

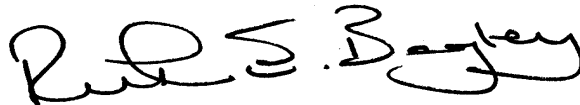
Date of despatch: 7th October, 2011

To the Members of Slough Borough Council

Dear Councillor,

You are summoned to attend a Special Meeting of the Council of this Borough which will be held in the Council Chamber, Town Hall, Bath Road, Slough on **Wednesday, 19th October, 2011 at 7.30 pm***, when the business in the Agenda below is proposed to be transacted.

Yours faithfully



RUTH BAGLEY
Chief Executive

***Please note the start time of this meeting**

AGENDA

Apologies for Absence

	<u>PAGE</u>
1. Declarations of Interest-Members are reminded of their duty to declare personal and personal prejudicial interests in matters coming before this meeting as set out in the Local Code of Conduct.	
2. External Auditors Annual Governance Report 2010/11	1 - 166
3. Designation of Polling Place - Polling District NC	167 - 168
4. Council Membership	169 - 170

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August 2011. The Council's appointed auditors, the Audit Commission, have carried out the audit of the accounts and have prepared a report for consideration by Council. The report is shown at Appendix 1

- 5.3 The Strategic Director of Resources & Regeneration certified the pre-audited Statutory Accounts outside of the statutory deadline on 17th August 2011. Failing to meet the statutory deadline was due to exceptional circumstances beyond the control of the Director of Resources during a year of significant change with the introduction of international reporting standards and consequent complex technical changes to the financial statements.
- 5.4 The Audit Commission's financial audit of the accounts ends on the 19th October when they will report their findings to the Council meeting. The Audit Commission is required to bring to the attention of those 'Charged with Governance' which in this case means the Members of the Council, any matters which require amendment to the Council's Statutory Statements.
- 5.5 The report from the Audit Commission sets out under standard headings their findings both in relation to the final accounts and their judgement of a Value for Money opinion. We expect unqualified opinions in both aspect of the report: the financial statements and the value for money opinion. Once Council approves the final accounts the report will be forwarded to the next meeting of the Audit Committee for information and consideration of any actions arising from the Auditors findings.
- 5.6 Officers have supplied a Letter of Representation responding to the auditors' issues and queries, attached as Appendix 3 to the Governance report.

6 Conclusion

- 6.1 This statutory report assists Members and Officers alike in identifying areas requiring amendment and/or clarification in our statutory accounts and is accepted.
- 6.2 The authority always aims to secure an unqualified audit opinion on the Statement of Accounts and further seeks to continue to improve its approach to financial management, an issue of particular importance during the current climate. The headline detail of the areas reviewed by the external auditors in reaching their value for money conclusion are provided for members in appendix 4.

7 Appendices Attached

Appendix 1: Audit Commission's Annual Governance Report 2010/11 (To follow)
Appendix 2: Draft Audited Statement of Accounts 2010/11 (Includes Annual Governance Statement) – Should any further changes arise during the remaining days of the audit period a revised set of accounts together with detail of any amendments will be provided at the meeting.
Appendix 3: Draft Letter of Representation
Appendix 4: Value for Money findings (Audit Commission Summary)

8 Background papers

None.

STATEMENT OF ACCOUNTS (POST AUDIT ADJUSTMENTS 7 OCTOBER 2011)

2010/11

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Explanatory Foreword

This section highlights the most important matters reported in Slough Borough Council's Statement of Accounts "the accounts"; and provides comment on the major issues that have arisen during 2010/11 that will have a significant impact on the Council's future financial position.

The Accounts have been produced for the first year under the requirements of International Financial Reporting Standards, the process of conversion from the previous accounting standards has proved challenging and complex. Further information on the new reporting requirements is provided in note four to the accounts.

The general economic climate, flagged as a risk to the Council's financial stability in the 2009/10 Annual Governance Statement has, inevitably, had the most significant impact on the Council's overall financial position. The Coalition Government, on entering office in May 2010, immediately sought to 'cut' expenditure across the public sector in an attempt to reduce the inherent UK budget deficit (i.e. the amount the UK is required to borrow each year). As a result of the new Government's decisions, the Council was required to make immediate adjustments to budgeted spend. This action secured in-year savings in excess of £3m for the financial year ended 31st March 2011.

The local government finance settlement 2011/12, agreed by Parliament in February 2011, reduced the Council's level of general funding (i.e. the amount of Government funding the Council has available to spend on non-schools services) by £8m from April 2011. This funding reduction was in addition to the £4m efficiency savings already agreed by Members. Consequently, the Council faced an overall budget reduction requirement in the region of £12m in 2011/2012; and, based on the figures contained in the Government's Spending review 2010, which establishes the total amount of funding available to the public sector over the period 2011/12 to 2014/15, the Council is facing a total cumulative reduction in spending power of approximately £25m over the course of the next 3 years. When tackling these unprecedented funding reductions Members were determined to protect front-line services and, wherever possible, seek to find savings in the Council's back-office, corporate and support service areas. The early preparation made by the Council, in anticipation of the significant reductions in public expenditure, has produced considerable financial benefits. The Council's early implementation, beginning in the autumn of 2010, of a programmed "planning for the future" workforce reduction exercise alongside capital financing adjustments and a range of other efficiency measures has enabled Members to deliver their primary objective of minimising the impact of cuts to public sector funding on the Council's front-line services. Key achievements, arising from this early preparation, include:

- Delivery of an in-year under-spend, against the Council's revenue budget 2010/11, of £995k. This one-off gain has increased the Council's unencumbered reserves. The general fund balance increased as a result from £5.388m as at 1st April 2010 to £6.384m as at 31st March 2011. An analysis of the Council's 2010/11 revenue budget outturn (as presented to Cabinet on 13th June 2011) can be seen in Table 1, overleaf.
- As at 31st March 2010 the workforce planning exercise identified gross annual savings contribution of £3.1m across the implementation period. The one-off costs of this exercise were £2.9m, which have been fully funded in 2010/11.

EXPLANATORY FOREWORD

Table 1 - Outturn as at 31st March 2011

Directorate	Gross Budget pre-Govt reduction	Govt Reduction	Gross Budget post Govt reduction	Current Net Budget	Actual Outturn	Variance Over/(Under) Spend
	A	B	C = B - A	A	B	C = B - A
	£'M	£'M	£'M	£'M	£'M	£'M
Community and Wellbeing	51.504	(0.605)	50.899	36.561	36.397	(0.164)
Education and Childrens Services	180.555	(0.891)	179.664	16.691	16.080	(0.611)
Green and Built Environment	39.370	(0.646)	38.724	23.824	23.487	(0.337)
Central Directorates	87.857	(0.633)	87.224	23.133	21.904	(1.229)
Corporate	0.279	(0.140)	0.139	(0.421)	(0.418)	0.003
Total Cost of Services	359.565	(2.915)	356.650	99.788	97.450	(2.338)
% of revenue budget over/(under) spent by Services						-2.34%
Treasury Management	3.334	0.000	3.334	4.236	3.610	(0.626)
Contingencies & earmarked reserves	2.274	0.000	2.274	14.732	16.701	1.969
Area Based grant *	(12.663)	1.609	(11.054)	(11.100)	(11.100)	0.000
Sub Total				107.656	106.661	(0.995)
Transfer to GF Balances					0.995	0.995
Total General Fund	352.510	(1.306)	351.204	107.656	107.656	(0.000)
% of revenue budget over/(under) spent in total						0.00%
Capital Reductions		(0.407)				
Add back ABG income adj		(1.609)				
Total Govt Reductions		(3.322)				
Housing Services				(0.213)	(0.523)	(0.310)

* Included in Directorate base budgets

Changes to back office functions, whilst successfully protecting front line services have inevitably driven significant change within the back office teams during the period of restructure. The changes affecting the finance team in particular during the year have proved both challenging and significant with a number of changes to key posts during the period

The Council continues, despite the unprecedented reduction in its Government funding levels and the associated consequences for back-office services, to maintain rigorous and effective budget management control.

- The Corporate Management Team's financial management cycle includes an assessment of all risks facing the council at the start of the year. This assessment is then monitored and updated on a regular basis.
- The Council has maintained its prudent position in a number of risk areas by maintaining a 'healthy' level of specific financial reserves. This approach is particularly important as we continue through the current period of economic uncertainty and the likely reduction in the amount of funding available to the Council via Central Government grants.
- The Council's continued focus on council tax collection in 2010/11 has yielded an in-year collection rate of 95.9% being an improvement on 2009/10's collection rate of 95.8%. The Council's cash management and debt collection processes will continue to be a key focus in 2011/11 with the intention of maximising the Council's value for money for the residents of the borough.

Looking ahead, the Council must plan to contain expenditure on demand led services if it is to sustain its current strong financial position. Front-line services will be restructured during 2011/12 following the restructure of support services in 2010/11. In addition the Transactional Hub, providing a range of transactional services for the Council in one central location, will be established in April 2012. This initiative will not only achieve significant efficiency savings for the Council but will also safeguard local employment opportunities for Slough residents.

EXPLANATORY FOREWORD

The Housing Revenue Account (HRA) has a surplus of £9.531m at the end of the financial year, an increase of £433k on the previous year. The Council is reviewing the HRA Strategic Business Plan, in light of the Government's planned changes under self financing proposals, and is currently considering the associated requirement to "buy-out" local housing stock from the current national subsidy regime, in 2012/13. This is expected to require borrowing of around £127million and is a significant financing requirement in the coming year. The HRA Housing dwellings have been re-valued in the current financial year which has resulted in a £97m downward revaluation; this valuation has been carried out by our external valuers. The primary cause of this reduction is the national change in the existing use value of social housing.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has had the effect of reducing the Council's liabilities in the Royal County of Berkshire Pension Fund by £31.1m.

In 2010/11, the Council has made a further write-down of its £2m investment in the Icelandic Bank 'Heritable'. The Council continues to work closely with the Local Government Association, Central Government and other local authorities to seek recovery of 100% of the outstanding sum.

The cost of servicing the Council's external debt was kept within the agreed prudential limits for 2010/11. The total borrowing costs in 2010/11 were £8m. Pro-active debt restructuring allowed the Council to realise an under-spend, against anticipated borrowing costs, by taking advantage of historically low interest rates.

The Council has maintained its commitment to continue to make significant capital investment within the Town during 2010/11, despite the economic climate. Investments of particular note include:

- significant improvements to the Slough Town Centre;
- development of the new bus station;
- major infrastructure works to the main A4; and
- innovative improvements, utilising existing assets, to provide improved local facilities in Chalvey.

Asset Management, including a review of the Council's office accommodation, has made a major contribution to the Council's required savings for 2011/12. The application of innovative Asset Management solutions, e.g. turning the Old Town Hall into a much needed primary school, will inevitably continue to play a major role in the delivery of the ongoing need for the Council to find and make significant financial savings.

In summary, despite the Government's spending cuts, these accounts present Slough Borough Council in improved financial health; our net worth has increased by £19,967K from £456,531K to £476,498K during one of the most difficult periods for public finance. However, the Council must continue to deliver savings in 2011/12 and beyond to consolidate this position. In addition, the Council continues to face significant pressures on its demand-led budgets. The early identification of savings possibilities, clear planning and successful implementation of the next phase of expenditure reduction is essential and prudent, given the current economic climate and the Government's requirement for major reductions in public spending overall.

DRAFT

Reserved for Auditors' Opinion

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Reserved for Auditors' Opinion

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Reserved for Auditors' Opinion

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Reserved for Auditors' Opinion

APPROVAL OF THE STATEMENT OF ACCOUNTS

Members of the Council approved the Statement of Accounts on XXXXXX.

(for completion after audit)

Councillor Dhaliwal, Mayor

Chair of Meeting

Councillor Rob Anderson, Leader of the Council

DRAFT

THE COUNCIL'S RESPONSIBILITIES

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer was the Strategic Director of Resources. Throughout 2010/11 that officer was 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 Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code).

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

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

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 Council as at 31st March 2011 and its income and expenditure for the year ended 31st March 2011.

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

Date:

CORE STATEMENTS

The Comprehensive Income & Expenditure Statement

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

2009/10				2010/11		
Exp £000	Inc £000	Net £000	Note	Exp £000	Inc £000	Net £000
15,848	(12,202)	3,646		16,211	(12,998)	3,213
42,344	(8,154)	34,190		36,988	(8,820)	28,168
174,747	(138,436)	36,311		198,664	(170,477)	28,187
16,744	(3,339)	13,405		14,729	(4,196)	10,533
41,038	(29,539)	11,499		33,800	(29,944)	3,856
75,356	(69,267)	6,089		79,470	(70,625)	8,845
48,816	(14,303)	34,513		46,309	(13,287)	33,022
7,188	(757)	6,431		7,543	(779)	6,764
2,767	(6)	2,761		2,816	(7)	2,809
0	(1,381)	(1,381)	7	66,434	0	66,434
424,848	(277,383)	147,465	Cost of Services	502,964	(311,133)	191,831
			Other operating expenditure			
		234	Parish council precepts			264
	(67)		Surplus or deficit on trading activities	45		117
	1,110		Gain or loss on the disposal of fixed assets			(5,576)
	1,013		Contribution to the housing pooled capital receipts			1,343
			Financing and investment income and expenditure			
	6,989		Interest payable and similar charges			8,015
	6,150		Pension interest and expected return	41		6,583
	(3,057)		Interest and investment income	15		(1,405)
	(2,180)		Income in relation to investment properties and changes in their fair value	13		(3,732)
	0		Surplus or deficit on discontinued operations			0
			Taxation and non-specific grant income			
	(46,294)		Income from council tax			(47,470)
	(10,489)		General government grants			(7,197)
	(12,127)		Other government grants			(14,777)
	(45,445)		Distribution from the non-domestic rate pool			(49,560)
	(11)		Demand on the collection fund			0
	(15,296)		Capital grants and contributions			(32,533)
	27,994		(Surplus) or Deficit on the Provision of Services			45,903
	(4,155)		Surplus or deficit on revaluation or property, plant and equipment assets			(17,957)
	75,010		Actuarial (gains)/losses on pension assets/liabilities	41		(47,912)
	70,855		Other Comprehensive Income and Expenditure			(65,869)
	98,849		Total Comprehensive Income and Expenditure			(19,966)

CORE STATEMENTS

Balance Sheet

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

1 April 2009 £000	31 March 2010 £000		Notes	31 March 2011 £000
407,043	404,971	Council Dwellings	11	310,225
188,950	183,314	Other Land & Buildings	11	196,377
20,471	16,660	Vehicles, plant & Equipment	11	13,001
40,790	44,578	Infrastructure Assets	11	47,752
2,222	2,709	Community Assets	11	4,550
14,958	25,354	Assets under Construction	11	51,698
14,748	12,896	Surplus Assets held for disposal	11	9,790
689,182	690,482	Total Property, Plant and Equipment		633,393
6,384	6,355	Investment Properties	13	2,758
107	40	Intangible Assets	14	149
17,071	3,887	Long Term Investments	15	353
8,105	7,942	Long Term Debtors		10,234
720,849	708,706	Long Term Assets		646,887
76,130	60,800	Short Term Investments	15	42,551
555	0	Assets Held for Sale	16	967
120	139	Inventories		26
21,294	28,100	Short Term Debtors	17	21,287
17,938	20,594	Cash and Cash Equivalents	18	44,311
116,037	109,633	Current Assets		109,142
(6,281)	(5,145)	Bank Overdraft		(3,563)
(3,876)	(1,155)	Short Term Borrowing	15	(757)
(53,272)	(59,831)	Short Term Creditors	19	(52,541)
(63,429)	(66,131)	Current Liabilities		(56,861)
(6,302)	(5,535)	Provisions	20	(4,853)
(68,541)	(68,282)	Long Term Borrowing	15	(66,557)
(84,046)	(165,320)	Retirement Benefit Liabilities	41	(96,987)
(59,188)	(56,539)	Deferred Liabilities		(54,235)
0	0	Capital Grants Receipts in Advance		(38)
555,380	456,531	Net Assets		476,498

CORE STATEMENTS

1 April 2009 £000	31 March 2010 £000	Notes	31 March 2011 £000
		Usable Reserves	
(5,135)	(5,388)	General Fund	(6,384)
(9,174)	(9,766)	School reserves	(11,836)
(16,106)	(15,983)	Earmarked Reserves	(21,181)
(7,106)	(9,008)	Housing Revenue Account	(9,531)
(4,015)	(4,046)	Useable Capital Receipt Reserve	(3,830)
(7,958)	(12,844)	Capital Grants Unapplied	(22,844)
0	(1,040)	Major Repairs Reserve	(1,515)
(49,494)	(58,075)	Total Usable reserves	(77,121)
		Unusable Reserves	
(176)	(129)	Deferred Capital receipts	(2,602)
(573,875)	(542,846)	Capital Adjustment Account	(457,892)
3,445	2,105	Financial Instruments Adjustment Account	5,190
(373)	17	Collection Fund Adjustment Account	(42)
(23,642)	(27,275)	Revaluation Reserve	(44,804)
84,046	165,320	Pensions Reserve	96,987
4,689	4,352	Employee Benefit Adjustment Account	3,786
(505,886)	(398,456)	Total Unusable Reserves	(399,377)
(555,380)	(456,531)	Total Reserves	(476,498)

CORE STATEMENTS

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line show the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2009/10

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2009	5,135	16,106	9,174	7,106	4,015	7,958	0	49,494	505,886	555,380
Movement in reserves during 2009/10										
Surplus/ (deficit) on the provision of services	(15,227)	0	0	(12,767)	0	0	0	(27,994)	0	(27,994)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(70,855)	(70,855)
Total Comprehensive Income and Expenditure	(15,227)	0	0	(12,767)	0	0	0	(27,855)	(70,855)	(98,849)
Adjustments made between accounting basis and funding basis under regulations (Note 8)	15,949	0	0	14,669	31	4,886	1,040	36,575	(36,575)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	722	0	0	1,902	31	4,886	1,040	8,581	(107,430)	(98,849)
Transfers to/from Earmarked Reserves	(469)	(123)	592	0	0	0	0	0	0	0
Increase/Decrease in 2009/10	253	(123)	592	1,902	31	4,886	1,040	8,581	(107,430)	(98,849)
Balance as at 31 March 2010	5,388	15,983	9,766	9,008	4,046	12,844	1,040	58,075	398,456	456,531

CORE STATEMENTS

2010/11

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Useable Reserve	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2010	5,388	15,983	9,766	9,008	4,046	12,844	1,040	58,076	398,456	456,531
Movement in reserves during 2010/11										
Surplus or (deficit) on the provision of services	55,106	0	0	(101,009)	0	0	0	(45,903)	0	(45,903)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	65,869	65,869
Total Comprehensive Income and Expenditure	55,106	0	0	(101,009)	0	0	0	(45,903)	65,869	0
Adjustments made between accounting basis and funding basis under regulations (Note 8)	(44,631)	0	0	101,532	(216)	9,999	(1,025)	65,659	(65,659)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	10,475	0	0	523	(216)	9,999	(1,025)	19,756	210	19,966
Transfers to/from Earmarked Reserves	(9,479)	5,198	2,070	0	0	0	1,500	(711)	712	0
Increase/Decrease in 2010/11	996	5,198	2,070	523	(216)	9,999	475	19,045	922	19,967
Balance as at 31 March 2011	6,384	21,181	11,836	9,531	3,830	22,844	1,515	77,121	399,378	476,498

CORE STATEMENTS

Cash Flow Statement

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

2009/10 £000		Note	2010/11 £000
(27,994)	Net surplus/(deficit) on the provision of services		(45,903)
401,001	Adjustment to (surplus)/deficit on the provision of services for non cash movements	22	343,946
(364,400)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	23	(274,430)
8,607	Net Cash flows from operating activities		23,613
6,887	Net Cash flows from Investing Activities	24	10,323
(11,702)	Net Cash flows from Financing Activities	25	(8,637)
3,792	Net increase or decrease in cash and cash equivalents		25,299
11,657	Cash and cash equivalents at the beginning of the reporting period	26	15,449
15,449	Cash and cash equivalents at the end of the reporting period	26	40,748

1. Accounting Policies

General Principles

The Statement of Accounts and Group Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011.

It has been prepared in accordance with the Accounts and Audit regulations and the Code of Practice on Local Council Accounting in the United Kingdom 2010/11 and Best Value Accounting Code of Practice (BVACOP) 2010/11, supported by International Financial Reporting Standards (IFRS).

The BVACOP specifies the structure of the Service Expenditure analysis for use in the Income and Expenditure statements for consistent reporting over all Councils.

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

All statements and notes are rounded to the nearest £000.

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 inventory 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.

Acquisitions and Discontinued Operations

If any operations are acquired or discontinued during the year assets and liabilities transferred are disclosed.

Cash and Cash Equivalents

Cash is represented by cash in hand (cash at bank, cash overdrawn or imprest accounts). Cash equivalents are investments and deposits with financial institutions repayable either on demand or without penalty on notice of not more than 24 hours and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Charges to Revenue for Non-Current Assets

Directorates are charged the cost of using non current assets in the provision of services during the year. This charge consists of the following amounts to record the cost of holding non current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.
- an annual provision from revenue towards the reduction of its overall borrowing requirement (the "Minimum Revenue Provision").

An adjusting transaction is made to ensure that these charges do not affect Council Tax.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. This amount is reversed out through the Movement in Reserves statement so that the accrual does not impact on Council tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. The costs are charged on an accruals basis to the Service when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment 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 Education (DfE) and
- The Berkshire Local Government Pensions Scheme, administered by Royal Borough of Windsor and Maidenhead.

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

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

The Local Government Pension Scheme

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

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

The discount rate is the yield on the iBoxx AA rated over 15 year corporate bond index as at this date which has been chosen to meet the requirements of IAS19.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unlisted securities – current bid price; and
- property – market value.

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return;
- credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve; and
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and

pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

Events after the Balance Sheet Date

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

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

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

There have been no post balance sheet events that require disclosure for 2010/11.

Financial Instruments

Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

Financial assets are classified into two types:

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

Loans and Receivables

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

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

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

Available-for-Sale Assets

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

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

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

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ring-fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year. Internally generated intangibles are not capitalised, but software licenses are. 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. This is on a straight line basis over 5 years.

Interests in Companies and Other Entities

The Council had material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and required it to prepare group accounts. This company was an Arms Length Management Organisation set up for managing and improving Slough's council housing. This was taken in house on 1st July 2010.

Inventories and Long Term Contracts

Inventory is included in the Balance Sheet at the lower of cost and net realisable value. Nursery inventory is valued at half sale price. Inventory is valued on a first in first out basis (FIFO). Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Investment Property

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

NOTES TO THE CORE FINANCIAL STATEMENTS

goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee.

All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement). Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are

NOTES TO THE CORE FINANCIAL STATEMENTS

made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Movement in Reserves Statement.

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

Operating Leases

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

Overheads and Support 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 2010/11* (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 multifunctional, democratic organisation.
- Non Distributed Costs – impairment losses chargeable on Assets Held for Sale.

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

Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance and are held for use in the provision of services, for rental to others, or administrative purposes for more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that secures but does not extend the previously assessed standard of performance of the asset (e.g. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis (DRC) is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued 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 Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is calculated using the straight line method to allocate an assets carrying value over its estimated useful life, based on the carrying value at the start of the year.

Depreciation is calculated as follows:

- Operational buildings – straight-line allocation over the useful life of the property, which varies between 1 and 35 years, as estimated by the valuer.
- Housing stock is charged on the value of the buildings only over the useful life of dwellings which is estimated to 50 years on a straight line basis.
- Vehicles, plant and equipment – depreciated on a straight line basis over 5 years.
- Infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has two or more major components with substantially different useful lives these are depreciated separately.

Depreciation is charged in the year of disposal.

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.

No depreciation is charged on land and assets under construction.

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and

Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

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 Comprehensive Income and Expenditure Statement. This charge is met from sums being transferred from the Useable Capital Receipts Reserve and credited to the Movement in Reserves Statement

Component Accounting

The 2010/11 Accounting Code of Practice places a much greater emphasis on componentisation. Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life. The requirement for componentisation for depreciation purposes is only applicable to enhancement, purchases or revaluations after 1 April 2010.

The Council's policy has defined a component as such part of an item of Property, Plant and Equipment (PP&E) with a cost that is significant in relation to the total cost of the item, if the value of the component is 25% or more of the total gross carrying value of the building. The Council has also determined that any building with a gross carry amount of less than £0.5m, useful economic life of less than 15 years or both will not be considered for component accounting.

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

Private Finance Initiative (PFI) and Similar Contracts

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

The Council has a PFI for the design, build and operation of three schools.

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

Non current assets recognised on the Balance Sheet are re-valued 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 five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – interest is charged on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

NOTES TO THE CORE FINANCIAL STATEMENTS

- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

There is certain capital expenditure incurred during the year that is capitalised under statutory provisions but does not result in the creation of non-current assets. This is mainly expenditure on grants to third parties. This expenditure, although funded by capital resources, is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year it is incurred. To avoid an impact on the level of council tax this charge is reversed out the Movement in Reserves Statement to the Capital Adjustment Account.

VAT

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

2. Main Changes to Accounting Policies as a result of the Implementation of International Financial Reporting Standards (IFRS)

The key accounting policy changes impacting on the Council are outlined below:

Property, Plant and Equipment

Component accounting

IFRS places a greater emphasis on component accounting. Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives, they should be recognised separately. There is no requirement to apply these changes retrospectively and instead components should be recognised separately as and when they are replaced.

Investment Property

There is now a much stricter definition of the assets that qualify as investment properties. Only assets that are solely held for rental income or capital appreciation are now classified as Investment Properties.

These assets are not depreciated and any gains or losses on revaluation are recognised in the Comprehensive Income & Expenditure Statement rather than the Revaluation Reserve as previously

Investment properties are initially measured at cost and thereafter at market value.

Non-Current Assets Held For Sale

IFRS introduces a new classification of non-current assets called assets held for sale.

Assets meeting this classification are those where the value of the asset will be recovered mainly by selling the asset rather than through usage.

To be classed as being held for sale the asset must meet the following criteria:-

- Be available for immediate sale in its present condition.
- Its sale must be highly probable.
- Management expect the sale to take place within twelve months.

Assets held for sale are to be valued at the lower of their existing balance sheet value or their estimated sale price less costs to sell.

Revaluation Losses

Where Revaluation gains take place that reverse any previous revaluation losses charged to the Comprehensive Income & Expenditure Statement, the revaluation gains are taken to the Comprehensive Income and Expenditure Statement rather than the Revaluation Reserve.

Government and Grants & Other Capital Contributions

Previously grants were held on the Balance Sheet as Receipts in Advance until they were utilised by the Council. However under the Code this policy has been revised and grants that have no conditions attached

to them are recognised as income when they are receivable. The grants are then held in a reserve until they are used. Where grants do have conditions they continue to be held as liabilities on the Balance Sheet until the conditions have been fulfilled, at which point they are treated as above.

In addition the Government Grants Deferred account in the Balance Sheet has been eliminated as a result of all grants being recognised as income in full once all conditions have been fulfilled. As a result that account does not need to be amortised periodically to the Comprehensive Income & Expenditure Statement.

Leases

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

Employee Benefits

A new requirement under IFRS is that the Council must make an accrual in its accounts at year end for any annual leave and flexible working entitlement earned but not taken by employees at the end of the financial year – to the extent that employees are permitted to carry forward annual leave and flexitime to the following year. Recent regulations state that changes to the financial reporting standards must not have a financial impact upon the General Fund (and therefore the taxpayer) and so to mitigate this accrual a corresponding entry will be made to a newly-created reserve, the Accumulated Absences Account.

Accumulated Absences Account

As noted above this reserve will contain the corresponding entry made to the Comprehensive Income and Expenditure Statement in respect of employee leave and absences accrued but not taken at the year-end. In effect this will mean that any cost charged to services will be reversed through the Comprehensive Income and Expenditure Statement and charged to this balance sheet reserve.

Operating Segments

The Code requires that authorities analyse the financial performance of their operations in the Comprehensive Income and Expenditure Statement using the service analysis included in the Best Value Accounting Code of Practice. The intention is secure consistency of reporting across all authorities.

However, it may be more relevant to review financial performance according to how the Council has been managed, with information corresponding with that used by management in making decisions. Consequently, the Code adopts the provisions of IFRS 8 Operating Segments to require notes to the accounts showing income and expenditure according to the divisions and accounting policies used in the management of the Council.

Cash and Cash Equivalents

In previous years the Council has accounted for all cash invested as Investments on the balance sheet.

Under IFRS, the council's policy is for Cash to be represented by cash in hand (cash at bank, cash overdrawn or imprest accounts). Cash equivalents are investments and deposits with financial institutions repayable either on demand or without penalty on notice of not more than 24 hours and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3. Accounting standards Issued, Not Adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2011/12 (the Code) has introduced a change in accounting policy in relation to the treatment of Heritage Assets held by the Council, which will need to be adopted fully by the Council in the 2011/12 financial statements.

The new standard will require that a new class of asset, Heritage Assets, is disclosed separately on the face of the Council's Balance Sheet in the 2011/12 financial statements.

Heritage Assets are assets that are held by the Council principally for their contribution to knowledge or culture. The Council has no heritage assets.

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has £2.5m deposited with Heritable Bank which is in administration. The Administrators latest report dated 11th May 2011 projects a base case return of between 79% and 85% and as a result the Council has reassessed the value of recoverable amount.
- The Council is a trustee of Slough Community Leisure trust a not for profit organisation that operates the leisure centres owned by the Council. The agreement between the Council is set to run until 31st May 2017. It has been determined that the Council does not have control of the Trust and it is not an associate of the Council.

5. IFRS Restatement

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

Restated 2009/10 Comprehensive Income and Expenditure Statement

	Net Expenditure in 2009/10 – as previously stated	IFRS Adjustments	Restated Net Expenditure in 2009/10
	£000	£000	£000
Central services to the public	3,690	(44)	3,646
Cultural, environmental, regulatory and planning services	33,183	1,007	34,190
Education and children's services	33,871	2,440	36,311
Highways and transport services	12,981	424	13,405
Local Council housing (HRA)	10,703	796	11,499
Other housing services	6,176	(87)	6,089
Adult social care	34,374	140	34,514
Corporate and democratic care	6,555	(124)	6,431
Non distributed costs	2,785	(24)	2,761
Exceptional items	(1,381)	0	(1,381)
Cost of Services	142,937		147,465
Other operating expenditure			
Parish council precepts	234	0	234
Surplus or deficit on trading activities	(67)	0	(67)
Gain or loss on the disposal of fixed assets	1,036	74	1,110
Contribution to the housing pooled capital receipts	1,013	0	1,013
Financing and investment income and expenditure			
Interest payable and similar charges	6,410	0	6,989
Pension interest and expected return	6,150	0	6,150
Interest and investment income	(3,006)	(51)	(3,057)
Income in relation to investment properties and changes in their fair value	0	(2,180)	(2,180)
Surplus or deficit on discontinued operations	0	0	0
Taxation and non-specific grant income			
Income from council tax	(46,294)	0	(46,294)
General government grants	(10,489)	0	(10,489)
Other government grants	(12,127)	0	(12,127)
Distribution from the non-domestic rate pool	(45,445)	0	(45,445)
Demand on the collection fund	(11)	0	(11)
Capital grants and contributions	0	(15,296)	(15,296)
(Surplus) or Deficit on the Provision of Services	40,341		27,994
Surplus or deficit on revaluation or property, plant and equipment assets	(5,694)	1,539	(4,155)
Actuarial gains/losses on pension assets/liabilities	75,010	0	75,010
Other Comprehensive Income and Expenditure	69,316		70,855
Total Comprehensive Income and Expenditure	109,657		98,849

NOTES TO THE CORE FINANCIAL STATEMENTS

Restated 2009/10 Balance Sheet

Balance Sheet at 31 March 2009 – as previously stated	IFRS Adjustment	Restated Balance Sheet as at 1 April 2009		Balance Sheet at 31 March 2010 – as previously stated	IFRS Adjustment	Restated Balance Sheet as at 31 March 2010
£000	£000	£000		£000	£000	£000
407,043	0	407,043	Council Dwellings	404,971	0	404,971
174,281	14,669	188,950	Other Land & Buildings	171,347	11,967	183,314
14,191	6,280	20,471	Vehicles, plant & Equipment	11,607	5,053	16,660
40,790	0	40,790	Infrastructure Assets	44,578	0	44,578
2,222	0	2,222	Community Assets	2,723	(14)	2,709
14,679	279	14,958	Assets under Construction	25,075	279	25,354
0	14,748	14,748	Surplus Assets held for disposal	0	12,896	12,896
653,206		689,182	Total Property, Plant and Equipment	660,301		690,482
15,559	(9,175)	6,384	Investment Properties	14,457	(8,102)	6,355
107	0	107	Intangible Assets	40	0	40
17,071	0	17,071	Long Term Investments	3,887	0	3,887
275	7,830	8,105	Long Term Debtors	365	7,577	7,942
33,012		31,667	Long Term Assets	18,749		18,224
85,663	(9,533)	76,130	Short Term Investments	71,007	(10,207)	60,800
12,347	(11,792)	555	Assets Held for Sale	10,808	(10,808)	0
120	0	120	Inventories	139	0	139
21,044	250	21,294	Short Term Debtors	27,847	253	28,100
8,405	9,533	17,938	Cash and Cash Equivalents	10,387	10,207	20,594
127,579		116,037	Current Assets	120,188		109,633
(6,281)	0	(6,281)	Bank Overdraft	(5,145)	0	(5,145)
(3,876)	0	(3,876)	Short Term Borrowing	(1,155)	0	(1,155)
(49,728)	(3,544)	(53,272)	Short Term Creditors	(57,222)	(2,609)	(59,831)
(59,885)		(63,429)	Current Liabilities	(63,522)		(66,131)
(6,302)	0	(6,302)	Provisions	(5,535)	0	(5,535)
(68,541)	0	(68,541)	Long Term Borrowing	(68,282)	0	(68,282)
(84,046)	0	(84,046)	Retirement Benefit Liabilities	(165,320)	0	(165,320)
(42,801)	(16,387)	(59,188)	Deferred Liabilities	(41,841)	(14,699)	(56,540)
(54,061)	54,061	0	Government Grants Deferred	(66,234)	66,234	0
0	0	0	Capital Grants Receipts in Advance	0	0	0
498,161		555,380	Net Assets	388,504		456,531
			Usable Reserves			
(5,135)	0	(5,135)	General Fund	(5,388)	0	(5,388)
(9,174)	0	(9,174)	School reserves	(9,766)	0	(9,766)
(13,339)	(2,767)	(16,106)	Earmarked Reserves	(12,553)	(3,430)	(15,983)
(7,106)	0	(7,106)	Housing Revenue Account	(9,008)	0	(9,008)
(4,015)	0	(4,015)	Useable Capital Receipt Reserve	(4,046)	0	(4,046)
0	(7,958)	(7,958)	Capital Grants Unapplied	0	(12,844)	(12,844)
0	0	0	Major Repairs Reserve	(1,040)	0	(1,040)

NOTES TO THE CORE FINANCIAL STATEMENTS

(38,769)		(49,494)	Total Usable reserves	(41,801)		(58,075)
			Unusable Reserves			
(176)	0	(176)	Deferred Capital receipts	(129)	0	(129)
(521,419)	(52,456)	(573,875)	Capital Adjustment Account	(483,686)	(59,159)	(542,846)
3,445	0	3,445	Financial Instruments Adjustment Account	2,105	0	2,105
(373)	0	(373)	Collection Fund Adjustment Account	17	0	17
(24,915)	1,273	(23,642)	Revaluation Reserve	(30,330)	3,055	(27,275)
84,046	0	84,046	Pensions Reserve	165,320	0	165,320
0	4,689	4,689	Accumulated Absences Adjustment Account	0	4,352	4,352
(459,392)		(505,886)	Total Unusable Reserves	(346,703)		(398,456)
(498,161)		(555,380)	Total Reserves	(388,504)		(456,531)

Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Council. The most significant benefit covered by the heading is holiday pay.

Employees build up entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Adjustment Account they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Adjustment Account.

Accruing for short-term accumulated compensated absence has resulted in the following changes being made to the 2009/10 financial statements:

1 April 2009 Balance Sheet		
	2009/10 Statements	Adjustments Made
	£000	£000
Short term creditors	(49,728)	(4,689)
Accumulated Absences Adjustment Account	0	4,689

31 March 2010 Balance Sheet		
	2009/10 Statements	Adjustments Made
	£000	£000
Short term creditors	(57,222)	(4,352)
Accumulated Absences Adjustment Account	0	4352

2009/10 Comprehensive Income and Expenditure Statement		
	2009/10 Statements	Adjustments Made
	£000	£000
Central Services to the public	3,690	(84)
Cultural, environmental, regulatory and planning services	33,183	(176)
Education and children's services	33,871	176
Highways and transport services	12,981	8
Other housing services	6,176	(57)
Adult social care	34,374	(57)
Corporate and democratic core	6,555	(123)
Non-distributed costs	2,785	(23)

NOTES TO THE CORE FINANCIAL STATEMENTS

Prior to 2009/10 non schools employee's annual leave year ended at the employee's anniversary of their start date. From 2009/10 the leave year ended at 31st March. This has resulted in credits (reversal of previous year's accruals) on the Comprehensive Income and Expenditure Statement for non schools services. Teachers leave is earned on a term by term basis and not annually, therefore at the balance sheet date of 31st March an accrual is needed.

Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property would have been accounted for as a single lease. The change in accounting treatment can result in land or buildings element of the lease being accounted for as operating leases where it was previously treated as a finance lease; or as finance lease where it was previous treated as an operating lease.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the council is the lessee) will be

unchanged. Where the council is the lessor, the regulations allow the council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

Council as lessee

The council has five property leases and four refuse vehicles where the accounting treatment has changed following the introduction of the Code. As a consequence of classifying the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

- The council has recognised an asset (the building) and a finance lease liability.
- The operating lease charge within the net cost of services has been reduced by the amount that relates to the buildings element of the lease payments.
- A depreciation charge has been included within the net cost of services.
- The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account, and the General Fund has been charged with the Minimum Revenue Provision (with the credit being made to the Capital Adjustment Account). These transfers are reflected in the balance sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement.
- The interest element of the lease payment in respect of the buildings element is charged to the Financing and Investment Income and Expenditure line in Comprehensive Income and Expenditure Statement.

1 April 2009 Balance Sheet	2009/10 Statement £000	Adjustments Made £000
Other land and buildings	174,281	11,913
Vehicles plant and equipment	14,191	6,280
Deferred liabilities	(42,801)	(16,387)
Short term creditors	(49,728)	(1,622)
Capital adjustment account	(521,419)	(184)

31 March 2010 Balance Sheet	2009/10 Statement £000	Adjustments Made £000
Other land and buildings	171,347	(974)
Vehicles plant and equipment	11,607	(1,227)
Deferred liabilities	(41,841)	1,689
Short term creditors	(57,222)	(65)
Capital adjustment account	(483,686)	577

NOTES TO THE CORE FINANCIAL STATEMENTS

2009/10 Comprehensive Income and Expenditure Statement		
	2009/10 Statement £000	Adjustments Made £000
Cultural, environmental, regulatory and planning services	33,183	0
Corporate and democratic core	6,555	0
Adult social care	34,374	0
Interest payable and similar charges	0	579

The net change to Cultural, environmental, regulatory and planning services consists of the removal of the operating lease charge for the buildings element of the lease (-£1,035,000), reallocation of the interest element of the lease (-£541,000) and the inclusion of the depreciation charge (+£1,576,000).

The net change to Corporate and democratic core consists of the removal of the operating lease charge for the buildings element of the lease (-£398,000), reallocation of the interest element of the lease (-£28,000) and the inclusion of the depreciation charge (+£426,000).

The net change to Adult social care services consists of the removal of the operating lease charge for the buildings element of the lease (-£190,000), reallocation of the interest element of the lease (-£10,000) and the inclusion of the depreciation charge (+£200,000).

Council as lessor

The council has ten property leases where the accounting treatment has changed following the introduction of the Code. As a consequence of removing the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

- The Council has de-recognised the asset and recognised a finance lease receivable (long term debtor).
- The disposal proceeds and the net book value of the asset are included within gain or loss on disposal of fixed assets within the Comprehensive Income and Expenditure Statement.
- The disposal proceeds and net book value of the asset have been transferred from the General Fund to the Capital Adjustment Account through the Movement in Reserves Statement.
- The finance lease receivable is written down over the life of the lease by the annual principal repayment with the corresponding entry to the Capital Adjustment Account to offset the disposal proceeds.
- The amounts received under finance leases remain as revenue income within the Comprehensive Income and Expenditure Statement.
- Any balances relating to these assets within the Revaluation Reserve are transferred to the Capital Adjustment Account.

1 April 2009 Balance Sheet		
	2009/10 Statement £000	Adjustments Made £000
Other land and buildings	174,281	(2,180)
Long term debtors	275	7,830
Short term debtors	21,044	250
Capital adjustment account	(521,419)	(5,884)
Revaluation reserve	(24,915)	1,101

31 March 2010 Balance Sheet		
	2009/10 Statement £000	Adjustments Made £000
Other land and buildings	171,347	(654)
Long term debtors	365	(253)
Short term debtors	27,847	3
Capital adjustment account	(483,686)	875
Revaluation reserve	(30,330)	838

2009/10 Comprehensive Income and Expenditure Statement		
	2009/10 Statement	Adjustments Made
	£000	£000
Cultural, environmental, regulatory and planning services	33,183	212
Highways and transport services	12,981	59
Other housing services	6,176	18
Adult social care	34,374	12
Investment interest income	(3,006)	(51)

Government Grants

Capital Grants

Under the Code, grants and contributions for capital schemes are not recognised as income when they become receivable. Previously, grants were held in grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account and the Government Grants Unapplied Account in the 1 April 2009 Balance Sheet
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figure
- Where a grant was received in 2009/10 but not used, previously no income was recognised in respect of this grant, which was shown in the Government Grants Deferred Account within the liabilities section of the Balance Sheet. Following the change in accounting policy, the grant has been recognised in full, and transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet.

1 April 2009 Balance Sheet		
	2009/10 Statement	Adjustments Made
	£000	£000
Government Grants Deferred Account	(54,061)	54,061
Government Grants Unapplied Account	0	(7,958)
Capital Adjustment Account	(521,419)	(46,103)

31 March 2010 Balance Sheet		
	2009/10 Statement	Adjustments Made
	£000	£000
Government Grants Deferred Account	(66,234)	66,234
Government Grants Unapplied Account	0	(12,844)
Capital Adjustment Account	(483,686)	(53,389)

2009/10 Comprehensive Income and Expenditure Statement		
	2009/10 Statement	Adjustments Made
	£000	£000
Cultural, environmental, regulatory and planning services	33,183	477
Education and children's services	33,871	2,203
Highways and transport services	12,981	225
Local Council housing (HRA)	10,703	22
Other housing services	6,176	17
Adult social care	34,374	180
Capital grants and contributions received	0	(15,296)

NOTES TO THE CORE FINANCIAL STATEMENTS

Revenue Grants

Revenue Grants are recognised in the Comprehensive Income and Expenditure Statement as soon the conditions have been met. Revenue grants should only be shown as a liability on the Balance Sheet where conditions have not yet been met. Where conditions have been met, and part of the grant remains unspent, this amount is appropriated to a reserve on the Balance Sheet via the Movement in Reserves statement.

This has resulted in the following changes being made to the 2009/10 financial statements:

1 April 2009 Balance Sheet	2009/10 Statement £000	Adjustments Made £000
Creditors	(49,728)	2,767
Earmarked reserves	(13,339)	(2,767)

31 March 2010 Balance Sheet	2009/10 Statement £000	Adjustments Made £000
Creditors	(57,222)	663
Earmarked reserves	(12,533)	(663)

2009/10 Comprehensive Income and Expenditure Statement	2009/10 Statement £000	Adjustments Made £000
Cultural, environmental, regulatory and planning services	33,183	(531)
Education and children's services	33,871	(34)
Highways and transport services	12,981	(33)
Other housing services	6,176	(65)

Cash and Cash Equivalents

1 April 2009 Balance Sheet	2009/10 Statement £000	Adjustments Made £000
Short term investments	85,663	(9,533)
Cash and cash equivalents	8,405	9,533

31 March 2010 Balance Sheet	2009/10 Statement £000	Adjustments Made £000
Short term investments	71,007	(10,207)
Cash and cash equivalents	10,387	10,207

6. Assumptions made about the future and other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are:

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
	<p>projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>would result in a decrease in the pension liability of £33.5m. However, the assumptions interact in complex ways. During 2010/11, the Council's actuaries advised that the net pension's liability had decreased by £21.5m as a result of estimates being corrected as a result of experience and decreased by £39.5m attributable to updating of the assumptions.</p>
Valuation of Property, Plant and Equipment	<p>Other Land and buildings are shown at fair value, based on professional valuations. The valuations are carried out by Wilkes Head & Eve in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book".</p>	<p>The majority of buildings are valued at depreciated replacement cost to a modern equivalent basis. All other buildings are measured at fair value which is on the amount that would be paid for the asset in its existing use. The value of the Council's land and buildings fluctuates with changes in construction costs and the current market value of land and buildings. Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council's current spending on repairs and maintenance can be sustained, which would affect the useful lives assigned to buildings. If the useful life is reduced, depreciation increases and the carrying amount falls. It is estimated that the annual depreciation charge for buildings would increase by £0.549m for every year that useful lives had to be reduced. The accounting policy for land and buildings is set out in Note 1 and information on the land and buildings is set out in Note 11.</p>

7. Material Items of Income and Expenditure (Exceptional Items)

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has had the effect of reducing the Council's liabilities in the Royal County of Berkshire Pension Fund by £31.1m and has been recognised as a past service gain since the change is considered to be a change in benefit entitlement. The gain appears as a credit within the exceptional items line in the Comprehensive Income and Expenditure Statement. There is no overall impact upon the General Fund as statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. The adjustments are made within the Movement in Reserves Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

There has been a material impairment, using the Beacon valuation of Council Housings resulting in a £97m downward revaluation. This is also shown in the exceptional items line. This does not affect the General Fund balance as this is reversed through the Capital Adjustment Account.

8. Events after the balance Sheet Date

As part of our Medium Term Financial and Planning for the Future Strategies, the corporate management team, together with members, made the decision to demolish the 1970s part of the Town Hall in order to make significant financial savings and at the same time improve services to residents. The cost saving will derive from savings on business rates, energy, cleaning and other general running costs and this is estimated at a minimum of £633,000 per annum saving.

The building ceased to be operational in May 2011.

9. Adjustments between accounting basis and funding basis under regulations 2009/10

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:									
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>									
Charges for depreciation and impairment of non-current assets	24,187			14,859			5,713	44,759	(44,759)
Revaluation losses on Property plant and equipment	0							0	0
Movements in the market value of investment properties	(76)							(76)	76
Amortisation of intangible assets	68							68	(68)
Capital grants and contributions applied	(13,139)							(13,139)	13,139
Revenue expenditure funded from capital under statute	6,115							6,115	(6,115)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	837			2,123				2,960	(2,960)

NOTES TO THE CORE FINANCIAL STATEMENTS

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>									
Statutory provision for the financing of capital investment	(2,851)							(2,851)	2,851
Capital expenditure charged against the General Fund and HRA balances	(1,584)							(1,584)	1,584
Adjustments primarily involving the Capital Grants Unapplied Account:									
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(4,886)					4,886		0	0
Adjustments primarily involving the Capital Receipts Reserve:									
Transfer of cash proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				(1,850)	1,850			0	0
Use of the Capital Receipts Reserve to finance new capital expenditure					(806)			(806)	806
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,013				(1,013)			0	0
Adjustment primarily involving the Major Repairs Reserve:									
Reversal of Major Repairs Allowance credited to the HRA				858			(858)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure							(3,815)	(3,815)	3,815

NOTES TO THE CORE FINANCIAL STATEMENTS

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are difference from finance costs chargeable in the year in accordance with statutory requirements				(1,340)				(1,340)	1,340
Adjustment primarily involving the Pensions Reserve:									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,270)			51				(1,219)	1,219
Employer's pension contributions and direct payments to pensioners payable in year	7,483							7,483	(7,483)
Adjustment primarily involving the Collection Fund Adjustment Account									
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	389							389	(389)

NOTES TO THE CORE FINANCIAL STATEMENTS

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(337)							(337)	337
Total Adjustments	15,949	0	0	14,669	31	4,886	1,040	36,575	(36,575)

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2010/11

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:									
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>									
Charges for depreciation and impairment of non-current assets	12,223			5,584			5,654	23,461	(23,461)
Revaluation losses on Property plant and equipment	1,559			97,570				99,129	(99,129)
Movements in the market value of investment properties	(1,334)							(1,334)	1,334
Amortisation of intangible assets	52							52	(52)
Capital grants and contributions applied	(24,998)							(24,998)	24,998
Revenue expenditure funded from capital under statute	4,505							4,505	(4,505)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,033			1,090				4,123	(4,123)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>									
Statutory provision for the financing of capital investment	(3,164)							(3,164)	3,164

NOTES TO THE CORE FINANCIAL STATEMENTS

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital expenditure charged against the General Fund and HRA balances	(2,171)			(1,500)				(3,671)	3,671
Adjustments primarily involving the Capital Grants Unapplied Account:									
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(9,999)					9,999		0	0
Adjustments primarily involving the Capital Receipts Reserve:									
Transfer of cash proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5,008)			(2,180)	7,188			0	0
Use of the Capital Receipts Reserve to finance new capital expenditure					(6,061)			(6,061)	6,061
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,343				(1,343)			0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve									
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,473)							(2,473)	2,473
Adjustment primarily involving the Major Repairs Reserve:									
Reversal of Major Repairs Allowance credited to the HRA				730			(730)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure							(5,949)	(5,949)	5,949

NOTES TO THE CORE FINANCIAL STATEMENTS

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are difference from finance costs chargeable in the year in accordance with statutory requirements	3,301			(216)				3,085	(3,085)
Adjustment primarily involving the Pensions Reserve:									
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(12,291)			454				(11,837)	11,837
Employer's pension contributions and direct payments to pensioners payable in year	(8,584)							(8,584)	8,584
Adjustment primarily involving the Collection Fund Adjustment Account									
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(59)							(59)	59

NOTES TO THE CORE FINANCIAL STATEMENTS

	General Fund Balance	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(566)							(566)	566
Total Adjustments	(44,631)	0	0	101,532	(216)	9,999	(1,025)	65,659	(65,659)

10. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserve to meet General Fund and HRA expenditure in 2010/11.

	Balance at 1 April 2009	Net Movement in Year	Balance as at 31 March 2010	Net Movement in Year	31 March 2011
	£000	£000	£000	£000	£000
Balances held by schools	(9,174)	(592)	(9,766)	(2,070)	(11,836)
General Fund:					
Earmarked reserves:					
Insurance	(517)	0	(517)	0	(517)
Future Debt and Cap requirements	(5,497)	158	(5,339)	1,322	(4,017)
Statutory Property Fund and Landlord duties	(605)	0	(605)	0	(605)
Capital Fund	(309)	(33)	(342)	(944)	(1,286)
Trading Accounts	(85)	(112)	(197)	197	0
Specific Grants	(2,767)	(663)	(3,430)	(1,025)	(4,455)
Miscellaneous Reserves	(6,280)	791	(5,489)	(4,739)	(10,228)
Total General Fund	(16,060)	141	(15,919)	(5,189)	(21,108)
HRA:					
Housing Renewals Reserve	(46)	(18)	(64)	(9)	(73)
Grand Total	(16,106)	123	(15,983)	(5,198)	(21,181)

11. Property, Plant and Equipment

2009/10

	Council Dwellings	Other Land and Buildings	Vehicles. Plant and Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2009	407,043	206,730	36,498	48,211	2,238	14,748	14,958	730,426
Additions and Enhancements	18,702	6,399	2,413	4,850	597	12	9,988	42,961
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	3,842	0	0	0	0	0	3,842
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(18,956)	(2,852)	0	0	(110)	(137)	0	(22,055)
Derecognition - Disposals	(1,818)	(1,052)	0	0	0	0	0	(2,870)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	408	408
Assets reclassified (to)/from other Non-Current	0	(465)	0	0	0	0	0	(465)
Other movements in Cost or Valuation	0	(1,000)	0	0	0	0	0	0
At 31 March 2010	404,971	211,602	38,911	53,061	2,725	14,623	25,354	751,247
Accumulated Depreciation and Impairment								
At 1 April 2009	0	(17,780)	(16,027)	(7,421)	(16)	0	0	(41,244)
Depreciation charge	(5,699)	(5,756)	(6,224)	(1,062)	0	0	0	(18,741)
Disposals	23	45	0	0	0	0	0	68
Reclassifications	0	56	0	0	0	0	0	56
Impairments	5,676	(5,288)	0	0	0	(1,727)	0	(1,339)
Revaluations	0	435	0	0	0	0	0	435
At 31 March 2010	0	(28,288)	(22,251)	(8,483)	(16)	(1,727)	0	(60,765)
Balance sheet amount at 31 March 2010	404,971	183,314	16,660	44,578	2,709	12,896	25,354	690,482
Restated Balance Sheet amount at 1 April 2009	407,043	188,950	20,471	40,790	2,222	14,748	14,958	689,182

2010/11

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2010	404,971	211,602	38,911	53,061	2,725	14,623	25,354	751,247
Additions and Enhancements	5,563	4,792	2,096	4,159	1,785	41	26,387	44,823
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,793	9,991	0	0	0	(827)	0	17,957
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(97,570)	(1,845)	0	0	0	286	0	(99,129)
Derecognition - Disposals	(831)	(4,086)	0	0	0	(1,571)	0	(6,488)
Reclassifications	0	4,594	0	0	56	(1,563)	0	3,087
Other movements in Cost or Valuation	(5,340)	530	0	220	0	0	(43)	(4,633)
At 31 March 2011	315,586	225,578	41,007	57,440	4,566	10,989	51,698	706,864
Accumulated Depreciation and Impairment								
At 1 April 2010	0	(28,288)	(22,251)	(8,483)	(16)	(1,727)	0	(60,765)
Depreciation charge	(5,373)	(5,294)	(5,755)	(1,205)	0	0	0	(17,627)
Disposals	12	2,409	0	0	0	528	0	2,949
Reclassifications	0	46	0	0	0	0	0	46
Impairments	0	(3,308)	0	0	0	0	0	(3,308)
Revaluations	0	5,234	0	0	0	0	0	5,234
At 31 March 2011	(5,361)	(29,201)	(28,006)	(9,688)	(16)	(1,199)	0	(73,471)
Balance sheet amount at 31 March 2011	310,225	196,377	13,001	47,752	4,550	9,790	51,698	633,393
Restated Balance Sheet amount at 1 April 2010	404,971	183,314	16,660	44,578	2,709	12,896	25,354	690,482

NOTES TO THE CORE FINANCIAL STATEMENTS

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings – 50 years
- Other Land and Buildings – 1 to 35 years
- Vehicles Plant and Equipment – 5 years
- Infrastructure – 40 years

Capital Commitments

At 31 March 2011, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2012 and future years budgeted to a cost of £37,976 million. The major commitments are:

- Heart of Slough - £10.3 million
- Bus Station - £2.7 million
- Western House expansion - £2.1 million
- Westgate School expansion - £2.0 million
- Parlaunt Park Primary refurbishment - £2.6 million
- Wexham Court Primary expansion - £2.4 million

Revaluations

The Council's operational housing stock was revalued as at 1st April 2010 by external valuers, Wilks Head & Eve. 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 2011 also by Wilks Head & Eve.

The freehold and leasehold properties comprising the Council's operational and non-operational property portfolio at the 31st March 2011 are valued on a rolling programme basis. The valuations for 2010/11 were carried out by external valuers Wilks Head and Eve. Additionally the value of properties held at open market value were reviewed at 31st March 2011 to reflect the current economic conditions.

Properties are valued on the following basis:

Properties regarded by the Council 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 Council) are valued on the basis of open market value for the 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 Council 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 March 2011	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Surplus Assets	Total
	£000	£000	£000	£000	£000
Net Book Value					
Valued at historical cost			9,965		9,965
Valued at current value in:					
2010/11	310,225	29,885		5,236	345,346
2009/10	0	38,294		1,981	40,275
Others		128,198	3,995	2,573	134,766
TOTAL	310,225	196,377	13,960	9,790	530,352

NOTES TO THE CORE FINANCIAL STATEMENTS

12. Information on assets held

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

	Number as at 31 March 2010	Number as at 31 March 2011
Operational Assets		
HRA Assets		
Council Dwellings	6,505	6,471
Operational Land and Buildings	17	16
Non-operational Assets	161	153
Other Land and Buildings		
Town Hall	1	1
Other Offices	2	2
Community Halls and Playleadership Centres	12	10
Leisure Centres and Pools	6	6
Youth and Community Centres	9	8
Libraries	3	3
Schools and Education Properties	42	41
Social Services Homes and Hostels	26	25
Off-street Car Parks	13	11
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	39	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	134	78

13. Investment Properties

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

	2009/10 £000	2010/11 £000
Rental Income from Investment property	2,104	2,399
Direct Operating Costs	0	0
	2,104	2,399

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2009/10 £000	2010/11 £000
Balance at the start of the year	6,384	6,355
Additions:		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
Disposals	0	(190)
Net gains/losses from fair value adjustments	0	1,333
Transfers:		
To/from inventories	0	0
To/from Property, plant and equipment	0	(4,740)
Other changes	(29)	0
Balance at the end of the year	6,355	2,758

14. Intangible assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software used by the Council are:

Number of years	Item
5 years	Oracle and Civica Software Licences

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £52,000 is charged to Resources by the following amounts IT administration cost centre £20,000 Council Tax £27,000 and Customer Service Centre £5,000 and then absorbed as an overhead across all the service headings in the net expenditure of services.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2009/10 £000	2010/11 £000
Balance at start of year:		
Gross carrying amounts	338	338
Accumulated Amortisations	(231)	(298)
Net carrying amount at start of year	107	40
Additions:		
Purchases	0	161
Amortisation for the period	(67)	(52)
Net carrying amount at end of year	40	149
Comprising:		
Gross carrying amounts	338	499
Accumulated amortisation	(298)	(350)
	40	149

There is 1 item of capitalised software that is individually material to the financial statements:

Item	Carrying Amount		Remaining Amortisation Period
	31 March 2010 £000	31 March 2011 £000	
Civica Software Licence	0	128	4 years

15. Financial Instruments

a. Financial Instruments – Classifications

The definition of a financial instrument is: *'Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'*.

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives.

Financial Liabilities

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

The Council's loan portfolio at year end consisted of Public Works Loan Board (PWLB) and market debt. Under the 2010 Code of Practice these forms of borrowing are measured at amortised cost. This form of measurement does not change the amount of cash paid under the terms of the loan but can impact on the charge made to in the Comprehensive Income and Expenditure Statement.

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

The three classifications for financial assets under the Code of Practice are:

NOTES TO THE CORE FINANCIAL STATEMENTS

- Loans and Receivables;
- Available for Sale; and
- Fair Value through Profit and Loss.

The Council's portfolio of investments consists of fixed term deposits and call/notice accounts. Term deposits and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Trade Receivables (Debtors) are classified as Loans and Receivables. As these are considered immaterial they have been measured at cost on the Balance Sheet.

Balances in call accounts at 31st March 2011 are shown under 'cash and cash equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value. The Council does not have any investments required to be measured at Fair Value through Profit and Loss.

Transaction costs

Measurement at amortised cost permits transactions costs related to financial instruments to be attached to the loan or investment and charged to the Comprehensive Income and Expenditure Statement over the life of the instrument. Where these are considered to be immaterial they can be charged in full to the Comprehensive Income and Expenditure Statement in the financial year in which they are incurred. The Council has adopted this latter approach in 2010/11.

b. Financial Instruments Balances

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

	Long-Term		Current	
	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000
Financial Liabilities at amortised Cost:				
PWLB Loans	(44,282)	(43,557)	(682)	(284)
Market Fixed Rate Loans	(11,000)	(10,000)	(271)	(271)
Market LOBO loans	(13,000)	(13,000)	(202)	(202)
Creditors	0	0	(39,883)	(34,972)
Total Borrowings	(68,282)	(66,557)	(41,038)	(35,729)
Loans and Receivables:				
Cash Equivalents			10,207	35,779
Deposits	3,887	353	60,800	42,551
Long Term Debtors	7,942	7,723	0	0
Debtors (including impairments)	0	0	25,023	18,264
Cash and Bank	0	0	10,386	8,532
Total Investments	11,829	8,076	106,416	105,126

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The following table reflects the composition of investments and debt recorded on the Balance Sheet:

	Long-Term		Current	
	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000
Borrowing:				
- Nominal Amount	(69,052)	(66,557)	(391)	(35)
- Accrued Interest	0	0	(764)	(722)
- Unamortised Discounts / (Premiums) on Modified Loans	770	0	0	0
Total Borrowings per Balance Sheet	(68,282)	(66,557)	(1,155)	(757)
Investments:				
- Nominal Amount	3,377	709	69,024	77,562
- Accrued Interest	510	0	1,979	763
- Impairment	0	(355)	0	0
Total Investments per Balance Sheet	3,887	353	71,003	78,325

The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under "current liabilities" or "current investments".

Balances in call accounts are shown under "Cash Equivalents" as they represent highly liquid investments. During the year, market conditions for call accounts were better than the short term deposits (3 to 6 months) and therefore a higher proportion of deposits were placed in call accounts. This also ensured that cash was readily available to finance capital expenditure in line with the Council's approved treasury management strategy.

c. Financial Instruments Gains and losses

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

	2009/10 £000	2010/11 £000
Financial Liabilities – Measured at amortised cost		
Interest Expenses	(3,437)	(3,050)
Impairment Losses/adjustment		9
Interest Payable and Similar Charges	(3,437)	(3,041)
Financial Assets – Loans and Receivables		
Interest Income	2,754	1,405
Gains on de-recognition	152	0
Interest and Investment Income	2,906	1,405
Net Gain / (loss) for the year	(531)	(1,636)

d. 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 and Young LLP are the appointed

NOTES TO THE CORE FINANCIAL STATEMENTS

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 £.

The Administrators latest report dated 11th May 2011 projects a base case return of between 79% and 85% and as a result the Council has reassessed the value of recoverable amount. The total dividend received as at 31st March 2011 is £1.292M. The Administrators latest report can be viewed at the following website:

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

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

Date Invested	2 nd March 2007
Maturity Date	22 nd March 2011
Original Amount	£2,500,000
Interest rate	5.72%
Carrying Amount 31.3.2010	£1,193,074
Carrying Amount 31.3.2011	£852,492
Impairment balance 31.3.2010	£404,917
Impairment Balance 31.3.2011	£355,365

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 Comprehensive Income and Expenditure Statement in respect of the above investment is as follows:

Year	Credited	Received
2008-09	£143,000	£0
2009-10	£93,619	£0
2010/11	£58,839	£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.

e. Financial Instruments – Fair Values

The Council's long term financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. The portion of borrowings and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term borrowings or short term investments. This also includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

- The Fair Values of these assets and liabilities has been assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:
 - The Council's debt outstanding at 31 March 2010 and 31 March 2011 consisted of loans from the PWLB and market loans. The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on these dates.
 - For Market fixed rate loans – by reference to PWLB "premature repayment" set of rates in force on the last business day of the financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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:

	31 March 2010		31 March 2011	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB and Market Debt	69,437	74,329	67,313	68,912
Trade Creditors (Suppliers)	1,025	1,025	1,354	1,354
Total Financial Liabilities	70,462	75,354	68,667	70,266
Money Market Deposits	74,890	75,317	78,679	79,064
Trade Debtors (Customers)	6,110	6,110	4,265	4,265
Total Loans and Receivables	81,000	81,427	82,944	83,329

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.

f. Financial Instruments – Risks

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 40 to 58 at:

NOTES TO THE CORE FINANCIAL STATEMENTS

<http://www.slough.gov.uk/moderngov/Published/C00000109/M00003867/Supp5382dDocPackPublic.pdf>

Credit Risk

Loans and Receivables

The Council manages credit risk by ensuring that investments are placed with Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy. A limit is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £10M in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2010/11, approved by Full Council on 22nd February 2010.

Throughout 2010/11 the *minimum* criteria for new investments has been a long term rating of A-/A2/A+ (Fitch/Moody's/S&P).

The table below summarises the nominal value of the Council's investment portfolio as at 31st March 2011 and shows that all deposits outstanding as at 31st March 2011 met the Council's credit rating criteria at that date:

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2011	Balance Invested as at 31 March 2011				Total
			Up to 1 month £000	> 1 and < 3 months £000	> 3 and < 6 months £000	> 6 and < 12 months £000	
Banks - UK	YES	YES	7,200	19,600	3,800	0	30,600
Banks - non UK	YES	YES	0	0	0	0	0
Total Banks			7,200	19,600	3,800	0	30,600
Building Societies	YES	YES	0	8,000	2,700	0	10,700
Call Accounts	YES	YES	35,763	0	0	0	35,763
TOTAL			42,963	27,600	6,500	0	77,063

The above analysis excludes the estimated carrying value after impairment of the Council's Heritable Bank investment of £0.8M originally invested in March 2007.

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 strategy is therefore to ensure that no more than 30% 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

NOTES TO THE CORE FINANCIAL STATEMENTS

early repayments. It is also the Council's strategy that no more than £10M of deposits is placed for a period maturing beyond 364 days.

The maturity analysis of nominal value of the Council's debt as at 31st March 2011 is as follows:

		Years	31 March 2011	% of Total Debt
			£000	
Short Term Borrowing	Less than 1 year		35	0.05%
Long Term Borrowing	Over 1 but not over 2		20	0.03%
	Over 2 but not over 5		19,006	28.54%
	Over 5 but not over 10		7,003	10.52%
	Over 10 but not over 15		8,005	12.02%
	Over 15 but not over 20		10,523	15.80%
	Over 20 but not over 25		5,000	7.51%
	Over 25 but not over 35		13,000	19.52%
	Over 35		4,000	6.01%
Total			66,592	100%

Market risk

The Council is exposed to market risks described below:

(a) Interest Rate Risk and Sensitivity Analysis

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 Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Statement 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 Statement will rise;
- Investments at fixed rates – the fair value of the assets will fall; and

The Council 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 2011 if interest rates had been 1% higher with all other variables held constant, the financial effect in full year would be:

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	£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	0
Increase in government grant receivable for financing costs	0
Impact on Comprehensive Income and Expenditure Statement	0
Share of overall impact debited to the Housing Revenue Account	0
Decrease in fair value of long term fixed rate investments:	
- Available for sale	0
- Deposits (no impact on Comprehensive Income and Expenditure Statement)	0
Impact on Reserves movement	0
Decrease in fair value of fixed rate borrowings liability (no impact on Comprehensive Income and Expenditure Statement)	808

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 2011.

16. Assets Held for Sale

	31 March 2010 £000	31 March 2011 £000
1 April	555	0
Assets newly classified as held for sale:		
Revaluation Losses		
Impairment Losses		
Assets sold	(555)	(383)
Transfers from non current to current		1,350
Other movements		
31 March	0	967

17. Short term Debtors

	1 April 2009 £000	31 March 2010 £000	31 March 2011 £000
Debtors and Advance Payments			
Government Departments	6,326	11,209	8,591
Other Local Authorities	1,001	1,470	1,843
Housing Rents	297	294	288
Collection Fund	1,805	1,649	1,283
Payments in Advance	1,081	1,203	1,290
Other	10,784	12,275	7,992
Total	21,294	28,100	21,287

The above amounts are shown net of impairment.

NOTES TO THE CORE FINANCIAL STATEMENTS

18. Cash and Cash Equivalents

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

	1 April 2009 £000	31 March 2010 £000	31 March 2011 £000
Cash held by the Council	14	19	18
Bank Current Accounts	8,826	10,368	8,514
Short Term Deposits	9,098	10,207	35,779
Total Cash and Cash Equivalents	17,938	20,594	44,311

Balances in call accounts are shown under "Cash Equivalents" as they represent highly liquid investments. During the year, market conditions for call accounts were better than the short term deposits (3 to 6 months) and therefore a higher proportion of deposits were placed in call accounts. This also ensured that cash was readily available to finance capital expenditure in line with the Council's approved treasury management strategy.

19. Short Term Creditors

	1 April 2009 £000	31 March 2010 £000	31 March 2011 £000
Central Government Bodies	(13,428)	(13,698)	(10,826)
Other Local Authorities	(1,219)	(1,615)	(3,251)
NHS Bodies	0	(424)	(148)
Housing Rents in advance	(613)	(499)	(597)
Collection Fund	(1,046)	(1,103)	(1,014)
Refundable deposits	(91)	(122)	(259)
Receipts in advance	(7,368)	(10,153)	(7,718)
Interest payable	(23)	(12)	(10)
Other	(29,484)	(32,206)	(28,718)
Total	(53,272)	(59,831)	(52,541)

20. Provisions

2009/10

	Insurance £000	Harmonisation £000	Dilapidations £000	Other £000	Total £000
Balance at 1 April	(900)	(3,923)	(984)	(494)	(6,302)
Movements in year	93	220	380	74	767
Balance at 31 March	(807)	(3,703)	(604)	(420)	(5,534)

2010/11

	Insurance £000	Harmonisation £000	Dilapidations £000	Other £000	Total £000
Balance at 1 April	(807)	(3,703)	(605)	(420)	(5,535)
Additional provisions made in year	(60)	0	0	0	(60)
Amounts used in year	324	0	0	217	541
Amount unused and reversed in period	0	0	0	201	201
Balance at 31 March	(543)	(3,703)	(605)	(2)	(4,853)

Insurance Provision

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

Harmonisation

This provision is there to fund liabilities arising from Job Evaluation and harmonisation.

Dilapidation provision

The dilapidation provision is in place to ensure that any liabilities on rented properties where the council is tenant are provided for so that the standard on exit of the property is equivalent to the standard on entry to the property.

21. Unusable Reserves

2009/10 £000		2010/11 £000
(27,275)	Revaluation Reserve	(44,804)
(542,846)	Capital Adjustment Account	(457,892)
2,105	Financial Instrument Adjustment Account	5,190
(129)	Deferred Capital Receipts Reserve	(2,602)
165,320	Pensions Reserve	96,987
17	Collection Fund Adjustment Account	(42)
4,352	Accumulated Absences Adjustment Account	3,786
(398,456)	Total	(399,377)

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains consumed through depreciations; or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the Capital Adjustment Account.

NOTES TO THE CORE FINANCIAL STATEMENTS

The opening balance adjustment of £1,000k relates to a historic error which has been identified and corrected as part of the IFRS restatement exercise.

2009/10 £000		2010/11 £000
(23,642)	Balance at 1 April	(27,275)
243	Opening Balance adjustments	(1,000)
855	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	4,101
(5,010)	Upward revaluation of assets	(22,058)
(4,155)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(17,957)
79	Difference between fair value depreciation and historical cost depreciation	236
200	Accumulated gains on assets sold or scrapped	1,192
279	Amounts written off to the Capital Adjustment Account	1,428
(27,275)	Balance at 31 March	(44,804)

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2009/10 £000		2010/11 £000
(573,875)	Balance at 1 April	(542,846)
(76)	Opening balance adjustment	289
	<i>Reversal of items relating to capital expenditure debited or credited to the Income and Expenditure Statement:</i>	
44,759	Charges for depreciation and impairment of non-current assets	23,461
0	Revaluation losses on Property, Plant and Equipment	99,129
68	Amortisation of intangible fixed assets	52
6,115	Revenue funded from capital under statute	4,505
2,713	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,123
(279)	Adjusting amounts written out of the Revaluation Reserve	(1,426)
53,376	Net written out amount of the cost of non-current assets consumed in the year	129,842

NOTES TO THE CORE FINANCIAL STATEMENTS

	<i>Capital financing applied in the year:</i>	
(806)	Use of the Capital Receipts Reserve to finance new capital expenditure	(6,061)
(3,815)	Use of the Major Repairs Reserve to finance new capital expenditure	(5,949)
(13,139)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(24,998)
(2,851)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(3,164)
(1,584)	Capital expenditure charged against the General Fund and HRA balances	(3,671)
(22,195)		(43,843)
(76)	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(1,334)
(542,846)	Balance at 31 March	(457,892)

Financial Instrument Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2009/10 £000		2010/11 £000
3,445	Balance at 1 April	2,105
0	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0
0	Proportion of premiums incurred in previous financial years to be charged against the General Fund in accordance with statutory requirements	0
(1,340)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs charged in the year in accordance with statutory requirements	3,085
2,105	Balance at 31 March	(5,190)

Deferred Capital Receipts Reserve

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

NOTES TO THE CORE FINANCIAL STATEMENTS

2009/10 £000		2010/11 £000
(176)	Balance at 1 April	(129)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,511)
47	Transfer to Capital Receipts Reserve on receipt of cash	3
(129)	Balance at 31 March	(2,602)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Council makes employer's contributions to pension funds or eventually pay and pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall on the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £000		2010/11 £000
84,046	Balance at 1 April	165,320
75,010	Actuarial gains or losses on pension assets and liabilities	(47,912)
(1,219)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(11,837)
7,483	Employer's pension contributions and direct payments to pensioners payable in the year	(8,584)
165,320	Balance at 31 March	96,987

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £000		2010/11 £000
373	Balance at 1 April	(17)
(389)	Amount by which council tax income to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	59
(17)	Balance at 31 March	42

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for accumulated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

2009/10 £000		2010/11 £000
4,689	Balance at 1 April	4,352
	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(566)
(337)		
4,352	Balance at 31 March	3,786

22. Cash Flow Statement - Operating Activities

2009/10 £000		2010/11 £000
(27,994)	Net Surplus or (Deficit) on Provision of Services	(45,903)
	Adjust net surplus or deficit on the provision of services for non cash movements	
44,759	Depreciation	23,461
804	Impairment and Downward Valuations	99,129
68	Amortisation	52
0	Material impairment losses on investments	(50)
(131)	Adjustment for movement in fair value of investments taken through I&E	770
737	Increase / Decrease in Interest Creditors	(44)
3,384	Increase / Decrease in Creditors	(4,716)
911	Increase / Decrease in Interest Debtors	1,742
(2,752)	Increase / Decrease in Debtors	7,487
(19)	Increase/Decrease in Inventories	113
6,264	Pension Liability	(19,410)
(767)	Contributions to/(from) Provisions	(682)
0	Carrying amount of non-current assets sold	4,123
0	Issuing of long term debt relating to deferred capital receipts	(2,511)
347,743	Carrying amount of short and long term investments sold	235,816
0	Movement in value of investment property	(1,334)
	Adjust for Items included in the net surplus and deficit on provision of services that are investing of financing activities	
(15,296)	Capital Grants credited to surplus or deficit on the provision of services	(32,533)
(346,841)	Proceeds from the sale of short term / long term investments	(236,206)
0	Premium or discount on the repayment of financial liabilities	3,005
(2,263)	Proceeds from sale of PPE, investment	(5,691)

NOTES TO THE CORE FINANCIAL STATEMENTS

	property and intangible assets	
8,607	TOTAL Net Cash flow from Operating Activities	26,618

23. Cash Flow Statement - Operating Activities (Interest)

2009/10 £000		2010/11 £000
	Operating Activities within the Cash flow Statement include the following cash flows relating to interest:	
3,057	Ordinary Interest received	1,405
3,399	Opening debtor	2,489
(2,488)	Closing Debtor	747
3,968	Interest Received	3,147
(6,989)	Interest Charge for year	(8,015)
0	Rates and actual interest payable	770
(131)	Adjustments for impairment losses on Loans and advances debited to Interest payable in I & E Account in year	(50)
(38)	Opening Creditor	(776)
775	Closing Creditor	732
(6,383)	Interest Paid	(7,339)

24. Cash Flow Statement - Investing Activities

2009/10 £000		2010/11 £000
(42,961)	PPE Purchased	(44,823)
589	Other Capital Payments	(290)
(5,338)	Opening capital Creditors	(8,690)
8,690	Closing Capital Creditors	5,361
(122)	Movement on Other Capital creditors	
(39,570)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(48,229)
(319,895)	Purchase of short term and long term investments	(215,725)
2,188	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,478
346,841	Proceeds from short term investments	235,816
0	Proceeds from long term investments	390
238	Other capital cash receipts	432
16,657	Capital Grants Received	32,374
16,895	Other receipts from Investing Activities	32,806
6,887	Total cash Flow from Investing Activities	10,323

25. Cash Flow Statement - Financing Activities

2009/10 £000		2010/11 £000
1,942	Cash receipts of short and long term borrowing	20,995
(5,415)	Billing Council-CTAX and NNDR adjustments	(477)
(5,556)	Repayments of short and long term borrowing	(26,853)
(1,689)	Payments for reduction of a finance lease liability	(1,370)
(984)	Cash payments on PFI and other finance leases	(932)
(2,673)	Cash Payments for reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(2,302)
(11,702)	Total cash flow from financing activities	(5,632)

26. Cash Flow Statement - Makeup of Cash and Cash Equivalents

	2009/10 £000	2010/11 £000
Cash and Bank Balances	10,387	8,532
Cash Investments-regarded as cash equivalents	10,207	35,779
Bank Overdraft	(5,145)	(3,563)
Total	15,449	40,748

27. Acquired and Discontinued Operations

On 1st July 2010, functions previously performed by People 1st, a wholly owned subsidiary of Slough Borough Council, were brought back in-house and People 1st ceased to trade. Employees of People 1st and its functions transferred back to the Council. The Group Income and Expenditure Statement includes the £22k loss for 2009/0 and £209k profit for 2010/11 to 30th June 2011.

Pension Assets and Liabilities transferred into the Council Pension fund following the cessation of People 1st is shown below.

	£000
Liabilities Assumed in a business Combination	(5,652)
Receipt of Bulk Value Transfer	4,086
Net Liabilities Transferred into Council Pension Fund	(1,566)

There are no other outstanding liabilities following the transfer of People 1st

28. Pooled Budgets

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

(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.

	2009/10 £000	2010/11 £000
Gross Funding		
Slough Borough Council	252	262
Berks East PCT	252	262
Total Funding	504	524
Expenditure	504	524

(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 Council 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.

The geographical area of the pooled budget is Berkshire wide in which 6 councils are involved. They are:

Slough BC (The Lead Council)
 RBWM
 Bracknell FBC
 Reading BC
 West Berkshire DC
 Wokingham DC.

The overall aim of the partnership arrangement is to improve standards of quality of services through more effective coordination of resources within the partnership. The purpose of the agreement is to enable the partnership to deliver the joint vision for provision of equipment, in line with local strategies. This will be enabled by the delegation of the lead commissioning and integrated service provision to the lead Council, and supported by the flexible use of funds in the pooled budget. This will be extended to commission comprehensive and integrated equipment services, with the aim of improving outcomes, for individuals.

	2009/10 £000	2010/11 £000
Gross Funding		
Slough Borough Council	162	234
Berkshire Primary Care Trusts	1,334	1,334
Other Unitary Authorities	1,312	1,241
Total Funding	2,808	2,809
Expenditure		
South Central Ambulance Service NHS Trust		
Paid as the agent of Slough Borough Council	2,808	2809
Further contractual obligations due	0	0
Total Expenditure	2,808	2,809

29. Member's Allowances

Allowances to Members are index linked to the average Local Government Pay Award. Rates are published as Part 6 of the constitution which can be found on the Council's website. Actual figures paid to members are available at the end of the municipal year.

Actual Allowances 2010/11

The basic allowance was £4,847 p.a. which was increased to £7,100 from 1st October 2010 per annum

Special Responsibility Allowances paid to Members paid ranged between £154 and £17,684 p.a.

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

The total Members' allowances paid during 2010/11 was £396k (£344k for 2009/10). Further information is available from Member Services.

30. Officers remuneration

Detailed below are the numbers of employees which include 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. Senior officers' remuneration is included. These figures also include Redundancy Payments, leased car and essential user taxable allowances.

These amounts exclude national insurance and pension contributions.

Remuneration Band	2009/10			2010/11		
	Non Schools	Schools	Total	Non Schools	Schools	Total
Over £160,000	1		1	2		2
£155,000 – £159,999			0	0		
£150,000 – £154,999			0	0		
£145,000 – £149,999			0	1		1
£140,000 – £144,999			0	0		
£135,000 – £139,999			0	0		
£130,000 – £134,999	1		1	0		
£125,000 – £129,999			0	4		4
£120,000 – £124,999	1		1	2	1	3
£115,000 – £119,999	1		1	5	1	6
£110,000 – £114,999		1	1	2	0	2
£105,000 – £109,999	1	1	2	0	2	2
£100,000 – £104,999	1	4	5	2	1	3
£95,000 – £99,999	1	1	2	3	0	3
£90,000 – £94,999	1	1	2	6	2	8
£85,000 – £89,999	5	2	7	6	1	7
£80,000 – £84,999	1		1	1	3	4
£75,000 – £79,999	7	3	10	6	6	12
£70,000 – £74,999	3	3	6	5	5	10
£65,000 – £69,999	10	21	31	11	20	31
£60,000 – £64,999	14	16	30	13	19	32
£55,000 – £59,999	18	23	41	11	30	41
£50,000 – £54,999	39	26	65	27	36	63
TOTALS	105	102	207	107	107	114

NB. The figures for staff in 2010/11 include an element of one off redundancy payments.

Senior Officer Remuneration

In December 2009 the Accounts and Audit (Amendment Number 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.

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

- (a) Salary;
- (b) bonuses;
- (c) additional payments; in 2010/11 this includes any one off payments arising from pensions costs related to early retirement.
- (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.

2009/10

Post holder information (Name if applicable and post title)	Salaries, Fees and Allowances	Bonuses	Compensation for Loss of Office	Benefits in Kind	Pension Contributions 2009/10	Expenses 2009/10	Total Remuneration including pension contributions 2009/10
	£	£	£	£	£	£	£
Chief Executive	161,800	0	0	0	24,090	0	185,890
Strategic Director of Resources-Commenced Employment 5 th Oct 2009- Annualised Salary 2009-10 £119,684	58,750	0	0	0	8,510	100	67,360
Strategic Director, Education and Children's Service	129,760	0	0	0	19,280	500	149,540
Strategic Director for Improvement and Development	99,930	0	0	0	14,780	700	115,410
Corporate Director Of Community and Wellbeing	118,260	0	0	0	17,530	100	135,890
Strategic Director of Green and Built Environment	123,620	0	0	0	18,310	420	142,350
Borough Secretary and Monitoring Officer *	95,570	0	0	0	13,510	170	109,250

2010/11

Post holder information (Name if applicable and post title)	Salaries, Fees and Allowances	Bonuses	Compensation for Loss of Office	Benefits in Kind	Pension Contributions 2010/11	Expenses 2010/11	Total Remuneration including pension contributions 2010/11
	£	£	£	£	£	£	£
Chief Executive-Ruth Bagley	160,480	0	0	0	24,550	0	185,030
Strategic Director of Resources	126,130	0	0	0	19,250	0	145,380
Strategic Director, Education and Children's Service	126,330	0	0	0	19,280	0	145,610
Strategic Director for Improvement and Development	104,900	0	0	0	15,940	0	120,840
Corporate Director Of Community and Wellbeing	115,320	0	0	0	17,530	0	132,850
Strategic Director of Green and Built Environment-took early retirement on 31 st March 2011	126,512	0	0	0	225,890*	0	352,402
Borough Secretary and Monitoring Officer * Maria Memoli	151,040	0	0	0	0	0	151,040

- During 2010/11, the position of Monitoring Officer was performed by an officer of the Council. However, this person was not an employee of the Council.

* Pensions contributions to the Strategic Director of Green and Built Environment include £208,000 transfer of pension to the Berkshire Local Government Pension Fund.

31. External Audit Costs

The Council has incurred the following costs in relation to the audit of the financial statements, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

	2009/10 £000	2010/11 £000
Fees payable in respect of external audit services carried out by the appointed auditor	324	348
Fees payable in respect of statutory inspection	18	0
Fees payable for the certification of grant claims and returns	59	53
Total	401	401

No non-audit services have been provided by the Audit Commission, the Council's external auditors.

32. Dedicated Schools Grant

The Dedicated Schools Grant (DSG) has been deployed in accordance with the regulations within the School Standards framework Act 1998; this is underpinned by the production of the Section 251 Statement.

The accounting structure allows for users of the accounts to extract the performance of the Council'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 Young People's Learning Agency (YPLA) 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 spend within centrally retained expenditure and that within the Individual Schools Budget (ISB) have 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	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2010/11	11,590	87,032	98,622
Brought forward from 2009/10	2,038		2,038
Carry forward to 2010/11	(2,038)		(2,038)
Agreed budgeted distribution in 2010/11	11,590	87,032	98,622
Actual central expenditure	11,550		11,550
Actual ISB deployed to schools		87,862	87,862
Local Council contribution for 2010/11	459	830	1,289
Carry forward to 2011/12	499	0	2,537

33. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement in 2010/11. The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are set out in the table below.

	2009/10	2010/11
	£000	£000
Capital Grants:		
HCA Heart of Slough	(3,505)	(2,919)
DCSF Fair Play Builder Grant	(379)	(439)
Learning Skills Council (LSC) Wexham	(425)	0
Children's Centres	(381)	(1,013)
Devolved Formula Capital Grant	(2,486)	(1,092)
DFES Targeted Capital Fund (TCF)	(1,398)	(358)
Partnership for Schools	0	(21,226)
Primary Capital Fund	(238)	0
Other capital Grants charged to CIES	(4,071)	(5,824)
Credited to Services		
Standards Fund	(11,070)	(12,473)
Dedicated Schools Grant	(91,739)	(100,660)
Schools DSG	(1,794)	(1,842)
General Sure start	(2,986)	(4,189)
School Standards	(4,662)	(4,661)
Learning & Skills Council Sixth Forms	(10,822)	(10,289)
Supporting People	(4,300)	(33)
Housing & Planning Delivery Grant	(529)	(425)
Drug Intervention Programme	(790)	(805)
Pooled Treatment	(1,032)	(1,546)
Concessionary Fares	(364)	(1,079)
Rent Rebates Subsidy	(16,184)	(16,691)
DWP Grants for Benefits	(55,567)	(62,068)
Other Revenue Grants	(6,694)	(7,483)
Receipts in Advance		
DoH Social Care Capital grant	0	(38)
Central Library-Eng Partnerships	(2,747)	(2,747)
Supporting People Grant	0	(109)
Social Care IT Specific Grant	0	(151)
Transforming Social Care	0	(260)
PCT Joint Working	0	(96)
Section 106 Agreements	(967)	(92)
Commuted Sums	(1,497)	(1,715)
Other Receipts in Advance	(2,475)	(347)

34. Related Parties

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

Central Government

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. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 46 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2011 are shown in Note 31.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2010/11 is shown in Note 27. In addition, the Council paid grants totalling £981K to voluntary organisations in which eleven members had positions on the governing body.

The following were declarations made at Cabinet, when Grants to Voluntary Organisations for 2010/11 was discussed on 8th February 2010.

- On 8th February 2010, a 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. During 2010/11, TVAC received £113K from the Council.
- 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 (PWA). During 2010/11 the Council donated £37k to PWA.

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours. Members as a group are required to be identified as related parties. The aggregation option for individual transactions has been taken on the basis that the Council has satisfied itself that all the transactions entered into have been concluded in accordance with its procedures for preventing undue influence.

Officers- During 2010/11, no officers of the Council declared positions of influence.

Other Public Bodies subject to common control by central government

The Council has two pooled budget agreements. Transactions and balances outstanding are detailed in Note 23.

Entities controlled or significantly influenced by the Council

Prior to the 30 June 2011, Slough Borough Council had a wholly owned subsidiary, People First. This company ceased trading as at 30 June 2011 and all services provided transferred to Slough Borough Council. In addition to the above, Slough Borough Council made a payment to Slough Community Leisure of £934K in 2010-11 for the provision of leisure services within the borough. The payment is considered material to the operations of Slough Community Leisure and has therefore been disclosed within this note.

35. Capital Expenditure and Capital 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.

	2009/10 £000	2010/11 £000
Opening Capital Financing Requirement - Borrowing	47,094	118,507
PFI adjustment	42,009	0
Adjusted Capital Financing Requirement	89,103	118,507
Capital Investment		
Intangible Assets	0	0
Property Plant & Equipment	33,963	18,187
Non-operational Assets	9,988	26,130
Revenue Expenditure Funded from Capital under Statute	6,115	5,161
Sources of Finance		
Capital Receipts	(807)	(6,061)
Government Grants and other Contributions	(13,228)	(24,978)
Sums set aside from revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	(2,812)	(2,171)
Major Repairs Reserve	(3,815)	(5,949)
Closing Capital Financing Requirement	118,507	128,826
Explanation of movements in year		
Supported Borrowing	20,682	4,121
Self Financed Borrowing	9,952	6,198
PFI Grant	(958)	(932)
Increase/(decrease) in Capital Financing Requirement	29,676	9,387

36. Leases

Council as Lessee

Finance leases

The Council has five buildings and nine vehicles under finance leases arrangements which are recognised as Council assets on the Balance Sheet as Property, Plant and Equipment and Vehicles, Plant and Equipment at the following amounts:

	31 March 2010 £000	31 March 2011 £000
Other Land and Buildings	10,939	9,965
Vehicles, plant, Furniture and Equipment	5,053	3,995
	15,992	13,960

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

	31 March 2010 £000	31 March 2011 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	1,711	1,891
Non current	15,822	13,931
Finance costs payable in future years	2,470	1,940

NOTES TO THE CORE FINANCIAL STATEMENTS

Minimum lease payments	20,003	17,762
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The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March	31 March	31 March	31 March
	2010	2011	2010	2011
	£000	£000	£000	£000
Not later than one year	2,241	2,449	1,711	1,891
Later than one year and not later than five years	11,795	10,301	10,014	9,028
Later than five years	5,967	5,012	5,808	4,903
TOTAL	20,003	17,762	17,533	15,822

Operating Leases

The Council uses assets under operating leases, with typical lives of seven years.

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

	31 March	31 March
	2010	2011
	£000	£000
Not later than one year	964	916
Later than one year and not later than five years	3,109	2,900
Later than five years	2,467	2,467
TOTAL	6,540	6,283

Council as Lessor

Finance Leases

The Council has leased out the following properties:

	Original term	Remaining term
	Years	Years
Gurney House	17	3
Chalvey Waste Transfer Depot	15	7
Chalvey Working Men's Club	75	40
Wentworth Medical Centre	80	33
Slough Deaf Club	50	48
Hatfield MSP	15	4
22 & 22a Windsor Road	15	11
874 Plymouth Road	5	3
Bus Garage	90	63
Wentworth Avenue Chandlers Garage	25	0

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding.

The gross investment is made up of the following amounts:

NOTES TO THE CORE FINANCIAL STATEMENTS

	31 March 2010 £000	31 March 2011 £000
Finance lease debtor (net present value of minimum lease payments):		
current	253	243
non current	7,577	7,334
Gross investment in the lease	7,830	7,577

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000
Not later than one year	-	93	-	15
Later than one year and not later than five years	138	585	24	102
Later than five years	7,692	6,899	278	185
TOTAL	7,830	7,577	302	302

Operating Leases

Assets Held under Leases

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

	31 March 2010 £000	31 March 2011 £000
Not later than one year	858	723
Later than one year and not later than five years	470	429
Later than five years	1,131	996
TOTAL	2,459	2,148

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.

37. Private Finance Initiative

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 the IFRS code, 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council is committed to make total payments of £229.3m 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 both within the Comprehensive Income and Expenditure Statement. 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 Statement. The balance under the contract, £124m, is borne by the Council and funded by contributions from the three schools budgets.

The following table shows estimates of future unitary payments:

	Unitary Payment £000	Service Cost £000	Liability Repayments £000	Interest £000
Less than one year	6,121	2,835	956	2,330
Between 2 and five years	25,790	13,004	3,989	8,797
between 5 and 10 years	35,700	20,279	5,800	9,621
between 10 and 15 years	40,536	25,304	7,480	7,752
between 15 and 20 years	46,708	30,428	11,089	5,191
between 20 and 25 years	52,217	40,033	10,805	1,379
Between 25 and 30 years	40	40	0	0
TOTAL	207,112	131,923	40,119	35,070

The following table shows an analysis of the movement of PFI liabilities between the 31 March 2010 and 31 March 2011

	£000
Unitary payment made in 2010/11	5,991
Liability at 1 April 2010	41,050
Principal payment made in 2010/11	(932)
Liability at 31 March 2011	40,118

38. Impairment losses

The Council has not recognised any impairment losses in 2010/11.

39. Termination Benefits

The Council terminated the contracts of a number of employees in 2010/11, incurring liabilities of £3.8m (£1.1m in 2009/10). Of this total, £208,000 is payable to the Berkshire Local Government Pension Scheme for the Director of Green and Built Environment in the form of enhanced (by virtue of early release of retirement benefits) pension. The remaining £3.1m is payable to 107 officers from other areas of the Council who were made redundant or took early retirement as part of the Council's rationalisation of its Services.

40. Teacher's 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 Council to

NOTES TO THE CORE FINANCIAL STATEMENTS

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 Council 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 Department 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.

	2009/10 £000	2010/11 £000
Employers' Contribution	6,434	6,613
Added Years	82	72
Percentage of Teachers' Pensionable Pay	14.1%	14.1%

41. Defined Benefit Pension Scheme

Participation in Pension Schemes

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

The Council participates in the following post employment schemes:

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

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement:	2009/10 £000	2010/11 £000
Net cost of Services		
Current service cost	(6,751)	(11,148)
Past service costs	0	31,136
Curtailment settlements	(316)	(1,566)
Financing and Investment Income and expenditure		
Interest Cost	(14,112)	(16,958)
Expected return on assets in the scheme	7,963	10,375
Total Post Employment Benefit charged to the (Surplus)/Deficit on the Provision of Services	(13,216)	11,840
Other Post Employment Benefit Charged to the CIES		
Actuarial (gains) and losses	75,010	(47,912)
Statement in Movement to General Fund Balance: (MIRS)		
Reversal of Net Changes made for retirement benefits in accordance with IAS19	13,216	20,219
Actual Amount charged against Council Tax for Pensions in the Year		
Employers' contributions payable to scheme:	(7,291)	(8,380)

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of scheme liabilities (defined benefit obligation).

	2009/10	2010/11
	£000	£000
Opening Defined Benefit Obligation 1 April	(211,044)	(333,635)
Current Service Cost	(6,751)	(11,148)
Interest Cost	(14,112)	(16,958)
Contributions by Scheme Participants	(2,879)	(3,055)
Actuarial Gains and Losses	(109,005)	54,444
Benefits Paid	10,472	10,431
Past Service Costs	0	31,136
Settlements and Curtailments	(316)	(1,566)
Closing Defined Benefit Obligation 31 March	(333,635)	(270,351)

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

	2009/10	2010/11
	£000	£000
Opening fair value of Scheme Assets 1 April	127,011	168,516
Expected Rate of Return	7,963	10,375
Actuarial Gain	33,845	(6,532)
Employer Contributions	7,291	8,380
Contributions by Scheme Participants	2,879	3,055
Benefits Paid	(10,472)	(10,431)
Closing fair value of Scheme Assets 31 March	168,517	173,363

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £12.1m (2009/10 £42.7m).

The Local Government Pension Scheme's assets consist of the following categories, by proportion of total assets held:

	2009/10	2010/11
	%	%
Equities	44	31
Other Bonds	29	27
Property	7	8
Cash	2	5
Alternative Asset	18	29
Total	100	100

Scheme History:

Amounts for the current and previous four periods	Year to 31 March 2007	Year to 31 March 2008	Year to 31 March 2009	Year to 31 March 2010	Year to 31 March 2011
Present Value of Liabilities	(237,891)	(224,431)	(211,044)	(333,635)	(274,436)
Fair Value of Assets in LGPS	190,778	179,449	127,011	168,516	177,450

NOTES TO THE CORE FINANCIAL STATEMENTS

Surplus/(Deficit) in Scheme	(47,113)	(44,982)	(84,032)	(165,119)	(96,986)
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The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £97m has a substantial impact on the net worth of the Council 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.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2012 is £6.827m.

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 2010.

The main assumptions used in their calculations have been:

	31 st March 2010 % per annum	31 st March 2011 % per annum
Rate of inflation	3.9	3.5
Rate of increase in salaries	5.4	4.8
Rate of increase in pensions	3.9	2.7
Rate for discounting scheme liabilities	6.5	6.0

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 iBoxx AA rated 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:

	31 st March 2010 Long term return % per annum	31 st March 2011 Long term return % per annum
Equities	7.9	7.8
Gilts	4.5	4.4
Bonds	5.5	5.5
Property	6.0	5.9
Cash	3.0	3.0
Alternative Assets	5.0	5.0
Total	6.0	6.5

The assumed life expectations from age 65 are:

Retiring today:	Males	22.7
	Females	25.4
Retiring in 20 years:	Males	24.8
	Females	27.4

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

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2011:

2006/07		2007/08		2008/09		2009/10		2010/11	
£000	%	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets:									
164	0.1	(28,976)	16.1	(66,895)	52.7	33,845	20.1	6,352	0.9
Differences between actuarial assumptions about liabilities and actual experience:									
1,108	0.5	1,618	0.7	0	0	(3,372)	(1.0)	15,018	5.5

42. Contingent Liabilities

The Council has no significant contingent liabilities for 2010/11.

43. Contingent Assets

A contingent asset arises where an event has taken place which gives rise to a possible asset whose existence will only be confirmed by the occurrence of a specific event. The Council has one contingent asset which relates to the sale of land.

The Council has entered into a contract with an option to sell a piece of land for a minimum value of £3.5 million. The minimum value has been accounted for in these financial statements but if the Council sells this land for a higher value this will give rise to a possible asset.

44. Schools Balances and Reserves

The Council received a Dedicated Schools Grant (DSG) in 2010/11 of £98.6m of which £89.7m was delegated to schools who in turn spent £88.1m (98%) and retained the balance of £1.5m within their earmarked reserves. For ongoing commitments, the balance of the DSG (£9.1m) 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 £22m 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The balance held by schools as at the 31st March 2011 is £11.5m. Further details on the DSG are given in note number 32.

	2009/10 £000	2010/11 £000
Balances as at 1 st April	(9,174)	(9,766)
Schools for the future	(193)	
Movement in Year:		
To Schools Fund	(2,019)	(3,100)
From Schools Fund	1,620	1,030
Balances as at 31st March	(9,766)	(11,836)

45. Trust Funds

These are monies owned by an individual or organisation, which is administered by the Council. 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	86	0	2	88
Miscellaneous Funds	6	(3)	5	8
Total Trust Funds	92	(3)	7	96

46. Trading Accounts

The Council operates the following trading accounts:

	Notes	2009/10 £000	2010/11 £000
<u>Printing</u>	(i)		
Income		(748)	(743)
Expenditure		681	860
(Surplus)/Deficit		(67)	117
<u>Cemetery and Crematorium</u>	(ii) (a)		
Income		(1,115)	(1,166)
Expenditure		687	720
(Surplus)/Deficit		(428)	(446)

- (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.

NOTES TO THE CORE FINANCIAL STATEMENTS

- (ii) The following 2 trading accounts appear in the Comprehensive Income and Expenditure Statement 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 – (b) Landfill Allowance Trading Scheme – The Landfill Allowance Trading Scheme commenced on 1st April 2005. As a waste disposal Council, 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 2011 at zero.

47. 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 Council 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:

	2009/10 £000	2010/11 £000
Transactions in year		
Expenditure	956	945
Income	(1,020)	(1,087)
Gross (surplus)/deficit for year	(64)	(142)
Support service recharges	162	151
Net (Surplus)/Deficit for year	98	9

48. Building Control Trading Account

The Local Council Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function.

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 2009/10 £000	Chargeable 2010/11 £000	Non - Chargeable 2010/11 £000	Building Control 2010/11 £000
<u>Expenditure</u>			
552	339	246	585
1	40	24	64
15	7	4	11
24	21	9	30
176	78	45	123
768	485	328	813
<u>Income</u>			

NOTES TO THE CORE FINANCIAL STATEMENTS

(408)	Building Regulations Charges	(418)	0	(418)
(17)	Miscellaneous Income		(11)	(11)
(425)	Total Income	(418)	(11)	(429)
343	(Surplus)/Deficit for year	67	317	384

There is nil balance held in earmarked reserves for the Building control Account as at 31st March 2011.

48. Amounts Reported For amounts reported for Resource Allocation Decisions.

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Corporate Management Team on the basis of monthly budget monitoring reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- no charges are made during the year in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

The income and expenditure of the Council's principal departments recorded in the budget monitoring reports for the year follows below:

2009/10	Education & Children £000	Community & Wellbeing £000	Green & Built £000	Central Directorates £000	Corporate £000	Total £000
Fees, charges & other service income	(11,626)	(13,091)	(9,498)	(4,969)	(1,598)	(40,782)
Government grants	(126,656)	(5,732)	(3,707)	(72,419)	(19)	(208,533)
Total Income	(138,282)	(18,823)	(13,205)	(77,388)	(1,617)	(249,315)
Employee expenses	110,321	16,342	10,361	20,769	83	157,876
Other operating expenses	51,377	36,930	29,917	81,790	31	200,045
Total operating expenses	161,698	53,272	40,278	102,559	114	357,921
Cost of Services	23,416	34,449	27,073	25,171	(1,503)	108,606

2010/11	Education & Children £000	Community & Wellbeing £000	Green & Built £000	Central Directorates £000	Corporate £000	Total £000
Fees, charges & other	(17,817)	(6,881)	(9,746)	(4,906)	(513)	(39,863)

NOTES TO THE CORE FINANCIAL STATEMENTS

service income						
Government grants	(152,780)	(7,760)	(5,332)	(79,514)	0	(245,386)
Total Income	(170,597)	(14,641)	(15,078)	(84,420)	(513)	(285,249)
Employee expenses	115,794	14,611	10,872	20,818	71	162,166
Other operating expenses	70,883	36,427	27,731	85,506	24	220,571
Total operating expenses	186,677	51,038	38,603	106,324	95	382,737
Cost of Services	16,080	36,397	23,525	21,904	(418)	97,488

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

	2009/10	2010/11
	£000	£000
Cost of Services in Service Analysis	108,606	97,488
Housing Revenue Account	11,839	97,499
Insurance Trading Account	(148)	(91)
IFRS Adjustments	4,505	1,679
Allocation of Recharges	21,664	(6,815)
Net Cost of Services in Comprehensive Income and Expenditure Statement	146,466	189,760

2009/10

Reconciliation to Subjective Analysis	Service Analysis	HRA	Insurance Trading Account	IFRS adjustments	Allocation of Recharges	Net Cost of Services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(37,274)	(30,792)	(1,326)	1,106	(31,895)	(100,181)
Interest & Investment Income	(3,508)	0	0	(51)	0	(3,559)
Income from Council Tax	(46,294)	0	0	0	0	(46,294)
Government grants	(162,239)	0	0	3,786	0	(158,453)
Total Income	(249,315)	(30,792)	(1,326)	4,841	(31,895)	(308,487)
Employee expenses	157,876	8,993		(336)	383	166,916
Other operating expenses	186,672	11,982	1,178	0	388	200,221
Support Service recharges	0	209	0	0	31,720	31,929
Depreciation, amortisation and impairment	0	20,576	0	0	21,068	41,644
Interest Payments	6,989	0	0	0	0	6,989
Pensions & Tax	6,150	0	0	0	0	6,150
Precepts & Levies	234	0	0	0	0	234
Payments to Housing Capital Receipts Pool	0	1,000	0	0	0	1,000
Gain or Loss on disposal of Fixed Assets	0	(129)	0	0	0	(129)
Total operating expenses	357,921	42,631	1,178	(336)	53,559	454,953
Surplus or deficit on the provision of services	108,606	11,839	(148)	4,505	21,664	146,466

NOTES TO THE CORE FINANCIAL STATEMENTS

2010/11

Reconciliation to Subjective Analysis	Service Analysis	HRA	Insurance Trading Account	IFRS adjustments	Allocation of Recharges	Net Cost of Services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(37,421)	(30,700)	(788)	654	(29,423)	(97,678)
Interest & Investment Income	(2,442)	0	0	0	0	(2,442)
Income from Council Tax	(47,470)	0	0	0	0	(47,470)
Government grants	(197,916)	0	0	1,025	0	(196,891)
Total Income	(285,249)	(30,700)	(788)	1,679	(29,423)	(344,481)
Employee expenses	162,166	7,926	0	0	(26,657)	143,435
Other operating expenses	205,709	14,742	697	0	163	221,311
Support Service recharges	0	205	0	0	29,170	29,375
Depreciation, amortisation and impairment	0	106,628	0	0	19,932	126,560
Interest Payments	8,015	0	0	0	0	8,015
Pensions & Tax	6,583	0	0	0	0	6,583
Precepts & Levies	264	0	0	0	0	264
Payments to Housing Capital Receipts Pool	0	1,300	0	0	0	1,300
Gain or Loss on disposal of Fixed Assets	0	(2,602)	0	0	0	(2,602)
Total operating expenses	382,737	128,199	697	0	22,608	534,241
Surplus or deficit on the provision of services	97,488	97,499	(91)	1,679	(6,815)	189,760

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).

2009/10		2010/11
£000	INCOME	Notes £000
(26,577)	Dwelling Rents (Gross)	(26,629)
(754)	Non Dwelling Rents (Gross)	(791)
(2,208)	Charges for Services and Facilities	(1,916)
0	Contribution towards expenditure	(608)
(30,313)	Total Income	(29,944)
	EXPENDITURE	
6,089	Repairs and Maintenance	6,962
7,242	Supervision & Management	7,926
5	Rents, Rates, Taxes & Other Charges	7
6,705	Housing Revenue Account Subsidy Payable	8 6,415
20,576	Depreciation & Impairments of Fixed Assets	6 & 7 12,434
399	Debt Management Costs	56
41,016	Total Expenditure	33,800
10,703	Net Cost of HRA Service as included in Whole Council I & E Accounts	3,856
209	HRA Services share of Corporate & Democratic Core	205
904	HRA Share of other amounts included in Whole Council Net Cost of Services, not allocated to specific services	0
0	Exceptional Item	97,570
11,816	Net Cost of HRA Services	101,631
273	Gain or loss on Sale of HRA Fixed Assets	(1,090)
754	Interest Payable & Similar Charges	2,316
(126)	Interest and Investment Income	(117)
50	Pensions Interest Cost and Expected Return on Pensions Assets	245
(774)	Income and Expenditure relation to Investment Properties and Changes in their fair value	(1,956)
0	Capital Grants and contributions receivable	(20)
12,767	(Surplus)/Deficit for year	101,009

HOUSING REVENUE ACCOUNT

Movement on the Housing Revenue Account Statement		
2009/10		2010/11
£000		£000
12,767	(Surplus)/Deficit for year	100,009
Additional Items to be taken into account in determining movement in HRA balance		
1,372	Difference between interest payable and similar charges including amortisation of premiums and discounts	216
(14,859)	Impairment losses	(103,302)
(273)	Gain or loss on Sale of HRA Fixed Assets	1,090
(51)	Contributions to/from Pensions Reserves	(454)
0	Capital Expenditure funded by HRA	1,500
0	Transfer from reserves	(5)
(858)	Transfer to/from Major Repairs Reserve	(577)
(14,669)	Sub Total Additional Items	(101,532)
(7,106)	Housing Revenue Account Balance Brought Forward	(9,008)
(1,902)	Total (Surplus)/Deficit for the year	(523)
(9,008)	Housing Revenue Account Balance Carried Forward	(9,531)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

The housing stock managed by the Council was as follows:

	Number as at 31 March 2010	Number as at 31 March 2011
Houses	2,834	2,825
Flats	3,052	3,043
Bungalows	599	599
Shared ownership	4	4
Awaiting demolition	16	0
As at 31st March	6,505	6,471

The change in stock can be summarised as follows:

	2009/10	2010/11
Stock at 1st April	6,556	6,505
Properties sold	(11)	(16)
Properties acquired	0	2
Properties disposed of	(40)	(20)
As at 31st March	6,505	6,471

2. Asset Values

	31 March 2010	31 March 2011
	£000	£000
Operational Assets:		
Dwellings	404,971	309,991
Other Land and Buildings	779	910
Vehicles, Plant and Equipment	1,231	1,649
Non-operational Assets:		
Other Land and Buildings	2,246	7,963
Investments Land and Property	5,005	1,400
Surplus Land and Property	7,854	5,459
Total Housing Assets	422,086	327,372
Vacant Possession value of dwellings*	749,946	968,722

NOTES TO THE HOUSING REVENUE ACCOUNT

* The Social Housing Factor supplied by Valuers to calculate the vacant possession value used in 2009/10 was 0.54 and in 2010/11 was 0.32

The vacant possession value of dwellings within the HRA as at 31 March 2011 was £969 million (£750m as at 31 March 2010). The difference of £659m between the vacant possession value and the Balance Sheet value of dwellings represents the economic cost of providing Council housing at less than open market rent.

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.

	2009/10	2010/11
	£000	£000
Balance Brought Forward 1 st April	0	(1,040)
Depreciation of HRA Assets	(5,713)	(5,502)
Adjustment to HRA	858	577
Capital Expenditure funded from MRA	3,815	5,950
Contribution from the Income and Expenditure Statement	0	(1,500)
Balance Carried Forward 31 st March	(1,040)	(1,515)

4. Capital Expenditure and Sources of Finance

	2009/10	2010/11
	£000	£000
Expenditure		
Council Houses	18,702	4,688
Other Property	732	1,452
	19,434	6,140
Sources of Finance		
Major Repairs Reserve	3,815	5,949
Government Grants	81	0
Capital Receipts	0	191
Borrowing	15,538	0
	19,434	6,140

5. Capital Receipts

In 2004/2005, a system of pooling for housing capital receipts was introduced with 75% of the proceeds from dwelling sales and 50% from other assets paid to CLG. A contribution of £1.3m was made to the national pool in 2010/11 (£1m 2009/10).

NOTES TO THE HOUSING REVENUE ACCOUNT

	2009/10 £000	2010/11 £000
Disposals of		
Right To Buy Housing	1,358	1,785
Land and garages	373	390
	1,731	2,175

6. Depreciation Charge

Depreciation charges reflect the consumption of HRA assets over their useful life and the annual provision for 2010/11 of £5.4m (£5.7m in 2009/10) is in respect of Council dwellings.

7. Impairment

Impairment relates to physical damage or deterioration in the value of the fixed asset. There was an impairment charge in 2010/11 of £101.m for Council stock (£14.9m in 2009/10).

8. HRA Subsidy

HRA Subsidy is a grant payable to the Department for Communities and Local Government (CLG) towards the costs of local Council housing nationally. It represents the excess of notional rent and other income after deducting expenditure in the form of allowances calculated by CLG for Management, Maintenance and Major Repairs.

Subsidy payable is made up of the following elements:

	2009/10 £000	2010/11 £000
Rent	27,118	26,874
Rental Constraint Allowance	(445)	0
Allowance for Management and Maintenance	(12,060)	(12,212)
Major Repairs Allowance	(4,886)	(4,924)
Charges for Capital	(3,032)	(3,330)
Interest on Receipts	13	7
	6,708	6,415
Prior Year Adjustment	(3)	0
HRA Subsidy Payable	6,705	6,415

9. Rent Arrears

The provision for doubtful debts against arrears was £1.7m at 31st March 2011 (£1.6m at 31st March 2010)

	2009/10 £000	2010/11 £000
Current Tenant Arrears	1,080	1,132
Former Tenants	918	1,006
Total Arrears as at 31st March	1,998	2,138

NOTES TO THE HOUSING REVENUE ACCOUNT

10. IAS19 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.

	2009/10	2010/11
	£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)	10	209
Net Operating Expenditure		
Interest Cost	100	631
Expected Return on Pension Assets	(59)	(386)
Appropriations		
Transfer from Pension Reserve	(51)	(454)

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COLLECTION FUND ACCOUNT

2009/10			2010/11
£000			£000
	INCOME		
	Council Tax	Notes	
(46,302)	Income from Council Tax Payers	2	(47,485)
	Business Rates		
(85,619)	Income from Business Rate Payers	3	(85,063)
	Transfers from the General Fund		
(9,586)	Council Tax Benefits	2	(10,383)
(175)	Discretionary Relief	3	(108)
(141,682)	Total Income		(143,039)
	EXPENDITURE		
	Precepts and Demands		
46,060	Slough Borough Council	1	47,223
234	Parish Precepts		264
6,173	Thames Valley Police Council		6,328
2,249	Royal Berkshire Fire Service		2,283
54,716		2	56,098
	Business Rates		
83,135	Payment to National Pool	3	82,368
205	Interest Payable on Revaluation	3	121
229	Cost of Collection Allowance	3	215
83,569			82,704
	Share of Previous Year's surplus		
400	Slough Borough Council		0
54	Thames Valley Police Council		0
19	Royal Berkshire Fire Service		0
473			0
	Provision for Bad Debts		
2,225	Non Domestic Rates	3	2,467
	Council Tax		
401	Write offs		(173)
758	Movement in Bad Debt Provision		1,874
3,384			4,168
142,142	Total Expenditure		142,970
460	(Surplus)/Deficit for the year		(69)
	Collection Fund balance		
(441)	Balance at 1st April 2010		19
460	(Surplus)/Deficit for the year		(69)
19	Balance at 31st March 2011	4	(50)

NOTES TO THE COLLECTION FUND ACCOUNT

1. General

The Council's demand on the Collection Fund represents the balance of spending for the year to be met from local taxes. The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

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 2010/11 are as follows:

Band	Number of Chargeable Dwellings (after discounts)	Ratio	Band "D" Equivalent Number of Dwellings	2010/11 Council Tax
Band A	947.70	6/9	631.80	907.57
Band B	7,587.51	7/9	5,901.40	1,058.82
Band C	19,019.70	8/9	16,906.40	1,210.09
Band D	11,232.00	9/9	11,232.00	1,361.35
Band E	3,722.24	11/9	4,549.40	1,663.87
Band F	1,475.52	13/9	2,131.30	1,966.39
Band G	294.78	15/9	491.30	2,268.92
Band H	3.75	18/9	7.50	2,722.69
Totals	44,283.20		41,851.10	
	Less: - adjustment of 2% to allow for changes in the valuation list and for non-collection of tax.		(837.02)	
	Council Tax Base 2010/11		41,014.10	

The Council Tax contribution required (excluding parishes) for 2010/11 services and including Fire and Police Authorities precepts was £55,834.

	£000	
Slough BC Demand	47,223	
Police Precept	6,328	
Fire Precept	2,283	
SBC, Police and Fire	55,834	Council Tax Base multiplied by Band D
Parish Precepts	264	
Total	56,098	

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

NOTES TO THE COLLECTION FUND ACCOUNT

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: -

	2009/10	2010/11
Total Slough Borough Council RV at 31 Mar	£198,684,801	£222,315,556
Main NNDR rate multiplier	48.5	41.4
Small Business rate multiplier	48.1	40.7
	£000	£000
Income due from ratepayers	85,619	85,063
Discretionary relief from General Fund	175	108
less:- Provision for bad debts	(2,225)	(2,467)
Interest on refunds	(205)	(121)
Cost of Collection Allowance	(229)	(215)
National Pool contribution	83,135	82,368

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 Council (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 surplus 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 2012.

	2010/11 '£000
Slough Borough Council	(42)
Thames Valley Police Council	(6)
Royal Berks Fire Service	(2)
Total	(50)

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1. INTRODUCTION

The Council has been required to produce a full set of group accounts under the 2010 CODE for the 2010/11 Statement of Accounts. The group financial statements required include the group Comprehensive Income and Expenditure Statement, Balance Sheet, Cash flow statement and Movement in Reserves Statement 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) are the only company consolidated in the group accounts.

People 1st (Slough) were 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 Council and its interest in People 1st (Slough). There are no significant effects due to group consolidation.

People 1st ceased trading with effect from 30th June 2010, and activities performed by them were brought in-house with effect from 1st July 2010.

2. SHARE HOLDINGS

People 1st (Slough) (wholly owned subsidiary)

The composition of the board and the voting rights for the 3 month period ending 30th June 2010 was as follows:

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

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

3. BASIS OF CONSOLIDATION

People 1st (Slough) were considered to be 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 IAS6. The People 1st (Slough) financial year ran from 1 April to 31 March, which is the same as SBC, so no adjustments are required regarding the accounting year

4. IAS19 RETIREMENT BENEFITS

People 1st (Slough) were a scheduled body of the Royal Borough of Windsor and Maidenhead local government pension fund. The full IAS19 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) ceased trading on 30th June 2010 and the full IAS19 obligation and related deficit/surplus then passed back to the Council as an integral part of the general business transfer.

5. TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

GROUP ACCOUNTS

Comprehensive Income and Expenditure Statement:	2009/10	2010/11
Net cost of Services		
Current service cost	(7,051)	(11,148)
Past service costs	0	31,136
Curtailment settlements	(316)	(1,566)
Net Operating Expenditure		
Interest Cost	(14,358)	(17,049)
Expected return on assets in the scheme	8,142	10,438
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	(13,583)	11,811
Other Post Employment Benefit Charged to the CIES		
Actuarial (gains) and losses	76,812	(47,912)
Statement in Movement to General Fund Balance: (MIRS)		
Reversal of Net Changes made for retirement benefits in accordance with IAS19	13,583	(11,811)
Actual Amount charged against Council Tax for Pensions in the Year		
Employers' contributions payable to scheme:	(7,483)	(8,380)

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of scheme liabilities (defined benefit obligation).

	2009/10	2010/11
	£000	£000
Opening Defined Benefit Obligation	(214,534)	(333,635)
Current Service Cost	(7,051)	(11,148)
Interest Cost	(14,358)	(16,958)
Contributions by Scheme Participants	(3,012)	(3,055)
Actuarial Gains and Losses	(111,563)	54,444
Benefits Paid	10,542	10,431
Past Service Costs	0	31,136
Settlements and Curtailments	(316)	0
Liabilities Assumed in a Business Combination	0	(5,652)
Closing Defined Benefit Obligation	(340,292)	(274,437)

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

	2009/10	2010/11
	£000	£000
Opening fair value of Scheme Assets	129,661	168,516
Expected Rate of Return	8,142	10,375
Actuarial Gain	34,601	(6,532)
Employer Contributions	7,633	8,380
Contributions by Scheme Participants	3,012	3,055
Benefits Paid	(10,542)	(10,431)
Receipt of bulk transfer value	0	4,086
	172,506	177,449

GROUP ACCOUNTS

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £12.1m (2009/10 £42.7m).

Scheme History:

Amounts for the current and previous four periods	Year to March 07	Year to March 08	Year to March 09	Year to March 10	Year to March 11
Present Value of Liabilities	(241,586)	(228,184)	(214,531)	(340,292)	(274,436)
Fair Value of Assets in LGPS	194,311	183,077	129,662	172,506	177,450
Surplus/(Deficit) in Scheme	(47,275)	(45,107)	(84,873)	(167,786)	(96,986)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £97m has a substantial impact on the net worth of the Council 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.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2012 is £6.827m.

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 2010.

The main assumptions used in their calculations have been:

	31 st March 2010 % per annum	31 st March 2011 % per annum
Rate of inflation	3.9	3.5
Rate of increase in salaries	5.4	4.8
Rate of increase in pensions	3.9	2.7
Rate for discounting scheme liabilities	5.5	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 iBoxx AA rated 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

	31 st March 2010 Long term return % per annum	31 st March 2011 Long term return % per annum
Equities	7.9	7.8
Gilts	4.5	4.4
Bonds	5.5	5.5
Property	6.0	5.9
Cash	3.0	3.0
Alternative Assets	5.0	5.0
Total	6.0	6.5

The assumed life expectations from age 65 are:

Retiring today	Males	22.7
	Females	25.4
Retiring in 20 years	Males	24.8
	Females	27.4

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

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group				Group		
Exp	Inc	Net		Exp	Inc	Net
£000	£000	£000	Note	£000	£000	£000
48,816	(14,303)	34,513	Adult Social Care	46,309	(13,287)	33,022
15,848	(12,202)	3,646	Central Services to the Public	16,211	(12,998)	3,213
174,747	(138,436)	36,311	Children's and Education services	198,664	(170,477)	28,187
42,344	(8,154)	34,190	Cultural, Environmental, Regulatory and Planning	36,988	(8,820)	28,168
16,744	(3,339)	13,405	Highways and Transport	14,729	(4,196)	10,533
40,794	(29,472)	11,322	Local Council Housing (HRA)	33,564	(29,944)	3,620
75,356	(69,267)	6,089	Other Housing services	79,470	(70,625)	8,845
7,188	(757)	6,431	Corporate and Democratic Core	7,543	(779)	6,764
0	(1,381)	(1,381)	Exceptional Items	7	66,434	0
2,767	(6)	2,761	Non-Distributed Costs	2,816	(7)	2,809
424,604	(277,315)	147,289	Cost Of Services*	502,728	(311,133)	191,595
			Other Operating Expenditure			
		234	Parish Council Precepts			264
		(67)	Trading Activities (surplus) deficit	45		117
		1,110	Gain or Loss on Disposal of Fixed Assets			(5,576)
		1,013	Contribution to Housing Pooled Capital Receipts			1,343
			Financing and Investment Income and Expenditure			
		6,410	Interest Payable & Similar charges			8,015
		6,217	Pensions Interest and Expected Return			6,611
		(3,061)	Interest and Investment Income			(1,406)
		(2,180)	Income and Expenditure in relation to investment properties and changes in their fair value	13		(3,732)
			Taxation and Non-Specific Grant Income			
		(46,294)	Income from Council Tax			(47,470)
		(10,489)	General Government Grant (Revenue Support)			(7,197)
		(12,127)	Other Government Grants (non specific to Service)			(14,777)
		(45,445)	Distribution from the Non-Domestic Rate Pool			(49,560)
		(15,296)	Capital Grants and contributions			(32,533)
		1	Taxation			0
		27,882	Surplus or Deficit on Provision of Services			45,694
		(4,155)	Surplus or deficit on revaluation of fixed assets			(17,957)
		76,812	Actuarial gains / losses on pension assets / liabilities			(47,912)
		70,855	Other Comprehensive Income and Expenditure			(65,869)
		98,737	Total Comprehensive Income and Expenditure			(20,175)

GROUP ACCOUNTS

GROUP BALANCE SHEET

01 April 2009	31 March 2010 £000		SBC 31 March 2011 £000	People 1 st 31 March 2011	Total	Notes
407,043	404,971	Council Dwellings	310,225	0	310,225	11
188,950	183,314	Other Land & Buildings	196,377	0	196,377	11
20,471	16,660	Vehicles, plant & Equipment	13,001	0	13,001	11
40,790	44,578	Infrastructure Assets	47,752	0	47,752	11
2,222	2,709	Community Assets	4,550	0	4,550	11
14,958	25,354	Assets under Construction	51,698	0	51,698	11
14,748	12,896	Surplus Assets held for disposal	9,790	0	9,790	11
689,182	690,482	Total Property, Plant and Equipment	633,393	0	633,393	
6,384	6,355	Investment Properties	2,758	0	2,758	13
107	40	Intangible Assets	149	0	149	14
17,071	3,887	Long Term Investments	353	0	353	15
8,105	7,942	Long Term Debtors	10,234	0	10,234	
720,849	708,706	Total Long Term Assets	646,887	0	646,887	
76,130	60,800	Short Term Investments	42,551	0	42,551	15
555	0	Assets Held for Sale	967	0	967	16
120	139	Inventories	26	0	26	
19,915	21,717	Short Term Debtors	21,287	0	21,287	17
19,115	21,954	Cash and Cash Equivalents	44,311	0	44,311	18
115,835	104,610	Current Assets	109,142	0	109,142	
(6,281)	(5,145)	Bank Overdraft	(3,563)	0	(3,563)	
(3,876)	(1,155)	Short Term Borrowing	(757)	0	(757)	15
(52,218)	(53,817)	Short Term Creditors	(52,541)	0	(52,541)	19
(62,375)	(60,117)	Current Liabilities	(56,861)	0	(56,861)	
(6,302)	(5,535)	Provisions	(4,853)	0	(4,853)	20
(68,541)	(68,282)	Long Term Borrowing	(66,557)	0	(66,557)	15
(84,886)	(167,987)	Retirement Benefit Liabilities	(96,987)	0	(96,987)	41
(59,188)	(56,541)	Deferred Liabilities	(54,235)	0	(54,235)	
0	0	Capital Grants Receipts in Advance	(38)	0	(38)	
555,392	454,854	Net Assets	476,498	0	476,498	

GROUP ACCOUNTS

01 April 2009	31 March 2010 £000		SBC 31 March 2011 £000	People 1st 31 March 2011	Total	Notes
		Usable Reserves				
(5,135)	(5,388)	General Fund	(6,384)	0	(6,384)	
(9,174)	(9,766)	School reserves	(11,836)	0	(11,836)	43
(16,106)	(15,983)	Earmarked Reserves	(21,181)	0	(21,181)	
(7,106)	(9,008)	Housing Revenue Account	(9,531)	0	(9,531)	
(4,015)	(4,046)	Useable Capital Receipt Reserve	(3,830)	0	(3,830)	
(7,958)	(12,844)	Capital Grants Unapplied	(22,844)	0	(22,844)	
0	(1,040)	Major Repairs Reserve	(1,515)	0	(1,515)	
(818)	(931)	Group Accounts Balance	0	0	0	
(50,312)	(59,006)	Total Usable reserves	(77,121)	0	(77,121)	
		Unusable Reserves				
(176)	(129)	Deferred Capital receipts	(2,602)	0	(2,602)	21
(573,875)	(542,846)	Capital Adjustment Account	(457,892)	0	(457,892)	21
3,445	2,105	Financial Instruments Adjustment Account	5,190	0	5,190	21
(373)	17	Collection Fund Adjustment Account	(42)	0	(42)	21
(23,642)	(27,275)	Revaluation Reserve	(44,804)	0	(44,804)	21
84,852	167,928	Pensions Reserve	96,987	0	96,987	21
4,689	4,352	Accumulated Absence Adjustment Account	3,786	0	3,786	21
(505,080)	(395,848)	Total Unusable Reserves	(399,377)	0	(399,377)	
(555,392)	(454,854)	Total Reserves	(476,498)	0	(476,498)	

GROUP ACCOUNTS

GROUP CASH FLOW

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

2009/10 £000		Note	2010/11 £000
(27,882)	Net surplus/(deficit) on the provision of services		(45,903)
401,045	Adjustment to (surplus)/deficit on the provision of services for non cash movements		339,368
(364,400)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities		(274,430)
8,763	Net Cash flows from operating activities	1	19,035
6,914	Net Cash flows from Investing Activities	3	10,536
(11,702)	Net Cash flows from Financing Activities	4	(5,632)
3,975	Net increase or decrease in cash and cash equivalents		23,939
12,834	Cash and cash equivalents at the beginning of the reporting period	5	16,809
16,809	Cash and cash equivalents at the end of the reporting period	5	40,748

GROUP ACCOUNTS

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line show the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

2009/10

	General Fund Balance	People 1 st Reserves	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2009	5,135	818	16,106	9,174	7,106	4,015	7,958	0	50,312	505,080	556,198
Movement in reserves during 2009/10											
Surplus/ (deficit) on the provision of services	(15,115)	0	0	0	(12,767)	0	0	0	(27,882)	0	(27,880)
Other Comprehensive Income and Expenditure Adjustments between Authority and Group Accounts	0	0	0	0	0	0	0	0	0	(70,855)	(70,855)
Total Comprehensive Income and Expenditure	(15,115)	0	0	0	(12,767)	0	0	0	(27,882)	(72,657)	(100,539)
Adjustments made between accounting basis and funding basis under regulations (Note 8)	15,949	0	0	0	14,669	31	4,886	1,040	36,575	(36,575)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	834	0	0	0	1,902	31	4,886	1,040	8,693	(109,232)	(100,539)
Transfers to/from Earmarked Reserves	(582)	113	(123)	592	0	0	0	0	0	0	0
Increase/Decrease in 2009/10	252	113	(123)	592	1,902	31	4,886	1,040	8,693	(109,232)	(100,539)
Balance as at 31 March 2010	5,388	931	15,983	9,766	9,008	4,046	12,844	1,040	59,006	395,848	454,854

GROUP ACCOUNTS

2010/11

	General Fund Balance	People 1st	Earmarked General Fund Reserves	School Revenue Balances	Housing Revenue Account	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Useable Reserve	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2010	5,388	931	15,983	9,766	9,008	4,046	12,844	1,040	59,006	395,848	454,854
Movement in reserves during 2010/11											
Surplus or (deficit) on the provision of services	55,315	0	0	0	(101,009)	0	0	0	(45,694)	0	(46,694)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	0	65,869	65,869
Adjustments between Authority and Group Accounts	0	0	0	0	0	0	0	0	0	2,608	2,608
Total Comprehensive Income and Expenditure	55,315	0	0	0	(101,009)	0	0	0	(45,694)	68,477	22,783
Adjustments made between accounting basis and funding basis under regulations (Note 8)	(45,771)	0	0	0	101,532	(216)	9,999	(1,025)	64,519	(65,659)	(1,140)
Net Increase/Decrease before Transfers to Earmarked Reserves	9,544	0	0	0	523	(216)	9,999	(1,025)	18,825	2,818	21,643
Transfers to/from Earmarked Reserves	(8,548)	(931)	5,198	2,070	0	0	0	1,500	(712)	712	0
Increase/Decrease in 2010/11	996	(931)	5,198	2,070	523	(216)	9,999	475	18,114	3,530	21,644
Balance as at 31 March 2011	6,384	0	21,181	11,836	9,531	3,830	22,844	1,515	77,121	399,378	476,498

1. Cash Flow Statement - Operating Activities

2009/10 £000		2010/11 £000
(27,882)	Net Surplus or (Deficit) on Provision of Services	(45,903)
	Adjust net surplus or deficit on the provision of services for non cash movements	
44,759	Depreciation	27,584
804	Impairment and Downward Valuations	99,129
68	Amortisation	52
0	Material impairment losses on investments	(50)
(131)	Adjustments for effective interest rates	770
737	Increase / Decrease in Interest Creditors	(1,508)
(1,576)	Increase / Decrease in Creditors	(6,056)
911	Increase / Decrease in Interest Debtors	1,742
2,252	Increase / Decrease in Debtors	4,976
(19)	Increase/Decrease in Inventories	113
6,264	Pension Liability	(19,410)
(767)	Contributions to/(from) Provisions	55
0	Issuing of long term debt relating to deferred capital receipts	(2,511)
347,743	Carrying amount of short and long term investments sold	235,816
0	Movement in value of investment property	(1,334)
	Adjust for Items included in the net surplus and deficit on provision of services that are investing of financing activities	
(15,296)	Capital Grants credited to surplus or deficit on the provision of services	(32,533)
(346,841)	Proceeds from the sale of short term / long term investments	(236,206)
(2,263)	Proceeds from sale of PPE, investment property and intangible assets	(5,691)
8,763	TOTAL Net Cash flow from Operating Activities	19,035

2. Cash Flow Statement - Operating Activities (Interest)

2009/10 £000		2010/11 £000
	Operating Activities within the Cash flow Statement include the following cash flows relating to interest:	
3,061	Ordinary Interest received	1,405
3,399	Opening debtor	2,489
2,488	Closing Debtor	747
3,972	Interest Received	3,147
(6,989)	Interest Charge for year	(8,015)
0	Adjustments for differences between rates and actual interest payable	770
(131)	Adjustments for impairment losses on Loans and advances debited to Interest payable in I & E Account in year	(50)
(38)	Opening Creditor	(776)
775	Closing Creditor	732
(6,383)	Interest Paid	(7,339)

3. Cash Flow Statement - Investing Activities

2009/10 £000		2010/11 £000
(42,961)	PPE Purchased	(44,823)
616	Other Capital Payments	(77)
(5,338)	Opening capital Creditors	(8,690)
8,690	Closing Capital Creditors	5,361
(122)	Movement on Other Capital creditors	
(39,115)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(48,229)
(319,895)	Purchase of short term and long term investments	(215,725)
2,188	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,478
346,841	Proceeds from short term investments	235,816
0	Proceeds from long term investments	390
238	Other capital cash receipts	432
16,657	Capital Grants Received	32,374
16,895	Other receipts from Investing Activities	32,806
6,914	Total cash Flow from Investing Activities	10,536

4. Cash Flow Statement - Financing Activities

2009/10 £000		2010/11 £000
1,942	Cash receipts of short and long term borrowing	24,000
(5,145)	Billing Council-CTAX and NNDR adjustments	(477)
(5,556)	Repayments of short and long term borrowing	(26,853)
(1,689)	Payments for reduction of a finance lease liability	(1,370)
(984)	Cash payments on PFI and other finance leases	(932)
(2,673)	Cash Payments for reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(2,302)
(11,702)	Total cash flow from financing activities	(5,632)

5. Cash Flow Statement - Makeup of Cash and Cash Equivalents

	2009/10 £000	2010/11 £000
Cash and Bank Balances	10,387	8,,532
Cash Investments-regarded as cash equivalents	11,567	35,779
Bank Overdraft	(5,145)	(3,563)
Total	16,809	40,748

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 and 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 Council company.

Asset

An item owned by the Council, 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 Council and to the services it provides for a period of more than one year; examples are land and buildings, vehicles and 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 and 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 a Council'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 Council 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 Council's Credit Approvals and finance capital expenditure.

Capital Reserve

An internal fund of the Council 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 and Council 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 Council'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 Council 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.

Curtailment

Curtailments 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 Council 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 Council 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 Council and the services it provides for a period of more than one-year.

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 Council expenditure. They may be specific, for example Housing Benefits, or general, for example, Revenue Support Grant.

Gross Expenditure

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

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 there from.

Impairment

Weakening or damaging of an asset which reduces its value.

Income

Amounts which the Council 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 Council 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 Council 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 Council 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 Council 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 Council 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 Council 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 Council, 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 a Council 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 Council 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 Council services generally. It is based on the Government's assessment of how much a Council 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 and Country Planning Act 1990 (see extract below) allows a Local Planning Council (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'.

Settlement

Settlements will take account of outgoing bulk transfers and will show the difference between the IAS 19 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 and Council 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.

Unapportionable Central Overheads

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

List of Abbreviations

ABG	Area Based Grant
ACOP	Accounting Code of Practice
AGS	Annual Governance Statement
ALMO	Arms Length Housing Management Organisation
BCP	Business Continuity Plan
BVACOP	Best Value Accounting Code of Practice
CIPFA	Chartered Institute of Public Finance and Accountancy
CFO	Chief Finance Officer
CMT	Corporate Management Team
DfE	Department for Education
DISH	Development Initiative for Slough Housing Ltd
DSG	Dedicated Schools Grant
FIAA	Financial Instruments Adjustment Account
FRICS	Fellow of The Royal Institute Of Chartered Surveyors
FRS	Financial Reporting Standard
HR	Human Resources
HRA	Housing Revenue Account
IA	Internal Audit
IFRS	International Financial Reporting Standards
ISB	Individual Schools Budget
IT	Information Technology
KPI	Key Performance Indicators
LAA	Local Area Agreement
LABGI	Local Council Business Growth Incentive
LASAAC	Local Council (Scotland) Accounts Advisory Committee
LOBO	Lenders Options, Borrowers Options
LSC	Learning Skills Council
LSP	Local Strategic Partnership
LPSA	Local Performance Service Agreement
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
NHS	National Health Service
NNDR	National Non-Domestic Rate
PCT	Primary Care Trust
PFI	Private Finance Initiative
PI	Performance Indicators
PRG	Performance Reward Grant
PWLB	Public Works Loans Board
REFCUS	Revenue Expenditure Funded from Capital

RICS	Royal Institute of Chartered Surveyors
RMG	Risk Management Group
RSG	Revenue Support Grant
RV	Rateable Value
SBC	Slough Borough Council
SCS	Sustainable Community Strategy
SORP	Statement of Recommended Practice
SRG	Sub Regional Group
SSAP	Statement of Standard Accounting Practice
TPA	Teachers' Pension Agency
UKGAAP	United Kingdom Generally Accepted Accounting Principles
VAT	Value Added Tax
VFM	Value for Money

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**ANNUAL GOVERNANCE
STATEMENT
2010-11**

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 and from 1st April 2011 regulation 4[2,3] The Accounts and Audit (England) Regulations 2011.

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 Council is directed and controlled and the activities through which it leads, accounts to and engages with the community. It enables the Council 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 2011 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.
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The Governance Framework

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

Key References:

- The Council's Strategic Plan;
- Local Strategic Partnerships; 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. During 2011/12 we will review and revise the Strategic Plan, this follows on from the refresh of the Sustainable Community Strategy which will be completed by autumn 2011. 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.

When the Sustainable Community Strategy has been revised, the Local Strategic Partnership has agreed that it will review its governance arrangements with a view to making changes to reflect the amended priorities and to streamline the Priority Delivery Groups which report into the LSP. We will also need to assess the role of the LSP in relation to the new requirement to establish Health and Well-being Boards.

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. The Council is also reviewing its approach to community engagement to ensure that we have a more focused use of resources.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council'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:

The Council is reviewing the way its carries out consultation with its communities, particularly following the ending of the Place Survey. We will consider the effectiveness of the Attitude Survey and other consultation techniques such as the Citizens' Panel. It is important that we use surveys and other methods to assess 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 Council. 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 Council. 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 s/he 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 St Martin's Place. 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.

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 July 2010. 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 Assistant Director of Professional Services 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 Council 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 Council 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. Directorate Risk Registers are been developed ensuring compliance with established policies, procedures, laws and regulations.

Ensuring the Council'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 Council'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 Council framework and non-financial performance, to the extent that it affects the Council'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 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 and 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 and Regeneration (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 consider 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 Council 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.

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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. We are now working with businesses to progress the Local Economic Assessment

The Council supports 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 Council'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.

Partnership Guidance has recently been published and this defines the types of partnerships and the procedures for entering into a new partnership.

This Partnership Guidance 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 Council 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. Further reviews of our strategic partnerships are planned over the next financial year.

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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 Council 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 Council'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.
- Annual reviews and, where appropriate, update of the Council'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 Assistant Director; 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 and Regeneration
- Customer and Transactional Services
- Education & Children's Services;
- Community & Wellbeing

Signed hard copies are held by the Head of Audit.

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 review through:

- an analysis of the departmental risk registers;
- 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.

- Provision of Services
- Corporate issues

The two themes contain seven subheadings in total with each identifying

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

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Significant Governance Issues – 2010/11

Issue	Actions	Officer Responsible	Source
Provision of Services			
<p>1 Safeguarding services and Safeguarding outcomes for children and young people</p> <p>Ofsted inspection has judged services as inadequate and 4 of the 10 areas in outcomes as inadequate</p> <p>Failure to safeguard Children</p> <p>Reputational damage to the Council</p> <p>Failure to identify high risk/ problem areas prior to inspection</p> <p>Statutory requirements not being met</p>	<ul style="list-style-type: none"> • Production of a detailed recovery plan to address findings particularly to improve : <ul style="list-style-type: none"> ○ Quality assurance arrangements ○ Management overview and challenge on casework ○ Quality of risk assessment, contingency and planning • Provision of resources to address issues without impact front line capacity. • Undertake comprehensive audit of children on threshold of risk or subject to child protection plan to ensure children are protected • Provide appropriate staff development and training • Ensure that assessments, written agreements and need plans are reviewed and updated on a timely basis • Ensure that safeguarding priorities are clearly agreed and understood between the Council, Strategic Children's Partnership Board and reflected in the Children and Young People's Plan • Ensure that multi-agency audits are undertaken, private fostering arrangements are robust, adult mental health services work with children services as appropriate • Ensure effective communication channels for service delivery changes and referral pathways are in place with NHS Berkshire East and that both ensure that there is effective monitoring of outcomes and impacts of safeguarding training within health care organisations. • Risk register is updated to reflect issues found and detailed operational risk register put in place 	<p>Director of Education and Children's Services</p> <p>Chief Executive</p>	<p>Ofsted Inspection report 1st June 2011</p>

Issue	Actions	Officer Responsible	Source
Provision of Services			
<p>2 Continued Economic Instability and Turbulence at a national level</p> <p>Comprehensive Spending Review</p> <p>Reduction in spending power circa £25million to the Council over next 4 years</p> <p>Reduction of service provision and services</p> <p>Risk of insolvency of key suppliers</p> <p>Financial pressure on partner agencies particularly the voluntary sector</p>	<ul style="list-style-type: none"> • Monitoring of savings secured in current year • Value for Money reviews/benchmarking to identify areas of further savings minimising impact on frontline service delivery • Policy and Performance Group-Star Chamber • Management of General Reserves to retain suitable levels • Working with partners to minimise effects • Transformation programmes for services to reduce costs and improve service delivery • Awareness of localism bill due to be law in November 2011 and implications • Maintain dialogue with key suppliers to enable early intervention should the need arise. • Commission services from the voluntary sector where practicable. 	<p>All Directors</p> <p>Director of Resources and Regeneration</p>	<p>Risk Register</p> <p>Medium Term Financial Strategy</p>
<p>3 Business Continuity</p> <p>Failure of Council and partners to provide services</p> <p>Loss of reputation</p> <p>Loss of performance</p>	<ul style="list-style-type: none"> • Business continuity planning to be updated in line with new structures • Officer with specific responsibility to be appointed as responsible for maintaining and updating the Councils policies and procedures • Further awareness training for officers on business continuity and there input to it. • Review of suppliers business continuity plans to ensure continuity of supply 	<p>Directors</p> <p>Assistant Directors</p> <p>Emergency Planning</p> <p>Risk and Insurance officer</p>	<p>Risk Register</p>
<p>4 Managing a mixed economy workforce, utilising a suite of contractual relationships internal external temporary and permanent, Anticipating areas of service change and acting early to minimise compulsory redundancy.</p>	<ul style="list-style-type: none"> • Workforce planning to reflect current needs of organisation and to reflect right mix of internal, external and third party provision. • Review of services where reliance on external consultants is high • Recognition of uncertainty in some service areas and need to have flexible staffing arrangements • Recognition that to achieve transformation of services in some areas that expertise is required that is not generally held within the Council 	<p>Director of Resources and Regeneration</p> <p>Assistant Director Professional Services</p>	<p>Risk Registers</p> <p>Annual Governance Statement</p>

Issue	Actions	Officer Responsible	Source
Provision of Services			
<p>5 Partnerships and Governance arrangements Relationships with major partners needs to be managed</p> <p>Localism Bill due to be passed in November 2011 will drive a transformation in the role of others in the provision of local services, raising the importance and impact of accountability and governance key aspects.</p>	<ul style="list-style-type: none"> • Preparation of Partnership Governance Toolkit including risk management • Review of current partnerships to ensure that those no longer aligned to Council's priorities are reconstituted, merged or ceased altogether. Partnership registers to be developed. • New partnerships to be approved by the corporate management team and all formal partnership arrangements to be approved by cabinet. • Annual training and development programme to be developed for officers and members. • Requirement for joint partnership risk register and management of risks to be identified as part of partnership agreement. • Performance management and reviews processes to be established to review and evaluate partnerships. Key partnerships and risks to be reported to corporate management team and cabinet. • Review of Local Strategic Partnerships to meet localism bill as appropriate • Review of voluntary sector commitments and outputs to ensure VFM and Council priorities are met • Business continuity plans to be in place to cover partnerships providing critical activities. 	<p>Directors</p> <p>Head of Policy and Communications</p>	<p>Internal Audit Report</p> <p>Risk Register</p> <p>Partnership Governance Framework paper to cabinet</p>
<p>6 Risk Management Failure to manage risks in accordance with the BSI Standard for Risk management or to follow leading practice in place at other local authorities Failure to integrate and embed risk management within the culture of the Council</p> <p>Need for top down and bottom up with both a strategic risk register; operational; project and partnership risk registers in all areas of the Council.</p>	<ul style="list-style-type: none"> • Production of a risk framework, strategy and policy for corporate management team review and then Audit Committee • Provision of online risk management training for all staff • Production of a strategic risk register with corporate management team • Risk Management workshops to be rolled out to all senior management teams to update and improve operational risk registers • Review of strategic and operational risk registers by corporate management team 	<p>All Directors</p> <p>Chief Executive</p> <p>Head of Finance</p> <p>Assistant Directors</p>	<p>Internal Audit Management Letter</p>

Issue	Actions	Officer Responsible	Source
Provision of Services			
<p>7 Procurement Reputational damage to Council if processes are not fair and transparent</p> <p>Failure to achieve best value</p>	<ul style="list-style-type: none"> • Updating of Procurement Strategy and Code of Practice • Development of Central Contracts Register • Tender procedures to be refreshed • Revision of supporting documentation and procedures for exemptions • Further training programme for officers • Assess ability of key suppliers to weather current economic climate and possible implications for SBC services if such suppliers encounter financial difficulties 	Directors Assistant Directors Heads of Services Assistant Director Commissioning , Procurement and Shared Services	Risk Registers Whistle blowing concerns raised Internal Audit Report

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

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Date: 19th October 2011

Phil Sharman
District Auditor
Audit Commission
Unit 5 Isis Business Centre,
Horspath Road, Cowley,
Oxford OX4 2RD

Directorate: Resources
Contact Name: Julie Evans
Contact No: 01753 875300
Fax: 01753 478657
Email: Julie.evans@slough.gov.uk

Dear Mr Sharman,

Draft Letter of Representation **Slough Borough Council - Audit for the year ended 31st March 2011**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers, of Slough Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31st March 2011.

All representations cover the Council's Accounts and Group Accounts included within the financial statements.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Council, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

The effect of uncorrected misstatement in the financial statements is not material to the financial statements, either individually or in aggregate.

Supporting records

All relevant information and access to persons within the entity has been made available to you for the purpose of your audit, and all the transactions undertaken by the Council have been properly reflected and recorded in the financial statements.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;

- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of Slough Borough Council related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

Subsequent events

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Specific representations

The Council has not adjusted an amount of £780k being the brought forward deferred liability for amortised rents no longer required under IFRS. I have agreed with you that this adjustment will instead be made in the 2011-12 accounting period.

The Council's written response to the section 11 exception reports will be provided for the Council meeting.

Signed on behalf of Slough Borough Council

I confirm that the contents of this letter were discussed and agreed by the Council on 19th October 2011.

Signed:

Name: Julie Evans

Position: Strategic Director, Resources & Regeneration

Date:

Slough Borough Council

2010/11 Value for Money Conclusion – Financial
resilience



Value for Money Criteria

- **Financial resilience:** – The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- **Areas reviewed:**
 - **Financial governance:** The quality of financial governance and leadership within an organisation is critical in meeting the financial management challenges and for securing financial resilience. Good basic systems, processes and controls are important, but it is the overall financial culture that makes the difference.
 - **Financial planning:** Organisations should set the budget in the context of a longer-term financial strategy and a medium-term financial plan (MTFP) covering for example, a three-to five-year horizon. The MTFP needs to be realistic. Assumptions around inflation, income levels, demographics and future demand for services need to be modelled and based on reasonable predictions.
 - **Financial control:** Authorities need to manage within their budget. Authorities therefore need to challenge their budget monitoring and reporting arrangements to ensure they are fit-for-purpose, and that they can respond to the even greater need to demonstrate value for money and achieve efficiencies.

Financial resilience

Audit approach

- reliance on rolled forward assurance
- assessment of what has changed
- review of financial resilience indicators
- Audit Commission's financial resilience survey
- risk based work
- 2010/11 financial performance
- review of medium term financial plans

What we covered

- **Audit Commission's financial resilience survey**
- **Medium term financial planning**
- **Current cost improvement programme**
- **Future cost improvement programme**
- **2010/11 out-turn**
- **Review of key financial ratios**

Audit Commission's financial resilience survey – headline conclusions

- There is a good level of consistency with other unitaries and Slough compares favourably on many of the specific areas of assessment.
- There has been a 10.9% reduction in central government funding for 2011/12 compared with 2010/11 (just marginally above the median). This increases further when the removal of specific grant funding (some £4m) is added in.
- The change in revenue expenditure 2010/11 to 2011/12 as a percentage of revenue expenditure in 2010/11 is 8.6% which is more than the median of 6.1%; reflecting the need to compensate for the loss of specific grant funding and the requirement for comparatively challenging savings targets.
- The Council's planned use of reserves in 2011/12 is significantly greater than the majority of other unitaries; some 6.3% compared to the median of 2.9% which is due to the utilisation of specific reserves to deliver a backlog of capital projects.
- Forecast levels of revenue reserves remaining at the end of 2012 as a percentage of 2011/12 budgeted revenue expenditure is lower than the median of other unitaries; 9.7% compared with 12.5%. This suggests that Slough is less well cushioned by reserves than some other authorities (see financial indicators)

Medium term financial planning

Lines of enquiry and findings

- To what extent has the Council drawn upon available guidance and tools in shaping its financial planning?
 - The Council has used a variety of good practice guidance and tools to help shape its financial planning arrangements.
- How has the Council shaped its financial strategy in response to the benchmarking exercise recently undertaken by external consultants?
 - The Revenue Income Optimisation exercise is commendable with evidence of comprehensive coverage and tangible outcomes. Refresh in August 2011 it provided a reality check and business cases to take forward viable initiatives submitted for Cabinet approval in September
- Local authorities will be able to borrow against predicted growth in their locally raised business rates, To what extent does this feature in the Council's MTFP?
 - Additional borrowing does not feature in the Council's MTFP as it does not consider it affordable at this stage but will keep under review.

Medium term financial planning

Lines of enquiry and findings

- How have the financial implications of the 2011 Census been estimated and incorporated in the MTFP?
 - The Councils has been active in addressing the challenges it has faced with historically poor census data. Expectation that 2011 census data will be more representative
- How have the implications of the demise of the Building Schools for the Future programme been incorporated in financial planning?
 - It is anticipated that by April 2015, the Council will need 1050 more secondary places at an estimated cost of £26.5m. However, the latest information suggests that all the Council's sec schools will move to Academy status from April 2012 and funding then becomes a central govt issue. Currently, there is evidence that the Borough's future primary school places needs are being managed, and will continue to do so. The residual risk is if the secondary school funding requirement is not transferred to central government as anticipated.

Medium term financial planning: Lines of enquiry and findings

- The financial value of the Council's Carbon Management Programme was estimated to be £12.3 million. To what extent have these savings been incorporated in the MTFS and how resilient are the projections?
 - Individual savings have not been incorporated as the achievement of these savings is not assured and as there are significant implications of not meeting targets. Prudent approach but a fruitful area for future exploration – further work planned.
- How are joint working and financing being taken forward within the new financial planning framework?
 - Efforts by the Council on developing partnership arrangements are well documented and reviews are being undertaken of all services currently provided through joint arrangements. Good approach but residual risk area due to uncertainty of commitment from other parties.

Current cost improvement programme

Lines of Enquiry and findings

- **Governance and accountability**
 - There is evidence of strong governance and accountability around the CIP.
 - However, financial literacy and skills need to be enhanced at service level and the shortage of technical accounting capacity within the finance section addressed
- **Project management arrangements**
 - Detailed plans are in place for the delivery of the programme although we did note that there are no reserve schemes in the programme. Although the CIP does not have an explicit risk log, the rag report details progress and mitigating actions, or further plans. Risks are identified on the finance risk report.
- **Monitoring and reporting**
 - There is evidence of strong management involvement in overseeing the delivery of the programme and a commitment to delivering the planned savings and efficiencies from senior managers and staff.

Current cost improvement programme

Lines of Enquiry and findings

- Progress in delivering the programme
 - Outcomes have exceeded expectations and the 2010/11 programme has delivered £300k savings in excess of budget. There are also opportunities to bring forward the delivery of savings identified for the future which members will consider.
- How the organisation evaluates how well it has delivered the programme
 - The outturn of the annual programme has been evaluated in preparation for the next planning cycle. The 2010/11 results have been discussed at CMT and Cabinet and will be discussed at PPRG. Each director has been requested to prepare a separate report for their area for presentation to the October Cabinet meeting. The finance section will prepare an overall CIP report.

Future cost improvement programme

Lines of Enquiry and findings

- **Assessment of services**
 - The Council has taken a variety of steps to identify its costs, and opportunities to make savings and generate income whilst preserving quality and level of service. Business cases include evidence of costs / saving and impact on services.
- **Benchmarking and market testing**
 - PWC review of revenue income optimisation opportunities, includes benchmarking. CMT has approved several high level business cases which were specifically designed for the purpose of identifying and implementing income generation opportunities. Market testing opportunities from this source may be identified but it is early days. LG Futures benchmarking exercise undertaken
 - Examples of market testing of services, where progress is more advanced for example transactional services and internal audit.

Future cost improvement programme

Lines of Enquiry and findings

- **Engagement**
 - Evidence provided to show that both members and officers are fully engaged. There is a clear Council wide commitment.
- **Assumptions**
 - The MTFP has been re-considered throughout the period and assumptions around the level of income and activity re-assessed. The latest version takes into account the limitations imposed by future activity levels and income.
 - There is evidence that the Council takes into account the plans of its providers and partners.

Future cost improvement programme

Lines of Enquiry and findings

- **Plans**

- The outturn of the annual programme has been evaluated in preparation for the next planning cycle. The programme sets out specific areas of savings, supported by detailed and realistic plans.
- Capital schemes have been assessed for their impact on revenue costs and efficiencies via the asset and property management review.
- The organisation has not specifically incentivised any of the cost improvement areas but probably not a requirement a given that areas and targets for delivery are clearly prioritised with the plan
- More hard cashable savings planned for year one, with benefits of review of transactional services to be delivered over a longer period.

Future cost improvement programme

Lines of Enquiry and findings

- **Quality**
 - The is evidence that preservation of quality of services is a priority for the Council. Statutory targets remain the main focus, and front line services have been protected for year 1, but will be less protected in the future.
 - The quality of services was considered extensively during the review of transactional services
- **Longer-term cost improvement and efficiency plans**
 - The Council has identified growth and savings targets up to 2014/15. These are biased towards the first two years so as avoid a protracted transitional period .
 - The Council has identified the full £8m savings to cover the 11/12 gap and has prepared outline plans for 2012/12 and 2013/14 for the balance of savings to be found totalling £10m. These will be submitted for member approval in September 2011

2010/11 out-turn

- Based on pre audited accounts
- Good financial performance in 2010/11
- Spending maintained within 2010/11 budget levels and £900k contribution to the General Fund
- Total cost of services under-spent by £2.3m against the original budget and budget savings in key service areas
- The Housing Revenue Account is showing an under spend of £523K
- Balanced position achieved without any unplanned calls on balances
- However some concerns around capital
 - Underspend of £12.8m on the Council's capital budget and £1.4m on the HRA capital budget raises questions about how effectively the capital programme is being delivered

Key financial ratios

- Based on 2009/10 figures (Council's nearest neighbours)
- The key financial indicators are largely favourable with the exception of:
 - **Usable reserves:** Shows the Council to have a low level of useable reserves as a proportion of GRE relative to other unitaries - just over 0.05% (median around 0.07%) – but recognise that contributions to reserves made in 2010/11
 - **School balances:** At 10%, the Council has the third highest level of school balances in the range as a proportion of school funding (DSG schools' allocation) Exceeded only by the Isle of Scilly and Southend BC

Action points

- Keep levels of reserves and balances under review
- Further work to ensure that schools are utilising their financial resources effectively
- Enhance standards of financial literacy and skills at service level and increase technical accounting capacity within the finance section
- Realise financial opportunities from Council's Carbon Management Programme
- Realise financial opportunities identified from revenue income optimisation review
- Prioritisation of scarce capital resources

VFM conclusion

- Our overall conclusion is that the Council does have proper arrangements in place to **managing effectively financial risks and opportunities, and securing a stable financial position that enables it to continue to operate for the foreseeable future**

SLOUGH BOROUGH COUNCIL

REPORT TO: Council **DATE:** 19th October 2011

CONTACT OFFICER Catherine Meek, Deputy Borough Secretary
(For all enquiries) (01753) 875011

WARD(S): Wexham Lea

PART I
FOR DECISION

DESIGNATION OF POLLING PLACE – POLLING DISTRICT NC

1 **Purpose of Report**

To consider the Polling Place for Polling District NC (Wexham Lea Ward)

2 **Recommendation**

The Council is requested to resolve the location of the designated Polling Place for Polling District NC with immediate effect.

3 **Other Implications**

(a) **Financial**

There are no financial or risk management implications as the report is administrative in nature.

(b) **Human Rights Act and Other Legal Implications**

There are no Human Rights Act Implications associated with this report.

4 **Supporting Information**

- 4.1 At its meeting on 29th September 2011 the Council considered the outcome of the Review of UK Parliamentary and Local Government Election polling districts and polling places under Section 18C(1) of the Representation of the People Act 1983. The Council resolved that the existing arrangements for Polling Districts and Polling Places be retained with the exception of the polling place for Polling District NB which was changed to Upton Lea Community Centre.
- 4.2 The Council was also advised that St Ethelbert's School (a Voluntary Aided school) no longer wished to be used as a polling place. The School is currently a polling place for Polling District NC in Wexham Lea Ward. The Council agreed to defer consideration of an alternative polling place for Polling District NC to this Council meeting. Alternative polling places are being investigated and will be reported to the Council.

5 **Background Papers**

Agenda and Minutes – Council 29th September 2011

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SLOUGH BOROUGH COUNCIL

REPORT TO: Council

DATE: 19th October 2011

CONTACT OFFICER: Catherine Meek, Deputy Borough Secretary.
(For all enquiries) (01753) 875011

WARD(S): All

PART I
FOR DECISION

COUNCIL MEMBERSHIP

1 **Purpose of Report**

To consider whether to grant Councillor Choudhry a dispensation to the 'six month' rule in the event that he is not able to attend the meeting. This item was deferred from the Council meeting on 29th September 2011.

2. **Recommendation**

In the event that Councillor Choudhry is unable to attend the Council meeting, the Council is requested to resolve whether he be granted an extension to the six month rule, due to his poor health, and for what period of time.

3 **Community Strategy Priorities**

Effective, transparent and democratic decision making processes are an essential pre-requisite to the delivery of all the Council's priorities.

4. **Other Implications**

- 4.1 The proposals have no workforce or financial implications. There are no Human Rights Act implications
- 4.2 Legal - The Local Government Act 1972 states that 'if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.'

5. **Supporting Information**

- 5.1 Any member of a local authority who fails to attend any meeting of the authority for a period of six months ceases to be a member of that authority unless the Council considers the reasons for failure to attend and agrees to extend the period.

5.2 Councillor Choudhry has advised the Deputy Borough Secretary that he is, and has been, unwell and has been unable to attend a meeting since the Planning Committee on 17th May 2011. Councillor Choudhry is anticipating attending this Council meeting if his health permits. However if he is unable to attend he has asked that the Council consider granting him a dispensation to extend the six month rule to allow time for his health to improve.

6. **Background Papers**

Agenda and Minutes – Council – 29th September 2011