Herschel Park

Slough Borough Council

Statement of Accounts 2022/23

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SECTION – 1

ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Slough Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In 2021 the Council was found to have failed in its best value duty under the Local Government Act 1999, which requires it to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In delivering its statutory functions, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which includes having appropriate systems of internal control, including arrangements for managing risk.

The Council acknowledges its responsibility for ensuring that there is effective governance within the Council and updated its Policy Statement on Corporate Governance in 2021. This Policy Statement is consistent with the seven core principles of the CIPFA and SOLACE guidance “Delivering Good Governance in Local Government framework – 2016 Edition”. A copy of this policy is part of the Council’s Constitution, which is accessible on the Council’s website. This policy will be subject to a detailed review in 2023.

This annual governance statement explains how the Council has complied with its Policy Statement in the financial year 2022/23 and sets out the areas the Council needs to focus on in 2023/24. It would be usual practice to update on action plans from previous annual governance statements, however due to the delay in approval of the statements of accounts for previous years, the previous annual governance statements, where approved, have been subject to review. In addition, there have been significant changes in relation to the risk profile and issues since approval of these statements. The Council has published its improvement and recovery plans and actions to address previous failures, these include reports to Cabinet, Council and Audit and Corporate Governance Committee. This statement does not seek to replicate these updates.

The responsibility for leading and directing the annual review of the effectiveness of the Council’s governance arrangements and providing ongoing oversight and robust challenge lies with the Council’s statutory officers, comprising the Chief Executive, Chief Finance Officer (s.151 officer) and Monitoring Officer. The findings have been reported and agreed by the Audit and Corporate Governance Committee, who are also responsible for monitoring compliance with the action plan.

What is Governance?

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved

Good governance should ensure the Council is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- Leadership and management 3
- Performance and risk management
- Stewardship of public money; and
- Public engagement and outcomes for our residents, taxpayers and service users.

What is the Annual Governance Statement?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, in order to report publicly on the extent to which it has complies with its own Policy Statement on Corporate Governance, including how the effectiveness of the arrangements have been monitored and reviewed. The Annual Governance Statement is a valuable means of explaining to the community, service users, taxpayers and other stakeholders the governance arrangements and how the controls that are in place have managed risks of failure in delivering on intended outcomes.

In this document the Council:

- Acknowledges its responsibility for ensuring there is a sound system of governance;
- References the effectiveness of key elements of the governance framework and the roles and responsibilities of individuals and bodies within that framework;
- Provides an opinion on the level of assurance that the governance arrangements can provide and their fitness for purpose;
- Produces an action plan showing actions taken, or proposed, to deal with significant governance issues;
- References how issues raised in the previous year’s annual governance statement have been resolved;
- Commits to monitoring implementation as part of the next annual review.

The Annual Governance Statement is normally approved in conjunction with the Council’s statement of accounts for the relevant year and it will be published alongside this statement of accounts. However, the Council is unlikely to have its statement of accounts for 2022/23 approved for some months due to a failure to close its accounts and have them audited for a number of financial years. The failure to promptly close off the statement of accounts is not a reason to delay the preparation and approval of the Annual Governance Statement. However, the accounts process may mean that new information will come to light which requires the Annual Governance Statement to be updated in due course.

ANNUAL GOVERNANCE STATEMENT (continued)

Significant external documents published in 2022/23

During 2022/23, the Council received several reports from external bodies and its appointed Department of Levelling Up, Housing and Communities (DLUHC) commissioners, which are relevant to the effectiveness of governance arrangements:

June 2022

First report of the DLUHC Commissioners – the report was dated 9 June 2022 and published on DLUHC's website on 28 July 2022. The report referred to the failed restructure and lack of stability at corporate leadership level, as well as the dismissal of the former chief executive. The report confirmed that a lawful budget was able to be set due to a "minded to" letter agreeing to capitalisation directions. Some of the issues leading to the financial situation, related to an overly ambitious capital programme and lack of understanding or application of the rules on minimum revenue provision and use of capital. There was deemed to be a lack of oversight at member level and a poor leadership culture. As a result of specific concerns about recruitment and retention, an additional power of direction was requested (and approved by the Secretary of State) in relation to recruitment of the top three tiers.

September 2022

The Local Government and Social Care Ombudsman issued a public interest report on the Council's failure to properly implement a system of allocating disabled facility grants and that such fault caused injustice. The recommendations were reported and responded to by Cabinet in September 2022 and the Council approved an updated housing assistance policy at the same meeting. Learning from this report was included in the Cabinet report and includes that there was insufficient oversight of complaints by the Monitoring Officer, complaints data was not being regularly reported to CLT or members, policies were not always being approved at elected member level, the Council's scrutiny function requires a review to ensure it is effective, performance data reporting needs improving and partnership working with local housing associations should improve.

February 2023

Grant Thornton published its Audit Findings for Slough Borough Council for year ending 31 March 2019. This highlighted that the process for auditing the 2018/19 accounts commenced in July 2019 but was unable to complete during this year due to a number of significant issues. At the time management were focused on pushing for the audit to complete rather than providing appropriate audit evidence. The significant issues identified included inadequate processes and controls over journals, inadequate record keeping and audit trails and significant material misstatements. The scale and size of the issues identified led to a disclaimer of opinion. The report was reported to Audit and Corporate Governance Committee and Full Council.

February 2023

Grant Thornton published a decision and statement of reasons in relation to an objection to the accounts 2018/19 and made two statutory recommendations. This related to the Council's decision to purchase Observatory House in 2018. Grant Thornton found that the Council had the legal power to acquire the property, but raised some concerns about the decision-making processes following in the exercise of those legal powers, particularly in relation to the information made available formally to members to inform their decision and the use of the Lead Member and Directors group to provide a "steer" on the favoured option. Grant Thornton made two statutory recommendations, which were reported to Audit and Corporate Governance Committee and Full Council and accepted.

March 2023

Ofsted published its report on its inspection of children's services. The overall effectiveness was found to be requires improvement to be good, with impact of leaders found to be inadequate. The overall quality of practice was found to be at the same level as in 2019 and several areas of improvement identified as not being successfully tackled. Scrutiny by senior leaders of the Council and governance arrangements, impact of leaders and managers, including the corporate parenting board were areas particularly highlighted for the Council to improve.

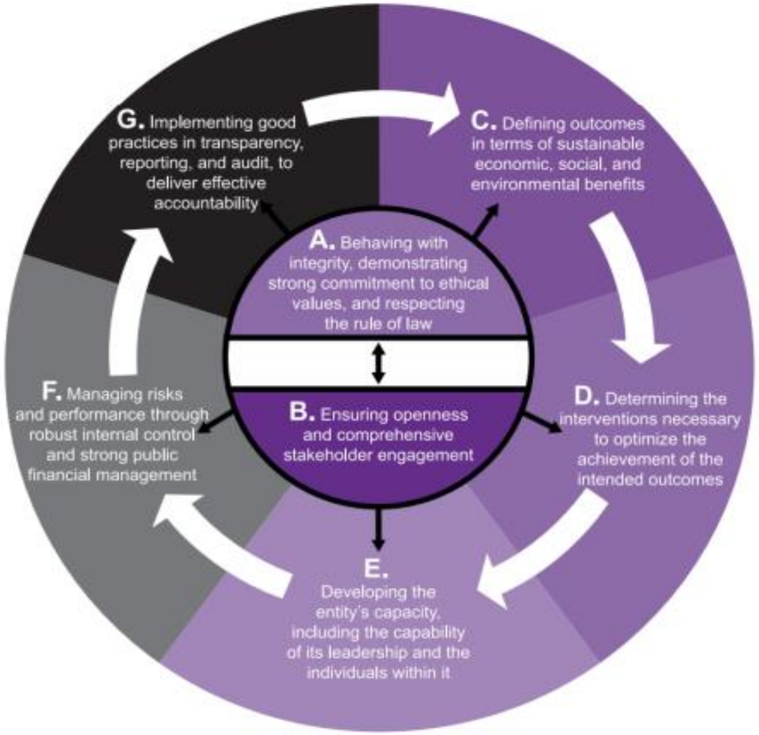
March 2023

Second report of the DLUHC Commissioners – the report was dated 22 December 2022 and published on DLUHC's website on 16 March 2023. The report referred to a lack of progress on culture change despite the work of hard-working individuals, In the majority of Direction areas, work by officers was evident, but this had not always been reported or approved at commissioner or member level. The report noted the delay in reporting the outcome of a CfGS review, although it noted that the Chair and Deputy Chair had more recently been involved. Significant progress in identifying and risk assessing financial savings was noted, although it confirmed the challenge was significant and subject to national pressures even if approval was given for a 9.99% council tax increase. The letter flagged significant concerns about some procurement and asset acquisition practices in the past and decision-making around this, which were drawn to the external auditors' attention. This was evidenced by reference to the decision to acquire the Akzo Nobel site in 2021. Reference is made to the need to improve company governance, including for Slough Children First and the need for increased member reporting. Finally reference is made to the need for senior leadership at political and officer level to focus on performance management to ensure the improvements are made and for scenarios to be tested to identify whether the Council is a viable entity moving forward.

ANNUAL GOVERNANCE STATEMENT (continued)

What is the Council's Governance Framework

The Council has adopted the seven core principles of good governance set out in the CIPFA/ SOLACE framework in its Policy Statement on Corporate Governance.



ANNUAL GOVERNANCE STATEMENT (continued)

Review of Effectiveness 2022-23

CORE PRINCIPLE A
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Sub Principles	Assessment of the effectiveness of key elements of the council's governance processes during 2022-23
Behaving with integrity	▪ The Council set up a new Standards Committee for 2022/23, separately out functions from the Audit and Corporate Governance Committee. The Standards Committee is responsible for the promotion and maintenance of high ethical standards. The Committee met for the first time on 19 July 2022. It reviewed and made minor amendments to the Code of Conduct for Members and received an anonymous list of complaints received together with any themes identified. The Standards Committee also received an annual report on whistleblowing, agreeing minor changes to the code following a review against best practice guidance and received the outcomes of a staff survey, a report on members' registers of interest and an update on the Government's response to the Standards for Public Life. Although the second meeting of the Standards Committee was not quorate, meaning that it could not formally review the planned member induction and development programme or the results of a member survey, an informal group of members did review these documents and provide comments to officers. ▪ The Council's Audit and Corporate Governance Committee received a report on the corporate anti-fraud policies and procedures in March 2023 agreeing to receive an annual report on activity and for a detailed review of the policy to be completed in 2023. Awareness of the strategy is promoted corporately via the fraud e-learning package and through induction processes for new staff. ▪ The Council has not recently reviewed its Local Code of Conduct for Employees and it is proposed that this is subject to a review in 2023, particularly focusing on rules and guidance on use of social media. ▪ The Member Welcome evening for new or returning members elected in May 2022 included training on the Code of Conduct and Member Officer Relations Code. A more detailed induction and development programme has been developed for delivery following the whole council elections in May 2023.
Demonstrating strong commitment to ethical values	▪ The Council has a culture working group which is working on a culture improvement programme. This has included a staff survey, which has been rolled out in 2023/24 and the results of which will be reported in public with an action plan to address the findings. ▪ The Council was subject to a review audit on its whistleblowing code, which identified that there was a low level of complaints which were all appropriately handled. The Council has a mandatory training programme and actions are CORE PRINCIPLE A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. 8 Respecting the rule of law being taken to increase uptake, particularly in the Place and Community directorate. The staff survey includes questions on culture and awareness of whistleblowing procedures. ▪ The Council has improved its processes in relation to procurement and contract management, which include introducing a contracts register and providing more detail on its annual procurement plan. This enables officers to better plan for re-commissioning of services allowing tender processes and contracts to include requirements for adherence to the Council's ethical framework. The Council has commissioned training on contract management from an external body.
Respecting the rule of law	▪ Historically decision-making has been poorly supported by legal and financial advice. New clearance deadlines and an increased focus on this at CLT has led to some improvements. ▪ As part of its accounts process for 2018/19, the Council's external auditors made a statutory recommendation in relation to the decision to purchase Observatory House in 2017. The recommendation related to ensuring there was better information to support decision-making and that the informal lead member and directors group was not used as a substitute for the formal decision-making processes. Council officers and members supported the recommendations and accepted that the historic decision report did not have sufficient information within it. Since that decision, significant improvements have been made in relation to decision-making at member level, including increasing the amount of information put in Part 1 (public) reports, improving the evidence base for decisions, delivering officer training on decision-making processes and report writing, improvements in data collection and analysis and requiring business cases for specific decisions. ▪ The Council's current financial situation is partly due to decisions to purchase assets without understanding the full costs of borrowing and risks involved in such acquisitions. Historically these decisions were not always made in a transparent manner, nor informed by detailed analysis and advice. The Council set up a new Cabinet Committee for Asset Disposals in 2022. The Committee reviewed and recommended approval of a new Asset Disposal Strategy, approved the list of properties for disposal and recommended approval of disposals for those properties that required a full Cabinet decision. Lessons learned were captured in update reports, including a report to the Committee in January 2023 highlighting a lack of record keeping, external lawyers being instructed with no internal oversight and wide delegations being given to single officers with no requirement to consult other officers or elected members. ▪ There are regular meetings between the three statutory governance officers and between the Monitoring Officer, Head of Governance and Head of Legal to ensure any issues are shared, discussed and action taken in response. The Head of Legal attends CLT alongside the Monitoring Officer to ensure that legal issues are considered by the corporate officer team. ▪ Any suspicion of corruption or fraud is investigated by the Corporate Antifraud Team. A report was taken to Audit and Corporate Governance Committee in March 2023. This confirmed that the last annual counter fraud report was presented to members in 2018 and the policies were last reviewed in 2021. It is intended there will be a full review in 2023. The team is effective 9 in responding to referrals, however there is less evidence of a preventative approach and it is proposed that a fraud risk assessment is undertaken in 2023. Regular reporting will also be undertaken to the Audit and Corporate Governance committee.

CORE PRINCIPLE B Ensuring openness and comprehensive stakeholder engagement

Sub principles	Assessment of the effectiveness of key elements of the council's governance processes during 2022-23
Implementing good practice in transparency	▪ The Council has improved its use of split Part 1/2 reports to ensure more information is put in the public domain. The Council has also improved its report writing to allow reports to be understood by the public, however this is still as area for improvement. Striking a balance between providing sufficient information and not making the process too onerous or the reports too over-whelming is something the Council needs to focus on in 2023/24.
Implementing good practices in reporting	▪ External audit recommendations were reported to the Audit and Corporate Governance Committee and where required, to Full Council. The Council officers have a good working relationship with the external auditors, who have also attended a number of member level meetings.
Assurance and effective accountability	▪ The Committee have also during 2022/23 begun monitoring the implementation of internal audit recommendations at a detailed level to ensure that actions are being implemented as required. A large number of internal audit recommendations have been identified as requiring action by management and a concerted effort is being made to reduce the number outstanding. This is being reported to the Committee on a quarterly basis. Internal audit have unrestricted access to Senior Management and elected members if required and a new in-house team started in post in early 2023.

ANNUAL GOVERNANCE STATEMENT (continued)

Key roles of those responsible for developing and maintaining the Governance Framework

The Council	Approves Policy and Budget Framework Approves the Constitution Elects Leader and sets terms of reference for committees, including appointing chairs for committees.
Cabinet	Makes most policy and strategic level decisions. Each lead member has a portfolio responsibility, but no single decision making permitted except by the Leader under urgency provisions.
Audit and Corporate Governance Committee	Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. Approves or recommends to Council annual statement of accounts and annual governance statement
Standards Committee	Promotes high standards of member conduct and ethical framework
Overview and Scrutiny function	In 2022/23 there was a main Overview and Scrutiny Committee and threepanels without overall responsibility for reviewing the Council's policiesand holding Cabinet members and officers to account for performance.
Corporate Leadership Team	Implement policy and budgetary framework set by the Council and policies and strategies set by Cabinet. Provide advice to Cabinet and other member forums on the development of future policy.
Statutory governance officers	Chief Executive – Head of Paid Service Executive Director Finance and Commercial – Chief Finance Officer / s.151 officer Monitoring Officer Have specific statutory responsibilities and duty to report issues relating to staffing structure, adequacy of financial arrangements and contraventions of law or maladministration.
Internal Audit	Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. Delivers an effective programme of risk based audit activity, including counter fraud and investigation activity. Makes recommendations for improvements in the management of risk.
External Audit	Audit, review and report on the Council's financial statements, providing an opinion on the accounts and use of resources, concluding on value for money. Has the right to make statutory recommendations and issue a public interest report.
Managers and staff	Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. Contribute to the effective corporate management and governance of the Council by use of professional skills and knowledge.

ANNUAL GOVERNANCE STATEMENT (continued)

What are the key 2022/23 Governance matters identified

Action 1 - Council Plan and compliance with DLUHC Directions

The Council needs to approve a corporate plan that reflects the new administration's priorities, is subject to public consultation and has affordable, delivery plans beneath it. The plan should link to the DLUHC statutory direction and ensure that the recovery activities required as part of that direction is appropriately prioritised. Each priority should have a named senior responsible officer and appropriate programme management support. There should be regular reporting mechanisms to ensure that plans deliver on the outcomes and any savings targets and are delivered on budget and to agreed timescales. Key decisions should be made at member level, with appropriate update reports on progress.

Action 2 - Children's Social Care

The Council's plans and strategies should be appropriately focused on children and families to reduce the pressure on children's social care and ensure families receive the right support at the right time. Responsibility for children should be a whole council responsibility. The Council must improve its corporate parenting role at both an officer and member level. The Council must support Slough Children First to deliver effective and cost efficient services within an agreed budget.

Action 3 - SEND services

The Council needs to significantly improve its services to children and young people with SEND and their families. This requires improved partnership working with health and Slough Children First as well as other agencies, including schools. Council officers should provide regular updates to Cabinet and ensure that any new policies are subject to appropriate scrutiny, informed by good performance data and best practice elsewhere and approved at a member level. The Council should continue its focus on reducing the overspend on its high needs block as part of the Department for Education's safety valve programme.

Action 4 - Financial management/sustainability

The Council will introduce more regular and robust financial monitoring arrangements during 2023/24 and will simplify the presentation of financial information to aid transparency. The review and management of delivery of savings will be fully integrated into the regular budget monitoring processes. Following the calculation of the outturn position for 2022/23, a revised medium term financial model will be produced, including an update of the Capitalisation Direction modelling, to ensure that a balanced 3 year medium term financial plan can be approved by March 2024.

Action 5 - Asset disposal project

The Council needs to demonstrate that it receives best consideration reasonably obtainable having regard to valuations obtained. Reports to members will include all relevant information, including information about the value of the property being sold and an assessment as to whether it is the opportune time to proceed with the disposal.

Action 6 - Closure of statement of accounts

The Council will work with its External Auditors to move forward as swiftly as possible to catch up on the backlog of work around the closure of statement of accounts. Recognising that given the very historic nature of some of the accounts, although the Council may not be able to ensure that the 18 audit options for financial years from 2019/20 through to 2021/22 will be able to be unqualified and are likely to continue to be disclaimed due to the historical poor record keeping, the Council will endeavour to show a continued improvement in the supporting evidence it is able to provide. The learning from the historic weaknesses will be used to ensure that from this point forwards, that record keeping adheres to good practice and standards of accounting practice are adhered to.

Action 7 - Housing management

The Council needs to complete implementation of its new housing software to improve its record keeping and allow good quality performance data to inform decision-making. The Council should review its housing policies and strategies and seek approval from members for any significant amendments. The Council should have a plan to ensure compliance with the Regulator for Social Housing's Home Standard and Tenant Involvement and Empowerment Standard. Once approved, regular reporting should be provided to members on progress.

Action 8 - Company governance arrangements

The Council must improve its governance of its controlled companies. In addition to having named senior officers to represent the Council as owner, the Council must ensure it has competent and effective board members with regular reporting to elected members at the Asset Disposal Committee of Cabinet on achievement against strategic aims. There should be clarity on what decisions can be made by the company board and what are reserved, and for reserved matters when these need to be made at a member level.

ANNUAL GOVERNANCE STATEMENT (continued)

Action 9 – Supporting new and inexperienced members

The Council should implement and review the effectiveness of its member induction and development programme, including providing training, guidance and support to new members to enable them to effectively discharge their duties. This should include utilising the support of external bodies such as the Local Government Association and Centre for Governance and Scrutiny where appropriate. Members should be supported to understand their role and the formal decision making processes, including the need to have sufficient information and evidence to support decisions and to take account of professional advice when making decisions.

Action 10 - Organisation and culture

The Council should implement its restructure of the top three tiers and seek to permanently recruit where appropriate. The Council should review its induction and development programmes to ensure they provide the right information and support to allow officers to do undertake their responsibilities in an effective manner. The Council must have an effective performance management system that includes setting clear objectives and measuring performance against these and taking appropriate action where performance is not to an adequate level.

Action 11 - Resident engagement

The Council should improve its approach to resident engagement, including ensuring that residents' views are sought for significant decisions and where it is not possible to seek views, that representative bodies or external data on impact is utilised to inform decisions. Opportunities to codesign new ways of working should be explored, including working with voluntary and community groups on service delivery. The Council should consider adopting a resident engagement strategy setting out its expectations for resident engagement. When making decisions that will impact residents, the Council should be open and transparent about the decision and the reasons for it. The 19 Council should be open and receptive to complaints and should use complaints data to continuously improve its services.

Action 12 - Performance and risk management

The Council must ensure basic systems and controls are in place to ensure that performance is managed and risk appropriately identified, reported and monitored. Performance data should measure the quality of services for users, use of resources and value for money. Performance indicators should be set drawing on sector wide data sets from various organisations including the Local Government Association and CIPFA.

The Council's policy and systems are based on the "Three Lines of Defence" model which relies upon risk owners ensuring an effective control environment, maintenance of a risk management framework and internal and external audit taking an independent view of the application of risk management. The system of reviewing risks at an internal risk board and reporting corporate risks up to CLT and Audit and Corporate Governance Committee on a regular basis must continue to ensure effective risk management.

This Annual Governance Statement was approved by the Council's Audit and Corporate Governance Committee at its meeting of the 13th July 2023.

In accordance with the requirements of the CIPFA Code, although the statement shall relate to the governance system as it applied during the financial year for the accounts that it accompanies, any significant events or developments relating to the governance system that has occurred between the reporting date and the date on which the statement of accounts is signed should also be reported.

Since the 2022/23 Annual Governance Statement was originally completed, there have been several significant events relating to the council's governance system that have occurred between 19 July 2023 and the completion of the 2022/23 statement of accounts. These have mostly been documented in the 2023/24 AGS, as approved by the Audit and Corporate Governance Committee on 10th July 2024, are set out below for ease of reference:

Significant external documents published in 2023/24
The Council received several reports from external bodies and its appointed Department of Levelling Up, Housing and Communities (DLUHC) commissioners, which are relevant to the effectiveness of governance arrangements:

July 2023 – LGSCO Annual Complaints Report

The Local Government & Social Care Ombudsman published his annual report for the Council. This was reported to the Council's Audit and Corporate Governance Committee and relates to complaints in 2022/23. It referenced the public interest report issued in 2022/23 in relation to delays in disabled facilities grant applications. At the time it was noted that most of the recommendations had been complied with, but there was a lengthy delay in completing the review of arrangements with housing associations, which was delaying confirmation of satisfactory resolution.

August 2023 – DfE issues statutory directions

The DfE issued two directions.
The first was a further direction under the existing statutory intervention of children's social care functions. This is the seventh direction issued since 2014. The Secretary of State remains satisfied that the Council is failing to perform its children' services to an adequate standard. The direction referenced the DLUHC commissioners and an expectation that the two sets of commissioners will work in partnership on service improvements.

The second direction related to a decision by the Secretary of State to intervene in the SEND functions due to a finding that the Council was failing to perform to an adequate standard in some or all of the functions. The Secretary of State extended the remit of the existing DfE commissioner requiring the Council to comply with their instructions and to engage with DfE progress reviews at least every four months.

ANNUAL GOVERNANCE STATEMENT (continued)

September 2023 – DLUHC commissioners' third report

The DLUHC appointed commissioners' third report of July 2023 was published in September. This was the first report by the new commissioner team and the first since the change in political leadership. The report summarised progress between January 2023 and June 2023.
Key issues raised were:
• Demonstrable commitment to improvement, but scale of problems require sustained improvement before any reduction in scale of intervention.
• Resilience of IT infrastructure remains poor despite some investment.
• Scrutiny of decisions has improved, with this supporting better decision making and helped deliver important changes to services.
• Stable top team at corporate leadership level with objective to have new management structure by September 2023. Attracting and retaining staff to provide excellent customer service is an important outcome. In particular, the restructure should ensure appropriate capacity and capability in transforming services.
• Financial position remains serious and delivery against budget will be challenging, requiring significant service changes. The appointment of a new Executive Director is having an impact, continuing to strengthen the department, but from a very low base.
• New administration formed with a cooperation agreement with the Liberal Democrats. The Leader has recovery and improvement as part of his portfolio. Member training has improved as has the quality of reports to members.
• The Council should consider using external resources to help with service delivery and should be open and willing to receive external challenge.
• The Council should use its resident survey results to think about re-engaging and re-building trust with its communities. A similar programme is required to re-build trust with staff.
• The appointment of a new Director of Children's Services is having a positive impact, but the challenges in this area are deep and will take time to build a sustainable and reliable service.
• With the internal audit function reverting to the Council, the Council needs to demonstrate that it takes audit conclusions seriously, recommendations are acted upon and the internal audit service contributes to continuous improvement of systems of governance, risk management and internal control.
• Improvements have been made in procurement and contract management, with an up to date and accurate contracts register, but recruitment to the procurement function has been difficult.
• HR lacks a strategic plan and the current service is transactional and not supporting the organisation to deliver to the required standards, including in recruitment and performance management.
For next steps, the commissioners highlighted the need for a transformation programme to focus on a best value challenge to all service areas, a new operating model, an accommodation strategy and technology that is fit for purpose.

November 2023 – Grant Thornton publishes lessons learned report

Grant Thornton, the Council's external auditors, published a report dated October 2023 updating the Council on the Audit of Accounts 2018/19. The purpose of the report was to highlight the problems with the accounts production processes, so that the Council and other local authorities can be clear on the lessons to be learned.
Key factors highlighted were:
• Finance team structure and resources had been eroded in successive restructures over a number of years;
• Use of interims flowing from reduced in-house capacity, with poor arrangements for supervision and handover;
• Accounting processes and systems led to increased complexity;
• Poor quality or missing working papers;
• The Council implemented CIPFA's accounting compilation tool but due to underlying issues at the Council it did not work effectively and contributed to problem;
• Covid 19 led to remote working which became a further hindrance;
• Context and culture meant the finance function was not valued within wider organisation leading to practical issues and affecting morale of staff;
• Council wide transformation programme led to a further deterioration in morale and loss of capacity and expertise.

January 2024 – DfE reports on progress in children's social care

The DfE reported to the Council on its children's social care progress review in November 2023.
Key issues raised were:
• A fundamentally different impression of partnership working, strategic commitment to improving children's welfare and grip on the practice improvement journey.
• The Council and SCF were interacting well and partner agencies were enthused and committed to their shared duties.
• The Council was taking steps to build its relationship with the company board and increase its accountability for and oversight of children's social care. The Council will need to offer sustained oversight and positive impact on all children's services.
• Progress is particularly clear and promising in the core area of social care practice improvement.
• The Council needs to navigate the complexities of interaction with both DLUHC and DfE interventions and Council and company governance effectively so that each dimension meets the individual purpose and adds value and constructive challenge to children's social care improvement. There should not be an undue focus on the structure of intervention, as opposed to practice improvement itself.
• There was evidence of a gradient of positivity, with senior leaders being more positive about improved experienced, service leaders having less clarity on the impact of change and more mixed views at frontline level. Examples were given at all levels of improvements, but in the future it would be good to hear about a broader range of examples.
• Co-location was welcomed and staff would like to see further links to housing developed.
• Effort should be made to increase the understanding of the company and role of the non-executive directors amongst the wider workforce.
• Partnership engagement was vastly improved, with plans to align strategic business plans to reflect this cooperation.

ANNUAL GOVERNANCE STATEMENT (continued)

February 2024 – DLUHC commissioners' fourth report

The DLUHC Commissioners' fourth report dated 17 January 2024 was published.
Key issues raised were:
• Progress has been inconsistent and organisationally the Council remains fragile with pace and consistency of change not where it should be.
• There is churn at leadership levels within the organisation with leadership culture being cited as a reason for some of the departures. Positive change is seen in children's services and this should be a model that the broader Council could build upon.
• Financial sustainability remains the biggest risk. Whilst officers and members have worked well together to set a balanced budget for 2024/25 and the medium term, there are inherent risks in the balance sheet and prior years revenue budgets and an over reliance on reserves should be avoided. Whilst there has been some good progress, the current plans do not demonstrate financial resilience or the ability of the Council to remain viable, stable and effective in the medium to long term.
• Despite having a new Corporate Plan, there is no future operating model for the Council. An effective operating model should define how the Council will utilise technology and change techniques to secure good outcomes in the most cost-effective way.
• Improvements have been made, but many are not yet embedded. Sustained recovery will require leadership that is authentic about a positive culture and creates a working environment where staff can flourish.
• Staff morale remains low and the senior officer team need to demonstrate more confidence in tackling organisational issues. Some staff have described behaviours of some leaders as being "high challenge, low support".
• The pace of change and lack of a thought-out prioritised transformation plan is a risk. The development of a data repository is to be welcomed, but there is some way to go before reports to committees and to officer working groups could claim to use data appropriately, consistently and effectively.
• Officers have worked hard to support good governance, including publishing the Annual Governance Statement, providing member training, updating and promoting the member officer relations protocol and supporting with report writing skills.
• Audit and scrutiny functions are improving but the level of inexperience of members, inconsistent reports and variable quality of data remains a challenge for audit and there is some way to go before scrutiny operates effectively and is open to efforts to help it improve.
• Procurement and contract management has made progress, and it is important to ensure any contract management strategy is tailored and does not take a "one size fits all" approach through the regular monitoring of key performance indicators.
• Performance monitoring and reporting has improved, with a need for performance indicators to be kept under review and amended to meet the corporate priorities of the Council.
• IT improvements have focused on improving reliability and security. Digital services should feature in the Council's thinking around target operating model as a means of lowering cost of delivery and improving productivity.

March 2024 – LGA Digital 360 report received

The LGA's Digital 360 review was received. A Digital 360 is a funded improvement tool, managed and delivered by the local government sector. The team was asked to explore the question "How are the goals and vision for Slough's people, place and organisation supported by digitalisation, now, next and future?" with a particular focus on the operating model, pace of change, roles and responsibilities and risks.
The findings were as follows:
• The Council has made some progress in improving its core infrastructure and technology, leading to it being more resilient and some progress in developing core IT processes.
• Members see ICT as a key element of the transformation journey and are keen to align business and ICT transformation. With only a fraction of the ICT modernisation budget left, there needs to be serious consideration as to how improvements are funded beyond 2024/25.
• The focus on foundational ICT projects have been necessary to create stability, however there is limited evidence of truly transformative digital activity that changes outward-facing outcomes.
• The Recovery and Transformation Board provides some centralised governance function, but individual services are responsible for their own transformation journeys which has led to a disjointed approach.
• There is an absence of a corporate focus on customer experience and data or a realisation of the wider digitalisation outcomes such as participation, data, connectivity, partnerships, or digital inclusion.
• Volatile reorganisations have led to a loss of knowledge and skills. For success, there needs to be a greater clarity of purpose, demonstrable commitment from senior leaders, learning and development support to build knowledge and skills to change ways of working and technology must not be considered in isolation of people skills and process changes.

March 2024 – CfGS report on review of new scrutiny arrangements

Centre for Governance and Scrutiny (CfGS) progress review update received. The CfGS undertook a review in 2022 and made recommendations to improve the Council's scrutiny processes. In response to this report, the Council, following the May 2023 elections, moved to a single scrutiny committee focused on corporate improvement. A review was undertaken in January and February 2024.
In summary, the findings were as follows:
• Scrutiny is steadily improvement after a fairly slow start, contributed to by new and inexperienced members and the effectiveness of corporate level support. Use of pre-meetings and briefings has led to scrutiny members being better equipped and ready to function.
• The new Chair has key skills and capacity to effectively lead the committee, with good cross party working and commitment from committee members.
• Need for scrutiny to operate as part of the core and for whole council support to be provided to make it work in the medium to long term.
• The committee, with support from officers, has done well to craft a work plan and agendas which overall align with corporate and financial delivery plans. However, the committee must be disciplined about its work programme and apply strict prioritisation to select what it will scrutinise and leave out. This requires clear rationale and self-discipline to avoid being overwhelmed by issues that claim to be essential to recovery.
• To be more effective in budget scrutiny, this requires early engagement, planning and resources to be meaningful and effective.
• The Council's leadership, in principle, recognises the importance of a collaborative and constructively challenging relationship. The relevant Cabinet member should attend every CISC meeting and be the focal point of scrutiny questioning and accountability. Clarity around the Cabinet member and officer role would be useful to ensure the meeting focus is clear.
• Member engagement and contribution is widely variable and some members are less effective at understanding and questioning or following the Chair's lead and respecting his authority. Members need to ensure they build their own understanding of the issues in front of them, do some independent research and spend time preparing for the meeting itself.
• Members are still seen to pursue ward or personal issues, irrelevant interventions and repetition, which wastes time and deflects the committee's attention. The committee need to be wary of being swayed by issues which are arising as areas of concern amongst councillors, even if they are affecting multiple wards. In the short term, the focus must be on recovery and transformation even if this is to be exclusion of other issues. Allocation of 40% financial recovery, 40% transformation and 20% wider issues regarding policy change or pan-borough issues is suggested.
• Appointments and performance are a matter for Group leaders; however, it is suggested that appointments are made after careful consideration of suitability and capacity.
• The newly formed corporate officer team needs to ask how scrutiny will play a full and active part in the development of the corporate and financial recovery plan and the next phase of transformation. The scrutiny function should be more integral and given higher corporate priority. Reports and information should not be overburdening or too technical. To be effective scrutiny members need the appropriate tools.
• Task and finish groups have shown a clear progression in their complexity, focus, member led activity and value, matching the progression of scrutiny members' learning. The committee needs to strengthen its recommendations and feedback to Cabinet and its tracker system needs to be more closely monitored to ensure that there is follow-through and accountability for the recommendations.
• There is a need for clarity around the statutory duties regarding health, crime and disorder and education scrutiny.

ANNUAL GOVERNANCE STATEMENT (continued)

October 2024 – External Auditor's Interim Annual Report for the years 2021/22, 2022/23 and 2023/24

Under the National Audit Office (NAO) Code of Audit Practice the external auditors are required annually to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
The report concluded that there was still progress to be made on previous statutory and key recommendations and identified further weaknesses with regard to ensuring financial sustainability and asset disposals.
Key Recommendations (including those remaining open from prior years) are as follows:

- The Council must review the basis of Asset Disposal Programme to ensure that it is based on robust, appropriate and reasonable assumptions. This review must include collaborative working between the finance function and the asset disposals /property expertise to ensure that financial implications are considered in the final programme.
- The council must devise a transformation programme which is supported by adequate and defined funding which has the ultimate goal of the Council exiting intervention and securing its best value duty. The programme must include how the council is addressing the recommendations raised from previous reviews or these must be tracked centrally to ensure resolution.

- The Council and Commissioners should aim to maintain the permanence of senior leadership teams so far as is reasonably practicable. This should also include the second tier of posts.
- The Council should make all the necessary steps to continue to work with the Department for Education to improve performance in Children's services and SEND.
- The Council should include the follow up of internal audit actions and recommendations at every directorate leadership team meeting (DLT) as well as SLT.
- The Council should:
  - ensure the Audit and Corporate Governance Committee considers how it has complied with the mission statement and improves the level of reporting in the annual self-assessment of its effectiveness using the CIPFA (2022) guidance on audit committees:
  - develop an appropriate training programme for audit committee members to be delivered in a timely and meaningful manner.
  - ensure that the audit committee remains apolitical and does not overlap with the roles of other committees e.g. scrutiny.

- The Council should create a Procurement Strategy to set the direction of the procurement function in relation to its organisational support role.
- The council should put in place robust arrangements for the production of the 2019-20 and 2020-21 financial statements.
  - Ensure sufficient resources and specialist skills
  - Ensure finance team has the skills and capacity required
  - Ensure finance officers are provided with additional training.
  - Introduce appropriate project management skills

- The Council should develop a comprehensive project plan for the preparation of the financial accounts which ensure that:
  - the entries in the accounts are supported by good quality working papers which are available at the start of the audit
  - the financial statements and working papers have been subject to robust quality assurance prior to approval by the S151 officer there is clear ownership and accountability for tasks across service areas to support the timely production of the financial statements

- The council should take urgent action to address its low levels of unearmarked and earmarked revenue reserves through:
  - Developing a clear, sustainable medium term financial plan to significantly replenish reserves to a level that enable it to respond to any significant unexpected events or manage its position effectively where its savings programmes are not fully achieved
  - Reviewing its medium term savings plans to ensure that clear proposals are developed to achieve saving requirements in line with the revised MTFP and reserves strategy
  - Ensuring agreed savings are owned across the council by officers and lead members to ensure clear ownership and accountability for delivery
  - Ensuring it puts in place a clear and transparent savings monitoring and reporting process, in order to ensure that council departments are held to account for delivery of required savings

- The Council should review and implement effective financial governance and monitoring arrangements for its group relationships to mitigate and exposure to additional financial risks.
  - As a commercial entity subject to separate legal, tax and accounting considerations, there should be clear separation financial transactions of Slough Council and James Elliman Homes, in a separate financial ledger, with clear and distinct financial controls and monitoring in place for both The Council and the company.
  - The Council should review its overall approach to using Council officers on the boards of its group companies and other similar organisations. This should be informed by a full understanding of the role of and The legal requirements for company board directors.
  - When allocating roles on Council owned organisations to individual officers, The Council should ensure that the scope for conflicts of interest is minimised, with a clear divide between those in such roles and those responsible for holding them to account and overseeing them.
  - The Council should ensure it is actively and routinely monitoring the financial performance of its group entities to consider and protect any unintended financial exposure on the Council's financial position.

- The Council should develop a comprehensive project plan for the improvement in governance arrangements:
  - Commission/Learn from any external governance review undertaken with regular reporting through the Audit Committee
  - Strengthen Scrutiny and Audit Committee arrangements with external support to members
  - Establish a separate finance committee to monitor financial performance on a monthly basis
  - Ensure that for important (in financial or strategic terms) decisions, sufficient and adequate information is made available to members within the formal governance processes to support the decisions made, including a comprehensive business case.
  - Ensure that the informal Lead Members and Directors Group is not used as a substitute for formal decision -making by Cabinet and other parts of the formal member structure, ensuring that there is adequate consideration and documentation of important decision-making arrangements

ANNUAL GOVERNANCE STATEMENT (continued)

•Officers and members should continue to work together to deliver financial sustainability in the medium term. This will be achieved by:

- o Increasing its level of reserves (earmarked and general reserves)
- o Progressing the sale of assets under the capital direction
- o Delivering recurrent savings continuing to work with the Schools Forum and partners to ensure full delivery of the agreed DSG management plan in order to stop the increase in the DSG deficit

•The Council should improve its governance arrangements for key decision made by members or made under the Councils Scheme of delegation to ensure that decisions:

- o Follow the Council's decision-making procedures
- o Are made either by a formally constituted committee, or a Director who has delegated authority
- o Are supported by adequate information, which includes the full cost and risks in relation to the decision, such as a comprehensive business case.
- o Are formally recorded and publicly available to promote openness and transparency
- o For investment decisions the Council should assess that those making a decision have appropriate information to make the decision but also have the capacity and skills to make the decision.

•The Council should ensure it effectively manages all of its subsidiaries and winds up those subsidiaries which are not delivering value to the Council.

•The Council should develop its corporate oversight to ensure it delivers improvements in economy, efficiency and effectiveness and address the following weaknesses:

- o Lack of understanding and cost comparisons with other similar authorities
- o Inadequate arrangements to ensure the Council effectively delivers its role within significant partnerships
- o Inadequate procurement arrangements

Significant internal audits and management information from 2023/24

This was the first year of the internal audit team being in-house, after many years of an outsourced arrangement. By February 2024, the team had issued 10 audits, 8 of which had been finalised. A further 7 audits were in fieldwork stage. There was already evidence of delays in completion of actions, with 25 of the required 69 actions being overdue. This replicates a pattern of behaviour seen in previous years and the Council now have multiple years of outstanding audit actions.

Of the audits completed, Cash Collection and Management was given minimal assurance, demonstrating fundamental weaknesses in the framework of governance, risk management and control. This relates to the library service, where allocation of income in the accounting system had not taken place since 2020 and cash received had not been banked for over a year, resulting in large cash sums being held in safes. Reconciliation of income to bank statements and journals for parking income was not possible, leading to a conclusion that the Council is unable to take assurance that cash income across libraries and car parks has been properly safeguarded and accounted for. Delays in income being journalled (3 months overdue) led of a lack of assurance of accuracy of deposits and there was a lack of segregation of duties, with reconciliations not being signed off by a reviewer.

Travel and expenses audit also received minimal assurance. There has been evidence of claims above the Expenditure Control Panel limit of £500 being approved, in at least one case as high as £1,400 and inconsistencies in what can be claimed, with managers approving non allowable claims such as parking charges. Finally there was evidence of duplicate claims having been made and paid.

Management of agency staff received a minimal assurance opinion. There was a lack of evidence of business cases being submitted for ECP approval, nor evidence of the steps being taken to fill vacancies via permanent hires. On 3 out of 20 cases checked, pre-employment checks were completed retrospectively without a risk assessment being completed and two instances where bookings had been deemed outside of IR35 with no retained evidence to demonstrate tax status.

Partial assurance was given for Adults Safeguarding, with concerns raised about a lack of clarity in role profiles for safeguarding functions, no specific training calendar and a list of safeguarding referrals open showing 65 records, some dating back to 2015 and 2016, with the average time to close an incident being over 7 months and one recorded as over 4 years.

There has been significant turnover in the internal audit service and there is no internal audit opinion for the financial year 2023/24. This is a significant gap in the internal control system.

Whilst several senior officers being involved in the assessment and production of this assessment, the Council does not yet have an effective management assurance process in place to inform this governance assessment and enable decisions to be made on priorities. The action plan recommended that the Council utilises the LGA Improvement and Assurance framework for local government to put in place a management assurance process.

The Council's Audit and Corporate Governance Committee completed a self-assessment of its ability to provide assurance using the CIPFA self-evaluation framework. The annual report presents the findings, which include the following:

• Need for more bespoke training programme
• Need to consider governance of arms length arrangements
• More time to forward plan
• Need to focus on high risk matters and system of internal control
• Not had any value for money assessments
• Need to select members with right skills and who can add value
• Not seen a fraud risk assessment

What are the key updated Governance matters identified

- **Democratic Governance**
  - The Corporate Governance group needs commitment from wider group of staff, including internal audit, risk management, finance, information governance, complaints, and digital and data lead.
  - Evidenced improvement in report clearance processes, with Executive Directors and DLTs taking responsibility for early engagement with legal and finance to improve quality and timeliness of reports and improve forward planning.
  - Better use of Lead Member and Directors' meetings to focus on strategic planning and transformational change.
  - Consideration of internal audit on officer decision-making being included in 2024/25 audit plan, to ensure compliance with significant officer decision making procedures and adequacy of internal schemes of delegation.
  - Corporate Improvement Scrutiny Committee:
    - public reporting of CfGS review, with action plan to respond to findings.
    - Steps taken with new corporate leadership team to ensure scrutiny seen as core function within Council.
    - Effective self-assessment used to inform annual report and future work programme.
    - Work with Group Leaders to ensure nomination and performance review is leading to effective committee membership.
    - Review of effectiveness of statutory scrutiny of health, crime and disorder and education functions.
  - Audit & Corporate Governance Committee:
    - self-assessment to be conducted and reported to committee and Full Council.
    - Detailed forward work programme and training plan to respond to findings from self-assessment.
    - Consider whether an external review of committee effectiveness is warranted in 2024/25.
  - Consider LGA tools to further support member development, including tools for opposition members.
- **HR Governance**
  - Strategic workforce plan at corporate and directorate level, focused on skills and knowledge gaps, performance management, including appraisal processes and learning and development plans.
  - Publicly report to Employment Committee on the staff survey results (appropriately anonymised) with a detailed action plan responding to findings.
  - The Officer Code of Conduct, once adopted by Full Council, must be included in a training programme and onboarding processes to ensure changes are embedded and inform any culture change programme.
  - Review of agency worker processes to ensure that pre-employment checks are conducted and the reasons for waiver of any requirement is properly authorised and reasoned.
  - Review systems and procedures for managing organisational change.
- **Financial governance and systems**
  - Demonstrable and collective compliance with CIPFA's Financial Management Code.
  - Workforce plan to response to recruitment gaps within finance directorate and ensure specialist capability within directorate.
  - Review of systems within Council for recording financial transactions, picking up from Grant Thornton's findings from previous audits and work of Ernst Young in reviewing balance sheet.
  - Ensure financial management and governance are included in onboarding and manager development programmes.
  - Costed programme for closing off historic statements of accounts, agreed with DLUHC commissioners and external auditors.
  - Review process for budget setting and medium-term financial strategy to increase opportunities for resident engagement and scrutiny involvement in reviewing financial savings and priorities in accordance with CfGS guidance on financial scrutiny.
  - Ensure effective systems in place for holding and managing finances for separate companies and partnerships.
- **Internal Control System**
  - Risk Management – update risk management strategy and framework to ensure compliance with HM Government Orange Book and implement training programme to embed risk management.
  - External review of corporate anti-fraud policies, procedures and practices by another local authority or sector body to review extent to which current practice is preventative based and proactively managing risks.
  - Management assurance process – conduct a review against the LGA's Improvement and Assurance framework to map current processes of assurance and put in place a more comprehensive management assurance process.
  - Internal Audit:
    - stabilise internal audit team,
    - ensure annual audit plan informed by risk,
    - ensure effective escalation procedures including reporting on key risks at member level,
    - Commission independent external quality assurance review in accordance with requirements of PSIAS to evaluate effectiveness of internal audit function.

ANNUAL GOVERNANCE STATEMENT (continued)

- **SEND Services**
  - Consider how to provide regular updates on improvement plans to the public. As a minimum there should be transparency in relation to any submissions to DfE updating on the WSOA and any feedback from DfE. This could be achieved by publishing elements of the i
  - Consider including scrutiny topic focused on SEND in 2024/25 scrutiny work programme.
  - Consider including SEND related topic covered in internal audit programme for 2024/25, picking up on LGSCO complaints upheld in 2023/24.
- **Company governance**
  - For SCF, closer working between Board, including NEDs, and CLT / Cabinet to ensure better coordination and increased understanding of distinct roles.
  - For SCF, updates on progress against governance review to be agenda'ed at quarterly strategic commissioning group meetings and any retrograde steps in progress to be reported to A&CG Committee.
  - For other Council companies, review and report to Asset Disposal Cabinet Committee on:
    - contractual and governance documentation,
    - decision-making,
    - risk and performance reporting arrangements, including financial performance, statutory compliance, including filings of annual reports and accounts and board director performance,
    - annual business plans

  for each company.
  - For trusts where the Council is corporate trustee, review and action plan to ensure effective management and compliance with legal duties, including statutory filings with Charity Commission and management of conflicts of interest.
- **Partnership governance and effectiveness**
  - Ensure that each statutory partnership has clear terms of reference, approved strategies and appropriate action plans in place to meet strategic aims, represent best practice and meet its statutory requirements.
  - Ensure there is public reporting to members on effectiveness of partnerships.
  - Review approach to transparency for partnerships, with an expectation as a minimum that each partnership produces a public annual report and considers whether to publish reports and minutes for meetings.
  - Consider commissioning external reviews of statutory partnership on a rolling programme as an appropriate way to provide further assurance.
- **Information and ICT Governance**
  - Adopt a Data Strategy, approved at a member level, and ensure that data is used appropriately, consistently and effectively and retained in accordance with legal requirements.
  - Ensure digital technology is embedded into future operating model.
  - Ensure appropriate governance structure to ensure ICT is embedded into transformation programme and service improvements and that there is an effective prioritisation process to ensure prioritisation on those projects with the biggest impact on staff, residents and
  - FOI - devise timescale for conducting self-assessment utilising ICO FOI toolkit and report findings to A&CG Committee.FOI self-assessment toolkit | ICO
  - Review of use of any Artificial Intelligence software, ensuring appropriate policies and systems in place to manage legal and ethical considerations.
  - Conduct a review of information published against the Government's Transparency Code.
- **Asset disposal and use of physical resources**
  - Approve an estates strategy for use of the Council's operational assets, ensuring this is aligned with the Council's new operating model and MTFS.
  - Increase public reporting on assets disposed of, including those where decisions made under officer delegation.
  - Review systems in place for record keeping, ensuring compliance with Government Transparency Code and safe retention of property records to inform future decision-making.
- **Resident engagement**
  - Adopt Resident Engagement Strategy, setting out expectations on participation, resident experience and digital inclusion.
  - Build programme to rebuilt trust with communities, including transparent, public reporting to members on resident survey results with action plan on improving satisfaction levels.
  - Ensure prompt responses to recommendations by LGSCO, including any learning in annual report to Audit and Corporate Governance Committee.
  - Conduct self-assessment of complaints processes against LGSCO new Complaints Code and include findings in annual report to A&CG Committee in Autumn 2024.

ANNUAL GOVERNANCE STATEMENT (continued)

Assurance Statement 2022-23 (as updated)

We have reviewed the Annual Governance Statement for 2022-23 and to the best of our knowledge, the governance arrangements, as defined above and within the Council's Policy Statement of Corporate Governance, have been effectively operating during the year with the exception of those areas identified above. The Council still has significant improvements to make to its governance arrangements and its historic record keeping and lack of corporate memory in some directorates. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Position	Signed	Date
Leader	Dexter J Smith	28 February 2025
Chief Excecutive	Will Tuckley	28 February 2025

* The signing Chief Executive was not in post at Slough at the time the 2022/23 AGS was approved

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. The town is excellently served by road (located between the M4, M40 and M25) and rail links to London, and is less than 10 miles away from Heathrow International Airport. Its location and access to fast communication links are a key factor in the town's commercial success. It has helped create an £8 billion economy, with around 7,500 businesses, the highest concentration of UK headquarters of global companies outside of London and the second largest concentration of data centres in the world.

Slough has a reputation for being a regional economic centre with high productivity and one of the largest trading estates in Europe. Slough's top three specialised employment areas are warehousing and logistics (4.1 times greater than the national average), utilities and waste, and ICT media and creative services. However, Slough's business and connectedness has not brought prosperity to all its residents. A lack of available land for development, combined with Slough's growing population, has led to a significant demand for housing. The council built 32 affordable homes during the 2022/23 financial year. Homelessness in Slough continued to be a significant issue for Slough with some 700 families placed in Temporary Accommodation at the end of March 2023, an estimated increase of over 200 households from the previous year. This continues to be a significant financial challenge for the Council.

Slough's population in the 2021 Census was 159,182. This represented an increase of 13.0% from 2011, compared to increases of 7.5% in the Southeast and 6.6% in England. That made Slough the 127th largest local authority by total population size, up 13 places from 2011.However, the number of households rose by only 3.3% to 52,423 compared to a 6.1% increase in England and Wales. 50.5% of the population are female and 49.5% male.

Slough has a mean household size of 3 people per household. This is the largest mean household size in England and Wales, with the mean for England and Wales at 2.4. Slough is the fifth most densely populated Local Authority outside of London, and the third most densely populated Local Authority in the Southeast, with 4,871 usual residents per square kilometre (48.7 per hectare compared to 45.8 in 2011, Southeast: 4.87, England: 4.34).

The population structure is younger than the national average and includes many families and a high proportion of children and working age adults. In the 2021 Census, there were 11,774 infants (aged 0 to 4), 35,432 children and young people (aged 5 to 19) and 95,973 adults (aged 20 to 64). While proportionally lower than other areas, the older population is also growing (15,319 adults aged 65+). 51% of Slough's Population is aged 35 and under and 31% is aged 20 and under. Slough has the second highest proportion nationally of under 15s (23.5%) and under 19s (29.8%), second only to Barking and Dagenham.

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 area has high rates of preventable ill health amongst both children and adults. Compared to local authorities in Berkshire and the average for England, Slough has the highest proportion of residents claiming Universal Credit and Housing Benefits. Slough remains the most relatively deprived area within Berkshire, followed by Reading. We are determined to develop services that are customer-oriented, focussed on early intervention, prevention, and evidence-based decision making.

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 a café.

Director's Narrative Report (continued)

The pandemic affected Slough particularly badly as the average rate of claimants for unemployment related benefits increased fourfold, with 9% of persons aged 16-64 claiming unemployment support in March 2021. The number of claimants began to decrease from April 2021 to 5.3% in September 2022, but this was still above pre-pandemic levels.

Slough also has a 45% higher crime rate than the average for the Thames Valley.

With regards to the management of the Council's housing stock, the proportion of housing repairs completed on time increased year-on-year from 63% to 70% but remained far below the target of 95%. At the year-end there remained a large backlog (over 2,000) of housing repairs due. The business rate in-year collection rate for the year was 98.65%, and council tax in-year collection rate 95.65%.

The council should regularly report progress on performance indicators (KPIs) against its Corporate Plan targets to Cabinet. Unfortunately, during 2022/23 this did not happen.

Herschel Park or Upton Park as it was originally called is Slough's oldest park

Director’s Narrative Report (continued)

2. OBJECTIVES AND STRATEGY

The Council approved a Five Year Plan 2021 – 2026 in March 2021, which set the key objectives going forward. The plan included five priority outcomes under the heading putting people first. They are:

1. Slough children will grow up to be happy, healthy and successful
2. Our people will be healthier and manage their own care needs
3. Slough will be an attractive place where people choose to live, work and stay
4. Our residents will live in good quality homes
5. Slough will attract, retain and grow businesses and investment to provide opportunities for our residents.

The Council aimed to achieve these aims through:

- increased self-service through new digital platforms and better use of technology;
- better customer service - resolving as much at first point of contact as possible;
- a holistic approach to prevention - enabling a joined-up response to those who are most vulnerable or most in need;
- a growth in strategic capability, building the ability of the council to plan and act;
- better team synergies and improved opportunities for staff; and
- savings through efficiency - reducing our operating costs, reducing agency spend and streamlining management.

The Council’s budget set at the same meeting included a number of key risks to the organisation including: loss in funding, non-delivery of savings, service pressures, and the consequential impacts of Brexit and COVID-19 on the general and local economy.
2022/23 was a challenging year for the Council, not only due to the actions, savings and transformation needed due to its unique circumstances arising from the issuing of a S114 notice in 2021. In addition, national economic factors have impacted local government, such as the rise in inflation and continuing increase in demand for services, in particular in relation to children’s and adult’s social care.

Director's Narrative Report (continued)

3. THE CURRENT FINANCIAL POSITION

The General Fund budget for 2022/23 was approved by Full Council in March 2022 in the context of financial and other issues facing Slough Borough Council of an unprecedented magnitude, and unable to be financially sustainable without radical action. The magnitude of the issues was and continues to be such that exceptional additional support is needed to ensure the financial sustainability of the Council through a capitalisation direction in each of the years 2018/19 through to 2027/28. The problems arose partly because the Council:

- borrowed £760m at its peak which was the 3rd largest borrowing of all unitary councils and well beyond what it could afford;
- did not make any effective budgetary provision to make the necessary principal repayments on this extreme level of debt;
- failed to budget properly, utilising capital funds for revenue
- did not build up or maintain proper levels of reserves or provisions;

General Fund balances

When the budget was set, the net reserves position at 31 March 2022 was estimated to be £307m in deficit and the then Department of Levelling Up Housing and Communities (DLUHC) indicated a "minded to" approval for this sum to be subject to a Capitalisation Direction (CD) of which £84.1m related to 2022/23. The CD is not new money rather it provides a mechanism to support the level of expenditure – it facilitates the treatment of revenue expenditure as capital, which must either be financed from generating capital receipts (through the sale of assets) or from borrowing. The Council approved a General Fund revenue budget of £191m for 2022/23 based on delivery of in-year savings totalling £20.0m and utilisation of the 2022/23 CD allocation for revenue purposes. The CD requirement assumption was subsequently amended to £348.0m for all financial years to March 2028, and for 2022/23 from £84.1m to £56.6m.

The Council's draft revenue and capital outturn positions for 2022/23 were reported to Cabinet in September 2023. As part of the minded to capitalisation direction, Slough has been able to use capital receipts for revenue purposes, which is not normally allowed under accounting rules. The revenue outturn assumed a CD requirement of £59.2m however this was subsequently revised to £56.6m and represents the amount applied in the Statement of Accounts.

	31/03/2022 £'000	31/03/2023 £'000	Movement £'000
Earmarked Reserves	(62,294)	(47,160)	15,134
Earmarked Reserves-HRA	(91)	(609)	(518)
Earmarked Reserves-Schools	(10,523)	(10,523)	-
Earmarked Reserves-subtotal	(72,908)	(58,292)	14,616
General Fund Balance	(1,465)	(21,465)	(20,000)
Total	**(74,373)**	**(79,757)**	**(5,384)**

The General Fund reserves were increased to a more prudent level with the use of £20m from the capitalisation direction allocation for 2022/23. At 31st March 2023, the General Fund reserve was £21.465m against £1.465m in the preceding four years.

The movement in other earmarked reserves have been reported as post 2022/23 outturn adjustments within the 2023/24 outturn report. Earmarked reserves movement are also set out by type in note 17.

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 2018	8	2	(48)
31 March 2019	8	1	(77)
31 March 2020	N/A	1	(108)
31 March 2021	N/A	1	(144)
31 March 2022	N/A	1	(209)
31 March 2023	N/A	21	(266)

The Council improved it's balance sheet with net assets going up by £385.7m. Within this, short term and long term liabilities reduced by £175m and £128m respectively. Short term assets increased by £83.8m whilst long term assets reduced by £1.65m. This is set out in the balance sheet extract set out below.

The Council's reserves increased by the corresponding amount to net assets.

Balance Sheet	31/03/2022 £'000	31/03/2023 £'000	Movement £'000
Long Term Assets	1,297,150	1,295,497	(1,653)
Short Term Assets	125,759	210,757	84,998
Short Term Liabilities	(419,948)	(244,915)	175,033
Long Term Liabilities	(774,436)	(645,953)	128,483
Net Assets	**228,525**	**615,386**	**386,861**
Usable Reserves	(159,416)	(229,119)	(69,703)
Unusable Reserves	(69,110)	(386,268)	(317,158)
Total Reserves	**(228,526)**	**(615,387)**	**(386,861)**

Director's Narrative Report (continued)

Revenue Budget Performance

The council has funded the total net 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. Capital receipts from future asset disposals will be used to repay external borrowing.

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
- invest surplus funds in a way that realises the best possible low-risk returns.

The Council's total of cash balances and short-term investments decreased from £82m to £28.7m in the financial year 2022/23. This was due to utilising surplus cash balances to pay off debt, furthermore, the current levels of short and long-term borrowing remain 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 couple of years is still a key component of the Council's recovery plan. This is to 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.

Capital Programme

The General Fund capital programme reported an underspend of £8.1m (after carry forward requests), against a budget of £28.7m. Additional expenses incurred after outturn include £2.64m stamp duty tax on the Akzo Nobel site.

Asset Sales

The Council's financial recovery plan is heavily dependent on the delivery of the asset disposal strategy. The asset disposal programme in 2022/23 yielded capital receipts of £195m. These receipts have been applied to pay down the capitalisation direction in the first instance.

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 6,029 dwellings. HRA balance increased from £16.9m to £21.65m as at 31st March 2023. £13.5m of improvements to operational and non operational assets were funded mainly from capital receipts. Capital receipts are high for 2022/23 due to the HRA being reimbursed it's outlay on the Akzo Nobel site from the capital receipt received from the General Fund. 25 units of housing were sold under the national Right to Buy scheme.

Capital Expenditure and Financing

Capital investment of £16.6m in 2022/23. Major items of expenditure include £8.3m on infrastructure (carriageways £4.5m, streetlighting £1.7m and; highways and parking £1.4m). Investment in plant and equipment was £1.4m.

In addition, the Council spent £5.3m on investment properties (Akzo Nobel £4.78m and Moxy Hotel £544k) and advanced £3m of new loans to its subsidiary company, GRE5.

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 £22.394m for 2022/23 (Slough's share £11.535m), which will be recovered from participating authorities in future years. The regulations to implement the collection fund deficit phasing came into force on 1 December 2020, meaning the repayment of collection fund deficits arising in 2020/21 could be spread over 3 years rather than the usual period of a year. 2022/23 is the last year of that arrangement.

Schools Budget

An in-year surplus of £10.513m was reported. With the surplus mainly coming from the central expenditure (£7.145m), compared to £3.368m from the individual schools budgets. The accumulated deficit on the ringfenced Dedicated Schools Grant (DSG) Reserve is £14.917m at 31st March 2023. The Department for Education (DfE) agreed a safety valve management plan with Slough where it would write off historical deficit between 2022/23 and 2026/27. The first payment of £10.8m was made in March 2023. This arrangement is predicated on the Council undertaking to reach a positive in-year balance on the DSG by the end of 2025/26 and each subsequent year thereafter.

Pension Liability

The pension liability reflects the underlying long-term commitment that the Council has to pay for the retirement benefits owed to its Pension Fund members. The net pension liability decreased from £308.8m at 31 March 2022 to £122.2m as at 31 March 2023. The scheme assets increased slightly from £325.9m to £326.2m. The assumptions on pension obligations have reduced, which improves the balance sheet position, with scheme liabilities reducing from £634m to £448m. One of the key variables is the discount rate, which has increased, resulting in a lower value being placed on the defined benefit obligation, alongside a reduction in the expected rate of inflation and increases in salaries and pensions all combining to result in an improvement in the overall position.

Group Accounts

Group accounts consolidate the Council’s single entity financial statements with those of its wholly-owned subsidiaries James Elliman Homes, Slough Children's First, GRE5 and its 50% share of Slough Urban Renewal LLP. Accumulated trading profit attributable to these entities at 31 March 2023 was £10.074m, compared to trading losses of £35.500m at 31 March 2022. The Council is reviewing financial governance arrangements which would enable it develop exit strategies from each of these entities.

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 financial processes in operation prior to my appointment, I am satisfied, based on available assurances provided, that sufficient evidence is available 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 2022/23 statement of accounts, I have received assurance:
   - that suitable accounting policies were selected and applied consistently;
   - that judgements and estimates made were reasonable and prudent; and
   - that judgements and estimates made complied with the Code.

Certification by the Section 151 Officer

5) Within the context of paragraphs 3) and 4) 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 2023. Within this overall position there may be material errors on a line by line basis.

Annabel Scholes

Annabel Scholes

Executive Director of Finance and Commercial (Section 151 Officer)

28th February 2025

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 2023, 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 2022/23.

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 2023 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. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 31 October 2024. The authority published its unaudited accounts on 31 December 2024. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's or group's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. 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 2023 as soon as reasonably practicable after 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 been unable to determine whether their impact on the current year financial statements impact could be both material and pervasive.

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

Because of the significance of the matter 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 '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 matters required by the Code of Audit Practic

The Executive Director of Finance and Commercial 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 matter 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

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

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. The Executive Director of Finance and Commercial 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 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Finance and Commercial 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 is responsible for assessing the Authority's and the group'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 they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

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

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. We have nothing to report in respect of the above matter except:

On 22 May 2024 we identified significant weaknesses in the Authority's arrangements for financial sustainability as the Authority did not have an adequate level of reserves and the requirement for central government support delivered through a capitalisation direction. Due to errors in financial reporting the level of forecast reserves reduced. A capitalisation direction was agreed with central government covering 2018/19 to 2022/23 for £307 million to set a balanced budget for 2022/23. We recommended that officers and members continue to work together to deliver financial sustainability in the medium term.

The position has not improved and on 31 October 2024 we identified a further significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. The Authority's Medium Term financial plan relies heavily on the asset disposal programme and the funding of the associated capitalisation direction from the capital receipts generated. Assurance was not able to be gained that the plan is predicated on appropriate, reasonable and robust assumptions; and what level of consideration had been undertaken for the future operating model of the Authority. We recommended the Authority must review the basis of the asset disposal programme to ensure assumptions are robust, appropriate and reasonable and that financial implications are fully considered in the final programme.

INDEPENDENT AUDITOR'S REPORT (continued)

On 22 May 2024 we identified significant weaknesses in the Authority's governance arrangements.
These were in relation to:
• inadequate arrangements to ensure reliable and timely financial reporting due to poor internal controls and delays in the preparation and publication of the annual statement of accounts;
• inadequate arrangements for informed decision making due to a lack of assessment if those making the decisions had appropriate skills, capacity and information in relation to the purchase of investment properties;
• the need for the Authority to effectively manage Slough Children's First Ltd so that the Authority is able to demonstrate that the services provide both quality and value for money to families and children in Slough
• inadequate oversight of its group subsidiaries and the value they deliver to the Authority

These weaknesses remained in 2022-23 and on 31 October 2024, we identified further weaknesses in the Authority's governance arrangements relating to its transformation programme and its significant turnover of senior management:
• The Authority's Transformation Programme in place to 31 March 2026 does not include adequate plans to exit its intervention. There was £4 million allocated to the transformation programme for 2021/22 and 2022/23 and this is insufficient for the scale of transformation the Authority needs to deliver. We recommended that the Authority devise a transformation programme supported by adequate and defined funding with the goal of exiting intervention and securing its best value duty.
The programme must include how the Authority addresses recommendations from previous reviews or track them centrally to ensure resolution.
• The Authority has had significant turnover in its senior management team. Since 1 April 2021 there have been four Chief Executives, four Section 151 Officers, five Monitoring Officers, two Directors of Adult Social Services and three Directors of Children's Social Care. We recommended the Authority and Commissioners should aim to maintain the permanence of the senior leadership team as far as reasonably practicable. This should also include the second tier of posts. On 22 May 2024 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. This was in relation to inadequate corporate oversight arrangements where we identified:
• a lack of understanding and cost comparisons with other similar local authorities;
• inadequate arrangements to ensure the Authority effectively delivers its role within significant partnerships; and
• inadequate procurement arrangements

This weakness remained in 2022-23 and on 31 October 2024, we identified further weaknesses in the Authority's arrangements for improving economy, efficiency and effectiveness due to a lack of regular performance reporting and improvements required in the performance of Children's Services and Special Educational Needs and Disabilities (SEND):
• We found no evidence of reporting to Cabinet of the Authority undertaking any benchmarking of costs or performance reporting during 2022/23. We recommended that the Authority report to Cabinet on its performance against the key performance indicators which lie behind the Council Plan; and
• Due to the longstanding (renewed yearly) statutory direction on Children's Services and the new SEND statutory direction on SEND, the Authority has significant weaknesses in the performance of Children's Services. We recommended that the Authority take all the necessary steps to continue to work with the Department for Education to improve performance in Children's Services and SEND.

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 issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:
• Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
• Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
• Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Slough Borough Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

INDEPENDENT AUDITOR’S REPORT (continued)

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 44 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
28 February 2025

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SECTION – 3

CORE FINANCIAL STATEMENTS

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.

2021/22 Restated				2022/23			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	Note
4,537	(2,660)	1,877	ED Monitoring Officer	2,183	(83)	2,100	
9,895	(3,216)	6,679	Chief Execs Office	11,567	(2,348)	9,219	
73,692	(39,658)	34,034	Corporate Services	109,527	(96,934)	12,593	
38,388	(13,761)	24,627	ED Housing, Property & Planning	30,351	(14,840)	15,511	
76,576	(17,951)	58,625	ED People (Adults)	71,979	(34,667)	37,312	
196,254	(149,199)	47,055	ED People (Children)	157,551	(126,512)	31,039	
401	-	401	ED Place & Communities	48,254	(20,147)	28,107	
2,820	(3,620)	(800)	Public Health	1,304	(3,296)	(1,992)	
52,203	(35,755)	16,448	Housing Revenue Account	26,472	(40,033)	(13,561)	
454,766	**(265,820)**	**188,946**	**Cost of Services**	**459,188**	**(338,860)**	**120,328**	
1,544	(3,263)	(1,719)	Other operating expenditure or (income)	27,424	(141,119)	(113,695)	*6*
15,670	(8,609)	7,061	Financing and investment income and expenditure	29,216	(21,969)	7,247	*7*
-	(159,966)	(159,966)	Taxation and non-specific grant income and expenditure	-	(114,763)	(114,763)	*8*
		34,322	**(Surplus)/deficit on provision of services**			**(100,883)**	
			(Surplus) or deficit on financial assets measured at FVOCI			-	
		(53,595)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(86,698)	*16*
		(83,529)	Remeasurement of the net defined benefit liability			(199,277)	*32*
		(137,124)	**Other Comprehensive income and expenditure**			**(285,975)**	
		(102,802)	**Total Comprehensive income and expenditure**			**(386,858)**	

Note: 2021/22 has been restated to match the profiling of 2022/23 directorates

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	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	*Note*
Balance at 1 April 2022	**(1,465)**	**(72,908)**	**(16,892)**	**(31,229)**	**(5,043)**	**(31,880)**	**(159,416)**	**(69,110)**	**(228,526)**	
Opening Balance Adjustment							-		-	
Balance 1 April 2022	**(1,465)**	**(72,908)**	**(16,892)**	**(31,229)**	**(5,043)**	**(31,880)**	**(159,416)**	**(69,110)**	**(228,526)**	
Movement in reserves during 2022/23										
(Surplus)/deficit on provision of services	(80,011)		(20,872)				(100,883)		(100,883)	
Other Comprehensive income and expenditure							-	(285,975)	(285,975)	
Total Comprehensive Income and Expenditure	**(80,011)**	**-**	**(20,872)**	**-**	**-**	**-**	**(100,883)**	**(285,975)**	**(386,858)**	
Adjustments between accounting basis and funding basis	131,242		16,119	(49,814)	(10,149)	397	87,795	(87,795)	-	*15*
Capitalisation Direction	(56,614)						(56,614)	56,614	-	
Increase or (decrease) before transfers to earmarked reserves	**(5,383)**	**-**	**(4,753)**	**(49,814)**	**(10,149)**	**397**	**(69,702)**	**(317,156)**	**(386,858)**	
Transfer to/(from) reserves	(14,617)	14,617					-		-	
Balance at 31 March 2023	**(21,465)**	**(58,291)**	**(21,645)**	**(81,043)**	**(15,192)**	**(31,483)**	**(229,118)**	**(386,266)**	**(615,384)**	

Refer pages 61 to 70 for notes to the Movement in Reserves Statement

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	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	*Note*
Balance at 1 April 2021	**(1,465)**	**(40,239)**	**(14,099)**	**(33,339)**	**(1,623)**	**(19,489)**	**(110,254)**	**(15,471)**	**(125,724)**	
	-	-	-	-	-		-	-	-	
Balance 1 April 2021	**(1,465)**	**(40,239)**	**(14,099)**	**(33,339)**	**(1,623)**	**(19,489)**	**(110,253)**	**(15,471)**	**(125,724)**	
Movement in reserves during 2021/22										
(Surplus)/deficit on provision of services	16,019		18,303				34,322		34,322	
Other Comprehensive income and expenditure							-	(137,124)	(137,124)	
Total Comprehensive Income and Expenditure	**16,019**	**-**	**18,303**	**-**	**-**	**-**	**34,322**	**(137,124)**	**(102,802)**	
Adjustments between accounting basis and funding basis	11,278		(21,096)	2,110	(3,420)	(12,391)	(23,519)	23,519	-	*15*
Capitalisation Direction	(59,966)						(59,966)	59,966	-	
Increase or (decrease) before transfers to earmarked reserves	**(32,669)**	**-**	**(2,793)**	**2,110**	**(3,420)**	**(12,391)**	**(49,163)**	**(53,639)**	**(102,802)**	
Transfer to/(from) reserves	32,669	(32,669)					-		-	
Balance at 31 March 2022	**(1,465)**	**(72,908)**	**(16,892)**	**(31,229)**	**(5,043)**	**(31,880)**	**(159,416)**	**(69,110)**	**(228,526)**	

Refer pages 61 to 70 for notes to the Movement in Reserves Statement

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-2022		31-March-2023	
£'000		£'000	Note
1,044,792	Property, Plant and Equipment	1,116,165	18
165,921	Investment Property	108,432	20
3,829	Intangible Assets	2,870	
11,289	Long-term Investments	11,289	24
71,319	Long-term Debtors	56,739	27
1,297,150	**Total Long-term Assets**	**1,295,495**	
18,032	Short Term Investments	119,000	24
-	Assets Held for Sale	2,791	
25,656	Short term debtors	60,290	28
82,071	Cash and Cash Equivalents	28,676	27
125,759	**Current Assets**	**210,757**	
(306,000)	Short-term Borrowing	(119,436)	24
(102,468)	Short-term Creditors	(110,561)	29
(11,480)	Short-term Provisions	(14,917)	30
(419,948)	**Current Liabilities**	**(244,914)**	
(26,050)	Long-term Creditors	(24,636)	
-	Long-term Provisions	(170)	
(409,911)	Long-term Borrowing	(470,471)	30
(338,474)	Other Long-Term Liabilities	(150,676)	
(774,435)	**Long-term Liabilities**	**(645,953)**	
228,526	**Net Assets**	**615,385**	
(159,416)	Usable Reserves	(229,119)	
(69,110)	Unusable Reserves	(386,266)	16
(228,526)	**Total Reserves**	**(615,385)**	

Certification by the Chief Financial Officer

On the basis of available assurances provided in support of the overall Balance Sheet and the overall year-end position on General Fund balances and reserves, I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2023 and its income and expenditure for the year ended 31 March 2023. Within this overall position there may be material errors on a line by line basis.

Annabel Scholes

Annabel Scholes

Executive Director of Finance and Commercial (Section 151 Officer)

28th February 2025

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.

2021/22		2022/23	
£'000		£'000	*Note*
34,322	Net (surplus) or deficit on the provision of services	(100,883)	
(106,030)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(47,054)	*34*
29,770	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	211,576	*34*
(41,938)	**Net cash flows from operating activities**	**63,639**	
(23,635)	Investing Activities	(94,084)	*35*
13,552	Financing Activities	83,840	*36*
(52,021)	**Net (increase) or decrease in cash and cash equivalents**	**53,395**	
30,050	Cash and cash equivalents at the beginning of the reporting period	82,071	
82,071	**Cash and cash equivalents at the end of the reporting period**	**28,676**	*27*

SECTION – 4

NOTES TO THE CORE FINANCIAL STATEMENTS

SECTION – 4

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2022/23 financial year and its position at the year-end 31 March 2023.

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 2022/23, 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:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - 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 2023.

For non-PWLB loans the fair value is deemed to be the standard new loan rate also published by the PWLB on 31 March 2023.

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).

Deprecation 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.

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.

Note 1: Accounting Policies (continued)

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.

1.2 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.

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.

Note 1: Accounting Policies (continued)

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.

1.22 Rounding

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the council to disclose information relating to the impact on the Council's financial performance or financial position of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code.

Paragraph 3.3.2.13 of the Code requires changes to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

At the Balance sheet date, the following new accounting standards and amendments have been published but not yet adopted in the Code of Practice on Local Authority Accounting in the United Kingdom:

- a) IFRS 16 - Leases removes the existing classifications of operating and finance leases under IAS 17 (Leases for lessees). It will require local authorities that are leases to recognise most leases on their balance sheets as a right-of-use asset, with corresponding lease liabilities. CIPFA-LASSAC have deferred implementation of this standard until 1 April 2024.
- b) Definition of Accounting Estimates - IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.

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 £19.6m. 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 its wholly-owned subsidiaries James Elliman Homes, Slough Children's First, GRE5 and its 50% share of Slough Urban Renewal LLP warrant consolidation into the Council's Group Accounts.
- **Provisions for business rates appeals and bad debts –** The Collection Fund currently holds £3.926m appeals provision to counter the potential impact of successful appeals in future years. In addition, the Council reviewed the adequacy of the bad-debt provision for business rates and council tax and as result, increased the business rates provision by £4.668m and the Council Tax provision by £3.015m.
- **Agent/Principal Analysis–** a judgement has been made as to whether the Council had control over various Covid-19 funding streams provided by Central Government (Principal) or whether it was acting as an intermediary only (Agent). Further information about this is provided In Note 9 (Grant Income).

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, and Investment Property - depreciation	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate the value of it non-current assets.	A reduction in the estimated valuation would result in reduction of the Revaluation Reserve and/or an impairment loss being 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 £33.5m.
	The Council's external valuers, Wilks, Head and Eve LLP, provided valuations as at 31 March 2023 for all the Council's investment property portfolio and approximately 80% of its operational portfolio. The balance of operational properties was also reviewed to ensure values reflect current values. balance of operational properties was also reviewed to ensure values reflect current values.	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.
	The estimated useful life of all operational properties is reviewed annually based on the advice ffrom the Council's external valuers	If estimated useful lives increase by one year this would reduce the depreciation charge of £25m by £1.6m. If estimated useful lives decrease by one year this would increase depreciation by £1.4m.
Fair value	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.	Estimated fair values may differ from the actual prices that could be achieved in an arms-length transaction at the reporting date.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council has engaged Barnett Waddingham, as its consulting actuaries, to provide the Council with expert advice about the assumptions to be applied.	Variations in the key assumptions will have the following impact on the net pension liability: (a) a 0.1% reduction in the discount rate will increase the net liability by £7m (b) a 0.1% increase in inflation will increase the net liability by £7m. (c) an increase of one year in life expectancy will increase the liability by £18m.
Valuation of council dwellings	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.	A 10% reduction in the estimated value of HRA dwellings would be a revaluation loss of £61m. If estimated useful lives are overstated by 5% this would increase depreciation by £0.5m.
Impairment allowance for doubtful debts	At 31 March 2023, the Council had an impairment allowance of £31.1m against gross short-term debtor balances totalling £116.6m. 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.	If collection rates deteriorate by 5%, this would require an increase in the impairment allowance of £1.5m.
Provisions	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.	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.

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 has two material items of expenditure which relate to service contracts in 2022/23:

1. £31.43m (2021/22 £30.30m) 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.

2. The Akzo Nobel site was acquired by the Council in February 2021 was disposed of in November 2022 for a capital receipt of £143.75m. On disposal, the HRA has been reimbursed for all costs incurred in relation to the asset. The balance of the capital receipts of £101m have been recognised as a general fund capital receipt, and applied to reduce the capital financing requirement from the Council's capitalisation direction.

In March 2022 the Department for Levelling Up, Housing and Communities (DLUHC) provided an "in principle" Capitalisation Direction of £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 subsequently approved in March 2024 is £348m for financial years to March 2028.

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 2019	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000	£'000
To correct incorrect capitalisation of staff costs for Agresso Support	3,018	1,273	1,240	1,000	1,000	7,531
To address expenditure incurred by Slough Children's Service Trust Ltd incorrectly classed as Transformation Funding	8,981	952	-	-	-	9,933
To address expenditure incurred by the Council incorrectly classed as Transformation Funding	6,523	5,779	1,726	553	-	14,581
Understatement of Minimum Revenue Provision	32,871	5,348	9,065	18,789	21,534	87,607
To correct the incorrect treatment of Overage Income as revenue income to the General Fund	3,633	-	-			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	3,997	1,483	2,558	452	1,450	9,940
To provide for costs related to companies	-	500	171	894	2,010	3,575
To correct incorrect capitalisation of IT Staff	-	754	363			1,117
To provide adequate provisions against debtors raised	-	23,581	-	2,200		25,781
To provide for additional costs in relation to revenue outturn	12,690	6,866	9,818	35,013	18,347	82,734
To provide for an Insurance Fund provision	-	1,000	-			1,000
Additional Growth for new years of MTFS	-	-	-	1,065	4,773	5,838
Fund redundancy costs for 2 years	-	-	-	-	7,500	7,500
Total	**78,014**	**47,536**	**24,941**	**59,966**	**56,614**	**267,071**

Note 6: Other Operating Expenditure

2021/22 £'000		2022/23 £'000
381	Precepts	298
1,177	Payments to the Government Housing Capital Receipts Pool	840
(3,277)	Gains/Losses on the Disposal of Non-Current Assets	(114,833)
(1,719)	**Total**	**(113,695)**

Note 7: Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
7,803	Interest payable and similar charges	16,186
7,399	Net interest on the net defined benefit liability (asset)	7,840
(1,866)	Interest receivable and similar income	(9,753)
(6,275)	Income and expenditure in relation to investment properties and charges in their fair value	(7,026)
7,061	**Total**	**7,247**

Note 8: Taxation and Non-Specific Grant Income

2021/22 £'000		2022/23 £'000
(65,474)	Council tax income	(66,105)
(25,114)	Non-domestic rates income and expenditure	(28,283)
(47,529)	Non-ringfenced government grants	(8,407)
(21,849)	Capital grants and contributions	(11,968)
(159,966)	**Total**	**(114,763)**

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.

2021/22 Restated					2022/23			
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
1,877	-	(65)	1,812	ED Monitoring Officer	2,100	-	595	2,695
6,679	-	(4,934)	1,745	Chief Execs Office	9,218	-	3,159	12,377
34,034	-	(1,062)	32,972	Corporate Services	12,626	-	29,928	42,554
24,627	-	(553)	24,074	ED Housing, Property & Planning	10,768	-	7,082	17,850
58,625	-	(1,103)	57,522	ED People (Adults)	37,312	-	19,658	56,970
47,055		(2,826)	44,229	ED People (Children)	31,007	-	53,532	84,539
401		-	401	ED Place & Communities	28,107	-	13,177	41,284
(800)	-	(44)	(844)	Public Health	(1,992)	-	-	(1,992)
16,448	-	(21,095)	(4,647)	Housing Revenue Account	(8,818)	-	15,279	6,461
188,946	**-**	**(31,682)**	**157,264**	**Net Cost of Services**	**120,328**	**-**	**142,410**	**262,738**
(154,624)	(59,966)	21,866	(192,724)	Other Income and Expenditure	(221,211)	(56,614)	4,952	(272,873)
34,322	**(59,966)**	**(9,816)**	**(35,460)**	**(Surplus)/Deficit**	**(100,883)**	**(56,614)**	**147,362**	**(10,135)**
			(55,803)	General Fund and HRA balance brought forward	-	-	-	(91,265)
			(35,462)	Plus Transfers to / from Earmarked Reserves**	-	-	-	(10,135)
			(91,265)	**General Fund and HRA balances carried forward****				**(101,400)**

Note: 2021/22 has been restated to match the remapping of directorates in 2022/23

Note 9a: Expenditure and Funding Analysis (continued)

2021/22 Restated					2022/23			
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
93	(126)	(16)	(49)	ED Monitoring Officer	659	(63)	(1)	595
201	(341)	(4,794)	(4,934)	Chief Execs Office	3,498	(332)	(8)	3,158
1,505	(2,538)	(29)	(1,062)	Corporate Services	33,143	(3,148)	(67)	29,928
784	(1,322)	(15)	(553)	ED Housing, Property & Planning	7,843	(745)	(16)	7,082
1,564	(2,636)	(31)	(1,103)	ED People (Adults)	21,770	(2,068)	(44)	19,658
4,011	(6,759)	(78)	(2,826)	ED People (Children)	47,641	(4,527)	10,419	53,533
-	-	-	-	ED Place & Communities	14,594	(1,387)	(30)	13,177
82	(139)	(2)	(59)	Public Health	-	-	-	-
(20,035)	(1,061)		(21,096)	Housing Revenue Account	16,072	(793)	-	15,279
(11,795)	**(14,922)**	**(4,965)**	**(31,682)**	**Net Cost of Services**	**145,220**	**(13,063)**	**10,253**	**142,410**
(59,966)	-	21,866	(38,100)	Other income and expenditure from the Funding Analysis	(56,614)	-	4,952	(51,662)
(71,761)	**(14,922)**	**16,901**	**(69,782)**	**Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services**	**88,606**	**(13,063)**	**15,205**	**90,748**

Note: 2021/22 has been restated to match the remapping of directorates in 2022/23

Note 9a: 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 9b: Expenditure and Funding Analysis (continued)

Expenditure and income analysed by nature

2021/22		2022/23
£'000		£'000
	Expenditure	
110,028	Employee Benefit Expenses	92,916
324,560	Other Service Expenses	375,660
12,516	Depreciation, Amortisation, Impairment	16,562
15,202	Interest Payments	24,026
381	Precepts and Levies	298
1,177	Payments to the Housing Capital Receipts Pool	840
3,620	Losses on disposals	5,525
467,484	**Total expenditure**	**515,827**
	Income	
(182,731)	Fees, charges and other service income	(205,747)
(8,141)	Interest and investment income	(16,779)
(90,588)	Income from council tax, non-domestic rates	(94,388)
(144,805)	Government grants and contributions	(179,438)
(6,897)	Gains on Disposals	(120,358)
(433,162)	**Total income**	**(616,710)**
34,322	**(Surplus) or Deficit on the Provision of Services**	**(100,883)**

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 2022/23 the fund comprised 22 schemes (24 in 2021/22) grouped under thefollowing headings:

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

In 2022/23 Slough Borough Council funding included £3.989m of improved better care fund (BCF) grant (£3.872m in 2021/22). 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.

Berkshire Community Equipment Store

The Berkshire Community Equipment Store (BCES) is provided jointly by six Berkshire Unitary authorities and the Berkshire Clinical Commissioning Groups who are members of the agreement with West Berkshire Council as the lead partner. The memorandum account for the fund is as follows:

2021/22			2022/23	
BCF	BCES		BCF	BCES
£'000	£'000		£'000	£'000
(778)	**-**	Balance brought forward	**-**	**-**
(2,791)	(587)	Authority Funding	(2,235)	(717)
-	(44)	Slough Children's First Funding	-	(55)
(10,117)	(10,932)	Partner Funding	(10,829)	(10,746)
(12,908)	**(11,563)**	**Total Funding**	**(13,064)**	**(11,518)**
2,235	-	Authority Expenditure	1,659	-
10,117	11,563	Partner Expenditure	10,829	11,518
12,352	**11,563**	**Total Expenditure**	**12,488**	**11,518**
(1,334)	**-**	**Net (Surplus)/Deficit on the Pooled Budget**	**(576)**	-
1,334		**Transfer to Earmarked reserves**	**576**	-
(0)	**-**	**Authority Share of the Net (Surplus) / Deficit**	**-**	**-**

Note 11: Members' Allowances

The Council paid allowances to its members in 2022/23 of £0.604 million (£0.565 million in 2021/22).

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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	18	5	51	49	69	54	634	112
£20,001 - £40,000	23	1	13	2	36	3	954	94
£40,001 - £60,000	1	1	-		1	1	47	44
£60,001 - £80,000	1		-		1	-	70	-
£80,001 - £100,000	1		-		1	-	82	-
£100,001 - £150,000	-		-		-	-	-	-
£150,001 - £200,000	-		-		-	-	-	-
£350,001 and over	-		-		-	-	-	-
Total	**44**	**7**	**64**	**51**	**108**	**58**	**1,787**	**250**

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:

2022/23	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	
	£'000	£'000	£'000	£'000	£'000	*Note*
Post holder information						
Chief Executive - S Brown	146	-	146	14	160	
Director of Children, Learning and Skills Services	233	-	233	4	237	*2*
Director of Place and Development	193	-	193	29	222	
Director of Finance and Resources (S151 Officer)	230	-	230	-	230	
Director of Adults and Communities	139	-	139	21	160	
Director of Regeneration	-	-	-	-	-	*1*
Director of Public Health	-	-	-	-	-	*2*

Note 1: This is merged with Place and Development

Note 2 The Director of Public Health costs are shared between the Berkshire Authorities and the Intergrated Care Board (ICB). The role has been merged with the Director of Children, Learning and Skills Services. The total cost of the post in in 2022/23 was £160K (2021/22 £131k) with Slough Council's share being £46k.

Note 11b: Officers' Remuneration (continued)

2021/22	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	
	£'000	£'000	£'000	£'000	£'000	*Note*
Post holder information						
Chief Executive - J Wagg	180	-	180	24	204	
Director of Children, Learning and Skills Services	56	-	56	12	68	
Director of Place and Development	126	-	126	18	144	
Director of Finance and Resources (S151 Officer)	23	-	23	19	42	
Director of Adults and Communities	139	-	139	19	158	
Director of Regeneration	112	-	112	7	119	
Director of Transformation	90	-	90	21	111	
Director of Public Health	65	-	65	-	65	*1*

Note 01 The Director of Public Health costs are shared between the Berkshire Authorities and the Intergrated Care Board (ICB). The total cost of the post in in 2021/22 was £131k (2020/21 £147k) with Slough Council's share being £65k.

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			2021/22			2022/23		
			Number of employees			Number of employees		
			Schools	Non Schools	Total	Schools	Non Schools	Total
£50,001	-	£55,000	11	40	**51**	14	39	**53**
£55,001	-	£60,000	12	32	**44**	10	14	**24**
£60,001	-	£65,000	6	15	**21**	11	12	**23**
£65,001	-	£70,000	3	5	**8**	3	4	**7**
£70,001	-	£75,000	1	1	**2**	4	1	**5**
£75,001	-	£80,000	1	1	**2**	2	1	**3**
£80,001	-	£85,000	2	2	**4**	-	-	**-**
£85,001	-	£90,000	-	6	**6**	1	-	**1**
£90,001	-	£95,000	-	2	**2**	-	2	**2**
£95,001	-	£100,000	-	-	**-**	-	6	**6**
£100,001	-	£105,000	-	-	**-**	-	-	**-**
£105,001	-	£110,000	-	-	**-**	-	-	**-**
£110,001	-	£115,000	1	2	**3**	1	-	**1**
£115,001	-	£120,000	1	1	**2**	-	-	**-**
£120,001	-	£125,000	-	-	**-**	1	1	**2**
£125,001	-	£130,000	-	1	**1**	-	-	**-**
£130,001	-	£135,000	-	-	**-**	-	1	**1**
£135,001	-	£140,000	-	1	**1**	-	-	**-**
£140,001	-	£145,000	-	-	**-**	-	-	**-**
£145,001	-	£150,000	-	-	**-**	-	-	**-**
£150,001	-	£155,000	-	-	**-**	-	-	**-**
£155,001	-	£160,000	-	-		-	-	**-**
£160,001	-	£165,000	-	1		1	-	**1**
Total			**38**	**110**	**147**	**48**	**81**	**129**

Note: 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 2022/23 are Grant Thornton LLP. The Council's external auditors for the certification of grant claims are Grant Thornton LLP . The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

2021/22		2022/23
£'000		£'000
265	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	442
134	Fees payable to external auditors for the certification of grant claims and returns for the year	110
19	Fees payable in respect of other services provided by external auditors during the year	8
418		**560**

The 2022/23 fee noted above is an estimate. 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.

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.

2021/22				2022/23		
Central expenditure	Individual Schools budget (ISB)	Total	Schools budget funded by Dedicated Schools Grant	Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		192,769	Final DSG before Academy recoupment			202,294
		120,695	Academy figure recouped			125,134
		72,074	**Total DSG after recoupment**			**77,160**
		(20,639)	Brought forward DSG			-
		-	Less carry forward agreed in advance			-
1,259	**50,176**	**51,435**	**Agreed Initial budgeted distribution**	**23,683**	**53,477**	**77,160**
-	-	-	In year adjustments	10,432	-	10,432
1,259	**50,176**	**51,435**	**Final Budgeted Distribution**	**34,115**	**53,477**	**87,592**
10,434	-	10,434	less Actual central expenditure	26,970	-	26,970
-	66,431	66,431	less Actual ISB deployed to schools	-	50,109	50,109
-	-	-	plus local authority contributions for the year	-	-	-
(9,175)	**(16,255)**	**(25,430)**	**Carry Forward**	**7,145**	**3,368**	**10,513**
			DSG unusable reserve at the end of 2021/22			(25,430)
			Net DSG position at the end of 2022/23			**(14,917)**

Note 14: Grant Income

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

2021/22		2022/23
£'000		£'000
	Credited to Taxation and non-specific grant income	
	Non-ringfenced government grants	
(3,678)	PFI Grant	(3,678)
(21,357)	Section 31 Grant	-
(1,095)	New Homes Bonus Grant	(1,422)
(4,524)	Covid Grants	(1,394)
-	Services Grant	(1,914)
(7,944)	Other grants	-
(38,598)	**Total of Non-ringfenced government grants**	**(8,408)**
(21,849)	Capital grant and contributions	(11,968)
(60,447)	**Total credited to Taxation and non-specific grant income**	**(20,376)**
	Credited to services	
(71,654)	Dedicated Schools Grant	(76,888)
	DSG - Safety Valve Funding	(10,800)
(46,658)	DWP Subsidy	(43,548)
(1,791)	Sales, Fee and Charges income Loss	-
(7,082)	Public Health Grant	(7,851)
(4,241)	COVID-19	(415)
(2,128)	YPLA Post 16 Funding	(3,005)
(1,719)	Schools grant	(1,834)
(2,284)	Pupil Premium	(2,317)
(1,088)	Children Services Grant	(1,024)
(173)	Access Fund Grant (DFT)	-
(205)	Flexible Homelessness Grant	-
(7,306)	Better Care Fund	(3,989)
(2,151)	Rapid Testing Fund	-
(3,736)	Collection Fund Compensation Grant	-
(2,127)	Local Council Tax Support Grant	(194)
(10,828)	Other grants	(7,198)
(165,171)	**Total of Government Grant credited to Net Cost of Services**	**(159,063)**
(225,618)	**Total of grants and contributions to the Comprehensive Income and Expenditure Statement**	**(179,439)**

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

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MiRS	Adjustment Account
Property, plant and Equipment	Depreciation and revaluation/impairment losses	Revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Investment Properties	Movements in fair value	Revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2022/23	Revenue provision (MRP) to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2022/23 or were received in 2022/23 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2023) Capital Adjustment Account (other amounts)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2022/23 Losses on soft loans granted in 2022/23 and interest receivable in 2022/23 on an amortised cost basis	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regulations Interest due to be received on soft loans in 2022/23	Financial Instruments Adjustment Account
Pooled Investments	Movements in the fair value of pooled investment funds	Historical cost gains/losses for money market fund investments disposed of in 2022/23	Pooled Investment Funds AdjustmentAccount
Pensions Costs	Movements in pensions assets and liabilities (see Note 32)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2022/23	Pensions Reserve
Council Tax	Accrued income from 2022/23 bills	Demand on the Collection Fund for 2020/21 plus share of estimated surplus for 2019/20	Collection Fund Adjustment Account
Business Rates	Accrued income from 2022/23 bills	Budgeted income receivable from the Collection Fund for 2022/23 plus share of estimated surplus for 2020/21	Collection Fund Adjustment Account
Dedicated Schools Grant	Expenditure incurred in 2022/23 to be met from Dedicated Schools Grant	Expenditure incurred up to the amount receivable for 2022/23	Dedicated Schools Grant Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2023	No charge	Accumulated Absences Adjustment Account

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

2022/23	Usable Reserves						Corresponding Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserves	Capital Grants Unapplied	Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
• Pension costs	(12,271)	(793)	-	-	-	13,064	Pensions Reserve
• Council tax & business rates	4,952		-	-	-	(4,952)	Collection Fund Adjustment Account
• Holiday pay	(261)	-	-	-	-	261	Pooled Investment Funds Adjustment Account
• Schools deficit including Safety Valve Funding from ESFA	10,513	-				(10,513)	Collection Fund Adjustment Account
• Capital expenditure	106,674	16,911	(208,231)	(9,471)	(10,902)	105,019	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	21,636	-	5,193	(678)	11,299	(37,450)	Capital Adjustment Account
Adjustment for the repayment of loans	-	-	153,224	-	-	(153,224)	Capital Adjustment Account
Use of capital receipts for revenue purposes	(56,614)	-	-	-	-	56,614	Capital Adjustment Account
Total adjustments	**74,629**	**16,118**	**(49,814)**	**(10,149)**	**397**	**(31,181)**	

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

2021/22	Usable Reserves						Corresponding Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserves	Major Repairs Reserves	Capital Grants Unapplied	Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement differ from increases / decreases in revenue for the year calculated in accordance with statutory requirements:							
• Pension costs	(13,864)	(1,061)	-	-	-	14,924	Pensions Reserve
• Financial instruments	-	-	-	-	-	-	Financial Instruments Adjustment Account
• Pooled investment funds	-	-	-	-	-	-	Pooled Investment Funds Adjustment Account
• Council tax & business rates	21,866	-				(21,866)	Collection Fund Adjustment Account
• Holiday pay	(161)	-	-	-	-	161	Accumulated Absences Account
• Schools deficit	(4,790)	-				4,790	Dedicated Schools Grant Adjustment Account
• Capital expenditure	(10,562)	(20,035)	(6,897)	(10,427)	(21,850)	69,771	Capital Adjustment Account
Capital and Revenue Financing							
Resources set aside for capital financing	18,789		12,540	7,007	9,459	(47,794)	Capital Adjustment Account
Adjustment for the repayment of loans			(3,533)			3,533	Capital Adjustment Account
Use of capital receipts for revenue purposes	(59,966)					59,966	Capital Adjustment Account
Total adjustments	(48,688)	(21,096)	2,110	(3,420)	(12,391)	83,485	

Note 16: Unusable reserves

2022/23	Adjustments between Accounting and Funding Basis					
Unusable Reserves	**Opening Balance 1 April**	**Other Comprehensive Income and Expenditure**	**Adjustments to Revenue Resources**	**Capital and Revenue Financing**	**Other Movements***	**Closing Balance 31 March**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revaluation Reserve	(419,585)	(86,698)	-	-	1,605	(504,678)
Capital Adjustment Account	43	-	162,939	(191,979)	(1,605)	(30,602)
Collection Fund Adjustment Account	16,491	-	(4,952)	-	(1)	11,538
Dedicated Schools Grant Adjustment Account	25,430	-	(10,513)	-	-	14,917
Accumulated Absences Account	974	-	261	-	-	1,235
Financial Instruments Adjustment Account	672	-		-	-	672
Pooled Investments Fund Adjustment Account	(911)		-	-	1	(910)
Pensions Reserve	308,377	(199,277)	13,064	-	-	122,164
Deferred Capital Receipts Reserve	(602)	-	-	-	1	(601)
Total adjustments	**(69,111)**	**(285,975)**	**160,799**	**(191,979)**	**1**	**(386,265)**

2021/22	Adjustments between Accounting and Funding Basis					
Unusable Reserves	**Opening Balance 1 April**	**Other Comprehensive Income and Expenditure**	**Adjustments to Revenue Resources**	**Capital and Revenue Financing**	**Other Movements***	**Closing Balance 31 March**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revaluation Reserve	(374,140)	(53,595)	-	-	8,150	(419,585)
Capital Adjustment Account	(77,282)	-	129,738	(47,794)	(4,618)	44
Collection Fund Adjustment Account	38,357	-	(21,866)	-	-	16,491
Dedicated Schools Grant Adjustment Account	20,640	-	4,790	-	-	25,430
Accumulated Absences Account	815		159	-	-	974
Financial Instruments Adjustment Account	672	-	-	-	-	672
Pooled Investments Fund Adjustment Account	(911)	-	-	-	-	(911)
Pensions Reserve	376,982	(83,529)	14,924	-	-	308,377
Deferred Capital Receipts Reserve	(602)	-	-	-	-	(602)
Total adjustments	**(15,469)**	**(137,124)**	**127,745**	**(47,794)**	**3,532**	**(69,110)**

Note 16a: 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.

2021/22		2022/23
£'000		£'000
(374,140)	**Balance at 1 April**	**(419,585)**
(53,595)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	(86,698)
6,430	Difference between fair value depreciation and historical cost depreciation	-
	Accumulated gains on assets sold or scrapped	-
1,720	Other Adjusting Amounts Written Off to the Capital Adjustment Account	1,605
8,150	**Total amount written off to the Capital Adjustment Account**	**1,605**
(419,585)	**Balance 31 March**	**(504,678)**

Note 16b: 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.

2021/22		2022/23
£'000		£'000
(77,282)	**Balance at 1 April**	**43**
22,582	Depreciation of Property, Plant and Equipment, and Heritage Assets	25,066
360	Amortisation and Impairment Losses of Intangible Assets	966
38,398	Revaluation and Impairment Losses on Property, Plant and Equipment	(18,443)
900	Revenue Expenditure Funded from Capital Under Statute	1,634
3,620	Carrying amounts of Non-Current Assets written off on disposal as part of the Gain/Loss on Disposal in the Comprehensive Income and Expenditure Statements	84,776
59,966	Capitalisation Direction	56,614
-	Other Adjustments	-
125,826	**Reversal of Items relating to capital expenditure debited or credited to the CIES**	**150,613**
(1,720)	Valuation of assets disposed of in the Comprehensive Income and Expenditure Statement	(1,605)
(6,430)	Difference in Current Cost and Fair Value depreciation	-
(8,150)	**Net written out amount of the cost of non- current assets consumed in the year**	**(1,605)**
(8,228)	Capital receipts applied	(7,139)
(7,006)	Major Repairs Reserve applied *	678
(9,459)	Capital grants and contributions applied	(11,297)
(18,789)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(20,998)
(2,578)	Use of Loan Repayments to Reduce CFR	(3,895)
(1,734)	Use of Loan Repayments to Reduce Capitalisation Direction	(6,715)
-	Use of Capital Receipts to Reduce HRA Capital Financing Requirement	(42,164)
-	Use of Capital Receipts to Reduce Capitalisation Direction Element CFR	(100,449)
(47,794)	**Capital financing applied in year:**	**(191,979)**
8,662	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	919
(4,752)	Other Movements	-
3,533	Adjustment for the repayment of loans	11,407
43	**Balance at 31 March**	**(30,602)**

* Major repairs Reserve 2022/23 includes reduction in use of MRR in prior years to finance Akzo Nobel site

Note 16c: 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.

2021/22		2022/23
£'000		£'000
38,357	**Balance at 1 April**	**16,491**
(21,866)	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	(4,952)
-	Other movements	-
16,491	**Balance at 31 March**	**11,539**

Note 16d: Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account

2021/22		2022/23
£'000		£'000
20,640	**Balance at 1 April**	**25,430**
-	Adjustment to opening balance	
4,790	Transfer of schools deficit to DSG Account	(10,513)
25,430	**Balance at 31 March**	**14,917**

Note 16e: Accumulated Absences Account

2021/22		2022/23
£'000		£'000
815	**Balance at 1 April**	**974**
(815)	Settlement or cancellation of accrual made at the end of preceding year	(974)
974	Amounts accrued at the end of the current year	1,235
974	**Balance at 31 March**	**1,235**

Note 16f: 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.

2021/22 £'000		2022/23 £'000
672	**Balance at 1 April**	**672**
-	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	-
672	**Balance 31 March**	**672**

Note 16g: 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).

2021/22 £'000		2022/23 £'000
(911)	**Balance 1 April**	**(911)**
-	Upward revaluation of investments	-
-	Downward revaluation of investments	-
-	Total Changes in revaluation and impairment	-
(911)	**Balance 31 March**	**(911)**

Note 16h: 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.

2021/22 £'000		2022/23 £'000
376,982	**Balance at 1 April**	**308,377**
(83,529)	Actuarial gains/(losses) on pensions assets & liabilities	(199,277)
27,974	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	26,822
(13,050)	Employer's pensions contributions & direct payments to pensioners payable in the year	(13,758)
308,377	**Balance at 31 March**	**122,164**

Note 16i: 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.

2021/22 £'000		2022/23 £'000
(602)	**Balance at 1 April**	**(602)**
-	Recognition of deferred capital receipt	-
-	Realisation of deferred capital receipt transferred to CRR	-
(602)	**Balance at 31 March**	**(602)**

Note 17: 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	01-Apr-2021	*Transfers In	*Transfers Out	Reclassification	Balance at 31st March 2022	Transfers In	Transfers Out	Balance at 31st March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Fund	(200)				**(200)**	-	200	-
Building Control	(80)				**(80)**	-	80	-
Specific Grants (Revenue)	(124)	(43)			**(167)**	(4,970)	453	(4,684)
MTFS Reserve	(7,541)	(28,674)	3,690		**(32,525)**	(4,419)	27,227	(9,717)
Budget Smoothing	(23,298)	(6,024)			**(29,322)**	(1,166)	4,620	(25,868)
Redundancy/Severance Payments	-	-	-	-		(7,500)	-	(7,500)
Housing Renewals Reserve	(91)				**(91)**	-	91	-
General Fund earmarked reserves	**(31,334)**	**(34,741)**	**3,690**	**-**	**(62,385)**	**(18,055)**	**32,671**	**(47,769)**
Schools - Other	(8,903)	(1,642)	22	-	**(10,523)**			(10,523)
Schools total	**(8,903)**	**(1,642)**	**22**	**-**	**(10,523)**	**-**	**-**	**(10,523)**
Total Earmarked reserves	**(40,237)**	**(36,383)**	**3,712**	**-**	**(72,908)**	**(18,055)**	**32,671**	**(58,292)**

Note:£20m was transferred from the Budget Smoothing Reserve to the General Fund Balance as per outturn 2022/23.

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.
Budget Smoothing	To smooth out the impact of funding reductions and other budget pressures
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 18: Property, Plant and Equipment

Values as at 31-March-2023

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 2022/23	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 2022	**582,200**	**280,121**	**76,375**	**134,479**	**10,190**	**20,376**	**36,113**	**1,139,854**
Adjustments to cost/value & depreciation/impairment	(9,137)	(2,587)				(51)		(11,775)
Additions	6,216	432	1,378	8,288	10	212	855	17,391
Revaluation increases/(decreases) recognised in the revaluation reserve	34,404	48,424				3,872		86,700
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	6,993	10,462				988		18,443
Derecognition – disposals	(2,668)	(162)				(2,376)	(20,545)	(25,751)
Other transfers/movements		(197)			(352)	647	(415)	(317)
At 31 March 2023	**618,008**	**336,493**	**77,753**	**142,767**	**9,848**	**23,668**	**16,008**	**1,224,545**
Accumulated depreciation and impairment								
At 1 April 2022	**(6,240)**	**(498)**	**(23,145)**	**(64,846)**	**(40)**	**(196)**	**(3)**	**(94,968)**
Adjustments to cost/value & depreciation/impairment	9,137	2,587				51		11,775
Depreciation charge	(9,128)	(3,433)	(4,104)	(8,338)	(12)	(51)		(25,066)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-
Derecognition – disposal	42							42
Other transfers/movements	-	-	-	-	-	-	-	-
At 31 March 2023	**(6,189)**	**(1,344)**	**(27,249)**	**(73,184)**	**(52)**	**(196)**	**(3)**	**(108,217)**
Net book value at 31 March 2022	**575,960**	**279,623**	**53,230**	**69,633**	**10,150**	**20,180**	**36,110**	**1,044,886**
Net book value at 31 March 2023	**611,819**	**335,149**	**50,504**	**69,583**	**9,796**	**23,472**	**16,005**	**1,116,328**

Note 18: Property, Plant and Equipment (continued)

Values as at 31-March-2022

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 2021/22	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 2021	**563,001**	**289,498**	**78,505**	**127,737**	**10,190**	**17,866**	**50,328**	**1,137,125**
Adjustments to cost/value & depreciation/impairment	(20,636)	(3,798)				(30)		(24,464)
Additions	5,781	4,525	2,291	6,742		568	3,574	23,481
Revaluation increases/(decreases) recognised in the revaluation reserve	41,006	10,329				2,260		53,595
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(15,472)	(21,942)				(984)		(38,398)
Derecognition – disposals	(3,562)	-	(4,853)				(5,273)	(13,688)
Other transfers/movements	12,082	1,509	432			696	(12,513)	2,206
At 31 March 2022	**582,200**	**280,121**	**76,375**	**134,479**	**10,190**	**20,376**	**36,116**	**1,139,857**
Accumulated depreciation and impairment								
At 1 April 2021	**(16,642)**	**(929)**	**(23,003)**	**(61,027)**	**(28)**	**(181)**	**(3)**	**(101,813)**
Adjustments to cost/value & depreciation/impairment	20,636	3,798				30		24,464
Depreciation charge	(10,348)	(3,367)	(4,995)	(3,819)	(12)	(30)		(22,571)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-
Derecognition – disposal	114	-	4,853			(15)		4,952
Other transfers/movements	-	-	-	-	-	-	-	-
At 31 March 2022	**(6,240)**	**(498)**	**(23,145)**	**(64,846)**	**(40)**	**(196)**	**(3)**	**(94,968)**
Net book value at 31 March 2021	**546,359**	**288,569**	**55,502**	**66,710**	**10,162**	**17,685**	**50,325**	**1,035,312**
Net book value at 31 March 2022	**575,960**	**279,623**	**53,230**	**69,633**	**10,150**	**20,180**	**36,113**	**1,044,889**

Note 18: 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 2020/21 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 2021:

	2022/23
	£'000
Council Dwellings	611,819
Land and Buildings	335,149
Surplus	23,472
Assets subject to valuation	**970,440**
Infrastructure	69,583
Community	9,796
Vehicles, Plant and Equipment	50,504
Assets under Construction	16,005
Assets not subject to valuation	**145,888**
Total value of assets	**1,116,328**

Note 18: 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 2022/23 have been undertaken by external valuers 'Wilkes Head and Eve'.

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Vehicles, Plant and Equipment	50,504
Assets under Construction	16,005
Assets not subject to valuation	**145,888**
Total value of assets	**1,116,328**

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:				-
31/03/2023	611,819	299,714	23,472	935,005
31/03/2022	-	1,626	-	1,626
31/03/2021	-	693	-	693
31/03/2020	-	1,427	-	1,427
31/03/2019	-	27	-	27
Valued at Historical Cost	-	31,663	-	31,663
Total Cost or valuation	**611,819**	**335,150**	**23,472**	**970,441**

- 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 18b: Infrastructure Assets

Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year. An update to the Code and Specifications for Future Codes for Infrastructure Assets come into force in 25 December 2022, temporarily removing the need to disclose gross cost and accumulated depreciation of infrastructure assets until 31 March 2025

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil. This is particularly true for Slough as it inherited infrastructure assets when it became a unitary authority in 1998.

	2021/22	2022/23
	£'000	£'000
Gross Balance at 1st April	66,710	69,633
Additions	6,742	8,288
Depreciation	(3,819)	(8,338)
At 31st March	**69,633**	**69,583**

Note 18c: Assets Held for Sale

As at 31 March 2023 the Council had a number of properties categorised as Assets Held for Sale, and comprising a total value of £2.791m

Non-Current	2021/22	2022/23
	£'000	£'000
Balance at 1st April	-	-
Assets newly classified as held for sale:		
- Property Plant and Equipment		2,791
Balance at 31st March	-	**2,791**

Note 19: Capital Commitments

At 31st March 2023, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2023-24 and beyond. The budgeted cost of these commitments is expected to cost £132.4m (31st March 2022 £81.3m).

The major commitments amounting to £0.5m or more at 31st March 2023 (these represent the approved budgets rather than actual contractual commitments) are:

	Commitments in 2023/24	Commitments in Future Years	Total Commitments
	£'000	£'000	£'000
Refuse Fleet and Grounds Plant Equipment	500	4,400	4,900
Disabilities Facilities	1,140	4,560	5,700
Children Services	4,323	7,662	11,985
Fire Risk Assessment	5,000	-	5,000
Cornwall House-Fire Strategy	950	-	950
Office Accommodation Strategy	900	4,000	4,900
Major Infrastructure Projects	19,436	9,971	29,407
Flood Defence Measures	1,482	3,345	4,827
RMI Capital programme	9,293	42,624	51,917
Affordable Homes	800	-	800
Total	**43,824**	**76,562**	**120,386**

Note 20: Investment Property

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

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

2021/22		2022/23
£'000		£'000
176,283	**Balance at 1 April**	**165,921**
405	Enhancement	5,323
	Disposals	(61,444)
(2,105)	Transfers (to)/from PPE	(449)
(8,662)	Gains/(losses) in fair value	(919)
165,921	**Balance at 31 March**	**108,432**

Note 21: 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:

2021/22		2022/23
£'000		£'000
100	Other Land and Buildings	42
92	Vehicles, Plant, Furniture, Equipment and Other	51
192		**93**

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:

2021/22		2022/23
£'000		£'000
	Finance lease liabilities (net present value of minimum lease payments):	
581	- current (not later than one year)	578
4,129	- non-current (later than one year)	3,551
136	Finance costs payable in future years	96
4,846		**4,225**

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.

2021/22			2022/23	
Minimum lease payments	Finance lease liabilities		Minimum lease payments	Finance lease liabilities
£'000	£'000		£'000	£'000
660	581	Not later than 1 year	640	578
1,762	1,629	Later than 1 year and not later than 5 years	1,682	1,392
2,560	2,500	Later than 5 years	2,427	2,159
4,982	**4,710**		**4,749**	**4,129**

Note 21: 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:

2021/22 £'000		2022/23 £'000
595	Not later than 1 year	629
2,381	Later than 1 year and not later than 5 years	2,699
7,501	Later than 5 years	8,824
10,477		**12,152**

Council as lessor

Operating Leases

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

2021/22 £'000		2022/23 £'000
3,368	- current (not later than one year)	6,054
11,197	- non-current (later than one year)	17,467
20,621	Finance costs payable in future years	47,630
35,186		**71,151**

Note 22: 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 theprivate 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
15,240	**Opening balance**	**16,464**
1,432	Revaluation increases/(decreases) recognised in the revaluation reserve	3,336
(208)	Depreciation charge	(217)
16,464		**19,583**

Note 22: 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 Councils 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.

2021/22					2022/23			
Service cost	Repayment of liability	Interest	Total		Service cost	Repayment of liability	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(4,349)	(928)	(2,411)	(7,688)	within 1 year	(3,292)	(1,585)	(2,339)	(7,216)
(14,376)	(6,849)	(8,540)	(29,765)	within 2-5 years	(15,918)	(6,856)	(8,008)	(30,782)
(20,159)	(11,746)	(7,411)	(39,316)	within 6-10 years	(19,551)	(13,140)	(6,499)	(39,190)
(14,195)	(11,502)	(2,012)	(27,709)	within 11-15 years	(9,969)	(8,516)	(1,118)	(19,603)
-	-	-	-	within 16-20 years	-	-	-	-
(53,079)	**(31,025)**	**(20,374)**	**(104,478)**	**Closing balance**	**(48,730)**	**(30,097)**	**(17,964)**	**(96,791)**

Note 22: 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.

2021/22		2022/23
£'000		£'000
(31,909)	**Balance at 1 April**	**(31,025)**
884	Repayment	928
(31,025)	**Balance at 31 March**	**(30,097)**

Note 23: 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 2023 is shown in the table below.

2021/22 £'000		2022/23 £'000
797,118	**Opening capital financing requirement**	**840,074**
-		807
797,118	**Restated opening capital financing requirement**	**840,881**
	Capital investment	
23,481	Property, plant and equipment	17,391
405	Investment Properties	5,323
303	Intangible Assets	8
900	Revenue expenditure funded from capital under statute	1,635
11,225	Loans Advanced	4,432
(5,530)	Other Capital Expenditure	-
59,966	Capitalisation Direction	56,614
90,750	**Total capital investment**	**85,403**
	Sources of finance	
(8,228)	Capital receipts	(7,139)
(2,578)	Use of Loan Repayments to Reduce Capital Financing Requirement	(3,895)
(1,734)	Use of Loan Repayments to Reduce Capitalisation Direction Element Capital Financing Requirement	(6,715)
	Use of Capital Receipts to Reduce HRA Capital Financing Requirement	(42,164)
	Use of Capital Receipts to Repay Capitalisation Direction	(100,449)
(9,459)	Government grants and other contributions	(11,297)
(7,006)	Major repairs reserve*	678
	Sums set aside from revenue	
(18,789)	Minimum revenue provision	(20,998)
(47,794)	**Total sources of finance**	**(191,979)**
840,074	**Closing capital financing requirement**	**734,305**
	Explanation of movements in year:	
(18,789)	Minimum revenue provision	(20,998)
59,966	Capitalisation Direction (CD)	56,614
	Use of Loan Repayments to Reduce Capital Financing Requirement	(3,895)
	Use of Loan Repayments to Reduce Capitalisation Direction	(6,715)
	Use of Capital Receipts to Reduce HRA Capital Financing Requirement	(42,164)
	Use of Capital Receipts to Repay Capitalisation Direction	(100,449)
7,260	Increase/decrease in underlying need to borrow	11,034
48,437	**Increase/(decrease) in CFR for the year**	**(106,573)**

* opening CFR restated: this represents an adjustment for £807k additional Akzo Nobel spend not previously included in CFR Model

* Major Repairs Reserve 2022/23 includes reduction in use of MRR in prior years to finance the Akzo Nobel site

Note 24: Financial Instruments

Analysed by Category

2021/22				2022/23		
Non-Current	**Current**	**Total**		**Non-Current**	**Current**	**Total**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
			Amortised cost			
-	18,032	18,032	Investments	-	119,000	119,000
22,128	48,944	71,072	Trade Debtors	-	10,942	10,942
-	82,071	82,071	Cash and cash equivalents	-	28,676	28,676
22,128	**149,047**	**171,175**		**-**	**158,618**	**158,618**
			Fair Value Through Profit and Loss			
11,289	-	11,289	Investments	11,289	-	11,289
33,417	**149,047**	**182,464**	**Total financial assets**	**11,289**	**158,618**	**169,907**
			Financial Liabilities			
			Amortised cost			
(409,911)	(306,000)	(715,911)	Loans outstanding	(470,471)	(119,436)	(589,907)
(48,060)	(3,339)	(51,399)	PFI contracts	(47,133)	(928)	(48,061)
(4,129)	(581)	(4,710)	Finance leases	(4,129)	-	(4,129)
(60)	(115,136)	(115,196)	Trade creditors	-	(2,808)	(2,808)
(462,160)	**(425,056)**	**(887,216)**	**Total financial liabilities**	**(521,733)**	**(123,172)**	**(644,905)**

Note 24: 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;
c. advanced loan notes to SUR LLP; and
d. advanced loan to St Bernard 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:

2021/22 £'000	Long-term debtors	2022/23 £'000
50,324	Long-term debtors balance per the Balance Sheet	53,046
	LESS out of scope assets	
(35,752)	Loan to James Elliman Homes Ltd	(38,971)
(5,203)	Loan to SUR	(11,843)
9,369	**Remaining long-term debtors classified as financial instruments:**	**2,232**
	Loans and receivables in 2018/19	(2,232)
9,369	Assets at amortised cost in 2019/20	-
9,369		**(2,232)**

2021/22 £'000	Short-term investments	2022/23 £'000
18,032	Short-term investments balance per the Balance Sheet	17,406
	LESS out of scope assets	
(1,026)	Interest accrued OLS	(501)
(876)	Interest accrued JEH	(1,226)
16,130	**Remaining short-term investments classified as financial instruments:**	**15,679**
16,130	Assets at amortised cost in 2022/23	116,316
16,130		**116,316**

Note 24: Financial Instruments (continued)

2021/22 £'000	Long-term investments	2022/23 £'000
11,289	Long-term investments balance per the Balance Sheet	11,289
	LESS out of scope assets	
(7,659)	Equity in James Elliman Homes Ltd	(7,659)
-	Loan to SUR	(2,173)
(130)	Loan to St Bernard	(130)
3,500	**Remaining long-term investments classified as financial instruments:**	**1,327**
3,500	Fair value through profit and loss in 2020/21	1,327
3,500		**1,327**

Income, Expense, Gains and Losses

2021/22				2022/23		
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:			
7,803	-	-	Interest expense	16,186	-	-
7,803	**-**	**-**	**Net expense in (Surplus)/Deficit on the Provision of Services**	**16,186**	**-**	**-**
			Revenue:			
-	(1,866)	-	Interest income	-	(9,753)	-
-	**(1,866)**	**-**	**Total income in (Surplus)/Deficit on the Provision of Services**	**-**	**(9,753)**	**-**
-	**-**	**-**	**(Surplus)/Deficit arising from revaluation of financial assets in Other Comprehensive Income and Expenditure**	**-**	**-**	**-**

Note 24: 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:

2021/22		2022/23
£'000		£'000
(1,866)	Interest income per Note 12	(9,753)
	LESS income from out of scope assets:	
-	Interest on Loan to James Elliman Homes Ltd	3,492
1,026	Interest on Loans to Slough Urban Renewal LLP	144
877	Interest on Loan to GRE5 Ltd	617
37	**Income from financial instruments analysed:**	**(5,500)**
(37)	Interest income	(5,500)
(37)		**(5,500)**

Note 25: 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:

a. 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 these measures including credit default swap and equity prices when selecting commercial organisations for investment.

b. placing a limit on the amount of money which can be invested with a single counterparty; and

c. placing an overall limit of £40m which can be invested for more than one year.

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

31-March-2022		Fitch Rating	31-March-2023	
Non-current	Current		Non-current	Current
£'000	£'000		£'000	£'000
-	10,130	AAA MMF	-	22,000
-	4,000	AA-	-	114,000
-	14,000	Unrated local authorities	-	5,000
-	-	Unrated pooled funds	-	-
-	48,944	Unrated debtors	-	-
-	61,811	Unrated cash and cash equivalents	-	-
-	**138,885**		**-**	**141,000**

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 25: 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 47 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-2022		31-March-2023
£'000		£'000
341,439	less than one year	227,439
52,439	between 1 and 2 years	25,439
43,317	between 3 and 5 years	91,818
93,457	between 6 and 10 years	66,718
24,530	between 11 and 15 years	47,175
104,895	between 16 and 20 years	92,299
5,417	between 21 and 25 years	2,000
13,417	between 26 and 30 years	4,583
37,000	more than 30 years	32,436
715,911	**Total**	**589,907**

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 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 25: 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 than can be subject to variable interest rates. At 31 March 2023 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-2022 £'000		31-March-2023 £'000
140	Increase in interest payable on variable rate borrowings	-
(514)	Increase in interest receivable on receivable rate investments	(262)
(374)	**Impact on surplus/deficit on the provision of services**	**(262)**

31-March-2022 £'000	Impact on other comprehensive income and expenditure	31-March-2023 £'000
38,786	Decrease in fair value of fixed rate borrowings liabilities	(28,403)

Note 26: 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 lor 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 26: Fair value of assets and liabilities (continued)

31-March-2023	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								
Loans and receivables								
Investments	-	11,289	-	11,289	11,289			11,289
Debtors	-	115,865	-	115,865	115,865			115,865
Cash and cash equivalents	-	28,676	-	28,676	28,676			28,676
Fair value through profit and loss	-	-	-	-	-			-
Investments	-	-	-	-	-	-		-
Total financial assets	**-**	**155,830**	**-**	**155,830**	**155,830**	**-**	**-**	**155,830**
Non-financial assets								
Investment property	108,432	-	-	108,432		108,432		108,432
Surplus assets	23,377	-	23,377	23,377		23,377		23,377
Assets held for Sale	-	-	-	-		-		-
Total Financial and non-financial assets	**131,809**	**155,830**	**23,377**	**287,639**	**155,830**	**131,809**	**-**	**287,639**
Financial Liabilities								
Liabilities at amortised cost								
Loans outstanding	-	-	(589,906)	(589,906)	(119,436)	(470,471)		(589,907)
PFI contracts	-	-	(48,061)	(48,061)	-	(48,061)		(48,061)
Finance leases	-	-	(3,478)	(3,478)	-	(3,478)		(3,478)
Trade creditors	-	-	(110,562)	(110,562)	(110,562)	-		(110,562)
Total financial liabilities	**-**	**-**	**(752,007)**	**(752,007)**	**(229,998)**	**(522,010)**	**-**	**(752,008)**

Note 26: Fair value of assets and liabilities (continued)

31-March-2022	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								
Loans and receivables								
Investments		10,061	-	10,061	10,061	-	-	10,061
Debtors		120,476	-	120,476	120,476		-	120,476
Cash and cash equivalents		82,071	-	82,071	82,071	-	-	82,071
Fair value through profit and loss			-	-	-	-	-	-
Investments	19,260		-	19,260	-	19,260	-	19,260
Total financial assets	**19,260**	**212,608**	**-**	**231,868**	**212,608**	**19,260**	**-**	**231,868**
Non-financial assets								
Investment property	145,376	-	168,026		-	168,026		168,026
Surplus assets	20,179	-	20,179		-	20,179		20,179
Assets held for Sale	-	-	-		-			-
Total Financial and non-financial assets	**184,815**	**212,608**	**188,205**	**231,868**	**212,608**	**207,465**	**-**	**420,073**
Financial Liabilities								
Liabilities at amortised cost								
Loans outstanding	-	-	(715,912)	(715,912)	(339,500)	(386,751)		(726,251)
PFI contracts	-	-	(51,399)	(51,399)	-	(42,859)		(42,859)
Finance leases	-	-	(4,710)	(4,710)	-	3,989		3,989
Trade creditors	-	-	(115,136)	(115,136)	(115,136)	-		(115,136)
Total financial liabilities	**-**	**-**	**(887,157)**	**(887,157)**	**(454,636)**	**(425,621)**	**-**	**(880,257)**

Note 27: Cash and Cash Equivalents

2021/22		2022/23
£'000		£'000
71,941	Cash and bank balances	6,676
10,130	Short-term deposits	22,000
82,071	**Total**	**28,676**

Note 28: 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.

2021/22	Short-term debtors	2022/23
£'000		£'000
1,227	Prepayments	1,942
6,796	Central Government bodies	(1,930)
23,774	Trade debtors	10,942
2,234	VAT	2,529
16,454	Council Tax	16,957
7,353	NNDR receivable	9,194
4,238	Housing Benefit receivable	11,860
781	Other debtors	39,939
(37,201)	Impairment Allowance for Doubtful Debts	(31,143)
25,656	**Total**	**60,290**

2021/22	Long-term debtors	2022/23
£'000		£'000
69,400	Loans to third parties	56,652
1,833	prepayments	-
86	Other	87
71,319	**Total**	**56,739**

Note 29: Creditors

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2023.

2021/22 £'000		2022/23 £'000
(10,344)	Trade creditors	(2,808)
(1,354)	PAYE & NI	(1,202)
(5,055)	Central Government Bodies	(20,908)
(63,258)	Other Creditor	(71,120)
(1,509)	PFI Finance Lease Liability	(2,161)
(20,949)	Receipts in Advance	(12,363)
(102,469)	**Total**	**(110,562)**

Note 30: 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 31-March-2022	(3,630)	(2,154)	(5,696)	(11,480)
Amounts used	-	-	-	-
Additional provisions	-	(1,772)	(1,665)	(3,437)
Balance at 31-March-2023	**(3,630)**	**(3,926)**	**(7,361)**	**(14,917)**

Long-term provisions	Water rates	Business rates appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 31-March-2022	-	-	-	-
Amounts used	-	-	-	-
Additional provisions	-	-	(170)	(170)
Balance at 31-March-2023	**-**	**-**	**(170)**	**(170)**

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 31: Other Long-Term Liabilities

2021/22		2022/23
£'000		£'000
(308,376)	Pension Liability	(122,160)
(31,025)	Amounts due to be paid under PFI	(30,097)
927	Amounts due to be paid under Other Finance Leases	1,581
(338,474)	**Balance 31 March**	**(150,676)**

Note 32: 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. The Scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries.

The Scheme itself is a defined benefit scheme but however is unfunded. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The notional fund is valued every four years. However, this is a multi-employer scheme and the number of participating employers makes it impossible to identify the Council's share of the financial position and performance attributable to its own employees with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23, the Council paid £3.9m (£3.7m in 2021/22) to the Teachers Pensions Agency in respect of teachers' retirement benefits, representing 23.68% of Pensionable pay. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. These costs are accounted for on a defined benefit basis.

Note 33: Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to fund the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), a national scheme but administered locally. For Slough Borough Council, this is the Royal County of Berkshire Pension Fund administered by the Royal Borough of Windsor and Maidenhead. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. As there are no investment assets built up to meet these liabilities, at the point of early retirement a cash transfer is made from the General Fund to the Pension Fund to cover this shortfall. This transfer is real expenditure to the General Fund and is normally financed from a revenue reserve.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

Note 33: 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 2022 the Fund as a whole had sufficient funding to cover 86% of the accrued liabilities, up from 78% in 2019.

For the period covered by the triennial valuation the Council is scheduled to pay contributions at 17.2% (15.6% in 2021/22) of pensionable pay plus a lump sum of £4.530m (£5.043m in 2021/22).

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 33: 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.

2021/22				2022/23			
Scheme Assets	**Pensions Obligations**	**Net Pensions Liability**		**Scheme Assets**	**Pensions Obligations**	**Net Pensions Liability**	
£'000				**£'000**			*Note*
302,603	**(679,581)**	**(376,981)**	**Opening Balance at 1 April**	**325,940**	**(634,313)**	**(308,376)**	
-	(20,704)	**(20,704)**	Current Service Cost	-	(18,542)	**(18,542)**	
	(2,175)	**(2,175)**	Past Service cost and gains/losses on curtailments		(139)	**(139)**	
5,993	(13,392)	**(7,399)**	Interest Income and Expense	8,432	(16,272)	**(7,840)**	
(287)	4,733	**4,446**	Admin Expense	(319)	(260)	**(579)**	
(2,142)		**(2,142)**	- Settlement	278		**278**	
3,564	(31,538)	**(27,974)**	**Total post employment benefit charged to the (surplus)/deficit on provision of services**	8,391	(35,213)	**(26,822)**	
			Contributions				
13,050		**13,050**	- The Council	13,754		**13,754**	
2,837	(2,837)	**-**	- Employees	2,762	(2,762)	**-**	
15,887	(2,837)	**13,050**		16,516	(2,762)	**13,754**	
			Payments				
(18,642)	18,642	-	- Retirement Grants and Pensions	(19,902)	19,902	-	
(18,642)	18,642	-	**Employers contributions payable to scheme**	(19,902)	19,902	-	
			Remeasurements				
25,064		**25,064**	- Return on Plan Assets	(4,766)		**(4,766)**	
	20,983	**20,983**	- Actuarial Gains and Losses arising from changes in demographic assumptions		-	**-**	
(2,536)	27,210	**24,674**	- Actuarial Gains and Losses from changes in Financial Assumptions	-	258,509	**258,509**	
	12,808	**12,808**	- Experience loss /(gain) on defined benefit obligation		(54,466)	**(54,466)**	
22,528	61,001	**83,529**	**Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement**	(4,766)	204,043	**199,277**	
				-			
325,940	(634,313)	**(308,376)**	**Closing Balance at 31 March**	326,179	(448,343)	**(122,164)**	

Note 33: Defined Benefit Pension Schemes (continued)

Composition of Scheme Assets

2021/22				2022/23		
Quoted	**Unquoted**	**Total**		**Quoted**	**Unquoted**	**Total**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
155,420		155,420	Public Equities	164,171		164,171
	49,024	49,024	Private Equities		40,423	40,423
-	41,418	41,418	Infrastructure	-	44,973	44,973
-	39,407	39,407	Real Estate	-	41,234	41,234
-	54,159	54,159	Credit	-	47,406	47,406
7,673		7,673	Cash	4,932	-	4,932
-	(21,161)	(21,161)	Longevity Insurance	-	(16,960)	(16,960)
163,093	**162,847**	**325,940**	**Total Assets**	**169,103**	**157,076**	**326,179**

Basis for estimating assets and liabilities

A change in any of the key assumptions can have a significant impact upon the size of the Council's pension liabilities, which would require the Council during its triennial review to adjust the amount it must pay the Westminster Pension Fund. The biggest risks include an increase in member life expectancy, salary and pension accumulation rate or a decrease in the real discount rate, which would have an impact on the Council's liability to the Pension Fund.

Discounting of future payments gives the amount in today's money that is required to meet obligations – a higher discount rate means a lower current requirement to meet future payments. This is why the actuaries prudently use a discount rate based on highly rated corporate bond yields, as a small change in these would have a very large impact upon the size of the liability, which taxpayers are statutorily bound to pay.

The principal assumptions used by the actuary have been:

LGPS		LGPS
31-March-2022		**31-March-2023**
	Mortality assumptions:	
	Longevity at 65 for current pensioners (years):	
21.0	Male	20.7
23.8	Female	23.5
	Longevity at 65 for future pensioners (years):	
22.3	Male	22.0
25.2	Female	24.9
	Economic assumptions	
3.2%	Rate of inflation	2.9%
4.2%	Rate of increase in salaries	3.9%
3.2%	Rate of increase in pensions	2.9%
2.6%	Rate for discounting scheme liabilities	4.8%

Note 33: Defined Benefit Pension Schemes (continued)

Sensitivity Analysis

Long-term provisions	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Discount Rate (increase or decrease by 0.1%)	(7,051)	7,234
Rate of increase in salaries (increase or decrease by 0.1%)	332	(330)
Rate of increase in pensions (increase or decrease by 0.1%)	7,030	(6,857)
Longevity (increase or decrease by 1 year)	17,860	(17,122)

The above sensitivity analysis identifies that a 0.1% increase in the Discount Rate assumption, will result in a decrease in the reported Pension liability of £7.2m. An increase in either the salaries, pension payment or longevity assumptions will result in an increase in the reported Pension Liability as detailed in the table above.

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 2 years. Funding levels are monitored on an annual basis.

Based on assumptions as at 31 March 2023, expected employer contributions for LGPS benefits in 2022/23 are £11.6m, with the projected expense being £13.8m. These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2023.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (20 years 2021/22).

Note 34: Cash Flow Statement - Operating Activities

2021/22 £'000		2022/23 £'000
34,322	**Net (surplus) or deficit on the provision of services**	**(100,883)**
	Adjustments for non-cash movements:	
(22,942)	Depreciation	(26,032)
(38,398)	Impairments and downward revaluation	18,443
-	Amortisation	-
(29,863)	Net increase/decrease in creditors, debtors and inventories	12,210
(14,924)	Pensions liability	(13,064)
-	Carrying amount of non-current assets sold	-
97	Other non-cash items	(38,611)
(106,030)	**Subtotal**	**(47,054)**
	Adjustments for items that are investing or financing activities:	
6,897	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	199,609
22,873	Any other items for which the cash effects are investing or financing cash flows	11,968
29,770	**Subtotal**	**211,577**
(41,938)	**Net cash flows from operating activities**	**63,640**

The cash flows for operating activities include the following items:

2021/22 £'000		2022/23 £'000
(1,866)	Interest received	(9,753)
12,737	Interest paid	24,027
10,871	**Total**	**14,274**

Note 35: Cash Flow Statement - Investing Activities

2021/22 £'000		2022/23 £'000
23,719	Purchase of property, plant and equipment, investment property and intangible assets	23,125
(18,609)	Purchase of short-term and long-term investments	108,947
-	Other payments for investing activities	4,295
(6,897)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(199,609)
(21,848)	Other receipts from investing activities	(30,842)
(23,635)	**Net cash flows from investing activities**	**(94,084)**

Note 36: Cash Flow Statement - Financing Activities

2021/22 £'000		2022/23 £'000
(50,000)	Cash receipts of short-term and long-term borrowings	(60,560)
	Other receipts from financing activities	(42,163)
63,552	Repayments of short-term and long-term borrowing	186,563
13,552	**Net cash flows from financing activities**	**83,840**

Note 37: 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 2022/23:

Entities controlled or significantly influenced by the Council

2022/23								
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	James Swindlehurst	-	-	-	-	-	(1,880)
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Stephen Gibson Elizabeth Jones Richard West	-	51,700	-	(1,551)	51,700	-
Slough Urban Renewal	Joint Venture	Designated members: Slough Borough Council Community Solutions for Regeneration (Slough) Limited	-	2,173	-	(144)	2,173	
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Martin Johnson Neil Simon Michael England Stephen Gibson	-	10,096	-	(4,720)	10,096	
Slough Children First Ltd (Name of the Company was changed from Slough Children's Services Trust Ltd to Slough Children First Limited w.e.f 4th April 2021)	Company limited by guarantee - Slough Borough Council appointed as a person of significant control with effect from 1st Apr 2021 Cessation of Department for Education as a person with significant control on 1 April 2021	M J Marsden N Robinson (Appointed 8 September 2021) R Bhamber (Appointed 1 August 2021) L Hagger (Appointed 28 July 2021) A Hunter (Appointed 31 May 2021)	-	2,600	33,803	(1,245)	2,748	(1,720)

Note 37: Related Party Transactions (continued)

2021/22								
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	James Swindlehurst		-	-	-	-	(1,880)
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Stephen Gibson Elizabeth Jones Richard West		51,700	-	(1,551)	51,700	-
Slough Urban Renewal	Joint Venture			9,697	484	(420)	-	-
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Martin Johnson Neil Simon Michael England Stephen Gibson		9,063	5,154	(1,655)	9,063	-
Slough Children First Ltd (Name of the Company was changed from Slough Children's Services Trust Ltd to Slough Children First Limited w.e.f 4th April 2021)	Company limited by guarantee - Slough Borough Council appointed as a person of significant control with effect from 1st Apr 2021 Cessation of Department for Education as a person with significant control on 1 April 2021	M J Marsden N Robinson (Appointed 8 September 2021) R Bhamber (Appointed 1 August 2021) L Hagger (Appointed 28 July 2021) A Hunter (Appointed 31 May 2021)		2,600	29,189	(1,074)	3,908	-

Note 38: Contingent Liabilities

There are no contingent liabilities at the reporting date.

Note 39: Events After the Balance Sheet Date

Authorised for issue date

Preparation of the 2022/23 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).

Section 114 Notice and Capitalisation Direction

On 2 July 2021, the Council's then 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 (subsequently up to 31 March 2024). Therefore at the balance sheet date of 31 March 2021, 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.

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SECTION – 5

SUPPLEMENTARY FINANCIAL STATEMENTS

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.

2021/22		2022/23	
£'000		£'000	*Note*
	Expenditure		
8,300	Repairs and maintenance	9,391	
10,322	Supervision and management	14,366	
113	Rents, rates, taxes and other charges	92	
33,881	Depreciation and impairment of non current assets	1,242	*6*
(366)	Transfer to/from Provision	1,382	
52,250	**Total expenditure**	**26,473**	
	Income		
(32,581)	Dwelling rents	(36,116)	
(879)	Non-dwelling rents	(1,190)	
(2,237)	Charges for service and facilities	(2,727)	
(35,697)	**Total income**	**(40,033)**	
16,553	**Net cost or (income) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement**	**(13,560)**	
16,553	**Net cost of HRA Services**	**(13,560)**	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(3,448)	(Gain) or loss on sale of HRA non current assets	(11,827)	
4,760	Interest payable and similar charges	5,072	
438	HRA interest and investment income	(557)	
18,303	**(Surplus) or deficit for the year on HRA Services**	**(20,872)**	

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.

2021/22 £'000	Expenditure	2022/23 £'000
(14,099)	**Balance on the HRA as at 1 April**	**(16,892)**
18,303	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	(20,872)
	Adjustments between accounting basis and funding basis:	
-	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements	-
(33,910)	Depreciation and impairments	(9,470)
-	Revaluation gains (where losses previously charged to surplus/deficit)	5,092
3,448	(Gains)/losses on sale of HRA non-current assets	11,820
(1,061)	Net charges for pensions	(793)
10,427	Transfers to/(from) the Major Repairs Reserve	9,470
(2,793)	**Net (increase)/decrease before transfers to/(from) reserves**	**(4,753)**
-	Transfers to/(from) earmarked reserves	
(2,793)	**(Increase)/decrease in year on the HRA balance**	**(4,753)**
(16,892)	**HRA Balance at 31 March**	**(21,645)**

Housing Revenue Account Notes

Note 1: Prior Period Adjustment

No prior period adjustments were required.

Note 2: Housing Stock

As at 31 March 2023, the Council was responsible for managing a housing stock of 6,029 dwellings comprising:

2021/22 No.	Type of accommodation	2022/23 No.
2,785	Houses	2,769
2,744	Flats	2,736
525	Bungalows	524
6,054	**Total**	**6,029**

The change in stock can be summarised as follows:

2021/22 No.	Type of accommodation	2022/23 No.
6,068	Stock at 1 April	6,054
(26)	Sold	(25)
12	New Build/Acquisitions	
6,054	**Stock at 31 March**	**6,029**

Note 2: Housing Stock (continued)

The total balance sheet value of the Council's HRA assets at 1 April 2022 was £639m and at 31 March 2023 was £640m, analysed as follows:

2021/22 £'000	Expenditure	2022/23 £'000
	Operational assets	
575,960	Council dwellings	611,819
8,682	Other land and buildings	8,521
770	Community assets	416
6,241	Assets under construction	6,242
591,653		**626,998**
	Non-operational assets	
35,999	Investment property	1,040
11,405	Surplus assets	12,180
47,404		**13,220**
639,057	**Total asset value**	**640,218**

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 £1.865m (£1,758m at 31 March 2022). 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 £1,250m between the EUV of £1,865m and the EUV-SH of £616m represents the economic cost of providing housing at less than open market

Note 4: Capital Expenditure and financing

During 2022/23, the Council incurred £13.489m capital expenditure on land, houses and other properties within the HRA (2021/22: £8.555m). The detail of expenditure and the methods of financing are detailed below:

2021/22		2022/23
£'000		£'000
	Opening capital financing requirement	197,208
	Operational assets	807
	Restated opening capital financing requirement	**198,015**
	Capital investment	
7,952	Operational assets	6,307
603	Non-operational assets	7,182
8,555	Total capital investment	**13,489**
	Sources of funding	
(1,176)	Capital receipts	(5,382)
	Use of Capital Receipts to Reduce HRA Capital Financing Requirement	(42,164)
(7,006)	Major repairs reserve	678
(337)	Government grants and contributions	-
(35)	Borrowing	-
	Total sources of Finance	(46,868)
(8,554)	**Closing capital financing requirement**	**164,636**
	Explanation of movements in year:	
	- Use of Capital Receipts to Reduce HRA Capital Financing Requirement	(42,164)
	Increase/decrease in underlying need to borrow	8,785
	Increase/(decrease) in CFR for the year	**(33,379)**

Note 5: Capital receipts

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

2021/22		2022/23
£'000		£'000
-	Land	-
(6,897)	Council dwellings	(5,484)
-	Other property	(43,929)
(6,897)		**(49,413)**

Note 6: Depreciation and impairment

2021/22				2022/23		
Depreciation	Impairment / Reversals	Total		Depreciation	Impairment / Reversals	Total
£'000	£'000	£'000		£'000	£'000	£'000
10,348	15,472	25,820	Council dwellings	9,128	(6,994)	2,134
77	(409)	(332)	Other land and buildings	82		82
1	-	1	Community assets	1		1
	8,391	8,391	Surplus assets	46	(983)	(937)
		-	Intangibles	214		214
10,426	**23,454**	**33,880**		**9,471**	**(7,977)**	**1,494**

Note 7: Rent Arrears

2021/22		2022/23
	Rent arrears comprise:	
1,645	Current tenant arrears	1,962
945	Former tenant arrears	707
2,590		**2,669**
(2,027)	Less: Bad debts provisions	(3,026)
563		**(357)**

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.

2021/22				2022/23			
Business Rates	**Council Tax**	**Total**		**Business Rates**	**Council Tax**	**Total**	
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	***Note***
			Income				
-	(77,020)	(77,020)	Council Tax receivable	-	(80,556)	(80,556)	
(92,554)	-	(92,554)	Business Rates receivable	(85,998)	-	(85,998)	
-	(26)	(26)	Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment	(42)	-	(42)	
			Apportionment of prior year deficit				
(18,114)		(18,114)	Central Government	(13,195)			
(21,278)	(1,478)	(22,756)	Slough Borough Council	(12,931)			
(398)	(70)	(468)	Berkshire Fire Authority	(264)			
	(224)	(224)	Thames Valley police	-			
(92,554)	**(77,046)**	**(169,600)**	**Total income**	**(86,040)**	**(80,556)**	**(166,596)**	
			Expenditure				
			Apportionment of prior year surplus/deficit				
			Central Government		-	-	
			Slough Borough Council	-	1,002	1,002	
			Berkshire Fire Authority	-	45	45	
			Thames Valley police	-	157	157	
			Precepts				
52,211	-	52,211	Central Government	51,862	-	51,862	
51,166	61,032	112,198	Slough Borough Council	50,824	65,102	115,926	
1,044	2,815	3,859	Berkshire Fire Authority	1,037	3,127	4,164	
-	9,443	9,443	Thames Valley police	-	10,203	10,203	
			Charges to Collection Fund				
(1,676)	(1,562)	(3,238)	Increase/(decrease) in allowance for impairment	(1,687)	4,315	2,628	
-	-	-	Increase/(decrease) in allowance for appeals	4,982	-	4,982	
1,129	-	1,129	Transitional Protection Payments Payable	-	-	-	
211	-	211	Charge to General Fund for allowable collection costs for non-domestic rates	208	-	208	
104,085	**71,728**	**175,813**	**Total expenditure**	**107,226**	**83,951**	**191,177**	
(28,908)	(7,090)	(35,998)	(Surplus)/Deficit arising during the year	(5,204)	3,396	(1,808)	
57,443	11,425	68,868	(Surplus)/Deficit brought forward	28,535	(4,333)	24,202	
28,535	**4,335**	**32,870**	**(Surplus)/Deficit carried forward**	**23,331**	**(937)**	**22,394**	

Notes to the Collection Fund

Note 1: Council tax income

The Council's tax base for 2022/23 - 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			1,329	6 / 9	886	1,023
B	40,000	-	52,000	7,384	7 / 9	5,743	1,194
C	52,001	-	68,000	19,262	8 / 9	17,122	1,364
D	68,001	-	88,000	11,362	9 / 9	11,362	1,535
E	88,001	-	120,000	4,246	11 / 9	5,190	1,876
F	120,001	-	160,000	1,607	13 / 9	2,322	2,217
G	160,001	-	320,000	320	15 / 9	534	2,558
H	More than - 320,000			6	18 / 9	12	3,070
Total				**45,516**		**43,170**	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year						(109)	
Council Tax Base						**43,061**	

The Council's tax base for 2021/22 - 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			1,116	6 / 9	744	994
B	40,000	-	52,000	6,924	7 / 9	5,385	1,159
C	52,001	-	68,000	18,550	8 / 9	16,489	1,325
D	68,001	-	88,000	11,148	9 / 9	11,148	1,490
E	88,001	-	120,000	4,201	11 / 9	5,135	1,821
F	120,001	-	160,000	1,587	13 / 9	2,292	2,153
G	160,001	-	320,000	314	15 / 9	523	2,484
H	More than - 320,000			5	18 / 9	9	2,981
Total				**43,844**		**41,725**	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year						-	
Council Tax Base						**41,725**	

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 2022/23 the amount was 51.2p (51.2p = 2021/22). The small business rate multiplier was 49.9p for 2022/23 (49.9p 2021/22). 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 at 31 March 2023 was £240,172k (31 March 2021 = £240,172k).

Note 3: Collection fund balance apportionment

2021/22	Business Rates	Council Tax	Total
Organisation	£'000	£'000	£'000
Central Government	16,049	3,598	16,049
Slough Borough Council	12,201	175	15,799
Berkshire Fire Authority	285	560	461
Thames Valley police			560
Total	**28,535**	**4,335**	**32,870**

2022/23	Business Rates	Council Tax	Total
Organisation	£'000	£'000	£'000
Central Government	10,781		10,781
Slough Borough Council	12,317	(782)	11,535
Berkshire Fire Authority	233	(37)	196
Thames Valley police		(118)	(118)
Total	**23,331**	**(937)**	**22,394**

SECTION – 6

GROUP ACCOUNTS

Group Comprehensive Income and Expenditure Statement

2021/22				2022/23			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	Note
86,023	(25,384)	60,639	Adults and Communities	120,236	(54,815)	65,421	
239,983	(189,443)	50,540	Children, Learning and Skills	171,644	(133,223)	38,421	
31,254	(14,777)	16,477	Place and Development	32,944	(30,285)	2,659	
33,443	(6,758)	26,685	Regeneration	113,046	(99,149)	13,897	
27,877	(35,138)	(7,261)	Finance and Resources	-	-	-	
16,304	(1,145)	15,159	Chief Executive	11,566	(2,349)	9,217	
52,328	(35,881)	16,447	Housing Revenue Account	31,070	(39,888)	(8,818)	
487,212	**(308,526)**	**178,686**	**Cost of Services**	**480,506**	**(359,709)**	**120,797**	
		(1,719)	Other operating expenditure			(113,695)	
		9,172	Financing and investment income and expenditure			10,934	
		-	Tax due for the year (current and deferred tax)			(53)	
		(143,389)	Taxation and non-specific grant income and expenditure			(114,763)	
		42,750	**(Surplus)/deficit on provision of services**			**(96,780)**	
		933	Share of the (surplus)/deficit on the provision of services by joint venture			71	
		-	Tax expenses of joint venture			-	
		43,683	**Group (Surplus)/deficit on provision of services**			**(96,709)**	
		(52,330)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(91,808)	
		(88,633)	Remeasurement of the net defined benefit liability			(222,603)	
		(140,963)	**Other Comprehensive income and expenditure**			**(314,411)**	
		(97,280)	**Total Comprehensive income and expenditure**			**(411,120)**	

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
Opening balance 1 April 2021	**(1,465)**	**(40,239)**	**(14,099)**	**(33,339)**	**(1,623)**	**(19,489)**	**(110,254)**	**1,832**	**(105,383)**	**(15,471)**	**27,743**	**9,233**	**(96,150)**
Movement in Reserves in 2021/22													
(Surplus)/Deficit on Provision of Services	16,019		18,303				34,322	8,830	43,152	-	-	-	43,152
Other Comprehensive Income and Expenditure								933	933	(137,124)	(3,839)	(140,963)	(140,030)
Total Comprehensive Income and Expenditure	**16,019**	**-**	**18,303**	**-**	**-**	**-**	**34,322**	**9,763**	**44,085**	**(137,124)**	**(3,839)**	**(140,963)**	**(96,878)**
Adjustments between accounting and funding basis	11,277		(21,096)	2,110	(3,420)	(12,391)	(23,519)		(23,519)	23,519	-	23,519	-
Capitalisation Direction	(59,966)						(59,966)		(59,966)	59,966	-	59,966	-
Net (increase)/decrease before transfers to/from reserves	**(32,670)**	**-**	**(2,793)**	**2,110**	**(3,420)**	**(12,391)**	**(49,163)**	**9,763**	**(39,400)**	**(53,639)**	**(3,839)**	**(57,478)**	**(96,878)**
Transfer to/(from) - reserves	32,669	(32,669)	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2022	**(1,466)**	**(72,908)**	**(16,892)**	**(31,229)**	**(5,043)**	**(31,880)**	**(159,416)**	**11,595**	**(144,783)**	**(69,110)**	**23,904**	**(48,245)**	**(193,028)**
Opening balances	**(1,466)**	**(72,908)**	**(16,892)**	**(31,229)**	**(5,043)**	**(31,880)**	**(159,416)**	**11,595**	**(144,783)**	**(69,110)**	**23,904**	**(48,245)**	**(193,028)**
Opening Balance Adjustment	-						-		-	-		-	
Movement in Reserves in 2022/23													
(Surplus)/Deficit on Provision of Services	(78,847)		(20,872)				(99,719)	2,940	(96,779)	-	-	-	(96,779)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	71	71	(285,977)	(28,434)	(314,411)	(314,340)
Total Comprehensive Income and Expenditure	**(78,847)**	**-**	**(20,872)**	**-**	**-**	**-**	**(99,719)**	**3,011**	**(96,708)**	**(285,977)**	**(28,434)**	**(314,411)**	**(411,119)**
Adjustments between accounting and funding basis	131,244	-	16,118	(49,814)	(10,150)	395	87,793	-	87,793	(87,793)	-	(87,793)	-
Capitalisation Direction	(56,614)	-	-	-	-	-	(56,614)		(56,614)	56,614	-	56,614	-
Net (increase)/decrease before transfers to/from reserves	**(4,217)**	**-**	**(4,754)**	**(49,814)**	**(10,150)**	**395**	**(68,540)**	**3,011**	**(65,529)**	**(317,156)**	**(28,434)**	**(345,590)**	**(411,119)**
Transfer to/(from) - reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2023	**(5,683)**	**(72,908)**	**(21,646)**	**(81,043)**	**(15,193)**	**(31,485)**	**(227,955)**	**14,606**	**(210,312)**	**(386,266)**	**(4,532)**	**(393,835)**	**(604,147)**

Group Balance Sheet

31-March-2022		31-March-2023	
£'000		£'000	Note
1,094,399	Property, Plant and Equipment	1,171,168	2
166,339	Investment Property	108,850	
3,829	Intangible Assets	2,870	
2,949	Long-term Investments	3,824	
(882)	Long-term Investments	(952)	
15,556	Long-term Debtors	-	
1,282,190	**Total Long-term Assets**	**1,285,760**	
18,032	Short Term Investments	119,000	
-	Assets Held for Sale	2,791	
-	Inventories	-	
37,406	Short term debtors	79,462	
87,039	Cash and Cash Equivalents	35,779	
142,477	**Current Assets**	**237,032**	
(306,000)	Short-term Borrowing	(119,436)	
(115,418)	Short-term Creditors	(120,408)	
(11,560)	Short-term Provisions	(25,882)	
-	Grants Receipts in Advance – Capital	-	
(432,978)	**Current Liabilities**	**(265,726)**	
(26,050)	Long-term Creditors	(27,211)	
-	Deferred Capital Receipts	-	
-	Long-term Provisions	(170)	
(409,913)	Long-term Borrowing	(470,471)	
(362,698)	Other Long-Term Liabilities	(155,067)	
(798,661)	**Long-term Liabilities**	**(652,919)**	
193,028	**Net Assets**	**604,147**	
23,904	Share of joint venture (profits)/losses	(4,532)	
(159,416)	Usable Reserves	(227,955)	
11,596	P&L Reserve	14,606	
(69,110)	Unusable Reserves	(386,266)	
(193,026)	**Total Reserves**	**(604,147)**	

Group Cash Flow Statement

2021/22 Restated £'000		2022/23 £'000	Note
42,750	Net (surplus) or deficit on the provision of services	(96,780)	
(111,397)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(53,402)	3
29,770	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	211,577	3
(38,877)	**Net cash flows from operating activities**	**61,395**	
(23,530)	Investing Activities	(94,034)	4
13,552	Financing Activities	83,901	5
(48,855)	**Net (increase) or decrease in cash and cash equivalents**	**51,262**	
38,184	Cash and cash equivalents at the beginning of the reporting period	87,039	
87,039	**Cash and cash equivalents at the end of the reporting period**	**35,777**	

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.
- This is the first year where all the subsidiaries including the JV has been consolidated. Therefore, the comparatives shown in the prior year are not directly comparable to the 2021-22 published accounts

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
GRE5	Subsidiary	line by line
Slough Urban Renewal (SUR)	Joint Venture (JV)	equity method

Note 2: Group Property, Plant and Equipment

Movements in 2022/23	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	£'000
Cost or valuation										
At 1 April 2022	**582,200**	**280,121**	**52,973**	**333,094**	**76,375**	**134,479**	**10,190**	**20,375**	**36,113**	**1,192,826**
Adjustments to cost/value & depreciation/impairment	(9,137)	(2,587)		(2,587)	1,378	8,288	10	(51)	855	(1,244)
Additions	6,216	432	53	485				212		6,913
Revaluation increases/(decreases) recognised in the revaluation reserve	34,404	48,424	6,223	54,647				3,872		92,923
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	6,994	10,463		10,463				988		18,445
Derecognition – disposals	(2,668)	(162)		(162)				(2,376)	(20,545)	(25,751)
Other transfers/movements		(197)		(197)			(352)	647	(415)	(317)
At 31 March 2023	**618,009**	**336,494**	**59,249**	**395,743**	**77,753**	**142,767**	**9,848**	**23,667**	**16,008**	**1,283,795**
Accumulated depreciation and impairment										
At 1 April 2022	**(6,240)**	**(498)**	**(3,154)**	**(3,652)**	**(23,145)**	**(64,846)**	**(40)**	**(196)**	**(3)**	**(98,122)**
Adjustments to cost/value & depreciation/impairment	9,137	2,587		2,587				51		11,775
Depreciation charge	(9,128)	(3,433)	(1,093)	(4,526)	(4,104)	(8,338)	(12)	(51)		(26,159)
Depreciation written out to the revaluation reserve	-	-		-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-		-	-	-	-	-	-	-
Derecognition – disposal	42			-						42
Other transfers/movements		(163)		(163)						(163)
At 31 March 2023	**(6,189)**	**(1,507)**	**(4,247)**	**(5,754)**	**(27,249)**	**(73,184)**	**(52)**	**(196)**	**(3)**	**(112,627)**
Net book value at 31 March 2022	**575,960**	**279,623**	**49,819**	**329,442**	**53,230**	**69,633**	**10,150**	**20,179**	**36,110**	**1,094,704**
Net book value at 31 March 2023	**611,820**	**334,987**	**55,002**	**389,989**	**50,504**	**69,583**	**9,796**	**23,471**	**16,005**	**1,171,168**

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

Movements in 2021/22	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	£'000
Cost or valuation										
At 1 April 2021	**563,001**	**289,498**	**54,131**	**343,629**	**78,505**	**127,737**	**10,190**	**17,866**	**50,328**	**1,191,254**
Adjustments to cost/value & depreciation/impairment	(20,636)	(3,798)		(3,798)				(30)		(24,464)
Additions	5,781	4,525	107	4,632	2,291	6,742		568	3,574	23,588
Revaluation increases/(decreases) recognised in the revaluation reserve	41,006	10,329	(1,265)	9,064				2,260		52,330
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(15,472)	(21,942)		(21,942)				(985)	-	(38,399)
Derecognition – disposals	(3,562)				(4,853)					(8,415)
Other transfers/movements	12,082	1,409		1,509	432			696	(12,513)	2,206
At 31 March 2022	**582,200**	**280,021**	**52,973**	**333,094**	**76,375**	**134,479**	**10,190**	**20,375**	**41,389**	**1,198,100**
Accumulated depreciation and impairment										
At 1 April 2021	**(16,640)**	**(929)**	**(2,010)**	**(2,939)**	**(23,003)**	**(61,027)**	**(28)**	**(181)**	**(3)**	**(103,821)**
Adjustments to cost/value & depreciation/impairment	20,636	3,798		3,798				30		24,464
Depreciation charge	(10,348)	(3,367)	(1,145)	(4,512)	(4,995)	(3,819)	(12)	(30)		(23,716)
Derecognition – disposal	114				4,853					4,967
Other transfers/movements								(15)	(5,580)	(5,595)
At 31 March 2022	**(6,238)**	**(498)**	**(3,155)**	**(3,653)**	**(23,145)**	**(64,846)**	**(40)**	**(196)**	**(5,583)**	**(103,701)**
Net book value at 31 March 2021	**546,361**	**288,569**	**52,121**	**340,690**	**55,502**	**66,710**	**10,162**	**17,685**	**50,325**	**1,087,433**
Net book value at 31 March 2022	**575,962**	**279,523**	**49,818**	**329,441**	**53,230**	**69,633**	**10,150**	**20,179**	**35,806**	**1,094,399**

Note 3: Group Cash Flow Statement - Operating Activities

2021/22 £'000		2022/23 £'000
42,750	**Net (surplus) or deficit on the provision of services**	**(96,780)**
	Adjustments for non-cash movements:	
(62,483)	Depreciation	(8,683)
	Impairments and downward revaluation	
	Amortisation	
(30,219)	Net increase/decrease in creditors, debtors and inventories	11,694
(18,230)	Pensions liability	(16,555)
-	Carrying amount of non-current assets sold	
(465)	Other non-cash items	(39,858)
(111,397)	**Subtotal**	**(53,402)**
	Adjustments for items that are investing or financing activities:	
	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	
6,897	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	199,609
22,873	Any other items for which the cash effects are investing or financing cash flows	11,968
29,770	**Subtotal**	**211,577**
(38,877)	**Net cash flows from operating activities**	**61,395**

The cash flows for operating activities include the following items:

2021/22 £'000		2022/23 £'000
713	Interest received	25,629
(12,737)	Interest paid	(9,753)
(12,024)	**Total**	**15,876**

Note 4: Group Cash Flow Statement - Investing Activities

2021/22		2022/23
£'000		£'000
23,824	Purchase of property, plant and equipment, investment property and intangible assets	23,175
(18,609)	Purchase of short-term and long-term investments	108,947
-	Other payments for investing activities	4,295
	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
(6,897)	Proceeds from short-term and long-term investments	(199,609)
(21,848)	Other receipts from investing activities	(30,842)
(23,530)	**Net cash flows from investing activities**	**(94,034)**

Note 5: Group Cash Flow Statement - Financing Activities

2021/22		2022/23
£'000		£'000
(50,000)	Cash receipts of short-term and long-term borrowings	(60,560)
-	Other receipts from financing activities	(42,102)
63,552	Repayments of short-term and long-term borrowing	186,563
13,552	**Net cash flows from financing activities**	**83,901**

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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 an intangible fixed asset or a loan balance over a period of time to the Comprehensive Income and Expenditure Statement over a period of time

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 locally.

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 OF PRACTICE

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)

GOING CONCERN

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

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

A reduction in the value of a non-current asset (but not through economic consumption) below the carrying value in the accounts.

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 make payments to bodies such as the Environment Agency. The cost of these bodies is borne by local authorities in the area concerned based on their Council Tax base and is met from the General Fund.

MINIMUM REVENUE PROVISION (MRP)

The minimum revenue provision (MRP) is the minimum amount that must be charged to an authority’s revenue account each year and set aside as a provision for debt repayment or other credit liabilities.

GLOSSARY OF FINANCIAL TERM (continued)

NATIONAL NON-DOMESTIC RATE (NNDR)

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

The charge made by one authority (the precepting authority such as Royal Berkshire Fire and Thames Valley Police) on another authority (the billing authority such as Slough Borough Council) to obtain income to finance 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.

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