Slough Borough Council

Statement of Accounts for the year 2018/19

Contents

Annual Governance Statement 2018/19

Slough Borough Council like every other local authority is required to review their governance arrangements at least once a year. The preparation and publication of an **Annual Governance Statement, (AGS),** in accordance with the principles set out in the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (The Framework) fulfils this requirement.
The Framework requires local authorities to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations
- Public money is safeguarded and properly accounted for
- Resources are used economically

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs and ensure that the responsibilities listed above are met

Key Elements of The Council's Governance Framework

Council, Cabinet and Leader

- Give Leadership
- Set Policy
- Support of Slough's communities

The Council operates a "Leader and Executive (England)" model of governance under the Local Government Act 2000.
The council currently consists of 42 elected members of the council (councillors). The Mayor chairs council meetings. The council constitution sets out how the council operates.
The council is given direction by the leader of the council. The cabinet (the council's executive committee) consists of the Leader elected by the council and the other Lead Members.
The Leader and Lead Members in the cabinet meet prior to each cabinet meeting to discuss the agenda items and the cabinet also meets with the Chief Executive and Directors and Officers to discuss a forward programme for the cabinet.
Reports prepared for cabinet and council require prior consideration by the Council's Management Team (CMT), the Section 151 officer and legal services Officers.
The cabinet structure covers different portfolio areas, each one led by an elected councillor / Lead Member.The Cabinet monitor the Council's performance by receiving quarterly performance management reports prepared by the Council's Project Management Office (PMO). The PMO track and report on performance on all the Council's major projects and a member of the PMO sits on the Council's Risk and Audit Board.The cabinet provides political and community leadership and makes many of the day to day decisions on service provision. The council still retains responsibility for setting the policy and financial framework and revenue and capital budgets

Decision Making

- Council meetings
- Recording of decisions

Article 13 of the Council's current Constitution details the decision making process http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=563&MId=6238&Ver=4&Info=1

Risk Management

- Strategic and Operational Risks
- Where are key risks considered

Slough Borough Council (the Council) currently maintains a Corporate Risk Register; and one for each of the Directorates
The risk registers are a management tool utilised to provide a snap shot of the key risks that the Council faces and how they are managed.
Effective risk management assists in achieving the Council's priority outcomes and helps to optimise the quality and efficiency of its service delivery.
The achievement of the Council's priority outcomes is underpinned by the effectiveness of the controls identified to mitigate the principal risks which could affect the outcomes.

Scrutiny and review

- Scrutiny committees
- Audit and Risk Committee
- Budget Monitoring reports to Committee

Details of attendance can be found at http://www.slough.gov.uk/moderngov/mgUserAttendanceSummary.aspx

Corporate Management Team

- Josie Wragg is **Chief Executive**, (Head of Paid Service), responsible for all staff, and leading an effective management team;
- Neil Wilcox is the Director of Finance and Resources is the Council's **S.151 Officer** and is responsible for safeguarding the Council's finances;
- **The Monitoring Officer** is Hugh Peart and he is responsible for ensuring decisions made by the Council are legal, and are made in an open and transparent way.

CIPFA/SoLACE Framework Delivering Good Governance in Local Government
This guidance is recognised as the proper practices referred to in the Accounts and audit regulations that we must follow and sets out sever core principals of good governance
These seven principals are:
Two overarching principles for good governance

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

B. Ensuring openness and comprehensive stakeholder engagement

and 5 principles of good governance

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

D. Determining the interventions necessary to optimise the achievement of intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

F. Managing risks and performance through robust internal control and strong public financial management

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Set out below is how the Council has complied with the seven principals set out in The Framework.

Principle A

- ***Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law***

The Council has a Constitution that is updated annually – The Constitution can be found on the Council's website http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=563&MId=6238&Ver=4&Info=1 The Constitution is updated annually. The updates are agreed by Full Council after being through an consultation process that involves; Member Panel; Audit and Corporate Governance committee and input from the Monitoring Officer. At part 5 of the Constitution is the Ethical Framework. The Ethical Framework contains

- Councillors Code of Conduct
  - Sets out the conduct expected of it's Councillors
- Local Code of Conduct for Councillors and Officer with regard to Planning and Licencing matters
  - Do's and Dont's for Councillors and Officers when dealing with Planning and licencing matters
- Local Code of Conduct for Employees
  - Sets out the standards of behaviour Slough Borough Council expects of it's staff, is incorporated in Contracts of Employment and meets the recommendations set out in the Nolan Committee's – Standards In Public Life
- Local Code governing relationships between elected Members and employees
  - Describes the roles of elected Members and employees and help all those concerned to understand the relationship between Officer and Members
- Confidential Whistleblowing code
  - Intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem or raising the problem outside the Council.
- Monitoring officer Protocol
  - Provides information on the monitoring Officer role and how those duties are discharged within Slough borough Council
- Anti-Fraud and Corruption Strategy and policy
  - List of individual policies and strategies to counter fraud and corruption
- Sanctions Policy

- ➢ Sets out the council policy of zero tolerance toward fraud and commits the Council to use the full range on sanctions against anyone who is found to have committed fraud against the council
- Joint Protocol of External Auditor regarding the legality of transactions
  - ➢ Details the arrangements for those instances where individual officers and/or members of the Authority, seek the views of the Appointed Auditor on the legality of transactions; and where the public refer questions or enquiries to the Appointed Auditor.
- Policy Statement on Corporate Governance
  - ➢ Looks at the Council's vision and priorities and ensures that these are delivered in line with the Nolan Committee's Seven Principles in Public Life
- Guidance on Housing and council Tax Benefit
  - ➢ For Officers and members involved in Housing and Council Tax benefit work

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Principle B

- ***Ensuring openness and comprehensive stakeholder engagement***

All meetings are open to the public and agenda, reports and decisions are published on the council's website, and the Council consults with the public on a wide range of topics. Active consultations can be found at https://www.slough.gov.uk/council/consultation/ .
The public can also raise concerns by using the Petition scheme, the details of which are contained within Part 2 the Constitution
Citizen is the council's publication for residents which is delivered to homes in the borough. It gives residents information and news about the council, its priorities and work. Citizen can also be read on-line at https://citizen.slough.gov.uk/february-2019/latest-news/welcome
The Council issues disseminates information and connects with stakeholders via Twitter @SloughCouncil and Facebook

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Principle C

- ***Defining outcomes in terms of sustainable economic, social and environmental benefits***

The 5 Year Plan is published every year and sets out

- The Council's vision
- The Council's priority outcomes
- the role of the council in making this happen

The 2018-2023 5 Year Plan also detailed the Council's five values these are:

- Responsive

- Accountable
- Innovative
- Ambitious
- Empowering

These values are used to drive our behaviours and how we work. We will recruit and manage people by checking how they perform against these

This 5 Year Plan defined the 5, (reduced from 8), priority outcomes. The table below shows the priority outcome and a summary of the progress made towards those outcomes

Priority Outcome	Progress Made
Slough Children will grow up to be happy, healthy and successful.	• Section 175 (safeguarding in schools) audit 2018/19 has been rolled out, with schools required to demonstrate they have the necessary arrangements in place to ensure that their functions are carried out with a view to safeguarding and promoting the welfare of children. The corporate children's safeguarding (section 11) group has produced its own Child Protection Policy/Statement that cross-references the Pan-Berkshire Local Safeguarding Childrens Board Policy to which SBC subscribes. • Worked with Slough Children's Services Trust to secure a rating of 'Requires Improvement to be Good" from Ofsted. This is the first time in 8 years and 3 previous inspections that Ofsted have found that vulnerable children are safe and children's services are not inadequate. • The refreshed LA School Effectiveness Strategy was implemented in September 2018 with emphasis on schools self-evaluating risks, and asking schools to identify their areas of effective practice and evaluate their capacity to offer school to school support. This has meant the Slough School Improvement Board (SSIB) has been able to have a more effective overview of the school system and facilitate support where needed and allowed for greater transparency in school improvement across Slough. Supporting all schools to become good or better will be to the benefit of the children and young people attending Slough schools. • Actively worked in partnership with Slough Children's Services Trust to establish the Early Help Hub which is ensuring speedy and effective support for families to prevent statutory intervention. A revised Slough Multi Agency early Help Strategy was published in December 2018 • Work has continued in partnership with children, young

	people, families, social care, health and providers in establishing appropriate provision that can meet the needs of the children and young people in Slough with SEN. This includes improved support offered to Early Years settings, schools and post 16 providers with training and development opportunities to ensure that providers are able to meet the needs of children and young people to ensure they are able to meet their full potential.
Our People will be healthier and manage their own care needs.	• In the latest results (published in March 2019), one in three residents locally in Slough (35.9%) compared to one in four nationally (25.1%) were reported as not participating in at least 30 mins of sport at moderate intensity at least once a week. The latest data indicates an increase in activity in Slough of 0.9%. With only two full years of data it is too early to meaningfully review trends over time. The council is working actively to make it easier for residents to participate in more physical activity. The Active Slough programme now offers over 100 sessions a week to people of all ages and abilities. • All of the new leisure facilities are open with The Centre opening its doors to the public on 25th March 2019. Attendance and new memberships have exceeded targets to date, set by Everyone Active, the operator. A network of 21 green gyms are being well used by the community, with two sites hosting the 'Big Community Workout' initiative. Five new gyms will be installed in May 2019. • Adult Social Care have been undertaking reviews of all commissioned care packages and encouraging our clients and their carers to take up the option of using a direct payment to purchase personal assistants or services to meet their assessed support needs. We have exceeded our target of facilitating a 25% increase in direct payments by March 2019, with 536 carers and service opting to take up this method of purchasing care as at the end of the financial year. • NHS Health Check activity has not been as positive as aimed for so we have been completing a deep dive to understand the issues better. In addition, a large scale Health Beliefs research project is currently underway (reporting by Jul 19) to understand what Slough people make of their health and attitudes to various Public Health services including NHS HCs. Public Health continues to work with Slough GP Members on how to improve coverage within their own practices and as part of the new Primary Care Networks.

- Longer term, Public Health have initiated new work on a Local Action Plan for Immunisations to improve the uptake in children and older adults in particular.

  Regulatory services including public protection and prevention activities such as tobacco control, ‘Scams’ wellbeing initiative and ‘Concern cards’ to flag safeguarding concerns.

- During 2018/18 - 49 victims of mass marketing scams have been visited. Each one of these victims have been offered further support including a home fire safety inspection, opting into mail and telephone preference services and also directed to many providers of further support to vulnerable people. Referrals have been made to adult social care where necessary.

- Trading Standards took part in national rogue trader day. This resulted in identifying several potential victims of doorstep crime including one vulnerable individual who had given over £10000+ for very shoddy and unnecessary work.

- Trading standards took part in 2 tobacco operations supported by specially trained tobacco dogs. These resulted in 14 visits, which resulted in 2 premises being identified where illicit tobacco was found with a retail value of approximately £15000. Both traders are currently subject to a criminal investigation.

- Trading standards carried out 7 visits to premises and used under age volunteers to see if they sold alcohol. In total 4 premises out of the 7 sold alcohol. Those traders are currently subject to a criminal investigation.

- Safe Place Scheme is growing, with the Ice Rink, Activity Centre and the Centre are signed up and are displaying the sticker.

- Over 1100 existing licensed drivers and operators, new applicants and home to school transport staff have undergone in-house Safeguarding Awareness training.

- Mental health services including Community asset based community approach to developing further preventative and wellbeing approaches.

- Public Health’s other services including stop smoking, healthy eating and social prescribing.

- Adult Social Care establishing a co-production network to

	more effectively engage with local people in the commissioning and shaping support and care.
Slough will be an attractive place where people chose to live, work and stay.	• Clearance of Curry's Yard and other 'grey' areas completed. • Successful initiative to improve food hygiene rating scores in town centre food businesses completed. Of the 14 premises that were included in the project 64% improved their FHR score, 50% are now 'broadly complaint' FHR 3 or above with. 33% are now rated at a 4 and 11% achieving a FHR 5. • Successful funding bid for 'pocket park' due for completion on share site at Paradise Gardens between the church and The Curve. Extensive outreach work with rough sleepers in partnership with the voluntary sector. • Town centre user's survey completed and a residents group established. • Funding received for Town Centre Community Clean Up. • Application for Purple Flag Status progressing with detailed action plan. • The parks service work with a range of community groups to engage local residents in the design and maintenance of their parks. We have planted over a million bulbs throughout the parks and open spaces in Slough. • 200 trees have been planted throughout the parks and open spaces. Tulip trees have been planted in Upton Court Park to replace the diseased horse chestnuts and additional bulbs have been planted down the avenue. • A large-scale Residents survey was initiated in the autumn 2018, following the same methodology used in a survey conducted in 2008. • Headline results from more than 1,700 responses were received in March 2019. • Initial headlines were presented to CMT and at TalkAbout. Detailed analysis is now taking place with communications and strategy to inform service leads of relevant data and insight gathered. The full report and headlines will be presented at lead members and directors in the new municipal year.

	• Building on the success of work undertaken in Manor Park this initiative is now in planning stages of being rolled out to the following three areas:
	    • Trelawny Avenue
	    • Foxborough (Social Housing)
	    • Chalvey
	
	• Following various discussion, the initiative is being extended and will include key partner agencies and will be known as strong, healthy and attractive communities. This allows us to seamlessly connect the work streams of the 5YP outcome 2 and outcome 3. In addition we will also be taking in to account economic prosperity as this plays a key role in the health and wellbeing within communities.
	
	• A meeting to ensure all relevant SBC services are on the same page takes place on 9th January and this will be followed by meetings with partners and then soft launces in the identified communities. Papers have been presented to Scrutiny and the Peoples Board on next steps due in Q1 2019.
	
	• Two workshops have been held on developing the Slough Brand and The Council adopted the Low Emission Strategy on 27th September 2018. The strategy sets out 19 objectives to improve air quality.
	
	• We have been working with partners to improve our natural environment with for example: The River Scheme with WW, commissioning a green infrastructure assessment to help inform the local plan, the Mayors 500 trees and the Parks and Open Spaces Team are planting over 100 trees, restoring the Salt Hill Rose gardens, planting a new herbaceous border and many other developments. Managing the impact of developments and infrastructure is actively shared between O3 and O5. The O3 lead attends the Town Centre Regeneration Group.
	
	• Work has started on reviewing the Council's Public Realm Strategy.

Our residents will live in good quality homes	• The number of homeless prevention cases (this is where homelessness is prevented before moving them into temporary accommodation and accepting a homeless duty to them) has increased this year. The target for 2018/19 to prevent homelessness was 150 and has reached 205 for the year. • Current work around prevention, increased offers to

	homeless households has seen homeless numbers in temporary accommodation fall to 409 at the end of March 2019. • A Selective and Additional Licensing Scheme for Houses in Multiple Occupation was agreed in Cabinet in March 2019. • After the changes to the Allocations Scheme, which offered £2k per room (given up), there have been 25 moves resulting in 40 rooms being released.
Slough will attract, retain and grow businesses and investment to provide opportunities for our residents	• Work completed on Burnham Station improvements including new car park. • Farnham Road: Peak time tidal flow system being evaluated at the junction between Whitby Road and Pitts Road. This work will commence when Chalvey work has completed to release capacity and resource in the team. • Gateway design for junction 5 commissioned. Consultants appointed, design work underway. Completion deadline March 2020 • Continuing to support at officer level HSPG to contribute to Masterplan Assembly options. Bi-lateral meetings continuing on Slough specific issues. An Economy subgroup has been formed with SBC representation • Bid submitted to HAL circa £1m to improve bus, cycle and pedestrian links in the Colnbrook area. Secured £0.5m, remainder still under negotiation with in principle approvals. • Poyle Business Forum established. Discussions for the wider Masterplaning of Poyle area underway with SEGRO and HAL. • On-going discussions with Net Rail/DfT and GWR on land acquisition for TVU

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Principle D

- ***Determining the interventions necessary to optimise the achievement of intended outcomes***

Programme Management Office (PMO) work – The PMO provides Project Management and Project Support to ensure a consistent and coordinated approach to delivery of the Five Year Plan. This includes the Project Management of projects that are considered a priority by CMT and Cabinet. The PMO's work includes:

- Project Portfolio Management - Portfolio reported monthly, and recently reviewed to ensure reporting meets CMT requirements
- Project Management - Project Management of key projects and Transformation Projects
- Assurance that the Council's Project Management Methodology is being followed consistently

Transformation programme – The transformation programme is about how we should organise ourselves efficiently to ensure our residents and customers get the best services we can afford. The programme will define the future operating model for the council – and potentially our key partners.

The transformation programme is driven by a key vision and a series of principles, each of which has key outcomes. The principles will guide our work and help define the programme of change and specific projects to bring it about.

4 Transformation Boards have been set up to deliver the Transformation programme. These are:

- Accommodation and assets;
- People;
- Technology;
- Performance.

Each of these boards is chaired by a Strategic Director with a Transformation Programme Board responsible for monitoring the progress of the Transformation programme.
A Business Case to implement the Transformation Programme and deliver a new Operating Model for the Council was approved by Cabinet on 15 April 2019. Governance of the Programme will be reviewed as required to ensure effective oversight.

Local Government Association Corporate Peer Challenge

In February 2019 the Local Government Association undertook a Corporate Peer Challenge.
The focus of the Corporate Peer Challenge was on the following areas:

- understanding of the local place and priority setting
- leadership of place
- financial planning and viability
- organisational leadership and governance
- capacity to deliver

The final report from the LGA will include a number of recommendations and the Council's response to these in the form of an Action Plan will be published early in 2019/20.
The initial findings are set out below:

Positives	Key recommendations
Recent leadership stability welcomed by all	Establish a stronger sense of where the Council wants to get to.

Lots of ambition and energy	Develop and deliver this vision which identifies what the future looks like for all parts of the community – for place and people
Lots of goodwill	Consider and articulate what a 21st Century council will look like for slough to build unity around a common purpose
Strong asset base and economy	Establish a more fundamental equilibrium between the Council's ambition for people and place, and communicate this.
Slough is great in a crisis	Progress the emerging transformation agenda and invest more time in rooting this in culture change.
Leadership speaks compellingly about the future of Slough	Develop governance from "basic control" to good

Principle E

- ***Developing the entity's capacity, including the capability of its leadership and the individuals within it***

In October 2018 the Council appointed Josie Wragg as permanent Chief Executive There is an appraisal system that covers all officers that identified appropriate and targeted training. There is also a Recruitment and Selection Policy and Procedure that was updated in 2018 and this is available to all staff on the Council's intranet. A full training programme for new and existing members continued to be delivered during 2018/19 to support the vision of the council. This training included training/briefings regarding:

- GDPR.
- Safeguarding Adults
- The Overview and Scrutiny process
- Crime & Disorder
- Charing skills for Chairs and Vice Chairs
- Acting as a Trustee for New sub-Committee
- Equalities, Human Rights and Cohesion

In 2018 the council launched the Slough Academy. The Slough Academy is the Council's new approach to growing and developing our staff to help build a stable and successful workforce that will serve our residents in the best possible way. There are policies and procedures in place to ensure that Members and staff are protected against conflicts of interests

- **Council subsidiaries and other entities**

The Council is an equal partner with a private sector developer in Slough Urban Renewal, a Local Asset Backed Vehicle (LABV), which is incorporated as a limited liability partnership, for regeneration projects within the Council's area. Through this partnership the Council has developed a new cultural centre and library in the town, new leisure facilities, modernised school buildings and carried out new housing developments. The Council is also in the process of constructing a new hotel development within the town through this LABV and plans are underway to develop the site of the former Thames Valley University into a major mixed use development. This partnership was competitively procured under OJEU arrangements. The rolling 5 year business plan of the LABV is approved by the Council annually.

The Council has also incorporated two housing subsidiary companies, James Elliman Homes Limited, which provides homes for letting at affordable rents for persons not able to access housing at market rent and Herschel Homes Limited, which is intended to develop new homes for letting at market rents. Both companies are wholly owned by the Council and are local authority controlled companies within the Local authorities (Companies) Order 1995. The directors are appointed by the Council who operate under the terms of appointment agreements with the Council and within the scope of shareholder agreements between the companies and the Council.

The Council has also incorporated a new asset management company, Slough Asset Management Limited, which is also wholly owned by the Council and a local authority controlled company. This is intended to be used as a vehicle for holding strategic investment properties acquired by the Council as part of its investment strategy. This company is controlled by the Council's Strategic Acquisitions Board (SAB) comprising of Leader Members, the Section 151 Officer and specialist asset management officers to manage the council's portfolio of investment properties as part of its investment strategy

The Council is also the holder of the entire issued share capital of Ground Rent Estates 5 Limited, a company incorporated under the Companies Acts under number 05997934. This company is the owner of Nova House, a private residential block of flats within the town with serious fire risk deficiencies. The company was acquired by the Council for a nominal sum in order to enable the Council to address these deficiencies in the most effective way having regard to its statutory duties as a regulator of private housing in its area.

The Council's children's services are provided on behalf of the Council by Slough Children's Services Trust, a company limited by guarantee incorporated pursuant to ministerial order. The service is provided under a service provision agreement lasting until 2021. The services provision agreement is due for review in 2019/20 and the Council will be conducting an options appraisal for future provision of these services. The children's service now has an OFSTED rating of "requires improvement to be Good".

The Council's customer services, IT services and revenues and benefits services are provided under a major contract with an outsourced provider, Arvato Public Sector Services Limited. The Council have exercised an early termination provision within the contract in order to promote its transformation plans and will be bringing the provision of those services back in house with effect from 1 November 2019.

The Council's housing stock is maintained, improved and developed under a major outsourced contract with Osborne for a 7 year term which commenced on 1 December 2017.

The Council commissions a range of services from organisations in the voluntary and community sector. These are primarily provided through a voluntary service contract with Slough Prevention Alliance Community Engagement (SPACE) a consortium of voluntary and community organisations.

The Council is also a major partner in the Frimley Health and Care System involving the NHS, local authorities and Clinical Commissioning Groups providing integrated care and health services across 750,000 residents.

Principle F

- *Managing Risk and Performance*

The Council's Risk Management Strategy sets out the Councils approach to identifying; prioritising and controlling risks. There is a Corporate Risk Register and individual Risk registers for each Directorate. Corporate Risks are reviewed by the Risk Management Board – chaired by the Section 151 Officer on a monthly basis and it is expected that Directorate risk registers are reviewed on a monthly basis. The figure below show the current risks that are on the Corporate Risk Register and the residual risk rating

Cabinet receives reports that have been to various other Boards and committees these include :

- The Corporate Balance Scorecard together with progress on the council's major projects is reported to Cabinet and to Overview and Scrutiny Committee on a quarterly basis. This report also provides data on the progress made against election pledges.
- The Statutory Equalities Report that includes the Gender Pay Gap report.
- The Capital and Revenue monitoring report

Principle G

- *Implementing good practices and transparency reporting, and accountability*

Improvements

The 2017/18 Annual Governance Statement identified various areas for improvement

Issues Reported in 2017/18	2018/19 Action taken	Is this still an Issue for 2019/20
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	The Council's Children's Services have in recent years been provided under independent trust arrangements mandated by ministerial order following findings of inadequacy following past inspections. The last inspection has found considerable improvements such that the service has progressed to "requires improvement to be good". The Council will now be moving to consider options for the future of the service. The Council have also completed a complete review of its children's safeguarding arrangements. There is now in place a grouping of service leads from all areas with safeguarding responsibilities which meets regularly to ensure that safeguarding arrangements are robust. The findings of this group are regularly considered by the Council's Management Team.	Yes but considerable improvements have been made and robust arrangements put in place..
Contract Management	The Council have now completed the re-procurement of all of its major long term contracts covering maintenance of its housing stock, highways and public realm and management of its corporate buildings portfolio and it has brought	Yes but action is being taken to address this issue

	back in house its environmental services functions. A corollary of this has been better contracts and arrangements which address the deficiencies of past procurements. The Council has also taken steps to effect early termination of its major revenues and benefits, customer services and ICT services contract to bring these services back in house. The Council has started to embark on developing a commercialisation strategy to improve the Council's business acumen and obtain better value. Part of this strategy will be to consider improving the quality of the Council's contract management proficiencies. It is intended that these activities will be overseen by a committee of the Council's cabinet.	
Continued Economic Instability and Turbulence at a national level	Failure to deliver a balanced budget remains on the Corporate risk Register for 2018/19. The Council is acute to the potential for economic instability and turbulence at a national level, exacerbated by the uncertainties of Brexit. The Council participates in national and regional planning arrangements and it monitors the changing situation and the Council's preparedness to deal with contingencies at weekly meetings of the Council Management Team. The Council has Medium Term Financial Strategy and a Treasury Management strategy in place which are reviewed regularly. The Council is on plan to deliver balanced budgets over the next three years.	Yes, but it is being monitored and managed.
Managing a mixed economy workforce.	The Council now has in place an Enterprise Resource Planning system, Agresso, which is beginning to yield more reliable and robust data to serve as a management tool to enable the Council's Management Team to address such matters as gender pay gap reporting and produce strategies to address such matters.	Yes but improvements are being made.
Partnership and Governance Arrangements	The Council's major Partnership arrangement is the LABV which is the delivery vehicle for the Town's major regeneration projects. The governance	Yes and an internal auditor's audit is underway.

	arrangements are set out in a formal partnership agreement. Due to the scale and importance of this arrangement, however, as part of the Council's internal audit plan, the internal auditors are in the process of carrying out an audit of the working of these arrangements the outcome of which will be reviewed by the Council's Management Team.	
Procurement	This continues to be an area requiring improvement. Internal Auditors' recommendations are being progressively implemented and external support has been commissioned to revise the Council's Procurement Strategy and Procurement Operating Procedures, Arrangements are also in progress to revise the Council's Contract Procedure Rules to update and simply the rules and to make them more effective	Yes but arrangements are being put into place to effect improvements.
Schools Environment	In 2018/19 Slough children and young people have achieved excellent results and are out-performing both national averages and statistical neighbours. The Council are continuing an ambitious multi-million pound investment in school building. The Council continue to make improvements in internal controls and have worked with schools to help them adopt best practice in in safeguarding and keeping children and young people safe.	No.
Business Continuity	The Council has engaged external resources to support the Council's Business Continuity and Response Manager. Business Impact Analyses for service areas have mostly been completed and will be followed up by detailed Business Recovery Plans for all areas to provide robust arrangements to secure business continuity following any disruptive events.	Yes but arrangements are in place to ensure business continuity in the event of contingencies.
Voids Management	The Council have now entered into a new long term contract with Osborne for the management and development of its housing stock and this is now underway. The procurement specifically sought to deal with this issue and it s now being managed by the new contractor.	Yes but it is improving.

Health and Safety	The major focus of the Council has been the compliance of its housing stock, corporate buildings and buildings owned by third parties which are used to accommodate Council clients and customers with Health & safety standards with respect to such matters as legionella, asbestos and fire safety. A dedicated team has been and is continuing to work through examining this portfolio for compliance on these issues to enable the Council's management team to obtain assurance in this area.	Yes but progress is being made.
Adult Safeguarding	The Council is now working more effectively to promote the safety of Slough residents. This means safeguarding adults from abuse, neglect and criminal activities including exploitation. The Council's work is informed by local intelligence, national research and experience. Partners have worked together to approach the current and emerging challenges to the safety of residents. As a result of negotiation and engagement of partner agencies during 2018/19 the Council are developing a framework to support partners to work together to promote the safety of Slough residents.	No
Implementation of previous Internal Audit actions	The Council have progressed further with their process of recommendation tracking to ensure that recommendations made by Internal Auditors are implemented. The recommendations are discussed at Directorate Management meetings monitored at monthly meetings of the Council's Risk and Audit Board. The progress is reported quarterly to the Audit and Corporate Governance Committee. The robustness of the implementation of audit recommendations has continued to improve	Yes but improvement is progressing.

2017/18 External Audit Recommendations

The 2017/18 External Audit Report identified some significant deficiencies. This are listed below:

Issue	Management Response
Quality of Working Papers	This is underway, areas and specific working papers that need further improvement have been identified. Additional support and training will be provided to individuals, with more emphasis on ensuring working papers are sufficient to provide more relevant information. **Progress:** Additional external support was engaged during the year to work through improvements with finance staff on working paper requirements
Critical review of the draft financial statements	Processes are being put in place to ensure that a more rigorous review is undertaken before the draft set of accounts are given to the auditors. Issues previously identified will be addressed and are unlikely to occur again. **Progress:** Management have engaged one of their existing external advisors to undertake an overall review of the draft accounts prior to completion
Mapping of debtors and creditors	Debtors and creditors are already in the process of being looked at. A review of the mapping used to create the working papers and the mapping to create the links into the Annual Statement is currently underway. **Progress:** This is ongoing, however changes to the accounting note requirements will make this process easier
Bank reconciliations	Bank reconciliations are already in the process of being looked at. New processes are being instigated to ensure that reconciliations are more appropriate and support the working papers clearer. **Progress:** The main bank account reconciliations process has been reviewed and updated during the year to make it

	clearer. Significant work has been undertaken to clear historic balances, which remains ongoing.
Maintenance of the fixed asset register	Steps have already been taken and a full and complete review of the Fixed Asset register is underway, which has incorporated both Asset Management and Cipfa Fixed Asset team. Further discussions have already been held with our valuers to ensure that lessons learnt from this audit can be implemented. **Progress:** Further discussions have already been held with our valuers to ensure that lessons learnt from this audit can be implemented.
Password Security	Plans already scheduled to implement in conjunction with Milestone 7 upgrade in January 2019.
User Access	This issues has now been implemented
Review of source data provided to the valuers	A robust review to be carried out on information provided to the valuer, as part of valuation instructions, to ensure that source data on land and buildings is as accurate and complete.

Review of Effectiveness

<u>Internal Audit</u>

The Council uses a number of ways to review the effectiveness of the governance arrangements. One of the key statements is the annual report and the opinion of the Head of internal audit. During 2018/19 the Head of Internal Audit has issued 33 assurance reports of which 23 (70%), were deemed a “positive assurance”. Of the 8 that received a negative assurance two areas were provided with “no assurance”. These were:

- Council Buy Backs, and
- Debtors

The other six areas that received negative assurance were:

- Contract Procedural Rules
- Temporary Accommodation Strategy
- School Reviews – Claycots

- Health & Safety
- Conflicts of interest
- Creditors

The Head of internal Audit's opinion for 2018/19 is ***"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective"***

<u>External Audit</u>
Grant Thornton are currently undertaking the statutory audit of the 2018/19 statement of accounts
Other areas that contribute to monitoring and reviewing the effectiveness of the Council are:

- The Risk Management Board
- The annual assurance statements produced by Service Leads
- The work of
    - the Audit and Corporate Governance committee;
    - the Standards Sub-Committee;
    - Internal Audit;
    - Overview and scrutiny Committee.

Conclusion

The Council operates by seeking all appropriate professional advice and seeks to have regard to all appropriate guidance and in a prudent way and is satisfied that appropriate governance arrangements are in place, however it is committed to always maintaining and where possible improving these arrangements, in particular by addressing issues identified by Internal and external Audit as requiring improvement

James Swindlehurst **Leader Slough Borough Council**	**Josie Wragg** **Chief Executive, Slough Borough Council**
…………………………………..	…………………………………………..

Director’s Narrative Report

Neil Wilcox
Director of Finance and Resources
Section 151 Officer

1. SLOUGH AS A PLACE

Since the 1930s people from across the country and across the world have made Slough their home, drawn by the town’s industry and location, and it is now one of the most diverse, vibrant boroughs in the country.

The town is excellently served by both road and rail, and has a growing reputation as a regional economic centre - with high productivity and one of the largest trading estates in Europe.

The borough does however have major challenges.

A lack of developable land, combined with Slough’s growing population and increasing levels of homelessness, has led to a significant demand for housing.

While educational attainment in Slough is good, demands on children's services are growing in scale and complexity. Slough has pockets of severe, multi-faceted deprivation, some families remain under pressure and the Town has high-rates of preventable ill health amongst both children and adults.
While employment levels are good, some groups are under-represented in the labour market, and the average wages of residents are markedly below the average for all those who work in Slough.

Finally, there is no avoiding the fact that more needs to be done to tackle negative perceptions of Slough and the council has embarked on an ambitious programme of regeneration.

2. SLOUGH BOROUGH COUNCIL

Local government finances are increasingly stretched, and the sector faces some significant financial challenges in the coming years. However, as can be seen throughout this Statement of Accounts, strong financial management across the organisation has ensured that the Council is financially resilient and prepared to meet any future challenges.

The Medium Term Financial Strategy (MTFS) seeks to set out the background to the Council's current financial position; estimate its future financial position; and highlight some of the key strands to deliver a balanced position over the period of the MTFS.

Given the scale of the ongoing reductions in Central Government spend, the Council has, and will increasingly need to, deliver public services in a more joined up, effective and efficient manner.

The Council is well prepared to meet the financial challenges of the coming years. It has a history of ensuring a balanced budget is delivered and delivering revenue savings through the effective use of infrastructure investment.

The relative importance of Council Tax and retained business rates continue to grow over the period of the MTFS. Over 98% of the Council's income will be made up of council tax or business rates by the end of the MTFS; the Council is becoming, year-on-year, much less reliant on Government funding.

3. FINANCE AND RESOURCES

Delivering a town with opportunity and ambition for all.

Slough as a town is on the verge of major change and we are committed to working with our partners to promote inclusive economic growth.

The financial situation facing local authorities at this moment in time is well documented, and the council may face further changes ahead arising from the Government's Spending Review.

The ability to seize opportunities and build on shared ambitions will depend even more upon prudent financial management and we are committed to continue to provide value for money for our residents.

As we begin to regenerate Slough as a town, we know that we too must transform and modernise, and are willing to take bold decisions now, to ensure that we are placed on a sustainable footing in the future.

We are determined to develop services that are customer-oriented, focussed on early intervention, prevention, and evidence-based decision making. We will look to future-proof the way we work - becoming slicker, more commercially savvy and utilising modern technology.

Finally, we know we need to work more effectively with our partners, joining up our services where possible, defining a sense of place together, and developing greater community resilience.

About the town

Population of 149,000

One of the most diverse local authorities in the country

About the council

£60 million leisure strategy

Ambitious transformation programme

Third smallest local authority in England geographically

Rated as the best place to work in the UK two years running

Recognised social mobility hotspot

On the Elizabeth Line and Western Rail Link to Heathrow

Green-flag winning parks

One of the largest trading estates in Europe

Innovative development partnership - Slough Urban Renewal

Subsidiary housing company - James Elliman Homes

Our own Academy to recruit apprentices and develop staff

93% of employees enjoy their job and 99% go the extra mile

Our staff value being:
Accountable;
Ambitious;
Innovative;
Responsive; and
Empowering

4. A TOWN OF OPPORTUNITY AND AMBITION

Our priorities - putting people first

Our communities are at the heart of everything we do. Our response to the opportunities and challenges we face is to focus on five priority outcomes to improve the lives of people in Slough.

CHILDREN AND YOUNG PEOPLE

Slough children will grow up to be happy, healthy and successful. We will:
Work with our partners to ensure excellent educational, health and wellbeing outcomes for children and young people in Slough.
Reduce the numbers of children looked after and care leavers and young people with an Education Health and Care Plan who are not in education, employment or training.
Support the creation and promotion of pathways to high quality employment, including apprenticeships.
Work with partners to further develop our early help and early intervention offer for children and families.

HEALTH AND WELLBEING

Our people will be healthier and manage their own care needs. We will:
Enhance our strategic approach to improving the health and wellbeing of our residents through improved prevention and early intervention.
Make best use of our new leisure facilities and get more people - more active - more often.
Improve mental wellbeing and reduce loneliness and isolation - more people - more connected - and happy.
Reduce the need for long term social care through improved early help and effective partnership work.

COMMUNITY AND PLACE

Slough will be an attractive place where people choose to live, work and stay. We will:
Actively manage the impact of new developments and infrastructure so the town centre is a place where people can live, work, shop and enjoy.
Improve the Slough brand and develop our identity as a safe place of opportunity and ambition, co-produced with our communities and partners.
Improve air quality in the borough with innovative solutions.
Encourage greater levels of recycling by raising awareness.

HOUSING

Our residents will live in good quality homes. We will:
Maintain our council housing to a high standard.
Deliver new affordable homes for our residents.
Reduce the number of households in temporary accommodation.
Drive up standards in the private rented sector.

REGENERATION AND GROWTH

Slough will attract, retain and grow businesses and investment to provide opportunities for our residents. We will:
Collaborate on the Heathrow expansion.
Have a clear vision and masterplan for the centre of town, regenerating major sites and attracting investors and occupiers.
Encourage modal shift to sustainable forms of transport - including walking, cycling and public transport - reducing traffic congestion and emissions.
Provide residents with opportunities to improve their skills and secure quality jobs.

JUST SOME OF SLOUGH BOROUGH COUNCIL'S ACHIEVEMENTS IN 2018/19

Over the past year we have continued to make substantial progress in delivering on our priority outcomes.

We have:

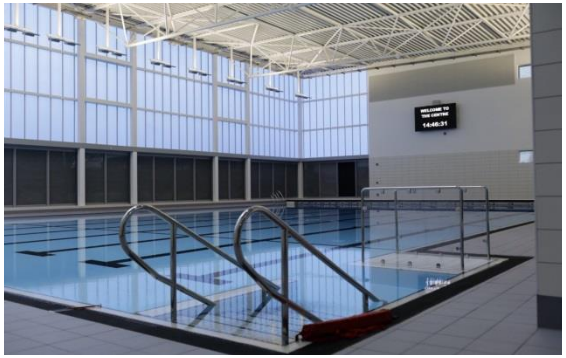
Reduced the attainment gap between disadvantaged children and all others at key stage two

Opened a new Special Educational Needs and Disabilities (SEND) resource base

Refurbished and expanded our nurseries and created new early years places

Reduced the proportion of young people not in Education, Employment or Training (NEET)

Supported over 550 people to manage their care needs via a direct payment - to help them personalise and control their support



Completed and opened our new, state of the art leisure facilities and delivered more green gyms, and held our first half marathon for 18 years and a 5K family fun run

Improved levels of street cleanliness

Founded a new Town Team, delivering rapid improvements to our public realm

Planted 1 million bulbs and 200 trees across Slough, with the support of community groups

Delivered 846 new, permanent homes

Invested £18 million in affordable housing for Slough’s residents

Reduced journey times from the M4 to the Heart of Slough

Introduced a mass rapid transport scheme on the A4, trialling the use of electric buses

Invested over £2 million in improvements to our highway network

Installed 17 cycle hire points and 22 electric vehicle charging points to date

Begun the move to our new HQ, to support the regeneration of Slough High Street

5. FINANCIAL PERFORMANCE

This statement gives a brief summary on the Council's financial performance and associated delivery of Council services. This is shown in the table below:

Table 1.1 Summary of Performance	
Item	Outcome
Overall Revenue Outturn	Overspend of £0.051m on the General Fund; This will be funded from Future Budget Requirements earmarked reserve resulting in General Fund balances remaining at £8.123m.
Housing Revenue Account	An underspend of £0.100m on the budgeted overspend of £1.171m
Savings	91.2% of the £6.420m savings programme was either successfully delivered or alternative efficiencies found during the year.
Capital Budget	74% of the approved Capital Programme was delivered. A total of £177.8m was spent during 2018/19.

Financial Performance (Revenue)

The council had a net overspend of £0.051m for the 2018/19 financial year. This position is summarised in the table below:

REVENUE GENERAL FUND 2018/19 - SUMMARY OUTTURN			
Directorate	**Revised Full Year Budget**	**Final Outturn**	**Full Year Variance**
	£'M	**£'M**	**£'M**
Adult and Communities	39.289	39.851	0.562
Children, Learning and Skills	29.112	30.395	1.283
Regeneration	7.372	8.796	1.424
Finance and Resources	9.838	11.601	1.763
Chief Executive Office	13.782	13.023	(0.759)
Non Service Areas	6.029	1.807	(4.222)
GRAND TOTAL	**105.422**	**105.473**	**0.051**

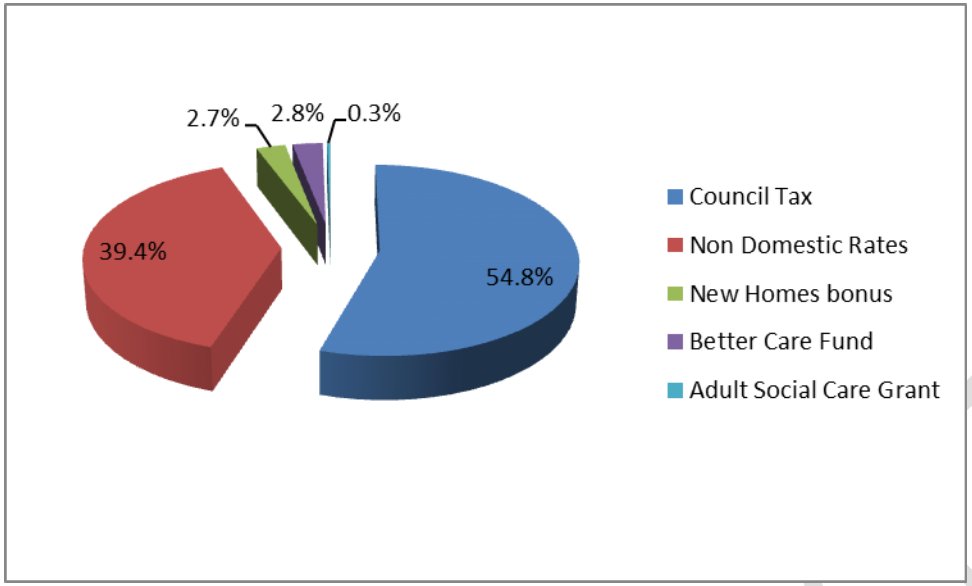
% of revenue budget over	**0.05%**

Table 1.2 Summary of Financial Terms and what they mean for SBC	
Item	Commentary
Comprehensive Income and Expenditure Account (CIES) This account shows the accounting cost in the year of providing services with international financial reporting standards, rather than the amount to be funded from taxation. It also includes costs associated with the use of assets; costs of borrowing and income from investments are also shown in this account, including both the General Fund and the Housing Revenue Account.	The analysis of services included in the Income and Expenditure account is used by all local authorities for comparison purposes. The accounts show a gross deficit in 2018/19 of £63.852m with a net deficit of £67.981m. This deficit includes a number of accounting entries which do not form part of the Council's actual General Fund and HRA balances. These accounting entries such as depreciation and pension fund are then reversed out in the Movement in Reserves Statement so that there is no effect on the overall Council Tax and Housing rents. The net position is breakeven. The CIES reflects the continuing reduction in gross expenditure throughout the services, representing a reduction in costs and the continuation of shrinking public sector funding.
Movement in Reserves Statement: This statement analyses the movements in reserves as they appear on the balance sheet.	General Fund Balance as at 31st March 2019 remains at £8.123m Earmarked reserves are those that have been set aside to cover a particular risk, or are for particular purposes. These total £2.627m.

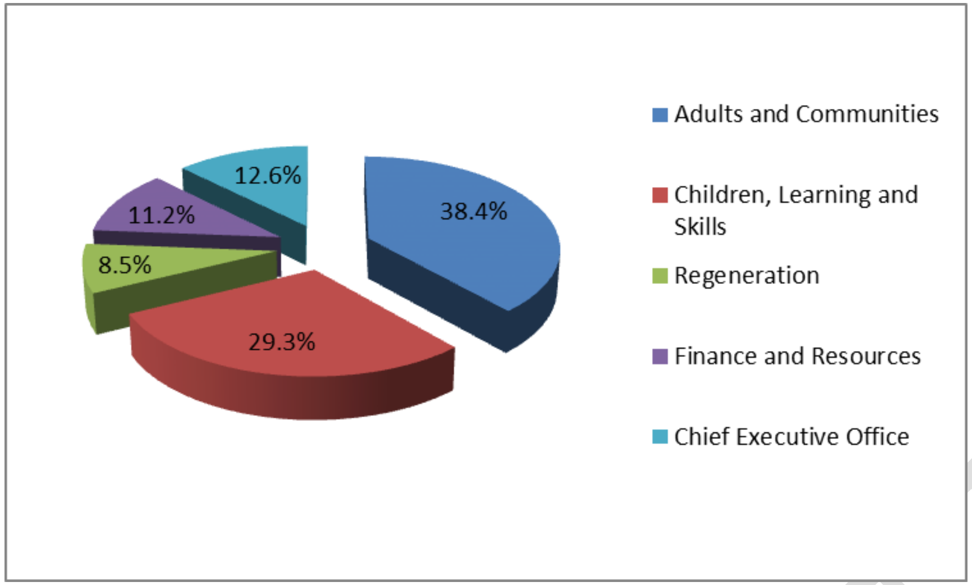
Balance Sheet: The Balance Sheet shows the assets and liabilities of the Council as at 31st March 2018. Assets include property, plant and equipment, cash and cash equivalents and any debts owing to the council Liabilities include loans taken out by the Council to finance capital expenditure and any debts owed by the Council.	Property plant and equipment has increased in value by £132.422m. This is due to the net effect of revaluations, additions and enhancements during the year. Net Asset (assets less liabilities) have reduced as at 31st March 2019 to £403.077m compared with 31st March 2018 of £404.309m. The reduction is due to an increase in Short Term Borrowing.
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 6,400 dwellings	The HRA balance as at 31st March 2019 is £16.267m; this is a reduction of £1.572m in the year.
Collection Fund The Collection Fund is a separate account detailing Council Tax collections (including those collected on behalf of the Police and Fire Service and National Non Domestic rates (NNDR). This account shows the amount of Council Tax and NNDR collected and the redistribution back to the Government Pool.	Any surplus or deficit on the fund is distributed between Slough Borough Council, the Police and the Fire Service in the same proportion to their share of tax income. The fund shows an overall surplus of £6.703m for 2018/19.

Also included in the main financial statements are summaries of the Council's main income and expenditure. The graphs below highlight where the Council has received income from for 2018-19 and where the gross expenditure to deliver services is.

Graph 2.1: Key income streams



Graph 2.2: Net expenditure on General Fund Council Services



The graph above and later in this summary highlights how the Council's financial position is changing. Income is reducing rapidly from Central Government grants and at the same time, there has been a much greater proportion of income generated through Council Tax (primarily through an increase in properties in Slough) and Business Rates.

Financial Performance (Capital and Treasury)

Capital Programme

The Capital Programme for 2018/19 was a total of £239.6m. The council achieved expenditure of £177.8m. There have been some major schemes built during the year.

The Council has funded the capital programme through a combination of external grants, Section 106 contributions and borrowing. Capital schemes are improving the Council's balance sheet and providing key assets for future service delivery as well as for generating additional income. During the year, the Council has purchased new assets for investments and in the future is investing in more strategic investments and a local authority property purchase scheme by investing in housing. These are expected to produce income to offset future borrowing costs and provide a rental stream to the Council.

Treasury

The overall investment returns have continued to provide the Council with substantial income of £2.659m. The treasury strategy was approved in February 2019 by full Council and has continued to yield good levels of returns which help to contribute to funding core Council services.

Key Assets & Liabilities

There have been some major changes to the council's assets and liabilities over the financial year. The Council has also enhanced its assets through its treasury management activities and investment in the CCLA property fund. There has also been some major investment in the built infrastructure of the town with large levels of spend on education assets, housing and the commencement of major transport schemes in partnership with the Thames Valley Local Economic Partnership.

The pension liability has increased during the financial year. Even though the Council has increased its pension fund contributions over the past three years, there remains a substantial deficit of £288m on the pension fund.

Governance

The overall Governance arrangements are set out in detail in the Annual Governance Statement. In summary, the Council has continued to improve its overall performance in respect of audit reports with internal audit reports that are red (no assurance) decreasing further to just two during the year.

Accounting Policies

The accounting policies adopted by the Council are explained later in the Statement of Accounts and follow the Code of practice on Local Authority Accounting in the United Kingdom 2018/19. There has been no major impact to finances as a result of any change to accounting policy

6. WHO WORKS FOR THE COUNCIL?

The council employs approximately 1,200 staff in permanent and temporary positions, and we are committed to ensuring that SBC has an inclusive workforce, that is representative of our different communities.

In 2018, we established the LGBT + Allies network group and joined the Stonewall Diversity Champions Programme.

We've also established a steering group to oversee the strategic direction of equality and diversity work at the council, and developed an action plan to reduce our Gender Pay Gap.

2018 also saw the launch of Slough Academy - a new approach which will help the council 'grow our own talent' and provide Continuous Professional Development opportunities.
The initial focus has been on apprenticeships - using Levy funding to provide training opportunities for new and existing staff of all ages, at a range of levels.

7. HEALTH AND WELLBEING

In Slough, we have made a deliberate decision to widen membership of the Wellbeing Board beyond the statutory requirements - with representatives from the emergency services, the voluntary and business sectors, and Slough Youth Parliament.

In 2016, the Board produced a refreshed joint Wellbeing Strategy. The four key priorities are:

Protecting vulnerable children
Increasing life expectancy by focusing on inequalities
Improving mental health and wellbeing
Housing

In 2018/19 Slough Wellbeing Board embarked on three major campaigns:

#BeRealistic - encouraging small positive changes in lifestyle, and achieving and maintaining a healthy weight.

#NotAlone - raising awareness about the importance of looking after your mental health.

#ReachOut - helping to tackle asocial isolation and loneliness.

8. EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts sets out details of the Council's Income and Expenditure for the 2018/19 financial year and its financial position as at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, which in turn is underpinned by International Financial Reporting Standards.

The Core Statements are:

- The Movement in Reserves Statement is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "useable", which can be invested capital projects or service improvements, and "unuseable" which must be set aside for specific purposes.

- The Comprehensive Income and Expenditure Statement records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

  Services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and discretionary expenditure focused on local priorities and needs.

- The Balance Sheet is a snapshot of the Council's assets, liabilities, cash balances and reserves at the year end date.

- The Cash Flow Statement shows the reason for changes in the Council's cash balances during the year and whether that change is due to operating activities, new investment or financing activities (such as repayment of borrowing and other long term liabilities).

The Supplementary Financial Statements are:

- The Annual Governance Statement which sets out the governance structures of the Council and its key internal controls.

- The Housing Revenue Account (HRA) separately identifies the Council statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

- The Collection Fund summarises the collection of Council Tax and business rates, and the redistribution of some of that money to Berkshire Fire Authority, Thames Valley Police and central government.

- The Group Accounts which report the full extent of the assets and liabilities of the Council and the companies and similar entities, which the Council either controls or significantly influences. The Council has consolidated not only the interests, which are financially material to the Council, but also the non-material interests, to provide a full picture of the Council's arrangements for good governance.

The notes to the Financial Statements provide more detail about the Council's accounting policies and individual transactions.

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. At Slough Borough Council this officer is the Director of Finance and Resources, Neil Wilcox.
- 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

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

I certify that in preparing this Statement of Accounts, I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other Irregularities.

Certificate of the Section 151 Officer

I certify that the Statement of Accounts set out on the following pages presents a true and fair view of the financial position of the Council as at 31st March 2019 and its income and expenditure for the year ended 31st March 2019.

Director of Finance and Resources
(Section 151 Officer)
Date:

APPROVAL OF STATEMENT OF ACCOUNTS

The Draft Statement of Accounts prior to audit was approved by the Slough Borough Council Audit and Corporate Governance Committee at its meeting on 30th July 2019 and will consider the final audited accounts following completion of the external audit.

Councilor
Chair of the Audit and Corporate Governance Committee
Date:

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

Opinion on the financial statements

This will be issued by Grant Thornton UK LLP following completion of their audit which commenced in July 2019 (see Audit delay notice website publication).

Main Accounting Statements

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2017/18					2018/19		
Expenditure £000	**Income £000**	**Net £000**	**Notes**		**Expenditure £000**	**Income £000**	**Net £000**
80,873	(24,473)	56,400		Adults and Communities	63,003	(26,936)	36,067
141,294	(85,119)	56,175		Children, Learning and Skills	137,022	(83,127)	53,895
40,949	(8,937)	32,012		Place and Development	28,800	(7,865)	20,935
4,645	(4,107)	538		Regeneration	17,858	(10,463)	7,395
97,147	(74,950)	22,197		Finance and Resources	82,567	(73,621)	8,946
1,630	0	1,630		Chief Executive	16,539	(1,171)	15,368
32,143	(36,483)	(4,340)		Housing Revenue Account	31,994	(36,052)	(4,058)
398,681	**(234,069)**	**164,612**		**Cost of Services**	**377,783**	**(239,236)**	**138,547**
14,245	0	14,245	11	Other Operating Expenditure	4,460	0	4,460
23,844	(13,809)	10,035	12	Financing and Investment Income and Expenditure	38,700	(8,606)	30,093
18,780	(141,394)	(122,614)	13	Taxation and Non Specific Grant Income	0	(116,056)	(116,056)
455,550	**(389,272)**	**66,278**		**Surplus or Deficit on Provision of Services**	**420,943**	**(363,898)**	**57,045**
		(36,338)	24	Surplus or deficit on revaluation of Property, Plant and Equipment			(75,931)
		0	24	Impairment losses on non-current assets charged to the Revaluation Reserve			0
		(448)	24	Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			74
		(20,630)	41	Remeasurement of the net defined benefit liability / asset			13,530
		(57,416)		**Other Comprehensive Income and Expenditure**			**(62,327)**
		8,862		**Total Comprehensive Income and Expenditure**			**(5,282)**

Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2018	(8,123)	(6,318)	(17,838)	(28,312)	(15,107)	(32,443)	**(108,141)**	(296,168)	**(404,309)**
Opening balance adjustment for adoption of IFRS 9	0	0	0	0	0	0	**0**	(3,124)	**(3,124)**
Opening balance adjustments	0	0	0	0	0	0	**0**	7,516	**7,516**
Revised opening balance	**(8,123)**	**(6,318)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(108,141)**	**(291,776)**	**(399,917)**
Movement in reserves during 2018/19									
Surplus or deficit on the provision of services	48,242		8,803				**57,045**		**57,045**
Other Comprehensive Income / Expenditure								(62,327)	**(62,327)**
Total Comprehensive Income and Expenditure	**48,242**	**0**	**8,803**				**57,045**	**(62,327)**	**(5,282)**
Adjustments between accounting basis and funding basis under regulations - Note 9	(46,671)		(7,230)	4,326	2,650	14,877	**(32,048)**	32,048	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**1,571**	**0**	**1,573**	**4,326**	**2,650**	**14,877**	**24,997**	**(30,279)**	**(5,282)**
Transfers to / from Earmarked Reserves - Note 10	(1,570)	1,570	0				**0**	0	**0**
Increase or Decrease in 2018/19	**0**	**1,570**	**1,573**	**4,326**	**2,650**	**14,877**	**24,997**	**(30,279)**	**(5,282)**
Balance at 31 March 2019	**(8,123)**	**(4,748)**	**(16,265)**	**(23,986)**	**(12,457)**	**(17,566)**	**(83,144)**	**(322,055)**	**(405,199)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2017	(8,123)	(7,156)	(23,710)	(23,675)	(14,025)	(50,680)	**(127,369)**	(285,803)	**(413,172)**
Opening balance adjustment for adoption of IFRS 9	0	0	0	0	0	0	**0**	0	**0**
Opening balance adjustments	0	0	0	0	0	0	**0**	0	**0**
Revised opening balance	**(8,123)**	**(7,156)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**(285,803)**	**(413,172)**
Movement in reserves during 2017/18									
Surplus or deficit on the provision of services	60,561		5,717				**66,278**		**66,278**
Other Comprehensive Income / Expenditure								(57,416)	**(57,416)**
Total Comprehensive Income and Expenditure	**60,561**	**0**	**5,717**				**66,278**	**(57,416)**	**8,862**
Adjustments between accounting basis and funding basis under regulations - Note 9	(59,723)		155	(4,637)	(1,082)	18,237	**(47,050)**	47,050	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**838**	**0**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**
Transfers to / from Earmarked Reserves - Note 10	(838)	838	0				**0**	0	**0**
Increase or Decrease in 2017/18	**0**	**838**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**
Balance at 31 March 2018	**(8,123)**	**(6,318)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(108,141)**	**(296,169)**	**(404,310)**

Balance Sheet

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

31 March 2018 £000	Notes		31 March 2019 £000
913,666	14	Property, Plant and Equipment	1,046,088
67,656	15	Investment Property	88,560
550	16	Intangible Assets	969
0	20	Assets Held for Sale	0
22,930	17	Long-Term Investments	43,353
8,161	17	Long-Term Debtors	9,385
1,012,963		**Long Term Assets**	**1,188,356**
18,808	17	Short-Term Investments	48,545
0	20	Assets Held for Sale	0
6		Inventories	6
32,945	18	Short-Term Debtors	48,482
9,900	19	Cash and Cash Equivalents	21,077
61,659		**Current Assets**	**118,110**
(152,760)	17	Short-Term Borrowing	(214,682)
(34,619)	21	Short-Term Creditors	(50,489)
(2,447)	22	Provisions	(4,266)
(2,100)	33	Grants Receipts in Advance - Capital	0
(191,926)		**Current Liabilities**	**(269,436)**
(393)	17	Long-Term Creditors	(498)
(223)	22	Provisions	(223)
(170,341)	17	Long-Term Borrowing	(304,216)
(307,430)	36/37/41	Other Long-Term Liabilities	(326,894)
(478,387)		**Long Term Liabilities**	**(631,831)**
404,309		**Net Assets**	**405,199**
(108,141)	23	Usable Reserves	(83,144)
(296,168)	24	Unusable Reserves	(322,055)
(404,309)		**Total Reserves**	**(405,199)**

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Council as at 31st March 2019 and its Comprehensive Income and Expenditure Statement for the year ended 31st March 2019.

Neil Wilcox

Director of Finance and Resources (Section 151 Officer)

Date 31st May 2019

Cash Flow Statement

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

2017/18			**2018/19**
£000	**Notes**		**£000**
66,278		Net (surplus) or deficit on the provision of services	57,045
(86,747)	25	Adjustment to surplus or deficit on the provision of services for noncash movements	(80,141)
31,393	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	16,952
10,924		**Net cash flows from operating activities**	**(6,144)**
80,983	26	Net cash flows from investing activities	185,859
(82,007)	27	Net cash flows from financing activities	(190,654)
9,900		**Net (increase) or decrease in cash and cash equivalents**	**(10,939)**
19,800		Cash and cash equivalents at the beginning of the reporting period	9,900
9,900		**Cash and cash equivalents at the end of the reporting period**	**20,839**

Notes to the Main Financial Statements

Note 1 - Accounting Policies

i. General Principles

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

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 under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

ii. Accruals of Income and Expenditure

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

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

- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Council Tax and Non Domestic Rates Income

Council Tax Income

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be the accrued income for that year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Each major preceptor's share of the accrued Council Tax income is available from the information required to be produced in order to prepare the Collection Fund Statement.

Since the collection of Council Tax is in substance an agency arrangement, the cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council taxpayers. If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from council tax debtors or creditors in the year, the billing authority will recognise a debit adjustment for the amount overpaid to the major preceptor in the year and the major preceptor will recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

The cash flow statement includes within operating activities only the Council's own share of Council tax net cash collected from council tax debtors in the year. The cash flow statement of a major preceptor will include within operating activities the net council tax received from the Collection Fund in the year (i.e. the precept for the year plus its share of Collection Fund surplus for the previous year, or less the amount paid to the Collection Fund in respect of its share of the previous year's Collection Fund deficit). The difference between the net cash received from the Collection Fund and the major preceptor's share of cash collected from council tax debtors by the billing authority in the year will be included within financing activities in the cash flow.

Accounting for Non Domestic Rates (NDR)

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the precepting authorities and the Government. The amount credited to the General Fund under statute is the Council's share of NDR for the year specified in the National Non Domestic Rates NNDR1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year and is as set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non- contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from NDR payers belongs proportionately to the Council, the precepting authorities and Government. The difference between the amounts collected on behalf of the precepting authorities and Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

iv. Acquisitions and Discontinued Operations

Acquired operations
During 2018/19 the Council has brought back in house services in relation to Waste/Environmental Services. Previously these operations had been outsourced and undertaken on behalf of the council by a service provider.
A number of items of equipment, used to provide the service had been recognised as effectively being embedded finance leases, and were recognised on the Fixed Asset Register of the Council with the associated finance liability on the Balance Sheet. Only assets that have been retained (transferred) to the Council are now recognised on the Balance sheet and the associated financial liabilities are no longer recognised.

v. 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.

vi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

vii. Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation.

However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision, by way of an adjusting transaction with the Capital

Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Viii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

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

Post-employment Benefits

Employees of the 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 Pensions Scheme, administered by Royal Borough of Windsor and Maidenhead.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

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. The basis of calculation is the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used determined in reference to market yields at balance sheet date of high quality corporate bonds.
- 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
    - property – market value.

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

Service cost comprising:

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

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. [Note that the treatment of past service costs will depend on the decisions of the authority about how they are allocated to service segments.]

- net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – 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 (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

x. 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 and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

However, the authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the authority.

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

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

- equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach).

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

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

- Level 3 inputs – unobservable inputs for the asset.

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

xi. Foreign Currency Translation

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

Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xii. Government Grants and Contributions

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

- The authority will comply with the conditions attached to the payments,

And

- The grants or contributions will be received.

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiii. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the authority's goods or services.

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s)

xiv. Interests in Companies and Other Entities

The authority has interests in companies and other entities that are by nature, subsidiaries, associates and joint ventures.

Transactions relating to these including the SUR and James Elliman homes can be found in the primary statements of the Council.

However during 2018/19 James Elliman Homes was deemed material, and Group accounts have been produced.

xv. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the [FIFO/weighted average] costing formula.

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

xvi. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve

xvii. Joint Operation Arrangements

The Council is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Council and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Council classifies its interests in joint arrangements as either:

- Joint ventures: where the Council has rights to only the net assets of the joint arrangement
- Joint operations: where the Council has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Council considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

For all joint arrangements structured in separate vehicles the Council assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Council to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation).

Where the Council's interests in joint ventures are material, the Council accounts for these interests using the equity method. Any premium paid for an investment in a joint venture above the fair value of the Council's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Where the Council's interests in joint operations are material, the Council accounts for these interests by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

xviii. 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 its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the 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.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

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

Lease rentals receivable are apportioned between:

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

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

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

xix. 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.

xx. 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.

Measurement

Assets are initially measured at cost, comprising:

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

The Council has adopted an accounting policy from 2018/19 for the capitalisation of borrowing costs incurred where items of property, plant and equipment take a substantial period of time to get ready for their intended use. The Council has determined that qualifying assets are those where the approved capital budget on inception of the capital scheme was at least £4m and the items of property, plant and equipment will take over 12 months to get ready.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie 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.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for

a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value

• school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value

• surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective

• all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

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

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

• where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

• where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie 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 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.

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

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the government . The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the authority’s underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Component accounting

Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life. The requirement for componentisation for depreciation purposes is only applicable to enhancement, purchases or revaluations after 1 April 2010.

The Council's policy has defined a component as such part of an item of Property, Plant and Equipment (PP&E) with a cost that is significant in relation to the total cost of the item, if the value of the component is 10% or more of the total gross carrying value of the building. The Council has also determined that any building with a gross carry amount of less than £1m, useful economic life of less than 15 years or both will not be considered for component accounting.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method such parts will be grouped in determining the depreciation charge.

xxi. Private Finance Initiatives (PFI) and Similar Contracts

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

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

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

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

- lifecycle replacement costs – 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.

xxii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement 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 (VAO) 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

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

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

Contingent Assets

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

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

xxiii. 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 Movement of Reserves Statement. 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.

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

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

xxv. Schools

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

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

- Community – 12 schools
- Voluntary aided – 12 schools

Academies and Free Schools are outside the Council's control

xxvi. VAT

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

xxvii. Local Asset Backed Vehicles

The Council is a member of three limited liability partnerships (LLPs), in which it holds 50% interest, the remaining interest being held by a private sector partner. The LLPs fall under the definition of "joint ventures" as defined by IFRS 11 "Accounting for joint arrangements"

The Council's share of the transactions in the LLP's are deemed not material in 2018/19 and therefore these are not included in the Group Accounts.

xxviii. Minimum Revenue Provision (MRP)

CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003. The guidance is clear that authorities are also free to devise other methods they consider prudent

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

The Council have moved to an annuity basis for both supported and unsupported capital expenditure with effect from 1st April 2016. This will reduce the MRP charged in this and future years. This change in policy has been agreed at full council during February 2017. Using the annuity method to calculate MRP will lead to higher CFR profile and if the revenue savings generated by the lower MRP are spent each year, rather than being banked in reserves, then cash balances will fall by an equal sum. This could lead to increased short term borrowing costs, although with short term interest rates forecast to remain low, the effect will be much smaller than the MRP savings identified

MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

xxix. 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 [other financial instruments as applicable] 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 2 - Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following accounting standards have been issued but not yet adopted:-

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2020.

- IAS 40 Investment Property: Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.

- IFRIC 23 Uncertainty over Income Tax Treatments provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts and minimal impact on the group accounts.

- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.

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, particularly in light of the Fair Funding Review, the awaited Spending Review and the outcome of the Brexit negotiations. It is anticipated that the pressures faced by the Council will be mitigated with further changes to service areas and additional corporate savings.

The council has conducted an internal assessment of the ongoing pressures and potential means of mitigation have been made by way of the Council's Medium Term Financial Planning process, which covers the period to 31st March 2022.

The council has determined that this level of uncertainty is not yet sufficient to provide an indication that the assets of the Council might need to be impaired, as a result of needing to reduce the level of service provisions or close additional facilities.

Property Prices

Property prices within Slough are such that any operational properties deemed surplus to requirements are unlikely to be disposed off for less than their current fair value.

Council as Trustee

The Council is a trustee of Slough Community Leisure Trust, a not for profit organisation that operates the Leisure Centres owned by the Council. The agreement between the Council and the trust ran until 31st May 2017. Since then the new provider is 'Everyone Active', it has been determined that the Council does not have control of the Trust and is therefore not an associate of the Council.

Schools Non-Current Assets

The Council recognises Schools in line with the appropriate accounting standards, and they are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school normally flows to the Council where the Council has the ability to employ the staff of the and is able to set the admission criteria. There are currently 5 types of school within the Council:

• Community School - The Council both appoints the staff and the sets the admission criteria. These schools are therefore recognised on the Council's Balance Sheet.

• Voluntary controlled (VC) and Voluntary aided (VA) - The Council both appoints the staff and sets the admissions criteria. However, the legal ownership of the school land and buildings belong to a charity, normally a religious body. The Council considers that it does not receive the economic benefit/service potential of the school and the schools are not recognised on the Council's Balance Sheet.

• Academy Schools - The staff are appointed by the schools governing body, which also sets the admission criteria. Therefore, the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's balance sheet.

• Foundation Trust Schools - Referred to as either a Foundation Trust School or a Foundation School. The ownership of schools in this category are held within a charitable trust, and is not recognised on the Council's Balance Sheet.

Grant and Contribution Recognition

Whether paid on account, by instalments or in arrears. Government grants, third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments and the grants or contributions will actually be received.

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

The Council has made a judgement that a grant or contribution will not be classified as conditional where it not ring fenced and there is therefore a reasonable expectation that it will be spent, even if the grant terms include repayment clauses, that require the grant monies to be repaid if not used.

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.

The council has determined that this level of uncertainty is not yet sufficient to provide an indication that the assets of the Council might need to be impaired, as a result of needing to reduce the level of service provisions or close additional facilities.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The Items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment, and Investment Property	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Assets are revalued on a 5 year rolling programme and year end reviews of impairment and material changes are obtained from the valuer. The Council does not adjust for price indices between formal valuations unless there is indication of material changes. Evaluating whether an asset is impaired or if impairment should be reversed requires a high degree of judgement and may depend to a large extent on the selection of key assumptions about the future use. Assets/properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least annually.	The total depreciation charged in 2018/19 is £19.1m and the net book value of property, plant and equipment at 31 March 2019 is £1,046.1m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. A £54.4m increase has been credited to the revaluation reserve(comprising Increases of £54.3m and decreases of £18.0m). £0.356m fair value adjustment decreases have been charged to the deficit on provision of services in 2018/19.
	In order to meet the objective of IFRS 13 (Fair Value Measurement) the valuers have worked on the basis that all reasonably available information has been taken into account. Investment property, and surplus assets based on highest and best use were valued at fair value. The objective of this measurement approach is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under the current market conditions	

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. These are set out in Note 41.
Business Rates (I	2018/19 is the first year of the Berkshire Business Rates Retention Pilot Scheme. Following the 2010 Revaluation of business hereditaments, when average Rateable Values across Slough rose we have seen unprecedented levels of appeals – the success of which are negatively impacting on the yield. A provision has been made for the estimated successes of future appeals for losses for the period to the end of March 2019. A safety net system protects the Council from losses below baseline funding levels of £5m	The Council's overall financial losses are protected by the Safety Net with any variance to our assumptions affecting the scale of the provision but being offset by a movement in the Safety Net entitlement.

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 Pays an annual management fee to an external third party (Avarto), to manage some of the Council's IT, Customer Service and Transactional Finance functions. This totalled £10.62m for 2018/19 (£10.59m in 2017/18).

The Council pays an annual fee of £24.49m to Slough Children's Trust in 2018/19 in line with the agreement that came into force from 1st October 2016. (In 2017/18 the Council had paid £24.41m)

Note 6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section151 Officer (Director of Finance) on 31st May 2019. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 7 -Expenditure and Funding Analysis

2017/18 Net Expenditure Chargeable to the General Fund and HRA Balance	2017/18 Adjustments	2017/18 Net Expenditure in the Compre-hensive Income and Expenditure Statement		2018/19 Net Expenditure Chargeable to the General Fund and HRA Balance	2018/19 Adjustments	2018/19 Net Expenditure in the Compre-hensive Income and Expenditure Statement
£000	**£000**	**£000**		**£000**	**£000**	**£000**
37,169	19,231	56,400	Adults and Communities	32,002	4,064	36,066
30,411	25,764	56,175	Children, Learning and Skills	27,158	26,737	53,895
23,804	8,208	32,012	Place and Development	7,357	13,578	20,935
(3,355)	3,893	538	Regeneration	3,299	4,095	7,394
16,436	5,761	22,197	Finance and Resources	11,626	(2,681)	8,945
705	925	1,630	Chief Executive	13,024	2,344	15,368
(13,638)	9,298	(4,340)	Housing Revenue Account	(3,833)	(224)	(4,057)
91,532	**73,080**	**164,612**	**Net Cost of Services**	**90,633**	**47,913**	**138,547**
(84,822)	(13,512)	(98,334)	Other Income and Expenditure	(87,490)	5,988	(81,502)
6,710	**59,568**	**66,278**	**Surplus or Deficit on Provision of Services**	**3,144**	**53,901**	**57,045**

(38,989)	Opening Combined General Fund and HRA Balance	(32,279)
6,710	Plus / less Surplus or Deficit on the General Fund and HRA Balance for the Year (Statutory basis)	3,144
(32,279)	**Closing Combined General Fund and HRA Balance**	**(29,135)**

Note 7a - Note to the Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how the annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices.

This also shows how the Expenditure is allocated for decision making purposes between the Council's directorates.

The Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Account (CIES).

			2018/19	
	Net Capital Statutory Adjustments	**Net Pensions Statutory Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
Adults and Communities	2,191	1,872	0	4,064
Children, Learning and Skills	24,493	2,244	0	26,737
Place and Development	13,129	449	0	13,578
Regeneration	3,501	594	0	4,095
Finance and Resources	2,077	(4,757)	0	(2,681)
Chief Executive	1,508	836	0	2,344
Housing Revenue Account	(224)	0	0	(224)
Net Cost of Services	**46,675**	**1,238**	**0**	**47,913**
Other Income and Expenditure	5,988	0	0	5,988
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**52,663**	**1,238**	**0**	**53,901**

	2017/18			
	Net Capital Statutory Adjustments	**Net Pensions Statutory Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
Adults and Communities	17,469	1,534	228	19,231
Children, Learning and Skills	23,772	1,927	65	25,764
Place and Development	7,106	970	132	8,208
Regeneration	4,251	43	(401)	3,893
Finance and Resources	1,528	3,641	592	5,761
Chief Executive	524	400	1	925
Housing Revenue Account	9,298	0	0	9,298
Net Cost of Services	**63,948**	**8,515**	**617**	**73,080**
Other Income and Expenditure	(21,591)	7,829	250	(13,512)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**42,357**	**16,344**	**867**	**59,568**

Net Capital Statutory Adjustments

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

- 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 ie 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 Pension Statutory Adjustments

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 Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

- For Financing and investment income and expenditure the other differences 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.

Note 7b - Segmental Analysis of Income and Expenditure

	2018/19 Revenues from External Customers
	£000
Adults and Communities	(16,530)
Children, Learning and Skills	(4,767)
Place and Development	(7,139)
Regeneration	(6,051)
Finance and Resources	(6,993)
Chief Executive	(184)
Housing Revenue Account	(36,031)
Total Managed by Segments	**(77,695)**

	2017/18 Revenues from External Customers
	£000
Adults and Communities	(12,043)
Children, Learning and Skills	(3,248)
Place and Development	(13,565)
Regeneration	(4,107)
Finance and Resources	(3,485)
Chief Executive	0
Housing Revenue Account	(36,483)
Total Managed by Segments	**(72,931)**

Note 8 - Expenditure and Income Analysed by Nature

The Council's Expenditure and Income is analysed as follows:-

2017/18 £000	Nature of Expenditure or Income	2018/19 £000
(72,931)	Fees, charges and other service income	(88,725)
(2,079)	Interest and investment income	13,648
(83,648)	Income from local taxation	(97,568)
(201,929)	Government grants and contributions	(181,314)
(9,905)	Other income	0
95,805	Employee benefits expenses	99,092
261,491	Other service expenses	268,251
48,041	Depreciation, amortisation and impairment	21,572
17,188	Interest payments	16,446
223	Precepts and levies	224
1,072	Payments to Housing Capital Receipts Pool	874
12,950	Gain or loss on disposal of non-current assets	4,546
66,278	**Surplus or Deficit for Year**	**57,045**

Note 9 - Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council’s landlord function or (where in deficit) that is required to be recovered from tenants in future years. Major Repairs Reserve The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end. Capital Receipts Reserve   The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

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

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve (MRR) which is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the Housing Revenue Account. The balance shows the total that has yet to be applied at year end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statue from being used other than to fund new capital expenditure or to be set

aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

2018/2019	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(7,754)	(357)				8,111
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	166	102				(267)
Council tax and NDR (transfers to or from the Collection Fund)	577					(577)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(42,591)	(25,584)			(2,617)	70,792
Total Adjustments to Revenue Resources	(49,602)	(25,839)	0	0	(2,617)	78,058
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,710	5,073	(8,783)			
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(371)	(30)	400			
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(874)		874			
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		13,066		(13,066)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	2,099					(2,099)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,554	500				(2,054)
Total Adjustments between Revenue and Capital Resources	6,119	18,609	(7,508)	(13,066)	0	(4,153)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			16,747			(16,747)
Use of the Major Repairs Reserve to finance new capital expenditure				16,359		(16,359)
Application of capital grants to finance capital expenditure					13,132	(13,132)
Cash payments in relation to deferred capital receipts			(5,554)			5,554
Total Adjustments to Capital Resources	0	0	11,193	16,359	13,132	(40,684)
Total Adjustments	**(46,671)**	**(7,230)**	**4,326**	**2,650**	**14,877**	**32,048**

2017/2018	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(15,909)	(436)				16,345
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	170	102				(272)
Council tax and NDR (transfers to or from the Collection Fund)	534					(534)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(51,417)	(24,266)			(12,462)	88,145
Total Adjustments to Revenue Resources	(66,622)	(24,600)	0	0	(12,462)	103,684
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,212	8,095	(13,307)			
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(308)	(48)	356			
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,072)		1,072			
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		11,708		(11,708)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,367					(1,367)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,700	5,000				(6,700)
Total Adjustments between Revenue and Capital Resources	6,899	24,755	(11,879)	(11,708)	0	(8,067)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			10,442			(10,442)
Use of the Major Repairs Reserve to finance new capital expenditure				10,626		(10,626)
Application of capital grants to finance capital expenditure					30,699	(30,699)
Cash payments in relation to deferred capital receipts			(3,200)			3,200
Total Adjustments to Capital Resources	0	0	7,242	10,626	30,699	(48,567)
Total Adjustments	**(59,723)**	**155**	**(4,637)**	**(1,082)**	**18,237**	**47,050**

Note 10 - 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.

	Balance at 1 April 2017	Transfers In 2017/18	Transfers Out 2017/18	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Capital Fund	(352)	0	352	**0**	(527)	506	**(21)**
Trading Accounts	(24)	0	0	**(24)**	(98)	0	**(122)**
Specific Grants (Revenue)	(167)	0	0	**(167)**	0	0	**(167)**
Other Specific Earmarked Reserves	(4,266)	(1,901)	1,421	**(4,746)**	(424)	1,335	**(3,835)**
Housing Renewals Reserve	(89)	0	0	**(89)**	(1)	0	**(90)**
Schools	(2,258)	(3,405)	4,371	**(1,292)**	(5,809)	6,589	**(512)**
Total General Fund	**(7,156)**	**(5,306)**	**6,144**	**(6,318)**	**(6,859)**	**8,430**	**(4,748)**

Note 11 - Other Operating Expenditure

2017/18 £000		2018/19 £000
223	Precepts	224
1,072	Payments to the Government Housing Capital Receipts Pool	874
12,950	Gains/losses on the Disposal of Non-Current Assets	4,546
14,245	**Total Other Operating Expenditure**	**4,460**

Note 12 - Financing and Investment Income and Expenditure

2017/18 £000		2018/19 £000
9,532	Interest payable and similar charges	9,755
7,656	Net interest on the net defined benefit liability (asset)	6,691
(1,844)	Interest receivable and similar income	(2,659)
(235)	Income and expenditure in relation to investment properties and changes in their fair value	16,307
(5,074)	Other investment income and expenditure	0
10,035	**Total**	**30,093**

Note 13 - Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
(52,328)	Council tax income	(56,511)
(31,320)	Non-domestic rates income and expenditure	(40,640)
(20,880)	Non-ringfenced government grants	(10,319)
(18,086)	Capital grants and contributions	(8,169)
0	Other tax or non-specific grant income / expenditure	(417)
(122,614)	**Total**	**(116,056)**

Note 14 - Property, Plant and Equipment

Movements to 31 March 2019	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
at 1 April 2018	504,300	222,883	60,831	131,231	8,480	23,828	28,908	**980,461**
Opening Balance Restatement	(8,444)	(19,564)	2,869	2	938	(6,994)	(5,481)	**(36,674)**
Adjusted Opening Balance	**495,856**	**203,319**	**63,700**	**131,233**	**9,418**	**16,834**	**23,427**	943,787
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)	(15)	0	0	(12)	0	**(12,051)**
Additions	11,600	60,473	1,132	6,345	54	496	20,247	**100,347**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	48,079	25,572	(1,464)	0	98	3,589	57	**75,931**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(116)	1,950	(493)	0	0	(3,312)	(451)	**(2,422)**
Derecognition – disposals	(11,879)	(1,152)	0	0	0	0	0	**(13,032)**
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	1,281	0	**1,281**
Other movements in cost or valuation	3,572	(408)	408	0	0	5,918	(9,492)	**(1)**
at 31 March 2019	**538,345**	**286,499**	**63,267**	**137,578**	**9,569**	**24,794**	**33,788**	**1,093,840**
Accumulated Depreciation and Impairment								
at 1 April 2018	(8,752)	(2,934)	(30,265)	(24,633)	(16)	(192)	(3)	**(66,795)**
Opening Balance Restatement	8,580	1,386	15,900	(3)	(9)	188	2	**26,043**
Adjusted Opening Balance	**(172)**	**(1,548)**	**(14,365)**	**(24,636)**	**(25)**	**(4)**	**(1)**	(40,752)
Adjustments to cost/value & depreciation/impairment	8,768	3,256	15	0	0	12	0	**12,051**
Depreciation charge	(8,699)	(3,311)	(3,839)	(3,274)	(1)	(26)	0	**(19,150)**
Derecognition – disposals	104	0	0	0	0	0	0	**104**
Other movements in depreciation and impairment	0	(2)	2	0	0	0	0	**0**
at 31 March 2019	**0**	**(1,606)**	**(18,187)**	**(27,910)**	**(27)**	**(22)**	**(1)**	**(47,752)**
Net Book Value								
at 31 March 2019	**538,345**	**284,894**	**45,081**	**109,667**	**9,543**	**24,772**	**33,787**	**1,046,088**
at 31 March 2018	**495,548**	**219,949**	**30,566**	**106,598**	**8,464**	**23,636**	**28,905**	**913,666**

Movements to 31 March 2018

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation								
at 1 April 2017	486,946	190,681	54,580	118,933	8,200	27,421	29,128	**915,889**
Opening Balance Restatement	0	0	0	0	0	0	0	**0**
Adjusted Opening Balance	**486,946**	**190,681**	**54,580**	**118,933**	**8,200**	**27,421**	**29,128**	**915,889**
Adjustments to cost/value & depreciation/impairment	(6,701)	(4,021)	(795)	0	0	(131)	0	**(11,648)**
Additions	8,989	38,624	6,567	12,298	280	357	25,273	**92,388**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	17,091	17,504	388	0	0	1,355	0	**36,338**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,336)	(26,491)	(340)	0	0	(105)	0	**(29,272)**
Derecognition – disposals	(12,526)	(5,094)	(648)	0	0	(4,957)	0	**(23,225)**
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	**0**
Other movements in cost or valuation	12,837	11,680	1,079	0	0	(112)	(25,493)	**(9)**
at 31 March 2018	**504,300**	**222,883**	**60,831**	**131,231**	**8,480**	**23,828**	**28,908**	**980,461**
Accumulated Depreciation and Impairment								
at 1 April 2017	(6,400)	(3,271)	(29,031)	(21,618)	(16)	(558)	0	**(60,894)**
Opening Balance Restatement	0	0	0	0	0	0	0	**0**
Adjusted Opening Balance	**(6,400)**	**(3,271)**	**(29,031)**	**(21,618)**	**(16)**	**(558)**	**0**	**(60,894)**
Adjustments to cost/value & depreciation/impairment	6,701	4,021	795	0	0	131	0	**11,648**
Depreciation charge	(9,172)	(3,874)	(2,536)	(3,015)	0	(77)	0	**(18,674)**
Derecognition – disposals	119	190	507	0	0	309	0	**1,125**
Other movements in depreciation and impairment	0	0	0	0	0	3	(3)	**0**
at 31 March 2018	**(8,752)**	**(2,934)**	**(30,265)**	**(24,633)**	**(16)**	**(192)**	**(3)**	**(66,795)**
Net Book Value								
at 31 March 2018	**495,548**	**219,949**	**30,566**	**106,598**	**8,464**	**23,636**	**28,905**	**913,666**
at 31 March 2017	**480,546**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**

Depreciation
Depreciation is calculated based on the following Useful Economic Lives of Assets:

- Council dwellings - houses 54 Years
- Council dwellings - flats 54 Years
- Other land and buildings - Between 1 and 60 years,
- Vehicles, plant and equipment - Between 1 and 35 years
- Car parks - 60 years

Capital Commitments

At 31st March 2019, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2019-20 and beyond. The budgeted cost of these commitments is expected to cost £250.405m (31st March 2018 £271.963m).

The major commitments at 31st March 2019 are:

Description	Commitments in 2019-20 £'000	Commitments in Future Years £'000	Total Commitments in Total £'000
SEN Resources Expansion	3,955	1,750	5,705
Special School Expansion-Primary,Secondary & Post 16	10,877		10,877
Secondary Expansion Programme	13,178	5,850	19,028
James Elliman Homes	10,700	32,800	43,500
IT Infrastructure Refresh	3,345	1,050	4,395
Hub Development	5,100	10,000	15,100
New Corporate Headquarters	7,591		7,591
Capital Works following stock condition	3,799	7,200	10,999
Strategic Acquisitions	26,303		26,303
TVU development	9,031		9,031
Hotel development	17,271	10,000	27,271
Nova House Capital Loan	6,045		6,045
Affordable Housing	24,384	11,017	35,401
Fire Risk Assessment Works	5,000		5,000
Stoke Road LEP Scheme	4,349	6,540	10,889
MRT Phase 2 LEP Scheme	13,270		13,270
Total	**164,198**	**86,207**	**250,405**

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 2018/19 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 Depreciation replacement Cost method, and, the asset lives are in line with those given in the depreciation note.

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 2019:

Property, Plant and Equipment Revaluations

	£000
Assets that are Subject to revaluation	
Council Dwellings	538,345
Land and Buildings	284,894
Surplus Assets	24,772
	848,011
Assets that are not Subject to revaluation	
Infrastructure Assets	109,667
Community Assets	9,543
Vehicle, Plant, Furniture & Equipment	45,081
Assets under Construction	33,788
	198,079
Total Value of Assets	**1,046,090**

Assets that are Revalued – by Category

	Council Dwellings	**Other Land and Buildings**	**Surplus Assets**	**Total**
	£000	**£000**	**£000**	**£000**
Carried at historical cost	2,746	85,707	0	88,453
Valued at current value as at:				
31/03/2019	535,599	184,631	9,087	729,317
31/03/2018	0	10,468	15,684	26,152
31/03/2017	0	2,682	0	2,682
31/03/2016	0	0	0	0
31/03/2015	0	1,405	0	1,405
31/03/2014	0		0	0
Total Cost or Valuation	538,345	284,894	24,772	848,011

• 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 15 - Investment Properties

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.

31 March 2018 Non-Current £000	**Investment Properties Movements in Year**	**31 March 2019 Non-Current £000**
38,141	Opening Balance	69,488
	Additions:	
33,485	Purchases	25,211
186	Subsequent expenditure	10,168
(3,800)	Disposals	0
(356)	Net gains/losses from fair value adjustments	(16,307)
67,656	**Balance at the end of the year**	**88,560**

The fair value of the authority’s investment property is measured annually at each reporting date. All valuations are carried out by the external valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority’s valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters. The table above summarises the movement in the fair value of investment properties over the year. Following the completion of the 2017/18 external audit further work was done on asset valuations etc and this resulted in a further increase to the value of £1.832m during 2017/18 which is now reflected in the opening balance for 2018/19.

Note 16 - Intangible Assets

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generally software.

31st March 2018 Other Assets £000		**31st March 2019 Other Assets £000**
	Balance at start of year:	
999	Gross carrying amounts	1,187
(542)	Accumulated amortisation	(637)
457	**Net carrying amount at start of year**	**550**
	Additions:	
188	Purchases	419
(95)	Amortisation for the period	0
550	**Net carrying amount at end of year**	**969**
	Comprising:	
1,187	Gross carrying amounts	1,606
(637)	Accumulated amortisation	(637)
550	**Total**	**969**

Note 17 - Financial Instruments

Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- overdraft with Lloyds bank,
- lease payables detailed in note 36,
- Private Finance Initiative contracts detailed in note 37, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows comprising:
    - cash in hand,
    - bank current and deposit accounts with Lloyds bank,
    - loans to other local authorities,
    - loans to James Elliman Homes made for service purposes,
    - lease receivables detailed in note 36, and
    - trade receivables for goods and services provided.

- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:
    - pooled bond, equity and property funds managed by fund managers held as strategic investments

- Fair value through profit and loss (all other financial assets) comprising:
    - money market funds managed by fund managers,
    - Equity loans to James Elliman Homes where the cash flows are not solely payments of principal and interest,

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Instruments - Balances

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Current Financial Assets	Investments		Cash & Cash Equivalents	
	31.3.2018 £000	31.3.2019 £000	31.3.2018 £000	31.3.2019 £000
Pre IFRS Categories				
Loans and receivables	16,113		5,146	
Available for Sale Financial Assets	2,695		4,754	
Unquoted Equity Investment at Cost				
TOTAL FINANCIAL ASSETS	**18,808**	**0**	**9,900**	**0**
IFRS 9 Categories				
Fair Value through Profit & Loss			4,754	7,262
Amortised Cost	16,113	48,360	5,146	13,815
Fair Value other Comprehensive Income	2,695	163		
TOTAL FINANCIAL ASSETS	**18,808**	**48,523**	**9,900**	**21,077**

Non Current Financial Assets	Investments	
	31.3.2018 £000	31.3.2019 £000
Pre IFRS Categories		
Loans and receivables	4,034	
Available for Sale Financial Assets	16,206	
Unquoted Equity Investment at Cost	2,689	
TOTAL FINANCIAL ASSETS	**22,930**	
IFRS 9 Categories		
Fair Value through Profit & Loss	5,813	5,800
Amortised Cost	4,034	17,868
Fair Value other Comprehensive Income	16,206	19,684
TOTAL FINANCIAL ASSETS	**26,054**	**43,353**

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	**Long Term**		**Short Term**	
	31.3.2019 £000	**31.3.2018 £000**	**31.3.2019 £000**	**31.3.2018 £000**
Loans at amortised cost:				
- Principal sum borrowed	(304,216)	(170,341)	(213,083)	(152,000)
- Accrued interest	-	-	(1,599)	(760)
Total Borrowing *	**(304,216)**	**(170,341)**	**(214,682)**	**(152,760)**
Liabilities at amortised cost:				
- Finance leases	(6,017)	(6,810)	-	-
- PFI arrangements	(33,321)	(34,557)	-	-
Total Other Long-term Liabilities	**(39,338)**	**(41,367)**	**-**	**-**
Liabilities at amortised cost:				
- Trade payables	(393)	(393)	(23,193)	(27,491)
- Finance leases	-	-	(1,009)	(997)
- PFI arrangements	-	-	(1,379)	(1,262)
Included in Creditors **	**(393)**	**(393)**	**(25,582)**	**(29,750)**
Total Financial Liabilities	**(343,947)**	**(212,101)**	**(240,264)**	**(182,510)**

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

	Fair Value		**Dividends**	
	31.03.19 £000	**31.03.18 £000**	**2018/19 £000**	**2017/18 £000**
CCLA Property Fund	11,170	11	484	507
CCLA Diversified Income Fund	3,524	0	63	0
Threadneedle Strategic Bond Fund	4,941	4,984	153	100
Insight Liquidity Fund		2,565		0
Total	**19,634**	**7,560**	**700**	**607**

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2017/18		2018/19	
	Surplus or Deficit prov of Services £000	Other Comprehensive Income & Expenditure £000	Surplus or Deficit prov of Services £000	Other Comprehensive Income & Expenditure £000
Net (gain)/loss on :				
Finance assets measured at fair value through Profit or Loss	(3,124)		9,329	
Finance assets measured at amortised cost			95	
Investment in equity investments designated as fair value through other comprehensive income		(326)		13
Net (gain)/loss for the year	**(3,124)**	**(326)**	**9,423**	**13**
Interest Revenue :				
Finance assets measured at amortised cost	(1,237)		(2,054)	
Finance assets measured at fair value through other comprehensive income		(607)		(700)
Total Interest Revenue	**(1,237)**	**(607)**	**(2,054)**	**(700)**
Interest Expense	**9,532**		**11,652**	

Capitalisation of Borrowing Costs

For 2018/19 the Council has changed its accounting policy for borrowing costs incurred where items of property, plant and equipment take a substantial period of time to get ready for their intended use. Previously borrowing costs had been charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were incurred. The new approach is to capitalise borrowing costs for qualifying assets and is set out in the Council's summary of significant accounting policies (see Note 1 – Accounting Policies, section xx. Property, Plant and Equipment - Measurement).

The Council has enhanced the accounting policy because it believes that the capitalisation of borrowing costs better reflects the costs of property, plant and equipment and helps ensure that those benefiting from the use of the asset meet those costs.

Qualifying assets are those assets that necessarily take a substantial period of time to get ready for their intended use. Taking into account materiality, the practical outcome of this definition is that an asset will take a substantial period of time to get ready if the period is sufficiently long for a material balance of borrowing costs to accrue. The Council has determined that qualifying assets are those where the approved capital budget at inception was at least £4m and will take over 12 months to get ready.

During 2018/19 the following borrowing Costs were capitalised:

Capital Project	£000s
Purchase and Fit Out of the new Corporate Headquarters	610
Purchase and Development of Thames Valley University Site	388
New Leisure Centre at Farnham Road	340
Hotel Development Project	26
Renovation of Langley Leisure Centre	170
Ice Arena Project	234
Salt Hill Park Leisure Project	130
	1,898

The Capitalisation Rate used for borrowing costs during 2018-19 was 2.12% which represents the council's average borrowing rate during 2018-19 taking account PWLB Loans, Market Loans and Temporary Loans.

Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Equity Shares in James Elliman Home have been valued from the company's balance sheet net assets by discounting expected future profits at a suitable market rate for similar equity investments.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest loan rate have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, assuming that lenders will only exercise their options when market rates have risen above the contractual loan rate.

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment/impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	**2**	(291,216)	(332,075)	(157,341)	(183,879)
Long-term LOBO loans	**2**	(13,000)	(21,114)	(13,000)	(21,687)
Lease payables	**2**	(7,025)	(6,342)	(7,807)	(5,691)
PFI liabilities	**2**	(34,701)	(53,559)	(35,809)	(54,309)
Temporary Loans	**2**	(214,682)	(214,682)	(152,760)	(152,760)
TOTAL		**(560,624)**	**(627,772)**	**(366,717)**	**(418,326)**
Liabilities for which fair value is not disclosed *		(21,198)		(27,895)	
TOTAL FINANCIAL LIABILITIES		**(581,822)**		**(394,612)**	
Recorded on balance sheet as:					
Short-term creditors		(23,193)		(29,751)	
Short-term borrowing		(214,682)		(152,760)	
Long-term creditors		(393)		(393)	
Long-term borrowing		(304,216)		(170,341)	
Other long-term liabilities		(39,338)		(41,367)	
TOTAL FINANCIAL LIABILITIES		**(581,822)**		**(394,612)**	

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial assets held at fair value:					
Money market funds	**1**	7,262		4,754	
Bond, equity and property funds	**1**	19,684		18,902	
Loans to companies	**3**	5,800		5,813	
Financial assets held at amortised cost:					
Loans to local authorities	**2**	44,019	44,019	5,060	5,180
Loans to companies	**3**	22,296	22,296	15,068	15,068
TOTAL		**99,061**	**99,061**	**49,597**	**49,717**
Assets for which fair value is not disclosed *		38,122		29,623	
TOTAL FINANCIAL ASSETS		**137,183**		**79,220**	
Recorded on balance sheet as:					
Long-term debtors		9,385		8,161	
Long-term investments		43,352		22,929	
Short-term debtors		14,824		19,422	
Short-term investments		48,545		18,808	
Cash and cash equivalents		21,077		9,900	
TOTAL FINANCIAL ASSETS		**137,183**		**79,220**	

The following table shows a reconciliation of Fair Value Measurements for Financial Assets carried at Fair Value which have been categorised within Level 3 of the fair Value Hierarchy for Financial Assets. For the council, this represents the Equity Share of Capital Loans made to a wholly owned subsidiary, James Elliman Homes whose purpose is to increase the supply of Temporary Accommodation within the borough.

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierachy for Financial Assets	**31st March 2018 Unquoted Equity Shares James Elliman Homes £000**
Opening Balance	0
Included in the surplus or deficit on provision of services	3,124
Included in other Comprehensive Income and Expenditure	
Additions	2,689
Disposals	
Balance 31st March	**5,813**
	31st March 2019 Unquoted Equity Shares James Elliman Homes
Opening Balance	5,813
Included in the surplus or deficit on provision of services	(9,293)
Included in other Comprehensive Income and Expenditure	
Additions	9,280
Disposals	
Balance 31st March	**5,800**

Note 18 - Debtors

31 March 2018 £000		31 March 2019 £000
9,648	Trade Receivables	14,824
2,167	Prepayments	1,491
21,130	Other Receivable Amounts	32,166
32,945	**Total**	**48,482**

Note 19 - Cash and Cash Equivalents

31 March 2018 £000		31 March 2019 £000
5,146	Cash and Bank balances	3,785
4,754	Short Term Deposits	17,292
9,900	**Total Cash and Cash Equivalents**	**21,077**

Note 20 - Assets Held for Sale

Current 31 March 2018 £000		Current 31 March 2019 £000
0	Balance outstanding at start of year	0
	Assets newly classified as held for sale:	
0	- Property Plant and Equipment	0
0	**Balance Outstanding year end**	**0**

As the balance outstanding at the year end is not considered to be material there have been no additional disclosures made under IFRS 13 Fair Value Measurements.

Note 21 - Creditors

31 March 2018 £000		31 March 2019 £000
(23,193)	Trade payables	(23,193)
(11,426)	Other payables	(27,296)
(34,619)	**Total Creditors**	**(50,489)**

Note 22 - Provisions

It is necessary to make provisions for any financial liabilities or losses, which are certain or likely to crystallise at a date in the future.

All provisions are charged to the appropriate service and can only be used for the purpose for which they were established, except where a review of the provision reduces the level of provision needed.

Current Provisions

2018/19	**Insurance Claims**	**Business Rates Appeals**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Opening Balance	(716)	(1,506)	(225)	(2,447)
Increase in provision during year	0	(4,116)	0	(4,116)
Utilised during year	0	2,072	225	2,297
Closing Balance	**(716)**	**(3,550)**	**0**	**(4,266)**

2017/18	**Insurance Claims**	**Business Rates Appeals**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Opening Balance	(716)	(791)	0	(1,507)
Increase in provision during year	0	(2,258)	(225)	(2,483)
Utilised during year	0	1,543	0	1,543
Closing Balance	**(716)**	**(1,506)**	**(225)**	**(2,447)**

Long Term Provisions

2018/19	**Other - Long Term**	**Total**
	£000	**£000**
Opening Balance	(223)	(223)
Increase in provision during year	0	0
Utilised during year	0	0
Closing Balance	**(223)**	**(223)**

2017/18	**Other - Long Term**	**Total**
	£000	**£000**
Opening Balance	(223)	(223)
Increase in provision during year	0	0
Utilised during year	0	0
Closing Balance	**(223)**	**(223)**

2017/18	**Total Provisions**	**2018/19**
£000		**£000**
(1,730)	Opening Balance	(2,670)
(2,483)	Increase in provision during year	(4,116)
1,543	Utilised during year	2,297
(2,670)	**Closing Balance**	**(4,489)**

National Non Domestic Rates Appeals

The provision is made in the collection fund for the estimated effect of outstanding appeals against rateable values, and historical success rates in Slough.

Note 23 - Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement shown as part of the Main Accounting Statements, along with a description of the nature and purpose of the reserve used in the adjustment between the accounting basis and the funding basis under regulation. Other usable reserves are:

* Capital Receipts Reserve
* General Funds Schools Balance
* Earmarked General Fund Reserves

Capital Receipts Reserve

These are receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

General Funds Schools Balance

This is the statutory fund into which all receipts and liabilities in relation to each of the Council's maintained schools are held. The reserves represents the general right of the school governors to carry forward unspent funds from one year to the next.

Earmarked General Fund Reserves

Consist of a number of individual reserves where funds have been set aside in order to meet future predicted requirements in relation to known projects and schemes.

Capital Reserves Reserve

31 March 2018 £000		31 March 2019 £000
(23,675)	Balance 1 April	(28,312)
(13,307)	Capital Receipts in year	(8,783)
(3,200)	Deferred Receipts realised	(5,554)
1,072	Capital Receipts Pooled	874
356	Transfer to revenue reserves to cover disposal costs	400
10,442	Capital Receipts used for financing	16,747
0	Other movements	642
(28,312)	**Balance 31 March**	**(23,986)**

Major Repairs Reserve

31 March 2018 £000		31 March 2019 £000
(14,025)	Balance 1 April	(15,107)
(2,410)	Voluntary Transfers from the HRA	(4,290)
(9,298)	Depreciation and Amortisation	(8,775)
10,626	Application to finance capital expenditure	16,359
0	Other movements	(642)
(15,107)	**Balance 31 March**	**(12,457)**

Capital Grants Unapplied

31 March 2018 £000		31 March 2019 £000
(50,680)	Balance 1 April	(32,443)
(12,462)	Capital grants recognised in year	(2,617)
30,699	Capital grants and contributions applied	13,132
0	Other movements	4,361
(32,443)	**Balance 31 March**	**(17,566)**

Note 24 - Unusable Reserves

31 March 2018 £000		31 March 2019 £000
(306,010)	Revaluation Reserve	(360,408)
(1,209)	Available for Sale Financial Instruments Reserve	0
0	Financial Instruments Revaluation Reserve	(1,135)
(248,032)	Capital Adjustment Account	(245,945)
1,362	Financial Instruments Adjustment Account	1,095
265,920	Pension Reserve	287,561
(9,791)	Deferred Capital Receipts Reserve	(4,237)
577	Collection Fund Adjustment Account	0
1,014	Accumulated Absences Account	1,014
(296,169)	**Total**	**(322,055)**

Revaluation Reserve

31 March 2018 £000		31 March 2019 £000
(277,336)	**Balance 1 April**	(306,010)
0	Opening balance adjustment	0
(277,336)	**Revised Opening Balance**	**(291,088)**
(54,290)	Upward revaluation of assets	0
17,952	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(75,931)
(36,338)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(75,931)**
2,789	Difference between fair value depreciation and historical cost depreciation	5,283
4,875	Accumulated gains on assets sold or scrapped	1,328
7,664	**Amount written off to the Capital Adjustment Account**	**6,611**
(306,010)	**Balance 31 March**	**(360,408)**

Available for Sale Financial Instruments Reserve

31 March 2018 £000		31 March 2019 £000
(761)	**Balance 1 April**	(1,209)
0	Opening balance adjustments on adoption of IFRS9	1,209
(761)	**Revised Opening Balance**	**0**
(518)	Upward revaluation of investments	0
70	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	0
(1,209)	**Balance 31 March**	**0**

Financial Instruments Revaluation Reserve

31 March 2018 £000		31 March 2019 £000
0	**Balance 1 April**	0
0	Opening balance adjustments on adoption of IFRS9	(1,209)
0	**Revised Opening Balance**	**(1,209)**
0	Upward revaluation of investments	(44)
0	Downward revaluation of investments	118
0	**Total Changes in revaluation and impairment**	**74**
0	**Balance 31 March**	**(1,135)**

Capital Adjustment Account

31 March 2018 £000		31 March 2019 £000
(268,679)	**Balance 1 April**	(248,031)
0	Opening balance adjustment	(3,124)
(268,679)	**Revised Opening Balance**	**(258,560)**
18,675	Charges for depreciation and impairment of non-current assets	19,150
29,272	Revaluation losses on non-current assets	2,422
95	Amortisation of intangible assets	0
19,471	Revenue expenditure funded from capital under statute	16,149
0	Revaluation and impairment of capital financial assets	9,388
25,900	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	12,928
93,413	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	60,037
(7,664)	Adjusting Amounts written out of the Revaluation Reserve	(6,611)
85,749	**Net written out amount of the cost of non-current assets consumed in the year**	53,426
(10,442)	Use of Capital Receipts Reserve to finance new capital expenditure	(16,747)
(10,626)	Use of Major Repairs Reserve to finance new capital expenditure	(16,359)
(36,323)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(18,685)
(1,367)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,099)
(6,700)	Capital expenditure charged against the General Fund and HRA balances	(2,054)
(65,458)	**Capital financing applied in year:**	(55,944)
356	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	16,307
0	Other movements	(1,173)
(248,032)	**Balance 31 March**	**(245,945)**

Financial Instruments Adjustment Account

31 March 2018 £000		31 March 2019 £000
1,634	**Balance 1 April**	1,362
0	Opening balance adjustments on adoption of IFRS9	0
1,634	**Revised Opening Balance**	**1,362**
(272)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(267)
(272)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(267)
1,362	**Balance 31 March**	**1,095**

Pension Reserve

31 March 2018 £000		31 March 2019 £000
270,205	Balance 1 April	265,920
(20,630)	Remeasurements of the net defined benefit (liability)/asset	13,530
25,241	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	17,243
(8,896)	Employer's pensions contributions and direct payments to pensioners payable in the year	(9,132)
265,920	**Balance 31 March**	**287,561**

Deferred Capital Receipts Reserve

31 March 2018 £000		31 March 2019 £000
(12,991)	Balance 1 April	(9,791)
3,200	Transfer to the Capital Receipts Reserve upon receipt of cash	5,554
(9,791)	**Balance 31 March**	**(4,237)**

Collection Fund Adjustment Account

31 March 2018 £000		31 March 2019 £000
1,111	Balance 1 April	577
(534)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(577)
0	Other movements	0
577	**Balance 31 March**	**0**

Accumulated Absences Account

31 March 2018 £000		31 March 2019 £000
1,014	**Balance 1 April**	1,014
0	Settlement or cancellation of accrual made at the end of the preceding year	0
0	Amounts accrued at the end of the current year	0
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	0
1,014	**Balance 31 March**	**1,014**

Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2018 £000		31 March 2019 £000
(2,058)	Interest received	(5,328)
8,963	Interest paid	(971)
6,905	**Total**	**(6,299)**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2018 £000		31 March 2019 £000
(18,675)	Depreciation	(19,150)
(29,272)	Impairment and downward valuations	(2,422)
(95)	Amortisation	0
9,773	(Increase)/decrease in creditors	(24,729)
(1,204)	Increase/(decrease) in debtors	14,713
1	Increase/(decrease) in inventories	0
0	Increase/(decrease) in contract assets and liabilities	0
(16,345)	Movement in pension liability	(8,111)
(25,901)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(12,928)
(5,029)	Other non-cash movements charged to the surplus or deficit on provision of services	(27,514)
(86,747)	**Total**	**(80,141)**

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2018 £000		31 March 2019 £000
13,307	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,783
18,086	Any other items for which the cash effects are investing or financing cash flows	8,169
31,393	**Total**	**16,952**

Note 26 - Cash Flow from Investing Activities

31 March 2018 £000		31 March 2019 £000
121,189	Purchase of property, plant and equipment, investment property and intangible assets	143,898
330,466	Purchase of short-term and long-term investments	75,700
0	Other payments for investing activities	0
(16,507)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14,337)
(339,252)	Proceeds from short-term and long-term investments	(12,573)
(14,913)	Other receipts from investing activities	(6,829)
80,983	**Net cash flows from investing activities**	**185,859**

Note 27 - Cash Flow from Financing Activities

31 March 2018 £000		31 March 2019 £000
(203,000)	Cash receipts of short-term and long-term borrowing	(534,500)
2,260	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,376
117,829	Repayments of short-term and long-term borrowing	339,542
904	Other payments for financing activities	1,928
(82,007)	**Net cash flows from financing activities**	**(190,654)**

Note 28 - Pooled Budgets

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

Better Care Fund

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 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 2018/19 the fund comprised 32 schemes (as in 2017/18) grouped under the following headings:

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

2017/18 £000	**Better Care Fund**	**2018/19 £000**
3,494	Authority Funding	4,232
8,407	Partner Funding	8,567
11,901	Total Pooled Funding	12,799
(3,494)	Authority Expenditure	(4,232)
(7,756)	Partner Expenditure	(8,203)
(11,250)	Expenditure	(12,435)
651	**Net Surplus/Deficit on the Pooled Budget**	**364**
191	**Authority Share of the Net Surplus / Deficit**	**364**

In 2018/19 Slough Borough Council funding included £2.842m of improved better care fund (iBCF) grant (£2.182m in 2017/18).

In accordance with the section 75 agreement, NHS funded services that are commissioned directly by the clinical commissioning group, do not require transactions to be via the Council. Consequently, the actual transfer of funding from the CCG to the Council as a result of the fund is £5.852m.

Berkshire Community Equipment Store

This Agreement exists between the six Berkshire Unitary Authorities and the three Berkshire Clinical Commissioning (CCG's) for the effective procurement and provision of a joint store of health and social care equipment within the region, in conjunction with the South Central Ambulance NHS Trust. In 2015/16 West Berkshire Council took over as the lead Council and the accountable body (previously Slough Borough Council in 2014/15).

2017/18 £000	**Berkshire Community Equipment Store**	**2018/19 £000**
305	Authority Funding	431
7,001	Partner Funding	8,946
7,306	Total Pooled Funding	9,377
(415)	Authority Expenditure	(431)
(7,141)	Partner Expenditure	(8,946)
(7,556)	Expenditure	(9,377)
(250)	**Net Surplus/Deficit on the Pooled Budget**	**0**
(10)	**Authority Share of the Net Surplus / Deficit**	**0**

Note 29 - Members' Allowances

The Council paid the following amounts to members of the Council during the year. The figures include all associated costs of employment (where applicable)

31 March 2018 £000		**31 March 2019 £000**
482	Allowances	490
482	**Total Members' Allowances**	490

Detailed breakdown of members' allowances

	2018/19 £000	**2017/18** £000
Basic Allowance	323	316
Mayor & Deputy Mayors Allowance	11	12
Employers Costs	18	17
Subsistence	1	0
Special Responsibility Allowance	137	137
Total	**490**	**482**

Note 30 - Officer Remuneration

The remuneration paid to the Council's senior employees is detailed below:

Senior Officer Remuneration

		Salary,Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
		£000	£000	£000	£000
J Wragg-Chief Executive	**2018/19**	68	-	9	**78**
Note 1	**2017/18**	-	-	-	**-**
N Pallace-Interim Chief Executive	**2018/19**	214	-	-	**214**
Note 2	**2017/18**	30	-	-	**30**
R Parkin - Interim Chief Executive	**2018/19**	-	-	-	**-**
Note 3	**2017/18**	113	142	340	**595**
Director of Children,Learning and Skills Services	**2018/19**	131	-	18	**149**
Note 4	**2017/18**	61	-	8	**69**
Interim Director of Place and Development	**2018/19**	154	-	-	**154**
Note 4	**2017/18**	87	-	-	**87**
Director of Finance and Resources (S151 Officer)	**2018/19**	118	-	15	**134**
Note 4	**2017/18**	55	-	7	**63**
Director of Adults and Communities	**2018/19**	131	-	17	**148**
Note 4	**2017/18**	63	-	8	**71**
Director of Regeneration	**2018/19**	118	-	16	**134**
Note 4	**2017/18**	55	-	7	**63**
Strategic Director of Regeneration, Hsg & Resources	**2018/19**	-	-	-	**-**
Note 5	**2017/18**	75	-	-	**75**
Assistant Director Finance and Audit (S151 Officer)	**2018/19**	-	-	-	**-**
Note 5	**2017/18**	42	-	6	**48**
Interim Director of Childrens Services	**2018/19**	-	-	-	**-**
Note 5	**2017/18**	57	-	8	**65**
Assistand Director-Adult Social Care	**2018/19**	-	-	-	**-**
Note 5	**2017/18**	56	-	8	**64**
Director of Public Health	**2018/19**	32	-	-	**32**
Note 6	**2017/18**	35	-	-	**35**
Total	**2018/19**	**966**	**-**	**76**	**1,042**
	2017/18	**729**	**142**	**393**	**1,264**

Note 1- 2018/19 Not full year. Start date 01/10/2018.

Note 2- 2018/19 and 2017/18 Not full years costs.

Note 3- Postholder left 19/12/17. The pension contribution amount above includes a capital payment as compensation for loss of office.

Note 4-2017/2018 Posts created as a result of of the senior management restructure implemented 02/10/2017.

Note 5-Not full year costs for 2017/18-Posts deleted as a result of the senior management restructure implemented 02/10/2017.

Note 6- The Director of Public Health costs were shared between the Berkshire Authorities. The total cost of the post in 2018/19 was £160k (£189k in 2017/18)with Slough Council's share being £32k.

The number of the Council's other employees receiving more than £50,000 remuneration (excluding employer's pension contributions), fall into the following bands:

	Number of Employees			
Bandings	**2017/18**		**2018/19**	
	Schools	**Non-schools**	**Schools**	**Non-schools**
£50,001 to £55,000	16	19	23	14
£55,001 to £60,000	16	10	14	21
£60,001 to £65,000	10	11	8	4
£65,001 to £70,000	8	5	6	10
£70,001 to £75,000		2	3	4
£75,001 to £80,000	4	3	3	6
£80,001 to £85,000	2		1	1
£85,001 to £90,000	2		2	1
£90,001 to £95,000	2	1		1
£95,001 to £100,000	2			1
£100,001 to £105,000			4	
£105,001 to £110,000			1	1
£110,001 to £115,000				
£115,001 to £120,000		1		
£120,001 to £125,000				
£125,001 to £130,000				
£130,001 to £135,000				
£135,001 to £140,000	1			
£140,001 to £145,000		1		
Total	**63**	**53**	**65**	**64**

Exit Packages

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 (£000)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,0000	2	11	5	3	7	14	89	125
£20,001 - £40,000	1	4	0	3	1	7	36	215
£40,001 - £60,000	0	0	2	0	2	0	103	0
£60,001 - £80,000	0	2	0	0	0	2	0	129
£80,001 - £100,000	0	0	1	0	1	0	99	0
£100,001 - £150,000	0	1	0	0	0	1	0	101
£150,001 - £200,000	0	1	0	0	0	1	0	160
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	0	0	0	0
£300,001 - £350,000	0	0	0	0	0	0	0	0
£350,001 and over	1	0	0	0	1	0	467	0
Total	**4**	**19**	**8**	**6**	**12**	**25**	**794**	**730**
Add : Amounts provided for in CIES not included in bandings							0	0
CIES							**794**	**730**

Note 31 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts

2017/18 £000		2018/19 £000
128	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	98
35	Fees payable to external auditors for the certification of grant claims and returns for the year	43
0	Fees payable in respect of other services provided by external auditors during the year	13
163	**Total**	**154**

There are no other fees payable in respect of any other services provided.

Note 32 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), through the Dedicated School Grant (DSG).

The Dedicated Schools Grant is ring fenced, and can only be used to meet the expenditure properly included in the School's Budget.

Details of the deployment of the DSG receivable for 2018/19 are as follows:

DSG Receivable for 2018/19	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for year before Academies recoupment			165,744
Academy figure recouped for year			(97,835)
Total DSG after academy recoupment			**67,909**
Plus: Brought forward from previous year			(5,388)
Agreed initial budgeted distribution in year	**27,686**	**34,835**	**62,521**
In year adjustments	(368)	0	(368)
Final budget distribution for year	**27,318**	**34,835**	**62,153**
Less: Actual central expenditure	(34,651)		(34,651)
Less: Actual ISB deployed to schools		(34,700)	(34,700)
Carry forward to 2019/20	**(7,332)**	**136**	**(7,197)**

DSG Receivable for 2017/18	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for year before Academies recoupment			160,419
Academy figure recouped for year			(92,468)
Total DSG after academy recoupment			**67,951**
Plus: Brought forward from previous year			2,387
Agreed initial budgeted distribution in year	**31,378**	**38,960**	**70,338**
In year adjustments	(329)	0	(329)
Final budget distribution for year	**31,049**	**38,960**	**70,009**
Less: Actual central expenditure	(36,437)		(36,437)
Less: Actual ISB deployed to schools		(38,960)	(38,960)
Carry forward to 2018/19	**(5,388)**	**0**	**(5,388)**

Note 33 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure in 2018/19.

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31 March 2018 £000		31 March 2019 £000
(13,181)	Revenue Support Grant	0
(3,678)	PFI	(3,678)
(3,195)	New Homes Bonus	(2,749)
(40)	Local Services Support Grant	(59)
(270)	Education Services Grant	0
0	Section 35 Grant	0
(516)	Other Grants	(3,833)
0	HRA Capital Grants	0
(18,086)	GF Capital Grants	(8,169)
(38,966)	**Total**	**(18,488)**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them. These conditions require the monies or property to be returned to the giver if the specific conditions are not met.

The balances at the year end are as follows:

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31 March 2018 £000		31 March 2019 £000
(2,100)	Capital Grants	0
(2,100)	**Total**	**0**

Note 34 - Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The Council has a number of several wholly owned subsiduaries which are listed below:

Development Initiative for Slough Housing (DISH) is a wholly owned subsidiary with three Councillors and an officer sitting on the board. Total income and expenditure of £400k has been included within Slough Borough Council's accounts in respect of transactions with DISH for the financial year 2018/19 (in 2017/18 the total was £386k).

James Elliman Homes is a wholly owned subsidiary. Slough has made payments totalling £23.2m in the year (adding to the £6.72m in 2017/18) to James Elliman homes, interest on the payments totalling £557k was made to the Council during 2018/19.

Slough Urban Renewal:

Slough Urban Renewal is a Limited Liability Partnership created when the Council entered into partnership with Morgan Sindall Investments to build a new library, cultural and community centre in the heart of the town. In 2018/19 Three Officers and two members were on the board of Slough Urban Renewal (SUR).

Payments totalling £27.863m have been made to SUR in the year (2017/18 £46.323).

During 2018/19 a total of £3.2m was received from Slough Urban Renewal (£4.309m in 2017/18) in relation to its share of the profit generated by the company

Repayments by SUR to the Council of £5.554m in respect of outstanding prior year land transfers (£9.7m) in Wexham were made in the year with £4.2m outstanding as at the 31st March 2019. Total interest on the loan notes issued amounted to £759k for 2018/19 (£1.719m 2017/18) theses amounts were included in the council's accounts.

Pooled Budgets

The Council has two pooled budgets details of which can be found in Note 28

Central Government

Central government has effective control over the general operations of the Council. Central Government 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).

Grants received from government departments are set out in Note 33 on reporting for resources allocation decisions. Grants received in advance at 31st March 2019 are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating polices. The total of members allowances paid in 2018/19 are shown in Note 29.

At formal committee meetings, Members are expected to make formal declarations of interest, if there is an interest that could have an effect on any of the agenda items being discussed.

Matrix

The council has a contract with Matrix SCM Limited for senior officers paid through an agency. Renumeration paid to the management entity for services provided by the Interim Director of Place and Development was £154k in 2018/19 (£87k 2017/18 part year).

Other Management Entities

The Council paid other management entities £214k in 2018/19 (£30 in 2017/18) for services provided by the interim Chief Executive.

Note 35 - Capital Expenditure and Capital Financing

Capital Expenditure and Capital Financing

31 March 2018 £000		31 March 2019 £000
356,313	Opening Capital Financing Requirement	436,573
	Capital Investment:	
92,388	Property Plant and Equipment	100,347
33,671	Investment Property	35,379
188	Intangible Assets	419
19,471	Revenue Expenditure Funded from Capital Under Statute	16,149
145,718	**Total Capital Spending**	**174,794**
	Sources of Finance:	
(10,442)	Capital receipts	(16,747)
(36,323)	Government Grants and other contributions	(18,685)
(10,626)	Major repairs reserve	(16,359)
	Sums set aside from revenue:	
(6,700)	- Direct revenue contributions	(2,054)
(1,367)	- Minimum revenue provision	(2,099)
(65,458)	**Total Sources of Finance**	**(55,944)**
436,573	**Closing Capital Financing Requirement**	**555,423**

Explanation of movements in year

31 March 2018 £000		31 March 2019 £000
80,260	**Increase/(decrease) in Capital Financing Requirement**	**118,850**

Note 36 - Leases

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

The assets acquired in this way are categorised as Property Plant and Equipment (PPE) in the Balance Sheet.

Authority 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:

31 March 2018 £000		31 March 2019 £000
7,443	Other Land and Buildings	5,362
364	Vehicles, Plant, Furniture, Equipment and Other	287
7,807	**Total**	**5,650**

The minimum lease payments are made up of the following amounts:

31 March 2018 £000		31 March 2019 £000
	Finance lease liabilities (net present value of minimum lease payments):	
(998)	- current	(1,009)
(6,604)	- non-current	(6,017)
(411)	Finance costs payable in future years	(321)
(8,013)	**Minimum lease payments**	**(7,347)**

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.

The minimum lease payments will be payable over the following periods:

Minimum Lease Payments			**Finance Lease Liabilities**	
31 March 2018 £000	**31 March 2019 £000**		**31 March 2018 £000**	**31 March 2019 £000**
1,090	1,090	Not later than one year	(998)	(1,009)
3,066	2,771	Later than one year and not later than five years	(3,217)	(2,592)
3,857	3,486	Later than five years	(3,593)	(3,419)
8,013	**7,347**	**Total**	**(7,808)**	**(7,020)**

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2018 £000		31 March 2019 £000
405	Not later than one year	226
765	Later than one year and not later than five years	540
1,170	**Total**	**765**

Authority as Lessor - Operating Leases

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

31 March 2018 £000		31 March 2019 £000
3,399	Not later than one year	3,123
11,886	Later than one year and not later than five years	11,534
29,333	Later than five years	26,455
44,618	**Total**	**41,112**

Note 37 - Service Concession Arrangements

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

A PFI arrangement in essence transfers responsibility, but not accountability to the private sector organisation.

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

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 refered 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

2018/19	**PFI Schools**	**Total**
	£000	**£000**
Cost or Valuation		
at 1 April 2018	41,311	41,311
Additions	4	4
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,550	5,550
Derecognition – disposals	0	0
at 31 March 2019	**46,865**	**46,865**
Accumulated Depreciation and Impairment		
at 1 April 2018	(221)	(221)
Depreciation charge	(647)	(647)
at 31 March 2019	**(868)**	**(868)**
Net Book Value		
at 31 March 2019	**45,997**	**45,997**
at 1 April 2018	**41,090**	**41,090**

Movement in PFI Assets 2017/18

	PFI Schools	Total
	£000	**£000**
Cost or Valuation		
at 1 April 2017	42,344	42,344
Adjustments to cost/value & depreciation/impairment	(8,197)	(8,197)
Additions	182	182
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0
Derecognition – disposals	6,982	6,982
at 31 March 2018	**41,311**	**41,311**
Accumulated Depreciation and Impairment		
at 1 April 2017	(7,704)	(7,704)
Adjustments to cost/value & depreciation/impairment	8,197	8,197
Depreciation charge	(714)	(714)
at 31 March 2018	**(221)**	**(221)**
Net Book Value		
at 31 March 2018	**41,090**	**41,090**
at 1 April 2017	**34,640**	**34,640**

Beechwood

In 2016/17 Beechwood School transferred to an Academy.

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 Beechwood has converted to an Academy the Council is not entitled to recognise the School as an asset on the Councils Balance Sheet, this school has therefore been de-recognised as an asset 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.

In order to recognise a fair view of the Councils overall position a PFI Finance Creditor out has been established - which represents the conversion of Beechwood School to an Academy.

Beechwood school is now making contributions to the Council to cover its element of the Unitary Charge (nett of all associated PFI credits the Council received).

Movement in PFI Liabilities

2018/19	PFI Schools	Total
	£000	**£000**
Balance outstanding at start of year	(35,963)	(35,963)
Payments during the year	1,262	1,262
Balance outstanding at year-end	**(34,701)**	**(34,701)**

2017/18	PFI Schools	Total
	£000	**£000**
Balance outstanding at start of year	(35,816)	(35,816)
Payments during the year	847	847
Other movements	(994)	(994)
Balance outstanding at year-end	**(35,963)**	**(35,963)**

Payments due under PFI schemes - 2018/19

Reimbursement of Capital Expenditure	PFI Schools	Total
	£000	**£000**
Payable within one year	(1,379)	(1,379)
Payable within two to five years	(4,809)	(4,809)
Payable within six to ten years	(9,080)	(9,080)
Payable within eleven to fifteen years	(14,233)	(14,233)
Payable within sixteen to twenty years	(5,200)	(5,200)
Total	(34,701)	(34,701)

Interest	PFI Schools	Total
	£000	£000
Payable within one year	(2,696)	(2,696)
Payable within two to five years	(9,818)	(9,818)
Payable within six to ten years	(9,691)	(9,691)
Payable within eleven to fifteen years	(5,478)	(5,478)
Payable within sixteen to twenty years	(456)	(456)
Total	(28,139)	(28,139)

Payment for Services	PFI Schools	Total
	£000	£000
Payable within one year	(2,316)	(2,316)
Payable within two to five years	(12,730)	(12,730)
Payable within six to ten years	(16,896)	(16,896)
Payable within eleven to fifteen years	(17,043)	(17,043)
Payable within sixteen to twenty years	(5,063)	(5,063)
Total	(54,048)	(54,048)

Note 38 - Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 14 reconciling the movement over the year in the property, plant and equipment.

Note 39 - Termination Benefits

The Council terminated the contacts of a number of employees during the year from various services, incurring total liabilities of £0.730m - see Note 30 for the numbers and costs of the exit packages.

Note 40 - Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

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

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

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

In 2018/19, the Council paid £2.7m to Teachers Pensions, in respect of teachers retirement benefits, representing 16.48% of Pensionable pay (The figure for 2017/18 was £2.8m which was 16.48% of Pensionable pay). There were no contributions remaining payable at the year end.

Note 41 - Defined Benefit Pension Scheme

Participation in Pension Schemes

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

The Authority participates in two post-employment schemes:

1) The Local Government Pension Scheme, administered locally by Royal Borough of Windsor and Maidenhead Council - this is a funded defined benefit final salary scheme, meaning the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

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

2)The Berkshire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Royal Borough of Windsor and Maidenhead Council. Policy is determined in accordance with the Public Service Pensions Act 2013.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie 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.

Transactions relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund [and Housing Revenue Account] via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

General Fund Transactions

2017/18 LGPS £000		**2018/19 LGPS £000**
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
	Service cost comprising:	
14,155	Current service cost	15,535
702	Past service cost	95
2,728	(Gain) / loss from settlements	(5,078)
	Financing and Investment Income and Expenditure	
7,656	Net interest expense	6,691
25,241	**Total charged to Surplus and Deficit on Provision of Services**	**17,243**

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement

£000		£000
	Re-measurement of the net defined benefit liability comprising:	
(1,083)	Return on plan assets (excluding the amount included in the net interest expense)	(14,812)
0	Actuarial gains and losses arising on changes in demographic assumptions	(1,818)
(19,681)	Actuarial gains and losses arising on changes in financial assumptions	30,160
134	Other movements in the liability / (asset)	0
(20,630)	**Total charged to Other Comprehensive Income and Expenditure Statement**	**13,530**
4,611	**Total charged to the Comprehensive Income and Expenditure Statement**	**30,773**

2017/18		**2018/19**
LGPS		**LGPS**
	Movement in Reserves Statement	
£000		**£000**
(25,241)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(17,243)
	Actual amount charged against the general fund balance for pensions in the year:	
8,896	Employers' contributions payable to scheme	9,132

2017/18	**Pensions Assets and Liabilities Recognised in the Balance Sheet**	**2018/19**
LGPS		**LGPS**
£000		**£000**
(496,297)	Present value of the defined obligation	(536,541)
230,377	Fair value of plan assets	248,980
(265,920)	**Net (liability) / asset arising from the defined benefit obligation**	**(287,561)**

2017/18	Movement in the Value of Scheme Assets	2018/19
LGPS		**LGPS**
£000		**£000**
224,452	Opening fair value of scheme assets	230,377
6,300	Interest income	5,947
	Re-measurement gain / (loss):	
1,083	- The return on plan assets, excluding the amount included in the net interest expense	14,812
0	Other gains / (losses)	0
8,896	Contributions from employer	9,132
2,468	Contributions from employees into the scheme	2,796
(12,822)	Benefits / transfers paid	(14,084)
230,377	**Closing value of scheme assets**	**248,980**

2017/18	Movements in the Fair Value of Scheme Liabilities	2018/19
LGPS		**LGPS**
£000		**£000**
(494,657)	Opening balance at 1 April	(496,297)
(14,155)	Current service cost	(15,535)
(13,956)	Interest cost	(12,638)
(2,468)	Contributions from scheme participants	(2,796)
	Re-measurement gains and losses:	
0	- Actuarial gains / (losses) from changes in demographic assumptions	1,818
19,681	- Actuarial gains / (losses) from changes in financial assumptions	(30,160)
(134)	- Other	0
(702)	Past service cost	(95)
12,822	Benefits / transfers paid	14,084
(2,728)	Liabilities extinguished on settlements	5,078
(496,297)	**Balance as at 31 March**	**(536,541)**

LGPS - Pension Scheme - Assets comprised of:

Fair value of scheme assets

2017/18				2018/19		
Quoted	**Unquoted**	**Total**		**Quoted**	**Unquoted**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
34,531	**0**	**34,531**	**Cash and cash equivalents**	**19,971**	**0**	**19,971**
			Equities			
			by industry type			
94,515	0	94,515	Overseas	96,314	0	96,314
17,874	0	17,874	UK	2,528	0	2,528
112,389	**0**	**112,389**	**Subtotal Equities**	**98,842**	**0**	**98,842**
			Bonds			
			by sector			
0	0	0	Government Gilts	0	0	0
11,726	0	11,726	Overseas Unit Trusts	0	0	0
0	0	0	Oversease Private Equity	0	0	0
0	23,490	23,490	Private Fixed Interest	0	25,785	25,785
0	0	0	Unit Trusts	12,134	0	12,134
11,726	**23,490**	**35,216**	**Subtotal Bonds**	**12,134**	**25,785**	**37,919**
			Private Equity			
0	0	0	UK	0	25,279	25,279
0	0	0	Overseas	0	4,297	4,297
0	**0**	**0**	**Subtotal Private Equity**	**0**	**29,576**	**29,576**
			Other investment funds			
0	12,091	12,091	Infrastructure	0	23,762	23,762
25,206	4,947	30,153	Property	28,313	7,078	35,391
10,183	0	10,183	Target Returns	0	0	0
2,438	1,707	4,145	Commodities	0	2,022	2,022
37,827	**18,745**	**56,572**	**Subtotal Other investment funds**	**28,313**	**32,862**	**61,175**
			Longevity Insurance			
0	(4,180)	(4,180)	Longevity insurance	0	(7,837)	(7,837)
0	0	0	Futures	0	0	0
0	**(4,180)**	**(4,180)**	**Subtotal Longevity Insurance**	**0**	**5,308**	**5,308**
196,473	**38,055**	**234,528**	**Total Assets**	**159,260**	**93,531**	**252,791**

The significant assumptions used by the actuary have been:

2017/18	**LGPS**	**2018/19**
	Mortality assumptions	
	Longevity at retirement for current pensioners	
23.1	Men	23.2
25.2	Women	25.3
	Longevity at retirement for future pensioners	
25.3	Men	25.4
27.5	Women	27.6
	Other assumptions	
3.3%	Rate of inflation	2.5%
3.8%	Rate of increase in salaries	4%
2.3%	Rate of increase in pensions	2.5%
2.6%	Rate for discounting scheme liabilities	2.5%

Impact of assumptions on the obligation:

Increase by 1% £000	**LGPS Assumption**	**Decrease by 1% £000**
20,195	Longevity	(19,446)
0	Rate of inflation	0
6,290	Rate of increase in salaries	(6,153)
96,590	Rate of increase in pensions	(94,792)
(100,853)	Rate for discounting scheme liabilities	102,889

Impact on Authority'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. The next triennial valuation s due to be completed on 31 March 2020.

The Scheme will need to take account of the national changes to the scheme under the Public Pensions Service Act 2013. Under the Act, the Local Government Pensions Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provide for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates to pay £8,955k expected contributions to the scheme in 2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (20 years 2018/19).

Note 42 - Contingent Liabilities

Lender Offer Borrower Offer (LOBO) Loans

The Council has £13m of Lender Option Borrower Option Loans (LOBOs), taken out between 2002 to 2006 with terms between 52 and 60 years. Information on the Council's borrowings, including LOBO loans can be found in Note 17

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

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

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

Thames Water

The Council collects water charges from its tenants on behalf of Thames Water and was paid a commission. The high court has found that a similar contract between London Borough of Southwalk and Thames Water, is a contract for the resale of water under which the recovery of commission is limited by law. The decision is being appealed. The potential liability if the appeal is lost is estimated to equate to around £1.6m.

Note 43 - Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments-Risks

The Council has adopted CIPFA's Code of Practice on Treasury Management (including all subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in December 2017).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the CLG Investment Guidance for local authorities. This guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The Main risks covered are:

- Credit Risk - The possibility that one party or financial instrument will fail to meet its contractual obligations, causing a loss for the other party.

- Liquidity Risk: The possibility that the Council might not have the cash available to make contractual payments on time.

- Market Risk: The possibility financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, and other local authorities without credit ratings. Recognising that credit ratings are imperfect predictions of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial organisations for investment.

A limit is placed on the amount of money that can be invested with a single counter-party. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £40m in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2018/19, approved by the Full Council on 22 February 2018 and can be accessed on the Councils' s website by typing the following pathway in:

http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=168&MId=5944

The table below summarises the carrying value of the Council's Investment and cash equivalent portfolio and shows that all deposits outstanding as at 31st March 2019 met the Council's credit rating criteria on that date:

Table A:

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2019	Balance Invested as at 31st March 2019					Total
	YES/NO	YES/NO	Upto 1 month	> 1 and < 3 months	> 3 and < 6 months	> 6 and < 12 months	> 12 months	
			£'000	£'000	£'000	£'000	£'000	£'000
Banks - UK	YES	YES						0
Banks - non UK	YES	YES	0					0
Total Banks			**0**	**0**	**0**	**0**	**0**	**0**
Building Societies	YES	YES	17,293	0	0	0		17,293
Call Accounts	YES	YES	0	0	0	0	0	0
Local Authorities	YES	YES	19,009	25,010				44,019
Pooled Fund	YES	YES	134	28	0	0	19,684	19,846
SUR Loan Notes	YES	YES		1,030	3,116			4,146
Loans to Subsidiaries	YES	YES	196				23,668	23,864
TOTAL			**36,632**	**26,068**	**3,116**	**0**	**43,352**	**109,168**

Table B:

	Long Term 31/03/2019 £000's	Long Term 31/03/2018 £000's	Short Term 31/03/2019 £000's	Short Term 31/03/2018 £000's
Deposits with banks and financial institutions				
AAA				
AAA mmf			7,262	4,754
AA+				
AA-			10,031	
A+				
A				
Unrated Local Authorities			44,019	5,060
Unrated BuildingSocieties				
Unrated Pooled Funds	19,584	16,206	162	2,743
Slough Urban Regeneration			4,146	10,986
Loans to Subsidiaries	23,668	6,724	196	
	43,252	**22,929**	**65,816**	**23,543**

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk also includes Market LOBO loans where the lender can exercise its option to vary the rate of interest payable and if so, the Council may wish to exercise its option to repay the loan outstanding.

The risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 30% of the Council's borrowing matures in any one financial year. It is also the Council's strategy that no more than £30m of deposits is placed for a period maturing beyond 364days.

Maturity Structure of borrowing

	31-Mar-19	**% of Total**	**31-Mar-18**	**% of Total**
Years	**£'000**	**Debt**	**£'000**	**Debt**
< 1 year	214,682	41.37%	152,760	47.28%
1 to 2 yrs	5,083	0.98%	0	0.00%
2 to 5 yrs	29,250	5.64%	18,000	5.57%
5 to 10 yrs	54,417	10.49%	14,000	4.33%
10-15 yrs	50,917	9.81%	45,500	14.08%
15-20 yrs	57,792	11.14%	28,000	8.67%
20-25 yrs	70,008	13.49%	60,841	18.83%
25-30yrs	3,750	0.72%	0	0.00%
> 30 years	33,000	6.36%	4,000	1.24%
Total	**518,898**	**100.00%**	**323,101**	**100.00%**

Market Risks: Interest Rate Risk

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

- borrowings at variable rates - the interest expense will rise
- borrowing at fixed rates - the fair value of the liabilities borrowing will fall
- investments at variable rates - the interest income credited will rise
- investments at fixed rates - the fair value of the assets will fall.

Investments classed as 'loans and receivables' and loans borrowed are not carried at fair value, so changes in the fair value will have no impact on the Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus on the Provision of Services. Movements in the fair value of fixed rate investments classed as 'available for sale' will be reflected in Other Comprehensive Income and Expenditure.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits of 50% on external debt that can be subject to variable interest rates. At 31 March 2019, 96.34% of the debt portfolio was held in fixed rate instruments and 3.7% in variable rate or LOBO instruments.

Interest rate effect

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

	31/03/19	**31/03/18**
	£000	£000
Increase in interest payable on variable rate borrowings	190	180
Increase in interest receivable on variable rate investments	(369)	(281)
Increase in government grant receivable for financing costs	0	0
Impact on Surplus or Deficit on the Provision of Services	**(179)**	**(101)**
Share of overall impact debited to the HRA	0	0
Decrease in fair value of fixed rate investment assets	0	0

Housing Revenue Account (HRA)

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the cost in 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 the expenditure in accordance with regulations. The increase or decrease in the year are shown in the movement on the HRA statement.

31 March 2018 £000		**31 March 2019 £000**
	Expenditure	
10,160	Repairs & Maintenance	8,492
9,793	Supervision & Management	9,471
378	Rents, Rates, Taxes and other charges	419
11,812	Depreciation, impairments and revaluation losses of non-current assets	13,808
32,143	**Total Expenditure**	**32,190**
	Income	
(32,351)	Dwelling rents	(32,060)
(1,421)	Non-dwelling rents	(1,346)
(2,559)	Charges for services and facilities	(2,382)
(152)	Contributions towards Expenditure	(168)
(36,483)	**Total Income**	**(35,957)**
(4,340)	**Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**	**(3,767)**
262	HRA Services Share of Corporate & Democratic Core	274
(4,078)	**Net Expenditure of HRA Services**	**(3,493)**
4,406	(Gains)/loss on sale of HRA Fixed Assets	6,703
5,073	Interest Payable and Similar Charges	5,489
(84)	HRA Interest and Investment Income	(71)
400	Net interest on the defined benefit liability/asset	175
5,717	**(Surplus) or Deficit for Year on HRA Services**	**8,803**

The objective of this Statement is to reconcile the HRA income and Expenditure Statement with the surplus or deficit for the year on the Balances of the HRA

Movement on the HRA Statement

31 March 2018 £000	Movement on the HRA Statement	31 March 2019 £000
(23,710)	Balance on the HRA at the end of the previous year	(17,838)
0	Opening balance adjustment for adoption of IFRS 9	0
0	Opening balance adjustments	0
(23,710)	**Revised opening balance**	**(17,838)**
5,717	(Surplus) or Deficit on the HRA Income and Expenditure Statement	8,803
157	Adjustments between accounting basis and funding basis under statute	(7,230)
5,874	**Net (increase) or decrease before transfers to or from reserves**	**1,573**
(17,836)	**Balance on the HRA at the end of the current year**	**(16,265)**

31 March 2018 £000	Adjustment between accounting basis	31 March 2019 £000
102	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	102
(11,812)	Transfers to/(from) the Capital Adjustment Account	(13,808)
(4,357)	Gain or (loss) on sale of non-current assets	(6,703)
(436)	Contributions to or (from) the Pension Reserve	(357)
(48)	Transfers to/(from) the Capital Receipts Reserve	(30)
11,708	Transfers to/(from) Major Repairs Reserve	13,066
5,000	Capital expenditure funded by the HRA	500
157	**Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year**	**(7,230)**

HRA Property, Plant and Equipment

Movements to 31 March 2019

	Council Dwellings	Land and Buildings	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
at 1 April 2018	504,300	7,641	0	20,567	12,017	**544,525**
Opening Balance Restatement	(8,444)	677	724	(5,019)	(4,288)	**(16,348)**
Adjusted Opening Balance	**495,856**	**8,318**	**724**	**15,548**	**7,729**	**528,177**
Adjustments to cost/value & depreciation/impairment	(8,768)	(173)	0	0	0	**(8,941)**
Additions	11,600	28	0	12	9,787	**21,428**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	48,079	(347)	98	2,661	20	**50,511**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(116)	(891)	0	(3,312)	(451)	**(4,770)**
Derecognition – disposals	(11,879)	0	0	0	0	**(11,879)**
Other movements in cost or valuation	3,572	0	0	5,918	(9,490)	**0**
at 31 March 2019	**538,345**	**6,935**	**822**	**20,828**	**7,595**	**574,526**
Accumulated Depreciation and Impairment						
at 1 April 2018	(8,752)	(190)	0	(94)	(5)	**(9,041)**
Opening Balance Restatement	8,580	10	(9)	93	4	**8,678**
Adjusted Opening Balance	**(172)**	**(180)**	**(9)**	**(1)**	**(1)**	**(363)**
Adjustments to cost/ value & depreciation/ impairment	8,768	173	0	0	0	**8,941**
Depreciation charge	(8,699)	(72)	(1)	(3)	0	**(8,775)**
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	**0**
Derecognition – disposals	104	0	0	0	0	**104**
Other movements in depreciation and impairment	0	0	0	0	0	**0**
at 31 March 2019	**0**	**(78)**	**(11)**	**(3)**	**(1)**	**(93)**
Net Book Value						
at 31 March 2019	**538,345**	**6,857**	**812**	**20,825**	**7,594**	**574,432**
at 31 March 2018	**495,548**	**7,451**	**0**	**20,473**	**12,012**	**535,484**

Movements to 31 March 2018

	Council Dwellings	Land and Buildings	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**
Cost or Valuation					
at 1 April 2017	486,946	8,188	24,592	14,470	**534,196**
Accumulated depreciation and impairment written off to GCA	(6,701)	(62)	(110)	0	**(6,873)**
Additions	8,989		1,257	10,272	**20,518**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	17,091	(400)	382	0	**17,073**
Revaluation decreases recognised in the Deficit on the Provision of Services	(2,336)	(85)	(106)	0	**(2,527)**
Derecognition – disposals	(12,526)	0	(46)	0	**(12,572)**
Other movements in cost or valuation	12,837	0	(5,402)	(12,725)	**(5,290)**
at 31 March 2018	**504,300**	**7,641**	**20,567**	**12,017**	**544,525**
Accumulated Depreciation and Impairment					
at 1 April 2017	(6,400)	(4,625)	(163)	(2)	**(11,190)**
Accumulated depreciation and impairment written off to GCA	6,701	62	110	0	**6,873**
Depreciation charge	(9,172)	(81)	(45)	0	**(9,298)**
Depreciation written out to the Deficit on the Provision of Services	0	0	0	0	**0**
Derecognition – disposals	119	0	1	0	**120**
Other movements in depreciation and impairment	0	4,454	3	(3)	**4,454**
at 31 March 2018	**(8,752)**	**(190)**	**(94)**	**(5)**	**(9,041)**
Net Book Value					
at 31 March 2018	**495,548**	**7,451**	**20,473**	**12,012**	**535,484**
at 31 March 2017	**480,546**	**3,563**	**24,429**	**14,468**	**523,006**

HRA Investment Properties

31 March 2018 Non-Current £000	Investment Property Movements in Year	31 March 2019 Non-Current £000
2,247	Balance at start of year	2,260
13	Net gains/losses from fair value adjustments	(263)
2,260	**Balance at the end of the year**	**1,998**

Notes to the HRA Account

Introduction

The Council is a major supplier of Social rented accommodation in Slough. It owns and is responsible for the management and maintenance of over 6000 dwellings in the borough.

The income and expenditure relating to the above dwellings and the Council's landlord functions are dealt with in the Housing Revenue Account (HRA)

Vacant Possession Valuation

The dwellings within the HRA are valued in the Balance Sheet on an Existing Use Valuation for Social Housing (EUV-SH). This method is different than the Vacant Possession Valuation that would be obtained if the tennant was not present. The difference reflects the economic cost of providing social housing at less than open market rates. The adjustment factor applied in the Borough of Slough has been set at 33% of the vacant possession valuation (EUV)..

Housing Stock

The number of dwellings in the housing stock of the Authority as at 31st March 2019 is shown below

	31st March 2019 No.	31st March 2018 No.
Property Type		
Houses	2,775	2,749
Flats	2,783	2,822
Bungalows	523	529
Share Ownership	3	6
Awaiting Demolition	0	(14)
	6,084	**6,092**

Movements of Housing Stock in the Year

	31st March 2019 No.	31st March 2018 No.
Total Dwellings 1st April 18	6,092	6,094
Sold	(31)	(66)
New Build/Acquisition	23	78
Awaiting Demolition/Demolished	0	(14)
	6,084	**6,092**

Housing Stock

	Pre 1945 No.	1945 to 1968 No.	Post 1968 No.	Total No.
Low Rise Flats (blocks up to 2 storeys)				
0 Bed	5	26	27	58
1 Bed	18	436	747	1201
2 Bed	9	186	55	250
3 Bed		22	2	24
	32	670	831	1533
Medium Rise Flats (blocks of 3 - 5 storeys)				
0 Bed	0	21	7	28
1 Bed	0	186	262	448
2 Bed	0	254	301	555
3 Bed	0	92	30	122
		553	600	1153
High Rise Flats (blocks of 6 storeys or more)				
1 Bed	0	68	0	68
2 Bed	0	0	0	0
3 Bed	0	3	0	3
	0	71	0	71
Houses / Bungalows				
0 Bed	0	161	6	167
1 Bed	44	203	158	405
2 Bed	43	659	137	839
3 Bed	462	975	289	1726
4 or More	52	78	60	190
	601	2076	650	3327
Total Dwellings	**633**	**3370**	**2081**	**6084**

Housing Revenue Account Capital Expenditure

2017/18 £000		2018/19 £000
	Capital investment	
9,056	Operational assets	10,074
10,650	Non-operational assets	9,800
19,706	**Total capital investment**	**19,874**
	Sources of funding	
(3,470)	Capital Receipts	(2,707)
(10,626)	Major Repairs Reserve	(16,359)
(610)	Government grants and other contributions	(309)
(5,000)	Direct Revenue Financing	(500)
(19,706)	**Total funding**	**(19,874)**

Total Capital Receipts Generated during the year

31 March 2018 £000		31 March 2019 £000
(52)	Land	(60)
(6,123)	Council Houses	(4,596)
(1,920)	Other Property	(417)
(8,095)	**Total**	**(5,073)**

HRA Major Repair Reserve

The movement on the Major Repairs Reserve during the year ended 31st March 2019 is summarised below:

31 March 2018 £000		31 March 2019 £000
(14,025)	Balance at 1st April	(15,108)
(9,298)	Depreciation	(8,775)
(2,411)	Transfer to HRA Balance	(4,290)
10,626	Capital Expenditure on HRA Land, Houses and Other Property	15,717
(15,108)	**Total**	**(12,456)**

Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to Housing Revenue Account is £2,032,027 (£1,807,776 in 2017/18)

Rent Arears

During 2018/19 the total rent arears increased by £282k and prepayments decreased by £28k providing an overall negative movement in arears. A summary of rent arears and prepayments is shown in the following table

31 March 2018 £000		31 March 2019 £000
1,297	Current Tenant Arears	1,537
978	Former Tenant Arears	1,019
2,275	**Total rent Arears**	**2,557**
(770)	Prepayments	(742)
1,505	**Net Rent Arears**	**1,814**

Collection Fund

Collection Fund

The Collection Fund statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund.

The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

31 March 2018				31 March 2019		
Business Rates £000	**Council Tax £000**	**Total £000**	**Collection Fund**	**Business Rates £000**	**Council Tax £000**	**Total £000**
			INCOME:			
	(62,328)	(62,328)	Council Tax Receivable		(67,258)	(67,258)
(103,885)		(103,885)	Business Rates Receivable	(105,655)		(105,655)
(103,885)	**(62,328)**	**(166,213)**	**Total amounts to be credited**	**(105,655)**	**(67,258)**	**(172,913)**
			EXPENDITURE:			
			Apportionment of Previous Year Surplus/Deficit:			
(361)		(361)	Central Government	(3,116)		(3,116)
(354)	84	(270)	Slough Borough Council	(3,054)	0	(3,054)
(7)	4	(3)	Berkshire Fire Authority	(62)	0	(62)
	12	12	Thames Valley police		0	0
			Precepts, demands and shares:			
50,985		50,985	Central Government	5,125		5,125

49,965	52,675	102,640	Slough Borough Council	96,350	55,768	152,118
1,020	2,573	3,593	Berkshire Fire Authority	1,025	2,685	3,710
	7,011	7,011	Thames Valley police		7,605	7,605
			Charges to Collection Fund:			
802	480	1,282	Increase/(decrease) in allowance for impairment	1,015	318	1,332
1,461		1,461	Increase/(decrease) in allowance for appeals	28		28
1,576		1,576	Transitional Protection Payments Payable	2,317		2,317
208		208	Charge to General Fund for allowable collection costs for non-domestic rates	205		205
105,295	**62,839**	**168,134**	**Total amounts to be debited**	**99,833**	**66,377**	**166,209**
1,410	**511**	**1,921**	**(Surplus)/Deficit arising during the year**	**(5,822)**	**(882)**	**(6,703)**
1,906	**210**	**2,116**	**(Surplus)/Deficit b/f at 1 April 2018**	**3,316**	**721**	**4,037**
3,316	**721**	**4,037**	**(Surplus)/Deficit c/f at 31 March 2019**	**(2,506)**	**(161)**	**(2,666)**

Notes to the Collection Fund

Note 1 - Council Tax Income

2018/19

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	Council Tax payable
	£	No		No	£'000
A	Upto and including - 40,000	531	6/9	796	1
B	40,001 - 52,000	4,168	7/9	5,359	1
C	52,001 - 68,000	14,911	8/9	16,775	1
D	68,001 - 88,000	11,421	9/9	11,421	1
E	88,001 - 120,000	6,301	11/9	5,155	2
F	120,001 - 160,000	3,401	13/9	2,354	2
G	160,001 - 320,000	889	15/9	534	2
H	More than - 320,001	16	18/9	8	3
			Adjustment	0	
			Council tax base	42,402	

2017/18

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	Council Tax payable
	£	No		No	£'000
A	Upto and including - 40,000	1,098	6/9	732	1
B	40,001 - 52,000	6,711	7/9	5,220	1
C	52,001 - 68,000	18,681	8/9	16,606	1
D	68,001 - 88,000	11,307	9/9	11,307	1
E	88,001 - 120,000	4,161	11/9	5,086	2
F	120,001 - 160,000	1,624	13/9	2,347	2
G	160,001 - 320,000	323	15/9	538	2
H	More than - 320,001	4	18/9	8	3
			Adjustment	(670)	
			Council tax base	41,174	

The amount of Council tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those in Band D. Once this has been determined, the Council Tax payable for each band is established as follows: (The actual amount payable for each property is also subject to discounts where applicable.)

Note 2 - Business Rates

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 2018/19 the amount was 49.30p (47.90p = 2017/18). The small business rate multiplier was 48.0p for 2018/19 (46.60p 2017/18). 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 Comprehensive Income and Expenditure Statement and analysed at Note 13. The total rateable value @ 31 March 2019 was £242,436,288 (31 March 2018 = £244,947,038).

Group Accounts

Group Accounts Overview

Following a review of the Council and its entities, it was agreed that the Council should produce Group Accounts for the first time for the period 2017/18 due to the materiality of the entities and subsidiaries and the relationship with the Council. The Council now consider that the production of Groups Accounts which include the 50% holding in 'Slough Urban Renewal' and the 100% holding in 'James Elliman Homes' to be appropriate.

In accordance with the Code of Practice where Group Accounts figures are not materially different from those of the Council own accounts, no additional disclosure is required in these notes.

Notes to the Group Financial Statements have therefore only been produced where the figures differ materially from those in the Financial Statements of the Council

Consideration has been given to both the current levels of materiality and the need to show a true and fair view of the Councils current position. In deciding to produce the group accounts consideration has also been given to the levels of capital commitments already made that could also affect materiality and accuracy of disclosure.

Basis of the Preparation of the Group Financial Statements

The Group Accounts have been prepared using the group accounts requirements of the 2018/19 Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's Group Accounts to the extent that they are material to the users of the Financial Statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Accounting Policies

Generally, the accounting policies for the group accounts are the same as those applied to the single entity financial statements.

The Group Movement in Reserves Statement

Shows, the movement in the year of the different reserves held by the Group, analysed into both usable reserves and other reserves.

The Group Comprehensive Income and Expenditure Statement

Shows the in year position of the Group's services in accordance with generally accepted accounting practices.

The Group Balance Sheet

Incorporates and includes the value of the assets and liabilities recognised by the Group at 31 March 2019. Net assets of the Group are equal to the Group reserves.

Group Cash Flow Statement

Show the changes in cash and cash equivalents of the Group during the reporting period. This shows how the Group generates and uses cash and cash equivalents for operating, investing and financing activities.

Comprehensive Income and Expenditure Statement

2017/18 Expenditure £000	2017/18 Income £000	2017/18 Net £000		2018/19 Expenditure £000	2018/19 Income £000	2018/19 Net £000
80,873	(24,473)	56,400	Adults and Communities	63,003	(26,936)	36,067
141,294	(85,119)	56,175	Children, Learning and Skills	137,022	(83,127)	53,895
40,949	(8,937)	32,012	Place and Development	28,800	(7,865)	20,935
4,645	(4,107)	538	Regeneration	17,858	(10,463)	7,395
97,147	(74,818)	22,329	Finance and Resources	82,567	(73,489)	9,078
1,630	0	1,630	Chief Executive	16,539	(1,171)	15,368
32,143	(36,483)	(4,340)	Housing Revenue Account	31,994	(36,052)	(4,058)
127	(303)	(176)	James Elliman Homes	2,485	(698)	1,787
398,808	**(234,240)**	**164,568**	**Cost of Services**	**380,268**	**(239,802)**	**140,466**
14,196	0	14,196	Other Operating Expenditure	4,462	(1)	4,461
23,844	(13,704)	10,140	Financing and Investment Income and Expenditure	39,153	(8,502)	30,650
0	(122,614)	(122,614)	Taxation and Non Specific Grant Income	0	(116,056)	(116,056)
436,848	**(370,558)**	**66,290**	**Group Surplus or Deficit**	**423,882**	**(364,361)**	**59,521**
		(36,338)	Surplus or deficit on revaluation of Property, Plant and Equipment			(75,931)
		(448)	Surplus or deficit on revaluation of available for sale financial assets			0
		(20,630)	Remeasurement of the net defined benefit liability / asset			13,530
		(57,416)	**Other Comprehensive Income and Expenditure**			**(62,401)**
		8,874	**Total Comprehensive Income and Expenditure**			**(2,880)**

Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Total HRA Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority Share of Subsidiary Joint Venture and Associate Reserves £000	Total Reserves £000
Balance at 31 March 2018	(8,123)	(6,318)	(17,838)	(17,838)	(28,312)	(15,107)	(32,443)	**(108,141)**	(296,168)	**(404,309)**	0	**(404,309)**
Revised opening balance	**(8,123)**	**(6,318)**	**(17,838)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(108,141)**	**(291,776)**	**(399,917)**	**0**	**(399,916)**
Movement in reserves during 2018/19												
Total Comprehensive Income and Expenditure	**48,242**		**8,803**	**8,803**				**57,045**	**(62,327)**	**(5,282)**	**2,476**	**(2,805)**
Adjustments between Group Accounts and Authority Accounts	0			0				**0**	0	**0**	0	**0**
Adjustments between accounting basis and funding basis under regulations	(46,671)		(7,230)	(7,230)	4,326	2,650	14,877	**(32,048)**	32,048	**0**		**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**1,571**	**0**	**1,573**	**1,573**	**4,326**	**2,650**	**14,877**	**24,997**	**(30,279)**	**(5,282)**	**2,476**	**(2,805)**
Transfers to / from Earmarked Reserves	(1,570)	1,570	0	0				**0**				**0**
Increase or Decrease in 2018/19	**0**	**1,570**	**1,573**	**1,573**	**4,326**	**2,650**	**14,877**	**24,997**	**(30,279)**	**(5,282)**	**2,476**	**(2,805)**
Balance at 31 March 2019	**(8,123)**	**(4,748)**	**(16,265)**	**(16,265)**	**(23,986)**	**(12,457)**	**(17,566)**	**(83,144)**	**(322,055)**	**(405,199)**	**2,477**	**(402,722)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Total HRA Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority Share of Subsidiary Joint Venture and Associate Reserves £000	Total Reserves £000
Balance at 31 March 2017	(8,123)	(7,156)	(23,710)	(23,710)	(23,675)	(14,025)	(50,680)	**(127,369)**	(285,803)	**(413,172)**	0	**(413,172)**
Revised opening balance	**(8,123)**	**(7,156)**	**(23,710)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**(285,803)**	**(413,172)**	**0**	**(413,172)**
Movement in reserves during 2017/18												
Total Comprehensive Income and Expenditure	**60,561**		**5,717**	**5,717**				**66,278**	**(57,416)**	**8,862**	**61**	**8,923**
Adjustments between Group Accounts and Authority Accounts	0			0				**0**	0	**0**	0	**0**
Adjustments between accounting basis and funding basis under regulations	(59,723)		155	155	(4,637)	(1,082)	18,237	**(47,050)**	47,050	**0**		**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**838**	**0**	**5,872**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**	**61**	**8,923**
Transfers to / from Earmarked Reserves	(838)	838	0	0				**0**				**0**
Increase or Decrease in 2017/18	**0**	**838**	**5,872**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**	**61**	**8,923**
Balance at 31 March 2018	**(8,123)**	**(6,318)**	**(17,838)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(108,141)**	**(296,169)**	**(404,310)**	**61**	**(404,249)**

Balance Sheet

31 March 2018 £000		31 March 2019 £000
919,129	Property, Plant and Equipment	1,071,477
67,656	Investment Property	88,560
550	Intangible Assets	969
16,206	Long Term Investments	36,629
8,161	Long Term Debtors	9,385
1,011,702	**Long Term Assets**	**1,207,020**
18,808	Short-term Investments	48,558
6	Inventories	6
33,434	Short Term Debtors	49,315
10,701	Cash and Cash Equivalents	23,142
62,949	**Current Assets**	**121,021**
(152,760)	Short-Term Borrowing	(214,682)
(34,709)	Short-Term Creditors	(51,548)
(2,447)	Provisions	(4,266)
(2,100)	Grants Receipts in Advance - Capital	0
(192,016)	**Current Liabilities**	**(270,495)**
(393)	Long-Term Creditors	(498)
(223)	Provisions	(223)
(170,341)	Long Term Borrowing	(327,429)
(307,430)	Other Long-Term Liabilities	(326,894)
(478,387)	**Long Term Liabilities**	**(655,044)**
404,248	**Net Assets**	**402,502**
(108,080)	Usable Reserves	(80,606)
(296,168)	Unusable Reserves	(321,896)
(404,248)	**Total Reserves**	**(402,502)**

Cash Flow Statement

Slough Borough Council 2017/18 £000	Group 2017/18 £000		Slough Borough Council 2018/19 £000	Group 2018/19 £000
66,278	66,339	Net (surplus) or deficit on the provision of services	57,045	59,521
(86,747)	(86,453)	Adjustment to surplus or deficit on the provision of services for noncash movements	(80,141)	(79,847)
31,393	31,393	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	16,952	16,955
10,924	**11,278**	**Net cash flows from operating activities**	**(6,144)**	**(3,371)**
80,983	79,827	Net cash flows from investing activities	185,859	184,703
(82,007)	(82,007)	Net cash flows from financing activities	(190,654)	(190,658)
9,900	**9,099**	**Net (increase) or decrease in cash and cash equivalents**	**(10,939)**	**(9,326)**
19,800	19,800	Cash and cash equivalents at the beginning of the reporting period	9,900	10,701
9,900	**10,701**	**Cash and cash equivalents at the end of the reporting period**	**20,839**	**20,027**

Note 1 - Property, Plant and Equipment

Movements to 31 March 2019

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation								
at 1 April 2018	504,300	222,883	60,831	131,231	8,480	23,828	28,908	**980,461**
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)	(15)	0	0	(12)	0	**(12,051)**
Additions	11,600	60,473	1,132	6,345	54	496	20,247	**100,347**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	48,079	25,572	(1,464)	0	98	3,589	57	**75,931**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(116)	1,950	(493)	0	0	(3,312)	(451)	**(2,422)**
Derecognition – disposals	(11,879)	(1,152)	0	0	0	0	0	**(13,032)**
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	1,281	0	**1,281**
Other movements in cost or valuation	3,572	(408)	408	0	0	5,918	(9,492)	**(1)**
at 31 March 2019	**538,345**	**286,499**	**63,267**	**137,578**	**9,569**	**24,794**	**33,788**	**1,093,840**
Accumulated Depreciation and Impairment								
at 1 April 2018	(8,752)	(2,934)	(30,265)	(24,633)	(16)	(192)	(3)	**(66,795)**
Adjustments to cost/value & depreciation/impairment	8,768	3,256	15	0	0	12	0	**12,051**
Depreciation charge	(8,699)	(3,311)	(3,839)	(3,274)	(1)	(26)	0	**(19,150)**
Derecognition – disposals	104	0	0	0	0	0	0	**104**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	(4)	0	**(4)**
Other movements in depreciation and impairment	0	(2)	2	0	0	0	0	**0**
at 31 March 2019	**0**	**(1,606)**	**(18,187)**	**(27,910)**	**(27)**	**(22)**	**(1)**	**(47,752)**
Net Book Value								
at 31 March 2019	**538,345**	**284,894**	**45,081**	**109,667**	**9,543**	**24,772**	**33,787**	**1,046,088**
at 31 March 2018	**495,548**	**219,949**	**30,566**	**106,598**	**8,464**	**23,636**	**28,905**	**913,666**

ovements to 31 March 2018

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation								
at 1 April 2017	486,946	190,681	54,580	118,933	8,200	27,421	29,128	**915,889**
Adjustments to cost/value & depreciation/impairment	(6,701)	(4,021)	(795)	0	0	(131)	0	**(11,648)**
Additions	8,989	44,087	6,567	12,298	280	357	25,273	**97,851**
Revaluation increase/(decreases) recognised in the Reval. Reserve	17,091	17,504	388	0	0	1,355	0	**36,338**
Revaluation increase/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,336)	(26,491)	(340)	0	0	(105)	0	**(29,272)**
Derecognition – disposals	(12,526)	(5,094)	(648)	0	0	(4,957)	0	**(23,225)**
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	**0**
Other movements in cost or valuation	12,837	11,680	1,079	0	0	(112)	(25,493)	**(9)**
at 31 March 2018	**504,300**	**228,346**	**60,831**	**131,231**	**8,480**	**23,828**	**28,908**	**985,924**
Accumulated Depreciation and Impairment								
at 1 April 2017	(6,400)	(3,271)	(29,031)	(21,618)	(16)	(558)	0	**(60,894)**
Adjustments to cost/value & depreciation/impairment	6,701	4,021	795	0	0	131	0	**11,648**
Depreciation charge	(9,172)	(3,874)	(2,536)	(3,015)	0	(77)	0	**(18,674)**
Derecognition – disposals	119	190	507	0	0	309	0	**1,125**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	**0**
Other movements in depreciation and impairment	0	0	0	0	0	3	(3)	**0**
at 31 March 2018	**(8,752)**	**(2,934)**	**(30,265)**	**(24,633)**	**(16)**	**(192)**	**(3)**	**(66,795)**
Net Book Value								
at 31 March 2018	**495,548**	**225,412**	**30,566**	**106,598**	**8,464**	**23,636**	**28,905**	**919,129**
at 31 March 2017	**480,546**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**

Glossary

Glossary

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

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

· Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or

· The actuarial assumptions have changed

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

· A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);

· A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the authority, i.e. it is "clawed-back" by the government.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

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

CONTINGENT LIABILITY

A contingent liability is either:

· A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or

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

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

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

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

· A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.

· A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

· Readily convertible to known amounts of cash at or close to the carrying amount; or

· Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NET BOOK VALUE

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

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

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

PAST SERVICE COST (PENSIONS)

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

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

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

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

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

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

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