



Autumn Colour in Burnham Beeches Forest

Slough Borough Council

**Statement of Accounts
2019/20**

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SECTION – 1

ANNUAL GOVERNANCE STATEMENT

An Annual Governance Statement (AGS) for 2019/20 has not been formally approved, as would normally be expected.

It has been challenging for current officers to review governance arrangements and the suitability of action plans going back several years and a decision had therefore been taken to focus attention on the governance review of 2022/23 to inform the 2022/23 AGS, and future AGSs.

In the document below, an addendum to the 2018/19 annual governance statement is presented as substitute for a full annual governance statement for 2019/20. This was reviewed during March 2023 and signed off by the then Leader of the Council and Chief Executive. This is deemed to provide the best representation of the governance environment during the 2019/20 financial year.

A more up to date record of the Council's latest governance processes is available in the 2022/23 Annual Governance Statement per link below:

<https://democracy.slough.gov.uk/documents/s76602/Annual%20Governance%20Statement%20202223%20-%20Appendix.pdf>

The 2023/24 Annual Governance Statement expected to be reviewed by the Audit and Corporate Governance Committee in due course.

ANNUAL GOVERNANCE STATEMENT

Addendum to 2018-19 Annual Governance Statement

Background

The Accounts & Audit (England) Regulations 2015 requires all local authorities to complete a number of key governance processes each financial year:

- carry out an annual governance review
- prepare and publish an annual governance statement, and
- include this statement (or a summary version) in the annual statement of accounts.

The Annual Governance Statement for 2018-19 was produced and approved by the Audit and Corporate Governance Committee in July 2019. At that time and since then the Annual Accounts for the years 2018-19, 2019-20 and 2020-21 had yet to be completed and audited. Consequently, the Annual Governance Statements (AGS) have not been published. At this point in time the 2018/19 accounts have now been completed and consequently this addendum to the previously approved AGS has been produced to reflect the current position at the Council at the time of approving the accounts. The Council is required to report significant events or developments relating to the governance system, which have occurred between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer. This document adds to that approved by the Audit and Corporate Governance Committee in July 2019 and is designed to update for the material changes that have impacted the governance of the Council since that date and up to the date of signing the accounts for 2018-19.

Improving the Governance process

Notwithstanding the events that have taken place there remains a need to improve the governance process. Most importantly:

- assurance statements provided by Departmental Directors have not been routinely completed and reviewed in recent years
- published Annual Governance Statements do not include all the statutory requirements and have lacked detailed improvement action plans
- previous statements have not recognised significant weaknesses in our Governance Framework.

A revised process will be put in place for the 2022-23 AGS process to ensure the statutory requirements and best practice is met in the future.

Key Issues and Events since July 2019

Since the approval of the AGS in July 2019 the Council and the environment in which it, and the rest of society, is operating has changed massively. This has included the economic impact and changes following Brexit, the increasing demands for children's and adults services, the on-going restrictions on financial resources, the need to develop the local economy and housing provision, but, perhaps most significantly as a result of the COVID-19 Pandemic.

On top of these challenges, in early 2021, the Council found itself with unprecedented financial difficulties resulting in an application to Government for a capitalisation direction. The scale of the financial problems resulted in the Section 151 Officer at the time issuing a s114 notice in July 2021. During the remainder of 2021 and into early 2022 the scale and depth of these issues have been subject to further analysis and have resulted in the largest ever application for support to government from a Council in the region of a base case of £478m. Without this support the Council will be unable to set a balanced budget or sustainable medium term financial plan. Without this support the Council will be unable to set a balanced budget or sustainable medium term financial plan. During 2022 the financial strategy that was agreed in 2021 has begun to reap benefits with the sale of a significant amount of assets with a value of up to £208m forecast by 31 March 2023. Whilst these sales impact the debt position in a positive manner there still remains a need to make substantial savings on an annual basis to achieve overall long term financial sustainability. This remains a challenge despite good progress in respect of identifying savings for 2023-24 and 2024-25.

ANNUAL GOVERNANCE STATEMENT (continued)

Government Intervention

On 30 June 2021 the Secretary of State announced an external assurance review of Slough Borough Council's financial position and the strength of its wider governance arrangements. The two elements of the external assurance review were published on 25 October 2021. They provided evidence that Slough Borough Council had failed in numerous ways to comply with its Best Value Duty. Also on 25 October 2021, Minister Kemi Badenoch confirmed in a Written Ministerial Statement that after due consideration, the Secretary of State was minded to use his powers under the Local Government Act 1999 to intervene at the council.

In light of the conclusions and evidence in the Governance Report and the Finance Review the Secretary of State put in place an intervention package with a particular focus on the areas of weakness identified. The Secretary of State's proposals reflect the main findings of the Report: that there have been "years of inadequate corporate governance and action" and "sustained and systematic failure across some functional processes, governance and certain services".

The Secretary of State's intervention is designed to make sure that the Authority has made sufficient improvement within the next three years to be able to comply with its best value duty on a sustainable basis. The Secretary of State is mindful of the scale of the financial challenge facing the Authority and considers it likely that financial sustainability will not be possible without more fundamental changes.

The intervention package involves putting in place Commissioners who between them will have experience to work closely with the Authority on the functions within scope of the Report's recommendations. The Secretary of State will also seek advice from the Commissioners to help determine whether financial sustainability is possible or if more fundamental changes will need to be considered. The Secretary of State proposes that his Directions to the Authority should be in place for an initial period of 3 years.

The Commissioners began work at the Council on 1 December 2021 and will report publicly on progress on a quarterly basis. The Commissioners received additional powers in September 2022 most notably the power to recruit senior employees. The Commissioners issued their first report in December 2022.

The 2018-19 ANNUAL GOVERNANCE STATEMENT

This Annual Governance Statement has been updated in the light of the increased public scrutiny of the Council following the outcomes of the Government's Review. Its content reflects the material issues identified and the failure to resolve historical governance and financial challenges. The five-year plan which set out the corporate objectives for the Council has since been replaced by an Improvement and Recovery Plan, whilst the underpinning objectives remain important there is a crucial requirement to ensure financial sustainability in order to ensure the Council remains viable. The AGS for 2020/21 sets out in detail the recommendations made in the Governments review, external and internal audit recommendations and reports from any other sources. These are not repeated here but are stated in broad terms below:

Governance (17 recommendations)

Culture and Leadership (3 recommendations)

Financial Governance (7 recommendations)

Service Reform (2 recommendations)

Capacity and Capability (1 recommendation)

Other Governance Matters Not Specifically Referenced in the Government Report

- Brexit
- COVID -19 Impact
- Information Governance
- Integrated Care Services

ANNUAL GOVERNANCE STATEMENT (continued)

The table below gives an updated position on the improvement actions identified in the original 2018/19 AGS.

IMPROVEMENT ACTION PLAN 2018-19 GOVERNANCE ISSUES

What the issue was?	Updated Position January 2022
<p>Inadequate rating for the safeguarding services and safeguarding outcomes for children and young people.</p>	<p>Issue Remains – although an improved rating was received from OFSTED in January 2019 and further improvements have continued to be made circumstances remain challenging as demand continues to increase and financial capacity becomes stretched.</p> <p>Slough Children First has:</p> <ul style="list-style-type: none"> • introduced new ways of delivering social work underpinned by its Safe, Secure and Successful model; • appointed a new Board of Directors in August 2021; • reviewed and updated its Business plan in October 2021; and • is developing a new Children’s Plan to take forward to 2025. <p>The service has seen a significant and sustained increase in demand for its services which is placing further pressure on its finances.</p>
<p>Weaknesses in the Council’s Contract management and procurement arrangements.</p>	<p>Issue Remains but is being worked on - The Council has started to improve the Council’s business acumen and obtain better value for money.</p> <p>Procurement function and contract management functions are to be brought in-house. A project is in place to make this happen in 2022.</p> <p>Improvements are being made to data and business cases as part of improved reporting to the Procurement Board.</p> <p>External support has been commissioned to revise the Council’s Procurement Strategy and Procurement Operating Procedures. The Council’s Contract Procedure Rules have been updated and simplified to make them more effective. In addition work has commenced on development of a comprehensive contracts register.</p>
<p>Internal audit raised concerns about the adequacy of the governance and financial arrangements relating to major partnerships.</p>	<p>Issue Remains – As a response to the Government’s reports the Council has put in place a fundamental review of its key partnerships and company relationships. This has reported in March 2022 and remains an ongoing piece of work.</p>
<p>Business Continuity arrangements are weak and in need of improvement.</p>	<p>Issue Remains but work is ongoing - external resources have been employed during late 2021 to support the Council’s Business Continuity and Response Manager. Business Impact Analyses for service areas are being completed and have been followed up by detailed Business Recovery Plans for all areas to provide robust arrangements to secure business continuity following any disruptive events.</p>
<p>Voids Management impacting service standards and ability to re-let properties.</p>	<p>Issue Remains - The Council entered into a new long-term contract with Osborne in December 2017 for the management and development of its housing stock and this is now underway. The procurement specifically sought to deal with this issue and its now being managed by the new contractor although issues remain with the quality and standards currently being provided.</p>

ANNUAL GOVERNANCE STATEMENT (continued)

What the issue was?	Updated Position January 2022
Health and Safety – weaknesses identified in the scope and completeness of health and safety compliance.	Issue Remains but work is ongoing - A dedicated team has been and is continuing to work through examining this portfolio for compliance on these issues to enable the Council's management team to obtain assurance in this area. A follow-up IA review is scheduled for 2022.
Failure to implement IA Recommendations	Issue Remains but work is ongoing – significant progress has been made in implementation rates, with additional short-term resource being recruited to accelerate progress in the first part of 2022. This continues to be monitored closely.
Significant deficiencies in the Annual Accounts preparation and working papers: <ul style="list-style-type: none"> -Quality of Working Papers -Critical review of the draft financial statements -Mapping of debtors and creditors. -Bank reconciliations -Maintenance of the fixed asset register -Password Security -Review of source data provided to the valuers 	Issue Remains but work is ongoing - External Audit deficiencies are being responded to in the Finance Action Plan as part of the delivery of quality financial statements for 2018-19, 2019-20 and 2020-21.
Significant Deficiencies highlighted by Internal Audit reports: <ul style="list-style-type: none"> -Debtors -Council Buy Backs -Contract Procedure rules -Temporary Accommodation strategy -Creditors -Conflicts of interest 	Issue Remains but work is ongoing -Internal Audit deficiencies are being addressed through the Finance Action Plan and the project to get recommendations implemented. Progress is being made but there is still work to do to improve controls in all the areas covered by Internal Audit.
Continued Economic Instability and Turbulence at a national level impacting the Council's ability to balance its budget.	Issue Remains but work is ongoing - Failure to deliver a balanced budget remains a key risk for the Council, as recognised by the issuing of a s114 notice by the Director of Finance in July 2021. A capitalisation direction has been put to Government in order to enable the council to remove its historical deficit and approve a balanced budget for 2022/23 and a MTFS for the future.
Weaknesses in governance identified in the Local Government Peer Challenge undertaken in February 2019 and again in February 2020. These included: <ul style="list-style-type: none"> - Gaps in the governance framework - Lack of understanding of good governance - Lack of opportunities for members to engage in briefings and agenda setting - External audit not completed - Importance of the Audit Committee not understood - Need for a member training programme - Scrutiny is not enabled and supported to address the key issues facing the authority 	Issue Remains but work is ongoing – these items have been highlighted in the reports undertaken by the Secretary of State following the issue of a s114 notice in July 2021. They are picked up in more detail in the analysis in the main body of the 2020/21 AGS report.

ANNUAL GOVERNANCE STATEMENT (continued)

Other Matters

Following a review by the executive directors in May 2022 it has been identified that there are a range of other matters that should have been included in the 2018/19 Annual Governance Statement that have either been omitted or not described accurately in the version of the AGS approved by the Audit and Corporate Governance Committee. These matters are shown below and also need consideration as part of the on-going improvement agenda:

Page 6 – there is reference to a policy statement on corporate governance. The Council's policy statement on corporate governance did not in 2018/19 reflect the CIPFA guidance from 2016 and had not been reviewed or updated since that date. It has since been considered and approved by the Audit and Corporate Governance Committee on 14 September 2021 and approved by full council on 23 September 2021.

Page 7 - Principle B - "all meetings are open to the public ...". This is factually incorrect as a number of significant decisions around companies and commercial deals were made at meetings that were held in private with reports that were wholly exempt. In addition, decisions were made by a "Strategic Acquisition Board" that included officers and members but which was not a properly constituted decision-making body. During 2018/19 this Board also started making disposal decisions as well as acquisition decisions.

Page 15/16 Principle D - transformation programme. There is reference to "governance of the programme will be reviewed as required to ensure effective oversight" – the AGS could be improved by including a clearer statement about the governance process, including the role for scrutiny, for such a significant programme.

Principle D - LGA peer review - whilst it was reasonable to refer to a future action plan, the report should have set out in more detail where the responsibility for the action plan and recommendations lay i.e. role of cabinet, scrutiny and A&CG Committee. Whilst the report went to A&CG Committee, it did not go to full council or cabinet who were responsible for some of the recommendations.

Page 18/19 Company subsidiaries – there is no mention of Development Initiatives for Slough Housing Ltd. There is reference to the Strategic Acquisition Board having "control" of the new entity Slough Asset Management Limited. This is a wholly inappropriate governance arrangement without more explanation as to what "control" meant. There is reference to terms of appointment agreements for directors, but no reference to skills audit or training for directors or arrangements for managing conflicts of interest, which would be standard assurance considerations.

Insourcing of Arvato services – there is no mention of the early termination process or how the assurance for managing the transition will be managed to ensure success. There should have been a comment about the Council's governance processes to assure a successful transition of such critical services when a decision had been taken to terminate the contract early.

The narrative under "Council subsidiaries and other entities" is a confused collection of issues. There should be a separate section on connected entities with a clear list, then separate references to significant partnerships and possibly major contractors.

There is no reference to shared service arrangements despite the arrangement with Harrow Council for delivery of legal services being in place. Other arrangements for sharing public health services across East Berks was in place then and Reading BC continued to provide some legal services to the Council (and the Children's Trust) under a delegation of function. There should be a clear list of all shared service/inter-authority arrangements where there is a host authority and formal partnership arrangement in place.

Page 22 - risk management - this is a significant area of weakness and the narrative is very brief bearing in mind the diagram indicating the potential risks. The diagram shows high needs block, termination of Arvato contract, school transport budget, procurement processes as significant risks, but no detail on how these are being managed.

ANNUAL GOVERNANCE STATEMENT (continued)

Conclusion

Slough Borough Council acknowledges its responsibility for ensuring that there is a sound system of governance. The council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be accessed on the Council's website at :

<https://democracy.slough.gov.uk/documents/s65523/5.9%20-%20Policy%20Statement%20on%20Corporate%20Governance.pdf>

or can be obtained by writing to the Council's Monitoring Officer.

The principles upon which it is based are summarised in this Statement. The Council also recognise that the system of governance hasn't operated as it should have in 2018/19 and significant weaknesses have subsequently been identified since the approval of the original 2018/19 Annual Governance Statement. The Council is committed to resolving the issues but recognises it is not a 'quick fix' and the Council is realistic that it faces continuing challenges but is determined to meet and resolve these in the best interests of its customers and all residents across the borough.

Good governance ensures that an organisation is doing the right things, in the right way and for the right people. With the significant challenges arising from the Government's Review, the Council's financial position, continued significant reductions in funding, coupled with increasing demand on critical services this has never been more important. The need to recognise governance weaknesses is an essential element of responding effectively. This governance statement along with the issues raised in the 2019-20 and 2020-21 Annual Governance Statements will provide a focus for improvement across the spectrum of Council services and operations.

The Leader and Chief Executive have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework and have wholeheartedly accepted the analysis and the scale of the actions needed to improve the governance of the Council in the coming years alongside the Commissioners put in place by Government.



Signed on behalf of Slough Borough Council:

Cllr James Swindlehurst

Leader of Slough Borough Council



Stephen Brown

Chief Executive of Slough Borough Council

Date: 17/03/2023

Date: 17 March 2023

SECTION – 2

REVIEW AND STATUTORY CERTIFICATIONS

Director's Narrative Report

1. SLOUGH AS A PLACE

Since the 1930s people from around the UK and across the world have made Slough their home, drawn by the town's industry and location. The town is excellently served by road and rail links to London and is less than 10 miles away from Heathrow International Airport.

Slough has a reputation as a regional economic centre with high productivity and one of the largest trading estates in Europe. A lack of available land for development, combined with Slough's growing population, has led to a significant demand for housing.

Educational attainment in Slough is good but the borough has pockets of deprivation and demands on children's and adults' social services are growing in scale and complexity. Some families remain under pressure and the town has high rates of preventable ill health amongst both children and adults.

Overall employment levels are good, but some groups are under-represented in the labour market, and the average wage of some residents remains low.



The Curve

Slough's iconic library and cultural centre



The Slough Ice Arena

As well as the ice, there's also a well-equipped gym, alongside a climbing wall, dedicated Clip 'n' Climb wall and an café.

Director's Narrative Report (continued)

About the town

- Population of 149,000 as at financial year 2019/20
- One of the most ethnically diverse towns in the UK
- Third smallest local authority in England
- Rated as best place to work in the UK for two years running
- On the Elizabeth Line (opened on 24 May 2022) and Western Rail Link to Heathrow (proposed)



Director's Narrative Report (continued)

2. ACTIVITIES IN 2019/20

During 2019/20 the Council has:

- Launched the Co-production Network in March 2019 to change the way local statutory organisations work with people who use health and social care services
- Reduced the percentage of children at risk of delay in speech sounds and talk from 31 percent to 21 percent (July 2010- July 2019 respectively)
- Launched the council's response to covid, including teaming up with the voluntary sector to create a One Slough approach to those most vulnerable
- Maintained essential services throughout the beginning of lockdown
- Supported schools so 92 percent are good or outstanding
- Introduced the Active Recovery as part of the Active Movement Programme across all 10 children's centres to help tackle childhood obesity and in response to COVID 19
- Delivered the Loneliness and Social Isolation Conference in partnership with local faith groups and the voluntary sector
- Won the prestigious Outdoor Media award for Social Impact for the Safer Slough Partnership's Modern Slavery campaign
- Created AirTEXT, a new air quality webpage that provides unique air quality information service designed to send free pollution alerts and health advice by text, email or voicemail on days of elevated air pollution
- Completed a £7.5 million refurbishment of Langley Leisure Centre
- Prevented homelessness for 379 households at risk
- Implemented the Slough BID (business improvement district) for the town centre Secured £980,000 from Heathrow for new access paths to support public transport and cycling



Director's Narrative Report (continued)

3. THE CURRENT FINANCIAL POSITION

Since the original preparation of these financial statements, the Borough has experienced unprecedented financial challenges. Slough Council was one of a small number of local authorities to request exceptional financial support for what was then an estimated £15m budget gap. The Government agreed to this in principle but on 30 June 2021 announced that an external assurance review would take place, examining both the Council's financial position and the strength of its wider governance arrangements. On the 2nd July the Director of Finance issued a S114 notice for a then estimated £174m budget gap. A Capitalisation Direction of up to £348m was approved as at financial year 24/25. Two external review reports were published on 25 October 2021 and led to the appointment of independent Commissioners for a period of three years, to:

- ensure that the Council responded to the criticisms in the various reports, and
- help to put the Council on a more sustainable financial footing.

During 2021 the Council responded to the financial challenges the Council faces through the work of a new finance team with experience of dealing with similar issues at other local authorities. Work undertaken by this new team identified significant financial challenges that could only be resolved through a combination of:

- substantial ongoing financial support from central government
- scaling-back ambitious regeneration and capital investment plans
- disposing of surplus assets to save revenue costs and generate capital receipts
- efficiency savings, and
- improved budget management

After a detailed and comprehensive process of engagement with the Government, in March 2022 the Council received agreement, in principle to a Capitalisation Direction totalling £307m up to 31/3/23. This in principle Direction will allow the Council to use capital resources to finance revenue costs, thereby reducing pressure on General Fund balances and budgets. The Council has also put plans in place to sell up to £600m of assets and has significantly curtailed ambitious capital investment plans. Since July 2021, all non-essential expenditure is subject to detailed scrutiny.

A revised corporate plan and medium-term financial strategy have been developed which outlines revised, more sustainable, ambitions for the future. These plans will be underpinned by evidence-based and more transparent decision-making. The Council is making rapid improvements in financial management and is committed to achieving value for money for residents but the strategy set out in summer 2021 to March 2022 remains the plan in operation and is being actioned throughout the Council:

- revenue savings of £20m per annum will be required in each of the next five years
- asset sales of up to £600m
- production of high quality accounts from 2018/19 (including prior year adjustments) to 2021/22
- restructuring the finance service to secure a robust permanent structure for the Council
- a review and consequential design and gradual embedding of better financial practices throughout the Council

Going forward, the Council will focus on delivering core services in a cost-effective manner and on successfully managing key financial risks. The transformation of the Council's finances will take an estimated 5 years in total give the magnitude of the issues identified

Director's Narrative Report (continued)

Action plans are now in place to tackle these weaknesses so that the Council can manage its finances more effectively in future. Key areas covered by these action plans, and steps taken since they were introduced in 2021, are summarised below:

FINANCE ACTION PLANS	
Area	Actions taken to date
Decision-making	The format of reports to members has been reviewed and all decisions now require s151 and Monitoring Officer input. This supports transparent and evidence-based decision making which does not expose the Council to undue financial risks.
Financial management	Improved financial modelling ensures that financial decisions are based on accurate and up to date information. New budget management processes ensure that actual spend against budget is accurately monitored, managed and reported.
Direct Schools Grant (DSG) deficits	Spending on High Needs Block services has exceeded grant funding for several years. New arrangements are now in place to manage demand for these services and to improve value for money.
Limited company investments	Work is ongoing to wind up or dissolve all dormant companies, and to develop appropriate exit strategies for the Council's investments in James Elliman Homes and Slough Urban Renewal LLP.
Statement of accounts and working papers	The format of the Statement of Accounts has been amended, new closedown processes have been implemented and the quality of supporting information has been improved. Regular liaison with the Council's local audit team now helps to identify and resolve material issues. Comprehensive technical training has been provided to all staff involved in closedown work.
Financial systems	Controls over journal postings have been improved and all feeder systems are now reconciled to ledger balances at least once a month. Suspense and holding accounts are cleared out regularly and improved processing controls are being put in place.
Fixed Asset Registers and asset valuations	A major data cleansing exercise has been completed to ensure that all entries on the fixed asset register are accurate and up-to-date with evidence of Council ownership. Training on how to use the system has been provided to relevant members of staff and assets are being re-valued in line with Code requirements.
Treasury Management	New Treasury Management policies have been put in place which fully comply with statutory and professional guidance. Bank reconciliation processes are being improved and work is underway to close bank accounts not in regular use.
Debtors and Creditors	All year-end debtor and creditor balances are being reviewed so that uncollectable debtors and out-of-date creditors can be written off. Bad debt provisions have been realistically re-assessed and year-end closedown processes have been improved to ensure that all material accruals and prepayments are identified and reflected in the accounts.
Revenue Recognition (IFRS15)	IFRS 15 requirements have now been properly implemented, for example to differentiate between revenue and capital income and to correctly identify and account for conditional grant income or funding received in advance.
Provisions and Contingencies	An exercise has been undertaken to ensure that all provisions and contingent liabilities have been identified and that these are correctly reflected in accounting records and in the Council's future financial plans.
Leases	Work has been initiated across all spending departments to identify all leases and lease type arrangements across the Council and to replace the current spreadsheet-based records with asset management software.

Director's Narrative Report (continued)

4. FINANCIAL PERFORMANCE 2019/20

This section of the Narrative Report provides a summary of the Council's financial performance and the costs of delivering Council services.

General Fund balances

Key financial requirements for local authorities are to maintain General Fund spending within approved budget levels, and to maintain adequate levels of working balances and reserves. For the financial year ended 31 March 2020 these objectives had been achieved, reporting only net £50,000 underspend (0.05%) against revenue budgets and General Fund working balances of £1.460m at 31 March 2020.

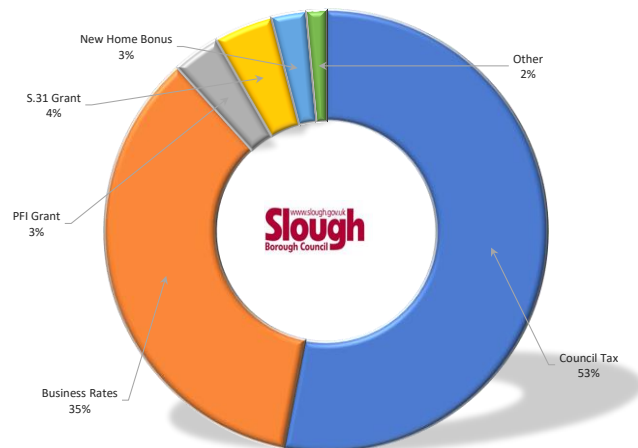
However, the errors subsequently identified and set out above have had a significant impact on the Council's financial position, and without a Capitalisation Direction the impact of correcting these errors would have resulted in a General Fund deficit of £30m at 31 March 2017, increasing to a £108m deficit by 31 March 2020. Using part of the Government's in principle Capitalisation Direction retrospectively has enabled the Council to reinstate General Fund balances as shown below:

	General Fund balances as originally reported (£m)	General Fund balances currently reported (with CD) (£m)	General Fund balances currently reported (without CD) (£m)
31 March 2017	8	7	(29)
31 March 2018	8	2	(48)
31 March 2019	8	1	(77)
31 March 2020	N/A	1	(108)

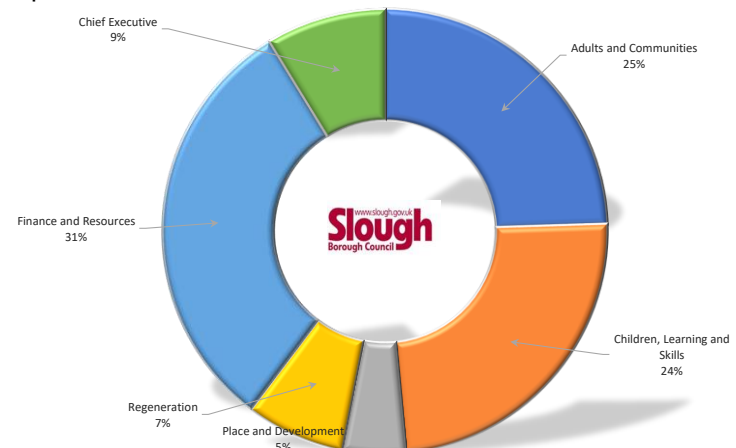
Spending on revenue services

The graphs below highlight where the Council received its revenue income from in 2019-20 and how this has been allocated to service areas. Graph 1 demonstrates the reduction in government grant funding over recent years and the reliance on local taxation to deliver core services.

Graph 1: Key income streams



Graph 2: Net expenditure on General Fund Council Services



Director's Narrative Report (continued)

Capital expenditure and financing

Capital investment in property, plant and equipment was £88m in 2019/20. Major items of expenditure included the purchase of new Council accommodation at Observatory House and the acquisition of the Thames Valley university site for regeneration purposes as well as improvements to Council dwellings, leisure facilities and schools.

In addition, the Council spent £33m on new investment properties and advanced new loans totalling £23m to its subsidiary company, James Elliman Homes.

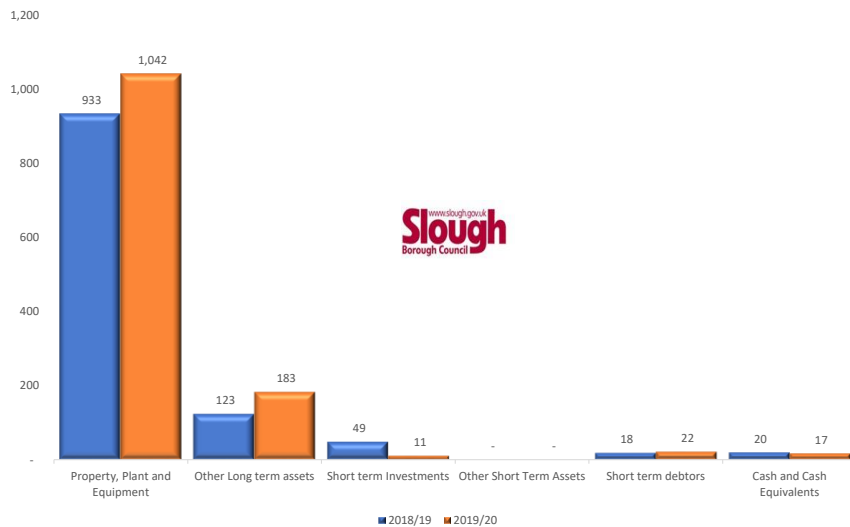
The Council has funded this expenditure through a combination of grant funding, section 106 contributions from developers and short-term borrowing. Resources currently available to fund future investment are limited, therefore in future years capital spending will be limited to essential items only. In future years significant asset disposals are anticipated and these capital receipts will be used to repay external borrowing.

Assets and Liabilities

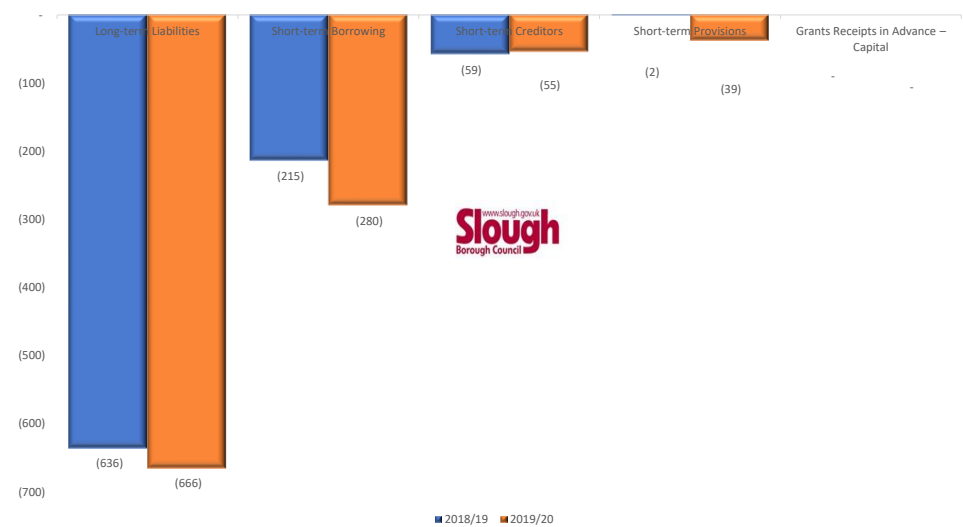
A comparison of 2019/20 and previous years' Balance Sheets is set out below:

Category	At 31 Mar 2020 (£m)	At 31 Mar 2019 (£m)
Property Plant and Equipment and other long term assets	1,225	1,057
Current assets (short term investments, debtors, cash)	49	87
Total Assets	1,274	1,144
Current liabilities (creditors, borrowing and receipts in advance)	(375)	(276)
Long term liabilities (borrowing, PFI liabilities, provisions and pensions)	(666)	(636)
Total Liabilities	(1,041)	(912)
Net assets	233	231

Summary Balance Sheet: Assets Year on Year



Summary Balance Sheet: Liabilities Year on Year



Director's Narrative Report (continued)

Over recent years the Council has significantly increased its asset base by investing in operational land and buildings, limited companies and commercial property. These changes are matched however by significant increases in short and long-term borrowing.

The Council's other financial liabilities relate mainly to school PFI schemes (£32m) and pension liabilities (£265m). Provisions totalling £41m relate mainly to insurance claims, water rates, capital direction, and Business Rates appeals. No significant contingent liabilities have been identified at 31 March 2020.

Treasury Management

The overall objective of Treasury Management is to:

- ensure that the Council has sufficient money to pay staff and suppliers, and to meet its other costs and liabilities as they fall due
- borrow at a competitive rate when necessary to finance capital spending plans, and
- investment surplus funds in a way that realizes the best possible low-risk returns.

During 2019/20 the Council's total of cash balances and short-term investments decreased from £68m to £27m. However, current levels of short and long-term borrowing are amongst the highest, per head of population, of all unitary councils in the UK. This level of borrowing is unsustainable and reducing external borrowing by at least £200m over the next 2-3 years is a key component of the Council's recovery plan. It will be achieved through a combination of asset sales, efficiency savings and managing accumulated cash balances and short-term investments down to the level of working balances held by the Council.

Housing Revenue Account

The Housing Revenue Account is a separate ring-fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housing stock of some 6,068 dwellings. The HRA balance and reserves as at 31st March 2020 was £12.4m, a reduction of £2.8m in the year. This planned use of balances helped to finance £8m of improvements to existing council dwellings and a further £28m of new housing acquisitions. 44 units of housing were sold under the national Right to Buy scheme in 2019/20, but 28 new dwellings were brought into the Council's housing stock.

Collection Fund

The Collection Fund is another ring-fenced account which shows the amount of Council Tax and Business Rates collected and the redistribution back to Slough Borough Council, local police and fire services, and (for Business Rates only) back to central government. The Collection Fund shows an overall deficit of £19.514m for 2019/20 (Slough's share 49%), which will be recovered from participating authorities in future years.

Group Accounts

Group accounts consolidate the Council's single entity financial statements with those of its wholly-owned subsidiary, James Elliman Homes, and its 50% share of Slough Urban Renewal LLP. Accumulated trading profit attributable to these entities at 31 March 2020 was £2.5m, compared to a loss of £75m at 31 March 2019. To limit its financial exposure in this respect, the Council is developing exit strategies which should enable it to wind up these two companies over the course of the next two years, and in the meantime has significantly improved its governance and oversight arrangements.

Director's Narrative Report (continued)

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the section 151 officer) has the responsibility for the administration of those affairs.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the statement of accounts.

The Section 151 Officer's Responsibilities

- 1) As Section 151 Officer, the Executive Director Finance and Commercial Service is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 2) I was appointed interim Executive Director Finance and Commercial Service (S151 Officer) for Slough Borough Council from 7 May 2024. The auditors had previously made a number of statutory recommendations concerning the preparation of and evidence to support the Statement of Accounts for 2018/19 which was published by a predecessor. In response, the Council engaged a completely new Finance team who identified significant weaknesses in financial management, financial processes and systems of internal control. Those recommendations are still being implemented.
- 3) Whilst I cannot comment on the quality of the financial processes in operation prior to my appointment, I am satisfied that sufficient evidence has been obtained to support the overall Balance Sheet and the overall year-end position on General Fund balances and reserves. Within this overall position there may be material errors on a line by line basis.
- 4) In preparing the 2019/20 statement of accounts, I have:
 - selected suitable accounting policies and applied them consistently;
 - made judgements and estimates that were reasonable and prudent; and
 - complied with the Code.

Certification by the Section 151 Officer

- 5) Within the context of paragraph 3) above I therefore certify that to the best of my knowledge and belief so far as is possible in the circumstances, that this statement of accounts presents a true and fair view of the overall financial position of the authority and the income and expenditure for the year ended 31 March 2020. Within this overall position there may be material errors on a line by line basis.

Annabel Scholes

Annabel Scholes

Executive Director Finance and Commercial Service (S151 Officer)

10th December 2024

Date



INDEPENDENT AUDITOR'S REPORT

Independent Auditor's report to the members of Slough Borough Council

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of Slough Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Statement on the Movement on the Housing Revenue Account, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Notes to the Core Financial Statements, Housing Revenue Account Notes, Notes to the Collection Fund and Notes to the Group Financial Statements. 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 2019/20.

We do not express an opinion on the accompanying financial statements of the Authority or the group. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2020 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. Therefore, we have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's or the Group's financial statements for the year ended 31 March 2020 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate audit evidence for the corresponding figures for additional reasons, as set out further below. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2020 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

In addition, in our auditor's report for the year ended 31 March 2019, we issued a disclaimer of opinion due to two matters:

- The Authority operated without appropriate journal controls throughout 2018/19 and our testing found many to have limited or no supporting evidence. In addition, a number of accounting entries were posted outside of the Authority's general ledger, that were unsupported and poorly documented.
- The Authority did not maintain adequate accounting records to support entries in the trial balance and to ensure the integrity of the financial statements. The number and scale of adjustments demonstrated the likelihood of further material undetected errors within the financial statements.

Both these matters have not been resolved in the current year and because of the limitations imposed by the backstop date, we have concluded that their impact could be both material and pervasive to the current year financial statements.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matter required by the Code of Audit Practice

The Executive Director of Finance and Commercial Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's and group's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the Authority, the Executive Director of Finance and Commercial Services and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Authority 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 authority, that officer is the Executive Director of Finance and Commercial Services. The Executive Director of Finance and Commercial 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 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Finance and Commercial Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance and Commercial Services is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Corporate Governance Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's and group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Adverse Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2024, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for adverse conclusion

In considering the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, we identified the following matters:

Financial planning

•The Authority did not have adequate financial plans in place during 2019/20 as they were based upon inaccurate and misleading financial information. In May 2021 Section 24 recommendations were issued by the external auditor identifying concerns with the Authority's financial sustainability and levels of reserves. The Authority issued a Section 114 Notice in July 2021. This identified the financial position of the Authority had significantly deteriorated and no longer reflected the financial position suggested in the approved budgets and Medium-Term Financial Strategy. The Section 114 notice made it clear the Authority's available resources were unlikely to meet the planned budgetary demands for 2021/22.

Reserves and Financial Sustainability

•The Authority did not have an adequate level of reserves to provide financial sustainability. Due to financial planning issues reported above, the financial position of the Authority was based upon inaccurate information. This impacted the level of reserves the Authority held. The level of general fund reserves reduced from the forecast £11.24 million the Authority had in the 2021/22 budget to £1.464 million in the 2018/19 financial statements. The level of general fund earmarked reserves also reduced from £30.9 million to £0.419 million. A capitalisation direction was agreed with central government covering 2018/19 to 2022/23 for £307 million to set a balanced budget for 2021/22. There remains a further risk to the level of general reserves in future years.

Financial Reporting

• The Authority did not have adequate arrangements in place to ensure reliable and timely financial reporting that supports the delivery of strategic priorities due to weaknesses in preparing the 2019/20 financial statements. The statements were not published until 9 May 2024. In addition, significant weaknesses arising during the audit of the 2018/19 financial statements, resulted in a disclaimer opinion. Due to the significance of the issues and delays arising in the 2018/19 audit, the disclaimer of opinion on the financial statements for 2018/19 was issued on 8 November 2024.

INDEPENDENT AUDITOR'S REPORT (continued)

Governance and Decision making

•In relation to the purchase of investment properties, the Authority did not adequately record the decisions made, nor assess if those making the decisions had appropriate skills, capacity and information. From 2015/16 to 2020/21 the Authority purchased fifteen investment properties with decisions taken by the Strategic Acquisitions Board (SAB). Four of the investment properties were purchased from outside of council boundaries, all four have now been sold with the proceeds less than the acquisition cost. The SAB was not a formally constituted committee, and the decisions taken not formally recorded. The information provided to the decision makers is therefore not known. The full cost of borrowing and financial risks to purchase these properties was also unclear and not recorded. We were unable to locate any business cases that supported the decision-making process.

•The Authority did not have effective governance and financial monitoring arrangements in place to ensure the financial position of Slough Children's Services Limited (SCSL) was effectively managed. During 2018/19, the financial position of SCSL continued to deteriorate and the Authority were not made aware of the deteriorating financial position and projected year end deficit of £3.7 million until August 2019, with additional funding agreed in December 2019 by the Council and central government. Despite additional funding, SCSL had an accumulated deficit by 2019/20 of £5.247 million.

The above matters highlight pervasive strategic financial sustainability and planning, financial reporting, governance and decision-making weaknesses at the Authority. These matters are evidence of weaknesses in proper arrangements for informed decision making and sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing 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.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2024, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that 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 2020.

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 be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Slough Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. 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.

Julie Masci

Julie Masci, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol
12 December 2024

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SECTION – 3

CORE FINANCIAL STATEMENTS

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Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focussed on local priorities and needs.

2018/19				2019/20			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
85,800	(26,546)	59,254	Adults and Communities	75,953	(29,985)	45,968	
139,242	(83,127)	56,115	Children, Learning and Skills	132,756	(87,747)	45,009	
24,506	(7,588)	16,918	Place and Development	17,946	(9,303)	8,643	
17,857	(10,463)	7,394	Regeneration	23,032	(9,562)	13,470	
88,681	(73,621)	15,060	Finance and Resources	123,783	(65,641)	58,142	
16,539	(1,171)	15,368	Chief Executive	17,473	(1,166)	16,307	
48,532	(36,052)	12,480	Housing Revenue Account	37,784	(35,938)	1,846	
421,157	(238,568)	182,589	Cost of Services	428,727	(239,342)	189,385	
		22,455	Other operating expenditure			3,391	6
		36,444	Financing and investment income and expenditure			13,892	7
		(103,850)	Taxation and non-specific grant income and expenditure			(116,472)	8
		137,638	(Surplus)/deficit on provision of services			90,196	
		-	(Surplus) or deficit on financial assets measured at FVOCI			987	
		1,271	Impairment losses of non-current assets charged to Revaluation Reserve			-	
		(54,900)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(61,255)	30a
		(7,875)	Remeasurement of the net defined benefit liability			(31,305)	32
		(61,504)	Other Comprehensive income and expenditure			(91,573)	
		76,134	Total Comprehensive income and expenditure			(1,377)	

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 April 2019	(1,465)	(420)	(15,281)	(40,917)	(12,457)	(5,139)	(75,679)	(155,701)	(231,380)	
Balance 1 April 2019	(1,465)	(420)	(15,281)	(40,917)	(12,457)	(5,139)	(75,679)	(155,701)	(231,380)	
Movement in reserves during 2019/20										
(Surplus)/deficit on provision of services	85,548		4,648				90,196		90,196	
Other Comprehensive income and expenditure							-	(91,573)	(91,573)	
Total Comprehensive Income and Expenditure	85,548	-	4,648	-	-	-	90,196	(91,573)	(1,377)	
Adjustments between accounting basis and funding basis	(34,682)		(1,799)	(9,633)	6,575	(595)	(40,134)	40,186	52	15
Capitalisation Direction	(47,536)						(47,536)	47,536	-	
Increase or (decrease) before transfers to earmarked reserves	3,330	-	2,849	(9,633)	6,575	(595)	2,526	(3,851)	(1,325)	
Transfer to/(from) reserves	(3,330)	3,330					-	-	-	
Balance at 31 March 2020	(1,465)	2,910	(12,432)	(50,550)	(5,882)	(5,734)	(73,153)	(159,552)	(232,705)	

* Earmarked reserves balances includes DSG deficits which pushes the overall balance to negative

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

restated

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 April 2018	(2,450)	(6,318)	(15,192)	(38,691)	(15,107)	(19,269)	(97,027)	(210,474)	(307,501)	
Restatement of opening balances*	-	-	-	-	-	-	-	(7)	(7)	
Restated balance 1 April 2018	(2,450)	(6,318)	(15,192)	(38,691)	(15,107)	(19,269)	(97,027)	(210,481)	(307,508)	
Movement in reserves during 2018/19										
(Surplus)/deficit on provision of services	120,440	-	17,192	-	-	-	137,632	-	137,632	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	(61,504)	(61,504)	
Total Comprehensive Income and Expenditure	120,440	-	17,192	-	-	-	137,632	(61,504)	76,128	
Adjustments between accounting basis and funding basis	(85,357)	-	(17,281)	(2,226)	2,650	14,130	(88,084)	88,084	-	15
Capitalisation Direction	(28,200)	-	-	-	-	-	(28,200)	28,200	-	
Increase or (decrease) before transfers to earmarked reserves	6,883	-	(89)	(2,226)	2,650	14,130	21,348	54,780	76,128	
Transfer to/(from) reserves	(5,898)	5,898	-	-	-	-	-	-	-	
Balance at 31 March 2019	(1,465)	(420)	(15,281)	(40,917)	(12,457)	(5,139)	(75,679)	(155,701)	(231,380)	

Balance Sheet

The **Balance Sheet** is fundamental to the understanding of the Council's financial position at the year end. It shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council.

31-March-2019		31-March-2020	
£'000		£'000	Note
933,361	Property, Plant and Equipment	1,041,978	17
66,124	Investment Property	99,966	19
969	Intangible Assets	867	
25,057	Long-term Investments	31,871	23
31,209	Long-term Debtors	50,324	27
1,056,720	Total Long-term Assets	1,225,006	
48,545	Short Term Investments	10,725	23
-	Assets Held for Sale	-	
1	Inventories	-	
18,426	Short term debtors	21,696	27
19,880	Cash and Cash Equivalents	16,684	26
86,852	Current Assets	49,105	
(214,682)	Short-term Borrowing	(280,435)	23
(58,854)	Short-term Creditors	(55,398)	28
(2,164)	Short-term Provisions	(39,308)	29
-	Grants Receipts in Advance – Capital	-	14
(275,700)	Current Liabilities	(375,141)	
(6,060)	Long-term Creditors	(11,203)	
(4,156)	Deferred Capital Receipts	(4,156)	
(9,372)	Long-term Provisions	(2,512)	29
(304,216)	Long-term Borrowing	(351,349)	
(312,688)	Other Long-Term Liabilities	(297,044)	
(636,492)	Long-term Liabilities	(666,264)	
231,380	Net Assets	232,706	
(75,679)	Usable Reserves	(73,154)	
(155,701)	Unusable Reserves	(159,552)	30
(231,380)	Total Reserves	(232,706)	

Certification by the Chief Financial Officer

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Annabel Scholes

Annabel Scholes

Executive Director Finance and Commercial Service (S151 Officer)

10th December 2024

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.

2018/19		2019/20	
£'000		£'000	Note
137,638	Net (surplus) or deficit on the provision of services	90,196	
(160,263)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(91,750)	33
25,159	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	(19,585)	33
2,534	Net cash flows from operating activities	(21,139)	
178,140	Investing Activities	134,752	34
(190,654)	Financing Activities	(110,417)	35
(9,980)	Net (increase) or decrease in cash and cash equivalents	3,196	
9,900	Cash and cash equivalents at the beginning of the reporting period	19,880	
19,880	Cash and cash equivalents at the end of the reporting period	16,684	26

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Notes to the Core Financial Statements

Note 1: Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end 31 March 2020.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which requires accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 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.

- The Authority adopted IFRS15 Revenue Recognition from Contracts with Customers from 1 April 2018, such that revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Revenue recognition is now based on the transfer of control over goods and services to a customer rather than the risks and rewards, which may result in changes to the pattern of revenue recognition. In local government the generation of revenues from, charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within the year.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

1.3 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 mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Note 1: Accounting Policies (continued)

1.4 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid monthly and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement (CIES).

Termination Benefits

Termination benefits are payable following a decision by the Authority to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Costs are recognised as a charge to the respective Service line in the CIES at the earlier of when the Authority can no longer withdraw the offer of redundancy or when the Authority recognises costs of restructuring.

Where termination benefits include the enhancement of pensions benefits, regulations require the General Fund to be charged with the amount payable to the pension fund or pensioner in the year, rather than the amount calculated under accounting standards. Entries are made in the Movement in Reserves Statement (MiRS) to transfer the accounting standards based entries to the Pension Reserve and replace these with the amount payable to the pension fund.

Post-employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) and
- The Berkshire Local Government Pension Scheme, administered by Royal Borough of Windsor and Maidenhead.

Both schemes provide defined benefits to members (e.g. retirement lump sums and pensions), earned as employees worked for the Authority or related parties.

However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. 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 Children Learning and Skills Directorate 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 Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Berkshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method
- The assets of the Berkshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - o quoted securities – current bid price
 - o unquoted securities – professional estimate
 - o unitised securities – current bid price

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

Note 1: Accounting Policies (continued)

Service cost comprising:

- current service cost and past service cost are recognised as charges to the CIES to the services for which the employees worked
- net interest on the net defined benefit liability is charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

The Authority's contributions to the Berkshire pension fund are charged to the General Fund by a transfer to the Pension Reserve via the MiRS in accordance with statutory requirements

Discretionary Benefits

The Authority provides discretionary post-employment benefits which arise from additional service for early retirements. These benefits are unfunded, with costs met directly from the General Fund.

1.5 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their cashflow characteristics.

For the Authority's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the CIES is the amount payable for the year according to the loan agreement.

The fair value of Public Works Loans Board (PWLB) loans is calculated using the certainty rate published by the PWLB on 31 March 2019.

For non-PWLB loans the fair value is deemed to be the standard new loan rate also published by the PWLB on 31 March 2019.

Financial Assets

The Authority has reviewed the classification of all its financial assets based on the business model for holding the assets and concluded that they are either:

- assets at amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVPL).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Note 1: Accounting Policies (continued)**Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are initially measured at fair value and subsequently carried at amortised cost. For the Authority this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the CIES is the amount receivable for the year under the loan agreement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve) and the balance debited or credited to the CIES when the asset is disposed of.

Income from FVOCI assets is recognised when the right to receive the payment is unconditional. Income is reported in the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit of Loss (FVTPL)

Financial assets that are measured at FVTPL are initially measured and subsequently carried at fair value. All movements in the fair value of the instrument (both realised and unrealised) are recognised as they occur in the Surplus or Deficit on the Provision of Services.

Impairment Losses

Allowances for impairment losses have been calculated for assets at amortised costs and FVOCI, applying the expected credit losses model.

The Authority recognises expected credit losses either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

1.6 Government Grants and Contributions

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

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

Where conditions attached grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied.

Ringfenced grants and contributions are credited to the relevant service within the CIES. Non-ringfenced grants are credited to the Taxation and Non-specific Grant Income line within the CIES.

Capital grants credited to the CIES, are transferred out of the General Fund Balance via the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Note 1: Accounting Policies (continued)**1.7 Interests in Companies and Other Entities**

The authority has material interests in one subsidiary (James Elliman Homes Ltd) and one joint venture (Slough Urban Renewal LLP), which have been consolidated into the Council's Group Accounts:

- on a line by line basis for the subsidiary; and
- the equity method for the joint venture, after first re-aligning accounting policies with the Authority where appropriate and eliminating intra-group transactions.

In the Authority's single entity accounts, interests in the above companies are classified as long-term investments and measured at cost less provision for any losses.

All other interests in subsidiaries and an associate are not material to the Authority and are thus reported as financial instruments. As the business model is to hold for the long-term rather than trade such interests, they are classified as FVOCI subject to any impairment allowance.

1.8 Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

Revaluation gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised or realised gains and losses to impact the General Fund balance. Therefore, gains and losses are transferred to the Capital Adjustment Account via an entry in the MiRS.

Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the CIES.

1.9 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.

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 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 Authority 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.

Note 1: Accounting Policies (continued)

Lease payments are apportioned between:

- the principal element which applied to write down the lease liability, and
- the interest element which is charged to the Financing and Investment Income and Expenditure line in the CIES.

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

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased assets. 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 or a premium payable at the commencement of the lease).

The Council as Lessor**Operating Leases**

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

1.10 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

1.11 Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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.

Property, plant and equipment is recognised where the initial cost or value exceeds £10,000.

Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Note 1: Accounting Policies (continued)

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

Asset type	Measurement basis
Vehicles, plant and equipment, infrastructure, community assets	Depreciated historical cost
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV-SH)
Assets under construction	Cost
Surplus assets	Fair value
School buildings and other specialised assets	Depreciated replacement cost which is used as an estimate of current value
All other assets	Current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

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

Note 1: Accounting Policies (continued)

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (housing dwellings and flats – 54 years)
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (between 1-35 years)
- Infrastructure – straight-line allocation over 10-40 years.
- Other operational buildings – straight-line allocation over the useful life (1-60 years) as estimated by the valuer
- Car parks – straight-line allocation over the useful life (60 years) as estimated by the valuer

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This will only be applied where the omission to recognise and depreciate a separate component may result in a material difference to the depreciation charge.

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

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 CIES as part of the gain or loss on disposal. Gains and losses on disposal comprise the following:

- The capital receipt from the proceeds of the sale. Only receipts over £10,000 are classed as capital receipts. The capital receipt element of the gain/loss on disposal is transferred to the Capital Receipts Reserve via the MiRS;
- The carrying value of the asset disposed of or decommissioned, which is transferred to the Capital Adjustment Account via the MiRS;
- Any costs of administering the disposal.

Any revaluation gains accumulated for the asset in the Revaluation Reserve are written out to the Capital Adjustment Account.

A proportion of capital receipts relating to housing disposals is payable to the Government.

1.12 Service Concessions

Service concessions (also known as 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 contractor. The Authority recognises the assets used under the contracts in the Balance Sheet within Property, Plant and Equipment, because it both controls the services provided under these contracts and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge.

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.

Note 1: Accounting Policies (continued)

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

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

- Fair value of services received during the year – debited to the relevant service in the CIES;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the FIIE line in the CIES;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the FIIE line in the CIES;
- 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); and
- Lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.13 Provisions, Contingent Liabilities and Contingent Assets***Provisions***

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

Provisions are charged as an expense to the appropriate service line in the CIES when the Authority has an 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 Authority settles the obligation.

A provision for the best estimate of the amount that businesses have been overcharged up to 31st March 2019 in relation to Business Rates. The estimate has been calculated using the latest Valuation Office (VOA) ratings list of appeals and an analysis of successful appeals to date when providing the estimate of the total provision up to and including 31st March 2019.

Contingent Liabilities

No liability is recognised is an outflow of economic resources as a result of present obligations is not probable. Instead, such situations are recognised as contingent liabilities in a note to the accounts, unless the outflow of resources is remote.

Contingent Assets

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

Note 1: Accounting Policies (continued)

1.14 Reserves

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

1.15 Revenue Expenditure Funded from Capital under Statute

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund Balance to the Capital Adjustment Account via the MiRS and is included in the Capital Expenditure and Financing disclosure.

1.16 Capitalisation Direction

The Council will capitalise expenditure when directed to by the Secretary of State or where the Secretary of State has given a "minded to" decision of a capitalisation direction. The expectation is that any capitalisation directions will be repaid from capital receipts resulting from the Council's asset disposal programme. Before such a time as the capitalisation directions are repaid minimum revenue provision (MRP) will be charged over a 20 year period in line with the Council's MRP policy. In general the capitalisation direction will be the first priority for capital receipts, with capital receipts held in the capital receipts reserve if there is the expectation across the medium term financial strategy (MTFS) horizon that they can be applied to a capitalisation direction. Occasionally the Council may deviate from this approach when this would deliver a MRP saving over the life of the MTFS.

1.17 Schools

Under the Code, local authority maintained schools are considered to be separate entities with the balance of control lying with the Authority. The Code requires that the income, expenditure, assets and liabilities of maintained schools be accounted for within the single entity accounts of the Authority.

Schools within the Council's group fall into the following categories:

- Community – 12 schools
- Nursery – 5 schools

Academies, Voluntary Aided, Voluntary Controlled and Free Schools are outside the Council's control.

1.18 VAT

The CIES excludes amounts relating to VAT. VAT is only recognised as an expense if it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

1.19 Minimum Revenue Provision (MRP)

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance. MRP has been charged in line with the Council's MRP Policy.

1.20 Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Note 1: Accounting Policies (continued)

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

1.21 Capital commitment

The Council has included those projects which it believes it is committed to based on its capital strategy programme, which is approved by the capital strategy board, although not all of these projects are subject to contractual agreements at year end.

Note 2: Accounting Standards that have been Issued but Not Yet Adopted

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAC have deferred implementation of IFRS16 for local government to 1 April 2021.
- **Amendments to IAS40 Investment Property – Transfers of Investment Property**, which restricts transfers to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The Council already follows this approach therefore the change in the standard would have no effect on the accounts;
- **Annual Improvements to IFRS Standards 2014-2016 cycle**, which make changes to IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures. These amendments have not impact on the Council
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** does not apply to the Council as it does not engage in foreign currency transactions;
- **IFRIC 23 Uncertainty over Income Tax Treatments** does not apply to the Council because it does not have taxable profits or losses in its accounts;
- **Amendments to IFRS 9 Financial Instruments: Prepayment features with Negative Compensation**, which requires prospective remeasurement of gains and losses arising from debt restructuring exercises undertaken in previous years where they met the modification test. The Council does not hold any such instruments.

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1 (Accounting Policies), the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The following are considered to be critical management judgements in applying policies of the Council that have the most significant effects in the Statement of Accounts:

- **Future funding** – there is currently a high level of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be materially impaired as a result of a need to close facilities and substantially reduce levels of service provision.
- **School service concession** – the Council is deemed to control the services and the residual assets created under the contract for Penn Wood School, which is recognised on the Balance Sheet at £14.3m. The remaining two schools under the service concession contract, Beechwood School and Arbour Vale Special School have converted to academies and are therefore not under the control of the Council. Consequently the assets for these two schools have been derecognised from the Balance Sheet. However, contractual liability remains with the Council and is reported in the Other Long-Term Liability balance on the Balance Sheet. Under the terms of the academisation, both schools make annual contributions to the Council for their shares of the unitary charge payable.
- **Recognition of schools** – the Council has completed a school by school assessment across the different schools operated within the Borough in order to determine the individual accounting treatments. Judgements have been made to determine the arrangements in place and the accounting treatment of the Non-Current Assets. As a result, the Council recognises school assets for Community schools and Voluntary Aided Schools on the Balance Sheet. The Council does not recognise assets relating to Academies or Free Schools as the view has been adopted that these entities were deemed to be owned by the relevant Dioceses or Trust following consultation and review.
- **Interests in Council-owned companies** – the Council has a number of interests in other entities which fall within the group accounting boundary on the grounds of control and significant influence in line with the Code. However, only the interests in James Elliman Homes Ltd and Slough Urban Renewal LLP are material in aggregate and thus warrant consolidation into the Council's Group Accounts. The remaining interests are not material and have been treated as financial instruments in the Balance Sheet.
- **Business Rates Pooling** – Slough Borough Council (SBC) participated in the Berkshire-wide business rate pooling pilot for 2018/19 [and 2019/20] which allowed for 100% retention of growth. The participating authorities have set out arrangements to share the rewards and risks of this pooling arrangement. This includes clauses for a "local no detriment" policy that:
 - o Prevents any single authority benefiting from gains until all authorities realise the level of resources that they would have received under 50% retention
 - o Sets a safety net mechanism (97% of Baseline funding level) to cover risks associated with the pilot
 - o Prioritises use of the strategic economic investment funds to manage individual authority losses before anything else.
- **Infrastructure assets** – The Council has revised the accounting for infrastructure assets compared with previous years. The Council has amended its accounting policy for depreciating infrastructure assets from a blanket 40 years to a policy reflecting the differing asset lives of the components of infrastructure. Ordinarily this would be treated as a change in estimation procedure in the year of account (i.e. 2018/19). However there were material errors in previous years' accounts arising from the failure to write out accumulated depreciation at 1 April 2007 in line with paragraph 4.1.2.12 of the Code of Practice on Local Authority Accounting in the United Kingdom. Therefore the Council has taken the view that as this is a material error, the appropriate accounting approach is to correct via a prior period adjustment rather than an in-year adjustment.
- **Provisions for business rates appeals and bad debts** – The Council made refunds for business rates appeals totalling £4.5m in 2019/20 and 2020/21 against the 2010 valuation list. The Council has used this information as after year-end evidence to support increasing the business rates appeals provision in 2018/19 by £4.5m. In addition, the Council engaged external consultancy advice to review the adequacy of the bad debt provision for business rates and council tax resulting in an increase to the provision of £4.7m, of which the Council's share is £4.1m.

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment - depreciation	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate the value of its non-current assets.</p> <p>The Council's external valuers, Wilks, Head and Eve LLP, provided valuations as at 31 March 2020 for all the Council's investment property portfolio and approximately 20% of its operational portfolio. The remaining balance of operational properties was also reviewed to ensure values reflect current values.</p> <p>The estimated useful life of all operational properties is reviewed annually based on the advice for the Council's external valuers.</p>	<p>A reduction in the estimated valuation would result in reduction the Revaluation Reserve and/or an impairment loss charged to the Comprehensive Income and Expenditure Statement (CIES). If the value of the Council's operational properties were to reduce by 10% this would result in a valuation loss of £97.5m.</p> <p>An increase in estimated valuations would result in increased revaluation gains to the Revaluation Reserve and/or reversals of impairments charged to the CIES in previous years.</p> <p>If estimated useful lives increase by one year this would reduce the depreciation charge of £23m by £1.1m.</p> <p>If estimated useful lives decrease by one year this would increase depreciation by £0.8m.</p>
Fair value	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property and surplus property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available, in which case, the valuers use the best information available.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arms-length transaction at the reporting date.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>The Council has engaged Barnett Waddingham, as its consulting actuaries, to provide the Council with expert advice about the assumptions to be applied.</p>	<p>Variations in the key assumptions will have the following impact on the net pension liability:</p> <p>(a) a 0.1% reduction in the discount rate will increase the net liability by £11m</p> <p>(b) a 0.1% increase in inflation will increase the net liability by £10m.</p> <p>(c) an increase of one year in life expectancy will increase the liability by £21m.</p>
Valuation of council dwellings	<p>Council dwellings are valued on a beacon methodology. This uses comparable sales evidence from the local area for the relevant property adjusted for floor area, local house price movement and regional indices.</p>	<p>A 10% reduction in the estimated value of HRA dwellings would be a revaluation loss of £57m.</p> <p>If estimated useful lives are overstated by 5% this would increase depreciation by £0.4m.</p>
Impairment allowance for doubtful debts	<p>At 31 March 2020, the Council had an impairment allowance of £24.0m against gross short-term debtor balances totalling £55.5m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.</p>	<p>If collection rates deteriorate by 5%, this would require an increase in the impairment allowance of £1.2m.</p>
Provisions	<p>The Council has made a number of provisions for the estimated cost of settling liabilities in respect of insurance claims, legal disputes and business rates appeals. The provisions are based on the Council's best estimate of the amount required to settle the obligations.</p>	<p>If provisions were valued at a more conservative outcome, this would require an additional amount to be set-aside as an increase in the provision required.</p>

Note 5: Material Items of Income and Expense

For the purpose of this note the Council considers material items to be around £6m. The Council had two material items of expenditure which relate to service contracts in 2019/20:

1. £8.99m (2018/19 £10.62m) to Arvato for running the Council's IT, Customer Services and Transaction Finance functions. The expenditure was charged to Finance and Resources within the Comprehensive Income and Expenditure Statement (CIES).
2. £27.01m (2018/19 £24.59m) to Slough Children's Services Trust for children's and young people services. The expenditure was charged to Children and learning Skills within the CIES.

In March 2022 the Department for Levelling Up, Housing and Communities (DLUHC) provided an "in principle" Capitalisation Direction of the £307m to the Council under the Department's Extraordinary Financial Support programme. The Capitalisation Direction was issued in response to the S.114 Notice issued by the s.151 officer to the Council in July 2021. The s.114 Notice highlighted that the Council faced a significant unfunded financial deficit arising from financial challenges which have arisen over a number of years.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue expenditure from capital resources, namely by applying usable capital receipts and in the short-term setting aside minimum revenue provision.

The Capitalisation Direction covers the period to 31 March 2024. It has been used as follows:

	pre 1 April 2017	2017/18	2018/19	2019/20	Total
	£'000	£'000	£'000	£'000	£'000
To correct incorrect capitalisation of staff costs for Agresso Support	477	1,416	1,125	1,273	4,291
To address expenditure incurred by Slough Children's Service Trust Ltd incorrectly classed as Transformation Funding	3,123	3,300	2,558	952	9,933
To address expenditure incurred by the Council incorrectly classed as Transformation Funding	1,009	1,517	3,997	5,779	12,302
Understatement of Minimum Revenue Provision	21,661	5,136	6,074	5,348	38,219
To correct the incorrect treatment of Overage Income as revenue income to the General Fund	2,203	1,430	-	-	3,633
To charge the Council's share of the Collection Fund deficit from 2014/15 to the General Fund	6,301	-	-	-	6,301
To correct incorrect capitalisation of Property Staff	1,159	1,082	1,756	1,483	5,480
To provide for costs related to companies	-	-	-	500	500
To correct incorrect capitalisation of IT Staff	-	-	-	754	754
To provide adequate provisions against debtors raised	-	-	-	23,581	23,581
To provide for additional costs in relation to revenue outturn	-	-	12,690	6,866	19,556
To provide for an Insurance Fund provision	-	-	-	1,000	1,000
Total	35,933	13,881	28,200	47,536	125,550

Note 6: Other Operating Expenditure

2018/19		2019/20
£'000		£'000
224	Precepts	171
874	Payments to the Government Housing Capital Receipts Pool	825
23,888	Gains/Losses on the Disposal of Non-Current Assets	2,396
(2,531)	Other	(1)
22,455	Total	3,391

Note 7: Financing and Investment Income and Expenditure

2018/19		2019/20
£'000		£'000
11,735	Interest payable and similar charges	14,538
6,678	Net interest on the net defined benefit liability (asset)	6,540
(2,208)	Interest receivable and similar income	(4,087)
16,908	Income and expenditure in relation to investment properties and charges in their fair value	(6,460)
74	Movements in fair value of financial instruments	-
3,258	Other investment income and expenditure	3,361
36,445	Total	13,892

Note 8: Taxation and Non-Specific Grant Income

2018/19		2019/20
£'000		£'000
(53,343)	Council tax income	(56,860)
(35,484)	Non-domestic rates income and expenditure	(37,688)
(10,319)	Non-ringfenced government grants	(16,058)
(4,555)	Capital grants and contributions	(5,867)
(150)	Other tax or non-specific grant income / expenditure	-
(103,851)	Total	(116,472)

Note 9: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the Council has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices. It also shows how the Council has allocated this expenditure for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19					2019/20			
Net Expenditure in the Comprehensive Income and Expenditure Statement	Capitalisation Direction	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances		Net Expenditure in the Comprehensive Income and Expenditure Statement	Capitalisation Direction	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances
59,254	-	(21,338)	37,916	Adults and Communities	45,968		(5,610)	40,358
56,115	-	(34,557)	21,558	Children, Learning and Skills	45,009		(9,805)	35,204
16,918	-	(5,929)	10,989	Place and Development	8,643		(1,325)	7,318
7,394	-	(4,440)	2,954	Regeneration	13,469		(1,702)	11,767
15,060	-	(21,969)	(6,909)	Finance and Resources	58,141		(9,139)	49,002
15,368	-	(4,114)	11,254	Chief Executive	16,307		(1,291)	15,016
12,480	-	(17,280)	(4,800)	Housing Revenue Account	1,846		(1,804)	42
182,589	-	(109,627)	72,962	Net Cost of Services	189,383	-	(30,676)	158,707
(44,951)	(28,201)	6,984	(66,168)	Other Income and Expenditure	(99,187)	(47,536)	(5,805)	(152,528)
137,638	(28,201)	(102,643)	6,794	(Surplus)/Deficit	90,196	(47,536)	(36,481)	6,179
			(23,960)	General Fund and HRA balance brought forward**				(17,166)
			-	- Plus Transfers to / from Earmarked Reserves**				-
			(17,166)	General Fund and HRA balances carried forward**				(10,987)

** For analysis of split between General Fund and by HRA, see Movement in Reserves Statement.

Note 9a: Expenditure and Funding Analysis (continued)

2018/19					2019/20			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(18,532)	(2,463)	(343)	(21,338)	Adults and Communities	(1,287)	(4,343)	21	(5,609)
(30,075)	(3,935)	(547)	(34,557)	Children, Learning and Skills	(2,250)	(7,592)	36	(9,806)
(5,293)	(558)	(78)	(5,929)	Place and Development	(304)	(1,026)	5	(1,325)
(3,857)	(512)	(71)	(4,440)	Regeneration	(390)	(1,317)	6	(1,701)
(19,154)	(2,471)	(344)	(21,969)	Finance and Resources	(2,098)	(7,078)	34	(9,142)
(3,572)	(476)	(66)	(4,114)	Chief Executive	(296)	(999)	5	(1,290)
(17,025)	(357)	102	(17,280)	Housing Revenue Account	(1,169)	(728)	94	(1,803)
(97,508)	(10,772)	(1,347)	(109,627)	Net Cost of Services	(7,794)	(23,083)	201	(30,676)
12,192	-	(5,202)	6,990	Other income and expenditure from the Funding Analysis	-	-	(5,805)	(5,805)
(85,316)	(10,772)	(6,549)	(102,637)	Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services	(7,794)	(23,083)	(5,604)	(36,481)

Note 9b: Expenditure and Funding Analysis (continued)**Adjustments for Capital Purposes**

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

This column adjusts for the net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For **services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

Note 9b: Expenditure and Funding Analysis (continued)

- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

Note 9c: Expenditure and Funding Analysis (continued)**Expenditure and income analysed by nature**

2018/19 £'000		2019/20 £'000
	Expenditure	
102,624	Employee Benefit Expenses	103,241
265,959	Other Service Expenses	301,635
50,727	Depreciation, Amortisation, Impairment	23,290
18,413	Interest Payments	21,078
224	Precepts and Levies	171
874	Payments to the Housing Capital Receipts Pool	825
23,888	Losses on disposals	6,313
462,709	Total expenditure	456,553
	Income	
(66,287)	Fees, charges and other service income	(84,245)
(2,208)	Interest and investment income	(10,547)
(88,827)	Income from council tax, non-domestic rates	(94,548)
(167,749)	Government grants and contributions	(173,100)
-	Gains on Disposals	(3,917)
(325,071)	Total income	(366,357)
137,638	(Surplus) or Deficit on the Provision of Services	90,196

Note 10: Partnership Arrangements

The Council has entered into two pooled budget arrangements, the Better Care Fund and Berkshire Community Equipment Store.

Better Care Fund (BCF)

The Council began hosting the Better Care Fund from the 1st April 2015. This is part of a national initiative to pool health and social care funding of services to achieve better health and care for the local community. The Better Care Fund is a partnership between NHS England, the Ministry of Housing, Communities and Local Government, the Department of Health and Social Care and the Local Government Association

The Better Care fund is a pooled budget agreement and operates according to an agreement made under section 75 of the National Health Act 2006 between Slough Borough Council and East Berkshire Clinical Commissioning Group.

In 2019/20 the fund comprised 32 schemes (as in 2018/19) grouped under the following headings:

- Proactive Care
- Single Point of Access & Integrated Care
- Strengthening Community Capacity
- Enablers, Governance & Social Care Protection

In 2019/20 Slough Borough Council funding included £5.871m of improved better care fund (BCF) grant (£2.842m in 2018/19). In accordance with the section 75 agreement, NHS funded services that are commissioned directly by the clinical commissioning group, do not require transactions to be via the Council. Consequently, the actual transfer of funding from the CCG to the Council as a result of the fund is £5.780m.

Berkshire Community Equipment Store

The Berkshire Community Equipment Store (BCES) is provided jointly by six Berkshire local authorities and the NHS in Berkshire, for the effective procurement and provision of a joint store of health and social care equipment within the region in conjunction with the South Central Ambulance NHS Trust. In 2015/16 West Berkshire Council took over as the lead Council and the accountable body (previously Slough Borough Council in 2014/15). Slough Borough Council are charged for the amount of equipment that they use.

2018/19			2019/20	
BCF	BCES		BCF	BCES
£'000	£'000		£'000	£'000
(4,232)	(431)	Authority Funding	(5,336)	(382)
(8,567)	(8,946)	Partner Funding	(9,070)	(8,011)
(12,799)	(9,377)	Total Funding	(14,406)	(8,393)
4,232	431	Authority Expenditure	5,336	517
8,203	8,946	Partner Expenditure	8,513	9,395
12,435	9,377	Total Expenditure	13,849	9,912
(364)	-	Net (Surplus)/Deficit on the Pooled Budget	(557)	1,519
(364)	-	Authority Share of the Net (Surplus) / Deficit	(557)	1,519

Note 11: Members' Allowances

The Council paid allowances to its members in 2019/20 of £0.503 million (£0.490 million in 2018/19).

Note 11a: Exit packages and termination benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	10	10	3	10	13	20	125	116
£20,001 - £40,000	5	-	3	4	8	4	215	112
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	2	1	-	-	2	1	129	107
£80,001 - £100,000	-	-	-	1	-	1	-	82
£100,001 - £150,000	-	-	1	-	1	-	101	-
£150,001 - £200,000	1	-	-	-	1	-	160	-
£350,001 and over	-	-	-	-	-	-	-	-
Total	18	11	7	15	25	26	730	417

Note 11b: Officers' Remuneration

The remuneration of senior employees, defined as those who are members of Management Board, or those holding statutory posts is as follows:

2019/20	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Note
	£'000	£'000	£'000	£'000	£'000	
Post holder information						
Chief Executive - J Wagg	152	-	152	21	172	
Interim Chief Executive	-	-	-	-	-	
Director of Children, Learning and Skills Services	134	-	134	18	152	
Director of Place and Development	65	-	65	9	74	
Director of Finance and Resources (S151 Officer)	134	-	134	17	151	
Director of Adults and Communities	134	-	134	16	150	
Director of Regeneration	120	-	120	-	120	
Director of Transformation	147	-	147	20	167	
Director of Public Health	25	-	25	-	25	1

Note

- The Director of Public Health costs were shared between the Berkshire Authorities. The total cost of the post in 2019/20 was £160k with Slough Council's share being £25k

Note 11b: Officers' Remuneration (continued)

2018/19	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Note
	£'000	£'000	£'000	£'000	£'000	
Post holder information						
Chief Executive - J Wagg	68	-	68	9	78	1
Interim Chief Executive - N Pallace	214	-	214	-	214	2
Director of Children, Learning and Skills Services	131	-	131	18	149	
Interim Director of Place and Development - M England	154	-	154	-	154	
Director of Finance and Resources (S151 Officer)	118	-	118	15	134	
Director of Adults and Communities	131	-	131	17	148	
Director of Regeneration	118	-	118	16	134	
Director of Public Health	32	-	32	-	32	3

Notes

1. 2018/19 Not full year. Start date 01/10/2018
2. 2018/19 Not full years costs
3. The Director of Public Health costs were shared between the Berkshire Authorities. The total cost of the post in 2018/19 was £160k with Slough Council's share being £32k

Note 11b: Officers' Remuneration (continued)

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2018/19			2019/20		
	Number of employees			Number of employees		
	Schools	Non Schools	Total	Schools	Non Schools	Total
£50,001 - £55,000	23	15	38	13	47	60
£55,001 - £60,000	14	20	34	18	20	38
£60,001 - £65,000	8	4	12	3	5	8
£65,001 - £70,000	6	10	16	7	7	14
£70,001 - £75,000	3	4	7	2	9	11
£75,001 - £80,000	3	6	9	5	6	11
£80,001 - £85,000	1	1	2	1	1	2
£85,001 - £90,000	2	1	3	1	1	2
£90,001 - £95,000	-	1	1	1	1	2
£95,001 - £100,000	4	1	5	2	-	2
£100,001 - £105,000	1	-	1	1	-	1
£105,001 - £110,000	-	1	1	2	1	3
£110,001 - £115,000	-	-	-	-	-	-
£115,001 - £120,000	-	-	-	-	-	-
£120,000 - £125,000	-	-	-	-	-	-
£125,000 - £130,000	-	-	-	-	-	-
£130,001 - £135,000	-	-	-	-	3	3
£135,001 - £140,000	-	-	-	-	-	-
£140,001 - £145,000	-	-	-	-	-	-
£145,000 - £150,000	-	-	-	-	1	1
£150,001 - £155,000	-	-	-	-	1	1
Total	65	64	129	56	103	159

The figures do not include staff employed by academies.

Note 12: External Audit Fees

The Council's external auditors for the audit of the Statement of Account in 2019/20 are Grant Thornton LLP (Grant Thornton LLP in 2018/19). The Council's external auditors for the certification of grant claims are Grant Thornton LLP (Grant Thornton LLP in 2018/19). The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

2018/19		2019/20
£'000		£'000
516	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	328
108	Fees payable to external auditors for the certification of grant claims and returns for the year	115
13	Fees payable in respect of other services provided by external auditors during the year	25
637		468

The 2019/20 fee noted above is an estimate provided by Grant Thornton. Due to ongoing work, the final fee is subject to change and will differ from the amount accrued in the accounts, shown above, because the fees are still subject to approval by PSAA. A total of £250,000 of non audit services work has been completed and billed to the Council since 1 April 2019 up to the date of the audit opinion and £186,500 of further non-audit services work is currently in progress.

Note 13: Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools and Early Years Finance (England) Regulations 2017. Schools Budget includes elements for a range of educational services provided on an authority-wide basis and the Individual Schools Budget, which is divided into a budget share for each maintained school, funding for early years providers, and high-needs payments to providers.

2018/19			Schools budget funded by Dedicated Schools Grant	2019/20		
Central expenditure	Individual Schools budget (ISB)	Total		Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		165,376	Final DSG before Academy recoupment			170,266
		(97,835)	Academy figure recouped			103,247
		67,541	Total DSG after recoupment			67,019
		(5,388)	Brought forward DSG			(7,197)
27,686	34,835	62,521	Agreed Initial budgeted distribution	8,176	51,651	59,827
(368)	-	(368)	In year adjustments	-	(246)	(246)
27,318	34,835	62,153	Final Budgeted Distribution	8,176	51,405	59,581
(34,651)	-	(34,651)	less Actual central expenditure	22,350	-	22,350
-	(34,700)	(34,700)	less Actual ISB deployed to schools	-	50,587	50,587
-	-	-	plus local authority contributions for the year	-	-	-
(7,333)	135	(7,198)	Carry Forward	(14,174)	818	(13,356)

Note 14: Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

2018/19 £'000		2019/20 £'000
	Credited to Taxation and non-specific grant income	
	Non-ringfenced government grants	
(3,678)	PFI Grant	(3,678)
(3,020)	Section 31 Grant	(4,571)
(2,749)	New Homes Bonus Grant	(2,717)
(872)	Other grants	(1,573)
(10,319)	Total of Non-ringfenced government grants	(12,539)
(4,555)	Capital grant and contributions	(5,866)
(14,874)	Total credited to Taxation and non-specific grant income	(18,405)
	Credited to services	
(67,541)	Dedicated Schools Grant	(66,519)
(63,852)	DWP Subsidy	(57,022)
(7,563)	Public Health Grant	(7,363)
-	COVID-19	(3,519)
(1,714)	YPLA Post 16 Funding	(2,691)
(1,312)	Schools grant	(2,517)
(1,926)	Pupil Premium	(1,852)
(795)	Children Services Grant	(704)
(549)	DWP Subsidy - Administration	
(499)	Access Fund Grant (DFT)	(500)
(476)	Flexible Homelessness Grant	(474)
(463)	Skills Funding Agency	-
(6,185)	Other grants	(11,534)
(152,875)	Total of Government Grant credited to Net Cost of Services	(154,695)
(167,749)	Total of grants and contributions to the Comprehensive Income and Expenditure Statement	(173,100)

Note 15: Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	(22,355)	(728)	-	-	-	23,083
Financial instruments (transferred to the Financial Instruments Adjustments Account)	146	94	-	-	-	(240)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(6,042)	-	-	-	-	6,042
Holiday pay (transferred to the Accumulated Absences Reserve)	107	-	-	-	-	(107)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(30,620)	(21,821)	-	-	-	52,441
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,647	7,701	(13,348)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	-	(55)	55	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(825)	-	825	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	9,049	-	(9,049)	-	-
Capital receipts applied to repayment of debt	-	-	-	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	10,583	-	-	-	-	(10,583)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	263	3,961	-	-	-	(4,224)
Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement	10,745	-	-	-	(10,745)	-
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	7,197	-	-	(7,197)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	15,624	-	(15,624)
Application of capital grants to finance capital expenditure	945	-	-	-	10,150	(11,095)
Cash payments in relation to deferred capital receipts	-	-	(3,635)	-	-	3,635
Capitalisation Direction	(47,536)	-	-	-	-	47,536
Other adjustments	(3,276)	-	(727)	-	-	4,003
Total Adjustments	(82,218)	(1,799)	(9,633)	6,575	(595)	40,134

Note 15: Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

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

2018/19	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	(10,415)	(357)	-	-	-	10,772
Financial instruments (transferred to the Financial Instruments Adjustments Account)	165	102	-	-	-	(267)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(5,367)	-	-	-	-	5,367
Holiday pay (transferred to the Accumulated Absences Reserve)	297	-	-	-	-	(297)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(80,483)	(31,344)	-	-	(7,730)	119,557
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,710	5,073	(8,783)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves)	(371)	(30)	401	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(874)	-	874	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	8,776	-	(8,776)	-	-
Capital receipts applied to repayment of debt	-	-	-	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	8,173	-	-	-	-	(8,173)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,554	500	-	-	-	(2,054)
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	10,192	-	-	(10,192)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,069	-	(12,069)
Application of capital grants to finance capital expenditure	-	-	-	-	13,133	(13,133)
Cash payments in relation to deferred capital receipts	-	-	(5,554)	-	-	5,554
Other adjustments	(1,746)	(1)	644	(643)	8,727	(6,981)
Total Adjustments	(85,357)	(17,281)	(2,226)	2,650	14,130	88,084

Note 16: Transfers to/from Earmarked Reserves

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

Movement in Earmarked reserves	1st April 2018	*Transfers In	*Transfers Out	Balance at 31st March 2019	*Transfers In	*Transfers Out	Balance at 31st March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Fund	-	(527)	506	(21)	(442)	263	(200)
Building Control	(24)	(99)	-	(123)	-	43	(80)
Specific Grants (Revenue)	(167)	-	-	(167)	(3,406)	-	(3,573)
MTFS Reserve	(4,746)	(456)	1,335	(3,867)	(2,057)	1,920	(4,004)
Housing Renewals Reserve	(89)	(2)	-	(91)	-	-	(91)
General Fund earmarked reserves	(5,026)	(1,084)	1,841	(4,269)	(5,905)	2,226	(7,948)
Dedicated Schools Grant	3,226	-	3,970	7,196	(101)	6,286	13,381
Schools - Other	(4,518)	(3,568)	4,739	(3,347)	(4,142)	4,966	(2,523)
Schools total	(1,292)	(3,568)	8,709	3,849	(4,243)	11,252	10,858
Total Earmarked reserves	(6,318)	(4,652)	10,550	(420)	(10,148)	13,478	2,910

* Headings were previously incorrect in the draft version and in 2018/19

Name	Purpose
Capital Fund	To provide funding for the capital programme.
Building Control	To hold any (surpluses)/deficits arising from the separate rolling trading account as required under statutory requirements.
Specific Grants	To hold revenue grant income received for which there are no conditions but which are earmarked for specific projects.
MTFS Reserve	To assist with the future sustainability of the Council.
Dedicated Schools Grant	To hold the ring-fenced Dedicated Schools Grant balance which is currently in deficit.
Schools reserves	To hold unused balances of budgets delegated to individual schools, which are not available to the Council for general use.

Note 17: Property, Plant and Equipment

Values as at 31 March 2020

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2019/20	Operational assets					Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2019	540,066	233,706	54,646	112,289	9,473	17,160	39,190	1,006,530
Adjustments to cost/value & depreciation/impairment	(8,837)	(3,075)	(1,754)			(18)		(13,684)
Additions	9,823	26,335	2,985	6,364	157	10,199	32,284	88,147
Revaluation increases/(decreases) recognised in the revaluation reserve	23,672	34,060	3,438			85		61,255
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(8,759)	384	2,524		-	(105)		(5,956)
Derecognition – disposals	(13,568)	(77)					(501)	(14,146)
Other transfers/movements	15,433	(21,399)	14,356	-	(82)	90	(6,247)	2,151
At 31 March 2020	557,830	269,934	76,195	118,653	9,548	27,411	64,726	1,124,297
Accumulated depreciation and impairment								
At 1 April 2019	(6,273)	(1,526)	(18,006)	(47,157)	(26)	(178)	(3)	(73,169)
Adjustments to cost/value & depreciation/impairment	8,837	3,075	1,754			18		13,684
Depreciation charge	(8,949)	(3,343)	(3,746)	(6,863)	(1)	(44)		(22,946)
Depreciation written out to the revaluation reserve								-
Depreciation written out to the surplus/(deficit) on the provision of services								-
Derecognition – disposal	110	2						112
Other transfers/movements								-
At 31 March 2020	(6,275)	(1,792)	(19,998)	(54,020)	(27)	(204)	(3)	(82,319)
Net book value at 31 March 2019	533,793	232,180	36,640	65,132	9,447	16,982	39,187	933,361
Net book value at 31 March 2020	551,555	268,142	56,197	64,633	9,521	27,207	64,723	1,041,978

Note 17: Property, Plant and Equipment (continued)

Values as at 31 March 2019

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2018/19	Operational assets					Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2018	499,657	193,955	63,700	105,462	9,419	17,008	49,230	938,431
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)	(15)	-	-	(12)	-	(12,051)
Additions	12,798	56,759	1,132	6,345	54	496	19,498	97,082
Revaluation increases/(decreases) recognised in the revaluation reserve	46,353	18,924	(1,808)	-	-	(10,030)	189	53,628
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(10,684)	(16,619)	(3,495)	-	-	(6,651)	(1,280)	(38,729)
Derecognition – disposals	(2,862)	(24,345)	(5,276)	-	-	(570)	(173)	(33,226)
Other transfers/movements	3,572	8,288	408	482	-	16,919	(28,274)	1,395
At 31 March 2019	540,066	233,706	54,646	112,289	9,473	17,160	39,190	1,006,530
Accumulated depreciation and impairment								
At 1 April 2018	(6,459)	(1,991)	(14,366)	(40,543)	(26)	(174)	(3)	(63,562)
Adjustments to cost/value & depreciation/impairment	8,768	3,256	15	-	-	12	-	12,051
Depreciation charge	(8,696)	(3,142)	(3,764)	(6,614)	-	(16)	-	(22,232)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-
Derecognition – disposal	108	352	109	-	-	2	-	571
Other transfers/movements	6	(1)	-	-	-	(2)	-	3
At 31 March 2019	(6,273)	(1,526)	(18,006)	(47,157)	(26)	(178)	(3)	(73,169)
Net book value at 31 March 2018	493,198	191,964	49,334	64,919	9,393	16,834	49,227	874,869
Net book value at 31 March 2019	533,793	232,180	36,640	65,132	9,447	16,982	39,187	933,361

Note 17: Property, Plant and Equipment (continued)**Revaluations**

The Council undertakes a rolling programme that ensures that all relevant property, plant and equipment required to be measured at current value is measured at least every five years. The valuations for 2019/20 have been undertaken by external valuers 'Wilkes Head and Eve'.

Valuations of land and buildings have been carried out in accordance with the methodologies and bases of estimation, as set out in the professional standards of the Royal Institute of Chartered Surveyors. Currently we do not re-value vehicles, plant, furniture or equipment assets as these tend to be of a finite (short term) life.

Specialised properties are assumed to have no active market but the land element could potentially be sold at its market value. It is assumed the building costs would be in line with the published indices.

The following table shows the progress of the Council's rolling programme for the revaluation of council dwellings, land and buildings as at 31st March 2020:

	2019/20
	£'000
Council Dwellings	551,555
Land and Buildings	268,142
Surplus	27,207
Assets subject to valuation	846,904
Infrastructure	64,633
Community	9,521
Vehicles, Plant and Equipment	56,197
Assets under Construction	64,723
Assets not subject to valuation	195,074
Total value of assets	1,041,978

Note 17: Property, Plant and Equipment (continued)**Assets that are Revalued – by Category**

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
Carried at historical cost Valued at current value as at:				-
31/03/2020	545,788	179,724	17,394	742,906
31/03/2019	-	39,469	740	40,209
31/03/2018	-	595	1,141	1,736
31/03/2017	-	2,793	-	2,793
31/03/2016	-	-	-	-
Valued at Historical Cost	5,767	45,561	7,932	59,260
Total Cost or valuation	551,555	268,142	27,207	846,904

- Council dwellings - the assumption is that the Beacon assets are typical of their asset class and that all properties will continue to be let for social housing purposes.
- Surplus assets - Are valued and assumed that they are comparable to similar assets in the local market with planning permission. This is a level 2 valuation under the Fair Value Hierarchy.
- For other property, plant and equipment it is assumed that local market conditions provide an accurate guide as to the appropriate valuations.

Note 18: Capital Commitments

At 31st March 2020, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2020-21 and beyond. The budgeted cost of these commitments is expected to cost £224.343m (31st March 2019 £250.405m).

The major commitments at 31st March 2020 (these represent the approved budgets rather than actual contractual commitments) are:

	Commitments in 2019-20	Commitments in Future Years	Total Commitments
	£'000	£'000	£'000
Adult Social Care operations	1,683	2,544	4,227
Cemetery Extension	1,772	6,048	7,820
Community & Leisure Facilities	775	1,107	1,882
Schools Capital Programme	3,390	12,198	15,588
Early Years & Prevention Programme	224	1,000	1,224
Purchase of new Corporate HQ	1,085	1,000	2,085
Environmental Services	496	1,833	2,329
Housing People Services	910	1,650	2,560
Housing Development	1,800	5,500	7,300
Chalvey Extra Care Housing	570	12,313	12,883
Major Infrastructure Projects	5,923	22,718	28,641
Environmental Initiatives	1,230	6,245	7,475
Major Highways Programmes	2,265	3,578	5,843
Planning & Transport	150	450	600
Regeneration Delivery	3,400	6,700	10,100
Hub Development	2,000	13,072	15,072
Youth Hub	-	5,000	5,000
Thames Valley University Site	1,122	3,000	4,122
Strategic Acquisition fund	5,000	-	5,000
Development Old Library Site	15,364	-	15,364
James Elliman Homes	13,200	5,000	18,200
Regeneration Development	2,269	-	2,269
Finance and Resources Capital Programme	12,158	24,401	36,559
Total	76,786	135,357	212,143

Note 19: Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

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

2018/19		2019/20
£'000		£'000
55,571	Balance at 1 April	66,124
17,143	Additions	32,769
10,431	Enhancement	-
-	Disposals	-
(113)	Transfers (to)/from PPE	-
(16,908)	Gains/(losses) in fair value	1,073
66,124	Balance at 31 March	99,966

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

2018/19		2019/20
£'000		£'000
-	Rental income from investment property	-
-	Direct operating expenses arising from investment property	-
-	Total	-

Note 20: Leases

The Authority has acquired has entered into a number of deemed finance leases in order to acquire Buildings, Information Technology, vehicles and Equipment.

Council as lessee

Finance leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2018/19			2019/20	
£'000			£'000	
5,362	Other Land and Buildings		5,322	
287	Vehicles, Plant, Furniture, Equipment and Other		219	
5,649			5,541	

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2018/19			2019/20	
£'000			£'000	
	Finance lease liabilities (net present value of minimum lease payments):			
1,009	- current (not later than one year)		1,023	
6,017	- non-current (later than one year)		4,987	
321	Finance costs payable in future years		247	
7,347			6,257	

No contingent rentals were recognised as an expense in the Comprehensive Income and Expenditure Account, during the year, and no future sub lease income is expected to be received, as all assets are used exclusively by the Council.

2018/19			2019/20	
Minimum lease payments	Finance lease liabilities		Minimum lease payments	Finance lease liabilities
£'000	£'000		£'000	£'000
1,090	1,009	Not later than 1 year	1,157	1,023
2,771	2,592	Later than 1 year and not later than 5 years	2,157	1,901
3,486	3,419	Later than 5 years	3,189	3,086
7,347	7,020		6,503	6,010

Note 20: Leases (continued)Operating Leases

The Council enters into operating lease agreements to acquire the use of plants, vehicles and equipment. The future minimum lease payments are made up of the following amounts:

2018/19		2019/20
£'000		£'000
578	Not later than 1 year	400
578	Later than 1 year and not later than 5 years	1,553
1,099	Later than 5 years	8,169
2,255		10,122

Council as lessorOperating Leases

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

2018/19		2019/20
£'000		£'000
3,123	- current (not later than one year)	3,498
11,534	- non-current (later than one year)	13,141
26,455	Finance costs payable in future years	25,530
41,112		42,169

Note 21: Service Concession Arrangements

Service concession arrangement and Private Finance Initiative (PFI), are an outsourcing method between a public sector body (Slough Borough Council), and a private sector organisation to often design and build a facility which can then be used to deliver public services.

A PFI arrangement in essence transfers responsibility, but not accountability to the private sector organisation. For Slough all of the PFI contracts relate to buildings

Each PFI scheme is unique and is designed and build to facilitate the specific needs of the council. A detailed contract is entered into which will set out the specification of the service to be provided, how long the agreement is for and will usually have very specific clauses in that specify exactly who received services provided and will furthermore give the Council the ability to restrict who the operator provides services to.

Under a PFI contract the operator is obliged to hand over the facility at the end of the contract in a specified condition at no additional cost to the Council

Schools PFI Scheme

The final business case for the Council's PFI project was approved by Department for Education & Schools in August 2006. The PFI contract was signed on 3rd August 2006 for the provision and replacement of three schools, which was a long term commitment for the provision of accommodation and facilities management for a period of 28 years. 35% of the payment to the contractor over the life of the contract ("the unitary charge") is adjusted annually in line with the Retail Price Index. The monthly payment is subject to scrutiny and adjustment for the level and quality of service provided. During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools Penn Wood, Beechwood and Arbour Vale. The contract is for a period of 28years.

- Penn Wood became operational on 26th February 2007
- Beechwood and Arbour Value schools both became operational from 3rd September 2007

Under International Financial Reporting Standards (IFRS) the PFI assets recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation cycle of non-current assets. The assets are subject to depreciation and impairment as normal assets.

The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This is being written down over the life of the contract as payments are made under the contract. The Council is committed to make total payments of circa £229.3m over the life of the contract. The monthly payments to the contractor are often referred to as a Unitary payment which incorporates the three distinctive elements of the scheme (Capital repayment, Interest and Service charge). The capital cost is set against the liability for the purchase cost, the interest element is charged against interest payable in the accounts, and the service elements is charged to 'Children's Learning and Skills' expenditure in the Comprehensive Income and Expenditure account.

Movement in PFI Assets

PFI Schools		PFI Schools
£'000		£'000
41,090	Opening balance	11,991
-	Adjustments to cost/value & depreciation/impairment	-
4	Additions	24
3,279	Revaluation increases/(decreases) recognised in the revaluation reserve	2,489
(234)	Depreciation charge	(204)
(32,148)	Derecognition - disposals	-
11,991		14,300

Note 21: Service Concession Arrangements (continued)**Beechwood / Arbour Vale**

In 2016/17 Beechwood School transferred to an Academy and Arbour Vale transferred in 2018/19.

Under International Financial Reporting Standards (IFRS) the PFI assets are recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation cycle of non-current assets). The assets are subject to depreciation and impairment as normal assets.

However as these two schools have converted to Academies the Council lost control and is not entitled to recognise the Schools as assets on the Council's Balance Sheet, they have therefore been de-recognised as assets in the Council's accounts (removed from).

The full element of the liability to the operator is still shown in the books of the Council, as the Council is ultimately responsible for the payment of the Complete Unitary Charge

Both schools are now making contributions to the Council to cover their elements of the Unitary Charge (net of all associated PFI credits the Council received)

Payments

The Council makes payments to the PFI operators which cover the charge for services provided, repayment of the liability in respect of each contract and interest on those liabilities. Payments remaining to be made under the three contracts at the year-end are set out below.

2018/19					2019/20			
Service cost	Repayment of liability	Interest	Total		Service cost	Repayment of liability	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(2,316)	(1,379)	(2,696)	(6,391)	within 1 year	(2,464)	(1,412)	(2,589)	(6,465)
(12,730)	(4,809)	(9,818)	(27,357)	within 2-5 years	(12,659)	(5,269)	(9,444)	(27,372)
(16,896)	(9,080)	(9,691)	(35,667)	within 6-10 years	(17,001)	(9,788)	(8,985)	(35,774)
(17,043)	(14,233)	(5,478)	(36,754)	within 11-15 years	(17,419)	(15,242)	(4,372)	(37,033)
(5,063)	(5,200)	(456)	(10,719)	within 16-20 years	(1,497)	(1,611)	52	(3,056)
(54,048)	(34,701)	(28,139)	(116,888)	Closing balance	(51,040)	(33,322)	(25,338)	(109,700)

Note 21: Service Concession Arrangements (continued)

Movement on the value of the liabilities

Although the payments made to each contractor are described as unitary payments, they have been calculated to compensate each 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 be paid to the contractors for capital expenditure is set out below.

2018/19		2019/20
£'000		£'000
(35,963)	Balance at 1 April	(34,701)
1,262	Repayment	1,379
-	Other movements	-
(34,701)	Balance at 31 March	(33,322)

Note 22: Capital Expenditure and Financing

The capital financing requirement (CFR) is a Prudential Code indicator which shows the underlying need for the Council to borrow to fund its non current assets. The requirement is increased by capital expenditure financed from borrowing and decreased by revenue or capital resources put aside for the repayment of debt. An explanation of the movement in the year ended 31 March 2020 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2019/20 was £202.563m (£185.889m in 2018/19). This is made up of £146.447m of capital expenditure, £8.580m of REFCUS expenditure and £47.536m of Capitalisation Direction. The financing sources used are shown below and include amounts used to finance REFCUS expenditure.

2018/19		2019/20
£'000		£'000
484,213	Opening capital financing requirement	618,928
-	- Restatement of opening balance*	-
484,213	Restated opening capital financing requirement	618,928
	Capital investment	
97,082	Property, plant and equipment	88,147
27,311	Investment Properties	32,769
419	Intangible Assets	242
9,676	Revenue expenditure funded from capital under statute	8,580
23,200	Loans to James Elliman Homes Ltd	22,615
28,201	Capitalisation Direction	47,536
185,889	Total capital investment	199,889
	Sources of finance	
(10,192)	- Capital receipts	(7,197)
(18,686)	- Government grants and other contributions	(11,095)
(12,069)	- Major repairs reserve	(15,626)
	Sums set aside from revenue	
(2,054)	- Direct revenue financing	(4,224)
(8,173)	- Minimum revenue provision	(10,583)
(51,174)	Total sources of finance	(48,725)
618,928	Closing capital financing requirement	770,092
	Explanation of movements in year:	
(8,173)	Minimum revenue provision	(10,583)
28,201	Capitalisation Direction	47,536
114,687	Increase/decrease in underlying need to borrow	114,211
134,715	Increase/(decrease) in CFR for the year	151,164

Note 23: Financial Instruments

Analysed by Category

2018/19				2019/20		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
			<i>Loans and receivables</i>			
-	-	-	Investments	-	-	-
-	-	-	Finance lease	-	-	-
-	-	-	Cash and cash equivalents	-	-	-
-	-	-	<i>Available for Sale assets</i>			
-	-	-	Investments	-	-	-
-	-	-		-	-	-
			<i>Amortised cost</i>			
-	44,019	44,019	Investments		10,725	10,725
7,277	10,633	17,910	Trade Debtors	7,275	17,512	24,787
-	19,879	19,879	Cash and cash equivalents		16,684	16,684
7,277	74,531	81,808		7,275	44,921	52,196
			<i>Fair Value Through Profit and Loss</i>			
19,684	163	19,847	Investments	31,871	-	31,871
26,961	74,694	101,655	Total financial assets	39,146	44,921	84,067
			Financial Liabilities			
			<i>Amortised cost</i>			
(304,216)	(214,682)	(518,898)	Loans outstanding	(351,349)	(280,435)	(631,784)
(33,322)	(1,379)	(34,701)	PFI contracts	(31,910)	(1,412)	(33,322)
(6,011)	(1,009)	(7,020)	Finance leases	(4,987)	(1,023)	(6,010)
(6,060)	(39,197)	(45,257)	Trade creditors	(60)	(35,736)	(35,796)
(349,609)	(256,267)	(605,876)	Total financial liabilities	(388,306)	(318,606)	(706,912)

Classification of financial assets

The classification in 2018/19 follows the IFRS9 classification which the Code adopted

Note 23: Financial Instruments (continued)**Out of scope assets**

In addition to the above financial instruments, the Council has:

- a. an equity interest in James Elliman Homes Ltd;
- b. advanced loans to James Elliman Homes Ltd; and
- c. advanced loan notes to SUR LLP

These have been excluded from the financial instrument disclosures as they are scoped out of the Code's financial instrument reporting requirements, because the Council consolidates both James Elliman Homes Ltd and SUR LLP into its group accounts.

The sums involved are:

2018/19 £'000	Long-term debtors	2019/20 £'000
31,209	Long-term debtors balance per the Balance Sheet	50,324
	LESS out of scope assets	
(23,932)	Loan to James Elliman Homes Ltd	(35,752)
-	Loan to SUR	(5,203)
7,277	Remaining long-term debtors classified as financial instruments:	9,369
7,277	Loans and receivables in 2018/19	-
-	- Assets at amortised cost in 2019/20	9,369
7,277		9,369

2018/19 £'000	Short-term investments	2019/20 £'000
48,545	Short-term investments balance per the Balance Sheet	10,725
	LESS out of scope assets	
(4,363)	Loan to SUR	-
44,182	Remaining short-term investments classified as financial instruments:	10,725
	Loans and receivables in 2018/19	-
	Available for sale assets in 2018/19	-
44,019	Assets at amortised cost in 2018/19 & 2019/20	10,725
163	Fair value through profit and loss in 2018/19	-
44,182		10,725

Note 23: Financial Instruments (continued)

2018/19		Long-term investments	2019/20	
£'000			£'000	
25,056		Long-term investments balance per the Balance Sheet		31,871
		LESS out of scope assets		
(5,372)		Equity in James Elliman Homes Ltd		(8,191)
		Loan to SUR		(5,585)
		Loan to St Bernard		(130)
19,684		Remaining long-term investments classified as financial instruments:		17,965
-		Available for sale assets in 2018/19		-
19,684		Fair value through profit and loss in 2018/19 & 2019/20		17,965
19,684				17,965

Income, Expense, Gains and Losses

2018/19				2019/20		
Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets	
Liabilities at amortised cost	Loans and Receivables	Available for Sale		Liabilities at amortised cost	Loans and Receivables	Fair value through profit and loss
£'000	£'000	£'000		£'000	£'000	£'000
			Expense:			
11,735	-	-	Interest expense	14,538	-	-
-	-	46	Loss on financial assets at FVTPL	-	-	987
11,735	-	46	Net expense in (Surplus)/Deficit on the Provision of Services	14,538	-	987
			Revenue:			
-	(1,089)	-	Interest income	-	(4,087)	-
-	-	(24)	(Gain) on financial assets at FVTPL	-	-	-
-	-	-	Distributions from Available for Sale assets	-	-	-
-	-	(701)	Distributions from FVTPL assets	-	-	-
-	(1,089)	(725)	Total income in (Surplus)/Deficit on the Provision of Services	-	(4,087)	-
			Unrealised (gains) and losses			
-	-	-	Gains on revaluation	-	-	-
-	-	-	(Surplus)/Deficit arising from revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-

Note 23: Financial Instruments (continued)**Out of scope assets**

In addition to the above financial instruments, the Council has:

- b. advanced loans to James Elliman Homes Ltd; and
- c. advanced loan notes to SUR LLP

Both of which generate interest receivable to the Council.

These have been excluded from the financial instrument disclosures above as they are scoped out of the Code's financial instrument reporting requirements, because the Council consolidates both James Elliman Homes Ltd and SUR LLP into its group accounts, but is disclosed below:

2018/19		2019/20
£'000		£'000
(2,126)	Interest income per Note 12	(4,350)
	LESS income from out of scope assets:	
(423)	Interest on Loan to James Elliman Homes Ltd	1,113
759	Interest on Loans to Slough Urban Renewal LLP	194
(1,790)	Income from financial instruments analysed:	(3,043)
(1,089)	Interest income	(3,043)
-	Distributions from Available for Sale Assets in 2017/18	
(701)	Distributions from Fair Value through Profit and Loss Assets in 2018/19	-
(1,790)		(3,043)

Note 24: Nature and Extent of Risks Arising from Financial Instruments

General procedures for managing risk

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

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council.

Credit risk arises from deposits placed with banks and other institution, as well as credit exposures to Council customers. This risk is minimised through the annual investment strategy available on the Council website.

Key controls are:

- Investments are only placed with commercial entities with a minimum long-term credit rating of A-, and with other local authorities without credit ratings. Recognising that credit ratings are imperfect predictions of default, the Council has regard to their measures including credit default swap and equity prices when selecting commercial organisations for investment.
- placing a limit on the amount of money which can be invested with a single counterparty; and
- placing an overall limit of £40m which can be invested for more than one year.

The table below summarise the credit exposures of the Council's treasury investment portfolio by credit rating:

31-March-2019		Fitch Rating	31-March-2020	
Non-current	Current		Non-current	Current
£'000	£'000		£'000	£'000
-	7,262	AAA MMF	-	13,095
-	10,031	AA-	-	3,477
-	44,019	Unrated local authorities	-	10,698
19,684	163	Unrated pooled funds	18,697	-
7,277	10,633	Unrated debtors	14,848	17,512
-	-	Unrated investments	-	-
-	2,586	Unrated cash and cash equivalents	-	(1,047)
26,961	74,694		33,545	43,735

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. The estimated loss is negligible as the majority of investments mature within 12 months. There has been no history of default on the pooled funds, therefore no loss allowance is deemed necessary.

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)**Liquidity risk**

Liquidity risk is the risk that the Council will have insufficient funds in its bank account to make the payments necessary to meet its financial obligations.

The Council operates a cashflow forecasting system which seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowing at favourable rates from the Public Works Loans Board, the and other local authorities, and at higher rates from banks and building societies. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of high interest rates, as it has a substantial amount of money borrowed temporarily from other local authorities. This risk also extends to market lender option borrower option loans (LOBOs) where the lender can exercise its option to vary the rate of interest payable, thereby triggering the Council's option to either accept the new rate or re-finance from elsewhere. The LOBOs have remaining terms of up to 46 years and interest rates of 3.75% to 3.99%.

Risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 30% of the Council's fixed term borrowing matures in any one financial year.

31-March-2019		31-March-2020	
£'000		£'000	
214,682	less than one year	280,435	
5,083	between 1 and 2 years	5,061	
29,250	between 3 and 5 years	4,000	
54,417	between 6 and 10 years	44,630	
50,916	between 11 and 15 years	37,567	
57,792	between 16 and 20 years	135,341	
70,008	between 21 and 25 years	68,000	
3,750	between 26 and 30 years	23,750	
33,000	more than 30 years	33,000	
518,898	Total	631,784	

Market risk

Market risk is the possibility that financial loss might arise as a result of changes in interest rates.

The Council is exposed to to interest movements on its borrowings and investments. Movements on interest rates have a complex effect on the Council depending on how variable and fixed interest rates move across differing financial instruments. For instance, a rise in interest rates would have the following effects:

Borrowings at variable rates	The interest expense charged to the Comprehensive Income and Expenditure Statement will rise
Borrowings at fixed rates	The fair value of the borrowing will fall (no impact on revenue balances)
Investments at variable rates	The interest income credited to the Comprehensive Income and Expenditure Statement will rise
Investments at fixed rates	The fair value of the assets will fall (no impact on revenue balances)

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

Investments measured at amortised cost and loans borrowed are not carried at fair value on the Balance Sheet, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits of 50% on external debt that can be subject to variable interest rates. At 31 March 2020 98% of the debt portfolio was held in fixed rate instruments and 2% in variable rate borrowings.

If interest rates had been 1% higher (with all other variables held constant), the financial effect would be:

31-March-2019		31-March-2020	
£'000		£'000	
50	Increase in interest payable on variable rate borrowings	240	
(258)	Increase in interest receivable on receivable rate investments	(380)	
(208)	Impact on surplus/deficit on the provision of services	(140)	

31-March-2019		31-March-2020	
£'000		£'000	
Impact on other comprehensive income and expenditure			
-	Decrease in fair value of fixed rate investment assets	-	
37,263	Decrease in fair value of fixed rate borrowings liabilities	43,981	

Impairment of financial assets

The Council recognises an allowance for expected credit losses on financial assets measured at amortised cost, lease receivables and trade debtors. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

Trade receivables

For trade receivables the Council applies a simplified approach permitted under IFRS9 and recognises a loss allowance equal to lifetime expected losses. The expected credit losses on these financial assets are estimated using a provision matrix based on historical credit loss experience, adjusted for general economic conditions and an assessment of both current and forecast direction of conditions at the reporting date. A loss allowance for expected credit losses is not recognised on a financial asset where the counterparty is central government or a local authority for which relevant statutory provisions prevent default.

In measuring the expected credit losses, significant trade receivable balances are assessed individually for impairment where specific information regarding recoverability of the debt is available. Trade receivables not assessed individually have been assessed on a collective basis based on shared risk characteristics and days past due.

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

At 31-March-2020	Not past due 0-29 Days	30-59 days	60 - 89 Days	90 - 119 Days	120 - 365 Days	More than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debtors individually assessed	-	-	-	-	-	-	-
Expected credit loss (individually assessed)	-	-	-	-	-	-	-
Debtors collectively assessed	6,759	437	792	166	2,496	2,103	12,752
Loss rate	0%	25%	40%	50%	75%	100%	
Expected credit loss (collectively assessed)	-	109	317	83	1,872	2,103	4,484
Total Lifetime Expected Credit Losses	-	109	317	83	1,872	2,103	4,484

At 31-March-2019	Not past due 0-29 Days	30-59 days	60 - 89 Days	90 - 119 Days	120 - 365 Days	More than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debtors individually assessed	-	-	-	-	-	-	-
Expected credit loss (individually assessed)	-	-	-	-	-	-	-
Debtors collectively assessed	3,409	97	58	22	322	774	4,682
Loss rate	0%	5%	25%	25%	50%	100%	
Expected credit loss (collectively assessed)	-	5	15	6	161	774	961
Total Lifetime Expected Credit Losses	-	5	15	6	161	774	961

The closing balance of the trade receivables loss allowance at 31 March 2019 reconciles with trade receivables loss allowance opening balance as follows:

2018/19		2019/20
£'000		£'000
-	Loss allowance at 31 March calculated under IAS 39	2,400
-	Amounts adjusted through opening reserves	-
	Opening loss allowance at 1 April	2,400
2,400	Loss allowance recognised during the year	3,521
-	Receivables written off during the year	-
-	Loss allowance unused and reversed during the year	-
2,400	Loss allowance at 31 March	5,921

Other receivables measured at amortised cost (Long-term debtors)

For long-term debtor balances, recognition of 12-month expected credit losses or lifetime expected credit losses is dependent on whether there has been a significant increase in credit risk of these items since initial recognition.

At 31 March 2020 the gross carrying amount of long-term debtors measured at amortised cost was £7.275m (£7.277m at 31 March 2019)

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

The balance due from Slough Children's Services Trust of £5.983m at 31 March 2020 (£5.983m at 31 March 2019) has been impaired by £2.4m following agreement in February 2021 with the Department for Education for a new loan to the Trust.

The closing balance of the loss allowance for other other receivables at 31 March 2020 reconciles with the opening balance as follows:

2018/19		2019/20
£'000		£'000
-	Loss allowance at 31 March calculated under IAS 39	2,400
-	Amounts adjusted through opening reserves	-
-	Opening loss allowance at 1 April	2,400
2,400	Loss allowance recognised during the year	-
-	Receivables written off during the year	-
-	Loss allowance unused and reversed during the year	-
2,400	Loss allowance at 31 March	2,400

Non-IFRS9 financial assets that are either past due or impaired

An analysis of the age of non-IFRS9 financial assets, comprising Council Tax, business rates and housing rents that were either past due at the balance sheet date or impaired is set out in the following table

2018/19					2019/20			
Council Tax	Business Rates	Housing Rents	Total		Council tax	Business Rates	Housing Rents	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
2,227	2,560	577	5,364	Past due less than 12 months	2,654	4,546	719	7,919
11,482	1,701	1,979	15,162	Past due more than 12 months	12,273	2,926	2,168	17,367
13,709	4,261	2,556	20,526		14,927	7,472	2,887	25,286

A summary of the loss allowance at the balance sheet date analysed by class of debtor is shown below - all have been assessed on a collective basis.

2018/19		2019/20
£'000		£'000
(10,426)	Council Tax	(11,903)
(3,122)	Business Rates	(5,541)
(2,032)	Housing Rents	(2,325)
(11,220)	Housing Rents	
(26,800)		(19,769)

Note 25: Fair value of assets and liabilities

The following tables combine information about:

- (a) classes of financial instruments and non-financial assets based on their nature and characteristics;
- (b) the carrying amounts of financial instruments and non-financial assets;
- (c) fair values of financial instruments and non-financial assets; and
- (d) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 - measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - measurement is based on inputs other than quoted prices included in Level 3 that are observable for the asset or liability, either directly or indirectly

Level 3 - measurement is based on unobservable inputs for the asset or liability.

The basis of valuation of each class of financial instrument and non-financial asset is set out below. There has been no change in the valuation techniques used during the year. All items have been valued using fair value techniques based on the characteristics of the financial instrument or non-financial asset, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and cash equivalents, trade debtors, trade creditor and cash-based investments (long and short-term)	Level 1	Carrying value is deemed to be fair value, because of the short-term nature of the instruments	Not Required	Not required
Non-current debtors	Level 2	Discounted cashflows for the instrument using an equivalent market rate	Council accounting records	Not required
Finance leases and PFI liabilities	Level 2	The fair values have been estimated by discounting the contractual cashflows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.	Observable inputs are the bond yields. Unobservable inputs are the remaining cashflows.	Not required
Loans outstanding	Level 2	The fair values have been estimated by discounting the remaining cashflows of the borrowing using the appropriate rate for local authority loans	Observable inputs are the PWLB rates. Unobservable inputs are the remaining cashflows.	Not required
Investments in pooled funds	Level 2	Forward pricing	NAV-based pricing set on a forward pricing basis	Not required
Investment property	Level 2	Investment method of valuation.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	Not required

Note 25: Fair value of assets and liabilities (continued)

2019/20	Carrying value				Fair value			
	Financial and non-financial assets		Financial liabilities	Total	Level			Total
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
<i>Loans and receivables</i>								
Investments	-	10,698	-	10,698	10,698	-	-	10,698
Debtors	-	32,360	-	32,360	17,512	7,153	-	24,665
Cash and cash equivalents	-	15,525	-	15,525	15,525	-	-	15,525
<i>Fair value through profit and loss</i>								
Investments	18,697	-	-	18,697	-	18,697	-	18,697
Total financial assets	18,697	58,583	-	77,280	43,735	25,850	-	69,585
Non-financial assets								
Investment property	-	-	-	-	-	99,955	-	99,955
Surplus assets	-	-	-	-	-	27,114	-	27,114
Assets held for Sale	-	-	-	-	-	-	-	-
Total Financial and non-financial assets	18,697	58,583	-	77,280	43,735	152,919	-	196,654
Financial Liabilities								
<i>Liabilities at amortised cost</i>								
Loans outstanding	-	-	(631,784)	(631,784)	(280,435)	(408,594)	-	(689,029)
PFI contracts	-	-	(58,764)	(58,764)	-	(48,185)	-	(48,185)
Finance leases	-	-	(6,010)	(6,010)	-	(5,232)	-	(5,232)
Trade creditors	-	-	(35,796)	(35,796)	(35,796)	-	-	(35,796)
Total financial liabilities	-	-	(732,354)	(732,354)	(316,231)	(462,011)	-	(778,242)

Note 25: Fair value of assets and liabilities (continued)

2018/19	Carrying value				Fair value			
	Financial and non-financial assets		Financial liabilities	Total	Level			Total
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
<i>Loans and receivables</i>								
Investments	-	44,019	-	44,019	44,019	-	-	44,019
Debtors	-	19,837	-	19,837	8,660	7,045	-	15,705
Cash and cash equivalents	-	19,879	-	19,879	19,879	-	-	19,879
<i>Fair value through profit and loss</i>								
Investments	19,847	-	-	19,847	-	19,847	-	19,847
Total financial assets	19,847	83,735	-	103,582	72,558	26,892	-	99,450
Non-financial assets								
Investment property	69,246	-	-	69,246	-	69,246	-	69,246
Surplus assets	17,540	-	-	17,540	-	17,540	-	17,540
Assets held for Sale	-	-	-	-	-	-	-	-
Total Financial and non-financial assets	106,633	83,735	-	190,368	72,558	113,678	-	186,236
Financial Liabilities								
<i>Liabilities at amortised cost</i>								
Loans outstanding	-	-	(518,898)	(518,898)	(214,682)	(353,189)	-	(567,871)
PFI contracts	-	-	(34,701)	(34,701)	-	(53,559)	-	(53,559)
Finance leases	-	-	(7,020)	(7,020)	-	(6,342)	-	(6,342)
Trade creditors	-	-	(35,953)	(35,953)	(35,953)	-	-	(35,953)
Total financial liabilities	-	-	(596,572)	(596,572)	(250,635)	(413,090)	-	(663,725)

Note 26: Cash and Cash Equivalents

2018/19		2019/20
£'000		£'000
2,587	Cash and bank balances	3,589
17,292	Short-term deposits	13,095
19,879	Total	16,684

Note 27: Debtors

These balances represent the amount of money owed to the Council at year end. Debtors include individuals, central government departments, other local authorities, NHS and other bodies. An analysis is given below.

2018/19		2019/20
£'000		£'000
Short-term debtors		
1,469	Prepayments	2,691
-	Central Government bodies	268
9,150	Trade debtors	1,948
5,059	VAT	5,426
10,929	Council Tax	32,519
4,671	NNDR receivable	4,718
12,393	Housing Benefit receivable	4,520
2,980	Other debtors	253
(28,225)	Impairment Allowance for Doubtful Debts	(30,647)
18,426	Total	21,696

2018/19		2019/20
£'000		£'000
Long-term debtors		
26,916	Loans to third parties	43,938
4,157	Overage	3,685
47	Deferred liabilities	601
89	Other	2,100
31,209	Total	50,324

Note 28: Creditors

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2019.

2018/19		2019/20
£'000		£'000
(5,341)	Trade creditors	(5,480)
(1,180)	PAYE & NI	(1,363)
(3,379)	Central Government Bodies	(193)
(41,150)	Other Creditor	(37,837)
(1,379)	PFI Finance Lease Liability	(2,435)
(5,675)	Receipts in Advance	(8,090)
(177)	Payroll Creditor	-
(573)	Collection Fund Account Balance – Council Tax	-
(58,854)	Total	(55,398)

Note 29: Provisions

The Council makes provision in compliance with IAS37 where there is an obligation as a result of a past event, when it is probable that the Council will incur expenditure and where a reasonable estimate can be made of the amount involved. Provisions are split into short term (less than one year) and long term (more than one year). In addition to the provisions shown below, there are provisions for bad debts which have been netted off against the debtors figure on the balance sheet.

Short-term provisions	Insurance claims	Business rates appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2019	(715)	(1,449)	-	(2,164)
Amounts used	(2,632)	(6,519)	-	(9,151)
Additional provisions	(1,000)	(8,680)	(18,313)	(27,993)
Balance at 31 March 2020	(4,347)	(16,648)	(18,313)	(39,308)

Long-term provisions	Water rates	Business rates appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2019	(2,630)	(6,519)	(223)	(9,372)
Amounts used	2,630	6,519	-	9,149
Additional provisions	-	-	(2,289)	(2,289)
Balance at 31 March 2020	-	-	(2,512)	(2,512)

Note 29: Provisions (continued)**Insurance claims**

The provision covers claims which have been lodged and for which there is reasonable probability that the Council is liable and for which a reasonable estimate can be made of the amount required to settle

Business rates appeals

Following the localisation of business rates from 1 April 2013, the Council has set aside a provision for any potential liabilities arising from appeals by business ratepayers against rateable valuations. The amount set aside reflects the Council's 94% share of the liability.

Water rates

A provision has been set up for the possible repayment of water rate to tenants following the case of Jones v London Borough of Southwark in the High Court in 2016. The provision is a charge against the HRA as the water rates were originally collected with housing rents and reported in the HRA.

Other

Other provision include contractual claims that arise in respect of disputes arising in the ordinary course of business.

Note 30: Unusable Reserves

2018/19		2019/20
£'000		£'000
(311,346)	Revaluation Reserve	(365,117)
-	Available for Sale Financial Instruments Reserve	-
(1,135)	Pooled Investment Funds Adjustment Account	(148)
(120,096)	Capital Adjustment Account	(72,895)
1,095	Financial Instruments Adjustment Account	855
273,357	Pension Reserve	265,135
(4,237)	Deferred Capital Receipts Reserve	(602)
5,944	Collection Fund Adjustment Account	12,609
717	Accumulated Absences Account	611
(155,701)	Balance 31 March	(159,552)

Note 30a: Revaluation Reserve

The reserve is credited with gains on the revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve. The depreciation adjustment ensures that only the depreciation on the historic cost of assets impacts on the capital adjustment account.

The balance on the reserve reflects the difference between the value of the Council's assets at depreciated historical cost and their current value.

2018/19		2019/20
£'000		£'000
(291,090)	Balance at 1 April	(311,346)
6,523	Restatement	-
(284,567)	Restated balance at 1 April	(311,346)
(97,497)	Upward revaluation of assets	(69,332)
43,868	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	8,077
(53,629)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(61,255)
5,212	Difference between fair value depreciation and historical cost depreciation	5,299
21,638	Accumulated gains on assets sold or scrapped	2,185
26,850	Amount written off to the Capital Adjustment Account	7,484
(311,346)	Balance 31 March	(365,117)

Note 30b: Available for Sale Financial Instruments Reserve

This reserve is (credited)/debited with (gains)/losses arising from the change in fair value of available for sale financial assets.

2018/19		2019/20
£'000		£'000
(1,209)	Balance 1 April	-
1,209	Opening balance adjustments on adoption of IFRS9	-
-	Restated balance at 1 April	-
-	Upward revaluation of investments	-
-	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	-
-	Balance 31 March	-

Note 30c: Pooled Investment Funds Adjustment Account

This reserve is (credited)/debited with (gains)/losses arising from the revaluation of financial instruments held at fair value through other comprehensive income (FVOCI).

2018/19		2019/20
£'000		£'000
-	Balance 1 April	(1,135)
(1,209)	Opening balance adjustments on adoption of IFRS9	-
(1,209)	Restated balance at 1 April	(1,135)
(44)	Upward revaluation of investments	-
118	Downward revaluation of investments	987
74	Total Changes in revaluation and impairment	987
(1,135)	Balance 31 March	(148)

Note 30d: Capital Adjustment Account

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

The account also contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2018/19 Restated £'000		2019/20 £'000
(190,726)	Balance at 1 April	(120,096)
2,392	Restatement	-
(188,334)	Restated balance at 1 April	(120,096)
22,232	Charges for depreciation and impairment of non- current assets	22,946
38,730	Revaluation losses on non-current assets	5,956
-	Amortisation of intangible assets	345
9,676	Revenue expenditure funded from capital under statute	8,583
28,201	Capitalisation Direction	47,536
546	Revaluation and impairment of capital financial assets	-
32,648	Current value of asset disposals	15,760
132,033	Reversal of Items relating to capital expenditure debited or credited to the CIES	101,126
(26,847)	Adjusting amounts written out of the Revaluation Reserve	(7,487)
105,186	Net written out amount of the cost of non- current assets consumed in the year	93,639
(10,192)	Capital receipts	(7,197)
(12,069)	Major repairs reserve	(15,626)
(18,686)	Capital grants and contributions	(11,095)
(8,173)	Minimum revenue provision	(10,583)
(2,054)	Direct revenue financing	(4,224)
(51,174)	Capital financing applied in year:	(48,725)
16,908	Increase/(decrease) in value of investment properties	(1,073)
(2,682)	Other movements	3,360
(120,096)	Balance at 31 March	(72,895)

Note 30e: Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2018/19		2019/20
£'000		£'000
1,362	Balance at 1 April	1,095
-	Opening balance adjustments on adoption of IFRS9	-
1,362	Restated balance at 1 April	1,095
(267)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements Premiums incurred in the year and charged to the CIES	(240)
1,095	Balance 31 March	855

Note 30f: Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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.

2018/19		2019/20
£'000		£'000
270,460	Balance at 1 April	273,357
(7,875)	Actuarial gains/(losses) on pensions assets & liabilities	(31,305)
20,417	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	33,483
(9,645)	Employer's pensions contributions & direct payments to pensioners payable in the year	(10,400)
273,357	Balance at 31 March	265,135

Note 30g: Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority 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.

2018/19		2019/20
£'000		£'000
(9,791)	Balance at 1 April	(4,237)
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	-
5,554	Transfer to the Capital Receipts Reserve upon receipt of cash	3,635
(4,237)	Balance at 31 March	(602)

Note 30h: Collection Fund Adjustment Account

The Collection Fund adjustment account manages the differences arising from the recognition of Council Tax and NNDR 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.

2018/19		2019/20
£'000		£'000
577	Balance at 1 April	5,944
3,709	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	6,041
1,658	Other movements	624
5,944	Balance at 31 March	12,609

Note 30i: Accumulated Absences Account

2018/19		2019/20
£'000		£'000
1,014	Balance at 1 April	717
(1,014)	Settlement or cancellation of accrual made at the end of preceding year	(716)
717	Amounts accrued at the end of the current year	609
717	Balance at 31 March	610

Note 31: Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement, and the Council contribute towards the costs by making a contribution based on a percentage of the members Salaries.

The scheme is a defined benefit scheme, although the scheme is unfunded the Teachers Pension Authority (TPA) uses a notional fund as the basis for calculating the employer's contribution rate paid by all Local Education Authorities (LEA's).

The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2019/20, the Council paid £3.2m to Teachers Pensions, in respect of teachers retirement benefits, representing 16.48% of Pensionable pay (The figure for 2018/19 was £2.7m which was 16.48% of Pensionable pay). There were no contributions remaining payable at the year end.

Note 32: Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, 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 and therefore they need to be disclosed at the time the employee earns their future entitlement.

The Authority participates in three post-employment schemes:

1. The Local Government Pension Scheme (LGPS) for non-teaching staff; and
2. The Teachers' Pension Scheme for teaching staff.
3. Discretionary post-employment benefits payable upon early retirement.

The Teachers Pension Scheme is accounted for under the Code as a defined contribution scheme because it is a multi-employer scheme and it is not possible to attribute the liabilities to individual employers within the scheme. For further details see Note 31.

Defined benefits schemes

The Local Government Pension Scheme (LGPS) and discretionary post-employment benefits (payable to both non-teaching and teaching staff) are defined benefits schemes in that post-employment benefits are defined in the scheme legislation rather than based on contributions to the schemes.

Note 32: Defined Benefit Pension Schemes (continued)

The **Local Government Pension Scheme (LGPS)** is a national scheme but administered locally. For the Council, this is the Royal County of Berkshire Pension Fund administered by the Royal Borough of Windsor and Maidenhead. The LGPS is a funded scheme which means that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets over time.

The LGPS provides a final salary-based pension based on service to 2014 and a career average revalued earnings based pension for service since 2014.

The Royal County of Berkshire Pension Fund is operated under the regulatory framework of the Public Service Pensions Act 2013 and the LGPS Regulations made thereunder. Governance of the scheme locally is the responsibility of the Pensions Committee of the Royal Borough of Windsor and Maidenhead. Investment policy is determined in accordance with the LGPS Regulations as is the administration and governance of the scheme. Investment management of the fund is outsourced wholly to Local Pensions Partnership Investments (LPPI) under the framework provided by the investment policy.

The LGPS is subject to a triennial actuarial valuation which determines the contribution rates for the next three years. The fund's actuary is Barnett Waddingham LLP. At the last valuation in 2019 the Fund was valued

For the period covered by the triennial valuation the Council is scheduled to pay contributions at 15.6% (13.6% in 2018/19) of pensionable pay plus a lump sum of £3.012m (£3.495m in 2018/19).

The principal risks to the Council from participation in the LGPS are:

- (i) if future investment returns are lower than expected, the Fund's asset values will be lower and the funding level will worsen;
- (ii) if improvements in life expectancy are greater than expected, the cost of benefits will increase because members are living longer than expected;
- (iii) if members make decisions about their options which increase liabilities, the funding level may worsen. An example would be if fewer members commute their pensions into cash than expected then this will increase liabilities.

A significant risk to the Fund is that 65% of the Fund's assets are invested in global equity funds. This risk is mitigated through the use of forward foreign exchange derivatives.

Discretionary post-employment benefits

Both the LGPS and the teachers' pension scheme permit employers to make discretionary awards of post-employment benefits upon early retirement. These are unfunded benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Note 32: Defined Benefit Pension Schemes (continued)**Transactions relating to post-employment benefits**

The Council recognises the cost of post-employment 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 the Council is required to make against Council Tax is based on the contributions and benefits payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement, the General Fund balance and the HRA via the Movement in Reserves Statement in the year.

2018/19		2019/20	
LGPS		LGPS	
£'000		£'000	Note
	Comprehensive Income and Expenditure Statement		
	<i>Cost of services:</i>		
15,388	Current service cost	16,703	(i)
3,266	Past service cost	330	
(5,078)	Losses/(gains) on curtailments and settlements	9,766	
	<i>Other operating expenditure:</i>		
163	Pension Administration expenses	144	
	<i>Financing and investment income and expenditure:</i>		
6,678	Interest cost	6,540	(ii)
20,417	Total post employment benefit charged to the (surplus)/deficit on provision of services	33,483	
	<i>Other Post employment benefit charged to the Comprehensive Income and Expenditure Statement</i>		
	<i>Remeasurement of the net defined benefit liability comprising:</i>		
(3,220)	- Return on plan assets, excluding the amount included in the net interest expense	(2,224)	(iii)
24,282	- Actuarial gains/(losses) arising from changes in financial assumptions	(53,918)	(iv)
(28,937)	- Actuarial gains(losses) arising from changes in demographic assumptions	(5,935)	
-	- Other movements in the liability / (asset)	30,772	
(7,875)	Total Post employment benefit charged to Other Comprehensive Income and Expenditure	(31,305)	
12,542	Total Post employment benefit charged to the Comprehensive Income and Expenditure Statement	2,178	
	Movement in Reserves Statement		
(20,417)	Reversal of net charges made to (surplus)/deficit on provision of services for post-employment benefits in accordance with the Code (including administration expenses)	(33,483)	
9,645	Actual amount charged against the General Fund for pensions in the year Employer's contributions payable to scheme	10,400	(v)
(10,772)	Net transfer from MiRS to Pension Reserve	(23,083)	

(i) The current service cost is an estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.

(ii) Interest cost is the amount needed to unwind the discount applied in calculating the defined benefits obligation (liability). As members of the plan are one year closer to receiving their pension, the provisions made at present value in previous years for their retirement costs need to be uplifted by a year's discount to keep pace with current values.

(iii) The expected return on assets is a measure of the return on the investment assets held by the plan for the year. It is not intended to reflect the actual realised return by the plan, but a longer term measure based on the value of assets at the start of the year taking into account movements in assets during the year and an expected return factor.

(iv) Actuarial gains and losses arise where actual events have not coincided with the actuarial assumptions made for the last valuation (also known as experience gains or losses) or the actuarial assumptions have been changed.

(v) Employer normal contributions as a percentage of pay plus benefits paid direct to beneficiaries in respect of unfunded benefits.

Note 32: Defined Benefit Pension Schemes (continued)**Pensions Assets and Liabilities recognised in the Balance Sheet**

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plans is as follows:

2018/19		2019/20
LGPS		LGPS
£'000		£'000
(511,755)	Present value of funded defined benefit obligation	(521,993)
238,398	Fair value of employer assets	263,471
(273,357)		(258,522)
(6,061)	Present value of unfunded discretionary benefits obligation	(6,613)
(279,418)	Net (liability) / asset arising from the defined benefit obligation	(265,135)

However, statutory arrangements are in place whereby any deficit on the scheme is made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Hence the deficit does not adversely impact on the financial position of the Council.

Note 32: Defined Benefit Pension Schemes (continued)**Assets and Liabilities in relation to post-employment benefits**

2018/19		2019/20
LGPS	Movement in the Value of Scheme Assets	LGPS
£'000		£'000
230,377	Opening balance at 1 April	238,047
5,960	Interest income	5,942
	<i>Remeasurement gains/losses:</i>	
3,220	- The return on plan assets, excluding the amount included in the net interest expense	(10,738)
-	- Other gains/(losses)	12,962
9,645	Contributions from employer	10,400
2,851	<i>Contributions from employees into the scheme</i>	2,968
(13,650)	Benefits / transfers paid	(14,412)
(163)	Administration expenses	(144)
(193)	Settlements	14,294
238,047	Closing value of scheme assets	259,319

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.

2018/19		2019/20
LGPS	Movement in the value of scheme liabilities	LGPS
£'000		£'000
(496,297)	Opening balance at 1 April	(515,552)
(15,551)	Current service cost	(16,703)
(12,638)	Interest cost	(12,482)
(2,851)	Contributions from scheme participants	(2,968)
	<i>Remeasurement gain/(loss):</i>	
28,937	- Actuarial gains/(losses) arising from changes in demographic assumptions	5,935
(28,817)	- Actuarial gains/(losses) arising from changes in financial assumptions	53,918
-	- Other (if applicable)	(30,772)
(3,266)	Past service cost	(330)
-	Loss on curtailments/settlements	-
-	Liabilities assumed on entity combinations	-
13,650	Benefits paid	14,412
5,078	Liabilities extinguished on settlements	(24,060)
(511,755)	Closing balance at 31 March	(528,602)

Note 32: Defined Benefit Pension Schemes (continued)**LGPS - Pension Scheme - Assets comprised of:**

Fair value of scheme assets

2018/19				2019/20		
Quoted	Unquoted	Total		Quoted	Unquoted	Total
£'000	£'000	£'000		£'000	£'000	£'000
19,971	-	19,971	Cash and cash equivalents	31,113	-	31,113
96,314	-	96,314	Overseas	109,369	28,926	138,295
2,528	-	2,528	UK	3,306	7,163	10,469
98,842	-	98,842	Subtotal Equities	112,675	36,089	148,764
-	-	-	Government Gilts	-	-	-
-	-	-	Overseas Unit Trusts	-	-	-
-	-	-	Overseas Private Equity	-	-	-
-	25,785	25,785	Private Fixed Interest	-	16,349	16,349
12,134	-	12,134	Unit Trusts	8,175	-	8,175
12,134	25,785	37,919	Subtotal Bonds	8,175	16,349	24,524
-	25,279	25,279	UK	-	-	-
-	4,297	4,297	Overseas	-	-	-
-	29,576	29,576	Subtotal Private Equity	-	-	-
-	23,762	23,762	Infrastructure	-	21,599	21,599
28,313	7,078	35,391	Property	28,443	7,757	36,200
-	-	-	Target returns	-	11,098	11,098
-	2,022	2,022	Commodities	-	1,553	1,553
28,313	32,862	61,175	Subtotal other investment funds	28,443	42,007	70,450
-	5,308	5,308	Longevity insurance	-	(11,380)	(11,380)
-	-	-	Futures	-	-	-
-	5,308	5,308	Subtotal Derivatives	-	(11,380)	(11,380)
159,260	93,531	252,791	Total Assets	180,405	83,065	263,471

Basis for estimating assets and liabilities

Liabilities have been assessed on a actuarial basis using the projected unit cost method, an estimate of the pensions that will be payable in future years depending on assumptions about mortality rates, salary levels etc. The scheme has been assessed by Barnett Waddingham LLP, an independent firms of consulting actuaries with the estimates being based on the latest full valuation of the scheme as at 31 March 2016.

Note 32: Defined Benefit Pension Schemes (continued)

The principal assumptions used by the actuary have been:

2018/19		2019/20
LGPS		LGPS
%		%
2.5	Rate of inflation	1.9
4.0	Rate of increase in salaries	2.9
2.5	Rate of increase in pensions	1.9
2.5	Rate for discounting scheme liabilities	2.35

Life expectancy has been based on the latest version of the Continuous Mortality Investigation's model, CMI_2018 which was released in March 2019

Based on these assumptions, the average future life expectancies from age 65 are:

2018/19		Mortality assumptions	2019/20	
Males	Females		Males	Females
23.2	25.3	Longevity at retirement for current pensioners	215	24.1
25.4	27.6	Longevity at retirement for future pensioners	22.9	25.5

Impact of assumptions on the obligation:

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. In practice, this is unlikely to occur, and changes in the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Assumption	Increase by 1% £'000	Decrease by 1% £'000
Longevity	(15,745)	14,804
Rate of inflation	-	-
Rate of increase in salaries	(15,267)	15,267
Rate of increase in pensions	(15,674)	14,870
Rate for discounting scheme liabilities	(14,872)	15,673

Note 32: Defined Benefit Pension Schemes (continued)

Risk management strategy

During 2009 the Fund entered into a longevity insurance contract with Swiss Re which covered all of the members of the Fund who had started receiving their pension by the end of July 2009 and their dependants. The contract effectively means that the Fund will pay inflation-linked fixed premiums to Swiss Re and in exchange, Swiss Re will pay the actual pension amounts due, thus removing the longevity risk to the Fund in respect of the members covered.

Impact on the Council's Cash flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

The Authority anticipates to pay £10,217k expected contributions to the scheme in 2020/21.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (20 years 2019/20).

Note 33: Cash Flow Statement - Operating Activities

2018/19		2019/20
£'000		£'000
137,638	Net (surplus) or deficit on the provision of services	90,196
	<i>Adjustments for non-cash movements:</i>	
(22,198)	Depreciation	(22,946)
(38,691)	Impairments and downward revaluation	(5,956)
-	Amortisation	(345)
(29,549)	Net increase/decrease in creditors, debtors and inventories	4,563
(10,772)	Pensions liability	(23,083)
(48,376)	Carrying amount of non-current assets sold	(15,760)
(10,677)	Other non-cash items	(28,223)
(160,263)	Subtotal	(91,750)
	<i>Adjustments for items that are investing or financing activities:</i>	
12,573	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(45,300)
8,783	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,837
3,803	Any other items for which the cash effects are investing or financing cash flows	11,878
25,159	Subtotal	(19,585)
2,534	Net cash flows from operating activities	(21,139)

The cash flows for operating activities include the following items:

2018/19		2019/20
£'000		£'000
(4,876)	Interest received	(4,087)
8,416	Interest paid	14,538
3,540	Total	10,451

Note 34: Cash Flow Statement - Investing Activities

2018/19		2019/20
£'000		£'000
131,050	Purchase of property, plant and equipment, investment property and intangible assets	134,129
73,218	Purchase of short-term and long-term investments	15,000
-	- Other payments for investing activities	16,240
(14,337)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(17,983)
(12,573)	Proceeds from short-term and long-term investments	-
782	Other receipts from investing activities	(12,634)
178,140	Net cash flows from investing activities	134,752

Note 35: Cash Flow Statement - Financing Activities

2018/19		2019/20
£'000		£'000
(534,500)	Cash receipts of short-term and long-term borrowings	(119,897)
-	- Other receipts from financing activities	-
-	- Council Tax and NNDR adjustments	-
2,376	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,469
339,542	Repayments of short-term and long-term borrowing	7,011
1,928	Other payments from financing activities	-
(190,654)	Net cash flows from financing activities	(110,417)

Note 36: Related Party Transactions

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.

Central government

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits).

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members Allowances is reported at Note 11.

The following Members held positions of control or significant influence in related parties to the Council during 2019/20:

Councillors Mann, Nazir and Swindlehurst were directors of Development Initiative for Slough Housing Ltd

Entities controlled or significantly influenced by the Council

2019/20								
Entity name	Structure	Officers on the Board	Shareholding	Loan	Expenditure	Income	Income outstanding to SBC	Balance outstanding from SBC
			£'000	£'000	£'000	£'000	£'000	£'000
Development Initiative for Slough Housing (DISH)	Wholly owned subsidiary		-	-	400	(400)	-	716
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Mike England Stephen Gibson Colin Moone	5,992	23,932	-	(557)	29,924	151
Slough Urban Renewal	Joint Venture	Joe Carter Neale Cooper Stephen Gibson	N/A	(5,554)	27,863	(3,959)	4,200	453
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Joe Carter Neale Cooper Mike England Stephen Gibson Nigel Pallace	455,001	-	955	-	955	-
Slough Children First Ltd	Company limited by guarantee - controlled by Department for Education		N/A	-	24,490	-	-	-

Note 36: Related Party Transactions (continued)

2018/19								
Entity name	Structure	Officers on the Board	Shareholding	Loan	Expenditure	Income	Income outstanding to SBC	Balance outstanding from SBC
			£'000	£'000	£'000	£'000	£'000	£'000
Development Initiative for Slough Housing (DISH)	Wholly owned subsidiary		-	-	390	(390)	-	725
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Mike England Stephen Gibson	5,992	23,932	-	(550)	29,924	151
Slough Urban Renewal	Joint Venture	Joe Carter Neale Cooper Stephen Gibson	N/A	(5,554)	20,662	(3,939)	-	453
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Joe Carter Neale Cooper Mike England Stephen Gibson Nigel Pallace	455,001	-	955	-	955	-
Slough Children First Ltd	Company limited by guarantee - controlled by Department for Education	Lisa Jane Lyons Paul M G Mcdonald Eleni C Ioannides	N/A	2,983	25,941	-	-	-

Note 37: Contingent Liabilities

Lender Offer Borrower Offer (LOBO) Loans

The Council has £13m of Lender Option Borrower Option Loans (LOBOs), taken out between 2002 to 2006 with terms between 52 and 60 years. Information on the Council's borrowings, including LOBO loans can be found in Note 24

A number of local authorities have received objections from local electors as to the lawfulness of local authorities obtaining borrowing through LOBO loans. Whilst the LOBO loans currently held by the Council have not currently been found to be unlawful, there is ongoing analysis of LOBO loans generally by local authorities affected, their auditors and specialist lawyers.

The law in relating to this matter is complex and there is uncertainty as to what consequences might be on a local authority that have borrowed via LOBO loans, if they were to be found to be unlawful.

In the event of a LOBO loan being found to be unlawful, restitutionary remedies may result in the outstanding balances on these loans having to be repaid in full to the lender and may also result in additional costs, resulting from losses incurred by the lender.

Note 38: Events After the Balance Sheet Date

Preparation of the 2019/20 statement of accounts were delayed pending resolution of outstanding matters arising from the audit of the 2018/19 statement of accounts affecting the balances brought forward.

The delays to the 2018/19 and subsequent Statement of Accounts were related to:

1. issues raised by the external auditors regarding the original 2018/19 draft accounts, and
2. subsequent work to address issues highlighted by the Section 114 Notice and the Capitalisation Direction (see below).

Covid-19 Pandemic

On 23 March 2020, the Prime Minister announced that to limit the spread of the coronavirus (Covid-19) he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were "furloughed" on 80% of their salary paid by central government.

The "lockdown" was finally lifted in stages in mid-2021 in the UK. The Covid-19 pandemic has undoubtedly had a significant impact the UK and global economy.

It is noted that the financial impact for 2019/20 and subsequent year has been greater, and that consequently there will be further implications and considerations for the Council's Balance Sheet in relation to asset values, pension fund liabilities and revenue income at the future year-ends.

Any implications for valuation movements would be recognised within the Comprehensive Income and Expenditure Statement in the year when they occurred, in accordance with proper accounting practice. They would then be adjusted for within the Movement in Reserves Statement to negate any impact on the General Fund in line with regulatory requirements.

Income shortfalls have been mitigated by a range of Covid-19 grant support measures issued by central government throughout 2020/21 and 2021/22.

Note 38: Events After the Balance Sheet Date (continued)**Section 114 Notice and Capitalisation Direction**

On 2 July 2021, the Council's Section 151 officer, Steven Mair, issued a section 114 Notice to the Council, which highlighted that the Council faced a significant unfunded financial deficit arising from financial challenges which have arisen over a number of years, and required the Council to take action to address these issues as a matter of urgency.

The s.114 Notice has led to intervention from the Secretary of State for Levelling UP, Housing and Communities who issued an "in principle" Capitalisation Direction in March 2022.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue expenditure from capital resources, namely by applying usable capital receipts and in the short-term setting aside minimum revenue provision.

Whilst the Capitalisation Direction was issued in March 2022 it covers transactions and balances for the years preceding 1 April 2017 to 31 March 2023. Therefore at the balance sheet date of 31 March 2020, the Capitalisation Direction is an adjusting event. The items which have been adjusted under the Capitalisation Direction are set out in Note 5 to these accounts.

Valuation of pension liabilities

The McCloud and Sargeant cases are two national legal cases which impact on the transitional provisions of the 2014 Local Government Pension Scheme on age discrimination grounds. In December 2018 the Court of Appeal ruled against the Government on the two cases. The Government attempted to appeal the two cases on 27 June 2019, but the appeal was refused by the Supreme Court requiring remedy to the two underlying public service pension schemes - the judicial and firefighters pension schemes respectively. Subsequently, on 13 July 2019 the Chief Secretary to the Treasury announced that the remedies would apply to all public service pension schemes, which will result in an increase in benefits.

In addition, the Royal Berkshire Pension Fund, of which Slough Borough Council is a member, revalued a convertible bond which had a material impact on the valuation of the net assets of the pension fund.

In light of the above, the IAS 19 valuation of the Council's pension liabilities disclosed at Note 32 has been updated to reflect the estimated impact of the proposed remedy and the revised valuation of the net assets of the pension fund. The combined effect has been to reduce the net overall pension liabilities by £15m from £288m (as originally reported at 31 March 2019) to £273m.

This has no impact on the General Fund, because all IAS 19 charges are transferred to the Pension Reserve and replaced by the employers contributions payable to the pension fund in line with statutory requirements.

SECTION – 5

SUPPLEMENTARY FINANCIAL STATEMENTS

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Housing Revenue Account (HRA) - Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2018/19		2019/20	
£'000		£'000	Note
	Expenditure		
8,782	Repairs and maintenance	8,240	
9,471	Supervision and management	10,476	
223	Rents, rates, taxes and other charges	192	
18,135	Depreciation and impairment of non current assets	18,099	6
2,630	Transfer to/from Provision	547	
39,241	Total expenditure	37,554	
	Income		
(32,060)	Dwelling rents	(32,281)	
(1,346)	Non-dwelling rents	(1,312)	
(2,382)	Charges for service and facilities	(2,269)	
(264)	Contributions towards expenditure	(76)	
(36,052)	Total income	(35,938)	
3,189	Net cost or (income) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement	1,616	
274	HRA services share of Corporate and Democratic Core	228	
3,463	Net cost of HRA Services	1,844	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
8,137	(Gain) or loss on sale of HRA non current assets	(3,917)	
5,489	Interest payable and similar charges	6,445	
(71)	HRA interest and investment income	(73)	
175	Net interest on the defined benefit net liability	353	
17,193	(Surplus) or deficit for the year on HRA Services	4,652	

Statement on The Movement on The Housing Revenue Account

The objective of this statement is to reconcile the outturn from the HRA Income and Expenditure Statement to the surplus or deficit on the HRA Balance calculated in accordance with statutory requirements.

2018/19 £'000	Expenditure	2019/20 £'000
(15,192)	Balance on the HRA as at 1 April	(15,280)
17,193	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	4,652
	Adjustments between accounting basis and funding basis:	
102	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements	94
(18,135)	Depreciation and impairments	(18,096)
(8,137)	(Gains)/losses on sale of HRA non-current assets	3,917
(357)	Net charges for pensions	(728)
(30)	Transfers to/(from) the Capital Receipts Reserve	-
500	Capital expenditure charged to HRA balance	3,961
	Accumulated absences adjustment	-
8,776	Transfers to/(from) the Major Repairs Reserve	9,049
(88)	Net (increase)/decrease before transfers to/(from) reserves	2,849
	Transfers to/(from) earmarked reserves	
(88)	(Increase)/decrease in year on the HRA balance	2,849
(15,280)	HRA Balance at 31 March	(12,431)

Housing Revenue Account Notes

Note 1: Prior Period Adjustment

No prior period adjustments were required.

Note 2: Housing Stock

As at 31 March 2020, the Council was responsible for managing a housing stock of 6,068 dwellings comprising:

2018/19	Type of accommodation	2019/20
No.		No.
2,776	Houses	2,776
2,784	Flats	2,766
522	Bungalows	523
4	Shared ownership	3
-	- Awaiting demolition	-
6,086	Total	6,068

The change in stock can be summarised as follows:

2018/19	Type of accommodation	2019/20
No.		No.
6,092	Stock at 1 April	6,084
(23)	Sold	(44)
15	New Build/Acquisitions	28
-	- Awaiting demolition	-
-	- Demolished	-
6,084	Stock at 31 March	6,068

Note 2: Housing Stock (continued)

The total balance sheet value of the Council's HRA assets at 1 April 2019 was £560m and at 31 March 2020 was £609m, analysed as follows:

2018/19 £'000	Expenditure	2019/20 £'000
	Operational assets	
538,416	Council dwellings	573,489
6,858	Other land and buildings	6,861
812	Community assets	861
7,595	Assets under construction	12,450
553,681		593,661
	Non-operational assets	
2,058	Investment property	1,838
3,866	Surplus assets	13,953
5,924		15,791
559,605	Total asset value	609,452

Note 3: Vacant Possession Value

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £1,638m (£1,632m at 31 March 2019). This is the existing use value (EUV). The difference between the vacant possession value the Balance Sheet value of the dwellings within the HRA reflects that tenancies are held on a secure basis without vacant possession.

The Balance Sheet value of the dwellings is determined by applying the Government prescribed discount factor (the vacant possession discount factor) to the vacant possession value of the stock. The discount factor is 33%. The resultant valuation is the EXisting Use Value - Social Housing (EUV-SH)

The difference of £1,097m between the EUV of £1,638m and the EUV-SH of £541m represents the economic cost of providing housing at less than open market

Note 4: Capital Expenditure and financing

During 2019/20, the Council incurred £30.6m capital expenditure on land, houses and other properties within the HRA (2018/19: £19.9m). The detail of expenditure and the methods of financing are detailed below:

2018/19		2019/20
£'000		£'000
	Capital expenditure	
10,074	Operational assets	22,360
9,800	Non-operational assets	8,210
19,874		30,570
	Sources of funding	
(2,707)	Capital receipts	(5,865)
(16,359)	Major repairs reserve	(19,587)
(309)	Government grants and contributions	-
-	Borrowing	(5,118)
(499)	Direct revenue financing	-
(19,874)		(30,570)

Note 5: Capital receipts

Capital receipts from disposals of land, houses and other property within the HRA were as follows:

2018/19		2019/20
£'000		£'000
(60)	Land	-
(4,596)	Council dwellings	(7,697)
(417)	Other property	(145)
(5,073)		(7,842)

Note 6: Depreciation and impairment

2018/19				2019/20		
Depreciation	Impairment / Reversals	Total		Depreciation	Impairment / Reversals	Total
£'000	£'000	£'000		£'000	£'000	£'000
8,699	1,103	9,802	Council dwellings	8,946	6,423	15,369
72	891	963	Other land and buildings	72	-	72
1	-	1	Community assets	1	-	1
3	6,651	6,654	Surplus assets	-	96	96
-	451	451	Assets under construction	-	-	-
8,775	9,096	17,871		9,019	6,519	15,538

Note 7: Rent Arrears

2018/19		2019/20
	Rent arrears comprise:	
1,537	Current tenant arrears	1,768
1,019	Former tenant arrears	1,120
2,556		2,888
(2,032)	Less: Bad debts provisions	(2,325)
524		563

Collection Fund Statement

The Collection Fund shows the transactions of the Council in its capacity as the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a separate Collection Fund balance sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the major preceptors, the billing authority and the Government.

The Council's share of council tax and non-domestic rates income is included in the Comprehensive Income and Expenditure Statement (CIES) on an accruals basis in line with the Code. However, the amount to be recognised in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and to the Collection Fund Adjustment Account.

2018/19				2019/20			Note
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total	
£'000	£'000	£'000		£'000	£'000	£'000	
			Income				
-	(67,258)	(67,258)	Council Tax receivable	-	(69,051)	(69,051)	
(105,655)	-	(105,655)	Business Rates receivable	(103,857)	-	(103,857)	
(105,655)	(67,258)	(172,913)	Total income	(103,857)	(69,051)	(172,908)	
			Expenditure				
			<i>Apportionment of prior year surplus/deficit</i>				
(3,116)	-	(3,116)	Central Government	1,458	-	1,458	
(3,054)	-	(3,054)	Slough Borough Council	(1,123)	-	(1,123)	
(62)	-	(62)	Berkshire Fire Authority	3	-	3	
-	-	-	Thames Valley police	-	-	-	
			Precepts				
5,125	-	5,125	Central Government	26,346	-	26,346	
96,350	55,768	152,118	Slough Borough Council	77,984	58,595	136,579	
1,025	2,685	3,710	Berkshire Fire Authority	1,054	2,836	3,890	
-	7,605	7,605	Thames Valley police	-	8,827	8,827	
			Charges to Collection Fund				
1,959	4,116	6,075	Increase/(decrease) in allowance for impairment	3,543	875	4,418	
4,528	-	4,528	Increase/(decrease) in allowance for appeals	4,370	-	4,370	
2,317	-	2,317	Transitional Protection Payments Payable	873	-	873	
205	-	205	Charge to General Fund for allowable collection costs for non-domestic rates	206	-	206	
105,277	70,174	175,451	Total expenditure	114,714	71,133	185,847	
(378)	2,916	2,538	(Surplus)/Deficit arising during the year	10,857	2,082	12,939	
3,316	721	4,037	(Surplus)/Deficit brought forward	2,938	3,637	6,575	
2,938	3,637	6,575	(Surplus)/Deficit carried forward	13,795	5,719	19,514	

Notes to the Collection Fund

Note 1: Council tax income

The Council's tax base for 2019/20 - 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 - calculated as follows:

Band	Valuation band limits	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
A	Up to and including - 40,000	559	6 / 9	839	1
B	40,001 - 52,000	4,376	7 / 9	5,626	1
C	52,001 - 68,000	15,342	8 / 9	17,260	1
D	68,001 - 88,000	11,611	9 / 9	11,611	1
E	88,001 - 120,000	6,400	11 / 9	5,236	2
F	120,001 - 160,000	3,417	13 / 9	2,365	2
G	160,001 - 320,000	898	15 / 9	539	2
H	More than - 320,001	18	18 / 9	9	3
Total		42,621		43,485	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year				-	
Council Tax Base				43,485	

The Council's tax base for 2018/19 - 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 - calculated as follows:

Band	Valuation band limits	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
A	Up to and including - 40,000	531	6 / 9	796	1
B	40,001 - 52,000	4,168	7 / 9	5,359	1
C	52,001 - 68,000	14,911	8 / 9	16,775	1
D	68,001 - 88,000	11,421	9 / 9	11,421	1
E	88,001 - 120,000	6,301	11 / 9	5,155	2
F	120,001 - 160,000	3,401	13 / 9	2,354	2
G	160,001 - 320,000	889	15 / 9	534	2
H	More than - 320,001	16	18 / 9	8	3
Total		41,638		42,402	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year				-	
Council Tax Base				42,402	

Note 2: Business Rates income

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2019/20 the amount was 50.4p (49.30p = 2018/19). The small business rate multiplier was 49.3p for 2019/20 (48.0p 2018/19). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. This is shown in the Collection Fund Statement and analysed at Note 13. The total rateable value @ 31 March 2020 was £240,867k (31 March 2019 = £242,436k).

SECTION – 6

GROUP ACCOUNTS

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Group Comprehensive Income and Expenditure Statement

2018/19				2019/20			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
85,800	(26,546)	59,254	Adults and Communities	75,953	(29,985)	45,968	
139,242	(83,127)	56,115	Children, Learning and Skills	132,756	(87,747)	45,009	
25,770	(8,222)	17,548	Place and Development	20,008	(10,820)	9,188	
17,857	(10,463)	7,394	Regeneration	23,032	(9,562)	13,470	
88,680	(73,621)	15,059	Finance and Resources	123,783	(65,641)	58,142	
16,539	(1,171)	15,368	Chief Executive	17,474	(1,166)	16,308	
29,370	(36,052)	(6,682)	Housing Revenue Account	37,780	(35,938)	1,842	
403,258	(239,202)	164,056	Cost of Services	430,786	(240,859)	189,927	
		41,617	Other operating expenditure			3,392	
		37,001	Financing and investment income and expenditure			15,003	
		-	Tax due for the year (current and deferred tax)			-	
		(103,850)	Taxation and non-specific grant income and expenditure			(116,471)	
		138,824	(Surplus)/deficit on provision of services			91,851	
		(784)	Share of the (surplus)/deficit on the provision of services by joint venture			(478)	
		-	Tax expenses of joint venture			-	
		138,040	Group (Surplus)/deficit on provision of services			91,373	
		-	(Surplus) or deficit on financial assets measured at FVOCI			987	
		(55,040)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(63,549)	
		(7,875)	Remeasurement of the net defined benefit liability			(31,305)	
		(62,915)	Other Comprehensive income and expenditure			(93,867)	
		75,125	Total Comprehensive income and expenditure			(2,494)	

Group Movement in Reserves Statement

	General Fund	General Fund Earmarked Reserves	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Council Usable Reserves	Share of Usable Reserves from JVs and Subsidiaries	Total Group Usable Reserves	Council Unusable Reserves	Share of Unusable Reserves from JVs and Subsidiaries	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2018	(4,198)	(6,318)	(15,192)	(38,691)	(15,107)	(19,269)	(98,775)	(527)	(99,302)	(223,943)	160	(223,783)	(323,085)
Restatement of opening balances	1,748						1,748		1,748	13,454		13,454	15,202
Movement in Reserves in 2018/19													
(Surplus)/Deficit on Provision of Services	120,440	-	17,192	-	-	-	137,632	1,187	138,819	-	-	-	138,819
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(784)	(784)	(61,504)	(140)	(61,644)	(62,428)
Total Comprehensive Income and Expenditure	120,440	-	17,192	-	-	-	137,632	403	138,035	(61,504)	(140)	(61,644)	76,391
Adjustments between accounting and funding basis	(85,357)		(17,281)	(2,229)	2,650	14,130	(88,087)	-	(88,087)	88,087	-	88,087	-
Capitalisation Direction	(28,201)						(28,201)	-	(28,201)	28,201	-	28,201	-
Net (increase)/decrease before transfers to/from reserves	6,882	-	(89)	(2,229)	2,650	14,130	21,344	403	21,747	54,784	(140)	54,644	76,391
Transfer to/(from) - reserves	(5,899)	5,899	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2019	(1,467)	(419)	(15,281)	(40,920)	(12,457)	(5,139)	(75,683)	(124)	(75,798)	(155,705)	20	(155,688)	(231,492)
Opening balances	(1,467)	(419)	(15,281)	(40,920)	(12,457)	(5,139)	(75,683)	(124)	(75,807)	(155,705)	20	(155,685)	(231,492)
Movement in Reserves in 2019/20													
(Surplus)/Deficit on Provision of Services	85,548	-	4,648	-	-	-	90,196	736	90,932	-	-	-	90,932
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	2,184	2,185	(91,573)	(2,294)	(93,867)	(91,682)
Total Comprehensive Income and Expenditure	85,548	-	4,648	-	-	-	90,196	2,920	93,117	(91,573)	(2,294)	(93,867)	(750)
Adjustments between accounting and funding basis	(34,682)	-	(1,799)	(9,633)	6,575	(595)	(40,134)	-	(40,134)	40,186	-	40,186	52
Capitalisation Direction	(47,536)						(47,536)		(47,536)	47,536		47,536	
Net (increase)/decrease before transfers to/from reserves	3,330	-	2,849	(9,633)	6,575	(595)	2,526	2,918	5,447	(3,851)	(2,294)	(6,141)	(694)
Transfer to/(from) - reserves	(3,330)	3,330	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2020	(1,467)	2,911	(12,432)	(50,553)	(5,882)	(5,734)	(73,157)	2,794	(70,360)	(159,556)	(2,274)	(161,826)	(232,186)

Group Balance Sheet

31-March-2019		31-March-2020	
£'000		£'000	Note
960,407	Property, Plant and Equipment	1,086,951	2
66,125	Investment Property	99,966	
969	Intangible Assets	867	
19,064	Long-term Investments	22,834	
1,372	Long-term Investments	110	
7,277	Long-term Debtors	11,661	
1,055,214	Total Long-term Assets	1,222,389	
48,545	Short Term Investments	10,725	
-	Assets Held for Sale	-	
1	Inventories	-	
19,198	Short term debtors	22,484	
21,944	Cash and Cash Equivalents	18,734	
89,688	Current Assets	51,943	
(214,682)	Short-term Borrowing	(280,437)	
(60,076)	Short-term Creditors	(56,137)	
(2,165)	Short-term Provisions	(39,308)	
-	Grants Receipts in Advance – Capital	-	
(276,923)	Current Liabilities	(375,882)	
(6,060)	Long-term Creditors	(11,203)	
(4,157)	Deferred Capital Receipts	(4,156)	
(9,373)	Long-term Provisions	(2,512)	
(304,216)	Long-term Borrowing	(351,349)	
(312,687)	Other Long-Term Liabilities	(297,044)	
(636,493)	Long-term Liabilities	(666,264)	
231,486	Net Assets	232,186	
(1,372)	Share of joint venture (profits)/losses	-	
(75,674)	Usable Reserves	(73,154)	
1,248	P&L Reserve	2,794	
(155,688)	Unusable Reserves	(161,826)	
(231,486)	Total Reserves	(232,186)	

Group Cash Flow Statement

2018/19		2019/20	
£'000		£'000	Note
138,824	Net (surplus) or deficit on the provision of services	91,851	
(161,397)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(91,958)	3
25,159	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	(19,585)	3
2,586	Net cash flows from operating activities	(19,692)	
176,822	Investing Activities	133,317	4
(190,654)	Financing Activities	(110,417)	5
(11,246)	Net (increase) or decrease in cash and cash equivalents	3,208	
10,698	Cash and cash equivalents at the beginning of the reporting period	21,942	
21,944	Cash and cash equivalents at the end of the reporting period	18,734	

Notes to the Group Financial Statements

Note 1: Basis of Preparation

The Group accounts have been prepared in accordance with the requirements of Chapter 9 of CIPFA's 2018/19 Code of Practice, by:

- Identifying entities within the Group accounting boundary
- Consolidating controlled entities on a line-by-line basis in the Group financial statements, eliminating intra-group balances and transactions in full.
- Consolidating joint ventures using the equity method, by including the Council's share of company profits and losses as a single line item in the Group Comprehensive Income and Expenditure Statement and Group Balance Sheet.
- For the consolidation of the joint venture Slough Urban Renewals year end is 31st December rather than 31st March. Review was done comparing the equity as at 31 December's audited accounts with that as at 31 March based on the management accounts. Based on this analysis the differences are below materiality, therefore the 31 December audited figures have been used for the purposes of the consolidation.

The following entities have been included in the Group financial statements:

Company	Classification	Consolidation method
James Elliman Homes (JEH)	Subsidiary	line by line
Slough Urban Renewal (SUR)	Joint Venture (JV)	equity method

Note 2: Group Property, Plant and Equipment

Movements in 2019/20	Operational assets							Non-operational assets		Group Total
	Council dwellings	Other land and buildings - SBC	Other land and buildings - JEH	Other land and buildings total	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Cost or valuation										
At 1 April 2019	540,066	233,706	27,326	261,032	54,646	112,289	9,473	17,160	39,190	1,033,856
Adjustments to cost/value & depreciation/impairment	(8,837)	(3,075)		(3,075)	(1,754)	-	-	(18)	-	(13,684)
Additions	9,823	26,335	16,343	42,678	2,985	6,364	157	10,199	32,284	104,490
Revaluation increases/(decreases) recognised in the revaluation reserve	23,672	34,060	2,294	36,354	3,438	-	-	85	-	63,549
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(8,759)	384		384	2,524	-	-	(105)	-	(5,956)
Derecognition – disposals	(13,568)	(77)		(77)	-	-	-	-	(501)	(14,146)
Other transfers/movements	15,433	(21,399)		(21,399)	14,356	-	(82)	90	(6,247)	2,151
At 31 March 2020	557,830	269,934	45,963	315,897	76,195	118,653	9,548	27,411	64,726	1,170,260
Accumulated depreciation and impairment										
At 1 April 2019	(6,273)	(1,526)	(284)	(1,810)	(18,006)	(47,157)	(26)	(178)	(3)	(73,453)
Adjustments to cost/value & depreciation/impairment	8,837	3,075		3,075	1,754	-	-	18	-	13,684
Depreciation charge	(8,949)	(3,343)	(706)	(4,049)	(3,746)	(6,863)	(1)	(44)	-	(23,652)
Depreciation written out to the revaluation reserve	-	-		-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-		-	-	-	-	-	-	-
Derecognition – disposal	110	2		2	-	-	-	-	-	112
Other transfers/movements	-	-		-	-	-	-	-	-	-
At 31 March 2020	(6,275)	(1,792)	(990)	(2,782)	(19,998)	(54,020)	(27)	(204)	(3)	(83,309)
Net book value at 31 March 2019	533,793	232,180	27,042	259,222	36,640	65,132	9,447	16,982	39,187	960,403
Net book value at 31 March 2020	551,555	268,142	44,973	313,115	56,197	64,633	9,521	27,207	64,723	1,086,951

Note 2: Group Property, Plant and Equipment (continued)

Movements in 2018/19	Operational assets							Non-operational assets		Group Total
	Council dwellings	Other land and buildings - SBC	Other land and buildings - JEH	Other land and buildings total	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Cost or valuation										
At 1 April 2018	499,657	193,955	5,304	199,259	63,700	105,462	9,419	17,008	49,230	943,735
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)	-	(3,256)	(15)	-	-	(12)	-	(12,051)
Additions	12,798	56,759	21,883	78,642	1,132	6,345	54	496	19,498	118,965
Revaluation increases/(decreases) recognised in the revaluation reserve	46,353	18,924	139	19,063	(1,808)	-	-	(10,030)	189	53,767
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(10,684)	(16,619)	-	(16,619)	(3,495)	-	-	(6,651)	-	(38,729)
Derecognition – disposals	(2,862)	(24,345)	-	(24,345)	(5,276)	-	-	(570)	(173)	(33,226)
Other transfers/movements	3,572	8,288	-	8,288	408	482	-	16,919	(28,274)	1,395
At 31 March 2019	540,066	233,706	27,326	261,032	54,646	112,289	9,473	17,160	39,190	1,033,856
Accumulated depreciation and impairment										
At 1 April 2018	(6,459)	(1,991)	-	(1,991)	(14,366)	(40,543)	(26)	(174)	(3)	(63,562)
Adjustments to cost/value & depreciation/impairment	8,768	3,256	-	3,256	15	-	-	12	-	12,051
Depreciation charge	(8,696)	(3,142)	(284)	(3,426)	(3,764)	(6,614)	-	(16)	-	(22,516)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-	-	-
Derecognition – disposal	108	352	-	352	109	-	-	2	-	571
Other transfers/movements	6	(1)	-	(1)	-	-	-	(2)	-	3
At 31 March 2019	(6,273)	(1,526)	(284)	(1,810)	(18,006)	(47,157)	(26)	(178)	(3)	(73,453)
Net book value at 31 March 2018	493,198	191,964	5,304	197,268	49,334	64,919	9,393	16,834	49,227	880,173
Net book value at 31 March 2019	533,793	232,180	27,042	259,222	36,640	65,132	9,447	16,982	39,187	960,407

Note 3: Group Cash Flow Statement - Operating Activities

2018/19		2019/20
£'000		£'000
138,824	Net (surplus) or deficit on the provision of services	91,851
	<i>Adjustments for non-cash movements:</i>	
(22,481)	Depreciation	(23,654)
(38,691)	Impairments and downward revaluation	(5,956)
-	- Amortisation	(345)
(30,400)	Net increase/decrease in creditors, debtors and inventories	5,063
(10,772)	Pensions liability	(23,083)
(48,376)	Carrying amount of non-current assets sold	(15,760)
(10,677)	Other non-cash items	(28,223)
(161,397)	Subtotal	(91,958)
	<i>Adjustments for items that are investing or financing activities:</i>	
12,573	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(45,300)
8,783	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,837
3,803	Any other items for which the cash effects are investing or financing cash flows	11,878
25,159	Subtotal	(19,585)
2,586	Net cash flows from operating activities	(19,692)

The cash flows for operating activities include the following items:

2018/19		2019/20
£'000		£'000
(4,319)	Interest received	(4,087)
8,416	Interest paid	14,538
4,097	Total	10,451

Note 4: Group Cash Flow Statement - Investing Activities

2018/19		2019/20
£'000		£'000
152,932	Purchase of property, plant and equipment, investment property and intangible assets	150,471
73,218	Purchase of short-term and long-term investments	15,000
-	- Other payments for investing activities	16,240
(14,337)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(17,983)
(12,573)	Proceeds from short-term and long-term investments	-
(22,418)	Other receipts from investing activities	(30,411)
176,822	Net cash flows from investing activities	133,317

Note 5: Group Cash Flow Statement - Financing Activities

2018/19		2019/20
£'000		£'000
(534,500)	Cash receipts of short-term and long-term borrowings	(119,897)
-	- Other receipts from financing activities	-
-	- Council Tax and NNDR adjustments	-
2,376	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,469
339,542	Repayments of short-term and long-term borrowing	7,011
1,928	Other payments from financing activities	-
(190,654)	Net cash flows from financing activities	(110,417)

SECTION – 7

GLOSSARY OF FINANCIAL TERMS

GLOSSARY OF FINANCIAL TERMS

ACCRUALS

The concept that income and expenditure are recognised as earned or incurred, not as money that is received or paid.

ACTUARY

An independent consultant who advises on the financial position of the Pension Fund.

ACTUARIAL VALUATION

A review is carried out by the actuary on the Pension Fund's assets and liabilities on the Fund's financial position and recommended employers' contribution rates every 3 years reporting to the Council.

AMORTISATION

The writing off of a loan balance over a period of time to revenue.

BAD DEBT PROVISION

An amount set aside to cover money owed to the Council where payment is considered doubtful.

BAND PROPORTIONS

(Also known as VALUATION BANDS)

This is the relation that a Council Tax property bears to the 'standard' Band D Council Tax. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard', and so on.

BILLING AUTHORITY

A district, unitary or London Borough Council or the Council of the Scilly Isles. The billing authority is responsible for levying and collecting Council Tax in its area, both on its own behalf and that of its precepting authorities.

BUDGET

The budget represents a statement of the Council's planned expenditure and income.

BUSINESS RATE RETENTION

The NNDR pool was replaced in 2013/14 by the Business Rates Retention scheme, whereby authorities retain a percentage of the Business Rates collected. In Berkshire, 99% collected goes and 1% to the Berkshire Fire Authority as part of the Berkshire Business Rates Retention Pilot for 2018/19.

CAPITAL EXPENDITURE

Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

CAPITAL FINANCING

This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contribution from the internal sources, such as capital receipts and reserves.

GLOSSARY OF FINANCIAL TERM (continued)

CAPITAL PROGRAMME

The Council's plan of capital projects and spending over future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, design fees and the acquisition of vehicles, plant and major items of equipment, as well as support to other organisations/residents for works of a capital nature.

CARRYING AMOUNT/CARRYING VALUE

These terms refer to the capitalised cost of a non-current asset, less accumulated depreciation and impairment.

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

CODE

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

COLLECTION FUND

A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities. The fund must be maintained separately from the authority'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, such as parks and historic buildings.

COMPONENTISATION

The recognition of distinct parts of an asset (components) as separate assets for depreciation purposes.

CONSUMER PRICE INDEX (CPI)

The measure of inflation used for the indexation of benefits, tax credits and public service pensions. The CPI is an internationally comparable measure of inflation and is used to compare inflation across the European Union.

CONTINGENT ASSET

A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITY

Sums of money that the Council will be liable to pay in certain circumstances. e.g. as a result of losing a court case.

COUNCIL TAX

A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

COUNCIL TAX BASE

An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to calculate the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

GLOSSARY OF FINANCIAL TERM (continued)

CREDITORS

Amounts of money owed by the Council for goods or services received.

DEBTORS

Amounts of money owed to the Council for goods or services provided.

DEDICATED SCHOOLS GRANT (DSG)

A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

DEPRECIATION

A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the 'capital charges' made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

DIRECT REVENUE FINANCING

Funding of capital expenditure directly from revenue budgets.

EARMARKED RESERVES

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

EXIT PACKAGES

The cost to the Council of early termination of staff employment before normal retirement age.

EXTERNAL AUDITOR

The Public Sector Audit Appointments Limited (**PSAA**) appoints the external auditor. The current auditor is Grant Thornton LLP.

FAIR VALUE

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

FINANCE LEASE

A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

FINANCIAL YEAR

The local authority financial year starts on 1 April and ends the following 31 March.

GENERAL FUND

This is the main revenue account of the Council. It includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and borough's share of Council Tax. It excludes the HRA. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

GLOSSARY OF FINANCIAL TERM (continued)

GROUP ACCOUNTS

Where a Council has a material interest in another organisation (e.g. subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.

HERITAGE ASSETS

Assets held and maintained principally for their contribution to knowledge and culture. e.g. War memorials and museum stocks.

HOUSING REVENUE ACCOUNT (HRA)

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA. No costs may be charged to Council Tax nor can Housing Rent income be used to support General Fund expenditure.

IMPAIRMENT

This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

INFRASTRUCTURE ASSETS

Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

INTANGIBLE ASSETS

Assets which do not have a physical form but provide an economic benefit for a period of more than one year; e.g. software licences.

INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)

The body which set financial reporting guidelines based on International Financial Reporting Standards. Since 2009/10, the treatment of PFI was based on the adoption of IFRIC standard 12. IFRIC standard 4 is followed in determining whether an arrangement contains a lease

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Local authorities are required to adopt the International Financial Reporting Standards (IFRS); a code of practice based on an internationally agreed set of financial rules. These dictate a level of analysis and disclosure that allows readers of the Statement of Accounts to gain a clearer understanding of the Council's financial position and activities.

INVENTORIES

Materials or supplies to be used in the production process or in providing services; for this Council, the fuel transport store.

LEVIES

The Council is statutorily required to pay levies to a number of national, London-wide and local bodies. Examples are the North London Waste Authority and the Lee Valley Regional Park Authority.

MINIMUM REVENUE PROVISION (MRP)

A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

GLOSSARY OF FINANCIAL TERM (continued)

NATIONAL NON-DOMESTIC RATE (NDR)

More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. The poundage level is set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

NEW HOMES BONUS

New Homes Bonus is a Government scheme aimed at encouraging local authorities to grant planning permissions for building new houses and bringing long-term empty properties back into use. The non ring-fenced grant is based on the number of properties.

NET BOOK VALUE

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

NON-CURRENT ASSETS

Assets which yield a benefit to the Council for a period of more than one year.

OPERATIONAL ASSETS

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

NON-OPERATIONAL ASSETS

Fixed assets held by a Council, but not directly occupied, used or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

OUTTURN

This is the actual level of expenditure and income for the financial year.

PENSION FUNDS

For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

PENSION STRAIN

The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

PRIVATE FINANCE INITIATIVE (PFI)

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

PRECEPT

This is the method by which a precepting authority (Greater London Authority in London) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

GLOSSARY OF FINANCIAL TERM (continued)

PROPERTY, PLANT AND EQUIPMENT (PPE)

Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

PROVISION

Amount set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment is uncertain.

PRUDENTIAL CODE

The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. In order to demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

PUBLIC WORKS LOAN BOARD (PWLB)

A government agency, part of the Debt Management Office which lends money to public bodies for capital purposes. The majority of borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

PUPIL PREMIUM GRANT

This is based on Free School Meals (FSM) eligibility data as at January each year. It is ring-fenced to schools in the same way as DSG.

RATEABLE VALUE

The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic properties. Business rate bills are set by multiplying the rateable value by the NNDR poundage set by the Government for the year. Domestic properties do not have rateable values; instead they are assigned to one of the eight valuation bands for Council Tax.

RELEVANT POPULATION

The population of Slough Borough Council, as determined by the Secretary of State, is used to determine the Council's share of Revenue Support Grant.

RETAIL PRICE INDEX (RPI)

The measure of inflation used prior to the adoption of CPI by the Government.

REVALUATION

Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

REVENUE EXPENDITURE

The regular day to day running costs a Council incurs to provide services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

REVENUE SUPPORT GRANT (RSG)

The general grant paid by the Government to local authorities to help finance their services.

GLOSSARY OF FINANCIAL TERM (continued)

SURPLUS ASSETS

Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

SOFT LOANS

Funds received and advanced at less than market rates.

UNSUPPORTED BORROWING

Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

USABLE CAPITAL RECEIPTS

This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

ABBREVIATIONS USED IN THE ACCOUNTS:

BRS – Business Rate Supplement

CCG – Clinical Commissioning Group

CIPFA – Chartered Institute of Public Finance and Accountancy

CIES – Comprehensive Income and Expenditure Statement

CPI – Consumer Price Index

DSG – Dedicated Schools Grant

EIP – Equal Interest and Principal

EIR – Effective Interest Rate

FRS – Financial Reporting Standard

HRA – Housing Revenue Account

IAS – International Accounting Standards

ISB – Individual Schools Budget

IFRS – International Financial Reporting Standards

MIRS – Movement in Reserves Statement

MRR – Major Repairs Reserve

NNDR – National Non-Domestic Rates

PFI – Private Finance Initiative

PPE – Property, Plant and Equipment

PWLB – Public Works Loan Board

REFCUS – Revenue Expenditure Funded From Capital Under Statute

RICS – Royal Institution of Chartered Surveyors

RPI – Retail Price Index

RSG – Revenue Support Grant

RTB – Right to Buy