Slough Borough Council

Final Accounts for year ended 31 March 2012

CONTENTS

SLOUGH BOROUGH COUNCIL

Financial Statements

For the Year Ended 31 March 2012

Explanatory Foreword

1. Introduction

This section is intended to highlight the most important matters reported in Slough Borough Council's Statement of Accounts "the Accounts" for 2011/12; and provides a summary of the Council's financial activities during 2011/12 and its financial position as at 31 March 2012.

The Statement of Accounts is produced in accordance with the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom" (The Code). The Code adopts International Financial Reporting Standards (IFRS).

2. Structure of Accounts

The Council's Accounts for 2011/12 are set out in the following pages. The information and financial statements are as follows:

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority'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 dwellings rent setting purposes. The Net Increase /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive income and 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. Authorities 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.

Balance Sheet

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

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

NOTES TO THE CORE FINANCIAL STATEMENTS

These notes provide further information on the more significant items in the Core Statements

HOUSING REVENUE ACCOUNT

Local housing authorities are required by the Local Government and Housing Act 1989 to keep a separate Housing Revenue Account (HRA). The Housing Revenue Account 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).

COLLECTION FUND

This statement shows the transactions of the Council in relation to the collection from taxpayers, and distribution to local authorities and the Government, of Council Tax and National Non Domestic Rates.

3. Financial Performance

SLOUGH BOROUGH COUNCIL

Financial Statements

For the Year Ended 31 March 2012

After taking into account the agreed carry-forwards and reserve adjustments, required as part of the 2011/12 closedown process, the Council's services' final outturn for 2011/12 represents a £3.406m (3.18%) under spend against the agreed budget of £107.125m for the total cost of services.

After taking into account all items affecting the Council's General Fund, including the agreed carry-forwards and reserve adjustments, it can be seen that the final 2011/12 outturn was under spent enabling a contribution of £1.7m to be made to General Fund Balances increasing the General Fund Balance from £6.384m to £8.119m. Given the significant reduction (11.1% on a like for like basis) in formula grant provided by central government at the local government finance settlement 2011/12.

Directorate	Base Budget	Current Net Budget	Actual YTD	Reserve Adjustments	Agreed Carry Forwards	Variance Over /(Under) Spend
	£'M	£'M	£'M	£'M	£'M	£'M
Community and Wellbeing	39.139	41.866	41.300	0.070	0.215	(0.851)
Education and Children's Services	27.789	24.383	22.173	(0.654)	0.302	(1.858)
Customer and Transactional Services	5.206	6.463	6.813			0.350
Resources and Regeneration	33.257	33.261	32.604	0.245	0.096	(0.998)
Chief Executive	0.657	1.412	1.457	(0.052)	0.156	(0.059)
Corporate	0.266	(0.260)	(0.250)			0.010
Total Cost of Services	**106.314**	**107.125**	**104.097**	**(0.391)**	**0.769**	**(3.406)**
% of revenue budget over/(under) spent by Services						**-3.18%**

Directorate	Base Budget	Current Net Budget	Actual YTD	Reserve Adjustments	Agreed Carry Forwards	Variance Over /(Under) Spend
Treasury Management	2.178	3.466	2.076	1.600		(2.989)
Contingencies, Earmarked Reserves and Trading Accounts	5.072	7.774	23.111	8.942		6.395
PFI Credit	0.000	(3.678)	(3.678)			0.000
Early Intervention Grant	(7.140)	(7.268)	(7.268)			0.000
Council Tax Freeze Grant	(1.187)	(1.197)	(1.197)			0.000
New Homes Bonus Grant	(0.130)	(0.454)	(0.454)			0.000
Local Services Support Grant	0.000	(0.661)	(0.661)			0.000
Sub Total	(1.207)	(2.018)	11.930	10.542	0.000	3.406
Total General Fund	**105.107**	**105.107**	**116.027**	**10.151**	**0.769**	**0.000**

4. Revenue Summary (Directorate summaries)

Community and Wellbeing: (£0.851m)

4.1 The main under spends within this Directorate relate to:

- £518k- lower commissioning costs and staffing costs within the Neighbourhood Enforcement Service;
- £256k – lower than budget spend in the Personalisation, Commissioning and Partnerships service area.
- £97k - Culture and Skills, mainly due to lower than budgeted expenditure on the Ice Rink and Swimming Pool
- £73k – Procurement, due to a delay in new staff joining the team and an under spent carry forward from 2010/11

4.2 An overspend of £86k in Community Services and Adult Social Care, due to higher spend on the Meals on Wheels service and Residential and Gurney House.

Education and Children's Services: (£1.858m)

4.3 The main under spends within this Directorate relate to:

- £262k- Raising Achievement: The majority of this under spend relates to Early Years;
- £208k – Youth: Based around savings found from restructuring the service;
- £173k - Children and families: Vacancies and reduced activity within the Commissioning and Social Work Service Area.
- £171k – Savings on Inclusion spend: Based on a review of the Partnerships and Commissioning Budget;
- £73k – Procurement, due to a delay in new staff joining the team and an under spent carry forward from 2010/11

Customer and Transactional Services: £0.210m

4.4 The main under spends within this Directorate relate to:
- £528k- Benefits, Council Tax and NNDR. The majority of which relate to favourable subsidy income, compared to budget.
- £162k – Transactional HR and Payroll: Recharge income from schools was higher than expected.

4.5 The following main overspends were also recorded:
- £198k - Customer Services Centre: Additional spend on external review and small overspends on other running costs.
- £149k – Strategic Management: Legal costs for the Arvada contract combined with delays in delivering savings.
- £405k – ICT: Additional costs relating to SAVVIS server relocation without enhanced budget

Resources and Regeneration: £0.998m

4.6 The main under spends within this Directorate relate to:
- £1088k Strategic Management: In the main comprised of £390K Enterprise Profit Share and £527K Fleming VAT Trade Waste Income
- £174k additional income collected from PCNs
- £159k reduced spend on concessionary fares during bus station closure
- £151k reduced spend in training and development

4.7 The following main overspends were also recorded.
- £337k additional costs of waste disposal
- £491k additional regeneration employee costs and lower income from commercial properties

Housing Revenue Account

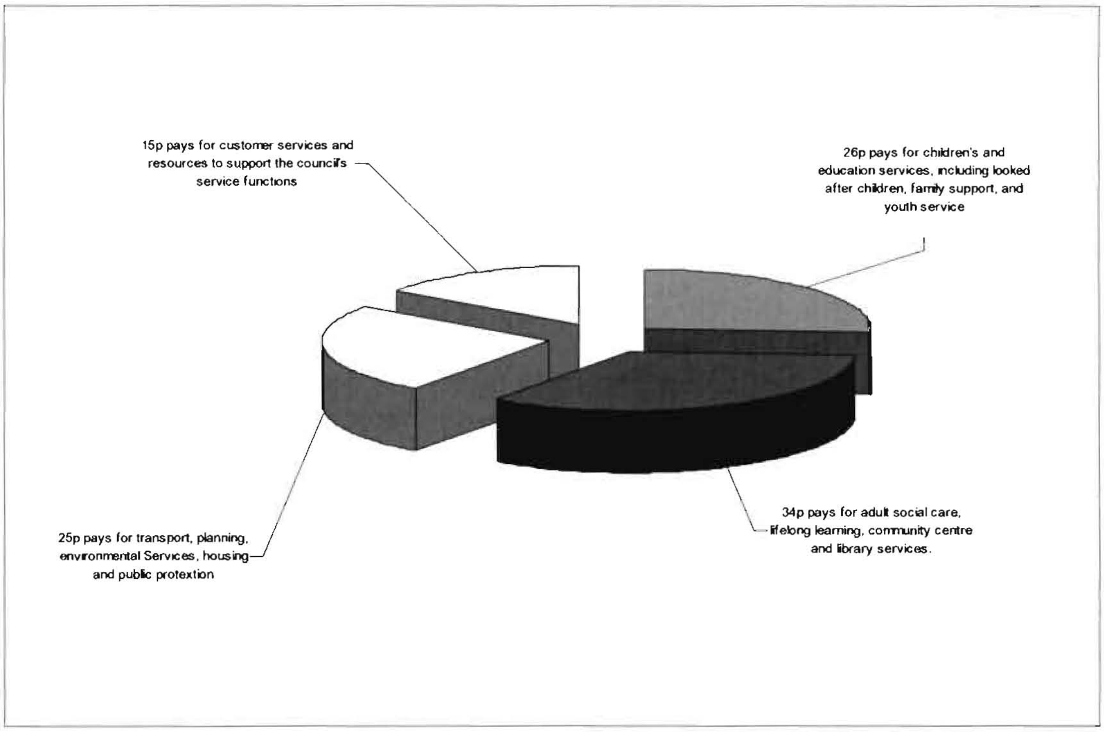
4.8 The Housing Revenue Account (HRA) has a surplus of £10.177m (2010/11: £9.531m) at the end of the financial year, an increase of £646k on the previous year.

Chief Executive: (£0.059m)

4.9 The main underspends within this Directorate relate to:

- £35k – Chief Executive's Office: Based on a correction of staffing budgets.

The following table shows the distribution of spending for every £1 that the Council receives:



Collection Fund

4.10 The Collection Fund shows the transactions of the Council in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates. During 2011/12 the Council achieved a small surplus of £59k (2010/11: £69k).

5 Capital Summary

The Council has maintained its commitment to continue to make significant capital investment within the borough during 2011/12, despite the economic climate. Investments of particular note include:

- significant improvements to the Slough Town Centre;
- completion of the new bus station;
- major infrastructure works to the main A4
- the procurement of a Local Asset Backed Vehicle to regenerate and develop the town;
- innovative use of existing buildings such as the change in use of the town hall from a civic building to a primary school

Over £37m of capital spending was delivered during 2011/12.

6 Investments

The cost of servicing the Council's external debt was kept within the agreed prudential limits for 2011/12. Pro-active debt restructuring allowed the Council to realise an under-spend, against anticipated borrowing costs, by taking advantage of historically low interest rates.

7 Significant Provisions, Reserves, Contingencies and Material Write Offs

During the financial year all Council equal pay claims were settled which then led to a provision write back to revenue of approximately £3m.

Usable reserves have increased from £77.12m to £90.18m during the year. The main movements were an increase of £4.2m on the capital grants unapplied reserve and an increase of £6.0m in earmarked reserves (see note 8 in the financial statements).

8 Material Events after the Balance Sheet Date

On 1 April 2012, the provision of transactional processing services previously undertaken by the Customer and Transactional Services directorate were contracted out to Arvato Bertelsmann. The contract is for the provision of council tax, business rates, housing benefit, cashiering, payroll and accounting transaction processing services.

8a. Other Events

During the year the Council was given the option to purchase its housing stock from the Government. The Government determined the value of this stock to be approximately £135m of which the Authority borrowed £125m and used £10m of internal funding. This transaction took place on 28 March 2012 and the repayment of the loan has been incorporated into the Housing Revenue Account business plan for 2012/13 and thereafter.

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 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 Council meeting on 27th September 2012 is due to consider the potential establishment of a Local Asset Backed Vehicle (LABV) with a private sector partner. The aim of the LABV would be to take a long-term partnership approach to regeneration and development.

9 Economic Outlook

The general economic climate will, inevitably, continue to have a significant impact on the Council's overall financial position. The local government finance settlement

2012/13, agreed by Parliament in February 2012, 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 a further 8.3%, over and above the 11.1% reduction in funding the Council experienced in April 2011. In total, on a like-for-like basis, the Council's funding from Government has reduced by £12.3m (19.1%) since April 2010. Further, based on the Government's financial projections in its Spending Review 2010 – where it set out the amount it intended to spend on public services between 2011/12 and 2014/15 – the Council continues to plan for even greater funding losses in the future.

When tackling these unprecedented funding reductions, the Council's Administration was determined to protect front-line services and, wherever possible, seeks to find savings in the Council's back-office, corporate and support service areas. It has also become apparent that 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, in the autumn of 2010, of a programmed "planning for the future" workforce reduction exercise, capital financing adjustments and increased focus on improving income collection and debt management across the Council has enabled the Administration to deliver their primary objective of minimising the impact of the required spending reductions on the Council's front-line services.

Key achievements, arising from this early preparation, include:

- A contribution to general fund balances of over £1m
- Further significant workforce savings as a result of the second round of Planning for the Future.

Further detail is included in the Council's Medium Term Financial Plan 2012/13 – 2015/16 which is available to download from the Council's website.

10 Further Information

Further information about the accounts is available from:

The Section 151 Officer, Slough Borough Council, St Martins Place, 51 Bath Road, Slough, SL1 3UF.

Members of the public also have a statutory right to inspect the accounts each year before the audit is completed. The date and times of these inspections are advertised in the local press.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SLOUGH BOROUGH COUNCIL

Opinion on the Authority financial statements

I have audited the financial statements of Slough Borough Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Slough Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Slough Borough Council as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Slough Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Certificate

I certify that I have completed the audit of the accounts of Slough Borough Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Chris Westwood
District Auditor

Audit Commission
Unit 5 Isis Business Centre,
Horspath Road, Cowley,
Oxford OX4 2RD

28th September 2012

Certificate of the Chief Financial Officer

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 Acting Head of Finance, Emma Foy.
- 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 2012 and its income and expenditure for the year ended 31st March 2012.

Mark Taylor ACA
Interim Assistant Director of Finance

Date: 27 September 2012

SLOUGH BOROUGH COUNCIL

Comprehensive Income and Expenditure Statement for the year ended 31 March 2012

	Notes	31/03/12 £000 Expenditure	31/03/12 £000 Income	31/03/12 £000 Net	31/03/11 £000 Expenditure	31/03/11 £000 Income	31/03/11 £000 Net
Central services to the public		16,998	(13,936)	3,062	16,211	(12,998)	3,213
Cultural and related services		17,905	(3,299)	14,606	13,303	(2,656)	10,647
Environment and regulatory services		21,264	(2,537)	18,727	18,746	(3,875)	14,871
Planning Services		4,096	(1,752)	2,344	4,939	(2,289)	2,650
Education and Children's services		172,963	(123,469)	49,494	198,664	(170,477)	28,187
Highways and transport services		24,273	(3,960)	20,313	14,729	(4,196)	10,533
Local authority housing - settlement payment to Government for HRA self-financing		135,841	0	135,841	0	0	0
Local authority housing - other		32,317	(32,410)	(93)	33,800	(29,944)	3,856
Other housing services		82,438	(72,603)	9,835	79,470	(70,625)	8,845
Adult Social Care		47,789	(14,087)	33,702	46,309	(13,287)	33,022
Corporate and democratic core		7,019	(1,159)	5,860	7,543	(779)	6,764
Non distributed costs		1,550	(2,934)	(1,384)	2,816	(7)	2,809
Exceptional items		0	0	0	66,434	0	66,434
Surplus/Deficit on Continuing Operations		**564,453**	**(272,146)**	**292,307**	**502,964**	**(311,133)**	**191,831**
Other Operating Expenditure	**9**			2,198			(3,969)
Financing and Investment Income and Expenditure	**10**			2,098			9,578
Taxation and Non-Specific Grant Income: HRA Self-Financing Settlement				0			0
Taxation and Non-Specific Grant Income: Other	**11**			(146,399)			(151,537)
(Surplus) or Deficit on Provision of Services				**150,204**			**45,903**
Surplus or deficit on revaluation of non current assets	**12**			(40,433)			(17,957)
Surplus or deficit on revaluation of available for sale financial assets				0			0
Actuarial gains / losses on pension assets / liabilities	**41**			54,464			(47,912)
Other Comprehensive Income and Expenditure				**14,031**			**(65,869)**
Total Comprehensive Income and Expenditure				**164,235**			**(19,966)**

SLOUGH BOROUGH COUNCIL

Balance Sheet As At 31 March 2012

	Notes	31st March 2012	31st March 2011
		£000	£000
Property, Plant & Equipment	**12/12a**	627,569	633,393
Investment Property	**12/12a**	15,354	2,758
Intangible Assets	**12/12a**	97	149
Long Term Investments	**15**	55	353
Long Term Debtors	**17**	7,477	10,234
Long Term Assets		**650,552**	**646,887**
Short Term Investments	**15**	51,431	42,551
Inventories	**16**	4	26
Short Term Debtors	**17**	17,779	21,287
Cash and Cash Equivalents	**18**	33,289	44,311
Assets held for sale	**19**	8,167	967
Current Assets		**110,670**	**109,142**
Bank Overdraft	**18**	5,763	3,563
Short Term Borrowing	**15**	780	757
Short Term Creditors	**20**	50,690	52,541
Provisions	**21**	1,621	4,853
Grants receipts in advance	**33**	38	38
Current Liabilities		**58,892**	**61,752**
Long Term Creditors	**15/20**	51,533	54,235
Long Term Borrowing	**15**	192,378	66,557
Other Long Term Liabilities	**15/41**	156,121	96,987
Long Term Liabilities		**400,032**	**217,779**
Net Assets		**302,298**	**476,498**
Usable reserves	**22**	90,246	77,121
Unusable Reserves	**23**	212,052	399,377
Total Reserves		**302,298**	**476,498**

SLOUGH BOROUGH COUNCIL

Movement in Reserves Statement
For the current and comparative year

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 other reserves. The 'Surplus or (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 Summary. These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net increase /Decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	HRA Balance	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as At 1 April 2010	**5,388**	**25,749**	**9,008**	**4,046**	**12,844**	**1,040**	**58,075**	**398,456**	**456,531**
Movement in reserves during the year									
Surplus or (deficit) on the provision of services	55,106	0	(101,009)	0	0	0	**(45,903)**	0	**(45,903)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	65,869	**65,869**
Total Comprehensive Income and Expenditure	**55,106**	**0**	**(101,009)**	**0**	**0**	**0**	**(45,903)**	**65,869**	**19,966**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(44,629)	0	101,532	(216)	9,999	(1,025)	**65,661**	(65,661)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**10,477**	**0**	**523**	**(216)**	**9,999**	**(1,025)**	**19,758**	**208**	**19,966**
Transfers to or from earmarked reserves	(9,480)	7,268	0	0	0	1,500	**(712)**	711	**(1)**
Increase/Decrease in Year	**997**	**7,268**	**523**	**(216)**	**9,999**	**475**	**19,046**	**919**	**19,965**
Balance as at 31 March 2011	**6,385**	**33,017**	**9,531**	**3,830**	**22,843**	**1,515**	**77,121**	**399,375**	**476,496**
Movement in reserves during the year									
Surplus or (deficit) on provision of services	(12,355)	0	(137,849)	0	0	0	**(150,204)**	0	**(150,204)**
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	**0**	(14,031)	**(14,031)**
Total Comprehensive Income and Expenditure	**(12,355)**	**0**	**(137,849)**	**0**	**0**	**0**	**(150,204)**	**(14,031)**	**(164,235)**
Adjustments between accounting basis & funding basis under regulations	20,075	0	138,495	(2,597)	4,228	3,128	**163,329**	(173,292)	**(9,963)**
Net Increase/Decrease before Transfers to Earmarked Reserves	**7,720**	**0**	**646**	**(2,597)**	**4,228**	**3,128**	**13,125**	**(187,323)**	**(174,198)**
Transfers to or from earmarked reserves	(5,986)	5,986	0	0	0	0	**0**	0	**0**
Increase/Decrease in Year	**1,734**	**5,986**	**646**	**(2,597)**	**4,228**	**3,128**	**13,125**	**(187,323)**	**(174,198)**
Balance Sheet As At 31 March 2012	**8,119**	**39,003**	**10,177**	**1,233**	**27,071**	**4,643**	**90,246**	**212,052**	**302,298**

SLOUGH BOROUGH COUNCIL

Cash Flow Statement at 31 March 2012

	Notes	2011/12 £000	2010/11 £000
Net surplus or (deficit) on the provision of services		(150,204)	(45,903)
Adjustment to surplus or deficit on the provision of services for noncash movements	24	57,406	343,946
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(33,956)	(274,430)
Net cash flows from operating activities		**(126,754)**	**23,613**
Net Cash flows from Investing Activities	**25**	**(16,109)**	**10,323**
Net Cash flows from Financing Activities	**26**	**129,641**	**(8,637)**
Net increase or decrease in cash and cash equivalents		**(13,222)**	**25,299**
Cash and cash equivalents at the beginning of the reporting period		**40,748**	**15,449**
Cash and cash equivalents at the end of the reporting period		**27,526**	**40,748**

1A Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

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

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

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

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

ii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iii) 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 Authority's financial performance.

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

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

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

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

v) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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.

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

vi) Employee Benefits

Benefits Payable During Employment
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority 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 Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits
Employees of the 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 Berkshire Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
• Liabilities are discounted to their value at current prices, using a discount rate on the iBoxxAA rate over a 15 year corporate bond index at this date which has been chosen to meet the requirements of IAS19.
• The assets of the Berkshire Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
› quoted securities – current bid price
› unquoted securities – professional estimate
› unitised securities – current bid price
› property – market value.

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

› current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the 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

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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 Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

vii) 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 is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

viii) Financial Instruments

Financial Liabilities

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

For most of the borrowings that the Authority 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.

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

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

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 Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.
Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the 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.
Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

ix) Foreign Currency Translation

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

x) Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account 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.

xi) Intangible Assets

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

xii) Inventories and Long Term Contracts

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

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

xiii) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xiv) Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

xv) 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 Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases
Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.
Lease rentals receivable are apportioned between:
• a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
• finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)
The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to [the Deferred Capital Receipts Reserve (England and Wales) or Capital Receipts Reserve (Scotland)] in the Movement in Reserves Statement. [When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. (England and Wales)]

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 Authority 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.

xvi) 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 Service Reporting Code of Practice (SerCop). 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 Authority's status as a multi-functional, democratic organisation.
• Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.
These two cost categories are defined in SerCop and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:
• the purchase price
• any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
•the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located
The Authority does not capitalise borrowing costs incurred whilst assets are under construction.
The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.
Assets are then 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)
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 is used as a proxy for fair value.
Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. [Exceptionally, gains might be credited to the 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)
• where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
Where impairment losses are identified, they are accounted for by:
• where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
• where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.
Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).
Depreciation is calculated on the following bases:
• dwellings and other buildings – housing dwellings - 50 years operational buildings 1-35 years as determined by the valuer
• vehicles, plant and equipment – straight-line allocation over five years
• infrastructure – straight-line allocation over 40 years.
Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

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

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

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 Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of 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.

Heritage Assets

In 2011/12 the council adopted a change in accounting policy in relation to Heritage assets under FRS 30. Heritage assets are those assets held by the Authority for cultural, environmental or historical reasons in relation principally to their contribution to knowledge and culture.

Component Accounting

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

The Council's policy has defined a component as such part of an item of Property, Plant and Equipment(PP&E) with a cost that is significant in relation to the total cost of the item, if the value of the component is 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.

xviii) 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 Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

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

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – 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
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

• lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xix) Provisions, Contingent Liabilities and Contingent Assets

Provisions
Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.
Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority 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 authority settles the obligation.

Landfill Allowance Schemes
Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant.
After initial recognition, allowances are measured at the lower of cost and net realisable value.
As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

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

Contingent Assets
A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.
Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx) Reserves
The Authority 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 Authority – these reserves are explained in the relevant policies.

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

xxii) 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.

Note 2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2012/13 (the Code) has introduced an amendment to IFRS7 – Financial Instruments: Disclosures (transfers financial assets, issued October 2010). This change in accounting policy is intended to assist users of the financial statements to evaluate the risk exposures that relate to transfers of financial assets and the effects of those risks on the authority's financial position. This would be applied where an authority retains ownership of a financial asset but contracts to reassign or otherwise pay over the cash flows generated by the instrument, at the same time as retaining substantially all the risks and rewards of ownership.

Note 3 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 had £2.5m deposited with Heritable Bank which is in administration. The Administrators latest report dated 2nd May 2012 projects a base case return of between 86% and 90% and as a result the Council has reassessed the value of the 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.

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

4 **Assumptions made about funding and other sources of estimation uncertainty**

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

The items in the Authority's Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives	If the useful life of assets is reduced, depreciation increases and the carrying amount if the assets 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.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £33.5m. However, the assumptions interact in complex ways. During 2011/12, the Authority's actuaries advised that the net pensions liability had increased by £21.5m as a result of estimates being corrected as a result of experience and decreased by £31.5m attributable to updating of the assumptions

Note 5 Material Items of Income and Expense

a) A provision of £3.7m was released during the year relating to job evaluation. All equal pay claims were settled in the year. The provision was released as, following settlement of claims, the liability was no longer needed.

b) HRA Self-Financing- The Authority made a settlement payment of £135m to the Government on 28 March 2012 to exit from the HRA subsidy system. The settlement payment is the difference between a self financing valuation of each local authority's housing stock and the notional amount of debt currently supported through the HRA subsidy system. Of this £125m was funded by borrowing from the Public Works Loan Board and the remaining £10m from internal resources.

c) The Authority is required to show actuarial gains and losses on its pension scheme liabilities in the year-end accounts. The gain or loss arising from these actuarial calculations does not impact on the amount of cash the Authority has to spend on services. The actuarial loss, of £54.5m in 2011/12, is 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 projected earnings of current employees. The actuarial pension liability arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. The Authority and its employees contribute in to the Berkshire pension fund at a rate determined to meet all its future liabilities.

Note 6 Events after the Balance Sheet Date

On 1 April 2012, the provision of transactional processing services previously undertaken by the Customer and Transactional Services directorate were contracted out to Avarto Bertelsmann. The contract is for the provision of council tax, business rates, housing benefit, cashiering, payroll and accounting transaction processing services.

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

2011/12	Usable Reserves General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	10,283	3,735		5,603		(19,621)
Amortisation of Intangible Assets	52					(52)
Revaluation losses on Property Plant and Equipment	34,050	0				(34,050)
Movements in the Market Value of Investment Properties	(2,226)					2,226
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(27,728)				19,685	8,043
Unapplied Capital Grants used in financing					(15,457)	15,457
Revenue expenditure funded from capital under statute	15,204	0				(15,204)
Carrying amount of non current assets sold	1,607	2,230				(3,837)
HRA Settlement Payment		135,841				(135,841)
Transfer grants/conts on impaired spend	0					0
Grants relating to assets disposed of during	0					0
Housing Revenue Account Transfers						0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(3,523)	0				3,523
Capital expenditure charged against the General Fund and HRA balances	(4,670)					4,670
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(4,500)			4,500
Proceeds From Sale of Non Current Assets	(975)	(2,474)	3,449			
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	68		(68)			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	1,478		(1,478)			0
Transfer to deferred capital receipts reserve upon receipt of cash			0			0
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	0		0			0
Adjustments 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						0
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		583		(583)		0
Use of the Major Repairs Reserve to finance new capital expenditure				(3,757)		3,757
Direct revenue financing		(1,865)		1,865		0
Adjustments involving the Financial Instruments Adjustment Account:						
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	2,647	167				(2,814)
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	11,972	278				(12,250)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,580)					7,580
Adjustments 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	(40)					40
Adjustment involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0					0
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	(644)					644
Total Adjustments	**29,975**	**138,495**	**(2,597)**	**3,128**	**4,228**	**(173,229)**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

2010/11	**Usable Reserves**					
	General Fund Balance	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repair Reserves**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	12,223	5,584		5,654		(23,461)
Amortisation of Intangible Assets	52					(52)
Revaluation losses on Property Plant and Equipment	1,559	97,570				(99,129)
Movements in the Market Value of Investment Properties	(1,333)					1,333
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(34,997)				9,999	24,998
Unapplied Capital Grants used in financing					0	0
Revenue expenditure funded from capital under statute	4,505	0				(4,505)
Carrying amount of non current assets sold	3,033	1,090				(4,123)
Transfer grants/conts on impaired spend 09/10	0					0
Grants relating to assets disposed of during 09/10	0					0
Housing Revenue Account Transfers	0	0				
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(3,164)	0				3,164
Capital expenditure charged against the General Fund and HRA balances	(2,171)	(1,500)				3,671
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure			(6,061)			6,061
Proceeds From Sale of Non Current Assets	(5,008)	(2,180)	7,188			0
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	0		0			0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	1,343		(1,343)			0
Transfer to deferred capital receipts reserve upon receipt of cash			0			0
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	0		0			0
Adjustments 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)	0				2,473
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		730		(730)		0
Use of the Major Repairs Reserve to finance new capital expenditure				(5,949)		5,949
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	3,301	(216)				(3,085)
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 41)	(12,293)	454				11,839
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,581)	0				8,581
Adjustments involving the Collection Fund Adjustment Acc						
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
Adjustment involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	0					0
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	(566)	0	0	0	0	566
Total Adjustments	**(44,629)**	**101,532**	**(216)**	**(1,025)**	**9,999**	**(65,661)**

Note 8 **Transfers to/from Earmarked Reserves**

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	Balance as At 1 April	2010/11	2010/11	Balance as at 31 March	2011/12	2011/12	Balance as at 31 March
	£000	£000	£000	£000	£000	£000	£000
Balances held by schools	9,766	2,070	0	11,836	5,283	(6,768)	10,351
General Fund							
Insurance	517	0	0	517	0	0	517
Future Debt and Cap Requirements	5,339	0	(1,322)	4,017	1,600	0	5,617
Statutory Property Fund & Landlord Functior	605	0	0	605	0	0	605
Capital Fund	342	944	0	1,286	169	(675)	780
Trading Accounts	197	0	(197)	0	0	0	0
Specific Grants	3,430	1,025	0	4,455	2,573	(3,467)	3,561
Miscellaneous Reserves	5,489	4,739	0	10,228	8,404	(1,144)	17,488
Total General Fund	**15,919**	**6,708**	**(1,519)**	**21,108**	**12,746**	**(5,286)**	**28,568**
Housing Renewals Reserve	64	9	0	73	11	0	84
Total Earmarked Reserves	**25,749**	**8,787**	**(1,519)**	**33,017**	**18,040**	**(12,054)**	**39,003**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 9

Other Operating Expenditure

	2011/12	2010/11
	£000	£000
Parish council precepts	264	264
Payments to the Government Housing Capital Receipts Pool	1,478	1,343
Gains/losses on the disposal of non current assets	456	(5,576)
Total	**2,198**	**(3,969)**

Surplus/Deficit on Non-Current Assets (excl Investment Properties)

	2011/12	2010/11
	£000	£000
Net Proceeds from Sale General	(975)	(7,318)
Net proceeds from sale HRA	(2,474)	(2,180)
Disposal costs	68	0
Carrying amount of non-current assets sold (excl Investment Properties)	3,837	3,922
Total	**456**	**(5,576)**

Precepts

	2011/12	2010/11
	£000	£000
Britwell Parish Council	120	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	89	89
Total	**264**	**264**

Note 10 **Financing and Investment Income and Expenditure**

	2011/12	2010/11
	£000	£000
Interest payable and similar charges	3,022	8,015
Pensions interest cost and expected return on pensions assets	4,494	6,583
Interest receivable and similar income	(1,045)	(1,405)
Income and expenditure in relation to investment properties and changes in their fair value	(4,373)	(3,732)
Other investment income	0	117
Total	**2,098**	**9,578**

Interest Payable and Similar Charges

	2011/12	2010/11
	£000	£000
Lease/hire purchase interest	0	5,631
Loan Interest	692	0
PFI Interest	2,330	2,384
Total	**3,022**	**8,015**

Interest and Investment Income

	2011/12	2010/11
	£000	£000
Other Investment income	(1,045)	(1,405)
Total	**(1,045)**	**(1,405)**

Pensions interest cost and expected return on pensions assets

	2011/12	2010/11
	£000	£000
Expected return on assets in the scheme	(10,594)	(10,375)
Interest cost	15,088	16,958
Total	**4,494**	**6,583**

Surplus/(Deficit) on trading operations

	2011/12	2010/11
	£000	£000
Income from trading	0	(743)
Expenditure	0	860
Surplus/(Deficit) for the year	**0**	**117**

Income, Expenditure and changes in Fair Value of Investment Properties

	2011/12	2010/11
Income/Expenditure from Investment Properties:	£000	£000
Income including rental income	(2,147)	(2,399)
Expenditure	0	0
Net income from investment properties	**(2,147)**	**(2,399)**
Surplus/deficit on sale of Investment Properties:		
Proceeds from sale	0	(190)
Carrying amount of investment properties sold	0	190
(Surplus)/deficit on sale of Investment Properties:	**0**	**0**
Changes in Fair Value of Investment Properties	**(2,226)**	**(1,333)**
Total	**(4,373)**	**(3,732)**

Note 11

Taxation and Non-Specific Grant Income		
	2011/12	**2010/11**
	£000	£000
Council Tax Income	48,166	47,470
NDR Redistribution	43,730	49,560
Non-ring fenced government grants	26,775	21,974
Capital Grants	27,728	32,533
Total Taxation and Non-Specific Grant Income	**146,399**	**151,537**

Note 11a

Revenue Grants	**2011/12**	**2010/11**
	£000	£000
NNDR Redistribution	43,730	49,560

Note 11b

Capital	**2011/12**	**2010/11**
	£000	£000
Government & Other Grants-Conditions met and applied in year	8,043	22,534

Note 11c

Capital	**2011/12**	**2010/11**
	£000	£000
Government & Other Grants-Conditions met and **not** applied.	19,685	9,999

Note 11d

Council Tax	**2011/12**	**2010/11**
	£000	£000
Current year	48,166	47,470

Note 11 e

Central Government Grants	**2011/12**	**2010/11**
	£000	£000
Revenue Support Grant	13,517	7,197
Area Based Grants	0	11,100
PFI	3,678	3,677
Early Intervention Grant	7,268	0
New Homes Bonus	454	0
Local Services Support Grant	661	0
Council Tax Freeze Grant	1,197	0
Total	**26,775**	**21,974**

Note 12 **Property, Plant and Equipment**

Current Year

	Property, Plant & Equipment (PP&E)												
	Council Dwellings	Land & Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	Non Operational Assets	PP&E Under Construction	Surplus Assets	**Total PP&E**	PFI Assets included in Property, Plant and Equipment	**Investment Properties**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation													
Balance as At 1 April 2011	315,586	225,578	57,440	41,007	4,566	0	51,698	10,989	**706,864**	**42,161**	**2,758**	**499**	**710,121**
Adjustments between cost/value & depreciation/impairment	(114)	(786)	0	0	0				**(900)**		**0**	**0**	**(900)**
Adjusted opening balance	**315,472**	**224,792**	**57,440**	**41,007**	**4,566**	**0**	**51,698**	**10,989**	**705,964**	**42,161**	**2,758**	**499**	**709,221**
Additions	0	15,298	2,869	420	1,245	0	15,073	0	**34,905**	10	670	**0**	**35,575**
Donations	0	0	0	0	0	0	0	0	**0**		0		**0**
Revaluation increases/decreases to Revaluation Reserve	0	38,809		0	496	0	790	905	**41,000**		0	**0**	**41,000**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	(33,620)	0	0	(370)	0	(33)	(27)	**(34,050)**		2,226	**0**	**(31,824)**
Derecognition - Disposals	(1,469)	(1,346)	0	0	0	0	(464)	(150)	**(3,429)**		0	**0**	**(3,429)**
Derecognition - Other	0	0	0	948	0	0		0	**948**		0		**948**
Reclassifications & Transfers	0	5,685	0	565	0	0	(34,730)	10,224	**(18,256)**		10,668		**(7,588)**
Reclassified to Held for Sale	0	(6,552)	0	0	0	0	0	(1,615)	**(8,167)**		0	**0**	**(8,167)**
Reclassified from Held for Sale		0	0	0	0		0	634	**634**		0		**634**
At 31 March 2012	**314,003**	**243,066**	**60,309**	**42,940**	**5,937**	**0**	**32,334**	**20,960**	**719,549**	**42,171**	**16,322**	**499**	**736,370**
Depreciation and Impairment													
Balance as At 1 April 2011	5,361	29,201	9,688	28,006	16	0	0	1,199	**73,471**	**2,193**	**0**	**350**	**73,821**
Adjustments between cost/value & depreciation/impairment		(606)	0	0	0	0	0	0	**(606)**				**(606)**
Adjusted opening balance	5,361	28,595	9,688	28,006	16	0	0	1,199	**72,865**	2,193	0	350	**73,215**
Depreciation Charge	5,353	4,520	1,205	4,400	0	0	0	0	**15,478**	679	0	**52**	**15,530**
Depreciation written out on Revaluation Reserve	0	0		0	0	0	0	0	**0**		0	**0**	**0**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of	0	0	0	0	0	0	0	0	**0**		0	**0**	**0**
Impairment losses/reversals to Revaluation Reserve	0	567	0	0	0	0	0	0	**567**		0	**0**	**567**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	386	0	0	0	0	3,757	0	**4,143**			**0**	**4,143**
Derecognition - Disposals	(46)	(3)	0	0	0	0	(56)	0	**(105)**		0	**0**	**(105)**
Derecognition - Other	0	0	0	0	0	0	0	0	**0**		0	**0**	**0**
Reclassifications & Transfers	0	(968)	0	0	0	0	0	0	**(968)**		968	**0**	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	**0**		0	**0**	**0**
At 31 March 2012	**10,668**	**33,097**	**10,893**	**32,406**	**16**	**0**	**3,701**	**1,199**	**91,980**	**2,872**	**968**	**402**	**93,350**
Net Book Value													
At 31 March 2012	**303,335**	**209,969**	**49,416**	**10,534**	**5,921**	**0**	**28,633**	**19,761**	**627,569**	**39,299**	**15,354**	**97**	**643,020**
At 31 March 2011	**310,111**	**197,371**	**47,752**	**13,001**	**4,550**	**0**	**51,698**	**9,790**	**633,393**	**39,968**	**2,758**	**149**	**636,006**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 12 Property, Plant and Equipment

Current Year

Valuations

The freehold and leasehold properties comprising the Council's operational and non-operational property portfolio at the 1st April 2011 are valued on a rolling programme basis. The valuations for 2011/12 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 2012 to reflect the current economic conditions.

The Valuer has adopted valuation assumptions in order to arrive at valuation results, These assumptions included the relevant valuation definitions as required by The Code.
The RICS defined valuation methods are:

- Market Value
- Existing Use Value
- Fair Value

Where specialised property is valued, the use of depreciated replacement cost to arrive at Existing Use Value has been employed. Depreciated Replacement Cost is RICS defined valuation methodology and used as a method of arriving at Existing Use Value.

Capital Commitments

At 31 March 2012, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2012-13 and future years budgeted to a cost of £48.345 million. The major commitments are:

- ☐ Heart of Slough - £11.6 million
- ☐ Britwell & Northborough Regeneration - £8.2 million
- ☐ Primary School expansions - £8.1m
- ☐ Town Hall conversion (school) - £2.6m
- ☐ Crematorium works - £2.3m

Effects of Changes in Estimates

There were no material changes in accounting estimates for property, plant & equipment that happened during the period, in accordance with paragraph 4.1.4.3.(3) of the Code

Impairments

The Council has not recognised any impairment losses in 2011/12.

Note 12 a **Comparative Year**

	Property, Plant & Equipment (PP&E)												
	Council Dwellings	Land & Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	Non Operational Assets	PP&E Under Construction	Surplus Assets	**Total PP&E**	PFI Assets included in Property, Plant and Equipment	**Investment Properties**	**Intangible Assets**	**TOTAL**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation													
Balance as At 1 April 2010	404,971	211,602	53,061	38,911	2,725	0	25,354	14,623	751,247	42,019	6,355	338	**757,940**
Adjustments between cost/value & depreciation/impairment			0	0	0		(43)	0	**(43)**	**0**	**0**	**0**	**(43)**
Adjusted opening balance	**404,971**	**211,602**	**53,061**	**38,911**	**2,725**	**0**	**25,311**	**14,623**	**751,204**	**42,019**	**6,355**	**338**	**757,897**
Additions	5,563	4,792	4,159	2,096	1,785	0	26,387	41	**44,823**	142	0	**161**	**44,984**
Donations	0	0	0	0	0	0	0	0	**0**				**0**
Revaluation increases/decreases to Revaluation Reserve	8,793	9,991	0	0	0	0	0	(827)	**17,957**	0	0	**0**	**17,957**
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(97,570)	(1,845)	0	0	0	0	0	286	**(99,129)**	0	1,333	**0**	**(97,796)**
Derecognition - Disposals	(831)	(4,086)	0	0	0	0	0	(1,571)	**(6,488)**		(190)	**0**	**(6,678)**
Derecognition - Other	(5,340)	530	220	0	0	0	0	0	**(4,590)**	0	0	**0**	**(4,590)**
Reclassifications & Transfers	0	4,594	0	0	56	0	0	(1,563)	**3,087**	0	(4,740)		**(1,653)**
Reclassified to Held for Sale									**0**	0	0	**0**	**0**
Reclassified from Held for Sale								**0**	**0**	0	0		**0**
At 31 March 2011	**315,586**	**225,578**	**57,440**	**41,007**	**4,566**	**0**	**51,698**	**10,989**	**706,864**	**42,161**	**2,758**	**499**	**710,121**
Depreciation and Impairment													
Balance as At 1 April 2010	0	28,288	8,483	22,251	16	0	0	1,727	**60,765**	1,493		298	**61,063**
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	**0**	**0**	**0**		**0**
Adjusted opening balance	0	28,288	8,483	22,251	16	0	0	1,727	**60,765**	1,493	0	298	**61,063**
Depreciation Charge	5,373	5,294	1,205	5,755	0	0	0	0	**17,627**	700		52	**17,679**
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	(5,234)	0	0	0	0	0	0	**(5,234)**	0	0	**0**	**(5,234)**
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	3,308	0	0	0	0	0	0	**3,308**			**0**	**3,308**
Derecognition - Disposals	(12)	(2,409)	0	0	0	0	0	(528)	**(2,949)**			**0**	**(2,949)**
Derecognition - Other	0	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
Reclassifications & Transfers	0	(46)	0	0	0	0	0	0	**(46)**	0	0	0	**(46)**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
At 31 March 2011	**5,361**	**29,201**	**9,688**	**28,006**	**16**	**0**	**0**	**1,199**	**73,471**	**2,193**	**0**	**350**	**73,821**
Net Book Value													
At 31 March 2011	**310,225**	**196,377**	**47,752**	**13,001**	**4,550**	**0**	**51,698**	**9,790**	**633,393**	**39,968**	**2,758**	**149**	**636,300**
At 31 March 2010	**404,971**	**183,314**	**44,578**	**16,660**	**2,709**	**0**	**25,311**	**12,896**	**690,482**	**40,526**	**6,355**	**40**	**696,877**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 13 **Income, Expenditure and changes in Fair Value of Investment Properties**

Income/Expenditure from Investment Properties:		
	31/03/12	**31/03/11**
	£000	£000
Rental income from investment property	(2,147)	(2,399)
Direct operating expenses arising from investment property	0	0
'Net Gain/Loss included in Financing & Investment Income in the CIES'	**(2,147)**	**(2,399)**

	31/03/12	**31/03/11**
	£000	£000
Balance at start of the year	2,758	6,355
Additions:		
- Purchases	670	0
Disposals	0	(190)
Net gains/losses from fair value adjustments	2,226	1,333
Transfers: -to/from Property, Plant and Equipment	9,700	(4,740)
Balance at end of the year	**15,354**	**2,758**

Note 14 Intangible Assets

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £52k charged to revenue in 2011/12 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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 Authority. The useful lives assigned to the major software suites used by the Authority are

In accordance with the CIPFA Code leased intangible assets are disclosed in this section after their initial recognition.

	Internally Generated Assets
5 years	Civica and Oracle Software Licenses

The Movement in Intangible Assets for the Year is as Follows

	2011/12			**2010/11**		
	Internally Generated Assets	**Other Assets**	**Total**	**Internally Generated Assets**	**Other Assets**	**Total**
	£000	£000	£000	£000	£000	£000
Balance at start of year:						
· Gross carrying amounts	0	499	499	0	338	338
· Accumulated amortisation	0	(350)	(350)	0	(298)	(298)
Net carrying amount at start of year	**0**	**149**	**149**	**0**	**40**	**40**
Additions:						
· Purchases	0	0	0	0	161	161
	0	**149**	**149**	**0**	**201**	**201**
Amortisation for the period	0	(52)	(52)	0	(52)	(52)
Other changes	0	0	0	0	0	0
Net carrying amount at end of year	**0**	**97**	**97**	**0**	**149**	**149**
Comprising:						
· Gross carrying amounts	0	499	499	0	499	499
· Accumulated amortisation	0	(402)	(402)	0	(350)	(350)
	0	**97**	**97**	**0**	**149**	**149**

Note 15 Financial Instruments

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 PWLB and market debt. Under the 2011/2012 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 the Comprehensive Income and Expenditure Statement.

At the end of 2011/12 the council took on new debt from the PWLB of £125.8m to buy itself out of the HRA Subsidy System. The composition of this PWLB new debt is shown below:

Loan Type Fixed/Variable	Loan Amount £'000	Term Years	Interest Rate %
Fixed	20,000	16 yrs	3.08
Fixed	20,000	22 yrs	3.30
Fixed	20,000	25 yrs	3.44
Fixed	20,000	27 yrs	3.47
Fixed	20,000	30 yrs	3.50
Fixed	15,841	29 yrs	3.49
Variable	10,000	10 yrs	Variable
TOTAL	125,841		

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

The Council's portfolio of investments consists of fixed term deposits, money market funds, 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.

Money Market Funds (MMF's) are all classified as Available for sale. MMF's are short-term; open ended i.e. no fixed maturity date, investments products managed by fund managers. The main characteristics are:

- Money is invested in only AAA rated companies and instruments such as repurchase agreements, time deposits, certificate of deposits, commercial paper, short-term government securities, bank bills etc. Therefore no counter party list limit problems normally faced by most investing authorities. In addition, diversification of risk is also achieved.
- The fund manager limits its exposure to any one counter-party to a maximum of between 5% and 10% of the total value of the fund.
- The individual investment has a typical weighted average spectrum of 60 days or less and is required to maintain that to retain its credit rating.
- The individual MMFs are independently rated by credit agencies and have to retain credit rating of AAA.
- Most MMFs are domiciled off shore, mainly in the Irish Republic to take advantage of favourable tax regime.

Balances in money market funds and call accounts at 31st March 2012 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 2011/12.

Note 15 Financial Instruments

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	
	31/03/12	31/03/11	31/03/12	31/03/11
	£000	£000	£000	£000
Investments				
Loans and receivables	55	353	75,390	86,862
Total investments	**55**	**353**	**75,390**	**86,862**
Debtors				
Loans and receivables	7,477	7,723	21,576	18,264
Financial assets carried at contract amounts				
Total Debtors	**7,477**	**7,723**	**21,576**	**18,264**
Borrowings				
Financial liabilities at amortised cost	192,378	66,557	780	757
Total borrowings	**192,378**	**66,557**	**780**	**757**
Other Long Term Liabilities				
Deferred Liabilities	12,371	54,235		
PFI and finance lease liabilities	39,162			
Total other long term liabilities	**243,911**	**120,792**	**780**	**757**
Creditors				
Financial liabilities carried at contract amount	0	0	34,163	34,972
Total creditors	**0**	**0**	**34,163**	**34,972**

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

	Long-Term		Current	
	31st Mar 11	31st Mar 12	31st Mar 11	31st Mar 12
	£000	£000	£000	£000
Borrowing:				
- Nominal Amount	(66,557)	(192,378)	(35)	(20)
- Accrued Interest	0	0	(722)	(760)
- Unamortised Discounts / (Premiums) on Modified Loans	0	0	0	0
Total Borrowings per Balance Sheet	**(66,557)**	**(192,378)**	**(757)**	**(780)**
Investments:				
- Nominal Amount	709	307	77,562	75,091
- Accrued Interest	0	0	763	299
- Unamortised Discounts / (Premiums) on Available for Sale Assets	0	0	0	0
- Movement in Fair Value on Available for Sale Assets	0	0	0	0
-Impairment	(355)	(252)	0	0
Total Investments per Balance Sheet	**354**	**55**	**78,325**	**75,390**

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". This would include accrued interest on long term liabilities and investments that are payable/receivable in 2011/12.

Balances in call accounts and money market funds are shown under "Cash Equivalents" as they represent highly liquid investments.

Note 15 Financial Instruments

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 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 2nd May 2012 projects a base case return of between 86% and 90% and as a result the Council has reassessed the value of recoverable amount. The total dividend received as at 31st March 2012 is £1.752M. The Administrators latest report can be viewed at the following website:

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

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

Date Invested	22nd March 2007
Maturity Date	22nd March 2011
Original Amount	£2,500,000
Interest rate	5.72%
Carrying Amount 31.3.2011	£852,492
Carrying Amount 31.3.2012	£927,342
Impairment balance 31.3.2011	£355,365
Impairment Balance 31.3.2012	£251,952

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

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

Year	Credited
2008-09	£143,000
2009-10	£93,619
2010-11	£58,839
2011-12	£37,851

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.

b. **Financial Instruments – Fair Values**

The Council's long term financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. Investments consist of loan and receivables, available for sale, and fair value through profit and loss investments. Loans and receivables are carried on the Balance Sheet at amortised cost, whereas the other two categories of investment are carried at fair value. 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 liabilities 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 2011 and 31 March 2012 consisted of loans from the Public Works Loan Board (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.
- The fair values of market loans/LOBO's have been calculated using equivalent SWAP rates applicable at the balance sheet date (i.e. the cost for an equivalent loan with the same remaining term, sourced from Bloomberg).
- 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:

	31/03/12		31/03/11	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	£000	£000	£000	£000
Financial	196,153	208,499	68,667	70,266
Long-term	0	0	0	0

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

Note 15 Financial Instruments

	31/03/12		31/03/11	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Loans and receivables	78,931	79,191	82,944	83,329
Long-term debtors	0	0	0	0

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.

Income, Expense, Gains and Losses

- **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:

	2011/12					2010/11				
	Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets			
	Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss	Total	Liabilities measured at amortised cost	Loans and receivables		Assets and Liabilities at Fair Value through Profit and Loss	Total
	£000	£000	£000	£000	£000	£000	£000		£000	£000
Interest expense	(2,758)	-	0	-	**(2,758)**	(3,041)	-		-	**(3,041)**
Losses on derecognition	0	0	0	0	**0**	0	0		0	**0**
Reductions in fair value	-	-	-	0	**0**	-	-		0	**0**
Impairment losses	(66)	0	-	-	**(66)**	-	0		-	**0**
Fee expense	0	0	0	0	**0**	0	0		0	**0**
Total expense in Surplus or Deficit on the Provision of Services	**(2,824)**	**0**	**0**	**0**	**(2,824)**	**(3,041)**	**0**		**0**	**(3,041)**
Interest income	-	1,045	-	-	**1,045**	-	1,405		-	**1,405**
Interest income accrued on impaired financial assets	-	0	-	-	**0**	-	0		-	**0**
Increases in fair value	-	-	-	0	**0**	-	-		0	**0**
Gains on derecognition	0	0	0	0	**0**	0	0		0	**0**
Fee income	0	0	0	0	**0**	0	0		0	**0**
Total income in Surplus or Deficit on the Provision of Services	**0**	**1,045**	**0**	**0**	**1,045**	**0**	**1,405**		**0**	**1,405**
Gains on revaluation	-	-	0	-	**0**	-	-		-	**0**
Losses on revaluation	-	-	0	-	**0**	-	-		-	**0**
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	0	-	**0**	-	-		-	**0**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**
Net gain/(loss) for the year	**(2,824)**	**1,045**	**0**	**0**	**(1,779)**	**(3,041)**	**1,405**		**0**	**(1,636)**

Note 16 **Inventories**

	2011/12	2010/11
	£000	£000
Central Stores	4	26
Total	**4**	**26**

Note 17 **Debtors**

	Long Term Debtors		Short Term Debtors	
	2011/12	2010/11	2011/12	2010/11
	£000	£000	£000	£000
Government Departments			3,780	8,591
Other Local Authorities			1,732	1,843
Rents			64	288
Collection Fund			357	1,283
Prepayments			1,176	1,290
Other	7,477	10,234	10,670	7,992
Total	**7,477**	**10,234**	**17,779**	**21,287**

Note 18 **Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	2011/12	2010/11
	£000	£000
Cash and Bank balances	9,324	18
Short Term Deposits	23,965	44,293
Total	**33,289**	**44,311**

	2011/12	2010/11
	£000	£000
Bank Overdraft	(5,763)	(3,563)

Note 19 Assets Held for Sale

	Current	
	31/03/12 £000	31/03/11 £000
Balance outstanding at start of year	**967**	**0**
Opening balance adjustment	180	0
Additions	0	1,350
Transferred from Non-Current Assets during year	8,167	0
Assets declassified as held for sale:	(634)	0
Assets sold Cost	(513)	(383)
Balance outstanding at year-end	**8,167**	**967**

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Note 20 **Creditors**

Short Term Creditors

	2011/12 £000	**2010/11** £000
Government Departments	6,993	10,826
Other Authorities	679	3,251
Bodies external to general government	16	148
NNDR & Council Tax	1,160	1,014
HRA	163	597
Accumulated Absences	3,142	3,786
Receipts in advance	5,089	7,718
Interest payable	30	10
Refundable deposits	126	259
Other	33,292	24,932
Total Short Term Creditors	**50,690**	**52,541**

Long Term Creditors

	2011/12 £000	**2010/11** £000
Other creditors falling due after more than one year		
Deferred liabilities- leasing	51,386	54,235
Other	147	38
Total Long Term Creditors	**51,533**	**54,273**

Total Creditors	**102,223**	**106,814**

Note 21 **Provisions**

	Balance as At 1 April 2011	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Interest earned	Balance as at 31 March 2012
	£000	£000	£000	£000	£000	£000
Insurance Claims	543	207	-41	0	0	709
Harmonisation	3,703	0	-100	-3,603	0	0
Dilapidations	605	0	-583	0	0	22
Other	2	890	-2	0	0	890
Total	**4,853**	**1,097**	**-726**	**-3,603**	**0**	**1,621**

Comparative Year

	Balance as At 1 April 2010	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Interest earned	Balance as at 31 March 2011
	£000	£000	£000	£000	£000	£000
Insurance Claims	807	60	-324	0	0	543
Harmonisation	3,703	0	0	0	0	3,703
Dilapidations	605	0	0	0	0	605
Other	420	0	-217	-201	0	2
Total	**5,535**	**60**	**-541**	**-201**	**0**	**4,853**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 22 **Usable Reserves**

Capital Receipts Reserve

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

	31/03/12 £000	31/03/11 £000
Balance 1 April	**3,830**	**4,046**
Capital Receipts in year	3,381	7,188
	7,211	**11,234**
Less:		
Capital Receipts Pooled	(1,478)	(1,343)
Capital Receipts used for financing	(4,500)	(6,061)
Balance 31 March	**1,233**	**3,830**

Major Repairs Reserve

The Major Repairs Reserve details the Major Repairs Allowance (MRA) received by the Council. The MRA is based on national average unit costs for each of the property types and represents the estimated long-term average amount of capital spending required to maintain a local authority's stock in its current condition. The MRA received in the year totalled £5.02m all of which £3.76m was used to finance capital spend in the Housing Investment Programme in 2011/12.

	31/03/12 £000	31/03/11 £000
Balance on 1 April	**1,516**	**1,040**
Amount transferred from the HRA		
Depreciation:		
Dwellings	5,603	5,654
	5,603	**5,654**
Transfer to HRA Balance	**(583)**	**(729)**
HRA Capital Expenditure	(3,757)	(5,949)
Contribution from the Income and Expenditure Account	1,865	1,500
Balance on 31 March	**4,644**	**1,516**

Capital Grants Unapplied

	31/03/12 £000	31/03/11 £000
Balance on 1 April	**22,843**	**12,844**
Unapplied Capital Grants received in year	19,685	9,999
Unapplied Capital Grants transferred to CAA in year	(15,457)	0
Balance on 31 March	**27,071**	**22,843**

Note 23 **Unusable Reserves**

	31/03/12 £000	31/03/11 £000
Capital Adjustment Account	293,894	457,892
Financial Instruments Adjustment Account	(8,004)	(5,190)
Revaluation Reserve	82,742	44,804
Available for Sale Financial Instruments Reserve	0	0
Pensions Reserve	(156,122)	(96,987)
Deferred Capital Receipts Reserve (England and Wales)	2,602	2,602
Collection Fund Adjustment Account	82	42
Unequal Pay Back Pay Account	0	0
Accumulated Compensated Absences Adjustment Account	(3,142)	(3,786)
Total Unusable Reserves	**212,052**	**399,377**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. 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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 23 **Unusable Reserves**

	31/03/12		31/03/11	
	£000	£000	£000	£000
Balance at 1 April		**457,892**		**542,848**
Opening balance adjustment		**(62)**		**(289)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(19,675)		(23,513)	
Revaluation losses on Property, Plant and Equipment	(34,050)		(99,129)	
HRA Self financing	(135,841)			
Revenue expenditure funded from capital under statute	(15,204)		(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	(3,837)		(4,123)	
		(208,607)		**(131,270)**
Adjusting amounts written out of the Revaluation Reserve		2,495		1,426
Net written out amount of the cost of non current assets consumed in the year		**(206,112)**		**(129,844)**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	4,500		6,061	
Use of the Major Repairs Reserve to finance new capital expenditure	3,757		5,949	
Application of grants to capital financing from the Capital Grants Unapplied Account	15,457		0	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	8,043		24,998	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	3,523		3,164	
Capital expenditure charged against the General Fund and HRA balances	4,670		3,671	
		39,950		**43,843**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		2,226		1,333
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		0		0
Balance at 31 March		**293,894**		**457,892**

Note 23 **Unusable Reserves**

Financial Instruments 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. [The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2012 will be charged to the General Fund over the next 14 years.

	31/03/12 £000	31/03/11 £000
Balance at 1 April	**(5,190)**	**(2,105)**
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 Balance in accordance with statutory requirements	0	0
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2,814)	(3,085)
Balance at 31 March	**(8,004)**	**(5,190)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment [and Intangible Assets].

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 are consumed through depreciation,

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 balance on the Capital Adjustment Account.

	31/03/12 £000	31/03/11 £000
Balance at 1 April	44,804	27,275
Opening Balance Adjustment		1,000
Upward revaluation of assets	43,912	17,957
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(3,479)	0
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**40,433**	**46,232**
Difference between fair value depreciation and historical cost depreciation	(835)	(236)
Revaluation balances on assets scrapped or disposed of	(1,660)	(1,192)
Balance at 31 March	**82,742**	**44,804**

Note 23 Unusable Reserves

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 Authority 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 Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority 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.

	31/03/12 £000	31/03/11 £000
Balance at 1 April	**(96,987)**	**(165,320)**
Actuarial gains or losses on pensions assets and liabilities	(54,464)	47,912
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	(4,671)	20,421
Balance at 31 March	**(156,122)**	**(96,987)**

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 Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	31/03/12 £000	31/03/11 £000
Balance at 1 April	**2,602**	**129**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	2,473
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31 March	**2,602**	**2,602**

Note 23 Unusable Reserves

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.

	31/03/12	31/03/11
	£000	£000
Balance at 1 April	**42**	**(17)**
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	40	59
Balance at 31 March	**82**	**42**

Accumulated Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated 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.

	31/03/12	31/03/11
	£000	£000
Balance at 1 April	**3,786**	**4,352**
Settlement or cancellation of accrual made at the end of the preceding year	(3,786)	(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	644	566
Balance at 31 March	**(3,142)**	**(3,786)**

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Note 24 **Analysis of Adjustments to Surplus/Deficit on the Provision of Services**

Analysis of Adjustments to Surplus/Deficit on the Provision of Services		
	2011/12 £000	**2010/11 £000**
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	19,623	23,461
Impairment & downward revaluations (& non-sale derecognitions)	34,050	99,129
Carrying amount of short and long term investments sold	0	235,816
Material impairment losses on investments debited to surplus or deficit on the provision of services in year	(104)	(50)
Losses or Gains on derecognition of loans & advances in year	196	0
Issue of new deferred capital receipts	0	(2,511)
Adjustments for effective interest rates	0	770
Amortisation	52	52
(Increase)/Decrease in Stock	22	113
(Increase)/Decrease in Debtors	3,319	9,229
Increase/(Decrease) in Creditors	(2,859)	(4,716)
Increase/(Decrease) in Interest Creditors	58	(44)
Payments to Pension fund	4,670	(19,410)
Carrying amount of non-current assets sold	3,837	4,123
Contributions to Other Reserves/Provisions	(3,232)	(682)
Movement in value of investment properties	(2,226)	(1,334)
	57,406	**343,946**

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Net adjustment from the sale of short and long term investments	0	(236,206)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(6,020)	(5,691)
Capital Grants credited to surplus or deficit on the provision of services	(27,936)	(32,533)
	(33,956)	**(274,430)**

Cash Flows from Operating Activities include the following amounts relating to Interest and Dividends

	2011/12 £000	**2010/11 £000**
Interest Paid	(5,134)	(7,339)
Interest Received	1,508	3,147

Note 25 **Cash Flow From Investing Activities**

	2011/12 £000	**2010/11 £000**
Purchase of PP&E, investment property and intangible assets	(35,937)	(48,442)
Purchase of Short Term Investments (not considered to be cash equivalents)	(315,300)	(215,725)
Proceeds from the sale of PP&E, investment property and intangible assets	3,379	5,478
Proceeds from Short Term Investments (not considered to be cash equivalents)	303,200	235,816
Proceeds from Long Term Investments	3,159	390
Capital Grants and Contributions Received	25,390	32,806
Net Cash flows from Investing Activities	**(16,109)**	**10,323**

Note 26 **Cash flows from Financing Activities**

	2011/12 £000	**2010/11 £000**
Cash Receipts from Short and Long Term Borrowing	125,821	20,995
Billing authorities- council tax and NNDR adjustments	5,758	(477)
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	(1,901)	(2,302)
Repayment of Short and Long Term Borrowing	(37)	(26,853)
Net Cash flows from Financing Activities	**129,641**	**(8,637)**

Note 27 **Amounts Reported for Resource Allocation Decisions**

2011/12	Education and Learning £000	Community & Wellbeing £000	Customer & Transactional Services £000	Resources & Regeneration £000	Chief Executive £000	Corporate £000	Total £000
Fees, charges & other service income	16,735	9,261	2,522	10,700	533	741	**40,492**
Government grants	115,900	9,575	82,678	872	0	0	**209,025**
Total Income	**132,635**	**18,836**	**85,200**	**11,572**	**533**	**741**	**249,517**
Employee expenses	102,240	18,001	8,010	15,191	1,169	480	**145,090**
Other service expenses	50,857	41,487	83,841	30,484	693	1	**207,363**
Total Expenditure	**153,097**	**59,488**	**91,851**	**45,675**	**1,862**	**481**	**352,454**
Net Expenditure	**20,462**	**40,652**	**6,651**	**34,103**	**1,329**	**-260**	**102,938**

2010/11	Education and Learning £000	Community & Wellbeing £000	Customer & Transactional Services £000	Resources & Regeneration £000	Chief Executive £000	Corporate £000	Total £000
Fees, charges & other service income	17,556	8,278	2,530	10,576	149	513	**39,602**
Government grants	153,041	11,088	78,354	2,981	183	0	**245,647**
Total Income	**170,597**	**19,366**	**80,884**	**13,557**	**332**	**513**	**285,249**
Employee expenses	115,794	18,834	8,125	17,689	1,127	596	**162,165**
Other service expenses	70,883	40,047	79,040	30,228	350	24	**220,572**
Total Expenditure	**186,677**	**58,881**	**87,165**	**47,917**	**1,477**	**620**	**382,737**
Net Expenditure	**16,080**	**39,515**	**6,281**	**34,360**	**1,145**	**107**	**97,488**

This reconciliation shows how the figures in the analysis of [directorate] income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2011/12 £000	2010/11 £000
Net expenditure in the [Directorate] Analysis	102,938	97,488
HRA	135,748	97,499
Insurance	435	-91
IFRS Adjustments	0	1,679
Allocation of Recharges	53,186	-6,815
Net Cost of Services in Comprehensive Income and Expenditure	292,307	189,760

This reconciliation shows how the figures in the analysis of [directorate] income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2011/12	Directorate Analysis	HRA	Insurance	Amounts not reported to management for decision making	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	38,456	32,410	677	0	0	-10,457	0	0	**61,086**
Interest and investment income	2,035	0	0	0	0	0	0	0	**2,035**
Income from council tax	48,166	0	0	0	0	0	0	0	**48,166**
Government grants and contributions	160,859	0	0	0	0	0	0	0	**160,859**
Total Income	**249,516**	**32,410**	**677**	**0**	**0**	**-10,457**	**0**	**0**	**272,146**
Employee expenses	145,091	7,907	0	0	0	1,146	0	0	**154,144**
Other service expenses	204,769	152,613	1,112	0	0	185	0	0	**358,679**
Support Service recharges	0	205	0	0	0	0	0	0	**205**
Depreciation, amortisation and impairment	0	9,348	0	0	0	41,398	0	0	**50,746**
Interest Payments	2,330	0	0	0	0	0	0	0	**2,330**
Precepts & Levies	264	0	0	0	0	0	0	0	**264**
Payments to Housing Capital Receipts Pool	0	1,349	0	0	0	0	0	0	**1,349**
Gain or Loss on Disposal of Fixed Assets	0	-3,264	0	0	0	0	0	0	**-3,264**
Total expenditure	**352,454**	**168,158**	**1,112**	**0**	**0**	**42,729**	**0**	**0**	**564,453**
Surplus or deficit on the provision of s	**102,938**	**135,748**	**435**	**0**	**0**	**53,186**	**0**	**0**	**292,307**

2010/11	Directorate Analysis	HRA	Insurance	IFRS ADJUSTMENTS: Earmarked Reserve Income	IFRS ADJUSTMENTS: Investment Properties Income Moved to Below the Line	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	37,160	30,700	788	0	-654	29,423	0	0	**97,417**
Interest and investment income	2,442	0	0	0	0	0	0	0	**2,442**
Income from council tax	47,470	0	0	0	0	0	0	0	**47,470**
Government grants and contributions	198,177	0	0	-1,025	0	0	0	0	**197,152**
Total Income	**285,249**	**30,700**	**788**	**-1,025**	**-654**	**29,423**	**0**	**0**	**344,481**
Employee expenses	162,165	7,926	0	0	0	-26,657	0	0	**143,434**
Other service expenses	212,293	14,742	697	0	0	163	0	0	**227,895**
Support Service recharges	0	205	0	0	0	29,171	0	0	**29,376**
Depreciation, amortisation and impairment	0	106,628	0	0	0	19,931	0	0	**126,559**
Interest Payments	8,015	0	0	0	0	0	0	0	**8,015**
Precepts & Levies	264	0	0	0	0	0	0	0	**264**
Payments to Housing Capital Receipts Pool	0	1,300	0	0	0	0	0	0	**1,300**
Gain or Loss on Disposal of Fixed Assets	0	-2,602	0	0	0	0	0	0	**-2,602**
Total expenditure	**382,737**	**128,199**	**697**	**0**	**0**	**22,608**	**0**	**0**	**534,241**
Surplus or deficit on the provision of s	**97,488**	**97,499**	**-91**	**1,025**	**654**	**-6,815**	**0**	**0**	**189,760**

Note 28 **Pooled Budgets**

Intermediate Care Services

The Authority has entered into a pooled budget arrangement with Berkshire East Primary Care Trust to provide intermediate care services to help with delayed discharges.

Funding provided to the pooled budget:	**2011/12** £000	**2010/11** £000
The Authority	268	262
The Trust	268	262
	536	**524**
Expenditure met from the pooled budget:		
The Authority	268	262
The Trust	268	262
	536	**524**
Net surplus arising on the pooled budget during the year	**0**	**0**

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.

Funding provided to the pooled budget:	**2011/12** £000	**2010/11** £000
The Authority	234	234
Berkshire Primary Care Trusts	1,420	1,334
Other Unitary Authorities	1,334	1,241
	2,988	**2,809**
Expenditure met from the pooled budget:		
The Authority	234	937
The Trust	1,420	936
Other Unitary Authorities	1,334	936
	2,988	**2,809**
Net surplus arising on the pooled budget during the year	**0**	**0**

29 Members' Allowances

During the year Members allowances, including Employer's costs totalled £447k (2010/11 £406k) and are as follows:

	2011/12 £000	2010/11 £000
Basic allowance	285	246
Mayor's & Deputy Mayor's Allowance	11	10
Employer costs	19	19
Subsistence	0	1
Special responsibility allowances	132	129
Miscellaneous	0	1
	447	**406**

30 Senior Officers Remuneration

The table below provides details of the remunertation received by Senior Officers employed by the Council.

		Salary, Fees and Allowances £	Bonuses £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive- Ruth Bagley	**2011/12**	**160,479**	**0**	**0**	**0**	**20,220**	**180,699**
	2010/11	160,480	0	0	0	24,550	**185,030**
Strategic Director of Resources	**2011/12**	**126,767**	**0**	**0**	**0**	**15,874**	**142,641**
	2010/11	126,130	0	0	0	19,250	**145,380**
Strategic Director, Education & Childrens' Services	**2011/12**	**126,767**	**0**	**0**	**0**	**15,874**	**142,641**
	2010/11	126,330	0	0	0	19,280	**145,610**
Strategic Director for Improvement and Development	**2011/12**	**109,308**	**0**	**0**	**0**	**13,677**	**122,985**
	2010/11	104,900	0	0	0	15,940	**120,840**
Corporate Director of Community and Wellbeing	**2011/12**	**121,363**	**0**	**0**	**0**	**15,134**	**136,497**
	2010/11	115,320	0	0	0	17,530	**132,850**
Strategic Director of Green and Built Environment	**2011/12**	**0**	**0**	**0**	**0**	**0**	**0**
	2010/11	126,512	0	0	0	225,890	**352,402**
Borough Secretary and Monitoring Officer	**2011/12**	**0**	**0**	**0**	**0**	**0**	**0**
	2010/11	151,040	0	0	0	0	**151,040**

Officers Receiving over £50,000 Remuneration

The table below provides details of all officers receiving over £50,000 remuneration; this table includes the Senior Officers from the note above but excludes pension contributions.

	2011/12	2010/11
£50,001 to £55,000	41	63
£55,001 to £60,000	11	41
£60,001 to £65,000	21	32
£65,001 to £70,000	9	31
£70,001 to£ 75,000	13	10
£75,001 to £80,000	7	12
£80,001 to £85,000	9	4
£85,001 to £90,000	4	7
£90,001 to £95,000	0	8
£95,001 to £100,000	0	3
£100,001 to £105,000	0	3
£105,001 to £110,000	1	2
£110,001 to £115,000	0	2
£115,001 to £120,000	2	6
£120,001 to £125,000	0	3
£125,001 to £130,000	2	4
£130,001 to £135,000	0	0
£135,001 to £140,000	0	0
£140,001 to £145,000	0	0
£145,001 to £150,000	0	1
£150,001 to £160,000	0	0
£160,001 to £170,000	1	2
	121	**234**

31 **External Audit Fees**

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Councils external auditors.

	2011/12	**2010/11**
	£000	£000
External Audit Fees	282	348
Grant Claim Certification Fees	47	53
Other Fees	0	0
	329	**401**

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2010/11 £NIL).

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.

Details of the deployment of DSG receivable in 2011/12 are as follows:

	Central Expenditure	**Individual Schools Budget**	Total
	£000	£000	
Final DSG for 2011/12	12,365	99,372	**111,737**
Brought forward from 2010/11	2,537	0	**2,537**
Carry forward to 2012/13	0	0	**0**
Agreed initial budgeted distribution in 2011/12	**14,902**	**99,372**	**114,274**
In year adjustments	442	-8,785	**-8,343**
Revised budget distribution	**15,344**	**90,587**	**105,931**
Actual central expenditure	-11,783	0	**-11,783**
Actual ISB deployed to schools	0	-91,417	**-91,417**
Local Authority contribution for 2011/12	0	830	**830**
Carry forward to 2012/13	3,561	0	**3,561**

Note 33 **Grant Income**

Capital Grants Received in Advance

	Note	2011/12 £000	2010/11 £000
Opening balance		38	38
Add: new capital grants received in advance (condition of use not met)		0	0
Capital Grants Repaid		0	0
Less: amounts released to the Comprehensive Income and Expenditure Account (conditions met)		0	0
		38	**38**

Analysis of Capital Grants Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

	Note	2011/12 £000	2010/11 £000
Capital Grants Receipts in Advance			
DoH Social Care Capital Grant		38	38
		38	**38**

Note 34 **Related Parties**

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 27 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2012 are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2011/12 is shown in note 29. In addition, the Council paid grants totalling £1,028k to voluntary organisations in which eleven members had positions on the governing body.

The following declarations were made at Cabinet on 13th June 2011 when the Management Fee paid to Slough Community Leisure was approved:

Councillors Swindlehurst and Parmar declared personal interests in agenda item 5 - Slough Community Leisure Services - as they were observers appointed to Slough Community Leisure. They indicated that they had taken no part in voting on the issue at the Slough Community Leisure Board and would therefore take part in the debate at the Cabinet.

In addition to the above, Slough Borough Council made a payment to Slough Community Leisure of £538K in 2011-12 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.

In 2011-12, Slough Borough Council made a payment of £232,388 on behalf of Age Concern for the rental and service charges of 2nd/ 3rd floor of Buckingham Court and Units 24 and 25 of The Village Shopping Centre. The payment is considered material to the operations of Age Concern Slough and Berkshire East and has therefore been disclosed within this note.

Officers
During 2011/12, 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 28.

Entities Controlled or Significantly Influenced by the Authority
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 Slough Borough Council.

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 35 **Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note

Capital Expenditure and Capital Financing	**2011/12** £000	**2010/11** £000
Opening Capital Financing Requirement	**128,826**	**118,507**
Property, Plant and Equipment	34,905	44,317
Investment Properties	670	0
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	7,616	5,161
	43,191	**49,478**
Sources of finance		
Capital receipts	(4,500)	(6,061)
Government grants and other contributions	(23,500)	(24,978)
Other Contributions	0	0
Major Repairs Allowance	(3,757)	(5,949)
Sums set aside from revenue:		
Direct revenue contributions:		
General	(4,670)	(2,171)
MRP/loans fund principal	(3,523)	
	(39,950)	**(39,159)**
Closing Capital Finance Requirement	**132,067**	**128,826**
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)	0	4,121
Increase in underlying need to borrow (unsupported by government financial assistance)	4,197	6,198
Assets acquired under PFI/PPP contracts	(956)	(932)
Increase/(decrease) in Capital Financing	3,241	9,387

Note 36 **Leases**

Operating and Finance Leases

Council as Lessor:

Finance Leases (Council as lessor)

The present value of lease payments receivable under the finance lease arrangements is recognised as a receivable and included in both short and long term debtors. The difference between the gross amount receivable and the present value of the amounts receivable is recognised as unearned finance income.

	2011/12 £000	2010/11 £000
Long Term Debtors		
Finance leases-gross receivables	7,033	7,334
Net present value	**7,033**	**7,334**
Short Term Debtors		
Finance leases-gross receivables	243	243
Net present value	**243**	**243**

Gross receivables from finance leases		
Later than 1 year and no later than 5 years	24	24
Later than 5 years	278	278
Total gross receivables	**302**	**302**
Net investment in finance leases	**302**	**302**

The net investment in finance leases may be analysed as follows:

	2011/12 £000	2010/11 £000
No later than 1 year		15
Later than 1 year and no later than 5 years	102	102
Later than 5 years	200	185
Total gross receivables	**302**	**302**

Council as Lessee:

Finance Leases (Council as lessee)

LEASED ASSETS (included within property, plant and equipment)

	Vehicles £000	**Building** £000	**TOTAL** £000
Cost or Valuation			
Opening Balance	5,261	10,940	**16,201**
Additions	898	0	**898**
Disposals	0	0	**0**
	6,159	10,940	**17,099**
Depreciation			
	1,266	974	**2,240**
Disposals	0	5,025	**5,025**
Provided for year	890	644	**1,534**
	2,156	6,643	**8,799**
Net Book Value			
Balance as at 31 March 2012	**4,003**	**4,297**	**8,300**
Balance as at 31 March 2011	**3,995**	**9,966**	**13,961**

Comparative Year

LEASED ASSETS (included within property, plant and equipment)

	Vehicles	Building	TOTAL
	£000	£000	
Cost or Valuation			
Opening Balance	5,261	10,940	**16,201**
	5,261	10,940	**16,201**
Depreciation			
Opening Balance	1,266	974	**2,240**
	1,266	974	**2,240**
Net Book Value			
Balance as at 31 March 2011	**3,995**	**9,966**	**13,961**
Balance as at 31 March 2010	**3,995**	**9,966**	**13,961**

The Council has five buildings and nine vehicles under finance leases arrangements which are recognise as council assets on the Balance sheet as Property, Plant and Equipment and Vehicles, Plant and Equipment as shown above.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property nacquired by the Council and finanace costs that will be payable by the Council in future years while the liability remains outstanding.

Future minimum finance lease payments at the end of each reporting period under review are as follows:

	Within 1 year	1 to 5 years	After 5 years	Total
	£000	£000	£000	£000
31/03/12				
Finance leases payments	2,448	7,852	5,012	**15,312**
Less: finance charges	(463)	(809)	(109)	**(1,381)**
Net present value	**1,985**	**7,043**	**4,903**	**13,931**
31/03/11				
Finance leases payments	2,449	10,301	5,012	**17,762**
Less: finance charges	(672)	(1,222)	(159)	**(2,053)**
Net present value	**1,777**	**9,079**	**4,853**	**15,709**

Included in the Balance Sheet as:

	31/03/12	31/03/11
	£000	£000
Current liabilities	1,985	1,981
Long term liabilities	11,946	13,932
	13,931	15,913

Operating Leases (Council as lessee)

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

	2011/12		2010/11	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£000	£000	£000	£000
Minimum lease rentals payable:				
No later than 1 year	1,335	0	916	0
Later than 1 year and no later than 5 years	4,354	0	2,900	0
Later than 5 years	2,732	0	2,467	0
	8,421	**0**	**6,283**	**0**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 37 **Private Finance Initiatives and Similar Contracts**

During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools. Penn Wood School became operational on 26th February 2007, Beechwood and Arbour Vale schools becoming operational from 3rd September 2007. The contract period is for 28 years. Under the revised accounting arrangements, under 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.
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 Plant and Equipment balance in Note 12

Payments

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Current Year	**2,700**	**956**	**2,330**	**5,986**
Previous Year	2,624	932	2,384	**5,940**

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2012 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total at 31/03 2012	Total at 31/03 2011
	£000	£000	£000	£000	£000
Payable in less than one year	2,702	1,048	2,283	**6,033**	6,121
Payable within two to five years	12,051	4,048	8,573	**24,672**	25,790
Payable within six to ten years	16,763	5,890	9,297	**31,950**	35,700
Payable within eleven to fifteen years	18,142	7,938	7,303	**33,383**	40,536
Payable within sixteen to twenty five years	37,177	20,239	5,284	**62,700**	98,965
Total	**86,835**	**39,163**	**32,740**	**158,738**	**207,112**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractor for capital expenditure incurred is as follows:

Current Year	**2011/12**
	Buildings
	£000
Balance outstanding at start of year	40,118
Payments during the year	5,986
Capital expenditure incurred in the year	(956)
Balance outstanding at year-end	**39,162**

Comparative Year	**2010/11**
	Buildings
	£000
Balance outstanding at start of year	41,050
Payments during the year	5,991
Capital expenditure incurred in the year	(932)
Balance outstanding at year-end	**40,118**

Note 38 **Impairment Losses**

The Council has not recognised any impairment losses in 2011/12.

Note 39 **Exit Packages**

The below note discloses the number of exit packages agreed (grouped in rising bands of £20,000 up to £100,000, and bands of £50,000 thereafter), analysed between compulsory redundancies and other departures as well as the total cost of packages agreed in each band. Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

Exit packages agreed in 2011-12	**Compulsory redundancies**	**Other Departures**	**Total Cost £'000**
£'000			
0-20	43	1	425
20-40	21	1	649
40-60	10		524
60-80	3	1	265
80-100	4		362
100-150	1		107
150-200			
200-250	1		239
Total	83	3	2571

Exit packages agreed in 2010-11	**Compulsory redundancies**	**Other Departures**	**Total Cost £'000**
£'000			
0-20	18	3	154
20-40	12	3	412
40-60	14	1	739
60-80	3	5	200
80-100	2		512
100-150	1		141
150-200	2		325
200-250		1	208

Note 40 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

The scheme is a defined benefit scheme, administered by the Teachers' Pension Agency (TPA).
Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employer's contribution rate paid by Local Education Authorities (LEAs). However it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.
The 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
In 2011/12, the Council paid £3.40m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2010/11 were £6.613m and 14.1%. There were no contributions remaining payable at the year-end.

Note 41 Defined Benefit Pension Schemes

Retirement Benefits

Participation in the Local Authority Pension Scheme

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

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

Transactions relating to retirement benefits- CIES Charges:

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement. The following transactions have been made in the CIES and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

	2011/12 £000	2010/11 £000
Net cost of services:		
Current service cost	7,773	11,148
Past service cost/(gain)	0	(31,136)
Gains and losses on settlements or curtailments	(17)	1,566
Net operating expenditure:		
Interest cost	15,088	16,958
Expected return on scheme assets	(10,594)	(10,375)
Net charge to the CIES	**12,250**	**(11,839)**
Adjustments between accounting basis & funding basis under regulations:		
Reversal of net charges made for retirement benefits in accordance with IAS 19	**(12,250)**	**11,839**
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	**7,580**	**8,380**
Net charge to the General Fund Summary	**(4,670)**	**20,219**

Note 41 Defined Benefit Pension Schemes

The service cost figures include an allowance for administration expenses of

In addition to the recognised gains and losses included in the CIES, actuarial losses of £54.4m (£47.9m gain in 2010/11) were included in other comprehensive income and expenditure in the CIES. The cumulative amount of actuarial gains and losses recognised in other comprehensive income and expenditure is a loss of £107m.

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	2011/12 £000	**2010/11** £000
Balance as at 1 April	274,437	333,635
Current service cost	7,773	11,148
Interest cost	15,088	16,958
Contributions by members	2,769	3,055
Actuarial losses/(gains)	43,408	(54,444)
Past service costs/(gains)	0	(31,136)
Losses/(gains) on curtailments	801	0
Liabilities assumed in a business combination	606	5,652
Liabilities extinguished on settlements	(1,485)	0
Estimated unfunded benefits paid	0	0
Estimated benefits paid	(10,939)	(10,431)
Balance as at 31 March	**332,458**	**274,437**

Reconciliation of present value of the scheme assets:

	2011/12 £000	**2010/11** £000
Balance as at 1 April	177,449	168,516
Expected return on assets	10,594	10,375
Contributions by members	2,769	3,055
Contributions by employer	7,580	8,380
Actuarial gains/(losses)	(11,056)	(6,532)
Liabilities assumed in a business combination	(61)	4,086
Benefits paid	(10,939)	(10,431)
Balance as at 31 March	**176,336**	**177,449**

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 rates of return experienced in the respective markets.

Note 41 Defined Benefit Pension Schemes

The actual return on scheme assets in the year was a loss of £0.46m (2010/11 gain of £12.1m).

Fair Value of Plan Assets

	31/03/12 £000	31/03/11 £000
Equity investments	61,718	55,010
Bonds	44,072	47,911
Property	17,634	14,196
Cash	3,527	8,873
Alternative Assets	49,386	51,460
	176,337	**177,450**

The above asset values are at bid value as required by IAS 19.

The Council's share of the Net Pension Liability (included in the Balance Sheet):

	31/03/12 £000	31/03/11 £000
Fair Value of Employer Assets	176,336	177,450
Present value of funded liabilities	(324,866)	(274,436)
Net (Under)/Overfunding in Funded Plans	**(148,530)**	**(96,986)**
Present Value of Unfunded Liabilities	(7,591)	0
Net Asset/(Liability)	**(156,121)**	**(96,986)**
Amount in the Balance sheet:		
Liabilities	(332,457)	(274,436)
Assets	176,336	177,450
Net Asset/(Liability)	**(156,121)**	**(96,986)**

Scheme history

Analysis of scheme assets and liabilities

	31/03/12 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000	31/03/08 £000
Fair Value of Assets in pension scheme	176,336	177,449	(168,516)	(127,011)	(179,449)
Present Value of Defined Benefit Obligation	(332,458)	(274,437)	333,635	211,044	224,431
Surplus/(deficit) in the Scheme	**(156,122)**	**(96,988)**	**165,119**	**84,033**	**44,982**

Amount recognised in Other Comprehensive Income and Expenditure:

	31/03/12 £000	31/03/11 £000
Actuarial (gains)/losses	54,464	(47,912)
Actuarial (gains)/losses recognised in Other Comprehensive Income and Expenditure	54,464	(47,912)
Cumulative actuarial gains and losses	**114,020**	**59,556**
History of experience gains and losses:		
Experience gains and (losses) on assets	(11,056)	(6,352)
Experience gains and (losses) on liabilities	1,059	15,018

Note 41 Defined Benefit Pension Schemes

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £332m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net liability of £156m.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Berkshire Local Government Pension Fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary

Analysis of projected amount to be charged to the CIES for the year to 31 March 2013

	31/03/2013 £000	31/03/2013 %
Projected current cost	9,938	63.23%
Interest on obligation	15,347	97.65%
Expected return on assets	(9,568)	-60.88%
Past service cost	0	0.00%
Gains and losses on settlements or curtailments	0	0.00%
	15,717	**100.00%**

The total contributions expected to be made to the Berkshire Local Government Pension Fund by the council in the year to 31 March 2013 is £6.675m.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012.

	31/03/12 %	31/03/11 %
Experience (gains and (losses) on Assets	(6)	1
Experience gains and (losses) on liabilities	0	6

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 the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2010.

Note 41 Defined Benefit Pension Schemes

	2011/12 %	2010/11 %
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.7	7.8
Bonds	4.6	5.5
Property	4.8	5.9
Cash	3.0	3.0
Alternative assets	5.0	5.0
Total	**5.4**	**6.5**
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	23.0	22.70
Women	25.60	25.40
Longevity at 65 for future pensioners:		
Men	25.0	24.80
Women	27.60	27.40
RPI/Pension Increase Rate	3.30	3.50
CPI/Pension Increase Rate	2.50	2.70
Salary Increase Rate	4.45	4.75
Expected Return on Assets	2.50	2.70
Discount Rate	4.60	5.50
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	.0	.0
Service post April 2009	.0	.0

Major categories of plan assets as percentage of total plan assets

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

	31/03/12 %	31/03/11 %	31/03/10 %
Equity investments	35.0	31.0	44.0
Bonds	25.0	27.0	29.0
Property	10.0	8.0	7.0
Cash	2.0	5.0	2.0
Alternative assets	28.0	29.0	18.0
	100.0	**100.0**	**100.0**

Note 42 **Contingent Liabilities**

The former Berkshire County Council has a potential liability of £4 million relating to the Municipal Mutual Insurance Scheme of Arrangement. The Council would be responsible for an undetermined share of this liability if it becomes payable. There is no certainty at this stage of the timing or amount of the Council's potential liability.

Note 43 **Contingent Assets**

A contingent asset arises where an event has taken place which gives rise to a possible asset whose existence will only confirmed by the occurrence of a specific event. The Council has one contingent asset which relates to the sale of land. Contingent assets are not charge to the Comprehensive Income and Expenditure Statement or recognised in the Balance Sheet but are disclosed in a Note to the Accounts.
In the accounts the Council has recognised a deferred capital receipt arising from the disposal of part of Upton Court Park. The sale price was agreed at a minimum value of £3.25m. However the actual sale proceeds will be determined by a valuation on the day of sale which may exceed the minimum value stated above.

Note 44 **Nature and Extent of Risks Arising from Financial Instruments**

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 makes amendments 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 32 to 52 at:

http://www.slough.gov.uk/moderngov/documents/s17808/Draft%20MTFS%201213%206-2-12.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 2011-12, approved by Cabinet on 7th February 2011 and by Full Council on 21st February 2011.

Throughout 2011/12 the ***minimum*** criteria for new investments has been a long term rating of A+/A1/A+ (Fitch/Moody's/S&P).

Following downgrades to a number of systemically important financial institutions in Autumn 2011, a lower minimum credit rating of A-/A3/A-(Fitch/Moody's/S&P) was adopted by the authority for 2012.13 once the revised Treasury Strategy was approved by Full Council.

The table below summarises the nominal value of the Council's investment portfolio as at 31st March 2012 and shows that all deposits outstanding as at 31st March 2012 met the Council's credit rating criteria at that date:

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2012	Balance Invested as at 31st March 2012				Total
	YES/NO	YES/NO	Upto 1 month	> 1 and < 3 months	> 3 and < 6 months	> 6 and < 12 months	
			£'000	£'000	£'000	£'000	£'000
Banks - UK	YES	YES	0	9,500	4,200	0	13,700
Banks - non UK	YES	YES	0	0	0	0	0
Total Banks			**0**	**9,500**	**4,200**	**0**	**13,700**
Building Societies	YES	YES	0	0	0	0	0
Call Accounts	YES	YES	23,950	0	0	0	23,950
Local Authorities	YES	YES	12,000	9,000	16,000	0	37,000
TOTAL			**35,950**	**18,500**	**20,200**	**0**	**74,650**

The above analysis excludes the estimated carrying value after impairment of the Council's Heritable Bank investment of £0.75M originally invested in March 2007.

Note 44 **Nature and Extent of Risks Arising from Financial Instruments**

	Amount at 31/03/12 £'000	Historical experience of Default %	Adjustment for Market Conditions @31/03/12 %	Estimated Maximum Exposure to Default
	a	b	c	(a*c)
Deposits with banks and financial institutions				
AAA* rated counterparties				
(investments up to 1 year)	-	0.00%	0.00%	0
AA* rated counterparties				
(investments up to 1 year)	-	0.00%	0.00%	0
A* rated counterparties				
(investments 1-2 years)	4,200	0.00%	0.00%	0
BBB rated counterparties				
(investments up to one year)	-	0.00%	0.00%	0
Other Investments				
- Local Authorities AAA rated	10,000	0.00%	0.00%	0
-Local Authorities	27,000	0.00%	0.00%	0
-Money Market Funds	23,950	0.00%	0.00%	0
-Heritable Bank	748	20.00%	14.00%	105
Other	9,500	0.00%	0.00%	0
Debtors	-	0.00%	0.00%	0
	75,398			**105**

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 to ensure new loans are staggered to mature at different periods to avoid liquidity risk. It is also the Council's strategy that no more than £10M of deposits are placed for a period maturing beyond 364 days.

The maturity analysis of nominal value of the Council's debt as at 31st March 2012 is as follows:

	Years	31 March 2012 £'000	% of Total Debt
Short Term Borrowing	Less than 1 year	20	0.01%
Long Term Borrowing	Over 1 but not over 2	10,004	5.20%
	Over 2 but not over 5	13,002	6.76%
	Over 5 but not over 10	17,002	8.84%
	Over 10 but not over 15	9,006	4.68%
	Over 15 but not over 20	50,522	26.26%
	Over 20 but not over 25	28,000	14.55%
	Over 25 but not over 30	60,841	31.62%
	Over 30	4,000	2.08%
Total		**192,397**	**100%**

Note 44 **Nature and Extent of Risks Arising from Financial Instruments**

Market risk

The Council is exposed to market risks described below:

- **Interest Rate Risk**

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

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- Borrowings at fixed rates – the fair value of the borrowings will fall;
- Market Borrowings with LOBO – the lender may exercise option to increase rate of interest charge and if so, the Council may wish to exercise option to repay the outstanding amount of loan rather than accept higher rate of interest;
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise;
- Investments at fixed rates – the fair value of the assets will fall; and

The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 50% on external debt that can be subject to variable interest rates. At 31st March 2012, 94.8% of the debt portfolio was held in fixed rate instruments, and 5.20% in variable rate instruments.

According to this assessment strategy, at 31st March 2012, if interest rates had been 1% higher with all other variables held constant, the financial effect in full year would be:

	31/03/12 £000	31/03/11 £000
Increase in interest payable on variable rate borrowings	100	0
Increase in interest receivable on variable rate investments	-239	0
Increase in government grant receivable for financing costs	0	0
Impact on Surplus or Deficit on the Provision of Services	**-139**	**0**
Share of overall impact debited to the HRA	-31	0

Decrease in fair value of fixed rate investment assets	-31	0
Impact on Other Comprehensive Income and Expenditure	0	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)		808

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

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

Price Risk

The Council does not generally invest in equity shares and did not have any shareholdings as at 31st March 2012.

Note 45 Heritage Assets: Change in Accounting Policy

FRS 30, Heritage Assets, has now been adopted by the Council. Heritage assets are those assets held by the Authority for cultural, environmental or historical reasons in relation principally to their contribution to knowledge and culture.

Slough Borough Council does not have any heritage assets which are either materially significant or non-operational. Operational assets are disclosed in note 12.

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Housing Revenue Account for the year ended 31st March

	2011/12 £000	2010/11 £000
Income		
Gross Rent Income:		
Rent income - Dwellings	28,361	26,629
Rent income - Non Dwellings	1,705	791
Charges for facilities & services	1,750	1,916
Contributions towards expenditure	594	608
Total Income	**32,410**	**29,944**
Expenditure		
Repairs & Maintenance	7,155	6,962
Supervision & Management:	7,895	7,926
Rents, Rates & Taxes	14	7.0
Housing Revenue Account Subsidy payable (incl MRA)	7,419	6,415
Depreciation of Fixed Assets	9,350	12,434
Debt Management Costs	59	56
Provision for Bad Debts	210	0
Settlement payment to Government for HRA self-financing	135,841	0
Total Expenditure	**167,943**	**33,800**
Exceptional Items	0	97,570
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	**135,533**	**101,426**
HRA Services Share of Corporate & Democratic Core	205	205
HRA services share of Unallocated overheads	0	0
Net Cost of HRA Services	**135,738**	**101,631**
Gains(Cr)/loss on sale of HRA Fixed Assets	(244)	(1,090)
Interest Payable and Similar Charges	2,271	2,316
HRA Investment Income	(95)	(117)
Pensions interest cost and expected return on pensions assets	179	245
Movement in fair value of investment property	0	(1,976)
Surplus(CR)Deficit for Year on Hra Services	**137,849**	**101,009**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Adjustments between accounting basis and funding basis

Movement on the HRA Statement

	2011/12 £000	**2010/11 £000**
Balance on the HRA at the end of the previous year	9,531	9,008
Surplus or (Deficit) on the HRA Income and Expenditure Statement	(137,849)	(101,009)
Adjustments between accounting basis and funding basis under stature	138,495	101,532
Net Increase or (Decrease) before transfers to or from reserves	646	523
Transfers (to)/from Reserves	0	0
Increase or (decrease) on the HRA for the year	**646**	**523**
Balance on the HRA at the end of the current year	**10,177**	**9,531**

	2011/12 £000	**2010/11** £000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	(167)	216
Revaluation and Impairment of PPE	(3,735)	(103,302)
Gain or loss on sale of HRA non current assets	244	1,090
HRA Share of Contributions to or from the Pension Reserve	(278)	(459)
Transfers to/(from) Major Repairs Reserve	(583)	(577)
Settlement payment - Self Financing	(135,841)	
Transfers to/(from) Housing Repairs Account	0	0
Contribution to major repairs reserve	1,865	1,500
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	**(138,495)**	**(101,532)**

Notes to the Housing Revenue Account

1. Housing Revenue Account

The Housing Revenue Account is a record of expenditure and income from the provision of local authority housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is "ringfenced" and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

2. Housing Stock

The number of dwellings in the housing stock of the Aurthority, as at 31 March 2012, is analysed below.

	2011/12 Number	2010/11 Number
Property Type		
Houses	2,813	2,825
Flats	2,997	3,043
Bungalows	561	599
Shared ownership	4	4
Awaiting Demolition	49	0
Total Dwellings 31 March	**6,424**	**6,471**

	2011/12 Number	2010/11 Number
Total Dwellings 1 April	**6,471**	**6,505**
Sold	(18)	(16)
Conversion	0	2
Demolished	(29)	(20)
Total Dwellings 31 March	**6,424**	**6,471**

3. Major Repairs Reserve

The Accounts and Audit Regulations 2003 require authorities to establish and maintain a Major Repairs Reserve for council dwellings. A Major Repairs Allowance (MRA) is received annually as part of the Housing subsidy system and is represented by an amount equivalent to the total HRA depreciation charge which can only be used for capital expenditure on HRA assets.

	2011/12 £000	2010/11 £000
Balance at 1 April	1,516	1,040
Depreciation on fixed assets	**5,603**	**5,654**
Transfer to HRA balance	**(583)**	**(729)**
Capital expenditure on HRA assets	(3,757)	(5,949)
Contribution from the Income & Expenditure account	1,865	1,500
Balance at 31 March	**4,644**	**1,516**

4. Housing Revenue Account Capital Expenditure

	2011/12 £000	2010/11 £000
Capital investment		
Dwellings	2,409	4,688
Other assets	1,348	1,452
	3,757	**6,140**
Sources of funding		
Capital Receipts	0	191
Major Repairs Reserve	3,757	5,949
	3,757	**6,140**

Supported borrowing levels are issued annually by Central Government, authorising the Council to borrow monies, which will be funded by Central Government to covercapital expenditure. Additionally, the Council is able to take out unsupported borrowing which must be financed from its own resources.

5. Capital Receipts from Disposal of HRA Assets

	2011/12 £000	2010/11 £000
Council dwellings -		
Right to Buy	1,982	1,785
Open market sales	355	0
Other Receipts -		
Land and other property	137	390
	2,474	**2,175**
Less Pooled (Paid to Central Government)	(1,478)	(1,300)
	996	**875**

6. Housing Revenue Account Subsidy

Government Subsidy on the Housing Revenue Account is calculated based upon a notional account, which takes into account the housing stock numbers and local influences. The elements of expenditure are calculated

Notes to the Housing Revenue Account

for items such as management, day to day maintenance, capital financing charges etc. Offset against these costs is an element for notional income calculated on stock numbers and guideline rents.

The elements of Housing Revenue Subsidy for the year are as follows:

	2011/12 £000	**2010/11** £000
Guideline Rent Income	28,030	26,874
Interest on Receipts	6	7
Management and Maintenance	(12,743)	(12,212)
Major Repairs Allowance	(5,020)	(4,924)
Charges for Capital	(2,854)	(3,330)
Total In year HRA Subsidy Payable	**7,419**	**6,415**
Total HRA Subsidy Due to (From) CLG	**7,419**	**6,415**

7. Rent Arrears

During 2011/12 total rent arrears decreased by £222,000 (£140,000 increase 2010/11)

	31/03/12 £000	**31/03/11** £000
Current Tenant Arrears	1,034	1,132
Former Tenant Arrears	882	1,006
Total Rent Arrears	**1,916**	**2,138**
Prepayments	(486)	(481)
Net Rent Arrears	**1,430**	**1,657**

8. Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to the Housing Revenue Account is £1,642,000 (£1,724,000 2010/11)

9. Depreciation and Impairment of Fixed Assets

	2011/12 £000		**2010/11 £000**	
	Depreciation	Impairment	Depreciation	Impairment
Dwellings	5,353	2,409	5,373	4,688
Other Property - Operational Assets	250	1,348	281	2,092
	5,603	**3,757**	**5,654**	**6,780**

10.Pension Costs

As part of the terms and conditions of employment of its officers, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. Slough Borough Council participates in the Local Government Pension Scheme administered by the Royal Borough of Windsor and Maidenhead. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Re

HRA Income & Expenditure Account	**2011/12** **£000**	**2010/11** **£000**
Service Cost	100	209
Past Service Costs	0	631
Expected Return on Employer Assets	(421)	(386)
Interest on Pension Scheme Liabilities	599	0
Total	**278**	**454**
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(278)	0
Movement on Pension Reserve	**0**	**454**

11. HRA Self-Financing

The Authority made a settlement payment of £135m to the Government on 28 March 2012 to exit from the HRA subsidy system. The settlement payment is the difference between a self financing valuation of each local authority's housing stock and the notional amount of debt currently supported through the HRA subsidy system. Of this £125m was funded by borrowing from the Public Works Loan Board and the remaining £10m from internal resources.

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.

Collection Fund	Notes	2011/12 £000	2010/11 £000
Income			
Council Tax Income		(47,723)	(47,485)
Transfers from General Fund:			
Council Tax Benefit		(10,613)	(10,383)
Discretionary Relief		(358)	(108)
Income collectable from Business Ratepayers	4	(91,117)	(85,063)
Total Income		**(149,811)**	**(143,039)**
Expenditure			
Precepts			
Slough Borough Council	5	47,860	47,223
Thames Valley Police Authority	5	6,414	6,328
Royal Berkshire Fire Service	5	2,314	2,283
Parish Councils	5	264	264
Business Rates:			
Payment to National Pool	4	89,525	82,368
Interest Payable on Revaluation		43	121
Cost of Collection		210	215
Impairment of Debts/Appeals:			
Write-offs of uncollectable amounts		(381)	(173)
Allowance for impairment		3,507	4,341
Total Expenditure		**149,756**	**142,970**
Movement on Fund Balance		**(55)**	**(69)**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2012

Note 1 - Council Tax

The introduction of Council Tax on 1 April 1993 revised the method of accounting for the Council's Collection Fund. The main features of the arrangements may be summarised as follows:

a) Revenue Support Grant and amounts for distribution from the NNDR National Pool are paid directly to all Billing and Precepting Authorities and are disclosed in the Income and Expenditure Account

b) Interest is no longer payable between the General Fund and the Collection Fund on cash-flow deficits/surpluses. All interest is now payable directly to the General Fund, as shown on the Income and Expenditure Account

c) The year-end surplus or deficit on the Collection Fund is to be distributed between Billing and Precepting Authorities on the basis of estimates, made in January of each year-end balance. For 2011/12, the amount outstanding in January 2012 in respect of Council Tax when compared with the provision made by the Council for non-payment, was not above the level anticipated and therefore no surplus was declared.

d) Under the old Community Charge Collection Fund any surplus or deficits were retained within the fund, however the revised arrangements in (c) above resulted in any such balances being cleared to the relevant authority. For 2009/10, the amount outstanding in January 2009 in respect of Community Charge when compared with the provision made by the Council for non-payment, was not above the level anticipated and therefore no surplus was declared.

Note 2 - Council Tax Valuation Bands

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Valuation Band Range of Values

A	Up to & including	40,000		
B		40,001	-	52,000
C		52,001	-	68,000
D		68,001	-	88,000
E		88,001	-	120,000
F		120,001	-	160,000
G		160,001	-	320,000
H	More Than			320,001

Note 3 - Council Tax Income

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 a Band D figure. This gives the tax base for the Council.

The valuation bands and the Band D equivalent figures estimated for 2011/12 are as follows:

Band	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
A	986	6/9	657	907
B	7,735	7/9	6,016	1,059
C	19,232	8/9	17,095	1,210
D	11,410	9/9	11,410	1,361
E	3,739	11/9	4,569	1,664
F	1,502	13/9	2,169	1,966
G	297	15/9	495	2,268
H	2	18/9	4	2,722
			42,415	
Less: Adjustment of 2% to allow for changes in the valuation list and for non-collection of tax			(848)	
Council Tax Base 2011/12			41,567	

Council Tax income for 2011/12 was £47.723 million (2010/11 £47.485 million).

Note 4 - Non-Domestic 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:

	2011/12	2010/11
Total Slough Borough Council at 31 March	£225,503,222	£222,315,556
Main NNDR rate multiplier	43.3	41.4
Small Business rate multiplier	42.6	40.7
	£'000	£'000
Income due from ratepayers	91,117	85,063
Discretionary relief from the General Fund	358	108
less Provision for doubtful debts	(1,698)	(2,467)
Interest on refunds	(43)	(121)
Cost of collection allowance	(210)	(215)
National Pool contribution	89,524	82,368

Note 5 - Precepts & Demands

The following amounts were paid from the fund:

	2011/12	2010/11
	£000	£000
Slough Borough Council	47,860	47,223
Britwell Parish Council	120	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	89	89
Royal Berkshire Fire Service	2,314	2,283
Thames Valley Police Authority	6,414	6,328
Total	**56,852**	**56,098**

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

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

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

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

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

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:
☐ Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
☐ The actuarial assumptions have changed

ASSET
An item having value to the authority in monetary terms. Assets are categorised as either current or fixed:
☐ A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
☐ A fixed asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Authority's financial affairs.

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

BORROWING
Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

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

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

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

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

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

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

CIPFA
The Chartered Institute of Public Finance and Accountancy

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

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

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

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

CONTINGENT LIABILITY
A contingent liability is either:
- ☐ A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- ☐ A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a

series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

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

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

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

DEFERRED CHARGES
Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

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

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

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

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

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

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

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

EXTRAORDINARY ITEMS
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are

not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

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

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

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

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

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT
A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

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

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

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

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

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

LIABILITY
A liability is where the Authority owes payment to an individual or another organisation.
☐ A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
☐ A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Authority without disrupting its business and are either:
☐ Readily convertible to known amounts of cash at or close to the carrying amount; or
☐ Traded in an active market

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

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

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

NEGATIVE SUBSIDY
If the Subsidy Housing Revenue Account produces a result, which assumes that the Authority's income is higher than its expenditure, a "negative subsidy" situation arises. In this case the Authority must pay an amount equivalent to the deficit, from its Housing Revenue Account to the government.

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

NET DEBT
The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)
The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

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

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

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

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

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

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

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

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

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

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

RELATED PARTIES
There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.
RELATED PARTY TRANSACTIONS
The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

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

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

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

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

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

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

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

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

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

USEFUL ECONOMIC LIFE (UEL)
The period over which the Authority will derive benefits form the use of a fixed asset.

ANNUAL GOVERNANCE STATEMENT

2011-12

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 Authority is directed and controlled and the activities through which it leads, accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively.

2.3 The governance framework has been in place at the Council for the year ended 31st March 2012 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.

[redacted]

[redacted]

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

Key References:

- The Council's Strategic Plan and Corporate Plan;
- Local Strategic Partnership and Shadow Health and Wellbeing Board; 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 delivering *Slough's Sustainable Community Strategy* – which sets out the 20 year long-term vision. The Strategic Plan has now reached the end of its life and a new Corporate Plan is being developed for agreement in summer 2012. During 2011 we refreshed the Sustainable Community Strategy and with partners agreed new priorities. 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.

As a result of the new requirement for local authorities to establish Health and Wellbeing (HWB) Boards, the Council, with partners, agreed to wind up the Local Strategic Partnership in December 2011 and for the Wellbeing Board to become the umbrella partnership for the borough. The Wellbeing Board has agreed its governance arrangements to reflect the amended priorities of the Sustainable Community Strategy and to streamline the Priority Delivery Groups which report into the Wellbeing Board. A Wellbeing Strategy is being drafted to reflect the priorities already identified in the SCS and other issues ensuing from the JSNA particularly in the Health Theme. Next year we expect these two strategic documents to become one.

The Council's Strategic Planning Framework includes a Performance Management Framework which is used to monitor financial, service and project performance on a monthly basis and is reported to the Corporate Management Team, Cabinet and Overview and Scrutiny. The Council is reviewing its approach to service planning and will produce new guidance during 2012/13.

The Council uses the U-engage consultation portal to consult with the community on a range of issues. The Council is also reviewing its approach to community engagement to ensure that we have a more focused use of resources and will be issuing guidance during 2012/13.

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

Key References:

- Citizen Satisfaction Surveys;
- 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 it statutory partners.

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

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

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

Key References:

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

Commentary:

The Council is composed of 41 Councillors. The overriding duty of Councillors is to the Borough as a whole but they are democratically accountable to residents of their Ward. All Councillors meet together as the full Council. The full Council is the decision making body that sets the policy and budgetary framework of the Authority. The Council has adopted the strong leader model. The Council elects the Leader for up to four years. The Leader appoints the Cabinet. Council appoints the Committees, Sub-Committees and Panels etc. it considers necessary to carry out the statutory functions of the Council as a Local Authority. Each year, normally in May, a new Mayor is elected who chairs the full Council meeting.

The Executive is the part of the Council which is responsible for most day-to-day decisions. The Executive is made up of a Cabinet which comprises the Leader of the Council and seven lead Councillors, called Commissioners. Each Commissioner has a specific portfolio of areas for which she/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 at Council offices. 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 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. The Code of Conduct will be reviewed in 2012-13.

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 Authority maintains a deserved reputation for the high standards of its activities and the integrity of its employees at all levels.

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

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

Key References:

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

Commentary:

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

The financial management of the Authority is conducted in accordance with various procedures set out in the Constitution, but in particular with the Financial Procedure Rules. The Council has designated the Strategic Director of Resources and Regeneration as Chief Financial 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 senior managers, 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 have been developed ensuring compliance with established policies, procedures, laws and regulations.

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

Key References:

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

Commentary:

The Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2010) i.e. S151 Officer.

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

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

The Committee comprises seven people (six Councillors on a proportional basis), with one co-opted member 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 is attended by both External Auditors, whose primary role is to provide an opinion on the Council's financial statements, and Internal Auditors, who provide independent assurance over the effectiveness of internal control, risk management and governance processes within the Council. Regular reports summarising the work undertaken by Internal Audit are provided to each committee meeting for review. In addition, the Head of Internal Audit opinion and annual report are key drivers in informing the Council's Annual Governance Statement.

The Committee reports annually to the Council and reports on an exception basis through the Finance & Performance Report produced by the Corporate Management Team 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 S151 Officer (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 S151 Officer 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/she 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 the decision being implemented until the report had 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 was reviewed in-year, which enables the public, staff and all those contracting with the Authority to report any concerns on a confidential and secure basis. The document has been reviewed and updated regularly and widely communicated to all concerned.

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

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

Key References:

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

Commentary:

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

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

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

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

Key References:

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

Commentary:

There are clear channels of communication with all sections of Slough's diverse community. Communication channels include the local media, the Council's website which was re-launched during the year to improve customer access 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, including Twitter, as an additional 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. The Council are now also working with businesses to progress the Local Economic Assessment and via the Skills, Employment and Enterprise Priority Delivery Group to focus on achieving real outcomes to improve the skills of local people and encourage business growth.

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 Council has a long history of community consultation and participation. This has included establishing innovative engagement mechanisms such as a Faith Forum. Work with, and support to, the local community has led to well-established systems of residents' and tenants' associations 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 partners are making increasing use of U-engage, an online consultation portal, with the aim of increasing responses to, and the scope of, consultations.

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

Key References:

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

Commentary:

The Council works in partnership with other public sector agencies and the voluntary and community sector.

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 authority or partnership has the information needed to review value for money and performance effectively.

During the year a Partnership Toolkit was also produced and CMT agreed a number of priority partnerships to review. This work has been completed and follow up action is underway. CMT also requested that Internal Audit undertake a review of the operation of the toolkit during the year for those priority partnerships. This was undertaken in quarter four of the year and a positive assurance opinion provided.

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

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

- Annual reviews by Internal Audit of the authority's governance, risk management arrangements and systems of internal control.
- Reviews by Internal Audit of internal controls in operation within service areas 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 Authority's constitution including standing orders and financial instructions.
- Ongoing review of risks and the actions required to mitigate against them.
- Monthly budget monitoring by Central Finance supported by established departmental monitoring processes.
- Quarterly meetings of the Council's 3 statutory officers.
- 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, Housing and Regeneration
- Customer and Transactional Services
- Education & Children's Services;
- Community & Wellbeing

Signed hard copies are held by the Head of Internal 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 by the previous Internal Auditors, Deloitte (covering the period April to December 2011) and by the new Internal Auditors, RSM Tenon (January 2012 – ongoing);
- 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
- discussion with Directors and Assistant Directors during the audit planning process.

SIGNIFICANT GOVERNANCE ISSUES

The following significant governance issues were identified as part of the Annual Governance Statement for 2010-11. The table below highlights the actions that have been taken in the year to resolve these, and the improvements which have been made to the service provision.

Risk	Actions proposed within the 2010/11 Annual Governance Statement	Actions taken in 2011/12 to address these issues
1 Safeguarding services and Safeguarding outcomes for children and young people Ofsted inspection has judged services as inadequate and 4 of the 10 areas in outcomes as inadequate: • Failure to safeguard Children • Reputational damage to the Council • Failure to identify high risk/ problem areas prior to inspection • Statutory requirements not being met	Production of a detailed recovery plan to address findings particularly to improve: • Quality assurance arrangements • Management overview and challenge on casework • Quality of risk assessment, contingency and planning • Provision of resources to address issues without impacting 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	• Improvement Plan Project Board (internal staff) meets twice monthly to oversee progress against the Safeguarding Improvement Plan (which is one of the SBC GOLD projects). • Improvement Board (externally chaired and with representation from DfE, SBC Members and Officers, police, health and the LSCB) meets every two months to oversee progress. Improvement Plan is updated for each meeting. • Risk register in place based on the Improvement Plan, and subject to independent review and challenge at CMT. • CMT scrutiny of the Safeguarding Improvement Plan through monthly GOLD project highlight report • Member Scrutiny of the Safeguarding Improvement Plan through reports to Cabinet and the Education and Children's Services Scrutiny Panel. • Member updates on progress through the monthly GOLD project highlight reports which are included on the agenda for Overview and Scrutiny and Cabinet meetings • Funding provided for improvement. Very close and tight monitoring. • Employment of specialist interim staff. New structure and recruitment plan for Children's Social Care being developed. • Bridging strategy into new structure in place and phased recruitment of new staff to start in May.

		• Sample deep dive audits being undertaken by an external specialist to evaluate progress. • Safeguarding internal audits to be undertaken during 2012/13. • A peer review on the safeguarding improvements will be undertaken by an external peer review team in September and mirror the approach taken by Ofsted in an inspection. The purpose is to provide assurance and an independent evaluation of the improvements and progress made to date by the improvement board and also to provide a baseline against the new and more demanding Ofsted inspection criteria published since our most recent inspection.

Risk	Extract of mitigating factors from the Annual Governance Statement	Update April 2012
		Progress is being driven and monitored using the following sequence of meetings. Supported by an Improvement Panel Board. Improvement Board Dates Tuesday 25th October 2011, 11.00am Monday 5th December 2011, 11.30am Tuesday 10th January 2012, 11.00am Tuesday 6th March 2012, 1.00pm Monday 28th May 2012, 11.30 – 3.00pm Tuesday 18th September 2012, 11.30am Tuesday 16th October 2012, 11.30am Tuesday 20th November, 2012, 11.30am

		Tuesday 18th December 2012, 11.30am Cabinet: 23 Jan 2012 6.30 pm 13 Jun 2011 6.30 pm Scrutiny: 24 Jan 2012 6.30 pm 24 Nov 2011 6.30 pm 12 Oct 2011 6.30 pm 5 Sep 2011 6.30 pm

Risk	Extract of mitigating factors from the Annual Governance Statement:	Update April 2012
2 Continued Economic Instability and Turbulence at a national level • Comprehensive Spending Review • Reduction in spending power circa £25million to the Council over next 4 years • Reduction of service provision and services • Risk of insolvency of key suppliers • Financial pressure on partner agencies particularly the • voluntary sector	• 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.	• New MTFS agreed supporting four year balanced budget (evidence MTFS) • Monitoring savings has taken place in year. Completed – revenue budget delivered under-spent in accordance with planned early implementation of coming years savings (evidence monthly budget monitor reports) • All savings/growth proposals presented to PPRG • Reserve levels increased in line with expectations • Additional savings identified in line with agreed approach to transformation of services and continued protection of front line services to effectively support end users. (evidence revised appendices A and PPRG agreed savings areas approved throughout the year) • Effective dialogue with all major suppliers (evidence successful transfer Southern Cross care homes, profit share increase from Enterprise contract).

		• The voluntary sector has been actively encouraged and supported to participate in tender processes, shift in focus towards commissioning 3rd sector services – (evidence cabinet report, and successful tender awards, Age Concern etc). • Localism, finance training delivered to all key staff (evidence programme slides /notes). • Briefing notes provided to CMT & Scrutiny (evidence reports see respective reports). • Provision made in revenue budget for £1million impact of ctax benefit reduction (evidence 4 year revenue budget) • Delivered Transactional Services externalisation. • Ongoing reviews of new models of service delivery. • Exploring opportunity of LABV to secure additional finance and delivery capacity for regeneration. • Review of Finance capacity to develop resilient team.

Risk	**Extract of mitigating factors from the Annual Governance Statement**	**Update April 2012**
3 Business Continuity • Failure of Council and partners to provide services • Loss of reputation • Loss of performance	• 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 their input to it • Review of suppliers business continuity plans to ensure continuity of supply • Performance management and reviews processes to be established to review and evaluate partnerships. Key	• KPMG Business Continuity Specialists commissioned to develop and test comprehensive and robust BCP. • Draft BCP to be produced by June 2012. Each month progress is reported to CMT and Cabinet as one of our gold projects. • Workshops were held during December/January regards BCP for key members of staff and training provided to CMT. One to one meetings held with all AD's regards development of Business impact Assessments

	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.	• SBC Lead for the project and ongoing management/review is the responsibility of the Emergency Planning Officer, who is working closely with KPMG regarding delivery and quality. • Experience of responding to critical incidents. • Planning in place for Olympic period.
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	• 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	• CMT draft revised workforce strategy produced (evidence CMT report) • Strategic task and finish project team established led by Chief Executive (evidence CMT minutes) • Action plan to develop and deliver the strategy drafted • Corporate wide ongoing monitoring of all of interims/temps in place and regularly monitored (evidence through SMT minutes and O&S agenda papers). Overall reduction from 199 temps/interims in July 11 to 159 Jan 12. • Review and retender of temporary agency contract to achieve neutral vendor.
5. Partnership and Governance arrangements Relationships with major partners needs to be managed 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	• 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.	• Completed (evidence Cabinet report/CMT and SMT minutes). • Review of key partnerships completed using toolkit and gaps identified being addressed. Phase 2 review of other partnerships underway. • Risk, performance and business continuity assessed as part of the toolkit. • Partnership Register drafted and reported to CMT. • Local Strategic Partnership wound up in

and governance key aspects.	• Requirement for joint partnership risk register and management of risks to be identified as part of partnership agreement.	December 2011 with formation of Shadow Wellbeing Board • Localism Act implications assessed (reports to CMT, Cabinet Members and Overview and Scrutiny Committee).

Risk	Extract of mitigating factors from the Annual Governance Statement	Update April 2012
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. • 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.	• Production of a risk framework, strategy and policy for corporate management team ongoing review and then Audit Committee regular review • 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	• Framework, strategy and policy document in place. • Internal Audit review of risk management arrangements within the Council, with a 'risk defined' opinion provided. Risk management processes have been well developed at CMT level but require further embedding at a divisional level within the Council. • Risk management training carried out • Strategic Risk register developed and reviewed (Evidence CMT minutes), and subject to regulai review and challenge at CMT meetings.
7 Procurement • Reputational damage to Council if processes are not fair and transparent • Failure to achieve best	• 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 and key members	• New toolkit and templates written and to be rolled out in line with March training; • Independent review of progress made in addressing prior weaknesses undertaken by Internal Audit and positive assurance opinion provided.

Value	• Assess ability of key suppliers to weather current economic climate and possible implications for SBC services if such suppliers encounter financial difficulties	• New Procurement Strategy launched April 2012. • Strategy agreed by Cabinet 12th March • Central contracts register in place commenced April 2011 • Exemptions process captured in draft contract procedure rules • Training programme scheduled for March 2012 onwards.

No issues which may be regarded as significant were identified during 2011/12 as a result of the review of arrangements and by the work of external and internal audit. However, both the development of Business Continuity Plans and implementation of the Safeguarding Improvement Plan continue to remain as high risk areas on the strategic risk register. The on-going actions to address these risks have been detailed within the April 2012 update section above.

Although not classed as significant, the following issues have been identified by officers as meriting attention to further strengthen effective corporate governance:

2011/2012 Recommendation	Action Planned for 2012/2013
Ensure the improvement in the internal control environment within Schools still under the control of the Council, particularly with regards to ensuring effective financial management and use of resources.	A significant proportion of the Internal Audit plan for 2012/13 has been directed towards ensuring that schools are complying with VSFS and best practice financial management and governance requirements.

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

Production of the Annual Governance Statement