

STATEMENT OF ACCOUNTS

2009/10

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EXPLANATORY FOREWORD

The purpose of this foreword is to provide the reader with:

- An explanation of the accounting statements which follow.
- A review of the Council's financial performance in 2009/10.
- An indication of the Council's financial position as at 31st March 2010.

1. INTRODUCTION

This section provides background information and a concise summary of the Council's out-turn position for the year. It also provides an overview of the format of the remainder of the Statement of Accounts.

The statement is produced in accordance with the requirements of the Best Value Accounting Code of Practice (BVACOP).

2. STRUCTURE OF THE ACCOUNTS

The Council's Accounts for the year are set from page 1. The order of these Accounts for the year changed in accordance with the 2009 Statement of Recommended Practice (the SORP). The major accounts are now included within Single Entity and Supplementary Single Entity Financial Statements as follows:

The **Core Single Entity Statements** include the following:

- i) **Statement of Accounting Policies** which details the legislation and principles that are used in compiling the accounts. The accounts can be best appreciated if the policies followed in dealing with material items are understood. The Statement of Accounting Policies and the notes to the statements form an integral part of the accounts.
- ii) **The Statement of Responsibilities**, which is the statement by the Strategic Director of Resources that the accounts present a true and fair view of the financial position of the Authority and confirms the date the accounts were authorised for issue and the date approved by the Council.
- iii) **Income & Expenditure Account** which is a summary of the resources generated and consumed by the Authority in the year (both for the Council's General Fund and Housing Revenue Account).
- iv) **Statement of the Movement on the General Fund Balance** which provides a reconciliation between the balance of resources generated/consumed in the year and the statutory requirements for raising council tax.
- v) **Statement of Total Recognised Gains and Losses** which demonstrates how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/ deficit and to other unrealised gains and losses.
- vi) **The Balance Sheet** summarises the Council's financial position as at 31st March 2010. It reflects the assets and liabilities of all the Council's activities including the Collection Fund, but excluding any Trust Funds as shown in note 30.
- vii) **The Cash Flow Statement** summarises all cash inflows and outflows arising from financial transactions with third parties for revenue and capital purposes.
- viii) **Notes to the Core Statements** provides details of further information to be disclosed as listed by SORP.

In addition supplementary statements are included as follows:

- i) **The Housing Revenue Account (HRA):** Local housing authorities are required by the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA). This records revenue income and expenditure in relation to council houses and its tenants, such as repairs and maintenance, management expenses, capital financing costs, rent income, other income for charges for services and subsidy receivable from the Government. The HRA must be self-supporting without contributions from other funds (e.g. the General Fund.)
- ii) **The Collection Fund:** There is a legal requirement for charging authorities to maintain a separate Collection Fund account that holds details of transactions relating to council tax, non-domestic rates (business rates), precept demands and any residual community charge adjustments, together with details of how any balances have been distributed. Although it is kept separate from the income & expenditure account, the Collection Fund balances do form part of the consolidated balance sheet.
- iii) **The Annual Governance Statement,** which explains how Slough Borough Council has complied with the code and meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on internal control.

To assist in your understanding of the accounts the following are included:

- i) **Glossary of Financial Terms.** This explains financial terms used in the accounts.
- ii) **List of Abbreviations.** This provides the full description for abbreviations used in this document

3. FUTURE COUNCIL PRIORITIES

Slough Borough Council has worked with our partners to develop our twenty-year vision set out in our “Sustainable Community Strategy” (SCS). Our Local Area Agreement (LAA) set out what we are doing to deliver this vision for the period 1st April 2008 to 1st April 2011.

Our overall focus is to improve outcomes for local communities and our priorities are;

- community cohesion;
- health and well-being;
- community safety;
- cleaner, greener slough; and
- economy and skills.

We are continually reviewing our progress and each year we update our LAA to make sure we continue to improve outcomes. We will be developing a new 3 year LAA from 2011, although this will be dependant on resources available due to the election of the new government, and as part of this we will be checking that we are still working on the things that are most important to our residents.

The “Proud to be Slough” campaign is helping us to improve the reputation of the town and increase levels of local pride so that residents and businesses feel ‘Proud to be Slough’. A key area of activity for the next year will be to encourage residents to register in the census so that the town receives the funding it needs to deliver services that meet the needs of local residents.

Consultation

The Council consults annually as part of its budget process. This is part of the Council’s commitment to listen to local people. The consultation seeks to establish what local residents think about council services and priorities and how this should be reflected in the annual budget.

Residents were invited to give their views online, by email and also face to face. Businesses were also contacted and asked for their views.

The consultation process was designed to be as inclusive as possible, seeking the views and opinions of residents, stakeholders, the business and voluntary sectors. Understanding the views and opinions of local people will assist Cabinet as it develops and finalises the budget for the financial year ahead. The feedback obtained will also be used by council services alongside other sources of customer information when developing plans and in continued implementation of the Council’s vision.

The top five priorities for investment included:-

- Crime
- Street Scene
- Activities for teenagers
- Transport
- Job Prospects

Risk

The Council has an agreed policy for the identification and management of risk and a strategy to achieve the objectives of this policy. The Council has prepared a corporate risk register supported by departmental risk registers.

It is inevitable that the Council has needed to plan its budget amidst a degree of uncertainty, which takes account of risk in funding levels. However, risk as a factor has been addressed as far as possible. The budget setting process affords service departments the opportunity to identify emerging budget pressures, including those relating to legislative requirements and demographic changes.

Achievements

The Council achieved £10.3m of efficiency savings in 2009/10 compared with the Government target of £8m. This represents 10% of the Council’s Revenue Budget and is more than £2.3m above target.

Amongst other financial achievements for the year, it is pleasing to note that:

- The Council achieved an overall net surplus against amended budget of £253k a variance of 0.24% in a gross budget of £422m, £103m net.

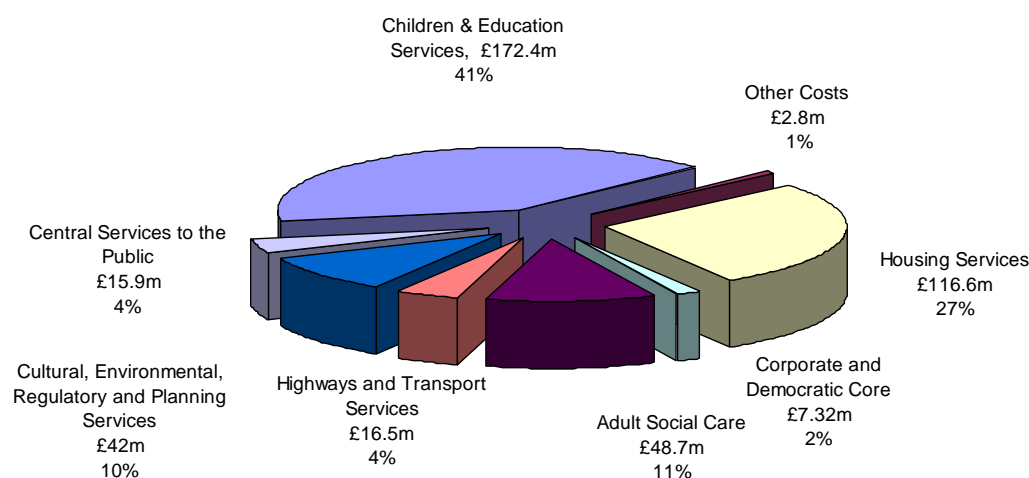
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- Over the last 5 financial years the Council has achieved a breakeven budget.
- Capital expenditure of £50.1m was spent across the General Fund and Housing Revenue Account.

3. INCOME & EXPENDITURE

- The Income & Expenditure account on page 20 is analysed in accordance with the Best Value Code of Practice (BVACOP) and includes HRA services.
- The Council's gross expenditure was £422m and the following diagram shows this on a service by service basis.

Gross Expenditure by Service 2009/10



Other Costs include Non-distributed costs. The Housing Services includes costs in respect of the HRA.

4. GENERAL FUND

A robust total budget of £102.6m for 2009/10 was set. This excluded expenditure on schools.

The budget included savings of broadly £8m in line with efficiencies expected by the Government. This enabled the Council to invest £8.6m in services during the year, which include £140k for Education and Children's Services, £3.3m for Community and Wellbeing, £2.1m for Green and Built Environment and £3.1m for the Central Directorates and Corporate Function.

The final position for 2009/10 was an overall surplus of £253k against budget which results in General Fund balances at 31st March 2010 of £5.4m.

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Service Analysis of the General Fund

The statement shows the General Fund net expenditure, analysed by service, showing the approved budgets, actual expenditure and variances against those budgets.

Service	Revised Budget £000	Final Outturn £000	Variance £000
Education and Children's Services	33,262	33,108	(154)
Community & Wellbeing	42,050	42,146	96
Green and Built Environment	37,985	37,810	(175)
Central Directorates	14,784	14,769	(15)
Corporate Items	3,449	3,437	(12)
Total Net Cost of Services	131,530	131,270	(260)
Customer Service Centre	(350)	0	350
Release of Council provisions	230	0	(230)
Treasury Management	3,158	3,045	(113)
Other	(20,212)	(20,212)	0
ABG, LABGI & PFI Grants	(12,127)	(12,127)	0
Total	102,229	101,976	(253)

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Service	Variance £000	Variance Comments
Education and Children's Services	(154)	<p>The departments final outturn position is a net under spend of £154k. The main variances are as follows;</p> <p>Pressures during the year fundamentally arose across the provision of Children's Social care and due to an increased number of looked after children placements across all settings. This is coupled with increased referral and assessment activity which has raised costs for services looking to prevent Children from becoming looked after. Some compensating savings were realised across other Children's Services, in particular those that support children leaving care where activity levels have been lower than anticipated.</p> <p>Savings across the Raising Achievement and Inclusion divisions of the directorate have offset the pressures with Children Social Care. Headlines being a reduction in out of borough placements for Children with Disabilities and savings within the Youth Service following recruitment difficulties at the start of the year and the use of grant funding to offset core costs. The effective re-tendering of the Home to School Transport contracts has realised significant part year savings which have been built into the 2010/11 based budget. The final phase of Extended School start up activities during the year has resulted in budget savings. The use of grant funding to offset core costs and charging services to schools has also been a source of savings during 2009/10 .</p>
Community & Wellbeing	96	<p>The department has returned a net overspend of £96k.</p> <p>This outturn comprises of a budget pressure of £351k for Community and Adult Social Care. This is offset by broad savings of £140k on Learning Skills and Cultural Engagement and £105k on Personalisation, Commissioning & Partnerships respectively.</p> <p>The Community & Adult Social Care overspend is due to rising commitments on the residential & nursing care packages, direct payments and home care budgets which are partly offset by savings on day care services and staffing budgets.</p>

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Service	Variance £000	Variance Comments
		<p>The Learning Skills & Cultural Engagement under spend results from savings in Community Centres, Transport Services and Culture & Sports budgets. These are due to greater income on Community Centres & Transport budgets. Also savings on the Active Slough initiative.</p> <p>The savings in the Personalisation, Commissioning & Partnerships area relates to staff vacancies, most of which have now been filled</p>
Green and Built Environment	(175)	<p>The overall directorate outturn position is a net under spend of £175k. The main variances that comprise this overall total relate to savings that have been achieved within the concessionary fares service due to a reduction in demand partly as a consequence of the severe and prolonged bouts of bad weather which kept many elderly people at home. A reduction in the demand for Disabled Facility Grants 'top up' funding due in the main to an increase in the maximum statutory grant eligibility threshold to £30k, requiring less call on the discretionary budget. Employee cost savings made within the Home Improvements and Housing Enforcement teams through the effective management of staff vacancies and the efficient use of grant funding.</p> <p>These savings are offset by a pressure arising from a reduction in planning fee income due to a lack of major applications, although small household applications remained fairly constant. Car park income fell due to the non renewal of season tickets, partly as a result of the recession, and the illegal use of vacant development sites for long term car parks whilst undercutting charges. An increase in the costs of highways maintenance due to the impact of the severe winter with the requirement for extra gritting and pothole repairs</p>
Central Directorates	(15)	<p>Pressures from the provision of discretionary rates relief has been offset by savings against the IT budget including one off savings from re-aligning contract renewal dates for software licences and by re-negotiating Oracle licences rolled up with system maintenance which meet 2010/11 savings targets. Further savings across HR and Payroll including additional income from schools for provision of services and a reduction in pension costs arising from the final report received from the actuary. The</p>

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Service	Variance £000	Variance Comments
		Operational Training budget has made a saving because a decision made early in the year to hold back on senior management development training and strategic training relating to the 'One Council' project.
Corporate Items	(12)	Additional income receipts in respect of VAT and other minor variances.
Total Net Cost of Services	(260)	
Customer Service Centre	350	As reported throughout 2009/10 via the monthly budget monitoring process the pressure of £350k being the non achievement of a previously agreed saving relating to the Customer Service Centre was anticipated to be met from Council wide savings – this has been delivered as predicted. (This pressure has been budgeted for in the 2010/11 budget build)
Release of Council Provisions	(230)	The Council's provisions have been reviewed and as a result it was seen prudent to reduce the Treasury Management reserve by £150k as a consequence of reducing the size of the Council's overall capital programme, and thus a reduction in the borrowing costs as well conducting a sensitivity analysis across other areas of perceived risk resulting in a £80k saving.
Treasury Management	(113)	Fundamentally this reflects the continued re-profiling of the Council's capital programme.
Total	(253)	Under spend transferred to General Fund balances.

Schools.-

The Council received a Dedicated Schools Grant (DSG) in 2009/10 of £91.456m of which £82.538m was delegated to schools who in turn spent £81.79m (99%) and retained the balance of £0.748m within their earmarked reserves. For ongoing commitments, the balance of the DSG (£8.918m) was managed centrally to cover services that were cross cutting across all school phases or because centralising allowed better value for money aligned with Department for Education direction.

The schools also receive other grant funding via the DCSF (now known as Department of Education) Standards Fund, School Standards Grant and LSC which together total around £24m in addition to a contribution of £810k from the Council's budget towards the cost of the PFI scheme.

Locally managed schools are allowed to carry forward unspent balances of delegated budgets as agreed within the framework recommended by the schools forum.

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The balance held by schools as at the 31st March 2010 is £9.6m. Further details on the DSG are given in the notes number 37 to the core accounts.

5. HOUSING REVENUE ACCOUNT (HRA)

The original budget for the HRA for 2009/10 approved an increase in rents of 6.2%, in line with government rent policy and the guideline rent increase. However, it was subsequently announced in the House of Commons that this increase was to be limited to 3.1% to ensure that council tenants continue to pay rents that are affordable and fair.

During 2009/10 the Council paid to People 1st (Slough) a £5.46m fee for the management of its council housing stock which is in line with the budgeted sum, and in conjunction with the management agreement .

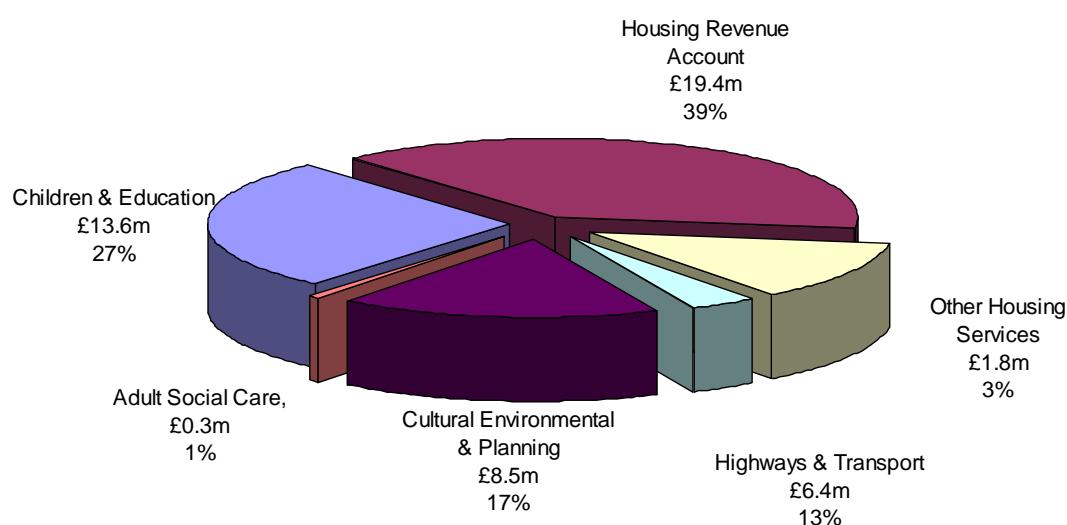
There was an in year surplus of £2.6m on the Housing Revenue Account. This results in a balance as at 31st March 2010 of £9.7m, which will be retained within the HRA in accordance with the HRA business plan. As the HRA is a ring-fenced account, the balances will be reinvested for the benefit of council tenants, as directed by current legislation under the Local Government & Housing Act 1989.

6. CAPITAL EXPENDITURE AND THE PRUDENTIAL SYSTEM OF CAPITAL FINANCE

The capital programme at the beginning of 2009/10 amounted to £53.7m. This was reprofiled during the year to £50m. The expenditure at the year end totalled £50.1m.

This is shown graphically below:

Capital Expenditure 2009/10



Expenditure in the year included the following major items, Heart of Slough (£4.3m), Wexham School (£1.8m), and the Art at the Centre project (£1.7m). The majority of the spend within the Housing Revenue Account related to improvements under the decent

homes programme.

7. BORROWING

The Council carries out external long term borrowing for periods in excess of one year to finance capital spending. However, the Council is also able to temporarily defer the need to borrow externally by using the cash it has set aside for long term purposes and therefore there is no immediate link between the need to borrow to finance capital spend and the level of capital spend. This also results in reduction of the level of cash that the Council has available for investment,

The Council's amortised debt outstanding as at 31st March 2010 is £69.4m (compared to £72.4m as at 31st March 2009). £44.9m of the debt is owed to the Public Works Loans Board, an arm of the Government, and £24.5m is owed to the Money Market Institutions, i.e. banks and similar institutions.

The Council's ability to borrow, apart from internal prudent management considerations, is governed by regulations arising from the Local Government Act 2003 and the CIPFA's Code of Practice on Prudential System of Capital Finance. The Council also incorporates adherence to the CIPFA Code of Practice on Treasury Management in its own internal treasury management policy statements.

8. INVESTMENTS

The Council invested its surplus cash balances during 2009/10 in accordance with the Council's Treasury Management policy, the guidance issued by the Government and the CIPFA's Code of Practice for Treasury Management with the primary objectives of:

- ensuring that the Council's funds were invested prudently;
- giving priority to security and risk rather than to yield; and
- maintaining sufficient liquidity to meet the cash flow requirement.

The amortised value of investments as at 31st March 2010 is £74.9m (compared to £102.8m as at 31st March 2009). The investments are managed "in-house" and are a result of the general management of the Council's financial reserves and daily cash flow requirements. They consist of the Council's reserves, unapplied capital receipts, grants and contributions and general receipts. Investment income received during 2009/10 was £2.7m (£7.5m in 2008/09).

9. COLLECTION FUND

In setting the 2010/11 Council Tax during January 2010 the balance on the Collection Fund was estimated to be zero. As at 31st March 2010 there is a small deficit of £19k, Slough's share being £17k. This will be taken into account when setting the 2011/12 Council Tax in January 2011.

The in year collection levels of council tax income during 2009/10 was 95.8% (95.6% for 2008/09).

The in year collection levels of business rate income during 2009/10 was 95.4% (95.9% for 2008/09).

10. GROUP ACCOUNTS

Legislation requires the Council to produce Group Accounts consolidating the Council's main accounts with those of any subsidiary or associate companies whose turnover is material. The Council has 2 subsidiaries, Development Initiative for Slough Housing Limited (DISH) and Slough People 1st (Slough).

DISH is considered immaterial but Group Accounts are now compiled to include the accounts for People 1st (Slough):

11. PENSION RESERVE

Under FRS17, the Authority is required to reflect in the primary Statements of the Accounts, the Assets and Liabilities of the Pension Fund attributable to the Council. FRS17 is based on the principle that the Council should account for retirement benefits when it is committed to give them even though the cash payments may be many years into the future.

The Authority's balance sheet includes a pension liability and pension reserves of £165.3m as at 31st March 2010 (£84m as at 31st March 2009).

Whilst the Pension Fund Liability suggests a significant shortfall between the forecast cost of future pensions and the current level of assets built up on the pension fund, these figures are a snapshot at a point in time and the pension fund assets are subject to fluctuations in value depending on the current state of the stock market. Any deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the Pension Actuary. Therefore, this information needs to be considered with the long term view provided by the triennial actuarial valuation.

Further details are given in note 31 to the Core Statements.

12. CHANGES IN ACCOUNTING POLICIES AND STATEMENTS

The Accounting Policies follow the format given in the SORP.

As required under the 2009 SORP the following changes have been included in the 2009/10 accounts:-

1. PFI – The accounting requirements for the Private Finance Initiative are no longer based on UK accounting standard, but on International Financial Reporting Standards. This means that PFI properties used to deliver PFI services, previously 'off Balance Sheet', are now on the Balance Sheet with a liability for the financing provided by the PFI operator. The previous year's statements have also been adjusted to reflect this.
2. Collection Fund – Council Tax. The SORP now requires that the billing authority act as an agent for its major preceptors. In Slough's case this is Thames Valley Police Authority and Royal Berkshire Fire Authority. This means that the appropriate share of council tax debtors should be shown in the billing authorities and major preceptors' balance sheets. The previous year's statements have also been amended.

3. Collection Fund – National Non Domestic Rates (NNDR). Previously NNDR debtors have been included on the billing authorities' balance sheet. SORP 2009 now requires that, as the Authority acts an agent for the Government, a creditor (if owed) or debtor (if overpaid) for cash collected, should be shown on the balance sheet to the Government. The balance sheet for 2008/09 and 2009/10 reflects this.
4. Accrued interest due within 12 months of the balance sheet date has now been separated from long term financial liabilities and assets and shown under current liabilities and assets.
5. In December 2009 the Accounts and Audit (Amendment No 2) (England) Regulations 2009 were laid before parliament. The new regulations amended the Accounts and Audit Regulations 2003 and imposed an obligation on the Council to include reference to remuneration reporting for senior officers in its Statement of Accounts.

A senior employee is an employee whose salary is £150k or more per year, or an employee whose salary is £50k or more per year (to be calculated pro rata for an employee employed for fewer than the usual full time hours for the relevant body concerned) who is either: the Council's designated Head of Paid Service, a statutory chief officer or non-statutory chief officer, as defined by Section 2 of the Local Government and Housing Act 1989.

If the Senior Officer's Salary exceeds £150k, the regulations require disclosure of the officer's name. If the salary does not exceed £150k then disclosure of the post title only is required.

6. The officers' remuneration note has been amended to show bands of £5k instead of £10k as previously.

13 FUTURE DEVELOPMENTS

The Council is looking to ensure its citizens are provided with appropriate services within a restraining cash envelope. Shown below are some of the areas that have been developed and, although not an exhaustive list, do provide a flavour of some of the Council's future developments.

- Slough continues to lobby on a number of fronts in relation to funding due to its particular circumstances, including the mid year population estimates that impacted on the Slough Revenue Support Grant (RSG) settlement and the Local Authority Business Growth Incentive (LABGI) grant. We will work through our LSP, with other publicly funded organisations within our community, to actively encourage the widest possible participation by of Slough residents in the census.
- We will be reviewing a number of our support services as part of our ongoing commitment to improving value for money. Enabling us to meet the difficult financial challenges that the current economic climate presents by focussing our limited resources to protect our front line services.
- The Council will reintegrate People 1st (Slough), back into our mainstream organisational operations from 1st July 2010. The bulk of our capital allocation for the

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decent homes funding has been secured and the Council's commitment to complete the programme is unchanged.

- Herschel Park is being restored to its former Victorian glory as part of a £2.7m pound project run by the Council and paid for by the Heritage Lottery Fund. As well as bringing water back to two lakes and restoring the grounds, the money will be used to convert an old Victorian coach house into a new multi-use community and visitor centre, and the nature reserve which borders the park will be enhanced with trees and wildflowers. Victorian style lighting will also be installed and a new access to the nature reserve from the park created. Alongside all the physical improvements is a programme of educational activities with schools and local community groups, including Slough Museum and the libraries.
- In July 2009 the Council received confirmation from the Government Office that it had been successful in a bid for funding to finance a multi agency project to improve the poor housing conditions being experienced by migrants living in Slough. Funding of £175k was provided in 2009/10, with a further £350k in 2010/11. The project will be delivered in the three most deprived wards within the Borough where statistics indicate the highest migrant population is accommodated. Officers will work directly within the community to improve housing conditions and raise awareness of tenants' rights. They are working closely with existing community and landlord organisations, are establishing a training regime for landlords and using a combination of existing legislation and high profile publicity to achieve these aims. Early results show that this approach is achieving improvements through both enforcement and voluntary action.
- During 2010/11 Adult Social Care Services are required to fully implement Personal Budgets as part of the national transformation agenda. This will apply to all new service users, and existing users at the point of review. Personal Budgets are designed to enable the service user to be able to exercise choice and control over how they choose to deploy those resources to meet their identified and agreed care needs.
- Following the strategic review of the Library Service in 2009, the Council has decided to seek organisations that would be willing to enter into a strategic partnership with the Council to deliver the Library Service. There are expected to be a number of benefits in entering a partnership, it would allow the service to develop so that it meets Slough's needs, there would be economies of scale which both parties could benefit from and it could create opportunities to deliver the service through alternative routes. A formal procurement process is now underway and the partner is expected to come on board from 1st January 2011.
- From the 1st April 2010 services formerly run by the Learning Skills Council (LSC) in respect of the management of funding for post-16 education in schools and colleges transferred to Local Authority control. Slough is hosting and leading a sub regional group (SRG) on behalf of all 6 Berkshire Authorities which will result in an additional funding of £1.5m for the management and administration of the SRG and a further c.£50m that will 'pass through' SBC as it is allocated to providers of post-16 education across Berkshire.

Julie Evans
Strategic Director of Resources

FURTHER INFORMATION

Further information about the accounts is available from

The Strategic Director of Resources
Slough Borough Council
Town Hall,
Bath Road, Slough,
Berkshire,
SL1 3UQ.

(Tel: 01753 875300)

The Statement of Accounts also appear on the Slough Borough Council website, www.slough.gov.uk/myCouncil and at the Slough Library

PUBLIC INSPECTION

From 5th July 2010 to 30th July 2010 between 10.00am and 4.00pm on Monday to Friday any person may inspect the accounts of the Council for the year ended 31st March 2010 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts) at the address given above. They may also make copies of the accounts and documents.

From 10am on 2nd August 2010 until the conclusion of the audit process (expected to be at the 27th August 2010), a local government elector for the area of the Council, or his/her representative, may ask the auditor questions about the accounts. Please contact the auditor at Audit Commission, Ground and 1st Floor, Unit 5, Isis Business Centre, Horspath Road, Cowley, Oxford, OX4 2RD to make arrangements to ask any questions.

From 10am on 2nd August 2010 until the conclusion of the audit process, a local government elector for the area of the Council, or his/her representative, may object to the Council's accounts asking that the auditor issue a report in the public interest (under section 8 of the Audit Commission Act 1998) and/or apply to the court for a declaration that an item in the accounts is contrary to law (under section 17 of the Audit Commission Act 1998). Written notice of a proposed objection and the grounds on which it is made must be sent to the auditor at the address given above and copied to the Strategic director of Resources at the address above.

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STATEMENT OF ACCOUNTS
2009/10

Reserved for Auditors' Opinion

Reserved for Auditors' Opinion

Reserved for Auditors' Opinion

STATEMENT OF ACCOUNTING POLICIES

The purpose of the Statement of Accounting Policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. In certain circumstances, where more than one accounting basis or estimation technique is acceptable, the accounting policy and/or estimation techniques followed can significantly affect an authority's reported results and financial position. The view presented in published accounts can only be appreciated properly if the policies that have been followed for material (large or significant) items and estimation techniques that have been used in applying those policies are explained and understood.

1. General principles

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- 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 stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for 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 income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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

The Council has made a provision for the costs of settling claims for back pay arising from its equal pay strategy. However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established.

4. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the statement of movement on the general fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the net cost of services in the income and expenditure account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and that do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

5. Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to the foot of the income and expenditure account after net operating expenditure.

6. Retirement Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF) now known as the Department for Education.
- The Local Government Pensions Scheme, administered by Royal Borough of Windsor & Maidenhead.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance sheet and the education service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 6.7% (based on the Merrill Lynch Non Gilt Sterling AA Over 15 year Corporate

STATEMENT OF ACCOUNTING POLICIES

Bond Index) with an adjustment to reflect the duration of the liabilities relative to the duration of the index.

- The assets of the Royal County of 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 seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year - allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked

 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the net cost of services in the income and expenditure account as part of non distributed costs

 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to net operating expenditure in the income and expenditure account

 - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to net operating expenditure in the income and expenditure account

 - gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the net cost of services in the income and expenditure Account as part of non distributed costs

 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses

 - contributions paid to the Royal County of Berkshire pension fund – cash paid as employer's contributions to the pension fund.

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

Discretionary Benefits

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

7. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

8. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2009 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in BVACOP and accounted for as separate headings in the income and expenditure account, as part of net cost of services.

9. Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

10. Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- operational assets –open market value in existing use or replacement cost after depreciation (for specialised property);
- non operational assets –open market value;

STATEMENT OF ACCOUNTING POLICIES

- infrastructure assets and community assets – depreciated historical cost.

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, 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 income and expenditure account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The valuations of council dwellings are required to be revalued in full over a five year period. The stock is fully revalued every five years with the last full valuation taken place on the 1st April 2005; however there is an annual review of valuation based on housing market indices.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value; this includes consideration of enhancement to the asset value from capital expenditure. This reduction in values is regarded as impairment.

Where the impairment is attributable to clear consumption of economic benefit (value) the loss is charged to the relevant service account. Any accumulated gains in the Revaluation Reserve for that asset, up to the amount of the loss, are transferred to the Capital Adjustment Account. Otherwise any loss is written off against any revaluation gains attributed to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant revenue service account.

Disposals: when an asset is disposed of or decommissioned, the carrying value of the asset in the balance sheet is written off to the income and expenditure Account. Receipts from disposal of fixed assets are credited to the income and expenditure account on an accruals basis. Such receipts are matched with the carrying value at the time of disposal in order to record the gain or loss on the disposal.

Amounts in excess of £10,000 are categorised as capital receipts. Capital receipts are held in the Unapplied Capital Receipts Reserve, and except for a proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) which is payable to Central Government, the balance can then only be used for new capital investment or set aside to reduce the Council's borrowing (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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

The proportion that is required to be paid over to Central government as a "housing pooled capital receipts" is charged to the net operating cost section of the income and expenditure account, that charge is met from sums being transferred Useable Capital Receipts Reserve and credited to the Statement of Movement on the General Fund Balance.

Depreciation: depreciation is provided for a full year on all operational assets (other than land and community assets) over their useful economic life, based on the carrying value at

STATEMENT OF ACCOUNTING POLICIES

the start of the year. Subject to review for significant additions or changes in the valuations, depreciation is not adjusted for changes in the year.

Depreciation is calculated on the following bases:

- operational buildings – straight-line allocation over the life of the property as estimated by the valuer
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

Where an asset has major components with different estimated useful lives, these 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.

Grants and contributions: where the acquisition of a fixed asset is financed wholly or partly by grants and contributions, the amounts are credited to the Government Grants Deferred Account.

Amounts are released to the income and expenditure account over the useful life of the asset to offset the depreciation charge for the related asset in the relevant service revenue account.

11. Charges to Revenue for Fixed Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are insufficient accumulated gains in the Revaluation Reserve for that asset.
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance, or loans fund principal charges). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

12. Revenue Expenditure Funded from Capital under Statute

There is certain capital expenditure incurred during the year that is capitalised under statute provisions but does not result in the creation of fixed assets. This is mainly expenditure on grants to third parties. This expenditure, although funded by capital resources, is charged as expenditure to the income and expenditure account for the relevant service revenue account in the year it is incurred.

STATEMENT OF ACCOUNTING POLICIES

To avoid an impact on the level of council tax this charge is reversed out the Statement of Movement on the General Fund Balance to the Capital Adjustment Account.

13. Leases

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable), and
- a finance charge (debited to net operating expenditure in the income and expenditure account as the rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases.

Rentals payable under operational leases, taken out by the Council as Lessee, are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

Rentals receivable, given by the Council as lessor, is credited to the relevant service revenue account on an accruals basis. Property that is held for use in operating leases by the Council as a lessor are recorded as fixed assets on the balance sheet and depreciated over their useful life as required.

14. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the income and expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the balance sheet is the outstanding principal repayable and interest charged to the income and expenditure account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to net operating expenditure in the income and expenditure account 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 Income and Expenditure Account 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 income and expenditure account, regulations allow the impact on the General Fund Balance to be spread over

STATEMENT OF ACCOUNTING POLICIES

future years. The Council has a policy of spreading the gain/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 income and expenditure account 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 Statement of Movement on the General Fund Balance.

15. 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 initially measured at fair value and carried at their amortised cost. Annual credits to the income and expenditure account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable and interest credited to the income and expenditure account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the income and expenditure account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the income and expenditure account.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the income and expenditure account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the income and expenditure account when it becomes receivable by the Council.

Assets are maintained in the balance sheet at fair value. Values are based on the following principles:

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

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred – these are debited to the income and expenditure account, along with any net gain/loss for the asset accumulated in the Reserve.

STATEMENT OF ACCOUNTING POLICIES

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 income and expenditure account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the income and expenditure account, along with any accumulated gains/losses previously recognised in the STRGL.

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

16. Stocks and Work in Progress

Stocks are included in the balance sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the balance sheet at cost plus any profit reasonably attributable to the works.

17. Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

18. Private Finance Initiative (PFI)

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

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Fixed assets recognised on the balance sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- fair value of the services received during the year – debited to the relevant service in the income and expenditure Account
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest payable and similar Charges in the income and expenditure account
- payment towards liability – applied to write down the balance sheet liability towards the PFI operator
- lifecycle replacement costs – recognised as fixed assets on the balance sheet.

STATEMENT OF RESPONSIBILITIES

This is the statement by the Strategic Director of Resources that states the accounts are presented fairly to reflect the financial position of the Authority. Also in this section are the signatures of the Chair and the Leader of the Council when the Statement of Accounts were approved.

APPROVAL OF THE STATEMENT OF ACCOUNTS

Members of the Council approved the Statement of Accounts on 29th June 2010.

Councillor Jagjit Grewal, Mayor

Chair of Meeting

Councillor Rob Anderson, Leader of the Council

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer was the Strategic Director of Resources. From April 2009 to 31st August 2009 that officer was Andrew Blake Herbert. He was replaced by Chris Savory as Interim Strategic Director of Resources until October 2009 when the post was permanently taken by Julie Evans.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES

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

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

I certify that the Statement of Accounts set out on the following pages present a true and fair view of the financial position of the Authority as at 31st March 2010 and its income and expenditure for the year ended 31st March 2010.

Julie Evans, CPFA (Chartered Public Finance Accountant)
Strategic Director of Resources

Date: 10th June 2010

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THE CORE STATEMENTS

The core statements comprise of:

- Income & Expenditure Account
- Statement of Movement on the General Fund Balance
- Statement of Total Recognised Gains and Losses (STRGL)
- Balance Sheet
- Cash Flow Statement

These follow on the next pages

CORE STATEMENTS

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2008/09 Restated £000		2009/10 £000
54,042	Deficit for year on the Income & Expenditure Account	38,557
(53,459)	Net Additional Amount required by statute or non-statutory proper practice to be taken into account when determining the surplus or deficit on the General Fund for the year – see analysis on the next page	(39,402)
583	Net Increase in General Fund & School Balances for the year	(845)
(14,892)	General Fund & School Balances Brought Forward	(14,309)
(14,309)	General Fund & School Balances Carried Forward	(15,154)
(9,174)	Balances held by governors under schemes to finance Schools	(9,766)
(5,135)	Amount of General Fund Balance generally available	(5,388)
(14,309)		(15,154)

CORE STATEMENTS

ANALYSIS OF ADDITIONAL ITEMS REQUIRED		
2008/09		2009/10
Restated		
£000		£000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the General Fund Balance for the year		
(68)	Amortisation of intangible assets	(68)
(47,881)	Depreciation, amortisation and impairment of fixed assets (excluding depreciation and amortisation charged to HRA services)	(36,596)
(1,335)	Excess of depreciation of HRA fixed assets over the Major Repairs Allowance element of Housing Subsidy income	(858)
5,996	Government Grants Deferred amortisation matching depreciation and impairments	5,853
(7,365)	Amounts treated as revenue expenditure in accordance with the SORP but which are classified as capital expenditure by statute	(6,115)
(4,558)	Net profit on sale of fixed assets	(1,036)
1,348	Differences between amounts debited/credited to I&E account and amounts payable to be recognised under statutory provisions relating to premiums & discounts on early repayment of debt	1,372
(4,387)	Amount by which pension costs are different from the contributions due under the pension scheme regulations	(5,161)
373	Amount by which Council Tax income adjustment included in the I&E Account is different from the amount taken to the General Fund in accordance with regulation	(389)
Amounts not included in the Income and Expenditure Account but required by statute when determining the Movement in General Fund Balance for the year		
977	Minimum revenue provision for capital financing	1,228
2,158	Capital expenditure financed from the General Fund	1,584
(1,783)	Transfer from Usable Capital Receipts equal to amount payable into Housing Capital Receipts pool	(1,013)
Transfers to or from the General Fund that are required to be taken into account when determining the General Fund Balance for the year		
1,753	Statutorily required transfer of the statutory surplus for the year on the Housing Revenue Account to the Housing Revenue Account Reserve	2,583
1,313	Transfers made at the discretion of the Council to or from reserves that have been earmarked for specific purposes	(786)
(53,459)	Amount by which the surplus on the General Fund for the year was greater than the Income & Expenditure Account result for the year	(39,402)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008/09		2009/10
Restated		
£000		£000
54,042	Deficit for the year on the Income and Expenditure Account	38,557
(6,853)	(Surplus) arising on revaluation of Fixed Assets	(9,305)
34,678	Actuarial (gains)/losses on pension fund assets and liabilities	76,113
(667)	Prior Period Adjustments *	
81,200	Total recognised (gains)/losses for the year	105,365

* Prior period adjustments – refer to note 2:

Change in Accounting policies:

PFI Assets now on Balance Sheet (£667k)

BALANCE SHEET

31 st March 2009 (Restated – See Note 3) £000	Notes	31 st March 2010 £000 £000	
<u>Long Term Assets</u>			
107			40
<i>Intangible Assets</i>			
<u>Tangible Fixed Assets</u>			
<i>Operational Assets:</i>			
407,043	15		404,971
174,281	15		171,347
14,191	15		11,607
40,790	15		44,578
2,222	15		6,334
<i>Non Operational Assets</i>			
15,559	15		14,457
14,679	15		25,075
12,347	15		10,808
681,219		689,177	
17,071			3,887
275			365
698,565		693,469	
<u>Current Assets</u>			
120			139
21,044	40		28,528
85,663			71,007
8,405			10,387
115,232		110,061	
813,797		803,530	
<u>Current Liabilities</u>			
(3,876)			(1,155)
(49,728)	41		(57,222)
(6,281)			(5,145)
(59,885)		(63,522)	
753,912		740,008	
<u>Long Term Liabilities</u>			
(68,541)			(68,282)
(42,801)			(41,841)
(6,302)	26		(5,535)
(54,061)			(66,234)
(84,046)	31		(165,320)
498,161		392,796	

BALANCE SHEET (CONTINUED)

31 st March 2009 (Restated) £000	Notes	31 st March 2010	
		£000	£000
<u>Financed by:</u>			
<u>Equity</u>			
(521,419) Capital Adjustment Account	27	(483,686)	
3,445 Financial Instruments Adjustment Account	27	2,105	
(373) Collection Fund Adjustment Account		17	
(24,915) Revaluation Reserve	27	(33,941)	
(176) Deferred Credits		(129)	
(4,015) Usable Capital Receipts Reserve	27	(4,046)	
84,046 Pensions Reserve	27	165,320	
0 Major Repairs Reserve	27	(1,040)	
(13,339) Earmarked Reserves	27	(12,553)	
(476,746)			(367,953)
 <u>Balances:</u>			
(5,135) -General Fund	27	(5,388)	
(9,174) -School Reserves	27	(9,766)	
(7,106) -Housing Revenue Account	27	(9,689)	
(21,415)			(24,843)
(498,161)	24		(392,796)

CASH FLOW STATEMENT

2008/09 £000	Notes	2009/10 £000 £000	
Restated			
(8,426) Net cash inflow/(outflow) from operating activities	32		2,238
Returns on Investment and Servicing of finance			
Cash Outflows			
4,056 Interest paid		6,352	
Cash Inflows			
(8,045) Interest received		(3,917)	
<u>(3,989)</u>			2,435
Capital activities			
Cash outflows			
55,654 Purchase of fixed assets		30,611	
0 Purchase of long term Investments		0	
3,816 Other capital cash payments		122	
<u>59,470</u>			30,733
Cash inflows			
(3,480) Sale of fixed assets		(2,216)	
(12,280) Capital grants received		(19,475)	
<u>(15,760)</u>			(21,691)
31,295 Net Cash (inflow)/outflow before financing			13,715
Management of Liquid Resources			
3,784 Net increase in short term deposits		674	
(24,348) Net decrease in other liquid resources		(21,531)	
<u>(20,564)</u>			<u>(20,857)</u>
Financing			
Cash Outflows			
7,123 Repayments of amounts borrowed		5,166	
Capital element of PFI Payments		958	
<u>7,123</u>			<u>6,124</u>
Cash Inflows			
(10,000) New long term loans raised		0	
(7,040) New short term loans raised	34	(2,100)	
<u>(17,040)</u>			<u>(2,100)</u>
<u>(9,917) Total Financing</u>			<u>4,024</u>
<u>814 Decrease/(Increase) in cash and cash equivalents</u>	35		<u>(3,118)</u>

NOTES TO THE CORE STATEMENTS

1. INCOME & EXPENDITURE ACCOUNT

The Income & Expenditure Account is presented in the categories from the Best Value Code of Practice issued by CIPFA to enable comparisons between Local Authorities. It includes Housing Revenue Account (HRA) services.

Included in the Other Government grants are:

	£m
Area Based Grant	8.4
Public Finance Initiative (PFI) Grant	3.7
Total	12.1

The expenditure in the format for management reporting for the General Fund and variances against budget for both General Fund and HRA are shown in the Explanatory Foreword.

There are no acquired or discontinued operations for the Council during 2009/10.

2. PRIOR YEAR ADJUSTMENTS AND RESTATED STATEMENTS

The following prior year adjustments have been included in the 2008/09 comparison figure due to changes in accounting policies:

Balance Sheet item	2008/09 Statement £000	Adjustment £000	Restated Amount £000	
Other Land & Buildings	133,053	41,228	174,281	a
Long Term Debtors	1,814	(1,539)	275	a
Deferred Liabilities	(793)	(42,008)	(42,801)	a
Capital Adjustment Account	(523,738)	2,319	(521,419)	a
Long Term Borrowing	(69,351)	810	(68,541)	b
Short Term borrowing	(3,066)	(810)	(3,876)	b
Collection Fund Adjustment Account	0	(373)	(373)	c
Collection Fund	(441)	441	0	c
Sub total	(462,522)	68	(462,454)	
Debtors:		(259)	(259)	c
		239	239	d
Total Debtors	21,064	(20)	21,044	
Creditors		191	191	c
		(239)	(239)	d
Total Creditors	(49,680)	(48)	(49,728)	
Total Balance Sheet changes	(491,138)	0	(491,138)	

Income and Expenditure Account

Childrens' and Education Services	41,923	(1,828)	40,095	
Interest and Investment Income	(7,521)	2,495	(5,026)	a
(Surplus)/Deficit on Collection Fund	0	(373)	(373)	c
Total Income and Expenditure	34,402	294	34,696	

Statement of Movement of General Fund Balance

		(667)	(667)	
		373	373	c
		0	0	
Total Additional Items	(53,165)	(294)	(53,459)	

a – PFI assets added to balance sheet

b – Separation of accrued interest from long term borrowing

c – Collection Fund - council tax accounted for on an agency basis

d – Collection Fund – National Non Domestic Rates accounted for on an agency basis.

3 EXCEPTIONAL ITEMS.

Following on from the Fleming & Conde Nast decision in the House of Lords claims for potential overpaid output VAT were submitted to HM Revenue & Custom as a result of which £1.3m was received, including interest in 2009/10.

Harmonisation costs relating to the job evaluation exercise is included in services.

4. UNDISCHARGED OBLIGATIONS FROM LONG TERM CONTRACTS.

During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools. Penn Wood School became operational on 26th February 2007, Beechwood and Arbour Vale schools becoming operational from 3rd September 2007. The contract period is for 28 years.

Under the revised accounting arrangements, under SORP, the assets are recognised as Tangible Fixed assets on the Balance Sheet and will be subject to revaluation every five years (as part of the normal valuation of fixed assets). The assets will be 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 will be written down over the life of the contract as payments are made under the contract.

The Council is committed to make total payments of £192m over the life of the contract. The annual payments are split into three elements. The capital costs are paid against the liability for the purchase costs, interest is charged against the interest payable account with the service element charged to Education Services line which are within the Income and Expenditure Account. To ensure that the General fund makes provision for the full costs there is a Minimum Revenue Provision charge to the General Fund, equal to the capital repayments.

The cost of the PFI is partly funded by PFI Credits in the form of central government grants totalling £105m over the period of the contract. The annual credit is included in the Government Grants – non specific line within the Income and Expenditure Account. The balance under the contract, £87m, is borne by the Council and funded by contributions from the three schools budgets.

5. TRADING ACCOUNTS

The Council operates the following trading accounts:

	Notes	2008/09 £000	2009/10 £000
<u>Printing</u>			
	(i)		
Income		(731)	(748)
Expenditure		768	681
Deficit/(Surplus)		37	(67)
<u>Cemetery & Crematorium</u>			
	(ii) (a)		
Income		(1,112)	(1,115)
Expenditure		642	687
Deficit / (Surplus)		(470)	(428)

(i) **Printing** – the Council operates a printing section that supports all Council Departments and works occasionally for associated external bodies. This section is also responsible for the Council’s photocopiers.

(ii) The following 2 trading accounts appear in the Income & Expenditure account within the net cost of services:

(a) Cemetery and Crematorium. The Council provides a cremation and burial service for all groups within the local community and surrounding districts and is able to cater for the needs of the bereaved, respecting their religious beliefs, cultural backgrounds and customs.

During a typical year over 1,500 cremations and 380 burial services are performed. These are all in compliance with the Federation of British Cremation Authorities code of practice and the 1977 Local Government Cremation Order.

(b) Landfill Allowance Trading Scheme – The Landfill Allowance Trading Scheme commenced on 1st April 2005. As a waste disposal authority, the Council is given an allowance of biodegradable waste that they may dispose of in landfill. This has been treated as a grant. The grant and allowance used has been included within the costs of services. The unused amount can be traded with other local authorities or carried forward into a successive year. Due to the lack of activity under the Landfill Allowance Trading Scheme and the volume of surplus allowances held by the majority of waste disposal authorities it has been considered prudent to value surplus allowances held at 31st March 2010 at zero. As 2009/10 was a

NOTES TO CORE STATEMENTS

Landfill Directive Target Year, allowances held at 31st March 2009 were retired and could not be carried forward.

6. BUILDING CONTROL TRADING ACCOUNT

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control unit divided between the chargeable and non-chargeable activities.

Total 2008/09 £000		Chargeable 2009/10 £000	Non - Chargeable 2009/10 £000	Building Control 2009/10 £000
	<u>Expenditure</u>			
591	Employee Expenses	336	216	552
6	Premises	1	0	1
12	Transport	9	6	15
34	Supplies and Services	15	9	24
211	Central and Support Service Charges	103	73	176
854	Total Expenditure	464	304	768
	<u>Income</u>			
(474)	Building Regulations Charges	(408)	0	(408)
(28)	Miscellaneous Income	(8)	(9)	(17)
(502)	Total Income	(416)	(9)	(425)
352	Deficit for Year	48	295	343

£37k is held as an earmarked reserve at 31st March 2010.

7. DECRIMINALISED PARKING ENFORCEMENT ROAD TRAFFIC ACT 1991 – PARKING PLACES ACCOUNT

The Decriminalised Parking Enforcement operation commenced in May 2003, following the approval by the Secretary of State to transfer delegated powers from the Thames Valley Police. The Authority is required to provide details to the Department of Transport of income, expenditure and the surplus or deficit for the on-street parking within its area. The outturn included in the accounts is shown the table below:

	2008/09 £000	2009/10 £000
Transactions in year		
Expenditure	964	956
Income	(958)	(1,020)
Gross (surplus)/deficit for year	6	(64)
Support service recharges	68	162
Net (surplus)/deficit for year	74	98

8. PUBLICITY

Publicity covers all forms of communication addressed to the public at large and includes advertisements for job vacancies as well as press notices and other publications within this definition. Expenditure on publicity is included in the Income & Expenditure Account, but it has been separately identified below to comply with Section 5 of the Local Government Act, 1986.

	2008/09 £000	2009/10 £000
Staff Advertising	228	267
Corporate Advertising	98	73
Civic Newspapers - Slough Citizen	41	45
Publicity	92	119
Total Expenditure	459	504

9. POOLED BUDGETS

The Council has two pooled budget agreements which are included in the Adult Social Care line on the Income and Expenditure Account:

(i) Intermediate Care Services

The agreement is between the Council and Berkshire East Primary Care Trust (PCT) to provide intermediate care services to help with delayed discharges.

	2008/09 £000	2009/10 £000
Gross Funding		
Slough Borough Council	250	252
Berks East PCT	246	252
Total Funding	496	504
Expenditure	500	504
Funding of overspend		
Berks East PCT	4	0

(ii) Berkshire Community Equipment Service

This agreement exists between the six Berkshire Unitary Authorities and two Berkshire Primary Care Trusts with Slough Borough Council being the lead authority and accountable body for the provision of joint store and equipment services using The South Central Ambulance Service NHS Trust acts as an agent to the accountable body to provide the services.

	2008/09 £000	2009/10 £000
Gross Funding		
Slough Borough Council	242	162
Other Berks Councils	1,199	1,334
Berkshire Primary Care Trusts	1,312	1,312
Total Funding	2,753	2,808
Expenditure		
South Central Ambulance Service NHS Trust		
Paid as the agent of Slough Borough Council	2,754	2,808
Further contractual obligations due	(1)	0
Total Expenditure	2,753	2,808

10. LOCAL AREA AGREEMENT (LAA), AREA BASED GRANT (ABG) AND PERFORMANCE REWARD GRANT (PRG)

The Council is a participant in a Local Area Agreement - a partnership with other public bodies.

The purpose of the LAA is:

- To form an agreement between Slough Focus (the Local Strategic Partnership), Government (represented by the Government Office for the South East), and other external agencies, to ensure that we achieve the common aim, set out in the Community Strategy to *“improve the quality of life for the people who live, work and learn in Slough, particularly for those who face disadvantage and discrimination.”*
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement.
- To improve the effectiveness and efficiency of public services in Slough by pooling and aligning funding streams.

The LAA Partners include:

- Slough Borough Council
- Community Protection Authorities - Royal Berkshire Fire & Rescue Service; Thames Valley Police.
- Health Bodies - East Berkshire Primary Care Trust; Wexham Hospital.
- Learning Bodies - Berkshire Learning and Skills Council; Slough Chamber of Commerce; Thames Valley University; East Berkshire College.
- Voluntary Organisations - Slough Council for Voluntary Service; Slough Race Equality Council; Slough Faith Partnership; Slough Community Training Partnership; Slough Community Care Forum.

Performance Reward Grant –

During 2009/10 the Council received £1,334K for Performance Reward Grant under the 2nd Generation Local Public Service Agreement (LPSA). Performance Reward Grant entitlement is payable on the basis of performance against designated targets in the Local Area Agreement. This reward grant is to be split equally between capital and revenue. The Council had already recognised £648K of this in its 2008/09 Statement of Accounts as it had already been notified that the Council would receive a further payment of this amount on or before the 31st March 2010. Therefore the Council was confident about the second instalment of the grant and believed it would be appropriate to recognise this second instalment of grant as income in 2008/09, even though the grant would not be received until 2009/10. During 2009/10 an additional £19k was recognised by the Council in its Income and Expenditure account.

11. MEMBERS' ALLOWANCES

Allowances to Members are index linked to the average Local Government Pay Award. The new rates are published as Part 6 of the constitution and subsequently actual figures paid to members are available at the end of the municipal year.

Actual Allowances 2009/10

Basic Allowance £4,847 pa

Special Responsibility Allowances paid ranging between £138 and £16,873 pa.

Members are paid pro-rata to their time in office.

The total Members' allowances paid during 2009/10 was £344k (£331k for 2008/09). Further information is available in the Member Services section of the Improvement & Development department.

12. OFFICERS' REMUNERATION

Detailed below are the numbers of employees which includes figures for schools, in the accounting period to which the accounts relate, whose remuneration fell in each bracket of a scale in multiples of £5k starting with £50k.

These figures also include Retirement Compensation Payments, leased car and essential user taxable allowances.

These amounts exclude national insurance and pension contributions.

Remuneration Band Total 2008/09 Total 2009/10

£160,000 - £169,999		1
£155,000 – £159,999		0
£150,000 - £154,999	1	0
£145,000 – £149,999	0	0
£140,000 – £144,999	0	0
£135,000 – £139,999	0	0
£130,000 – £134,999	0	1
£125,000 – £129,999	1	0
£120,000 – £124,999	0	1
£115,000 – £119,999	1	1
£110,000 – £114,999	1	1
£105,000 – £109,999	1	2
£100,000 – £104,999	3	5
£95,000 – £99,999	5	2
£90,000 – £94,999	2	2
£85,000 – £89,999	6	7
£80,000 – £84,999	2	1
£75,000 – £79,999	5	10
£70,000 – £74,999	13	6
£65,000 – £69,999	11	31
£60,000 – £64,999	36	30
£55,000 – £59,999	30	41
£50,000 – £54,999	61	65
TOTALS	179	207

Senior Officer Remuneration

In December 2009 the Accounts and Audit (Amendment No 2) (England) Regulations 2009 were laid before Parliament. The new regulations amended the Accounts and Audit Regulations 2003 and imposed an obligation on the Council to include reference to remuneration reporting for senior officers in its Statement of Accounts.

A senior employee is an employee whose salary is £150k or more per year, or an employee whose salary is £50k or more per year (to be calculated pro rata for an employee employed for fewer than the usual full time hours for the relevant body concerned) who is either:

1. The Council's designated Head of Paid Service,
2. A statutory chief officer or
3. A non-statutory chief officer, as defined by Section 2 of the Local Government and Housing Act 1989.

NOTES TO CORE STATEMENTS

The regulations make it a requirement for the 'remuneration disclosure' to include:

- (a) salary;
- (b) bonuses;
- (c) additional payments;
- (d) compensation or ex gratia payments;
- (e) benefits in kind and
- (f) pensions;

If the Senior Officer's Salary exceeds £150k, the regulations require disclosure of the officer's name. If the salary does not exceed £150k then disclosure of the post title only is required. The disclosure is shown below.

Post holder information (Name if applicable and post title)	Salary (Including fees & Allowances)	Total Remuneration excluding pension contributions 2009/10	Pension Contributions	Total Remuneration including pension contributions 2009/10
	£	£	£	£
Chief Executive- Ruth Bagley	161,800	161,800	24,090	185,890
Strategic Director of Resources- resigned 31st August 2009. Annualised Salary £125,983	52,490	52,490	8,030	60,520
Strategic Director of Resources-from 5th October 2009. Annualised Salary £113,699	58,740	58,740	8,510	67,250
Strategic Director, Education & Children's Service	129,760	129,760	19,280	149,040
Strategic Director for Improvement & Development	99,920	99,920	14,780	114,700
Corporate Director Of Community & Wellbeing	118,260	118,260	17,530	135,790
Strategic Director of Green and Built Environment	123,610	123,610	18,310	141,920
Borough Secretary & Monitoring Officer	95,570	95,570	13,510	109,080

13. RELATED PARTY TRANSACTIONS

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

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides the majority of 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. Housing Benefits). Details of transactions with government departments are set out in a note relating to the Cash Flow Statement.

Members- Members of the Council have direct control over the Council's financial and operating policies. The significant disclosed interests during the year were: -

- At a meeting of the planning committee on 15th April 2009, one member declared a personal and prejudicial interest in planning application supplementary report – P/01633/007- Christchurch Hall, Wexham Road, Slough, in that he was a governor of the school and he advised that he would leave the meeting when the item was considered.
- At meetings of the cabinet on 8th February 2010, one member declared a personal and prejudicial interest in agenda item 5 – Tennis Centre Development proposals as he was the Chair of the Thames Valley Athletic Centre Management Committee and a Member of the Board of Directors. He indicated that he would withdraw when the item was considered.
- At a meeting of the Cabinet on 8th February 2010, one member declared an interest in agenda item 7 – Grants to Voluntary Bodies (Longer Term Funded Organisations) 2010/11 as he was a member of the Pakistan Welfare Association.

Officers- During 2009/10, no officers of the Council declared positions of influence.

Companies and Joint Ventures- The Council wholly owns People 1st (Slough), set up to manage the Council's social housing stock.

All material and relevant transactions with Precepting Authorities, levies to other bodies, Government departments and other parties are shown in the Explanatory Foreword and elsewhere within these accounts. There are no further material transactions for 2009/10.

Parishes- Slough has three parishes Britwell, Colnbrook with Poyle and Wexham. Residents pay an additional amount with their council tax (called parish precepts) for the extra services provided by their parish council.

14 AUDITORS' FEES.

The Council incurred the following fees in relation to Audit and Inspection.

The costs are shown within the Corporate and Democratic Core section of net cost of services.

	2008/09	2009/10
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor	335	301
Fees payable in respect of statutory inspection	90	39
Fees payable for the certification of grants and returns	34	50
Fees payable in respect of other services provided by appointed auditor	1	0
	460	390
	460	390

15. SUMMARY OF CAPITAL EXPENDITURE & DISPOSAL OF ASSETS

Operational Assets

	Council Dwellings	Other Land & Buildings	Vehicles. Plant & Equipment	Infrastructure	Community Assets	Total
	£000	£000	£000	£000	£000	£000
Cost/Valuation						
At 1 April 2009	407,043	143,453	30,218	48,211	2,238	631,163
PFI opening balance adjustment		41,228				41,228
Additions & Enhancements	18,702	7,094	2,706	4,850	611	33,963
Disposals	(1,818)	(387)				(2,205)
Reclassifications		(495)				(495)
Impairment	(18,956)	(8,745)	(293)		(110)	(28,104)
Revaluations		3,214			3,611	6,825
At 31 March 2010	404,971	185,362	32,631	53,061	6,350	682,375
	404,971	185,362	32,631	53,061	6,350	682,375

Continued on next page

NOTES TO CORE STATEMENTS

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Total
	£000	£000	£000	£000	£000	£000
Depreciation & Impairment						
At 1 April 2009	0	(10,400)	(16,027)	(7,421)	(16)	(33,864)
PFI depreciation charge		(700)				(700)
Depreciation	(5,699)	(3,515)	(4,997)	(1,062)		(15,273)
Disposals	23	0	0	0	0	23
Reclassifications	0	0	0	0	0	0
Impairment	5,676	433	0	0	0	6,109
Revaluations	0	168	0	0	0	168
At 31 March 2010	0	(14,014)	(21,024)	(8,483)	(16)	(43,537)
Balance sheet amount at 31 March 2010	404,971	171,347	11,607	44,578	6,334	598,310
Balance Sheet amount at 1 April 2009	407,043	174,281	14,191	40,791	2,222	638,527

Non-Operational Assets

	Surplus Assets	Investment Properties	Assets Under Construction	Total
	£000	£000	£000	£000
Cost/Valuation				
At 1 April 2009	12,347	15,908	14,679	42,934
Additions & Enhancements			9,988	9,988
Disposals	(394)	0	0	(394)
Reclassifications	539	(452)	408	495
Impairment	(1,870)	(3,719)	0	(5,589)
Revaluations	158	3,005	0	3,163
At 31 March 2010	10,780	14,742	25,075	50,597

Continued on next page

NOTES TO CORE STATEMENTS

	Surplus Assets £000	Investment Properties £000	Assets Under Construction £000	Total £000
Depreciation & Impairment				
At 1 April 2009	0	(349)	0	(349)
Depreciation	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Impairment	28	60		88
Revaluations	0	4	0	4
At 31 March 2010	28	(285)	0	(257)
Balance sheet amount at 31 March 2010	10,808	14,457	25,075	50,340
Balance Sheet amount at 1 April 2009	12,347	15,559	14,679	42,585

The Council dwellings disposals relate to the disposal of properties under the right to buy scheme.

A review of the Council dwellings was carried out at as at the 1st April 2008 and a revaluation was carried out in the year to a proportion of the ex. Berkshire County Council assets and the original Slough Borough Council assets. The changes in value are reflected above.

16. CAPITAL EXPENDITURE AND FINANCING

The Local Government Act 2003 introduced the Prudential System of Capital Finance. In approving the capital budget, the Council is required to consider and approve a number of Prudential Indicators including the indicator for Capital Financing Requirement which reflects the underlying level of borrowing required to finance historic capital expenditure.

NOTES TO CORE STATEMENTS

	2008/09	2009/10
	£ 000	£ 000
Opening Capital Financing Requirement - Borrowing	23,005	47,094
PFI adjustment	0	42,009
Adjusted Capital Financing Requirement	23,005	89,103
Capital Investment		
Intangible Assets	0	0
Operational Assets	38,699	33,963
Non-operational Assets	9,585	9,988
Revenue Expenditure Funded from Capital under Statute	8,903	6,115
Sources of Finance		
Capital Receipts	(10,591)	(807)
Government Grants and other Contributions	(13,345)	(13,228)
Sums set aside from revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	(1,245)	(2,812)
Major Repairs Reserve	(7,917)	(3,815)
Closing Capital Financing Requirement	47,094	118,507
Explanation of movements in year		
Supported Borrowing	15,396	20,682
Self Financed Borrowing	8,693	9,952
PFI Grant	0	(958)
Increase/(decrease) in Capital Financing Requirement	24,089	29,404

17. COMMITMENTS UNDER CAPITAL CONTRACTS

The Council has commitments under capital contracts as at the 31st March 2010, in respect of corporate, education and highways schemes. Details of significant contracts are shown below:

Capital Project	Contract Value at 31/03/2010	Period of Contract
	£'000	
Community & Well Being		
Chalvey regeneration and Neighbourhood working	6,462	2010-2013
Education and Children's Services		
Baylis Court	3,862	2010-2012
Western House expansion project	3,013	2010-2011
Westgate expansion project	4,659	2010-2012
Parlaunt Park Primary refurbishment	3,873	2010-2012
Wexham Court Primary expansion	3,872	2010-2011
Lea Primary School Primary expansion	3,822	2010-2012
Green and Built Environment		
Herschel Park Project	1,914	2010-2011
Britwell and Northborough Regeneration	1,679	2010-2012
Integrated Passenger Information Systems	1,934	2010-2011
Resources		
Heart of Slough	40,856	2010-2013
Housing		
Winvale refurbishment	1,527	2010-2011
Total	77,473	

18. INFORMATION ON ASSETS HELD

The fixed assets held by the Council include the assets shown below:

	Number as at 31st March 09	Number as at 31st March 10
Operational Assets		
HRA Assets		
Council Dwellings	6,556	6,505
Operational Land and Buildings	17	17
Non-operational Assets	161	161
Other Land and Buildings		
Town Hall	1	1
Other Offices	2	2
Community Halls & Playleadership Centres	12	12
Leisure Centres and Pools	6	6
Youth & Community Centres	9	9
Libraries	3	3
Schools and Education Properties	42	42
Social Services Homes and Hostels	26	26
Off-street Car Parks	13	13
Bus Station	1	1
Public Conveniences	7	7
Cemetery/Crematorium	1	1
Depots and Workshops	2	2
Waste Transfer Station	1	1
Allotments	12	12
Miscellaneous Land and Property	41	39
Vehicles, Plant and Equipment		
Vehicles, Plant and Equipment Capitalised	96	96
Infrastructure Assets		
Highways (Km)	327	327
Bridges	50	50
Community Assets		
Parks and Open Spaces	56	56
Non-operational Assets		
Commercial Land and Property	136	134

19. ASSETS HELD UNDER LEASES

The Council uses operating leases to finance various assets such as buildings for accommodation, vehicles, plant and equipment. The Council did not have any finance leases either at the beginning or the end of the financial year.

Land and Buildings – The Council leases various buildings which have been accounted for as operating leases. The rentals payable in 2009/10 were £0.9m (£1.5m in 2008/09).

Vehicles, plant and equipment – The Council uses various vehicles financed under the terms of an operating lease. The amount paid under these arrangements in 2009/10 was £217k (£217k in 2008-09). There were no new lease agreements in 2009/10.

Commitments under Operating Leases – The Council is committed to making the following payments under these leases as follows:

	Vehicles, Plant and Equipment	Buildings	Total
	£'000	£'000	£'000
2010/11	48	916	964
2011/12 to 2014/15	209	2,900	3,109
2015/16 and beyond	0	2,467	2,467
Total	257	6,283	6,540

20. ASSETS HELD FOR LEASES

The Council has granted leases for buildings including local community groups and small businesses on the industrial estate. It also has leased leisure buildings to a service contractor at a peppercorn rent to deliver leisure services. The arrangements are accounted for as operating leases and the value of the assets are included within Fixed Assets on the balance sheet. The rental receivable in 2009-10 is £1.9m (£1.5m in 2008-09). The net value of assets held for use in operating leases (investment properties) at 31st March 2010 was £14.5m.

21. VALUATION INFORMATION

The Council's operational housing stock was revalued as at 1st April 2005 by external valuers, the District Valuer. Under Housing Resource Accounting requirements, the stock was valued on the basis of existing use value for social housing. A review of the Council dwellings was carried out as at the 31st March 2009 by the Council's internal valuation service.

The freehold and leasehold properties comprising the Authority's operational and non-operational property portfolio at the 31st March 2010 are valued on a rolling programme basis. The valuations for 2009/10 were carried out by external valuers Wilks Head & Eve and by the Council's internal valuation service. Additionally the value of properties held at open market value were reviewed at 31st March 2010 to reflect the current economic conditions.

Properties are valued on the following basis:

- Properties regarded by the Authority as operational (i.e. assets held and occupied, used or consumed by an organisation in the direct delivery of services for which it has either statutory or discretionary responsibility, or for the service or strategic objectives of the Authority) are valued on the basis of open market value for the

NOTES TO CORE STATEMENTS

existing use or, where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost.

- Properties regarded by the Authority as non-operational are valued on the basis of open market value.

The statement below shows the progress of the Council's rolling programme for the fixed assets which need to be revalued. Infrastructure and Community Assets are shown at historical cost in the balance sheet. The basis for the valuation is set out in the Statement of Accounting policies.

Value of Assets as at 31 st March 2010	Council Dwellings £000	Land & Buildings £000	Vehicles, Plant & Equipment £000	Non Operational Assets £000	Total £000
Net Book Value					
Valued at historical cost	0	0	11,607	50,912	62,519
Valued at current value in:					
2009/10	404,971	38,294	0	22,491	465,756
2008/09	0	2,748	0	18,462	21,210
Others	0	130,305	0	9,387	139,692
Total	404,971	171,347	11,607	101,252	689,177

22. INFORMATION ABOUT DEPRECIATION METHODOLOGIES

Depreciation has been charged on the value of the fixed assets as at 1st April 2009 on the basis shown below.

Land and Buildings

Charged on the value of the buildings only, over the useful life of the buildings, which varies between 1 and 35 years, on a straight-line basis.

Vehicles

Depreciated over the life of the vehicles, which is 5 years, on a straight-line basis.

Plant, Furniture and Equipment

Depreciated on a straight-line basis over 5 years.

Infrastructure

Depreciated on a straight-line basis over 40 years.

Non-Operational Assets

No depreciation was charged except in respect of the leasehold properties, which were depreciated on a straight-line basis over the life of the leases. The other assets consist of land or investment properties and there is no requirement to depreciate these assets.

Housing Stock

Depreciation is charged on the value of the buildings only over the useful life of the dwellings which is estimated to be 50 years on a straight line basis.

Changes in Depreciation Methods

The method for calculating the dwelling stock depreciation for 2008-09 onwards is based on the value divided by the life of the asset. Previously the Major Repairs Allowance was used as a proxy which is now considered inappropriate.

23. INTANGIBLE FIXED ASSETS

The expenditure shown below is in respect of software licences that have been capitalised as assets in the Council's accounts. This expenditure is being written off to revenue on a straight-line basis over five years.

	2008/09	2009/10
	£000	£000
Original Cost	338	338
Amortisations to 1 st April	(163)	(230)
Balance at 1st April	175	108
Expenditure in the Year	0	0
Written off to revenue in year	(68)	(68)
Balance at 31st March	107	40

24. ANALYSIS OF NET ASSETS EMPLOYED

This represents the value of the Council's total assets less its liabilities and how they have been split across the main funds of the Council as follows:

	31st Mar 09	31st Mar 10
	Restated	
	£000	£000
General Fund	(41,487)	47,141
Housing Revenue Account	(446,900)	(430,940)
Schools	(10,572)	(11,224)
Collection Fund	(373)	17
Trading Accounts	1,171	2,210
Total	(498,161)	(392,796)

25. INTEREST IN COMPANIES

The Council has set up an Arms Length Management Organisation. People 1st (Slough) were launched on 1 January 2006 taking responsibility for managing and improving Slough's council housing.

- Slough Borough Council had until 2010 to make sure all the homes it owns are decent – warm, watertight and dry with modern kitchens and bathrooms. However the deadline and Government funding has now been extended to December 2012.
- While wholly owned by the Council, People 1st (Slough) is run separately from it, and dedicated to managing the housing stock.
- People 1st (Slough) have a board, first appointed in January 2006. This governing body is the decision and policy makers for the new organisation.
- A 15 strong board of directors including five tenants and leaseholders, five independent people and five councillors from across the political spectrum leads the company, which is wholly owned by Slough Borough Council. Although the Council wholly owns the company, it is only responsible for appointing 1/3 of the board.
- In their report of January 2008 the Audit Commission stated that they “*have assessed People 1st (Slough) as providing a ‘good’, two-star service that has promising prospects for improvement*”. This will enable the Council to gain the extra funding needed to improve its housing stock.

Net Assets of People 1st (Slough) as at 31st March 2010 were £990k.

The £931k transfer from the Income & Expenditure account for 2009/10 to the Balance sheet included a £2,667k deficit on the pension fund. People 1st (Slough) have increased their contribution rate to the Pension Fund which should eliminate this deficit in future years. The Council gave a guarantee for pension costs as at the commencement date (i.e. 1st January 2006).

People 1st (Slough) however, will cease trading on 30th June 2010, and its council housing management service, will be coming back to Slough Borough Council on 1 July 2010. The service will once again form part of the Council's single entity accounts from 2010/11 onwards.

A copy of the Statement of Accounts for People 1st (Slough) can be obtained from People 1st (Slough), Airways House, 2 Langley Road, Slough, SL3 7AA.

The Council also has a subsidiary as follows:

Development Initiative Slough Housing Ltd (DISH Ltd)

DISH Ltd is a private company, set up in the late 1980s, and wholly owned by the Council. The company was established in response to the Government's requirement that more homes for rent be built by bodies other than local councils, with rents at economic levels.

The transactions and amounts of DISH are considered immaterial and do not warrant the inclusion in the Group Accounts. A copy of the Statement of Accounts for DISH Ltd can be obtained from 55 Station Road, Beaconsfield, Buckinghamshire HP9 1QL

26. INSURANCE AND OTHER PROVISIONS

	1 April	Movement (to)/from Provision	31 March
	£000	£000	£000
Insurance Provision	(900)	93	(807)
Other Provisions	(5,402)	674	(4,728)
	(6,302)	767	(5,535)

The insurance provision provides for known claims and also for predicted future claims for all past periods.

Other provisions have been set aside at 31st March 2010 for the likely repayment of Housing Benefit grant, payment of dilapidation costs of various buildings and the remaining cost of implementing Harmonisation.

27. RESERVES

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Restated 1 April	Net Movement in Year	31 March	Note
	£000	£000	£000	
Capital Adjustment Account	(521,419)	40,052	(483,686)	A
Revaluation Reserve	(24,915)	(9,026)	(33,941)	B
Usable Capital Receipts Reserve	(4,015)	(31)	(4,046)	C
Financial Instruments Adjustment Account	3,445	(1,340)	2,105	D
Pensions Reserve	84,046	81,274	165,320	
Housing Revenue Account	(7,106)	(2,583)	(9,689)	
Major Repairs Reserve	0	(1,040)	(1,040)	
General Fund	(5,135)	(253)	(5,388)	
Schools' Balances	(9,174)	(592)	(9,766)	
Other Reserves	(13,339)	786	(12,553)	E
	(497,612)	107,247	(392,684)	

A) Capital Adjustment Account

Store of Capital Resources set aside to meet past expenditure.

	2008/09	2009/10
	Restated	
	£'000	£'000
Balance brought forward as at 1 April	(562,732)	(521,419)
Funding Set Aside	(19,754)	(6,475)
Depreciation Adjustments	16,065	15,909
Disposals Adjustments	5,969	2,631
Amortisation Intangibles	68	68
REFFCUS* Reversal	6,457	6,115
Deferred Government Grants Released	(6,001)	(5,818)
Schools PFI Deferred Consideration	(944)	0
Impairment of Fixed Asset	37,134	25,303
PFI Prior year adjustment	2,319	0
Balance carried forward as at 31 March	(521,419)	(483,686)

* REFfCUS – Revenue Expenditure Funded from Capital

B) Revaluation Reserve

Store of gains on revaluation of fixed assets not yet realised through sales.

	2008/09	2009/10
	£'000	£'000
Balance brought forward as at 1 April	(20,005)	(24,915)
Revaluation Increases	(9,510)	(10,160)
Impairment Reductions	2,657	855
Amounts written out for gain on fixed asset disposals	1,902	200
Depreciation Adjustment	41	79
Balance carried forward as at 31 March	(24,915)	(33,941)

C) Usable Capital Receipts Reserve

Proceeds of fixed asset sales available to meet future capital investment.

	2008/09	2009/10
	£'000	£'000
Balance brought forward as at 1 April	(13,027)	(4,015)
Amounts Receivable	(3,363)	(1,850)
Capital Receipts pooled with central Government	1,783	1,013
Amounts applied to finance new capital Investment	10,592	806
Balance carried forward at 31 March	(4,015)	(4,046)

D) Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practices for gains and losses arising from early repayment of debt.

	2008/09	2009/10
	£000	£000
Restated as at 1 April	4,793	3,445
Movements during year	(1,348)	(1,340)
Balance carried forward at 31 March	3,445	2,105

E) Other Reserves

	1 April	Net Movement in Year	31 March	Purpose of the Reserve
	£000	£000	£000	
Insurance Reserve	(517)	0	(517)	To be used to fund exceptional items where no insurance cover
Future Debt & Cap requirements	(5,497)	158	(5,339)	To meet future capital borrowing costs, in particular the requirement to provide for the Minimum Revenue Provision.
Statutory Property Fund & Landlord duties	(605)	0	(605)	To respond to unforeseen liabilities arising from the management and maintenance of properties.
Capital Fund	(309)	(33)	(342)	To respond to unforeseen liabilities arising from the management and maintenance of school properties.
Trading Accounts	(85)	(112)	(197)	Building Control Account, Insurance and Printing
Miscellaneous Reserves	(6,280)	791	(5,489)	Includes reserves relating to: PFI Unitary Charge, Harmonisation, LABGI, Pre-unitary Liabilities and Miscellaneous Contingencies.
Sub Total General Fund	(13,293)	804	(12,489)	
Housing Renewals Reserve	(46)	(18)	(64)	To fund replacement/renewal of goods for sheltered housing complexes
Grand Total	(13,339)	786	(12,553)	

28. CONTINGENT LIABILITIES AND ASSETS

1st (Slough), is an Arms Length Management Company set up to manage the Council's social housing stock. The commencement date was 1st January 2006, and former council employees transferred their services to the company at that date. The Council have guaranteed to meet any pension related financial liabilities arising on staff prior to that date. The total deficit on the fund as at 31st March 2010 was £2.667m which relates to the pre 2006 service. However with the management being taken back into Council control on the 1st July, the full amount of the deficit is likely to fall on the Council in future years.

The Council received a goodwill payment of £1.4m from Slough Enterprise during 2002/03 as part of the letting of the integrated environmental services contract. The contract commenced on 1st December 2002 for 15 years. In the event that the contract is terminated within the 15 year period, the Council is liable for repayment of the goodwill on a straight line basis over the period of the contract. The 2009/10 balance is approximately £0.7m.

29. STATEMENT OF ACCOUNTS AUTHORISED FOR ISSUE AND POST BALANCE SHEET EVENTS

The accounts were authorised for issue on the 10th June 2010, when the Strategic Director of Resources signed the Statement of Responsibilities. This is the date which has been used to assess any post Balance Sheet events. Following a resolution of the Council the Arms Length Management Company, People 1st (Slough), will cease to manage the Council's social housing stock from the 1st July 2010 when it will be taken back under direct control of the Council.

30. TRUST FUNDS

These are monies owned by an individual or organisation, which is administered by the Authority. The funds administered by the Council are summarised below. In accordance with accounting recommendations, these sums are excluded from the Balance Sheet.

	Balance as at 1st April £000	Payments/ Transfers in year £000	Receipts in year £000	Balance as at 31st March £000
War Memorial Garden	84	0	2	86
Miscellaneous Funds	13	(16)	9	6
Total Trust Funds	97	(16)	11	92

31. RETIREMENT BENEFITS

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

The Authority participates in two pension schemes:

(i) Local Government Pension Scheme

The Authority participates in the Royal County of Berkshire Pension Fund, administered by the Royal Borough of Windsor & Maidenhead. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension funds liabilities with investment assets.

We recognise the cost of retirement benefits in the Net Cost of Services 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 retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	2008/09	2009/10
	Restated	
	£000	£000
Income and Expenditure Account:		
Net cost of Services		
Current service cost	(8,437)	(6,751)
Past service costs	(695)	0
Curtailement settlements	(58)	(316)
Sub total	(9,190)	(7,067)
Net Operating Expenditure		
Interest cost	(13,533)	(12,368)
Expected return on assets in the scheme	11,751	7,321
Sub total	1,782	(5,047)
Net Charge to Income & Expenditure Account:	(10,972)	(12,114)
Statement in Movement to General Fund Balance:		
Reversal of Net Changes made for retirement benefits in accordance with FRS17	10,972	12,114
Actual amount charged against Council Tax for pensions in the year		
Employers' contributions payable to scheme:	(6,599)	(6,823)

ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits attributable to Slough Borough Council at 31 March are as follows:

	2008/09 Restated £000	2009/10 £000
Estimated funded liabilities in scheme	(180,343)	(292,231)
Estimated unfunded liabilities in scheme	(3,560)	(6,364)
Estimated Assets in Scheme	115,756	155,966
Net Asset/(Liability)	(68,147)	(142,629)
Contributions to fund less than Actuary Report	(14)	(201)
Ex Berkshire County Council Fund(SBC Share)	(15,885)	(22,490)
Net Pension (Liability)/Asset	(84,046)	(165,320)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £165m has a substantial impact on the net worth of the authority as recorded in the balance sheet.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Scheme Fund liabilities have been assessed by Barnett Waddington an independent firm of actuaries, estimates for the Local Government Fund being based on a roll forward projection of the last available formal fund valuation which was at 31st March 2007.

The main assumptions used in their calculations have been:

	31 March 2009	31st March 2010
	% per annum	% per annum
Rate of inflation	3.0	3.9
Rate of increase in salaries	4.5	5.4
Rate of increase in pensions	3.0	3.9
Rate for discounting scheme liabilities	6.7	5.5

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The discount rate is the yield on the Merrill Lynch Non Gilt Sterling AA over 15 years Corporate Bond Index with an adjustment to reflect the duration of the liabilities relative to the duration of the index.

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The principal assumptions made by the actuary on the long-term expected rate of return on assets in the scheme are:

	31st March 2009	31st March 2010
	Long term return	Long term return
	% per annum	% per annum
Equities	7.4	7.9
Gilts	4.0	4.5
Bonds	6.5	5.5
Property	5.5	6.0
Cash	3.0	3.0

The assumed life expectations from age 65 are:

Retiring today		
	Males	21.27
	Females	24.33
Retiring in 20 years		
	Males	22.21
	Females	25.26

We have continued to assume that 50% of retiring members will opt to increase their lump sums to the maximum allowed.

Scheme History

Amounts for the current and previous four periods

	Year to March 06	Year to March 07	Year to March 08	Year to March 09	Year to March 10
Defined Benefit Obligation	(237,458)	(237,891)	(224,431)	(211,044)	(333,635)
Scheme Assets	178,078	190,778	179,449	127,011	168,516
Surplus Deficit	(59,379)	(47,113)	(44,982)	(84,032)	(165,119)
Experience adjustments on scheme assets	0	0	(24,286)	(66,895)	33,845
Experience adjustments on scheme liabilities	0	0	(3,072)	0	(3,372)

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2010:

2005/06		2006/07		2007/08		2008/09		2009/10	
£000	%	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets:									
25,470	14.2	164	0.1	(28,976)	16.1	(66,895)	52.7	33,845	20.1
Differences between actuarial assumptions about liabilities and actual experience:									
(8,098)	(3.4)	1,108	0.5	1,618	0.7	0	0	(3,372)	(1.0)

(ii) Teachers' Pension Scheme

The scheme is a defined benefit scheme, administered by the Teachers' Pension Agency (TPA).

Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Education Authorities (LEAs). However it is not possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability described above.

Pension costs are charged into the accounts using the contribution rate set by the Department for Education. The Council paid the following amounts to the D for Education in respect of teachers' pension costs. In addition the Council is responsible for a share of the pension payments related to added years for former Berkshire County Council teachers.

	2008/09	2009/10
	£000	£000
Employers' Contribution	6,148	6,434
Added Years	83	82
Percentage of Teachers' Pensionable Pay	14.1%	14.1%

32. RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2008/09		2009/10	
	£'000	£'000	£'000	£'000
SURPLUS/(DEFICIT) FOR THE YEAR				
Income and Expenditure Account		54,402		38,557
<u>Non Cash Transactions</u>				
Depreciation & Impairment	(54,215)		(37,619)	
Revaluation decreases written off to I&E during year	0		(3,864)	
Deferred Grants amortised in year	6,002		3,124	
Grants funding Revenue Expenditure Funded from Capital Under Statute amortised/written off during the year	1,538		2,817	
Pension Fund adjustments	4,355		5,171	
Other non cash Financial Instrument adjustments	(2,998)		116	
Contributions to Provisions	(2,601)		767	
		(56,629)		(29,488)
<u>Adjustment for items reported separately on Cashflow</u>				
Interest and Investment Income		7,521		3,006
Interest payable and similar charges		(4,759)		(6,410)
Revenue Expenditure Funded from Capital Under Statute		(8,903)		0
Gain or loss on the disposal of Fixed Assets		(4,558)		1,037
Gain or loss on the disposal of Short & Long Term Investments		0		(902)
<u>Items on an Accrual Basis</u>				
(Increase)/Decrease in Stock		(26)		19
(Increase)/Decrease in Debtors		(182)		3,430
Increase/(Decrease) in Creditors		4,708		(7,011)
Net Cash Inflow/(outflow) from operating activities		(8,426)		2,238

33. RECONCILIATION OF NET DEBT TO RELATED ITEMS IN THE BALANCE SHEET- ANALYSIS OF NET DEBT

	Cash	Short Term Deposits	Short Term Investments	Amounts relating to Major Preceptors & NNDR	Total	Loans due within one year	Loans due after more than one year	Deferred Liabilities	Net Debt
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2009	2,124	9,533	76,130	(72)	87,715	(3,876)	(68,541)	(42,801)	(27,503)
Receipt/payment of interest accrued			(1,878)		(1,878)	812	0	0	(1,066)
Other Cashflows in year	3,118	674	(26,946)	5,559	(17,595)	2,673	391	960	(13,571)
Other Non Cash changes			13,494		13,494	(764)	(132)	0	12,598
Balance at 31 March 2010	5,242	10,207	60,800	5,487	81,736	(1,155)	(68,282)	(41,841)	(29,542)

34. RECONCILIATION OF CHANGES IN CASH TO MOVEMENT IN NET DEBT:

	2009 £'000	2009 £'000	2010 £'000	2010 £'000
(Increase)/Decrease in cash in year		814		(3,118)
Cash inflow/(Outflow) from management of Liquid Resources		20,857		22,591
Cash inflow from:				
New loans raised		17,040		2,100
Cash outflow from:				
Loans repaid	(7,120)		(5,164)	
Payment of interest accrued at last balance sheet date	(759)		(812)	
Deferred Liabilities repaid	(3)		(960)	
		(7,882)		(6,936)
Change in net debt resulting from cash flows		30,829		14,637

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	2009 £'000	2009 £'000	2010 £'000	2010 £'000
Other Non Cash changes:				
Difference between carrying amount of loan merged with its associated premium or discount & the recalculated carrying amount of loan.	121		0	
Interest accrued at year end on Short Term Investments	(1,875)		(1,978)	
Transfers to/from Long Term Investments	0		(11,516)	
Profit/Loss on disposal of Short Term Investments	0		0	
New Deferred Liabilities	(42,310)		0	
Concessionary loans – interest adjustment debited to I&E during year	0		132	
Interest accrued at year end on loans & finance leases carried at nominal value	811		764	
		(43,253)		(12,598)
Net debt B/Fwd		39,927		27,503
Net debt C/Fwd		27,503		29,542

35. ANALYSIS OF CHANGES IN CASH AND LIQUID RESOURCES DURING THE YEAR

	2008/09 £'000	2009/10 £'000	Change In Year £'000
Short Term Investments	(76,130)	(60,800)	15,330
Short Term Deposits	(9,533)	(10,207)	(674)
Amounts relating to Council Tax and NNDR	72	(5,487)	(5,559)
Cash	(8,405)	(10,387)	(1,982)
Bank overdraft	6,281	5,145	(1,136)
(Increase)/Decrease in year	(87,715)	(81,736)	5,979

Management of Liquid Resources

Liquid Resources represent short-term deposits that mature within 364 days and money on call that can be readily converted into cash.

36. CASH FLOW ANALYSIS OF GOVERNMENT GRANTS

	2008/09	2009/10
	£000	£000
DWP Grants for Benefits	41,353	50,232
Local Strategic Partnership	1,296	19
Education		
Dedicated Schools Grant (DSG)	87,374	91,456
Schools DSG	1,843	1,794
Standards Fund	10,756	11,689
Schools Standard	4,441	4,662
Learning & Skills Council Sixth Forms	9,545	10,614
General Surestart	4,477	4,741
Other Education Grants	1,984	3,226
Community & Wellbeing		
Supporting People Programme	4,215	4,005
Other Community & Cultural Grants	2,240	1,414
Other		
Rent Rebates Subsidy	14,970	16,190
Pooled Treatment	1,094	1,396
Other	3,418	3,849
Sub Total	146,357	155,036
Grand Total	189,006	205,286

37. DEDICATED SCHOOLS GRANT (DSG)

The Dedicated Schools Grant has been deployed in accordance with the regulations within the School Standards framework Act 1998; this is underpinned by the production of the Section 52 Statement.

The accounting structure allows for users of the accounts to extract the performance of the Authority's statutory duties and provides an adequate base for external audit to test that the deployment of grant has been made in accordance with scheme rules.

The accounting structure in place separately identifies all DSG activity from other services and thus readily demonstrates that the schools budget net of Learning Skills Council (LSC) and Standards Fund income is equal to that of the DSG payable for the year.

During the year the change in actual and forecast grant entitlement was reflected in the accounts that comprise the overall DSG.

The central expenditure element of the schools budget was within the maximum limit allowable. This can be demonstrated in the accounts as the actual spend came in under budget. Furthermore the accounts also demonstrate that all under and over spends within centrally retained expenditure and that within the Individual Schools Budget (ISB) have

NOTES TO CORE STATEMENTS

been accounted for properly, although commitments have also been carried forward into the new financial year that will utilise the full level of grant available.

Disclosure of deployment of the Dedicated Schools Grant

Schools Budget Funded by Dedicated Schools Grant (DSG)

	Central Expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2009/10	8,918	82,538	91,456
Brought forward from 2008/09	2,320	0	2,320
Carry forward to 2010/11	(2,038)	0	(2,038)
Agreed budgeted distribution in 2009/10	9,200	82,538	91,738
Actual central expenditure	10,784	0	10,784
Actual ISB deployed to schools	0	83,348	83,348
Local Authority contribution for 2009/10	1,584	810	2,394
Carry forward to 2010/11	0	0	2,038

38. RESERVES AND BALANCES HELD BY SCHOOLS

The Council received a Dedicated Schools Grant (DSG) in 2009/10 of £91.456m of which £82.538m was delegated to schools who in turn spent £81.79m (99%) and retained the balance of £0.748m within their earmarked reserves. For ongoing commitments, the balance of the DSG (£8.918m) was managed centrally to cover services that were cross cutting across all school phases or because centralising allowed better value for money aligned with Department for Education direction.

The schools also receive other grant funding via the DCSF (now known as Department of Education) Standards Fund, School Standards Grant and LSC which together total around £24m in addition to a contribution of £810k from the Council's budget towards the cost of the PFI scheme.

Locally managed schools are allowed to carry forward unspent balances of delegated budgets as agreed within the framework recommended by the schools forum.

The balance held by schools as at the 31st March 2010 is £9.6m. Further details on the DSG are given in the notes number 37 to the Core accounts.

	2008/09	2009/10
	£000	£000
Balances as at 1 st April	(9,766)	(9,174)
Movement in Year:		
To Schools Fund	(1,271)	(2,019)
From Schools Fund	1,863	1,620
Sub total	(9,174)	(9,573)
Allocated to Schools for the Future	0	(193)
Balances as at 31st March	(9,174)	(9,766)

39. FINANCIAL INSTRUMENTS

1. Financial Instruments Reserve

- a. **Available-for-Sale Financial Instruments Reserve** – records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets. The Council did not hold any available-for-sale investments during 2009/10.

- b. **Financial Instruments Adjustment Account (FIAA)** - provides a balancing mechanism between the different rates at which gains and losses (such as premiums and discounts on early repayment of debt) are recognised under the SORP and are required by statute to be met from the General Fund (and where appropriate, Housing Revenue Account). The table below summarises the movements during 2009/10 on the Financial Instruments Adjustment Account.

Financial Instruments Adjustment Account - movements

	Losses (Premiums) £000	Gains (Discounts) £000	Total £000
Balances as at 31st March 09	3,717	(272)	3,445
Movements during year			
Housing Revenue Account:			
Annual write off of over-hanging premiums		(1,169)	0
Annual Item 8 adjustment for premiums		(72)	0
General Fund Account:			
Annual write off of over-hanging premiums and discounts		(178)	79
Balances as at 31st March 10	2,298	(193)	2,105

NOTES TO CORE STATEMENTS

2. Financial Instrument Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31st March 09	31st March 10	31st March 09	31st March 10
	£'000	£'000	£'000	£'000
Financial Liabilities at amortised Cost:				
- PWLB Loans	44,541	44,282	3,403	682
- Market Fixed Rate Loans	11,000	11,000	271	271
- Market LOBO loans	13,000	13,000	202	202
- Creditors	0	0	49,728	57,222
Total Borrowings	68,541	68,282	53,604	58,377
Loans and Receivables:				
- Term Deposits	17,071	3,887	85,663	71,007
- Structured Callable Deposits	0	0	0	0
- Long Term Debtors	275	365	0	0
- Debtors (including impairments)	0	0	21,044	32,362
- Cash & Bank	0	0	2,124	5,244
Available for Sale Financial Assets	0	0	0	0
Total Investments	17,346	4,252	108,831	108,613

3. Financial Instruments Gains/Loses

The gains and losses recognised in the Income and Expenditure Account and Statement of Recognised Gains and Losses in relation to financial instruments at 31st March 2010 (compared to 31st March 2009) are made up as follows:

	2008/09	2009/10
	£'000	£'000
Financial Liabilities – Measured at amortised Costs		
Interest Expenses	(3,330)	(3,437)
Impairment Losses/adjustment	(798)	
Interest Payable & Similar Charges	(4,128)	(3,437)
Financial Assets – Loans & Receivables		
Interest Income	7,505	2,754
Gains on de-recognition	0	152
Interest and Investment Income	7,505	2,906
Net Gain for the year	3,377	(531)

The average rate of external borrowing was 4.91% (4.93% in 2008/09). The average investment rate was 2.83% (5.67% in 2008/09).

Impairment of Investments

The Council had deposited £2.5M with Heritable Bank Plc on 22nd March 2007 for a fixed period maturing on 22nd March 2011 with interest payable annually. Heritable Bank was a UK registered bank and was placed in Administration on 7th October 2008. Ernst & Young LLP are the appointed Administrators and based on their report issued on 17th April 2009, the Council recognised an impairment charge of £798k in 2008-09 accounts based on it recovering 80p in the £.

During the year, three dividends totalling £902k were received from the Administrators. The Administrators latest report dated 28th January 2010 projects a base case return of between 79% and 85% and as a result the Council has reassessed the value of recoverable amount and reduced the impairment charge by £152k as at 31st March 2010. The Administrators latest report can be viewed at the following website:

http://www.heritable.co.uk/Uploads/Documents/news/Heritable_creditors_update_2010.01.28.pdf

Investments included in the assets figures in the Balance Sheet include above impaired deposit. The details are as follows:

Date Invested	22 nd March 2007
Maturity Date	22 nd March 2011
Original Amount	£2,500,000
Interest rate	5.72%
Carrying Amount 31.3.2009	£1,849,647
Carrying Amount 31.3.2010	£1,193,074
Impairment balance 31.3.2009	£798,054
Impairment Balance 31.3.2010	£404,917

The carrying amount of investment included in the Balance Sheet has been calculated using the present value of expected payments, discounted using the investment's original interest rate. The expected repayments have been estimated based on reports issued by the Administrators and adjustments will be made in future accounts as more information becomes available.

Interest credited to the Income and Expenditure Account in respect of the above investment is as follows:

Year	Credited	Received
2008-09	£143,000	£0
2009-10	£93,619	£0

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009 allow the Council to defer the impact of the impairment charge relating to the above investment until 2010-11. The Council has decided not to take advantage of the Regulations.

4. Fair Value of Assets and Liabilities

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

- For Public Works Loans Board (PWLB) and Market fixed rate loans – by reference to PWLB “premature repayment” set of rates in force on the last business day of the financial year.
- For Market LOBO (Lenders option to increase the rate, borrowers’ option to repay the loan) loans, where the lender’s option is exercisable within the next 12 months, carrying amount is assumed to approximate to fair value. For the other LOBO loans, by referencing the unexpired period of potential lender’s option to PWLB “premature repayment” set of rates in force on the last business day of the financial year.
- Where the instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- For deposits longer than 364 days, by reference to market rates quoted on the last business day of the financial year for equivalent types of timed deposits.
- No early repayment or impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31st March 09		31st March 10	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£’000	£’000	£’000	£’000
PWLB & Market Debt	72,417	81,042	69,437	74,329
Trade Creditors (Suppliers)	1,274	1,274	1,025	1,025
Total Financial Liabilities	73,691	82,316	70,462	75,354

The fair value is more than the carrying amount because the Council’s portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

Money Market Deposits	102,729	103,492	74,890	75,317
Trade Debtors (Customers)	3,833	3,833	6,110	6,110
Total Loans and Receivables	106,562	107,325	81,000	81,427

The fair value is higher than the carrying amount because the Council’s portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee

to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans

5. Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential effects on the resources available to fund services. The Council has adopted the CIPFA Code of Practice on Treasury Management. The Council approves on an annual basis, and if necessary amend during the year if the financial market conditions change, treasury management strategy and policy that contain a number of measures to control the financial instrument risks above including interest rate risk, credit risk, liquidity risk and the investment of surplus cash. The policy statement also includes treasury management practices, prudential indicators for borrowing and investment and investment limits for different class of counterparties. The Council's latest treasury management strategy and policy statement can be found on pages 73-93 at: [http://www.slough.gov.uk/moderngov/Published/C00000109/M00003138/\\$ADocPackPublic.pdf](http://www.slough.gov.uk/moderngov/Published/C00000109/M00003138/$ADocPackPublic.pdf)

Credit Risk

Credit risk is the possibility that other parties may not pay amounts due to the Council. This risk arises from deposits of surplus funds with banks, building societies and other financial institutions as well as credit exposures to the Council's customers.

It is the Council's policy to place deposits only with a limited number of high quality banks and building societies whose credit rating has been assessed by Fitch Ratings and Moody's Ratings as sufficiently secure and restrict lending to a prudent maximum amount for each institution. For building societies, where no credit rating is available, only those Societies with assets in excess of £5b are used.

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

NOTES TO CORE STATEMENTS

	Amortised amount at 31st March 10 £'000 A	Historical experience of default %	Historical Experience adjusted for market conditions at 31st March 10 %	Estimated maximum exposure to default & un- collectability £'000 (A x C)
		B	C	
Deposits with banks, building societies and financial institutions				
- Banks rated AA (+/-)	34,859			
- Banks rated A (+/-)	16,497			
- Banks in Administration	1,193			
- Top 10 Building Societies	22,341			
Total Deposits	74,890	1.5	1.0	750
Bonds	0	0	0	0
Trade Debtors	6,110	5	5	306
Total	81,000			1,056

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Liquidity Risk

As the Council is a net lender and also has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to meet its commitments under financial instruments. Instead, the risk is that the Council may be bound to replenish a significant proportion of its borrowings at a time of unfavourable 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 Council's approved strategy is therefore to ensure that no more than 25% of loans are to mature within any rolling three year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. It is also the Council's strategy that no more than £15M of deposits are placed for a period maturing beyond 364 days.

The maturity analysis of financial liabilities and deposits as at 31st March 2010 is as follows:

	Borrowings £'000	Deposits £'000	Total £'000
Less than one year	1,155	(71,003)	(69,848)
Between one and two years	7,872	(3,887)	3,985
Between 2 and 5 Years	10,025	0	10,025
Between 5 and 10 years	7,398	0	7,398
Between 10 and 15 years	3,865	0	3,865
Greater than 15 years	39,122	0	39,122
Total	69,437	(74,890)	(5,453)

Market risk

The Council is exposed to two types of market risk described below:

(a) Interest Rate Risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movement 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 charged to the Income and Expenditure Account will rise;
- Borrowings at fixed rates – the fair value of the borrowings will fall;
- Market Borrowings with LOBO – the lender may exercise option to increase rate of interest charge and if so, the Council may wish to exercise option to repay the outstanding amount of loan rather than accept higher rate of interest;
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise;
- Investments at fixed rates – the fair value of the assets will fall; and

Borrowings are not carried at fair value and therefore nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses (STRGL). Changes in interest payable or receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund balance £ for £. However, the Council had no variable rate borrowings as at 31st March 2010. Movements in the fair value of fixed rate investments will be reflected in the STRGL.

The Authority has a number of strategies for managing interest rate risk. Policy is to ensure that the variable rate borrowing is limited to 25% of total borrowing. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation to a proportion of any higher costs.

The Treasury Group has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis also indicates whether new borrowing taken out is fixed or variable. Any movement in interest rate will also impact on new budgeted borrowing.

According to this assessment strategy, at 31st March 2010, if interest rates had been 1% higher with all other variables held constant, the financial effect in full year would be:

NOTES TO CORE STATEMENTS

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in interest payable on new borrowing	206
Increase in government grant receivable for financing costs	(15)
Impact on Income and Expenditure Account	191
Share of overall impact debited to the HRA	(15)
Decrease in fair value of long term fixed rate investments:	
- Available for sale	0
- Deposits (no impact on I&E Account & STRGL)	10
Impact on STRGL	0
Decrease in fair value of fixed rate borrowings liability (no impact on I&E Account or STRGL)	5,851

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

(b) Price Risk

The Council does not generally invest in equity shares and did not have any shareholdings as at 31st March 2010.

40. DEBTORS AND ADVANCE PAYMENTS

	31-Mar-09 Restated £000	31-Mar-10 £000
Government Departments	6,326	11,209
Other Local Authorities	1,001	1,470
Housing Rents	1,649	1,998
Collection Fund	1,991	1,649
Payments in Advance	1,081	1,203
Other	16,163	19,265
Sub Total	28,211	36,794
Provision for Bad Debts	(7,167)	(8,266)
Total	21,044	28,528

41. CREDITORS AND ADVANCE RECEIPTS

	31 Mar 09 Restated £000	31 Mar 10 £000
Government Departments	(13,428)	(14,122)
Other Local Authorities	(1,219)	(1,615)
Housing Rents in advance	(613)	(499)
Collection Fund	(1,046)	(1,103)
Refundable deposits	(91)	(122)
Receipts in advance	(7,368)	(10,153)
Interest payable	(23)	(12)
Other	(25,940)	(29,596)
Total	(49,728)	(57,222)

42. CHANGES IN ACCOUNTING POLICIES AND STATEMENTS

The Accounting Policies follow the format given in the SORP.

As required under the 2009 SORP the following changes have been included in the 2009/10 accounts:-

1. PFI – The accounting requirements for the Private Finance Initiative are no longer based on UK accounting standard, but on International Financial Reporting Standards. This means that PFI properties used to deliver PFI services, previously ‘off Balance Sheet’, are now on the Balance Sheet with a liability for the financing provided by the PFI operator. The previous year’s statements have also been adjusted to reflect this.
2. Collection Fund – Council Tax. The SORP now requires that the billing authority act as an agent for its major preceptors. In Slough’s case this is Thames Valley Police Authority and Royal Berkshire Fire Authority. This means that the appropriate share of council tax debtors should be shown in the billing authorities and major preceptors’ balance sheets. The previous year’s statements have also been amended.
3. Collection Fund – National Non Domestic Rates (NNDR). Previously NNDR debtors have been included on the billing authorities’ balance sheet. SORP 2009 now requires that, as the Authority acts an agent for the Government, a creditor (if owed) or debtor (if overpaid) for cash collected, should be shown on the balance sheet to the Government. The balance sheet for 2008/09 and 2009/10 reflects this.
4. Accrued interest due within 12 months of the balance sheet date has now been separated from long term financial liabilities and assets and shown under current liabilities and assets.
5. In December 2009 the Accounts and Audit (Amendment No 2) (England) Regulations 2009 were laid before parliament. The new regulations amended the Accounts and Audit Regulations 2003 and imposed an obligation on the Council to include reference to remuneration reporting for senior officers in its Statement of Accounts.

A senior employee is an employee whose salary is £150k or more per year, or an employee whose salary is £50k or more per year (to be calculated pro rata for an employee employed for fewer than the usual full time hours for the relevant body concerned) who is either: the Council’s designated Head of Paid Service, a statutory chief officer or non-statutory chief officer, as defined by Section 2 of the Local Government and Housing Act 1989.

If the senior officer’s salary exceeds £150k, the regulations require disclosure of the officer’s name. If the salary does not exceed £150k then disclosure of the post title only is required.

6. The officers’ remuneration note has been amended to show bands of £5k instead of £10k as previously.

HOUSING REVENUE ACCOUNT

Local housing authorities are required by the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA). This records revenue income and expenditure in relation to Council houses and its tenants, such as repairs and maintenance, management expenses, capital financing costs, rent income, other income for charges for services and subsidy receivable from the Government. The HRA must be self-supporting without contributions from other funds (e.g. the General Fund).

HOUSING REVENUE ACCOUNT

2008/09			2009/10
£000	INCOME	Notes	£000
(25,394)	Dwelling Rents (Gross)		(26,877)
(1,725)	Non Dwelling Rents (Gross)		(1,909)
(2,188)	Charges for Services and Facilities		(2,208)
(29,307)	Total Income		(30,994)
	EXPENDITURE		
5,395	Repairs and Maintenance	4	6,089
6,954	Supervision & Management		7,252
12	Rents, Rates, Taxes & Other Charges		5
7,630	Housing Revenue Account Subsidy Payable	9	6,705
29,028	Depreciation & Impairments of Fixed Assets	7 & 8	20,576
284	Debt Management Costs		399
49,303	Total Expenditure		41,026
19,996	Net Cost of HRA Service as included in Whole Authority I & E Accounts		10,032
204	HRA Services share of Corporate & Democratic Core		204
899	HRA Share of other amounts included in Whole Authority Net Cost of Services, not allocated to specific services		899
21,099	Net Cost of HRA Services		11,135
(41)	Gain or loss on Sale of HRA Fixed Assets		273
240	Interest Payable & Similar Charges		754
(202)	Interest and Investment Income		(126)
12	Pensions Interest Cost and Expected Return on Pensions Assets		41
21,108	(Surplus)/Deficit for year		12,077

HOUSING REVENUE ACCOUNT

Statement of Movement on HRA Balance		
2008/09		2009/10
£000		£000
21,108	(Surplus)/Deficit for year	12,077
Additional Items to be taken into account in determining movement in HRA balance		
1,231	Difference between interest payable & similar charges including amortisation of premiums & discounts	1,372
(22,970)	Other Differences (impairment losses)	(14,859)
41	Gain or loss on Sale of HRA Fixed Assets	(273)
(32)	Contributions to/from Pensions Reserves	(42)
234	Capital Expenditure funded by HRA	0
(1,335)	Transfer to/from Major Repairs Reserve	(858)
(30)	Transfers to/from Housing Repairs Account	0
(22,861)	Sub Total Additional Items	(14,660)
(5,353)	Housing Revenue Account Balance Brought Forward	(7,106)
(1,753)	Total (Surplus)/Deficit for the year	(2,583)
(7,106)	Housing Revenue Account Balance Carried Forward	(9,689)

1. HOUSING STOCK

The Council was responsible for managing 6,505 dwellings as at 31 March 2010 (6,556 as at 31 March 2009). The stock was made up as follows:

	Number as at 31 Mar 09	Number as at 31 Mar 10
Houses	2,844	2,836
Flats	3,036	3,025
Bungalows	605	599
Other	71	45
As at 31st March	6,556	6,505

The change in stock can be summarised as follows:

	2008/09	2009/10
Stock at 1st April	6,574	6,556
Properties sold	(17)	(11)
Properties acquired	1	0
Properties disposed of	(2)	(40)
As at 31st March	6,556	6,505

2. ASSET VALUES

	As at 31 Mar 09 £000	As at 31 Mar 10 £000
Operational Assets:		
Dwellings	407,043	404,971
Other Land & Buildings	862	848
Vehicles, Plant & Equipment	39	1,217
Non-operational Assets:		7,409
Investments Land and Property	6,581	8,185
Surplus Land & Property	8,145	6
Total Housing Assets	422,670	422,636
Vacant Possession value of dwellings	753,783	749,946

The net book value of dwellings is based on their existing use as social housing. As such the valuations are lower than those reflecting vacant possession on the open market. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA shows the economic cost to Government of providing housing at less than open markets rents.

3. MAJOR REPAIRS RESERVE

The Accounts and Audit Regulations 1996 require authorities to establish and maintain a Major Repairs Reserve for council dwellings. The credit to the reserve is an amount equivalent to the total depreciation charge for HRA assets which can only be used for capital expenditure on HRA assets.

	2008/09	2009/10
	£000	£000
Balance Brought Forward 1 st April	(3,195)	0
Depreciation of HRA Assets	(6,057)	(5,727)
Adjustment to HRA	1,335	872
Capital Expenditure	7,917	3,815
Balance Carried Forward 31 st March	0	(1,040)

4. HOUSING REPAIRS ACCOUNT

The majority of building repairs and maintenance to the housing stock is carried out by the Authorities contractor Interserve (Slough) Ltd. The contract includes day to day repairs, cyclical external decoration, void properties prior to re-letting, internal decorations on certain tenants' properties and non domestic stock repairs. Gross repairs and maintenance expenditure for 2009/10 was £6.1m (2008/9 - £5.4m).

5. CAPITAL EXPENDITURE AND SOURCES OF FINANCE

	2008/09	2009/10
	£000	£000
Expenditure		
Council Houses	19,114	18,702
Other Property	482	732
	19,596	19,434
Sources of Finance		
Useable Capital Receipts	1,064	0
Capital Grants and Contributions	0	81
Revenue Contributions	230	0
Major Repairs Reserve	7,917	3,815
Borrowing	10,385	15,538
	19,596	19,434

6. CAPITAL RECEIPTS

Total capital receipts from the disposal of housing assets were £1.7m in 2009/10 (£2.7m 2008/09). From the sums received we were required to pool (paid to central government) £1m and the balance remains as useable capital receipts.

	2008/09 £000	2009/10 £000
Disposals of		
Land	312	373
Right To Buy Housing	2,397	1,358
Other Property	0	0
	2,709	1,731

7. DEPRECIATION CHARGE

Depreciation charges reflect the consumption of HRA assets over their useful life and the annual provision for 2009/10 of £5.7m (£6.1m in 2008/09) is in respect of council dwellings.

8. IMPAIRMENT

Impairment relates to physical damage or deterioration in the value of the fixed asset. There was an impairment charge in 2009/10 of £13m for council stock (£23m in 2008/09).

9. HRA SUBSIDY

This is a Government grant received towards the cost of management, maintenance and financing of dwellings. The amount of grant payable is based on a formula which uses the dwelling numbers and calculates the estimated 'notional' costs and assumed rental income. It also includes the major repairs allowance which is the Government's estimate of the long-term average amount of capital spending required to maintain the housing stock in its present condition.

NOTES TO THE HOUSING REVENUE ACCOUNT

Subsidy payable is made up of the following elements:

	2008/09	2009/10
	£000	£000
Management & Maintenance	(10,900)	(12,060)
Major Repairs Allowance	(4,722)	(4,886)
Charges for Capital	(2,364)	(3,032)
Interest on Receipts	19	13
Guideline Rent Income	25,793	27,118
Rental Constraint Allowance	0	(445)
	7,826	6,708
Prior Year Adjustment	(196)	(3)
HRA Subsidy Payable	7,630	6,705

10. RENT ARREARS

	2008/09	2009/10
	£000	£000
Current Tenant Arrears	900	1,080
Former Tenants	749	918
Total Arrears as at 31st March	1,649	1,998
Provision for Doubtful Debts	1,269	1,606
Arrears Written Off	192	18

11. FRS17 RETIREMENT BENEFITS

Further to the note to the core statements, the following transactions in respect of Pension Costs have been included in the Housing Revenue Account.

	2008/09	2009/10
	£000	£000
Net Cost of Services (includes current and past service costs of pensions, gains and losses arising on settlement or curtailment of pension liabilities)	20	1
Net Operating Expenditure		
Interest Cost	122	100
Expected Return on Pension Assets	(110)	(59)
Appropriations		
Transfer from Pension Reserve	(32)	(42)

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COLLECTION FUND

There is a legal requirement for charging authorities to maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates (Business Rates), Precept Demands and any residual Community Charge adjustments, together with details of how any balances have been distributed. Although it is kept separate from the Authority's Income and Expenditure Account, the Collection Fund balances do form part of the Authority's Balance Sheet.

COLLECTION FUND

2008/09 £000	Notes	2009/10 £000
INCOME		
<u>Council Tax</u>		
(44,380)	2	(46,302)
<u>Business Rates</u>		
(83,889)	3	(85,619)
<u>Transfers from the General Fund</u>		
(8,181)	2	(9,586)
(70)	3	(175)
(136,520)		(141,682)
Total Income		
EXPENDITURE		
<u>Precepts & Demands</u>		
43,318	1	46,060
223		234
5,830		6,173
2,116		2,249
51,487	2	54,716
<u>Business Rates</u>		
82,206	3	83,135
242	3	205
228	3	229
82,676		83,569
<u>Share of Previous Year's surplus</u>		
0		400
0		54
0		19
		473
<u>Provision for Bad Debts</u>		
1,283	3	2,225
<u>Council Tax</u>		
136		401
497		758
1,916		3,384
136,079		142,142
Total Expenditure		
(441)		460
Deficit/ (Surplus) for the year		
COLLECTION FUND BALANCE		
0		(441)
(441)		460
Deficit/(Surplus) for the year		
(441)	4	19
Balance at 31st March		

1. GENERAL

The Council's demand on the Collection Fund represents the balance of spending for the year to be met from local taxes.

2. COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. Specific reductions are made, in accordance with government regulations, for persons on lower incomes (Council Tax Benefits). Government grant is received for this reduction.

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to Band D equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties – 20 x 18/9). This gives the tax base for the Council.

The valuation bands and the Band D equivalent figures estimated for 2009/10 are as follows:

Band	No. of Chargeable Dwellings (after discounts)	Ratio	Band "D" Equivalent No. of Dwellings	2009/10 Council Tax
Band A	930.00	6/9	620.00	890.13
Band B	7,534.54	7/9	5,860.20	1,038.48
Band C	18,669.49	8/9	16,595.10	1,186.84
Band D	11,027.50	9/9	11,027.50	1,335.19
Band E	3,663.74	11/9	4,477.90	1,631.91
Band F	1,481.75	13/9	2,140.30	1,928.61
Band G	292.26	15/9	487.10	2,225.33
Band H	4.25	18/9	8.50	2,670.39
Totals	43,603.53		41,216.60	
		Less: - adjustment of 1% to allow for changes in the valuation list and for non-collection of tax.	(412.17)	
		Council Tax Base 2009/10	<u>40,804.00</u>	

The Council Tax contribution required (excluding parishes) for 2009/10 services and including Fire and Police Authorities precepts was £54,482.

	£000	
Slough BC Demand	46,060	
Police Precept	6,173	
Fire Precept	2,249	
SBC, Police & Fire	54,482	Council Tax Base multiplied by Band D
Parish Precepts	234	
Total	<u>54,716</u>	

The income received from taxpayers is reduced by benefits transferred from the General Fund and other adjustments made throughout the year.

3. INCOME FROM BUSINESS RATES

The Council collects Non-Domestic Rates for its area based on local rateable values (R.V.) multiplied by the national uniform rate (NNDR rate multiplier). The total amount, less certain reliefs and discounts, is paid to a central pool managed by Central Government, which, in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population.

Under these arrangements the amounts included can be analysed as follows: -

	2008/09	2009/10
Total Slough Borough Council RV at 31 Mar	£197,884,776	£198,684,801
Main NNDR rate multiplier	46.2	48.5
Small Business rate multiplier	45.8	48.1
	£000	£000
Income due from ratepayers	83,889	85,619
Discretionary relief from General Fund	70	175
less:- Provision for bad debts	(1,283)	(2,225)
Interest on refunds	(242)	(205)
Cost of Collection Allowance	(228)	(229)
	82,206	83,135
National Pool contribution	82,206	83,135

4. DISTRIBUTION OF COLLECTION FUND SURPLUS OR DEFICIT

The year-end surplus or deficit on the Collection Fund, in so far as it relates to Council Tax transactions, has to be distributed proportionally between the billing authority (Slough Borough Council) and precepting authorities (Thames Valley Police and Royal Berkshire Fire Service). The distribution is made on the basis of estimates as at the 15th January each year.

For the current year the Collection Fund actual has resulted in a small deficit and this will be distributed proportionally as below. This will be taken into account when the surplus or deficit is estimated for the 2011/12 budget in January 2011.

	2009/10
	£000
Slough Borough Council	16
Thames Valley Police Authority	2
Royal Berks Fire Service	1
Total	19

ANNUAL GOVERNANCE STATEMENT

Introduction

1. Scope of Responsibility

- 1.1 Slough Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law, proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The code of corporate governance approved and adopted by the Council is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*. Our Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of the Annual Governance Statement.
- 1.4 The introduction of International Financial Reporting Standards (IFRS), from 1st April 2010, impacts on the financial reporting and budget of the Council and requires consideration as part of the governance framework.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and the culture and values, by which the Authority is directed and controlled and the activities through which it leads, accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively.
- 2.3 The governance framework has been in place at the Council for the year ended 31st March 2010 and up to the date of approval of the statement of accounts. Appendix One outlines the key factors in preparation of the Annual Governance Statement.

The Governance Framework

Identifying, communicating and reviewing the achievement of the Authority's vision and intended outcomes for citizens and service users and its implications for the Authority's governance arrangements

Key References:

- The Council's Strategic Plan;
- Local Strategic Partnerships (LSP); and
- The Strategic Planning Framework.

Commentary:

The Council's Strategic Plan outlines how the political direction of the Council's leadership combines with the long term vision for the town. The Strategic Plan sets out medium term Council priorities. It explains the Council's role in "*Proud to be Slough – Slough's Sustainable Community Strategy*" – which sets out the 20 year long-term vision. The Strategic Plan is an important part of how we manage our performance, linking the Council's vision and priorities into the everyday activities of our staff. It sets out our five key priorities and explains what we are doing to ensure the organisation works more effectively so that our services can make a difference. The Strategic Plan is aimed at external stakeholders and is communicated via a range of media channels.

During the course of the last year, an LSP website was developed reflecting the structure and look of the strategic plan. Web pages are colour coded in the same way as the plan and are clearly labelled to help visitors make a link with a relevant priority.

The Council's approach to planning is set out in the Strategic Planning Framework which has been endorsed by the Improvement and Development Agency. A Performance Management Framework is used to monitor service performance on a monthly basis which is reported to the Corporate Management Team, Cabinet and Overview and Scrutiny.

The Council's Consultation Officer has rolled out the U-engage consultation portal across the Council and is now working with LSP partners who have jointly invested in the system. By sharing one portal, the LSP partners intend to increase participation in consultations, coordinate consultations more effectively, and, where relevant, ensure consultations are an integral part of communicating and reviewing service provision.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources.

Key References:

- Citizen Satisfaction Surveys;
- Adherence to Quality Standards- Charter Mark;
- Service Planning Framework;
- Internal & External Inspection; and
- Performance Management Framework.

Commentary:

Citizen satisfaction is measured in biennial surveys, alternating between a face-to-face Attitude Survey and the postal Place Survey. These surveys provide satisfaction levels on the services provided by the Council, and its statutory partners. In addition, services work towards a number of quality standards and specific services have been awarded Charter Mark and Investors in People. Delivering high quality services is important and, where appropriate, quality tools are used, including EFQM and the Excellence Model.

Service Plans set out objectives and activities and these are scrutinised by the relevant Director. Service benchmarking information is used to assess and ensure that service delivery offers value for money and the best use of resources.

Internal review and audit, along with external inspection, provide an objective review of services and inform the basis of improvement plans focussed on improving citizen outcomes.

The statutory PI's have to be collected, audited and reported to the Audit Commission annually. Performance against these indicators is monitored quarterly where possible to produce in year management information.

Service user comments, complaints and suggestions from consultations are used to shape service delivery.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

Key References:

- Clearly defined roles and responsibilities;
- Policy & Budgetary Framework;
- Decision making Structure;
- Formal Delegation of Responsibilities; and
- Public Inspection of Key Documents.

Commentary:

The Council is composed of 41 Councillors. The overriding duty of Councillors is to the Borough as a whole but they are democratically accountable to residents of their Ward. All Councillors meet together as the full Council. The full Council is the decision making body that sets the policy and budgetary framework of the Authority. It appoints the Executive (the Cabinet); Lead Members and such Committees, Sub-Committees and Panels etc. It considers necessary to carry out the statutory functions of the Council as a Local Authority. Each year, normally in May, a new Mayor is elected who chairs the full Council meeting.

The Executive is the part of the Council which is responsible for most day-to-day decisions. The Executive is made up of a Cabinet which comprises the Leader of the Council and eight lead Councillors, called Commissioners. Each Commissioner has a specific portfolio of areas for which he or she is responsible. All services of the Council fall within the portfolios of one or more of the Commissioners. When key executive decisions are to be discussed or made, these are published in the Cabinet's Forward Plan in so far as they can be anticipated. The Cabinet has the power to make decisions which are in line with the Council's overall policy and budgetary framework. If it wishes to make a decision which is outside the framework, this must be referred to the full Council to decide. All items of business at meetings of the Council, its Committees, Sub-Committees and the Cabinet will be set out in an agenda together with reports and supporting papers. Generally, these documents are open to public inspection on the Council's website and at the Town Hall. Copies of these documents are also available free of charge on request. Normally the meetings will be held in public but where personal or confidential information, known as exempt information, is to be discussed, the meetings will be held in private and the reports and supporting papers will not be available.

The Council's decision-making structure has delegated many decisions to the senior officers and statutory chief officers. These decisions are taken after verifying that they are in accordance with the budget and policy and budgetary framework and a range of financial, legal and other relevant advice. The Council, through its Overview and Scrutiny Committee, holds the Cabinet to account and monitors performance and also considers certain executive items referred for comment. The Council also provides an opportunity for citizens and Councillors to ask questions and raise issues of broad public interest.

ANNUAL GOVERNANCE STATEMENT

The Corporate Management Team (CMT) consisting of the Chief Executive and Directors meets weekly to oversee and direct the delivery of all Council services in accordance with policy, financial and legislative requirements.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Key References:

- Member and Officer Local Codes of Conduct;
- Council's Constitution;
- The Standards Committee; and
- Member and Officers Relations Code.

Commentary:

Councillors have to agree to abide by the Local Code of Conduct to ensure high standards of behaviour in the way they undertake their duties. The Local Code of Conduct forms part of the Council's Constitution and was reviewed and updated in May 2008. The Standards Committee has overall responsibility for ethical matters including training and advice on the application of the Local Code. Since May 2008, the assessment, review and determination of complaints about Member conduct has been delegated by the Committee to specially designated Sub-Committees.

Specific Codes of Conduct have been adopted for Councillors who carry out the Council's Planning and Licensing functions. The Council has designated the Borough Secretary and Solicitor as the Monitoring Officer, in accordance with Section 5 of the Local Government and Housing Act 1989.

The Officer Code of Conduct sets out the standards of behaviour the Council expects of employees in the carrying out of their duties to ensure that the Authority maintains a deserved reputation for the high standards of its activities and the integrity of its employees at all levels.

A Member and Officer Relations Code sets out standards of behaviour and levels of expectations between Councillors and Officers of the Council.

Reviewing and updating Council Procedural Rules (standing orders), standing financial instructions, a scheme of delegation and supporting procedure notes/ manuals, which clearly define how decisions are taken and the process and controls required to manage risks.

Key References:

- The Constitution;
- The Financial Procedure Rules;
- An established Budget Monitoring Process;
- Internal & External Reviews; and
- Council wide Risk Registers.

Commentary:

The Council has an agreed Constitution, which sets out how the Council operates, how decisions are made, and the procedures that are to be followed to ensure that these are open, transparent and accountable to local people. The law requires some of these processes, while others are a matter for the Council to choose.

The financial management of the Authority is conducted in accordance with various procedures set out in the Constitution, but in particular with the Financial Procedure Rules. The Council has designated the Director of Resources as Chief Finance Officer (CFO) in accordance with Section 151 of the Local Government Act 1972.

Financial stewardship is reported to Councillors monthly, and is considered as a minimum monthly by Directorate Management Teams and the Council's Corporate Management Team. This is supported by an established budget monitoring process by Managers and Finance staff.

Through reviews by External Audit, various Inspection Agencies, Internal Audit, and the Improvement and Development Department, the Council seeks ways of ensuring the economic, effective and efficient use of its resources, and the continuous improvement in the way in which it delivers its services to the public.

The Council has various mechanisms in place that help it to identify, assess and control risk throughout the entire organisation. The Corporate Risk Register has been developed and is reviewed quarterly by the CMT, and Directorate Risk Registers have also been developed ensuring compliance with established policies, procedures, laws and regulations.

Ensuring the Authority's Financial Management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

Key References:

- Key Member of the Leadership Team;
- Reports directly to the Chief Executive; and
- Professionally qualified and suitably experienced.

Commentary:

The Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2010).

The Chief Financial Officer is a key member of the Leadership Team and is actively involved in, and able to bring influence to bear on, all material business decisions. The Chief Financial Officer reports directly to the Chief Executive and holds a position within the Corporate Management Team equal to that of other Directors.

The Chief Financial Officer is responsible for leading, and directing, the Finance function within Slough Borough Council and is professionally qualified and suitably experienced, thereby meeting the requirements of the CIPFA statement.

Undertaking the core functions of an Audit Committee as identified in CIPFA's Audit Committee- Practical Guide for Local Authorities

Key References:

- Clearly established Audit Committee;
- Regularly convenes with clear agendas;
- Independent challenge; and
- Independent assurance.

Commentary:

The Audit Committee comprises both Council Members and independent Members who bring a wide range of commercial and governance experience, knowledge and challenge to the Council.

The purpose of this Committee, as governed by the Terms of Reference, is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority framework and non-financial performance, to the extent that it affects the Authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

The Committee comprises seven people (five Councillors on a proportional basis), with co-opted members from outside the Council with suitable experience. The quorum for the Committee is two elected members and one co-opted member.

The Committee meet four or more times per year and in order to promote the independence of the Committee, there is limited cross membership between the Overview and Scrutiny Committee and the Audit Advisory Committee.

The Committee reports annually to the Council and reports on an exception basis through the Performance Report produced by the Strategic Director of Resources for Cabinet.

Ensuring compliance with established internal policies, procedures, laws regulations

Key References:

- The Role of the Monitoring Officer; and
- Budget & Policy Framework Rules.

Commentary:

The Cabinet or any Committee/Sub Committee of the Council, or any Officer are duty bound to consult the Monitoring Officer and/or the Director of Resources (or their representatives) as to whether any proposed decision would be lawful and/or contrary to the policy framework, and/or contrary to or not wholly in accordance with the budget. If the advice of the Monitoring Officer is that the proposed decision would be unlawful then the matter will be reviewed with appropriate advice from the Monitoring Officer on how to proceed if at all. If either of those Officers considers that the decision would not be in line with the existing budget and/or policy framework then the proposal will be referred to the Cabinet or Committee/Sub-Committee for consideration. If an urgent decision is required the Budget and Policy Framework Rules relating to urgent decisions, will be applied.

After consulting with the Chief Executive and the Section 151 Officer, the Monitoring Officer will report to the Full Council or to the Cabinet (if the decision relates to an executive function) if he considers that any proposal, decision or omission would be unlawful or give rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The identification and monitoring of whistle blowing informants and for receiving and investigating complaints from the public.

Key References:

- The Whistleblowing Policy & Procedure; and
- Public Concerns & Complaints Procedure.

Commentary:

The Council has a Whistleblowing Policy and Procedure in place which enables the public, staff and all those contracting with the Authority to report any concerns on a confidential and secure basis. The document has been reviewed and updated regularly and widely communicated to all concerned.

The Council has policies and procedures to deal with other complaints and concerns raised by members of staff. Customers' comments or complaints about Council services are dealt with through the established Council's Corporate Complaints Procedure.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Key References:

- Identification of corporate priorities;
- Service planning and performance monitoring;
- The Learning & Development Policy & Procedure;
- Induction Processes; and
- Ongoing appraisal process.

Commentary:

Training needs are identified through a range of mechanisms, including:

- CMT's identification of corporate priorities, initiatives and poorly performing service areas;
- the Council's service planning framework and the identification of service and staff performance gaps/development needs;
- customer feedback surveys;
- the Council's appraisal processes of its staff resulting in team and individual performance development plans; and
- training needs analysis questionnaires.

To address the identified learning and development needs, the Council provides a range of training to both Councillors and Officers. This is in accordance with the Council's Learning and Development Policy and Procedure. The provision includes both formal and informal induction programmes for all new staff and councillors, a range of service related knowledge and skills programmes for all staff and councillors, and a programme of leadership and personal skills training. The training for Councillors is mainly delivered through the Members Services Team working with the Overview and Scrutiny Officer.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

Key References:

- Effective Local Media;
- Work with Local Businesses;
- Proud to be Slough Partnership Group; and
- The Community Strategy- consultation and participation.

Commentary:

There are clear channels of communication with all sections of Slough's diverse community. Communication channels include the local media, an award-winning website and *Citizen*, a residents' newspaper published six times a year. The Council has moved to a campaign-based approach to marketing which focuses communication efforts around agreed priorities and key messages. The Council's media relations efforts have also been refocused on communicating priority messages to our residents. The Chief Executive has a regular slot on Asian Star, a local community radio station.

The Council is increasing its use of SMS and social media as an alternative way of communicating with new and existing audiences. These forms of media tend to encourage two way communications.

Slough Borough Council consults and works with the business community through a number of business-oriented and representative organisations, these include Slough Business Community Partnership, Thames Valley Chamber of Commerce and The Federation of Small Businesses, in addition where a policy or activity directly impacts specific businesses, those businesses are also consulted and involved.

Council representatives play an active role in the Proud to be Slough Partnership Group, and are involved in a communications campaign to change perceptions of the town, entitled "Proud to be Slough". The Proud to be Slough logo has been incorporated into the centre of the priority model and key Council publications. It has also been adopted as the title for the town's sustainable community strategy.

The Council has a long history of community consultation and participation. A Community Consultation Officer co-ordinates consultation activities and advises on best practice. This has included establishing innovative engagement mechanisms such a Faith Forum. Work with, and support to, the local community has led to well-established systems of residents' and tenants' associations, globe groups and community groups. These groups are involved in the decision making process at a variety of levels, from community action projects to formal consultative meetings. Our service planning process is informed by ongoing consultation and involvement. We use a variety of methodologies: boards, steering and working groups with community participation, surveys, focus groups, consultation events, discussion groups, leaflet drops etc. The Council and its LSP partners are making increasing use of U-engage, an online consultation portal, with the aim of increasing responses to, and the scope of, consultations.

Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Authority's overall governance arrangements.

Key References:

- The Partnerships Register; and
- Partnerships Guidance, including the Partnerships Protocol.

Commentary:

The Council works in partnership with other public sector agencies and the voluntary and community sector. The Local Government White Paper, '*Strong and Prosperous Communities*', placed real emphasis on the role of Local Authorities as community leaders with the requirement to work in partnership across sectors.

The Council is required to maintain a comprehensive Partnerships Register which is used to assess the risks involved with each of the partnerships the Council is engaged with. This register also provides a record of the governance arrangements associated with each partnership. Partnership Guidance has been published and this defines the types of partnerships and the procedures for entering into a new partnership.

The established Partnership Protocol covers key governance issues, including:

- A common vision of work that is understood and agreed by all parties;
- A clear statement of the partnership principles and objectives;
- Clarity over each partner's role;
- A definition of the role of partnership board members and any staff who support the partnership;
- A statement of funding sources and clear accountability for financial administration;
- A protocol for dispute resolution;
- A complaints procedure to identify and deal with failure in service delivery; and
- How value for money is to be measured and making sure the Authority or partnership has the information needed to review value for money and performance effectively.

Slough Focus, the Local Strategic Partnership, constitution and terms of reference were subject to review in September 2009, and statutory partnerships, including the Crime and Disorder Reduction Partnership, have robust constitutions and protocols in place. A Compact has also been established with the third sector.

Slough Borough Council recognises that improvements are required in respect of partnerships and partnership governance. An Internal Audit of Partnership Working was conducted in 2009/10; during this Audit, recommendations for improvement were raised and endorsed by Management in relation to the maintenance of the Partnerships Register and ensuring accountability and clear ownership in relation to the set up of Partnerships. Deadlines for implementation have been agreed with Management and further reviews of our strategic partnerships are planned over the next financial year.

Review of effectiveness

Slough Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process for maintaining and reviewing the effectiveness of the governance framework within the Council consists of:

- Annual reviews by Internal Audit of the Authority's governance, risk management and system of internal control.
- Reviews by Internal Audit of internal controls in operation within each service area against known and emerging risks.
- Annual service planning to align service development against strategic goals.
- Ongoing review of the business of and decisions taken by the Monitoring Officer, which includes that the Council has acted lawfully and that agreed standards have been met.
- Meetings of the Audit Committee to consider the work of and recommendations made by the internal and the external auditors and other review bodies.
- Annual reviews of the Council's financial accounts and supporting systems by the external auditors leading to their opinion as published in the year-end statements.
- The introduction of IFRS requires review of accounting and reporting arrangements to ensure that required data is obtained and is of sufficient quality to enable the smooth transition for the revised 2009/10 and the 2010/11 published year end statements to ensure the external auditors are able to give their opinion on the statement. This will also include sufficient training on the revised Statements to enable them to be considered properly by stakeholders.
- Annual reviews and, where appropriate, update of the Authority's constitution including standing orders and financial instructions.
- Ongoing review of risks and the actions required to mitigate against them.
- Monthly budget monitoring by Central Finance supported by established departmental monitoring processes.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Head of Service; these are available on request.

The Directors Annual Statement of Assurance

As detailed above, in order to provide confirmation that each Directorate within the Council has a sound system of internal control in operation, which in turn helps to manage and control business risk, each Director has been required to complete, certify and return a statement of their Directorate's current position.

Each Director has been provided with a model format for completion and, in completing the statement, has facilitated the involvement of their Direct Reports to ensure that sufficient input has been obtained to provide a clear and coherent statement of all risk and control issues within any given area.

Each Director has fully engaged in this process and responded to the request for information within the designated deadline. The statements obtained are as follows:

- Resources
- Improvement & Development
- Education & Children's Services;
- Green & Built Environment; and
- Community & Wellbeing

Signed hard copies are held by the Head of Audit & Risk Management.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Annual Governance Statement working group through:

- an analysis of the departmental risk registers;
- an analysis of the corporate risk register;
- internal audit work during the year;
- external audit reports;
- inspections and assessments undertaken by independent regulators;
- assurances and areas for improvement supplied by Directors to support the annual governance statement; and
- discussions with Directors and Assistant Directors as part of the audit planning process.

Significant governance issues have been grouped into two themes.

- Projects/Partnerships
- Provision of Services

The two themes contain four subheadings in total with each identifying

- the issue
- actions taken or planned
- a responsible officer
- the key source identifying the issue

Significant Governance Issues Reported in 2008/09 & Action Taken

2008/09 Issue	Actions Taken in 2009/10	Further Comments
<p><u>1. Project Management</u></p> <ul style="list-style-type: none"> • Heart of Slough/ Major regeneration • Shared Services • Care Home Re-provision and Extra Care Housing • Accommodation Strategy 	<ul style="list-style-type: none"> • Mitigating Actions have been implemented, as follows: <ul style="list-style-type: none"> - Governance of project methodology has been standardised - Prince 2 training methodology has been rolled out for all project managers - Regular Updates between Director and Commissioner. - Major projects reported quarterly to Overview and Scrutiny including risk analysis. - An Internal Audit of Project Management was completed in 2009/10 resulting in a Satisfactory assurance opinion being issued. 	<p>Action surrounding this area of governance continues to be monitored through the following routes:</p> <p>Relevant Directors Head of Audit and Risk Management Assistant Director Transformation, Policy and Performance Corporate Risk Register Community and Wellbeing Risk Register</p> <p>As a result of the actions detailed, this issue has been removed as a 'significant governance issue' for 2009/10.</p>
<p><u>2. Partnerships and Governance Arrangements</u></p> <ul style="list-style-type: none"> • Relationships with major partners 	<ul style="list-style-type: none"> • Partnership agreements and review meetings • LSP meetings and new LSP structure in place to manage delivery of LAA targets through seamless partnership working. • Continued training in respect of joint risk management across partner agencies • Review of voluntary sector commitments and outputs to ensure VFM and Council priorities are met • Internal Audit of Partnership Working undertaken in 2009/10 resulting in a Limited Assurance opinion- recommendations raised have been endorsed by Management for implementation by September 2010. 	<p>Whilst action has been taken to address potential risks in this area, this item is to remain as a Significant Governance Issue for 2009/10 prior to confirmation of implementation of Internal Audit recommendations; this is due by September 2010, at which point, a detailed follow up review will be conducted.</p>

ANNUAL GOVERNANCE STATEMENT

2008/09 Issue	Actions Taken in 2009/10	Further Comments
<p><u>3. Harmonisation & Staffing Issues</u></p> <p>Uncertainty leading to a loss of some or all of the below:</p> <ul style="list-style-type: none">- Reduction of staff morale- Drop in performance- Loss of staff;- Increased absence levels;- Potential levels of equal pay claims.	<ul style="list-style-type: none">• The process is now implemented with in minimal disruption whilst maintaining maximum staff satisfaction and output.	<p>This Governance Issue no longer remains as relevant for 2009/10 and has been removed from the Annual Governance Statement.</p>

ANNUAL GOVERNANCE STATEMENT

2008/09 Issue	Actions Taken in 2009/10	Further Comments
<p><u>4. Community Cohesion</u></p> <ul style="list-style-type: none"> • Increase in demand for basic services through • Asylum Seekers • Migration 	<ul style="list-style-type: none"> • • Monitor community demographics • Bids against migration impact fund • Lobbying of ministers • Equality impact assessments • Community Cohesion audit approved • Partnership working to maximise census participation • Risk base budgeting 	<p>The steps taken within 2009/10 have been effective in managing the impact of this; this item has been removed as a significant governance issue for 2009/10.</p>
<p><u>5. Business Continuity</u></p> <ul style="list-style-type: none"> • Loss of service provision and quality. 	<ul style="list-style-type: none"> • CMT commitment to provide additional funding and commission an external review to establish a corporate and co-ordinated approach to BCP across the Council. • Data security and integrity issues significantly improved with external hosting contract in place. • Completion of a 2009/10 Internal Audit of Business Continuity highlighting that, whilst significant improvements have been made surrounding the IT element of BCP, further developments are required to enhance the overall BCP framework within the Council, including a corporate BCP. 	<p>This item in a much reduced form is to remain as a significant governance issue for 2009/10 pending review in the Autumn of the new corporate business continuity arrangements; this will be followed up by Internal Audit during 2010/11.</p>
<p><u>6. Impact of world economic climate</u></p> <ul style="list-style-type: none"> • Reduction in Income to the Council • Impact on Treasury Management • Impact of Government funding • Increased workload on Council and partner agencies 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Review of Treasury Management policy in line with Audit Commission best practice • Slough Economic task force • Working with partner agencies and production of leaflet providing advice to residents. 	<p>The steps taken within 2009/10 have been effective in minimising the impact of this; however, it is recognised that this remains an ongoing governance issue in light of proposed cuts in public sector spending; the issue has been incorporated into the 2009/10 table of Governance issues below.</p>

Significant Governance Issues – 2009/10

Issue	Actions	Officer Responsible	Source
Projects/Partnerships			
<p><u>1. Partnerships</u></p> <ul style="list-style-type: none"> • Further development of the management of relationships with key Partners and increasing awareness of our 'partners'. 	<ul style="list-style-type: none"> • Partnership agreements and review meetings • LSP meetings and new LSP structure in place to manage delivery of LAA targets through seamless partnership working. • Continued training in respect of joint risk management across partner agencies • Review of voluntary sector commitments and outputs to ensure VFM and Council priorities are met • Implementation of Internal Audit recommendations for 2009/10 	<p>Director of Improvement and Development</p>	<p>Corporate Risk Register</p>

ANNUAL GOVERNANCE STATEMENT

Issue	Actions	Officer Responsible	Source
Provision of Services			
<p><u>2 Transfer of People 1st (Slough)</u></p> <ul style="list-style-type: none"> • Ability to maintain service delivery during transfer. • Management of transfer leading to HR related issues • Reputational risks to the Council • Understanding and clarifying high risk/ problem areas prior to transfer 	<ul style="list-style-type: none"> • Production of a detailed Project Plan • Established Housing Project Board with key representatives from each service area. • Identification of Responsible Officers for Finance/ Legal and HR Issues • Internal Audit involvement in risk areas • Due diligence checks and processes 	<p>Director of GBE Chief Executive</p>	<p>Corporate Risk Register GBE Risk Register</p>
<p><u>3. Business Continuity</u></p> <ul style="list-style-type: none"> • Loss of service provision and ability to maintain service quality. 	<ul style="list-style-type: none"> • CMT commitment to provide additional funding and commission an external review to establish a corporate and co-ordinated approach to BCP across the Council. • Further implementation of the IT infrastructure. • Continued work with partner organisations to enable support in the event of an invoked Plan. • BCP will be subject to further Internal Audit review in 2010/11. 	<p>CMT Head of IT Head of Audit and Risk Management</p>	<p>Risk Register IT&S CMT Actions</p>

ANNUAL GOVERNANCE STATEMENT

Issue	Actions	Officer Responsible	Source
Provision of Services			
<p><u>4. National Reductions in Public Sector Spending</u></p> <ul style="list-style-type: none"> • Increased pressure to deliver and maintain a high standard of public service delivery with a restricted budget. • Periods of uncertainty affecting staff morale. 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Budget planning process • Strategic review of asset management, project procurement and delivery to maximise value for money and delivery of capital spend. • Regular briefings from CMT and Members enabling clear communication with all staff. 	<p>Director of Resources/Deputy Director Finance</p>	<p>Budget planning process Budget monitoring reports Asset Management Group</p>

ANNUAL GOVERNANCE STATEMENT

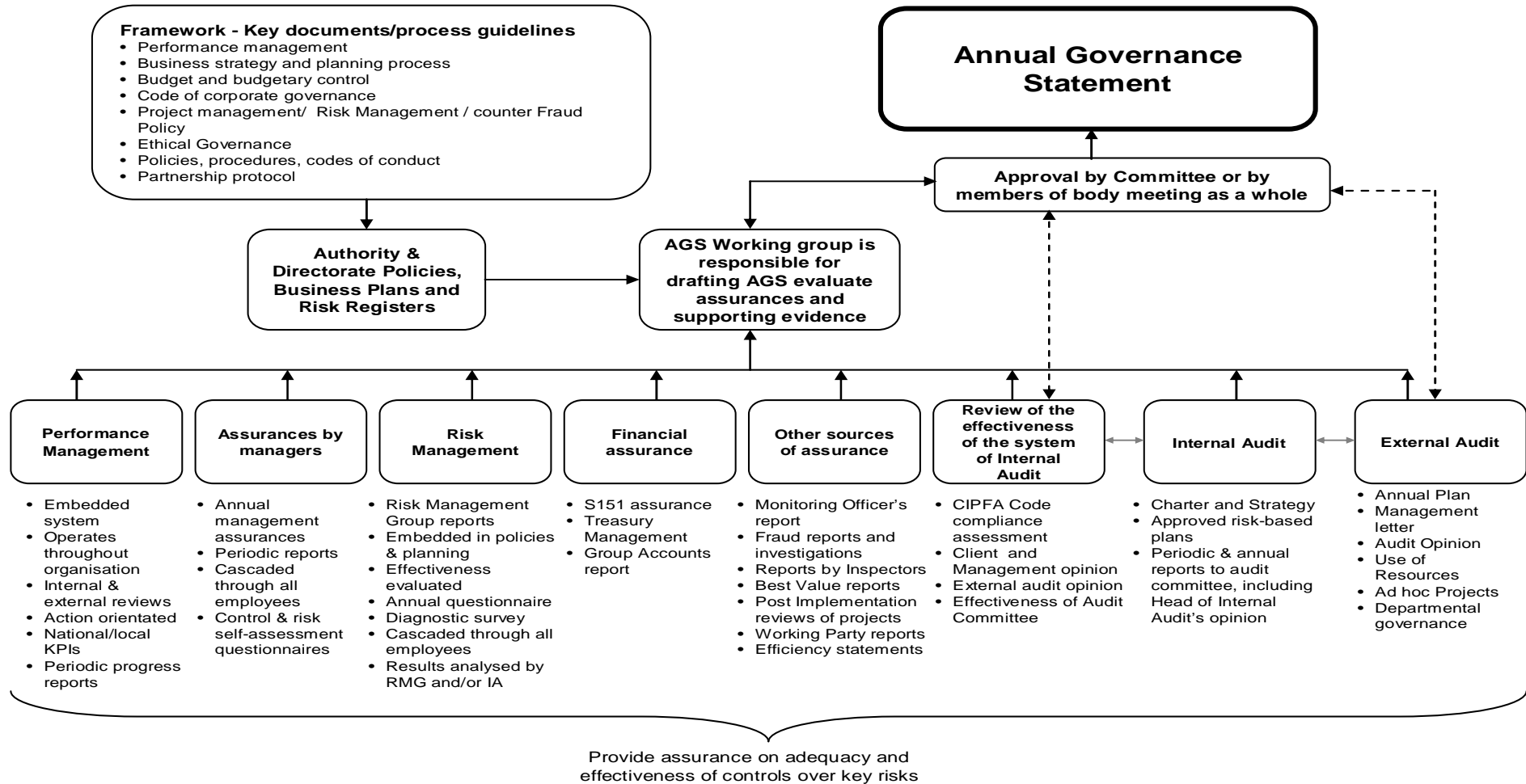
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Lead Member & Chief Executive on behalf of Slough Borough Council

Appendix One

Production of the Annual Governance Statement



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THE GROUP CORE STATEMENTS & NOTES

1. INTRODUCTION

The Council has been required to produce a full set of group accounts under the 2009 SORP for the 2009/10 Statement of Accounts. The group financial statements required include the group income and expenditure account, balance sheet, cash flow statement and statement of total movement in reserves which are shown on the following pages.

Slough Borough Council (SBC) has a 100% interest in People 1st (Slough), a company set up on the 1st January 2006. People 1st (Slough) is the only company consolidated in the group accounts.

People 1st (Slough) was set up to manage and maintain the housing stock. The summarised group financial statements presented on the following pages show the consolidated financial position of the Authority and its interest in People 1st (Slough). There are no significant effects due to group consolidation.

2. SHARE HOLDINGS

People 1st (Slough) (wholly owned subsidiary)

The composition of the board and the voting rights is as follows:

	Members	Share of Voting Rights
SBC	5	1/3
Tenants & Leaseholder	5	1/3
Independent	5	1/3
Total	15	100%

Though People 1st (Slough) are wholly owned by Slough Borough Council, SBC only nominates 1/3 of the board.

3. BASIS OF CONSOLIDATION

People 1st (Slough) is considered a subsidiary of the Council and as such its income and expenditure and assets and liabilities are consolidated on a line by line basis to comply with FRS2. People 1st (Slough) financial year runs from 1 April 2009 to 31 March 2010, which is the same as SBC, so no adjustments are required regarding the accounting year

4. FRS17 RETIREMENT BENEFITS

People 1st (Slough) is a scheduled body of the Royal Borough of Windsor & Maidenhead local government pension fund. The full FRS17 obligation and related deficit in respect of the pension scheme, and both the current and past service costs for People 1st (Slough) employees, passed to People 1st (Slough) when it started trading in January 2006. People 1st (Slough) will cease trading on 1st July 2010 and the full FRS17 obligation and related deficit/surplus will then pass back to the Council as an integral part of the general business transfer. As at 31 March 2010 the net pension deficit in respect of People 1st (Slough) totalled £2,667k, which is included in the Group Balance Sheet.

GROUP INCOME & EXPENDITURE ACCOUNT

2008/09 Restated Net £000		2009/10 Expenditure £000	Income £000	Net £000
	<u>Net Cost of Services</u>			
33,429	Adult Social Care	48,693	(14,319)	34,374
3,974	Central Services	15,932	(12,242)	3,690
40,095	Children's and Education Services	172,368	(138,497)	33,871
33,327	Cultural, Environmental and Planning	42,044	(8,861)	33,183
10,610	Highways, Road & Transport	16,511	(3,530)	12,981
19,628	Local Authority Housing (HRA)	40,782	(30,927)	9,855
5,085	Housing	75,396	(69,220)	6,176
4,583	Corporate & Democratic Core	7,307	(757)	6,550
0	Exceptional Items	0	(1,381)	(1,381)
5,228	Non distributed costs	2,786	(6)	2,780
155,959	Total Net Cost of Services	421,819	(279,740)	142,079
	<u>Corporate Income & Expenditure</u>			
223	Parish Council Precepts			234
37	Trading Activities (Surplus)/Deficit			(67)
4,558	Gain or Loss on Disposal of Fixed Assets			1,036
1,783	Contribution to Housing Pooled Capital Receipts			1,013
4,759	Interest Payable and similar charges			6,410
(5,060)	Interest and Investment Income			(3,010)
1,768	Pensions interest cost and expected return on Pension assets			5,114
7	Taxation of Group			1
164,034	Net Expenditure			152,810
164,034	Amount to be met from Government Grants & Local Taxation			152,810
	<u>Principal Sources of Finance</u>			
(43,541)	Demands on the Collection Fund			(46,294)
0	Collection Fund (Surplus)/Deficit adjustment			(28)
(373)	Collection Fund (Surplus)/deficit			17
(6,723)	Government Grants – Revenue support Grant			(10,489)
(11,469)	Other Government Grants			(12,127)
(48,295)	Distribution from Non-Domestic Rate pool			(45,445)
(110,028)	Total Income from Grants & Taxpayers			(114,366)
53,633	Deficit for the Year			38,444

RECONCILIATION OF SINGLE ENTITY SURPLUS OR DEFICIT FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT

2008/09		2009/10
£000		£000
54,042	Deficit on the Authority's Single Entity Income & Expenditure for the year	38,557
	Add: Surplus arising from other entities included in the group account analysed into amounts attributable to:	
(409)	People 1st (Slough) Subsidiary	(113)
<u>53,663</u>	Group Accounts Deficit for year	<u>38,444</u>

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008/09		2009/10		
£000		£000		
Restated		SBC	People 1st (Slough)	Group
53,633	Deficit for the year on the Income and Expenditure Account	38,557	(113)	38,444
(6,853)	(Surplus) arising on revaluation of Fixed Assets	(9,305)		(9,305)
35,338	Actuarial (gains)/losses on pension fund assets and liabilities	76,113	1,802	77,915
(667)	Prior Period Adjustments *			
<u>81,451</u>	Total recognised (gains)/losses for the year	<u>105,365</u>	<u>1,689</u>	<u>107,054</u>

Prior Period adjustments refer to page 23

GROUP BALANCE SHEET

31st March 2009

31st March 2010

Restated	SBC	SBC	People 1st (Slough)	People 1st (Slough)	Group	Group
£000	£000	£000	£000	£000	£000	£000
<u>Long Term Assets</u>						
107	40		0		40	
<u>Tangible Fixed Assets</u>						
<i>Operational Assets:</i>						
407,043	404,971		0		404,971	
174,281	171,347		0		171,347	
14,191	11,607		0		11,607	
40,790	44,578		0		44,578	
2,222	6,334		0		6,334	
<i>Non Operational Assets</i>						
15,559	14,457		0		14,457	
14,679	25,075		0		25,075	
12,347	10,808		0		10,808	
681,219	689,217		0		689,217	
17,071	3,887		0		3,887	
275	365		0		365	
698,565	693,469		0		693,469	
<u>Current Assets</u>						
120	139		0		139	
19,665	*21,983		162		22,145	
85,663	71,007		0		71,007	
9,582	10,387		1,360		11,747	
0	0		0		0	
115,030	103,516		0		105,038	
813,595	796,985		(202)		798,507	
<u>Current Liabilities</u>						
(3,876)	(1,155)		0		(1,155)	
(48,674)	*(57,222)		(532)		(51,209)	
(6,281)	(5,145)		0		(5,145)	
(58,831)	(56,977)		(532)		(57,509)	
754,764	740,008		990		740,998	
<u>Long Term Liabilities</u>						
(68,541)	(68,282)		0		(68,282)	
(42,801)	(41,841)		0		(41,841)	
(6,302)	(5,535)		0		(5,535)	
(54,061)	(66,234)		0		(66,234)	
(84,886)	(165,320)		(2,667)		(167,987)	
(256,591)	(347,212)		(1,677)		(349,879)	
498,173	392,796		(1,677)		391,119	

* Adjusted for debtors and creditors between Slough Borough Council and People 1st (Slough)

GROUP ACCOUNTS

GROUP BALANCE SHEET (CONTINUED)

31 st March 2009	Notes	31 st March 2010					
(Restated)		SBC	SBC	People 1st (Slough)	People 1st (Slough)	Group	Group
£000		£000	£000	£000	£000	£000	£000
<u>Financed by:</u>							
<u>Equity</u>							
(521,419)	Capital Adjustment Account	(483,686)		0		(483,686)	
3,445	Financial Instruments Adjustment Account	2,105		0		2,105	
(373)	Collection Fund adjustment account	17				17	
(24,915)	Revaluation Reserve	(33,941)		0		(33,941)	
(176)	Deferred Credits	(129)		0		(129)	
(4,015)	Usable Capital Receipts Reserve	(4,046)		0		(4,046)	
84,852	Pensions Reserve	165,320		2,608		167,928	
0	Major Repairs Reserve	(1,040)		0		(1,040)	
(13,339)	Earmarked Reserves	(12,553)		0		(12,553)	
(475,940)			(367,953)		2,608		(365,345)
<u>Balances:</u>							
(5,135)	-General Fund	(5,388)		0		(5,388)	
(9,174)	-School Reserves	(9,766)		0		(9,766)	
(7,106)	-Housing Revenue Account	(9,689)		0		(9,689)	
(818)	-People 1st (Slough) Subsidiary			(931)		(931)	
(22,233)			(24,843)		(931)		(25,774)
(498,173)	<u>Total Net Worth</u>		(392,746)		1,667		(391,119)

GROUP CASH FLOW STATEMENT

2008/09 £000	Notes	2009/10 £000 £000	
Restated (7,970)	3		2,059
Net cash inflow/(outflow) from operating activities			
Returns on Investment and Servicing of finance			
Cash Outflows			
4,056	Interest paid	6,352	
Cash Inflows			
(8,078)	Interest received	(3,921)	
(4,022)			2,431
Capital activities			
Cash outflows			
55,654	Purchase of fixed assets	30,611	
3,816	Other capital cash payments	122	
59,470			30,733
Cash inflows			
(3,480)	Sale of fixed assets	(2,216)	
(12,280)	Capital grants received	(19,475)	
(15,760)			(21,691)
31,718	Net Cash (inflow)/outflow before financing		13,532
Management of Liquid Resources			
3,784	Net increase in short term deposits	674	
(24,348)	Net decrease in other liquid resources	(21,531)	
(20,564)			(20,857)
Financing			
Cash Outflows			
7,123	Repayments of amounts borrowed	5,166	
0	Capital element of PFI payments	958	
7,123			6,124
Cash Inflows			
(10,000)	New long term loans raised	0	
(7,040)	New short term loans raised	(2,100)	
(17,040)			(2,100)
(9,917)	Total Financing		4,024
1,237	Decrease/(Increase) in cash and cash equivalents		(3,301)

NOTES TO GROUP ACCOUNTS

1. ANALYSIS OF NET ASSETS EMPLOYED

This represents the value of the Council's total assets less its liabilities and how they have been split across the main funds of the Council as follows:

	31st Mar 09	31st Mar 10
	Restated	
	£000	£000
General Fund	(41,487)	47,141
Housing Revenue Account	(446,900)	(430,940)
Schools	(10,572)	(11,224)
Collection Fund	(373)	17
Trading Accounts	1,171	2,210
People 1st (Slough)	(12)	1,677
Total	(498,173)	(391,119)

2. RETIREMENT BENEFITS

As part of the terms and conditions of employment of its officers and other employees, the group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The group participates in the Royal County of Berkshire Pension Fund, administered by the Royal Borough of Windsor & Maidenhead - this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension funds liabilities with investment assets.

	2008/09	2009/10
	£000	£000
Income and Expenditure Account:		
Net cost of Services		
Current service cost	(8,788)	(7,051)
Past service costs	(718)	0
Curtailed settlements	(58)	(316)
Net Operating Expenditure		
Interest cost	(13,786)	(12,614)
Expected return on assets in the scheme	12,018	7,500
Net Charge to Income & Expenditure Account:	(11,332)	(12,481)
Statement in Movement to General Fund Balance:		
Reversal of Net Changes made for retirement benefits in accordance with FRS17	11,332	12,481
Actual amount charged against Council Tax for pensions in the year		
Employers' contributions payable to scheme:	(6,592)	(7,165)

ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits attributable to the Slough Borough Council and People 1st (Slough) at 31 March are as follows:

	2008/09	2009/10
	£000	£000
Estimated funded liabilities in scheme	(183,833)	(298,888)
Estimated unfunded liabilities in scheme	(3,560)	(6,364)
Estimated Assets in Scheme	118,406	159,956
Net Asset/(Liability)	(68,987)	(145,296)
Contributions to fund less than Actuary Report	(14)	
Ex Berkshire County Council Fund(SBC Share)	(15,885)	(22,490)
Net Pension (Liability)/Asset	(84,886)	(167,786)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £168m has a substantial impact on the net worth of the Authority as recorded in the balance sheet.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Scheme Fund liabilities have been assessed by Barnett Waddington an independent firm of actuaries, estimates for the Local Government Fund being based on a roll forward projection of the last formal fund valuation which was at 31st March 2007.

The main assumptions used in their calculations have been:

	31 March 2009	31st March 2010
	% per annum	% per annum
Rate of inflation	3.0	3.9%
Rate of increase in salaries	4.5	5.4%
Rate of increase in pensions	3.0	3.9%
Rate for discounting scheme liabilities	6.7	5.5%

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The discount rate is the yield on the Merrill Lynch Non Gilt Sterling AA over 15 years Corporate Bond Index with an adjustment to reflect the duration of the liabilities relative to the duration of the index.

The principal assumptions made by the actuary on the long-term expected rate of return on assets in the scheme are:

GROUP ACCOUNTS

	31st March 2009	31st March 2010
	Long term return	Long term return
	% per annum	% per annum
Equities	7.4	7.9
Gilts	4.0	4.5
Bonds	6.5	5.5
Property	5.5	6.0
Cash	3.0	3.0

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2010:

2005/06		2006/07		2007/08		2008/09		2009/10	
£000	%	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets:									
25,470	14.2	275	0.1	(29,530)	16.1	(68,266)	52.7	34,601	20.1
Differences between actuarial assumptions about liabilities and actual experience:									
(8,098)	(3.4)	577	0.2	1,528	0.7	0	0	(3,372)	(1.1)

3. RECONCILIATION OF NET (SURPLUS) / DEFICIT ON THE INCOME & EXPENDITURE TO MOVEMENT IN CASH

	2008/09		2009/10	
	£'000	£'000	£'000	£'000
SURPLUS/(DEFICIT) FOR THE YEAR				
Income and Expenditure Account		54,402		38,557
People 1st (Slough)		(409)		(113)
<u>Non Cash Transactions</u>				
Depreciation & Impairment	(54,215)		(37,619)	
Revaluation decreases written off to I&E during year	0		(3,864)	
Deferred Grants amortised in year	6,002		3,124	
Grants funding Revenue Expenditure Funded from Capital Under Statute amortised/written off during the year	1,538		2,817	
Pension Fund adjustments	(4,355)		5,171	
Other non cash Financial Instrument adjustments	(3,054)		91	
Contributions to Provisions	(2,601)		767	
		(56,685)		(29,413)

GROUP ACCOUNTS

Adjustment for items reported separately on Cashflow

Interest and Investment Income	7,554	3,010
Interest payable and similar charges	(4,759)	(6,410)
Revenue Expenditure Funded from Capital Under Statute	(8,903)	0
Gain or loss on the disposal of Fixed Assets	(4,558)	1,037
Gain or loss on the disposal of Short & Long Term Investments		(902)

Items on an Accrual Basis

(Increase)/Decrease in Stock	(26)	19
(Increase)/Decrease in Debtors	733	8,726
Increase/(Decrease) in Creditors	4681	(12,352)

Net Cash Inflow/(outflow) from operating activities

(7,970)

2,059

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made or received at the balance sheet date.

Actuarial Gains & Losses

Changes in actuarial deficits or surpluses that arise because:

- (a) Events have not coincided with the actuarial assumptions made for the last valuation (known as 'experience gains and losses'); and
- (b) The actuarial assumptions have changed.

Amortise

To repay debt in annual instalments over a fixed period of time.

Appropriations

Amounts transferred to or from revenue or capital reserves.

Arms Length Management Organisation (ALMO).

Arms Length Management Organisation – a 100% owned local authority company.

Asset

An item owned by the authority, which has a monetary value. Assets are defined as current or fixed:

- (a) Current assets will be consumed or cease to have value within the next financial year, examples are stock and debtors; and
- (b) Fixed assets provide benefits to the authority and to the services it provides for a period of more than one year; examples are land and buildings, vehicles & equipment.

Bad or Doubtful Debts

It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31st March, which is deemed irrecoverable.

Balances

Revenue reserves & provisions available to the Council.

Best Value

A system of best practice that facilitates accurate comparison between both services and authorities. It strengthens the arrangement for recharging support services costs to front line services so that they are comparable.

Budgets

A statement of an authority's plans for net revenue expenditure over a specified period of time.

Capital Charge

A charge to services for the use of fixed assets, which comprises:

- (a) A capital financing charge equivalent to notional interest on the net value of the assets; and
- (b) A depreciation charge based on the remaining finite life of the asset.

Capital Expenditure

Expenditure on the acquisition of fixed assets which will be of use or benefit to the authority in providing its services beyond the year of the accounts.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land and buildings, a proportion of which may be used to supplement the authority's Credit Approvals and finance capital expenditure.

Capital Reserve

An internal fund of the authority which is used as an alternative to borrowing or leasing to finance capital expenditure.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charges, and non-domestic rates and

illustrates the way in which these have been distributed.

Community Assets

Fixed assets that an authority intends to hold in perpetuity and have no determinable useful life.

Contingent Liability

A contingent liability is either:

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

Corporate and Democratic Core

The corporate and democratic core comprises all activities which 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.

Creditors

Amounts owed by the authority for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

Current Service Cost

The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.

Curtailement

Curtailements will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

Sums of money due to the Council within the accounting period, but which are unpaid at the date of the balance sheet.

Debt Rescheduling/ Refinancing

The process of restructuring the existing long term debt, for a premium or discount, in order to achieve a more favourable rate of interest and thus reduce the overall total cost of the debt.

Deferred Charges

Deferred Charges represent expenditure which has been capitalised but does not create a tangible fixed asset for the authority i.e., improvement grants.

Deferred Liabilities

These are liabilities which are payable beyond the next year; they are primarily mortgage repayments.

Depreciation

An amount charged to revenue accounts to represent the reducing value of fixed assets.

Direct Financing of Capital Expenditure

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Discounts

Penalty payment received by the borrower for agreeing to the lender's request to repay a debt before the maturity/due date.

Exceptional Items

Material Items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Assets

The average rate of return expected over the remaining life of the related obligation on the actual assets held by the Pension Scheme.

Finance Lease

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

Fixed Assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one-year.

Funding Spending Share (FSS)

Central Government's assessment of what an individual authority needs to spend in order to provide a standard level of service. The FSS is used to calculate the authority's revenue support grant and capping limit.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific government grants are paid and from which is met the cost of providing services.

Government Grants

Payments by central government towards local authority expenditure. They may be specific, for example Housing Benefits, or general, for example, Revenue Support Grant.

Gross Expenditure

The total cost of providing the authority's services before taking into account income.

Housing Act Advances (HAA)

Loans made by an authority to individuals or Housing Associations towards the cost of constructing, acquiring or improving dwellings. Loans to individuals are termed mortgages.

Housing Revenue Account (HRA)

An account, which the Council must produce by law to show the cost of providing and maintaining its housing stock and the rent income derived therefrom.

Impairment

Weakening or damaging of an asset which reduces its value.

Income

Amounts which the authority receives or expects to receive, from any source. Income includes fees and charges, sales and government grants. The term 'income' implies that the figures concerned relate to amounts due within the financial year irrespective of whether or not they were actually received during that year, (that is, on an accruals basis).

Infrastructure Assets

Those fixed assets from which benefit can be obtained only by continued use of the asset created for example, highways, footpaths and bridges.

Interest on Pension Scheme Liabilities

The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Intangible Assets

Assets such as software licences which can be charged to the capital account and written off to the revenue account over the economic life of the asset.

Irrecoverable Surplus

(Pension Scheme)

The employer may not control or be able to benefit from the whole of a surplus - it may be so large that the employer cannot absorb it all through reduced contributions. The amount recoverable through reduced contributions reflects the maximum possible to be recovered without assuming an increase in the number of employees covered by the scheme.

Liability

A liability is where the authority owes payment to an individual or another organisation:

- (a) A current liability is an amount which will become payable or could be called in within the next accounting period, for example, creditors or cash overdrawn; and
- (b) 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.

Lenders' Option, Buyers' Option (LOBO)

Lenders option to increase the rate, borrowers' option to repay the loan.

Minimum Revenue Provision (MRP)

The amount that has to be charged to revenue to provide for the repayment of debt.

National Non Domestic Rate (NNDR)

The means by which businesses contribute to the cost of local authority services. National non-domestic rates are otherwise known as Business Rates.

NNDR Pool

A fund administered nationally by the Office of the Deputy Prime Minister (ODPM) into which are paid business rates collected by local authorities. The ODPM pay out of the fund a per capita amount to all local authorities.

Net Book Value

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

Non Operational Assets

Fixed assets held in the local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements held pending sale or redevelopment.

Operational Assets

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

Past Service Cost

(Pension Scheme)

Discretionary benefits awarded on early retirement are treated as past service costs. This included added years and unreduced pension benefits awarded before the "rule of 85" age.

Pooled Budgets

Section 31 of the Health Act 1999, the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 and the Community Care and Health (Scotland) Act 2002 enable establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work collaboratively to address specific local health issues. A key feature of the pool will be that the use of resources contributed to the pool will be dictated by the needs of clients who meet the criteria established for the pool, rather than the respective contributions of the partners. Thus it is to be expected that health service resources could be used to deliver local authority services and vice versa.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which

the responsible financial officer signs the Statement of Accounts.

Precept

The amount levied by one authority, which is collected on its behalf by another.

Premiums

Penalty payment required by the lender for early repayment of long-term debt.

Prior Year Adjustment

An adjustment in the year's accounts that relates to the previous financial year.

Projected Unit Method

(Pension Scheme)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (a) The benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases, and
- (b) The accrued benefits for members in service on the valuation date.

Provisions

Amounts set aside by an authority for liabilities or losses whose exact amount or date on which it will arise is uncertain. They are only used for the purpose for which they are established, and any expenditure is charged directly to the provision.

Public Works Loan Board (PWLB)

A government agency, which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loan Funds and the Treasury determines rates of interest. An annual maximum quota based on capital expenditure determines the amount each local authority can borrow in any one year, outstanding debt and amounts set

aside as provision to meet credit liabilities.

Reserves

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Revenue Support Grant (RSG)

This is a Central Government Grant in aid of Local Authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Rule of 85 Age

(Pension Scheme)

The date on which the sum of -

- (a) The member's age in whole years on the date his local government employment ends or the date he elects for payment, if later;
- (b) His total membership in whole years; and
- (c) In a case where he elects after his local government employment ends, the period beginning with the end of that employment and ending with the date he elects for payment, equals 85 years.

The rule of 85 can be reached prior to age 60; however benefits can only be paid prior to age 60 if the employer permits it. Therefore, generally for all our calculations, we assume a minimum of age 60 for the rule of 85.

Section 106

Section 106 of the Town & Country Planning Act 1990 (see extract below) allows a Local Planning Authority (LPA) to enter into a legally binding agreement

(planning obligation) with a land developer over a related issue. The obligation is sometimes termed as a 'Section 106 Agreement'.

Unapportionable Central Overheads

These are overheads for which no user now benefits and should not be apportioned to services.

Such agreements can cover almost any relevant issue and can include sums of money. Possible examples of S106 agreements could be:

- The developer will transfer ownership of an area of woodland to a LPA with a suitable fee to cover its future maintenance.
- The local authority will restrict the development of an area of land or permit only specified operations to be carried out on it in the future (e.g. amenity use).
- The developer will plant a specified number of trees and maintain them for a number of years.
- The developer will create a nature reserve.

Settlement

Settlements will take account of outgoing bulk transfers and will show the difference between the FRS 17 liability and the amount paid to settle the liability.

Sinking Fund

A fund where regular or periodic instalments are saved or invested to ensure payments can be made at a future time.

Stocks

Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

Trust Funds

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

LIST OF ABBREVIATIONS

ABG	Area Based Grant
ACOP	Accounting Code of Practice
ALMO	Arms Length Housing Management Organisation
BVACOP	Best Value Accounting Code of Practice
BVPP	Best Value Performance Plan
BCC	Berkshire County Council
CCT	Compulsory Competitive Tendering
CIPFA	Chartered Institute of Public Finance and Accountancy
CPA	Comprehensive Performance Assessment
DCLG	Department of Communities and Local Government
DCSF	Department for Children, Schools & Families
Defra	Department of Environment, Food and Rural Affairs
DETR	Department of Environment, Transport & the Regions
DfE	Department for Education
DISH	Development Initiative for Slough Housing Ltd
DPE	Decriminalised Parking Enforcement
DSG	Dedicated Schools Grant
DTLR	Department of Transport, Local Government and the Regions
DWP	Department of Work & Pensions
FAN	CIPFA Finance Advisory Network
FRICS	Fellow of The Royal Institute Of Chartered Surveyors
FRS	Financial Reporting Standard
FSS	Funding Spending Share
GMP	Guaranteed Minimum Pension
HA	Housing Association
HRA	Housing Revenue Account
IdEA	Improvement and Development Agency
IFRS	International Financial Reporting Standards
ISB	Individual Schools Budget
IT	Information Technology
ITN	Invitation to Negotiate
LAA	Local Area Agreement
LAAP	Local Authority Accounting Panel
LABGI	Local Authority Business Growth Incentive
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LATS	Landfill Allowance Trading Scheme
LEA	Local Education Authority
LOBO	Lenders Options, Borrowers Options
LSC	Learning Skills Council
MRP	Minimum Revenue Provision

LIST OF ABBREVIATIONS

MRR	Major Repairs Reserve
NHS	National Health Service
NNDR	National Non-Domestic Rate
Ofsted	Office for Standards in Education
ONS	Office for National Statistics
PCL	Provision For Credit Liabilities
PCT	Primary Care Trust
PFI	Private Finance Initiative
PSA	Public Service Agreement
PWLB	Public Works Loans Board
RCCO	Revenue Contribution to Capital
REFCUS	Revenue Expenditure Funded from Capital
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
RV	Rateable Value
SBC	Slough Borough Council
SCA	Supplementary Credit Approval
SCS	Sustainable Community Strategy
SEEDA	South East England Development Agency
SOCH	Sale of Council Houses
SORP	Statement of Recommended Practice
SRB	Single Regeneration Budget
SSAP	Statement of Standard Accounting Practice
SSG	Schools Standard Grant
TPA	Teachers' Pension Agency
UKGAAP	United Kingdom Generally Accepted Accounting Principles
VAT	Value Added Tax
VFM	Value for Money