347.69
C	10,758.25	8/9	9,562.89	9,433.24
D	17,706.10	9/9	17,706.10	17,605.95
E	17,762.35	11/9	21,709.54	21,582.31
F	10,721.40	13/9	15,486.47	15,444.36
G	11,653.20	15/9	19,422.00	19,212.00
H	3,029.15	18/9	6,058.30	5,969.00
			91,593.01	**90,879.27**
Less Adjustment for Collection Rate			(1,648.67)	(1,635.82)
Plus Ministry of Defence Properties			47.70	47.70
Council Tax Base			**89,992.04**	**89,291.15**
Note Band A* attracts disabled relief				

NOTE C3 PRECEPTS ON THE COLLECTION FUND

This note provides details of each authority which made a precept on the Collection Fund.

	2012/13 £000	2011/12 £000
London Borough of Richmond upon Thames	115,855	114,953
Greater London Authority	27,602	27,664
	143,457	**142,617**

NOTE C4 COLLECTION FUND BALANCES

This note details the split of Collection Fund balances between the major preceptors on the Collection Fund.

	2012/13			2011/12		
	LB Richmond £000	**GLA £000**	**Total £000**	**LB Richmond £000**	**GLA £000**	**Total £000**
Surplus Brought Forward at 1 April	(2,245)	(536)	**(2,781)**	(1,241)	(299)	**(1,540)**
Net (Surplus)/Deficit for year	(93)	(17)	**(110)**	(1,004)	(237)	**(1,241)**
Surplus Carried Forward at 31 March	**(2,338)**	**(553)**	**(2,891)**	**(2,245)**	**(536)**	**(2,781)**

PENSION FUND ACCOUNTS

The Pension Fund accounts are required to be included in the Council's Statement of Accounts (given the Council's statutory position as the Administering Authority).

FUND ACCOUNT

	Note	2012/13 £000	2012/13 £000	2011/12 £000	2011/12 £000
DEALINGS WITH MEMBERS AND EMPLOYERS					
Contributions receivable					
From employers	*P7*		(18,756)		(19,057)
From members	*P7*		(4,784)		(4,962)
Transfers In:					
Group transfers from other schemes		0		(156)	
Individual transfers from other schemes		(1,885)	(1,885)	(2,050)	(2,206)
			(25,425)		(26,225)
Benefits payable	*P7*				
Pensions		16,228		14,753	
Commutation of pensions and lump sum retirement benefits		3,311		3,201	
Lump sum death benefits		462	20,001	179	18,132
Payments to and on account of Leavers	*P8*				
Refunds of Contributions		17		16	
Transfers Out:					
Group transfers to other schemes		3,374		2,297	
Individual transfers (to other Schemes or Funds within the LGPS)		2,544	5,935	2,430	4,743
Administrative and other Expenses borne by the Scheme	*P10*		420		456
Net Additions from Dealings with Members			**931**		**(2,892)**
Returns on Investments					
Investment income					
Dividends from equities		(3)		(6)	
Income from pooled investments		(8,548)		(8,373)	
Interest on cash deposits		(30)		(35)	
Other		(3)	(8,584)	(15)	(8,429)
Taxes on income					
Dividends from equities		0		0	
Income from pooled investments		551		521	
Interest on cash deposits		0		0	
Other		0	551	0	521
Change in market value of investments:					
Realised (gains) / losses		(5,616)		(976)	
Unrealised (gains) / losses		(47,845)	(53,461)	(2,627)	(3,603)
Investment Management Expenses	*P20*		1,016		755
Net Returns on Investments			**(60,478)**		**(10,756)**
Net decrease / (increase) during the year			(59,547)		(13,648)
Opening net assets of the Fund 1 April			(444,507)		(430,859)
Closing Net Assets of the Fund 31 March			**(504,054)**		**(444,507)**

NET ASSET STATEMENT

	Note	31 March 2013 £000	31 March 2013 £000	31 March 2012 £000
Investment Assets				
Pooled investment Vehicles :				
Unit trusts:				
Property		40,289		39,260
Other		85,733	126,022	119,693
Unitised insurance policies:		284,685		204,448
Open ended investment companies (OEICS) - Other		90,258		77,422
Cash (Interest Bearing Deposits)		2,862	377,805	3,302
Total assets invested	*P12*		**503,827**	**444,125**
Other investment balances				
Investment debtors:				
Investment income accrued		741		1,420
Investment creditors:				
Investment settlements outstanding		(571)	170	(1,279)
			503,997	**444,266**
Net Current Assets and Liabilities				
Debtors:				
Monthly contributions due from employers		395		254
Monthly contributions due from employees		61		71
Other		310		176
Creditors:			**766**	
Unpaid benefits (lump sum entitlements)		(179)		(128)
Investment management expenses		(72)		(62)
PAYE payable to HMRC		(196)		0
Other		(262)		(70)
			(709)	**241**
Total Net Assets	*P12 & P14*		**504,054**	**444,507**

NOTES TO THE PENSION FUND ACCOUNTS

NOTE P1 DESCRIPTION AND OPERATION OF THE FUND

Description of the Fund

Employees of the Council are generally entitled to join an occupational pension scheme. Non-teaching staff can join the Local Government Pension Scheme (the LGPS). The Fund also includes other employers as described in Note P3. The LGPS is a statutory scheme, and rules in respect of membership and benefits etc. are prescribed under regulation. The LGPS is a defined benefits scheme, in which members of the scheme make a contribution based on a percentage of pensionable salary, and on retirement receive a guaranteed, index-linked pension. Historically, the LGPS has been a "final salary" scheme with benefits based on final pensionable salary and the period of scheme membership. Under reforms applying to public sector pensions generally from April 2014, the LGPS is due to become a CARE (Career Average Revalued Earnings) scheme, with benefits based on average pay received over time. Full details on the LGPS can be found at the following website:

www.lgps.org.uk

Responsibilities of the Council to administer the Pension Fund

The London Borough of Richmond upon Thames (also referred to as "the Council") is an Administering Authority under the Local Government Pension Scheme (Administration) Regulations 2008 (SI 2008/239), and as such is required to operate the LGPS on its own behalf and on behalf of other nominated employers (see Note P3). The Fund is a separate entity for accounting purposes and its Fund Account and Net Asset Statement are separate financial statements although they are also presented, but not consolidated, in the Council's accounts for information because the Council is the administering authority.
The Council, as an employer within the Pension Fund, is responsible for collecting and paying over employee contributions to the Fund. Under the LGPS rules, employee contributions are periodically set by the government, whereas employer contributions have to be set at a level sufficient to meet the long-term obligations of the Fund, as determined by the triennial Actuarial Valuation.

The role of the Pension Fund is to collect employees' and employers' contributions from the Council and the other employer bodies, invest surplus funds and make payment of benefits out of the Fund. It is also responsible for making and receiving transfer payments for members joining and leaving the Fund. The Fund's accounts and disclosure notes reflect these responsibilities as opposed to those of the Council.

Governance arrangements for the Fund

The Council's responsibilities for administering the Pension Fund are delegated to the Pension Fund Committee. The Committee's principal business is:

- considering and responding to proposals to amend the design of the LGPS;
- determining policy on the admission of external bodies to the Pension Fund;
- determining the long-term investment strategy of the Fund and keeping this under review at appropriate intervals;
- implementing this strategy through deciding on, and keeping under review, appropriate arrangements for investment management, appointing managers and monitoring their performance;
- appointing the Fund's actuary, external investment advisor and any other providers of services to the Pension Fund;
- receiving and commenting upon the triennial valuation of the Pension Fund prepared by the actuary;
- determining the Pension Fund's communications strategy and policies toward corporate governance and responsible investment;

- approving all documents required to be published by the Fund on a statutory basis, including the Pension Fund Annual Report, Statement of Investment Principles, Funding Strategy Statement, Governance Compliance Statement and Communications Policy Statement;
- approving the Pension Fund accounts, and dealing with all aspects relating to the audit of the Pension Fund, including receiving any reports by the Fund's independent auditor.

The Pension Fund Committee meets at least four times each year. The membership of the Committee during 2012/13 was:

Councillor G. Acton (Chairman)
Councillor R. Martin (Vice-Chairman)
Councillor J. Churchill
Councillor G. Evans
Councillor T. O'Malley

In addition to these Councillors, Mr M. Potts was a non-voting attendee of the Committee as staff observer.

The Fund's investment advisor (Mr W. Marshall of Hymans Robertson LLP) also attended Committee meetings to provide professional investment advice. Representatives of appointed fund managers and actuaries (also Hymans Robertson LLP) attended as required. The Fund's independent auditor attended the Committee to present both the audit plan and report on matters arising from the audit of the Pension Fund accounts.

Investment management arrangements

The Fund has appointed fund managers to undertake its investment management responsibilities. During 2012/13 the Fund employed two principal external fund managers with multi-asset mandates (Henderson Global Investors and Legal & General Investment Management Limited), each with approaching half of the Fund's total investments, and Schroder Investment Management Limited with whom the Fund holds property unit trusts. The Fund also directly holds units in the Local Authorities Property Fund (LAPF), managed by Local Authorities Mutual Investment Trust (LAMIT). In the course of 2012/13, the Fund appointed a new manager, Baillie Gifford & Co, to manager a "Diversified Growth Fund" mandate. The mandate was initially funded with £45m of assets transferred from the UK equity assets managed by Henderson Global Investors in August and September 2012.

Details of investments under management are provided in Notes P14 to P19.

The Fund has made the following external appointments:

Investment advisors	–	Hymans Robertson LLP
Performance measurers	–	The WM Company
Custodians	–	JP Morgan Chase & Co

The Fund's Independent auditors are Grant Thornton UK LLP.

Other professional advice (e.g. legal advice) is provided by Council officers.

NOTE P2 PENSION FUND ACCOUNTING POLICIES

Basis of Preparation

The Fund's accounts are prepared in accordance with proper accounting practice that represents compliance with:

- The Code of Practice on Local Authority Accounting in the UK 2012 (the Local Government Code), and
- Financial Reports of Pension Schemes; A Statement of Recommended Practice (Revised May 2007) – (the Pensions SORP).

The Pension Fund accounts are prepared on the basis that they will be incorporated within the Pension Fund Annual Report to be published later in the year, after the accounts have been audited. This report includes more detail on the actuarial valuation, governance arrangements for the Fund and includes the Statement of Investment Principles (SIP).

Accounting Policies

General Policies

The general accounting policies are those that have been adopted by the Administering Authority – the Council of the London Borough of Richmond upon Thames, and these are applied to the accounts of the Pension Fund where they are applicable.

The accounts are prepared on an accruals basis with the significant exception that no recognition is made in respect of liabilities to pay pensions and other benefits after the year end of account. This treatment is prescribed in the Pensions SORP on the basis that future liabilities that are subject to actuarial valuation are best considered in the context of the full actuarial valuation and the consequent funding statement and funding policy. As the future net liabilities are required to be funded by employer contributions, these are covered in some detail in the Council's accounts where the full impact of future pension liabilities is disclosed in accordance with IAS 19.

The only other exception to the accruals basis is in respect of transfer values. Transfer payments are made normally when an employee changes employer and moves from one pension scheme to another. Occasionally, following a reorganisation for example, a group of employees may transfer to a different pension scheme. In normal circumstances, the receiving pension scheme will not be liable for any pension benefits in respect of the transferring member until the relevant assets (the transfer value) have been received. Transfer values are therefore accounted for on the basis of when they are paid or received and when the receiving scheme has accepted liability.

Specific accounting policies are adopted in relation to investments. These are covered in the following statements.

Valuation of Investments

Investments are recognised at Fair Value. This is the amount for which an asset could be exchanged, or a liability settled, between unrelated, willing and knowledgeable parties, in an arms-length transaction, and is generally taken as the appropriate market value at the quoted bid price. These are taken at close of business on 31 March or the last prior trading day for relevant markets.

The Fund's non-cash investments are currently held exclusively in pooled vehicles, which for this purpose includes unitised insurance policy-based investments. The vehicles themselves would generally be defined as "unquoted" in that they are not, continuously, "listed on or traded on a recognised investment exchange". With the exception of the property units trusts, however, they generally comprise equity and bond securities that would individually be described as "quoted". Liquidity in the non-property investments is broadly equivalent to that of the underlying securities, with the exception of the insurance policy-based investments which are traded weekly. Further information on the valuation of individual managers' holdings is included in Note P17 below.

Foreign Currency Translation

All non-sterling transactions and valuations are translated using the closing rate of exchange as at the date of valuation.

Overseas income is translated at rates of exchange applicable when remitted.

All gains and losses arising from currency transactions in the purchase of non-sterling investments are shown in the Fund Account as realised gains or losses.

Gains or losses arising from currency futures contracts are only recognised when contracts are closed and are accounted for as either realised gains or losses.

Administrative Expenses charged by the Administering Authority

The administrative costs of the Fund are set out in Note P10. Administration and processing costs (such as salaries, accommodation and ICT costs) are initially borne by the Council (as the Administering Authority) and charged to the Fund on appropriate bases such as time spent on work related to the Fund and floor area of office accommodation occupied by the relevant staff.

Liabilities to Pay Pensions and Other Benefits after the Balance Sheet Date

Unlike most financial statements, the Pension Fund's financial statements do not take account of any liabilities in respect of pension and other benefit liabilities due beyond the year of account. This aspect of the Pension Fund's financial position is specifically covered by the actuarial valuation and report by the Fund's actuary in the following notes.

NOTE P3 MEMBERSHIP OF THE FUND

Although the Fund is administered by the Council, it also includes the employees of certain other bodies. These are either scheduled bodies (required by statute to be members of the Fund) or admitted bodies (admitted to the Fund by agreement).

The scheduled and admitted bodies act as employers in the same way as the Council and all are responsible for making deductions from their employees and paying these and their own employer's contributions to the Fund on a regular basis. The Fund makes pension and other benefit payments directly to Fund members.

Membership details as at 31 March are summarised in the following table:

FUND MEMBERSHIP		31 March 2013 Contributors	Members with Deferred Benefits	Pensioners and Dependents	Total Members	31 March 2012 Total Members
Admitted Bodies:						
Association of District Councils	*	0	2	19	21	21
Hampton School		43	20	25	88	89
Notting Hill Housing Trust		1	7	12	20	21
St. Mary's College		169	103	99	371	374
SW Middlesex Crematorium Board		12	10	19	41	37
Richmond CAB	*	0	0	1	1	1
Housing Organisations Mobility & Exchange Services	*	0	10	3	13	13
Richmond Council for Voluntary Services	*	0	3	5	8	8
Richmond upon Thames Music Trust		7	1	3	11	11
Christ's Community Management Body	*	0	2	0	2	2
IRRV		10	18	7	35	35
Project for Children with Special Needs	*	0	2	2	4	4
Museum of Richmond	*	0	1	1	2	2
Richmond Housing Partnership		16	29	24	69	70
Twining Enterprises	*	0	8	5	13	13
Mears Building Contractors Ltd		1	5	6	12	12
Scout Solutions	*	0	15	8	23	23
Veolia (formerly Cleanaway)		32	18	13	63	64
Nviro		7	2	0	9	8
Total Admitted Bodies		**298**	**256**	**252**	**806**	**808**
Scheduled Bodies:						
Academies Enterprise Trust		33	9	2	44	40
Learning Schools Trust		69	28	5	102	107
Richmond Magistrates' Court	*	0	14	10	24	22
Richmond upon Thames College		184	243	146	573	548
Richmond Adult & Community College		46	156	52	254	248
Grey Court School		43	2	1	46	0
Orleans Park School		42	4	1	47	0
Teddington School		49	7	0	56	0
Waldegrave School		48	7	0	55	0
Total Scheduled Bodies		**514**	**470**	**217**	**1,201**	**965**
The Council		**2,459**	**3,500**	**2,814**	**8,773**	**8,674**
TOTAL MEMBERSHIP		**3,271**	**4,226**	**3,283**	**10,780**	**10,447**

*(Note admitted bodies marked * had no contributing members in 2012/13 and paid no contributions to the Fund in that year.)*

NOTE P4 BASIS OF ACTUARIAL VALUATION

The latest actuarial valuation of the Fund was completed as at 31 March 2010. The actuarial method used to determine the contribution rate required to meet liabilities accruing in the future is known as the Projected Unit Method. The principal financial assumptions adopted in the valuation were as follows:

Investment Return	
Composite	6.1%
Increases in Liabilities	
Salary increases	5.3%
Pension increases	3.3%

The market value of the scheme's assets at the date of valuation in March 2010 is shown in the following table.

	Valuation as at 31 March 2010	
ASSET CATEGORY	**£000**	**%**
UK Equities	152,839	39
UK Fixed Interest Gilts	19,558	5
UK Corporate Bonds	45,657	12
UK Index Linked Gilts	0	0
Overseas Equities	142,534	36
Overseas Bonds	0	0
Property	25,409	6
Cash & Net Current Assets	6,967	2
Total Net Assets at Valuation Date	**392,964**	**100**

NOTE P5 ACTUARIAL VALUATION – RESULTS

The results of the last actuarial valuation undertaken as at 31 March 2010 will be summarised in the Actuarial Statement included in the Fund's 2012/13 Annual Report. Employers' contributions are set taking into account the results of the valuation and the Funding Strategy for the Fund, also included in the Annual Report. The key elements in this process are:

Level of Funding

The results of the 31 March 2010 valuation indicated that the actuarial value of the available assets of £393.0m (see table above) were sufficient to cover 80.1% of the accrued liabilities to that date.

Funding Policy

The Council is required to set employers' contributions rates to the Fund such as to ensure that the Fund is sufficient to meet 100% of its liabilities.

In accordance with the Funding Strategy, employers' contributions to the Fund are being made up over a period of 20 years, to bring the funding level up to a fully solvent position. The additional contribution rate set to achieve this is 7.3% on per capita basis, whilst the Council will pay a fixed sum calculated by the actuary to be equivalent to what it would have paid on the % basis over 3 years, based membership at the valuation date.

The next valuation, as at 31 March 2013, is under preparation.

NOTE P6 ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS FOR THE PURPOSES OF IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS19 rather than the assumptions and methodology used for funding purposes.

In order to meet this requirement, the Fund's actuary has carried out an additional assessment of the Fund as at 31 March 2013, using a valuation methodology that is consistent with IAS19. Although all the financial assumptions used in this exercise have been updated to the reporting date, the principal difference of basis between this and the 2010 triennial "funding valuation" is that the discount rate under IAS19 is based on based on the 20 year gilt yield plus credit spread (compared to a scheme-specific "risk asset" based rate in the funding valuation). This resulted in a discount rate of 4.5% being used in the IAS19 assessment (compared to 6.1% in the funding valuation).

Other key assumptions employed by the actuary in the calculation are shown below.

Financial

Year Ended	**31 March 2013 % p.a.**	**31 March 2012 % p.a.**
Inflation/Pensions Increase Rate	2.8	2.5
Salary Increase Rate*	5.1	4.8
Discount Rate	4.5	4.8

* Salary increases are 1% p.a. nominal until 31 March 2015 reverting to the long term rate thereafter.

Longevity

The life expectancy assumption is based on the "SAPS" year of birth tables with improvements in line with the Medium Cohort and a 1% underpin from 2007. Based on these assumptions, the average future life expectancies at age 65 are summarised below.

	Males	Females
Current Pensioners	20.1 years	22.9 years
Future Pensioners*	22.0 years	24.8 years

* Future pensioners are assumed to be currently aged 45.

The above assumption is that same as at 31 March 2012.

Commutation Assumption

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post-April 2008 service.

The assumptions used are those adopted for the Administering Authority's IAS19 report as required by the Code of Practice. On this basis, the value of the Fund's promised retirement benefits as at 31 March 2013 (along with a prior-year comparator) was:-

Year Ended	31 March 2013 £m	31 March 2012 £m
Present Value of Promised Retirement Benefits	707	603

The estimated impact of the change of assumptions to 31 March 2013 is to increase the actuarial present value by £63m.

NOTE P7 CONTRIBUTIONS AND BENEFITS

The following tables analyse contributions and benefits received and paid by the Fund by reference to the different scheme employers:

Contributions

	2012/13			2011/12		
Contributions	**Employers £000**	**Members £000**	**Total £000**	**Employers £000**	**Members £000**	**Total £000**
Administering Authority (The Council)	14,039	3,568	17,607	14,494	3,815	18,309
Scheduled Bodies	2,508	664	3,172	1,945	554	2,499
Admitted Bodies	2,209	552	2,761	2,618	593	3,211
Total Contributions	**18,756**	**4,784**	**23,540**	**19,057**	**4,962**	**24,019**

Benefits

Benefits	**2012/13 £000**	**2011/12 £000**
Pensions		
Administering Authority (The Council)	14,067	13,008
Scheduled Bodies	573	459
Admitted Bodies	1,588	1,286
Total Benefits	**16,288**	**14,753**
Lump Sum Retirement Benefits		
Administering Authority (The Council)	2,474	2,370
Scheduled Bodies	467	271
Admitted Bodies	370	560
Total Benefits	**3,311**	**3,201**
Lump Sum Death Benefits		
Administering Authority (The Council)	214	158
Scheduled Bodies	141	10
Admitted Bodies	107	11
Total Benefits	**462**	**179**

NOTE P8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

During 2012/13, the Fund paid one bulk transfer of £3,374m to RB Kingston-upon-Thames in respect of the HR staff transferred to that authority under a “shared service” arrangement. In addition to this sum, 43 individual transfer values with an aggregate value of £2.544m were paid.

NOTE P9 ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Council is required to offer the facility for Additional Voluntary Contributions (AVCs). These contributions are voluntary and are paid over to the AVC provider for investment on behalf of the members concerned. In accordance with regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831), these transactions are not included in the Fund Account or the Fund Net Assets Statement, but details are given in the following table:

	31 March 2013		31 March 2012	
	£000	**No. of Members**	**£000**	**No. of Members**
Value of Investments				
Clerical Medical	1,371	98	1,529	112
Equitable Life	735	116	814	145
Total	**2,106**	**214**	**2,343**	**257**
Contributions received from members in year	**83**		**163**	

NOTE P10 ANALYSIS OF ADMINISTRATION COSTS

The following table provides details of the administrative costs of the Fund.

	2012/13	2011/12
Administration Costs	**£000**	**£000**
Administration and processing	282	282
Actuarial fees	87	120
Audit fees	19	28
Communications with fund members	26	29
Other (incl. fees received)	6	(3)
Total Administration Costs	**420**	**456**

NOTE P11 INVESTMENT PRINCIPLES

Local authority pension schemes are required to publish a Statement of Investment Principles (SIP) and to include disclosure of the extent of compliance with the investment principles issued by the government. The Fund’s SIP is included in its Annual Report, published later in 2013, in which these accounts will be included.

NOTE P12 RECONCILIATION OF MOVEMENT IN INVESTMENTS

The following tables reconcile the movement in the Fund's investment assets in the year

(i) By Manager

Manager	Value as at 1 April 2012 £000	Purchases £000	Sale proceeds £000	Profit / (Loss) on Disposal £000	Change in Market Value £000	Value as at 31 March 2013 £000
Baillie Gifford	0	45,003			3,352	48,355
Legal & General	209,876				32,015	241,891
Henderson	209,152	16,437	(55,705)	5,616	12,978	188,478
Schroders	18,410	947			(436)	18,921
LAMIT (property)	3,384				(64)	3,320
	440,822	**62,387**	**(55,705)**	**5,616**	**47,845**	**500,965**
Cash deposits	3,302					2,862
Total assets invested	**444,124**					**503,827**
Net Current Assets	383					227
Total Net Assets	**444,507**					**504,054**

Manager	Value as at 1 April 2011 £000	Purchases £000	Sale proceeds £000	Profit / (Loss) on Disposal £000	Change in Market Value £000	Value as at 31 March 2012 £000
Legal & General	199,755	5,000	0	0	5,121	209,876
Henderson	204,707	14,602	(8,299)	976	(2,834)	209,152
Schroders	16,448	1,624	0	0	338	18,410
LAMIT (property)	3,382	0	0	0	2	3,384
	424,292	**21,226**	**(8,299)**	**976**	**2,627**	**440,822**
Cash deposits	6,454					3,302
Total assets invested	**430,746**					**444,124**
Net Current Assets	113					383
Total Net Assets	**430,859**					**444,507**

(ii) By Asset Category

Asset Category	Value as at 1 April 2012 £000	Purchases £000	Sale proceeds £000	Profit / (Loss) on Disposal £000	Change in Market Value £000	Value as at 31 March 2013 £000
Unit Trusts - Property	39,260	1,447			(418)	40,289
Unit Trusts - Other	119,693	4,257	(49,468)	4,655	6,596	85,733
Unitised Insurance Policies	204,447	45,003			35,235	284,685
OEICs	77,422	11,680	(6,237)	961	6,432	90,258
	440,822	**62,387**	**(55,705)**	**5,616**	**47,845**	**500,965**
Cash deposits	3,302					2,862
Total assets invested	**444,124**					**503,827**
Net Current Assets	383					227
Total Net Assets	**444,507**					**504,054**

Asset Category	Value as at 1 April 2011 £000	Purchases £000	Sale proceeds £000	Profit / (Loss) on Disposal £000	Change in Market Value £000	Value as at 31 March 2012 £000
Unit Trusts - Property	36,927	1,624	0	0	709	39,260
Unit Trusts - Other	116,128	5,526	(1,727)	306	(540)	119,693
Unitised Insurance Policies	194,612	5,000	0	0	4,835	204,447
OEICs	76,625	9,076	(6,572)	671	(2,377)	77,422
	424,292	**21,226**	**(8,299)**	**977**	**2,627**	**440,822**
Cash deposits	6,454					3,302
Total assets invested	**430,746**					**444,124**
Net Current Assets	113					383
Total Net Assets	**430,859**					**444,507**

NOTE P13 INVESTMENT TRANSACTION COSTS

Transaction costs are included in the costs of purchases and sale proceeds and include costs charged directly to the Fund, such as commission, stamp duty and other fees.

The Fund is now invested predominantly in pooled vehicles in which there are no direct transaction costs – these being reflected in the bid/offer prices for units. The only exceptions in 2012/13 were purchases of secondary property units through Schroders which resulted in direct transaction costs of £1,000.

Investment Transaction Costs	2012/13 £000	2011/12 £000
Henderson	0	0
Schroders	1	10
Total	1	10

NOTE P14 INFORMATION ON ASSETS UNDER MANAGEMENT

Summary of investment assets under management

	31 March 2013				
Type of Asset	**Baillie Gifford £000**	**L&G £000**	**Schroders £000**	**Henderson £000**	**Total £000**
UK Investments – Listed	48,355	147,571	18,921	97,035	311,882
Overseas Investments – Listed	0	94,320	0	91,443	185,763
Cash	0	0	109	151	260
Total Under Management	**48,355**	**241,891**	**19,030**	**188,629**	**497,905**
Percentage of Fund	10%	48%	4%	38%	100%
Directly held UK investments (LAMIT)					3,320
Cash (interest bearing deposits)					2,602
Other investment balances - debtors and creditors					170
Total investment assets					**503,997**
Other net current assets					57
Total Net Assets					**504,054**
Analysis of all investments:					
Total UK Investments (includes directly held LAMIT investment)					315,202
Total Overseas Investment					185,763
Cash and deposits					2,862
Other investment balances - debtors and creditors					170
Total invested					**503,997**

Type of Asset	Baillie Gifford £000	L&G £000	Schroders £000	Henderson £000	Total £000
			31 March 2012		
UK Investments – Listed	0	128,672	18,410	130,528	277,610
Overseas Investments – Listed	0	81,204	0	78,625	159,829
Cash	0	0	279	(968)	(689)
Total Under Management	**0**	**209,876**	**18,689**	**208,185**	**436,750**
Percentage of Fund	0%	48%	4%	48%	100%
Directly held UK investments (LAMIT)					3,384
Cash (interest bearing deposits)					3,991
Other investment balances - debtors and creditors					141
Total investment assets					**444,266**
Other net current assets					241
Total Net Assets					**444,507**
Analysis of all investments:					
Total UK Investments (includes directly held LAMIT investment)					280,994
Total Overseas Investment					159,829
Cash and deposits					3,302
Other investment balances - debtors and creditors					141
Total invested					**444,266**

NOTE P15 ASSETS UNDER MANAGEMENT – TRANSACTIONS

The following table provides a summary of investment transactions for each fund manager.

	Baillie Gifford £000	Legal and General £000	Schroders £000	Henderson £000	Total £000
			2012/13		
Purchases	45,003	0	947	16,437	62,387
Sales	0	0	0	55,705	55,705
Total Transactions	**45,003**	**0**	**947**	**72,142**	**118,092**

2011/12	Baillie Gifford	Legal and General	Schroders	Henderson	Total
	£000	£000	£000	£000	£000
Purchases	0	5,000	1,624	14,602	21,226
Sales	0	0	0	8,299	8,299
Total Transactions	**0**	**5,000**	**1,624**	**22,901**	**29,525**

NOTE P16 STATUS OF INVESTMENTS UNDER MANAGEMENT

This note provides details of the investments held by each manager at 31 March. It gives details of each of the pooled vehicles used by each manager and the percentage that each investment represents of the total of Fund. All fund managers are incorporated and registered in the UK with the exception of Henderson, which is incorporated and registered in Jersey.

The types of pooled vehicles are shown by the following abbreviations:

AUT	Authorised Unit Trust
PUT	Property Unit Trust
UUT	Unauthorised Unit Trust
OEIC	Open Ended Investment Company

Status of individual investments under management

The three managers with responsibility for the Fund's investments during the relevant period are shown below.

Henderson Global Investors Investments are managed by five separate entities and each of these invests in a number of pooled vehicles:

	Value of Assets Under Investment			
	31 March 2013		31 March 2012	
	£000	% of Fund	£000	% of Fund
Pooled Investments				
Henderson Investment Funds Limited				
UK Equity Enhanced Trust ‘Z’ (AUT)	44,295	9%	85,194	20%
Exempt North American Enhanced Equity ‘Z’ (UUT)	41,437	8%	34,499	8%
	85,732	**17%**	**119,693**	**28%**
Henderson Strategic Investment Funds				
European Enhanced Equity Fund ‘Z’ (OEIC)	24,737	5%	22,448	5%
Japan Enhanced Equity ‘I’ (OEIC)	9,211	2%	5,886	1%
Asia Pacific Ex Japan Enhanced Equity Fund ‘I' (OEIC)	6,221	1%	5,863	1%
	40,169	**8%**	**34,197**	**7%**
Henderson Global Funds				
Emerging Markets Fund 'I' (OEIC)	9,837	2%	9,930	2%
	9,837	**2%**	**9,930**	**2%**
Henderson UK & Europe Funds				
Henderson UK Gilt Fund 'I' (OEIC)	14,330	3%	10,784	3%
Henderson All Stock Credit 'I' (OEIC)	25,921	5%	22,510	5%
	40,251	**8%**	**33,294**	**8%**
Henderson Property Management (Jersey) Limited				
UK Property Fund Units (PUT)	12,489	3%	12,038	3%
	12,489	**3%**	**12,038**	**3%**
Total invested	**188,478**	**38%**	**209,152**	**48%**
Cash	151	0%	(968)	0%
Total all Henderson Funds	**188,629**	**38%**	**208,184**	**48%**

Legal and General Investments managed by Legal and General Investment Management Ltd. These are held in two unitised insurance policies providing passive management across the benchmark portfolio allocation.

	Value of Assets Under Investment			
	31 March 2013		31 March 2012	
Pooled Investments	£000	% of Fund	£000	% of Fund
Legal and General Assurance (Pensions Management) Limited				
Policy Number 35334-2/000 / 01 (Insurance Policy)	120,946	24%	104,938	24%
Policy Number 35336-7/000 / 01 (Insurance Policy)	120,945	24%	104,938	24%
Total invested	**241,891**	**48%**	**209,876**	**48%**

Schroders Schroder Investment Management Ltd managed pooled property on an active basis.

	Value of Assets Under Investment			
	31 March 2013		31 March 2012	
	£000	% of Fund	£000	% of Fund
Pooled Investments				
Schroder Property Investment Management Limited				
Schroder Exempt Property Unit Trust (PUT)	18,921	4%	18,410	4%
Total invested	**18,921**	**4%**	**18,410**	**4%**
Cash	109	0%	279	0%
Total all Schroders Funds	**19,030**	**4%**	**18,689**	**4%**

Baillie Gifford Investments comprising a "Diversified Growth Fund" managed by Baillie Gifford & Co, held in an insurance policy.

	Value of Assets Under Investment			
	31 March 2013		31 March 2012	
Pooled Investments	£000	% of Fund	£000	% of Fund
Baillie Gifford Life Limited				
Diversified Growth Fund "P Class" (Insurance Policy)	48,355	10%	0	0%
Total invested	**48,355**	**10%**	**0**	**0%**

NOTE P17 VALUATION OF FUNDS UNDER MANAGEMENT

The Pension SORP 2007 requires investments to be valued at their Fair Value basis. Where there is an active market for a particular investment, the bid price is usually the appropriate quoted price to represent the fair value of that investment. The following paragraphs describe the valuation basis used:

Henderson Global Investors ("HGI") (excluding property)

The equity and bond investments managed by HGI are represented at mid-value less a percentage "liquidation fee" (now termed a "swing rate") issued by the manager, broadly reflecting the "mid-to-bid" margin for the relevant asset class. The closing prices (and "swing rates") issued by HGI are not quoted on any independent pricing services (such as Bloomberg), although mid-day prices for the majority of the HGI pooled vehicles held by the Fund are quoted on such sources.

L&G (excluding property)

Investments with L&G are held via two insurance policies. Under this arrangement, which is the conventional form of UK passive fund management, the surrender value of the policy is directly linked to underlying units in L&G's index-tracking funds, held (and maintained) in proportion to the policy holder's required asset distribution. The policy holder has no title to or direct beneficial ownership of either the units or underlying physical securities, which are the property of L&G. The policy values have been shown in the accounts in accordance with the bid values of the reference units issued by L&G, representing the effective surrender value of the policy. The unit prices are not quoted on any independent pricing services.

Property Investments (including Henderson and L&G)

All the Fund's unitised property investments are represented at the latest available bid value issued by the funds according to their respective pricing conventions, and these prices are quoted on independent pricing services.

Baillie Gifford

The Baillie Gifford Diversified Growth Fund is "single priced" at "offer" level, although swing rates representing the margins "offer-to-mid" and "mid-to-bid" (based on daily funds flows) are issued by the manager. As noted above, under the insurance structure, the surrender value of the policy is directly linked to underlying units while the policy holder has no title to or direct beneficial ownership of either the units or the underlying assets. For consistency with the reporting of the Fund's investments generally, the offer price adjusted to the bid level of the reference units is shown in the accounts as representing the effective surrender value of the policy. The unit prices are not quoted on any independent pricing services.

NOTE P18 RESTRICTIONS AFFECTING THE REALISATION OF INVESTMENTS

There were no formal restrictions affecting the ability of the Fund to realise its investments at their carrying value at year-end. However, in common with most, if not all property-related pooled vehicles, it is likely that a delay would arise in the event of the Fund realising its holdings in any of the property investments, if actual disposals were required within the relevant pooled vehicle.

NOTE P19 INFORMATION ON ASSETS DIRECTLY HELD

In addition to funds under the management of fund managers, the Fund directly holds 1,485,701 units in the Local Authorities Property Fund (LAPF). This is a property unit trust to which the trustee is the Local Authorities Mutual Investment Trust (LAMIT), responsible for the appointment of the property manager, CCLA Investment Management Limited.

	31 March 2013		31 March 2012	
	£000	% of Fund	£000	% of Fund
LAMIT Local Authorities Property Fund (PUT)	3,320	1%	3,384	1%

There were no purchases or sales in these units by the Fund during 2012/13 or 2011/12. The fund assets are valued by surveyors appointed by the trustee managers of the trust and the units are carried in the Balance Sheet at bid price, reflecting their fair value.

There were no restrictions affecting the ability of the Fund to realise its investments at their carrying value at year-end.

NOTE P20 ANALYSIS OF INVESTMENT MANAGEMENT COSTS

	2012/13 £000	2011/12 £000
Investment management expenses:		
Investment managers' fees	966	675
Custodian Fees	5	6
Investment advisor's fees	30	59
Performance Measurement Fees	15	15
	1,016	**755**

NOTE P21 FINANCIAL INSTRUMENTS

NOTE P21a CLASSIFICATION OF FINANCIAL INSTRUMENTS

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading. No financial assets were reclassified during the accounting period.

31 March 2013	Designated as fair value through P/L	Loans and receivables	Financial Liabilities at Amortised Cost
Financial Assets	**£000**	**£000**	**£000**
Unit Trusts – Property	40,289	0	0
Unit Trusts – Other	85,733	0	0
Unitised Insurance Policies	284,685	0	0
Open Ended Investment Companies (OEICS)	90,258	0	0
Cash	0	2,862	0
Debtors	0	1,507	0
Total	500,965	4,369	0
Financial Liabilities	**£000**	**£000**	**£000**
Creditors	0	0	1,280
Total	0	0	1,280

31 March 2012	Designated as fair value through P/L	Loans and receivables	Financial Liabilities at Amortised Cost
Financial Assets	**£000**	**£000**	**£000**
Unit Trusts – Property	39,260	0	0
Unit Trusts – Other	119,693	0	0
Unitised Insurance Policies	204,448	0	0
Open Ended Investment Companies (OEICS)	77,422	0	0
Cash	0	3,302	0
Debtors	0	1,921	0
Total	440,823	5,223	0
Financial Liabilities	**£000**	**£000**	**£000**
Creditors	0	0	1,539
Total	0	0	1,539

NOTE P21b NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	31 March 2013	31 March 2012
Financial Assets	**£000**	**£000**
Fair value through profit and loss	53,461	3,603
Financial Liabilities	**£000**	**£000**
Fair value through profit and loss	0	0

NOTE P21c FAIR VALUE OF FINANCIAL INSTRUMENTS AND LIABILITIES

All of the Fund’s investments at 31 March 2012 and 31 March 2013 had a carrying value that was identical to the fair value (i.e. where relevant, all investments were “marked to market” on a continuous basis).

NOTE P21d VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

All of the Fund’s investments, excluding cash, would be categorised as those where the fair values are not derived from unadjusted quoted prices in active markets but where the valuation techniques applied use inputs that are based significantly on observable market data.

NOTE P22 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Pension Fund invests in three principal asset classes, equities, bonds and property, each of which is held primarily with a view to their long-term return characteristics.

In a long-term context, three principal categories of investment-related risk are identified.

Benchmark: the risk that the chosen benchmark will give rise to asset value fluctuations that are largely uncorrelated with fluctuations in liabilities.

Portfolio: the risk that the Fund performs poorly relative to the chosen benchmark.

Operational: the risk of fraud and breaches of regulatory constraints.

In current terminology, benchmark and portfolio risk are collectively referred to as market risk and typically analysed in terms of constituent elements such as price, interest rate and currency risk. Given the nature (and relative simplicity) of the Fund's investment structure, however, it is still considered appropriate to comment in this area principally in terms of benchmark (strategic) risk and portfolio (implementation) risk, whilst acknowledging the constituent elements referred noted above.

The Fund accepts and acknowledges a significant degree of benchmark risk entailed by its 62.5% equity weighting. In determining the Fund's asset allocation, the following considerations were taken into account:-

(i) the long-term investment horizon of the Fund;

(ii) the lower cost of pension provision associated with anticipated long-term equity returns;

(iii) the potential of real assets (such as equities and property) to match the effect of future increases in pension liabilities arising from inflation and pay growth.

It is recognised that in adopting a benchmark in which equities are the dominant asset class, the Fund is exposed to significant volatility, both in the short-term and in terms of longer-term potential outcome. This volatility encompasses both the absolute value of the investment fund and its value relative to the liabilities of the Fund.

From analysis provided by the Fund's independent performance measurers, WM, based on data as at 31 March 2013 it is recognised that Fund's benchmark has an expected annual volatility (exclusive of currency risk) of just over 9%. (In this context, volatility represents one standard deviation i.e. the range within which approximately two-thirds of annual outcomes will fall. This is not, therefore, the most likely outcome but rather a relative measure of volatility.) In monetary value terms, based on the Fund's market value at 31 March 2013, the expected price volatility represented around £46m. The tables below detail the expected volatility of the fund's investments (by asset class), in % and monetary terms.

Asset type	**Value as at 31 March 2013**	**Percent-age Change**	**Value on Increase**	**Value on Decrease**
	£000	**%**	**£000**	**£000**
UK Equities	147,641	13.1%	166,997	128,286
Overseas Equities	185,764	12.8%	209,504	162,023
UK Government Bonds	29,651	5.5%	31,282	28,020
UK Corporate Bonds	49,265	4.8%	51,604	46,925
Cash	2,862	0.0%	2,862	2,862
Property	40,289	1.3%	40,808	39,769
Alternatives (DGF)	48,355	4.5%	50,531	46,179
Total Assets Invested*	503,827	9.1%	549,574	458,079

* The % change for Total Assets includes the impact of correlation across asset classes and is therefore different to the sum of the individual cash variances shown for each asset class.

Asset type	Value as at 31 March 2012	Percent-age Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
UK Equities	173,267	15.3%	199,759	146,774
Overseas Equities	159,829	15.5%	184,571	135,088
UK Government Bonds	25,346	5.5%	26,728	23,965
UK Corporate Bonds	43,121	5.4%	45,428	40,814
Cash	3,302	0.3%	3,312	3,292
Property	39,260	6.9%	41,953	36,567
Total Assets Invested	444,125		501,751	386,500

Portfolio risk is controlled via the adoption of asset allocation ranges and the explicit monitoring of quarterly performance relative to the benchmark return. In “investment style” terms, the Fund seeks to mitigate the potential for variance to benchmark indices by managing the majority of its assets (and all equity investments) on either a fully passive or “enhanced index” basis (the latter targets 75bps index outperformance with an emphasis on low tracking error relative to conventional active management). At 31 March 2013, around 60% of fund assets were managed on a fully passive basis, 14% within “enhanced index” vehicles and 26% (comprising property, cash and approximately half of the Fund’s bond investments) on an “active” basis.

Operational risk is controlled primarily by the audit and compliance functions maintained by the fund managers, supervised by the Council’s Internal Audit and Risk Management section. The Council relies

primarily on the annual AAF 01/06 (or SAS 70) reporting framework on fund managers’ internal controls as evidence of their risk management mechanisms, but recognises that this is provided to clients for information purposes only by the reporting auditor.

Liquidity Risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The Fund has a 1% target benchmark allocation to cash and immediate access to all balances held. In the event of it being required, the Fund has overdraft facilities and an ability to borrow funds on a short-term basis from the Administering Authority (subject to the relevant provisions of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009). In general, the Fund’s pooled investment assets have good liquidity, based on daily, weekly or monthly dealing. In exceptional market circumstances, liquidations in the Fund’s pooled property investments can be suspended (at the managers’ discretion), but this is not considered to materially impact the Fund’s overall liquidity. The Fund remains cash-flow positive in its regular dealings with members and plans in advance for exceptional funds outflows e.g. bulk transfers.

Interest Rate Risk is 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 direct exposure to interest rate movements as at 31 March 2013 and 31 March 2012 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset type	Value as at 31 March 2013 £000	Value as at 31 March 2012 £000
UK Government Bonds	29,651	25,346
UK Corporate Bonds	49,265	43,121
Cash and Cash Equivalents	2,862	3,302
Total	81,778	71,769

Credit Risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge and 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 the carrying value of the Fund's financial assets and liabilities. The Fund's benchmark cash allocation is invested under a Treasury Management Policy adopted by the Pension Fund Committee in February 2011 which reflects the Council's own Policy and Strategy (subject to their being a separate maximum £5m counterparty limit for any cash investment.). The Fund's maximum exposure to credit risk as conventionally understood is detailed in the above table. The Fund's investments in corporate bonds are in two pooled vehicles comprising investment-grade securities only; of these, the allocations to specific ratings classes fluctuates but at 31 March 2013, around 70% of the investments of each (by value) were at grade BBB or higher (the equivalent for 31 March 2012 being closer to 75%).

Other risks: the Fund recognises and accepts currency risk (i.e. additional volatility to base currency) associated with the 34.5% of Fund assets denominated in currencies other than sterling. Additional WM analysis (again based on data as at the reporting date) indicates that the non-sterling element of the portfolio has an expected annual volatility of around 5% (£10m in value terms), or around 2% in terms of the Fund as a whole. (The equivalent figures for 31 March 2012 were volatility of 9%, £14m in value terms, or 3% of the fund as a whole.)

NOTE P23 MATERIAL TRANSACTIONS WITH RELATED PARTIES

The Pension Fund is a separate entity from the Council with its own Fund Account and Net Asset Statement. The following material transactions took place between the Council and the Pension Fund:

	2012/13 £000	2011/12 £000
Income:		
Pension Contributions from the Council (employer's contributions)	(14,039)	(14,494)
Pension Contributions from employees (deductions paid over)	(3,568)	(3,815)
Interest	0	(2)
Total Income	**(17,607)**	**(18,311)**
Expenditure:		
Indirect support costs provided by the Council	**282**	**282**

Additionally, the Council's Director of Finance & Corporate Services, Mark Maidment, acts in the capacity of Treasurer to the South West Middlesex Crematorium Board (SWMCB), one of the Fund's admitted employers. In 2012/13, SWMCB paid over employer's contributions of £60k and employee's contributions of £16k to the Fund.

Of the five Councillors who sit on the Pension Fund Committee, two are members of the LGPS (under the provisions permitting elected members' allowances to be pensionable).

Management Remuneration

There are 2 key management personnel employed by the Council as administering authority to the Fund who perform a similar management function for both the Council and the Fund, and who attend the Pension Fund Committee and exercise the most senior level of control delegated by that body:-
Mark Maidment, Director of Finance & Corporate Services
Graham Russell, Assistant Director of Finance

Both of the above are included within the scope of Note 37 in the Council's main Statement of Accounts covering Officers' Remuneration. It is not possible accurately to apportion the element of that remuneration that relates to Pension Fund duties carried out.

NOTE P24 CONTINGENT ASSETS AND LIABILITIES

Apart from future pension and benefit liabilities, the Pension Fund had no contingent assets or liabilities as at 31 March 2013.

NOTE P25 EVENTS AFTER THE REPORTING DATE

There have been no material movements subsequent to the reporting date.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF RICHMOND UPON THAMES

Opinion on the Authority financial statements

We have audited the financial statements of London Borough of Richmond upon Thames for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of London Borough of Richmond upon Thames in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and Corporate Services and auditor

As explained more fully in the Statement of the Director of Finance and Corporate Services Responsibilities, the Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Corporate Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of London Borough of Richmond upon Thames as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, London Borough of Richmond upon Thames put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of London Borough of Richmond upon Thames in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul Grady

Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP

September 2013

Opinion on the pension fund financial statements
We have audited the pension fund financial statements of London Borough of Richmond upon Thames for the year ended 31 March 2013 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of London Borough of Richmond upon Thames in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and Corporate Services and auditor
As explained more fully in the Statement of the Director of Finance and Corporate Services Responsibilities, the Director of Finance and Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and Corporate Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters
In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on financial statements
In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2013 and the amount and disposition of the fund's assets and liabilities as at 31 March 2013; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Emily Hill

Associate Directorfor and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House, Melton Street, London NW1 2EP

September 2013

ANNUAL GOVERNANCE STATEMENT

Proper Practice

The preparation and publication of an annual governance statement in accordance with the CIPFA / SOLACE Framework is necessary to meet the statutory requirement set out in regulation 4(2) of the Accounts & Audit (England) Regulations 2011 which requires authorities to "conduct a review at least once in a year of the effectiveness of its system of internal control" and to prepare a statement on internal control which should accompany the statement of accounts.

Scope of responsibility

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

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

Richmond Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is available on our website:

Link to document:

http://www.richmond.gov.uk/home/council_government_and_democracy/council/decision_making_council/council_constitution.htm

(see Part 5)

This statement explains how the authority has complied with this Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Richmond Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Richmond Council for the year ended 31 March 2013 and up to the date of the approval of the annual governance statement and statement of accounts.

The governance framework

Richmond Council has adopted a Code of Corporate Governance in accordance with the CIPFA / SOLACE recommended best practice guidance. A revised Code of Practice was considered and agreed by Cabinet and Standards Committee, before being adopted by full Council in April 2008. This based on the 6 key values that good governance means:

a) focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

The Council has agreed with its partners a Community Plan in place which identifies the key priorities for the Richmond Borough area for 2013 – 2018. The main themes are the involvement and engagement of local residents and businesses; tackling inequality and creating opportunity for children and young people; and working to create a safe, healthy and green borough. The Richmond Partnership brings together the public, private and voluntary and community sectors to improve the quality of life for all those who live work or visit the borough, and has continued to provide strong leadership of all the partners in the borough. A key development in 2012/13 was the establishment of the Health & Well Being Board as a lead into the transfer of Public Health functions to the Council from the PCT in shadow form from October 2012, and permanently from April 2013, and the establishment of Clinical Commissioning Groups as the basic unit for health commissioning.

The Council's two key partnerships are the Health & Well Being Board and the Community Safety Partnership, both of which have formal governance arrangements in place, regular meetings and key targets and deliverable outcomes established and regularly monitored.

The Council publishes an annual Corporate Plan which sets out how it will deliver against the Community Plan, including its own specific key service priorities and objectives. The Council's corporate priorities are shaped by residents' views as well as discussions between officers and elected Members and an understanding of the Council's financial position. The "All in One" survey of all residents carried out in November 2010 provided comprehensive information on residents' priorities and this was refreshed by the first annual Residents' Survey in October 2012.

The Council has also used the All in One survey to help establish Village Plans, and has created a Community Links Programme. This programme aims to promote the work the Council, community groups, external service providers, local businesses and residents do across the borough and also to provide opportunities for people to get more involved with their communities.

Both the 2013/14 Corporate Plan and the 2013 – 2018 Community Plan were agreed by full Council in April 2013.

In terms of communication with stakeholders and accountability, the Council complies with statutory obligations and good practice and publishes a Forward Plan which identifies all upcoming key decisions to be taken, and Annual Accounts. Quarterly reports on performance and an annual progress report on delivery against corporate priorities are also published. The Medium Term Financial Strategy details both revenue and capital budgets and forward plans.

b) members and officers working together to achieve a common purpose with clearly defined functions and roles

The roles of Members and officers are clearly defined in the Council's Constitution which is kept under regular review and updated accordingly. The Constitution also contains an agreed Scheme of Delegation to members and officers, and sets out decision making processes. It also includes regulatory procedures e.g. Contract Standing Orders, and Financial Regulations.

Contract Standing Orders were reviewed and updated during 2011/12 (agreed by Cabinet in October 2011) to align with the new commissioning role and new procurement processes and delegations. Financial Regulations were revised during 2012, and these, together with a further update to Contract Standing Orders were approved by Council in November 2012. Changes were also approved to the Scheme of Delegation within the Council's Constitution to enable the new regulations to be appropriately applied. A robust governance framework is essential to ensure the organisation's risks and controls are managed effectively, and the Council must ensure these principles are adopted in new working arrangements such as shared services.

The Council has a Chief Executive responsible for overall strategic and operational management, a S151 officer responsible for financial control and a Monitoring Officer responsible for ensuring that agreed procedures and regulations are followed, or if not, are reported publicly. Roles and responsibilities of all senior managers are clearly defined in job profiles. As the organisation undergoes significant organisational change, it will be essential that these job profiles accurately reflect roles and responsibilities, particularly in relation to the governance of shared service arrangements.

There is a Performance Management framework which translates priorities and objectives from the Corporate and Service Plans into performance targets for all members of staff.

There are regular reports to Cabinet Members and quarterly reports on budget and monitoring performance and delivery against Corporate Plan priorities to Cabinet and Overview & Scrutiny Committees. These reports identify progress on key projects and programmes as well as on key performance indicators and an officer level Corporate Programme Board has oversight of all major programmes to ensure that delivery is on track and in line with the Council's priorities. Benchmarking on performance is undertaken for all key services.

c) promoting high values for the authority and demonstrating the value of good governance through upholding high standards of conduct and behaviour

There are Members' and Officers Codes of Conduct, and a Members Protocol all of which are kept under regular review and are supplemented by Guidance.

Further to the Localism Act 2011 the Council adopted a new code of conduct for councillors in September 2012, revised its member complaints process and appointed a new Standards Committee in accordance with legislative provisions. A new framework for the consideration and investigation of complaints has been agreed by Council and two independent persons recruited and appointed. Training has been provided for all members on the new code and on the registration of disclosable pecuniary interests. All members have revised their register of interests to comply with the new arrangements and these have been published on the Council's web site.

For officers, a new online system for recording any interests, and also receipt of goods and hospitality was launched. With the move towards being a commissioning council and increased involvement of third parties, and also in light of the Bribery Act 2010, it is important that the Council is aware of any potential conflict of interests; this new system is working well but some work needs to be completed to ensure management reports are produced and acted upon accordingly.

A staff appraisal system is in place to support the ongoing assessment of staff performance and development. A Staff survey was undertaken in November 2011 and an action plan has been drawn up to address the issues raised. A shorter tracker survey was undertaken in May/June 2013.

d) **taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

All Committee meeting agendas and minutes are published on the Council's website, including Members' Decisions. A programme of meetings is published when agreed by Council. The Council

has a Cabinet (Executive) and has a structure of Scrutiny Committees in place. There is an Annual report on Scrutiny and during the year, there have been a number of Scrutiny Task groups set up to review specific service areas, - during the year, Task Groups were set up, for example on, Special Educational Needs, Tobacco Control and Waste & Recycling.

All reports to Cabinet must include a risk assessment and are subject to financial and legal scrutiny prior to decision making. Decision making reports also include policy and equality implications and an Environmental Statement Section which predicts and evaluates the likely significant environmental impacts of proposals.

The Council operates an Audit Committee in accordance with CIPFA recommended best practice and this committee has overall responsibility for ensuring controls are adequate and working effectively. During the year, the Audit Committee widened its membership through the appointment of an independent member. It is also responsible for ensuring the Council's risk management processes are working effectively. The Council has an Anti Fraud and Corruption Strategy and operates a Whistle Blowing Policy. These were revised and a new Anti Fraud and Corruption Framework was approved by Audit Committee in April 2013. All documents are available on the Council's public website. Staff training is programmed in 2013 to ensure all staff are aware of these policies, in particular the process for raising concerns through the Whistle Blowing Procedure.

e) developing the capacity and capability of members and officers to be effective

There are both members' and officers induction and ongoing training programmes, with full records of members' past & future training and development.

During 2012/13, there have been regular Extended Executive Board meetings involving senior managers, and also senior manager conferences held internally periodically during the year.

A programme of officer training is in place and increased use is being made of the Evolve system for online training.

f) engaging with local people and other stakeholders to ensure robust public accountability

Involvement and engagement is one of the key themes of the 2013 – 2018 Community Plan and involvement of all, as a value, underpins the 2013/14 Corporate Plan. Accountability to the public is also one of the Council's corporate priorities. Initiatives to help achieve this include the Community Involvement Programme which includes the further development of village planning, establishing community links, building community capacity for involvement and improving the Council's consultation and engagement activity.

The Council carries out consultations with the public and other stakeholders on a wide range of issues including the quality of services provided, on budgets and on new proposals. A number of ways are used to encourage the community to engage / contribute / participate, including providing specialist facilities for individuals where required, such as interpreters and providing crèche facilities for individuals with young children. The Council is committed to transparency as an aid to promoting accountability and provides information on its activities, budget and performance to the public via its website.

Corporate Governance review

A review against the Corporate Governance Code of Practice is carried out annually by the Head of Internal Audit to ensure compliance with the standards is maintained and the results are reported to Cabinet and Standards Committee. This year's review has confirmed substantial compliance continued throughout 2012/13.

Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government

A self assessment has been carried out against the 5 principles within this Code and all required standards have been assessed as being met.

Compliance with the CIPFA Statement on the Role of the Head of Internal Audit in Local Government

A self assessment has been carried out against the principles within this Code and all required standards have been assessed as being met.

Review of effectiveness

Richmond Council 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 the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also comments made by the external auditors and other review agencies and inspectorates.

In carrying out this review of effectiveness, the following have been taken into account:

- Audit Committee reports (internal controls and risk management processes)
- Scrutiny Committee reports
- Reports of External Audit
- External Inspection reports
- Council's Risk Management and Assurance Framework processes
- Assurances from key partners
- Joint Heads of Internal Audit Annual report

We have been advised on the implications of the review of the effectiveness of the governance framework and have drawn up a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

Whilst there are no significant governance or control issues, the Council is not complacent and recognises the ongoing need for robust governance arrangements, particularly during this period of transformation and financial constraint.

Corporate areas identified through the Assurance Framework process as needing continuing management focus and improvement, all of which feature in the Corporate Risk register are:
the Council's Transformation & Commissioning Programme; Resource & Budget Management; Programme and project management – compliance with corporate processes; Implementation of new legislation and consequential service changes (Welfare Reform Act, Health & Social Care Act and Localism Act, localization of business rates); ICT service delivery and Disaster Recovery / Business

continuity arrangements; Information Governance & Data Security (particularly in the commissioning context)

In addition, are several areas identified by internal audit reports where improved controls are required. These are: Key financial systems – Payroll & Business Rates (NNDR);ICT – Halarose Electoral Registration system; SPEAR contract (Single Person's Emergency Accommodation in Richmond); SEN Transport; Appointeeships; Early Years Grant; Parking; Parks Inspection & Maintenance; Trade Waste; Use of Consultants; Banking Arrangements; Debt Management and the Schools Meal Contract.

Details are set out in the Joint Heads of Internal Audit Annual Internal Audit report for 2012/13.

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 we will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council

Chief Executive

Date:

GLOSSARY OF TERMS

ACCRUALS
Amounts charged to the accounts for goods or services received during the year for which payments have not yet been made, and for income due, which has not yet been received.

AMORTISATION
The practice of reducing the value of assets to reflect their reduced value over time. The term means the same as depreciation, though in practice amortisation tends to be used for intangible assets.

AUDIT COMMISSION
The Audit Commission is a public corporation set up in 1983 to protect the public purse. They appoint auditors to councils, NHS bodies (excluding NHS foundation trusts), local police bodies and other local public services in England, and oversee their work. The Audit Commission is currently in the process of being wound up. Going forward external audit services for Local Authorities will be provided by private sector audit firms and will be procured in line with procurement best practice.

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

BUDGET
An estimate of amounts expected to be spent or received during the year. This can refer to the Council's overall budget, the budget for a particular area (e.g. Capital Budget or Education Budget) or for a specific item (e.g. Printing Budget).

BUSINESS RATES
Also referred to as national non-domestic rates (NNDR). This is a national tax based on the rateable value of business properties. The tax is administered by the government, who also determine the level of the tax. In 2012/13 the Council collected business rates on behalf of the government and paid over the proceeds after costs of collection. The proceeds were then re-distributed to local authorities based on the size of their population.
From 1 April 2013 a new business rates retention scheme was introduced which will lead to local authorities retaining a proportion of business rates generated in the area. The new system will mean that the Council will share in both the risks and rewards of fluctuations in the NNDR income of the Borough. The Collection Fund will pay Richmond a share of the Business Rates collected and Richmond will also take on responsibility for its share of any liabilities that may arise.

BUSINESS RATE SUPPLEMENT
The Business Rate Supplements Act 2009 enables levying authorities - county councils, unitary district councils and, in London, the Greater London Authority - to levy a supplement on the Business Rate to support additional projects aimed at economic development of the area. In 2012/13 a Business Rate Supplement is being levied by the Greater London Authority in relation to the Crossrail project.

CABINET
This is the executive body responsible for undertaking all of the Council's functions except those that are reserved to the full Council or delegated to Committees or officers.

CAPITAL ADJUSTMENT ACCOUNT
This reserve contains the balance of depreciation against the Minimum Revenue Provision (MRP), additional debt repayments over the MRP, reserved capital receipts and usable capital receipts and grants etc. applied to meet capital expenditure.

CAPITAL EXPENDITURE
Expenditure on the acquisition or enhancement of assets that have a significant value and a useful life beyond one year.

CAPITAL FINANCING REQUIREMENT
With the introduction of the Prudential Code on 1 April 2004, each local authority has to calculate a number of indicators that help to determine whether the authority can maintain its borrowing with prudent and sustainable levels. One of the key indicators is the Capital Financing Requirement (CFR) that represents the Council's underlying need to borrow. This is the value of capital assets that have not been financed from Council resources.

CAPITAL CHARGES
Charges made to service revenue accounts, based on the consumption of fixed assets by the service consisting of depreciation and impairment.

CAPITAL CONTRIBUTIONS
Some capital schemes receive contributions from third parties that have an interest in supporting a capital scheme. The most common source of capital contributions is from Schools that contribute part of their own resources towards a capital scheme in which they have an interest.

CAPITAL GRANTS
Government departments and Transport for London (part of the Greater London Authority) support Council capital expenditure through capital grants that can be specific to a particular capital scheme or can be more general support to a particular policy programme or government initiative. These grants are used to finance the relevant element of capital expenditure to which the grant relates.

CAPITAL PROGRAMME
A 6 year plan that identifies Capital projects and purchases. The Capital Programme provides a planned schedule for financial planning and is reviewed annually.

CAPITAL RECEIPTS
Income received from the sale of land, buildings and other capital assets or the Council's share of such sales by other bodies. These may be used to finance capital expenditure but are not available to finance revenue expenditure.

CASH & CASH EQUIVALENTS
Cash is represented by notes and coins 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 an insignificant risk of changes in value e.g. instant access accounts.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)
This is an 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 (see the next paragraph).

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

COLLECTION FUND
Local authorities that are required by law to collect Council Tax and Business Rates must establish a 'Collection Fund' that records the amounts collected from Council Tax and Business Rates separately from the Council's own accounts. The Collection Fund also shows payments made to the government and precepting authorities, and transfers to the Council's General Fund.

COMMUNITY ASSETS
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks and historic buildings.

CONTINGENCIES
Money set aside from a budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

CORPORATE AND DEMOCRATIC CORE
Under the terms of SeRCOP, all support costs are allocated to services except for Corporate and Democratic Core and Non Distributed Costs. Corporate and Democratic Core includes corporate policy making and all other member-based activities, and activities that relate to the corporate management of the Council.

COUNCIL TAX
A major source of income to the Council. It is levied on households within the Council's area based on property values and the proceeds are paid into the Collection Fund for distribution to precepting authorities, which are Council and the Greater London Authority.

COUNCIL TAX BENEFIT
Assistance provided by the Council to adults on low incomes to help them pay their Council Tax bill. The cost to the Council of Council Tax benefit is largely met by government grant.

CREDITORS
Organisations and individuals to whom the Council owes money.

CURRENT ASSETS
These are assets that will be consumed within the next accounting period (i.e. less than one year). Examples are stock, cash and debtors.

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

DEBTORS
Organisations and individuals who owe money to the Council.

DEDICATED SCHOOLS GRANT (DSG)
DSG was introduced in 2006/07 as the principal source of funding for schools and related activities in England. It replaced funding that was paid to local authorities as 'formula grant' with the intention that it would be more clearly 'ring-fenced' to schools based expenditure. It is distributed to local education Department for Schools Children and Families (DSCF) that has been renamed the Department for Education.

DEPRECIATION
The writing down of the value of a fixed asset in the balance sheet in line with its expected useful life.

EARMARKED RESERVES
Amounts set aside for specific purposes falling outside the definition of provisions.

EFFICIENCY CHALLENGE
At national and local level there is a need to reduce public expenditure. This means there is a major challenge facing the Council to reduce costs by increasing efficiency. The Efficiency Challenge

programme is focused on achieving these goals through redesign of Council services and creative thinking about the way we run things.

EMPLOYEE BENEFITS
Salaries, wages, paid annual leave and paid sick leave.

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.

FINANCE LEASE
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 or equipment from the lessor to the lessee.

FIXED ASSETS
These are assets that are likely to be in use by the Council for more than one year, such as land and buildings.

FTE
FTE is an abbreviation for the term Full Time Equivalents. FTE is commonly used to measure the number of staff employed within a service or other operational group. It enables amount of part-time and other flexible working arrangements (e.g. 2 days per week or term-time only) to be consistently measured.

FUNDING BASIS
This refers to the Funding Basis under regulations. The Council is required to include several items in the Comprehensive Income and Expenditure Account under The Code that are not a charged to Council Tax payers (e.g, depreciation).

GENERAL FUND
This is available for any purpose and is held to manage major in-year spending issues and to ensure financial stability.

HERITAGE ASSETS
Heritage Assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

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 LOSS
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.

INCOME AND EXPENDITURE ACCOUNT
A Core Financial Statement that provides a summary of the resources generated and consumed by the Council in the year.

INFRASTRUCTURE ASSETS
These are fixed assets that are not saleable, for example, roads.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The regulations under which the accounts are published. A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.

INTANGIBLE FIXED ASSETS
Intangible fixed assets that are likely to be in use by the Council for more than one year are recognised where there is no ‘physical’ asset but the Council controls future economic benefits from the asset.

INVENTORIES
Inventories are materials or supplies that will be consumed in producing goods or providing services or will be sold or distributed as part of an authority’s ordinary business

LONG TERM BORROWING
This is external borrowing for a period of one year or more. Temporary borrowing is defined as external borrowing for 364 days or less.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the General Fund each year and set aside as provision for debt repayment, as required by the Local Government Act 1989 and Capital Financing Regulations (as amended).

MOVEMENT IN RESERVES STATEMENT (MIRS)
A prime statement that draws together all the movement in both the usable and unusable reserves in one table.

NATIONAL NON-DOMESTIC RATES
Also referred to as Non-domestic Rates (NNDR), this is explained in the paragraph on Business Rates.

NET BOOK VALUE
An asset or liabilities original book value net of any accounting adjustments such as depreciation.

NET REALISABLE VALUE
The value of an asset that can be realised upon the sale of the asset, less any costs associated with either the eventual sale or the disposal of the asset in question.

NON-DISTRIBUTED COSTS
This category of expenditure under SeRCOP comprises the costs of any unused IT facilities and long term unrealisable assets as well as a number of adjustments in relation to pension costs that are not attributable to the current cost of frontline services.

OPERATIONAL ASSETS
These are fixed assets that are held, occupied, used or consumed by the Council in the direct delivery of its services.

OPERATING LEASE
This is a type of lease under which lease rentals are paid for the use of the asset over the period of the lease. The asset remains the property of the lessor and has to be returned at the end of the lease.

OUTTURN
This is the final expenditure and income in any financial year. Outturn reports usually compare the final net expenditure (expenditure less income) against the relevant budget.

PRECEPT
A charge made by prescribed public authorities that do not administer the local Council Tax on the Collection Fund.

PREMATURE REPAYMENT OF DEBT
The Council's long-term debt is regularly reviewed and when there is economic advantage loans are repaid prematurely. Such repayments are usually, but not necessarily, replaced by new borrowing at a more advantageous interest rate.

PRUDENTIAL INDICATORS
The Council is required to set Prudential Indicators to demonstrate it is exercising its power to borrow in a sustainable, affordable and prudent manner.

PROVISIONS
Amounts set aside for liabilities and losses which are likely to occur but where the exact amount or timing is uncertain.

PWLB
The Public Works Loan Board is a government body that makes long-term loans to local authorities.

REVALUATION RESERVE
This reserve contains the balance on the revaluation of fixed assets and any subsequent movement in the current cost of assets arising from depreciation or disposals of those assets.

REVENUE EXPENDITURE
Day to day payments on the running of Council services such as salaries and wages, operating costs and charges for the use of assets.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)
Capital expenditure that does not result in a new or enhanced asset in the Council's accounts. An example is an improvement grant made to an individual. This expenditure is also referred to as revenue expenditure classified as capital by statute.

SECTION 106 RECEIPT
Under Section 106 of the Town and Country Planning Act, 1990, developers and local authorities can enter into planning obligations to enable developments to proceed that might otherwise not be approved. These obligations are commonly referred to as Section 106 (S106) agreements and in some cases these provide for the developer to make financial payments to the Council that have to be used for compensatory works or measures that facilitate the proposed development. For example, a proposed new housing development may require compensatory transport measures (e.g. traffic management such as junction improvements, signalling etc.). Most S106 receipts are applied to capital expenditure but can be used for revenue purposes, such as subsidised bus services to alleviate traffic problems.

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. The Section 151 Officer for this Council is the Director of Finance and Corporate Services.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)
The CIPFA SeRCOP establishes proper practices with regard to consistent financial reporting for services. SeRCOP is reviewed annually to ensure that it develops in line with the needs of modern local government, Transparency, Best Value and public services reform.

TANGIBLE FIXED ASSETS
Tangible fixed assets are ‘physical’ assets that provide future economic benefit and are likely to be in use by the Council for more than one year.

TEMPORARY AND LONG TERM INVESTMENTS
The Council has cash surpluses that reflect its usable revenue and capital reserves and the incidence of cash flows. These investments are in loans to banks and other financial institutions. The majority of investments are short term, i.e. with repayment in less than 365 days. Longer term investments (365 days or longer) include one long term loan to another local authority.

TEMPORARY BORROWING
This is defined as external borrowing for 364 days or less. Long-term borrowing is external borrowing for a period of one year or more.

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 officers decision to accept voluntary redundancy.

TABLE OF NOTES

LONDON BOROUGH OF RICHMOND UPON THAMES

COLLECTION FUND

PENSION FUND

ALTERNATIVE FORMATS

If you have difficulty understanding this publication, please visit Reception at the address below where we can arrange a telephone interpreting service

Civic Centre
44 York Street
Twickenham
Middlesex
TW1 3BZ

Nese keni veshtersi per te kuptuar kete botim, ju lutemi ejani ne recepcionin ne adresen e shenuar me poshte ku ne mund te organizojme perkthime nepermjet telefonit.

এই প্রকাশনার অর্থ বুঝতে পারায় যদি আপনার কোন সমস্যা হয়, নিচে দেওয়া ঠিকানায় রিসেপ্শন-এ চলে আসুন যেখানে আমরা আপনাকে টেলিফোনে দোভাষীর সেবা প্রদানের ব্যবস্থা করতে পারবো।

إذا كانت لديك صعوبة في فهم هذا المنشور، فنرجو زيارة الإستقبال في العنوان المعطى أدناه حيث بإمكاننا أن نرتب لخدمة ترجمة شفوية هاتفية.

اگر در فهمیدن این نشریه مشکل دارید، لطفا به میز پذیرش در آدرس قید شده در زیر رجوع فرمایید تا سرویس ترجمه تلفنی برایتان فراهم آورده شود.

જો તમને આ પુસ્તિકાની વિગતો સમજવામાં મુશ્કેલી પડતી હોય તો, કૃપયા નીચે જણાવેલ સ્થળના રિસેપ્શન પર આવો, જ્યાં અમે ટેલિફોન પર ગુજરાતીમાં ઇન્ટરપ્રિટીંગ સેવાની ગોઠવણ કરી આપીશું.

ਜੇਕਰ ਤੁਹਾਨੂੰ ਇਸ ਪਰਚੇ ਨੂੰ ਸਮਝਣ ਵਿਚ ਮੁਸ਼ਕਲ ਪੇਸ਼ ਆਉਂਦੀ ਹੈ ਤਾਂ ਹੇਠਾਂ ਦਿੱਤੇ ਗਏ ਪਤੇ ਉੱਪਰ ਰਿਸੈਪਸ਼ਨ 'ਤੇ ਆਓ ਜਿੱਥੇ ਅਸੀਂ ਟੈਲੀਫ਼ੋਨ ਤੇ ਗੱਲਬਾਤ ਕਰਨ ਲਈ ਇੰਟਰਪ੍ਰਿਟਰ ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਸਕਦੇ ਹਾਂ।

اگر آپ کو اِس اشاعت کو سمجھنے میں کوئی مشکل ہے تو، براہِ کرم نیچے دیئے ہوئے ایڈریس کے استقبالیے پر جا کر ملیئے، جہاں ہم آپ کیلئے ٹیلیفون انٹرپریٹینگ سروس (ٹیلیفون پر ترجمانی کی سروس) کا انتظام کرسکتے ہیں۔

FEEDBACK

We continuously try to improve our communications with the public and welcome any comments or suggestions on this publication. Please send any comments to:

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OTHER PUBLICATIONS:
In addition to this Statement of Accounts that has to be produced in a format that complies with legislation and professional guidance, the Council publishes a range of other reports covering finance and performance.

If you are interested in the Council's finances and how it performs, please visit our website and follow the link on the front page to 'Statements of Accounts'

WWW.RICHMOND.GOV.UK