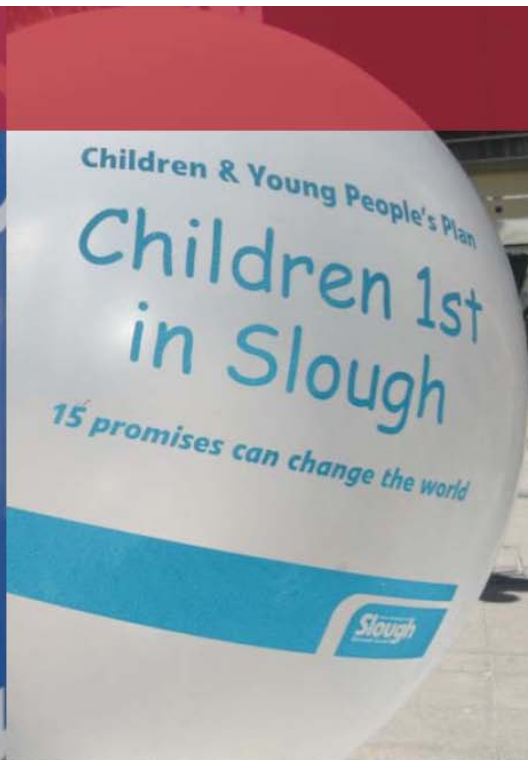


Statement of Accounts

2013 - 2014



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Statement of Accounts 2013 - 2014

CONTENTS

INFORMATION ACCOMPANYING THE STATEMENT OF ACCOUNTS

Explanatory Foreword by the Assistant Director Finance and Audit	2
Annual Governance Statement	8
Statement of Responsibilities for the Statement of Accounts	18
Independent Auditor's Report to the Members of Slough Borough Council	19

MAIN FINANCIAL STATEMENTS

Movement in Reserves Statement	21
Comprehensive Income and Expenditure Statement	22
Balance Sheet	23
Cash Flow Statement	24

NOTES TO THE MAIN FINANCIAL STATEMENTS

Notes Contents List	25
---------------------	----

HOUSING REVENUE ACCOUNT

HRA Income and Expenditure Statement	93
Movement on the HRA Statement	94
Calculation of Movement on the HRA Statement	95
Notes to the HRA	96

THE COLLECTION FUND

The Collection Fund	99
Notes to the Collection Fund	100

GLOSSARY

Glossary	102
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EXPLANATORY FOREWORD

1. Presentation of Accounts and Changes in Presentation

The Council's Accounts are presented in accordance with statutory requirements under the Accounts and Audit Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom 2013/2014.

2. Explanation of the Statement of Accounts

The Council's accounts are set out on pages **21** to **101**, and consist of the following:

- **The Movement in Reserves Statement**, which shows how the surplus or deficit in the Comprehensive Income and Expenditure Statement links with the movement on the General Fund balance for the year. The General Fund balance is key in determining Council Tax levels.
- **The Comprehensive Income and Expenditure Statement**, which summarises the Council's Comprehensive Income and Expenditure for all services provided during the year and the movements in the net worth of the council. This also shows how much is received from Council Tax receipts and central government.
- **The Balance Sheet**, which gives the Council's financial position as at the 31 March 2014 for the above mentioned areas and services. This shows what the Council owns and what is owed.
- **The Cash Flow Statement**, showing the movements in the Council's cash balances resulting from transactions with external organisations for both capital and revenue purposes.
- **Notes to the accounts**, which cover supplementary information to the above statements. This includes the Statement of Accounting Policies which explains the basis of the figures in the accounts and includes changes in policy, the basis of charges to revenue and the calculation of balance sheet items.
- **The Housing Revenue Account (HRA)**, which provides details of the Comprehensive Income and Expenditure of the Council's dwellings and associated properties for which it is responsible as a landlord. This section includes a Statement of Movement on the HRA balance, which shows how the HRA Comprehensive Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year and supplementary notes.
- **The Collection Fund**, which shows how income from Council Tax is used to meet expenditure by the Council and its preceptors, and shows the collection of Business Rates. The Council is required to maintain this separately from other funds and accounts.
- **The Pension Fund Accounts**, which provide information about the financial position, performance and the financial adaptability of the statutory pension fund. They show the results for the fund for the year and its assets at the period end.
- **Glossary of Financial terms**, which provides an explanation of terms used within the Accounts.

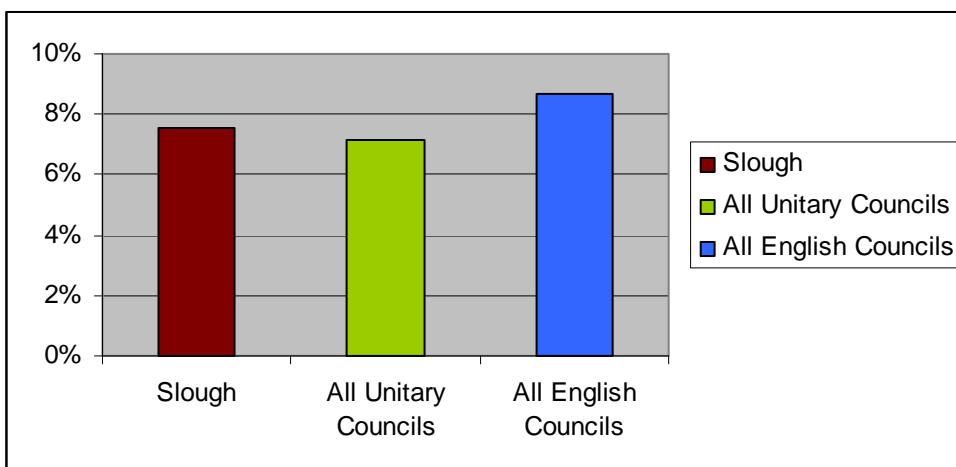
Explanatory foreword to the financial statement 2013-14

The presentation of the financial statements, and a timely external audit, is a key objective for the Council to assure our stakeholders of good levels of financial management. This foreword is intended to highlight the most important matters during the financial year 2013-14. These financial statements are produced in accordance with the requirement of the 'Code of Practice on Local Authority Accounting in the United Kingdom' which adopts International Financial Reporting Standards.

Summary

The 2013-14 financial year must be set against the backdrop of a sustained reduction in Local Government funding at a time when demand for the service we provide remains, and is growing in many areas. During this year there have also been some significant Government reforms to Local Government Finance. The Council has successfully implemented a Council Tax Support scheme from the 1st April 2013, and has managed the volatility presented through the partial localisation of Business Rates receipts. Importantly, the Council has been able to successfully protect its General Fund Reserve at just above £8m.

Chart 1.1 General Reserves comparison



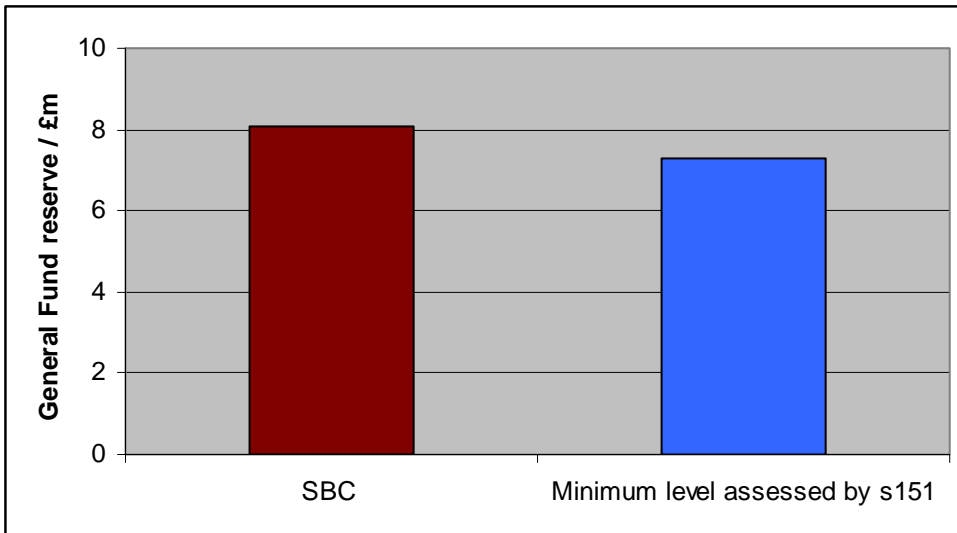
During the year, the Council has managed to maintain many areas of Council performance, with a notable highlighting being the continued improvements to Educational attainment, seeing Slough as the 7th best Education area in the country. There have also been a number of challenges facing the Council, most significantly the Ofsted inspection of Children's Social Care safeguarding. The outcome of inadequate for a second inspection in a row has led to the Government reviewing the future arrangements for delivering Children's Social Care at the Council and to delivery of improvements to the service. The outcome of this review will undoubtedly have a significant financial impact across the Council.

This was also the first full financial year for the Slough Regeneration Partnership, set up to maximise the use of Council assets through regenerating land for property. The fruits of this work, from a financial point of view, will be ongoing through future financial years.

Revenue

Overall, the Council has managed to achieve a break even position for the financial year, after adjustments to and from earmarked reserves. This is important, for it has meant the Council has protected its General Reserve level to above the minimum level set out by the Chief Financial Officer.

Chart 1.2: General Fund reserves vs. minimum level – 31.3.2014

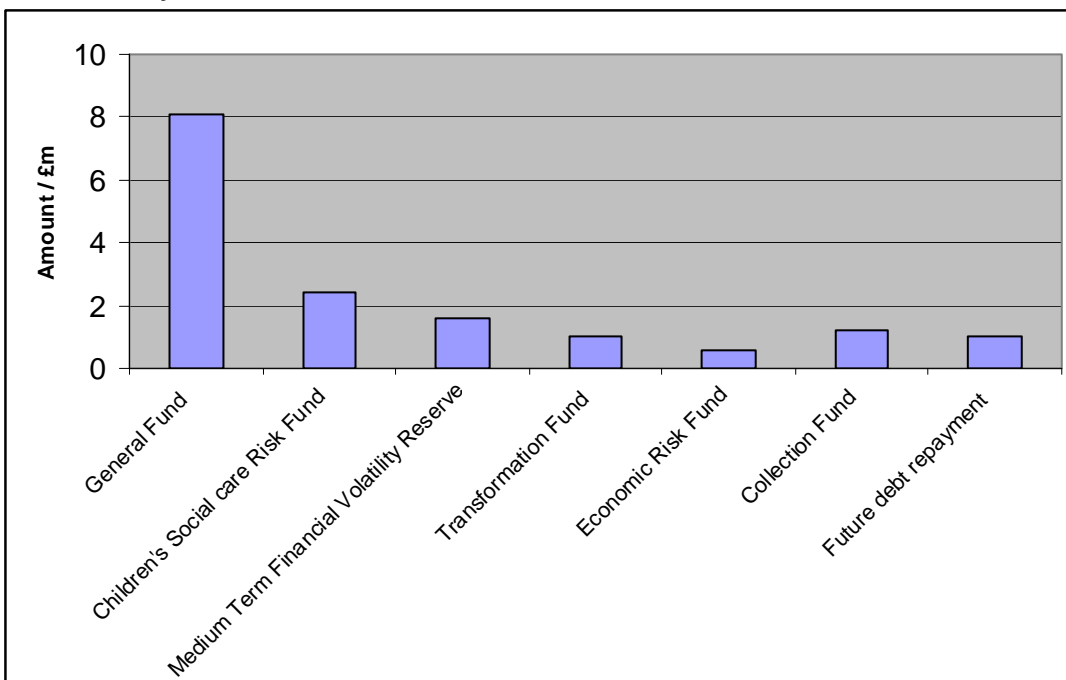


There have been some significant over and underspends during the financial year. Children’s services overspent by £3m, though it is important to note that the impact of the this on 2014-15 budgets should be mitigated through a significant investment in this service in the 2014-15 budget proposals of over £3m to invest in Looked After Children’s budgets and additional staffing costs. Savings were identified throughout many other Council service areas, including Adult Social Care, Education, Housing & Environment and Estates & Regeneration. Further information can be found in the Cabinet papers on the outturn at <http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=109&MId=5134&Ver=4>

As reported during the financial year, the Council has put additional budget into supporting the transactional services contract, as well as anticipating further income from Government grants following a revision to the net budget; overall, income has been in line with this revised budget. There have been further adjustments through the ‘corporate’ budget heading with transfers made to and from reserves. This includes a review of the earmarked reserves the Council has and regrouping these into a more streamlined listing for challenges that the Council faces going forward.

Income through the retention of business rates has led to a collection fund deficit position of £0.5m for the financial year, which will be charged to taxpayers in 2014-15. However, as per at budget setting, there is an expected £1.2m surplus on the Council Tax Collection Fund (which again is charged to 2014-15) through additional Council Tax received through an increase to the Council tax base, and from adjustments to the 2012-13 financial statements.

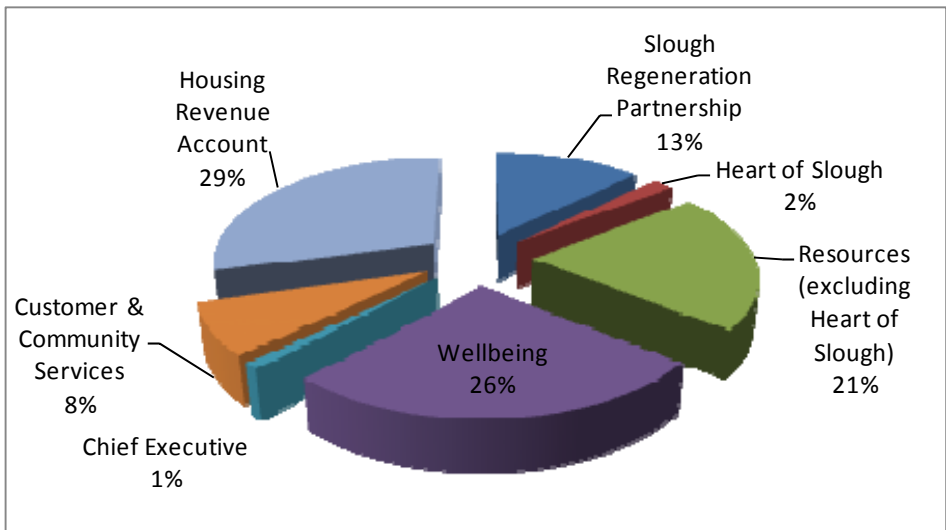
Chart 1.3: Key reserves



Capital and Treasury Management

The council spent 65% of its re-profiled capital programme allocated for 2013-14. Included within the programme has been the commencement of works completed at the Curve building in the centre of Slough which will be a significant capital scheme over the next two years, as well as a number of additional places being delivered at Schools across the borough. The main areas of capital spend that will be re-profiled into the next financial year include work at the cemetery and crematorium, works in the Housing Revenue Account and a number of ICT projects. Work is taking place at the Council's Capital Strategy Board to drive forward capital projects in the new financial year to improve the amount of the capital programme that is completed during the year.

Chart 1.4: Capital Spend 2014/14

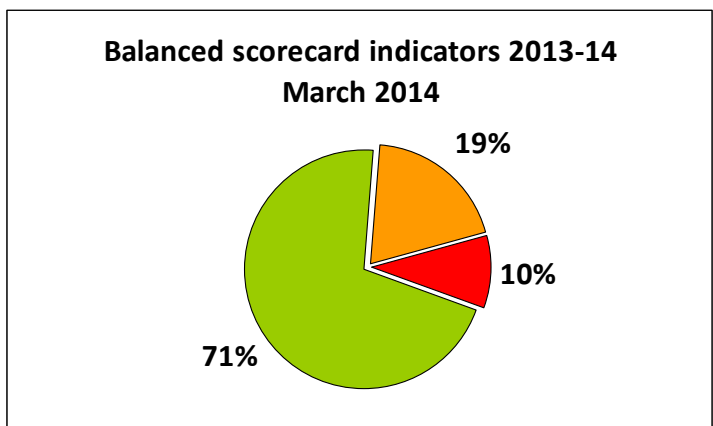


The Council has not undertaken any new borrowings during the year to finance capital spend, and at present is reducing its investment portfolio to avoid the costs of undertaking new borrowing for capital purposes in the medium term (see the balance sheet lien on 'long term borrowing'). The Council has adequate resources to fund the capital programme approved by Council in February 2014, though by utilising balances and investments, the Council will see a compensating reduction in investment returns, though this reduction is less than the cost of undertaking new borrowings.

During the year, the Council continued to invest in a wide range of financial institutions on a risk adverse basis. One area where the Council did receive additional investment returns was through its payment of employer pension contributions to the pension fund at the start of the year which generated a saving of £0.3m.

Performance of the Council

The Council monitors a balanced scorecard of various key performance measures during the financial year, with quarterly report going to the Council's cabinet. A summary of the results of these indicators is included below



It is positive to note that almost three quarters of the Council's performance indicators remain positive given the financial challenges that remain. The key areas of performance that need to improve concern the number of assessments that are completed within 45 days in children's social care with performance at 66% against a target of 100%. On Council Tax collection, the overall collection of Council Tax in year has fallen from 95.3% in 2012-13 to 94.8% in 2013-14. However, the introduction of the Council Tax Support scheme has led to a decrease in the overall amount, with a comparative amount of Council Tax collected in year on non Council Tax Support claimants being 95.7% against the 95.3% for the previous year. The other 'red' indicator is the number of households in temporary accommodation which has risen recently. It is important to note that none of these households are in bed and breakfast accommodation.

Accounting issues

Overall, the Council has experienced difficulties in preparing the financial statements on time and in line with external auditors' requirements, with 2009-10 being the last year that a very smooth process and outcome occurred. Much work has been put in place for the 2013-14 financial statements to ensure that the accounts have been approved by the section 151 officer (Chief Finance Officer) in advance of the statutory deadline of the 30th June 2014 and that a more comprehensive set of working papers are provided to the Council's external auditors, BDO.

There have been some changes to the accounting bases and management estimates including within the financial statements for 2013-14.

Firstly, as a result of the retention to business rates, the Council has had to put in place an estimate for the number of appeals to Business Rates. Based on historical information on appeal levels and known appeals in the current system, the Council has made a provision within the return to Government and financial statements. There may well be appeals that will happen in the future in respect of previous financial years; on the basis that the Council is unaware of these, they will be treated as contingent liabilities with any impact occurring during the year above the provision for appeals set aside potentially having an impact on the amount of Business Rates the Council can retain.

The Council has not included group accounts for the Slough Regeneration Partnership during 2013-14 based on low level of expenditure that has gone through the development arm of the SRP.

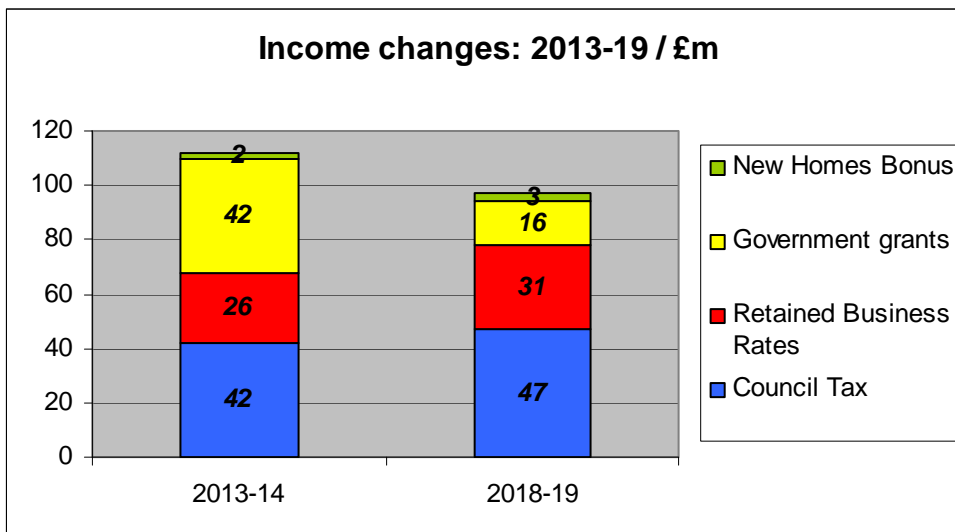
There have been no significant material provisions made during the year in the Council's financial statements.

Key issues for 2014-15

The wider economic picture

The Council remains in the middle of a significant reduction to public sector expenditure. As detailed below, the sources of the Council's income overall are reducing, though this is driven by Government funding reductions. This makes it even more important that the Council maximises its opportunity to collect Council Tax and Business Rates as efficiently as possible.

Chart 1.6: Changes to income in future years



The Council has some significant savings plans in future years. 2014-15 will see savings of over £12m with an even higher savings target likely for 2015-16. Beyond this, much will depend upon the performance of the macro-

economy as well as Government decisions, though the Council is anticipating reductions to Government funding of 20% into future years.

The Council has a background of delivering balanced budgets, and has been able to maintain general reserves at an appropriate level in recent years. It will be a significant challenge for the Council to maintain this momentum going forward, though past performance would indicate that the Council will rise to this challenge.

Children's services

Since the end of the financial year, the Council received a letter from the Government indicating that the provision of Children's services is unlikely to be left with the Council in the future. This will have a significant financial impact on the Council for its net budget will decrease, but the scale of funding reductions will not. This will be a key development for the Council to influence in the 2014-15 financial year and ensure that, for the viability of the current provision of services, whatever the new arrangements are remain affordable within the Council's funding envelope.

Treasury Management

The Full Council adopted a much more risk aware treasury management strategy in February 2014. For the financial statements in 2014-15, there will be a wider range of institutions invested with, and already at the start of the new financial year the Council has invested in some longer term investments with other local authorities, the CCLA (Charities, Churches and Local Authorities) property fund, and diversifying its investments with building societies and certificates of deposit.

Changes to accounting

One of the key changes upcoming for accounting regulations is the move to changing the measurement of transport infrastructure assets; primarily the value of highways that the Council includes within the financial statements. Though not occurring until after 2014-15, this change will involve the Council preparing for changes to valuations during the 2014-15 and this will be something that our external auditors will wish to consider.

The Council has also recently changed its banking contract following a tender with five other local authorities. From September, the Council will bank with Lloyds, rather than the Co-Op bank.

9. FURTHER INFORMATION

Further information about the accounts is available from:

The Assistant Director
Finance & Audit or the Corporate Financial Controller
Slough Borough Council
St Martins Place
51 Bath Road
Slough
SL1 3UF

joseph.holmes@slough.gov.uk
barry.stratfull@slough.gov.uk

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 have been advertised in the local press

Annual Governance Statement

**How did we do in 2013/14?
Were we well-governed?**



Slough Borough Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as:

having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

so that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which in 2007 jointly published a “Framework for Delivering Good Governance in Local Government”, updated by an Addendum in December 2012.

This guidance is recognised as the proper practices referred to in the Accounts & Audit Regulations that we must follow (and in that sense is the nearest one can get to the ‘official’ definition of Governance), and sets out six core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

- 1. Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
- 2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
- 3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
- 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
- 5. Developing the capacity and capability of Members and Officers to be effective**
- 6. Engaging with local people and other stakeholders to ensure robust public accountability.**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’.**

This report is written under the authority of the council’s Audit and Risk Committee and approved by it on 10th July 2014 through its delegated authority. It is signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts by 30th September 2014. It was submitted to our external auditors along with our annual accounts in July 2014; the auditors will consider whether the information we’ve submitted meets their expectations as part of their annual opinion in September 2014.

We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place. The key elements of the systems and processes that comprise Slough Borough Council’s governance

arrangements are set out below and include arrangements for:

- Identifying and communicating Slough Borough Council's Strategy that sets out its purpose and intended outcomes for citizens and service users
- Reviewing Slough Borough Council's Strategy and its implications for our governance arrangements
- Measuring the quality of services for users, ensuring they are delivered in accordance with Slough Borough Council's objectives and ensuring that they represent the best use of resources
- 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
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Contract and Financial Procedure Rules, the scheme of delegation, which clearly define how decisions are taken and the processes and controls required to manage risks
- 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)"
- The Governance and Audit Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities"
- A review of the effectiveness of Internal Audit
- Whistle-blowing and for receiving and investigating complaints from the public
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

This section reviews those structures. We govern ourselves through **Council**, a **Corporate Management Team**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities and which we follow. These are listed in turn below:

- **Council**

The Council met eight times (including one extraordinary meeting). Of the 41 Councillors in place for 2013/14, the numbers attending were 36, 40, 38, 35, and on the first four standard meetings. Meetings of Council were held in open forum and considered reports from other committees.

- **Corporate Management Team (CMT)**

CMT meets regularly throughout the year, and reviews and approves reports before they are sent on for consideration by the relevant Committee. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. Senior members are:

- the **Chief Executive** (Ruth Bagley) is the person who is ultimately responsible for the welfare of the Council's employees;
- the **Strategic Director, Wellbeing**;
- the **Strategic Director, Customer & Community Services**; and
- the **Strategic Director, Regeneration, Housing & Resources**.

- **Supporting Officers**

- the **Section 151 Officer** (Joseph Holmes) is responsible for looking after the financial affairs of the Council, fulfils the role of Chief Financial Officer and is a CIPFA Qualified Accountant. The role of the Chief Financial Officer complies with the governance requirements as set out within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) through:
 - Being a key member of the Leadership Team, with a dotted reporting line to the Chief Executive, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives and having access to CMT papers and meetings
 - Being involved in all material business decisions made by the Council to ensure both immediate and long term risks and implications are considered and that these are in line with the financial strategy;
 - Leading the promotion and delivery of good financial management across the Council through ensuring that key financial targets are being and reporting on performance against these to CMT
 - Ensuring the finance function is well led and effectively resourced throughout the year.

- the **Monitoring Officer** (Kevin Gordon) is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about conduct and behaviour;

- **Cabinet**

The Cabinet is the Council's principal decision-making body, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio' for which they are 'Commissioners'. Although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party.

- **Audit & Risk Committee**

This Committee met five times during the year. Its main purposes are:

- to provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- independent scrutiny of the authority framework and nonfinancial 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.

- **Overview & Scrutiny Committee**

The Overview & Scrutiny Committee consisted of nine non-Executive members (those who are not members of the Cabinet) and is appointed on a proportional basis (with political groups represented in the same proportion as on the whole Council). It monitored the performance of the Leader and Cabinet and scrutinises services and policies throughout the Borough, and makes recommendations for improvement. During the year, the Committee met ten times and:

- considered an update on the first year's progress of the Transactional Services Centre Partnership and a further review of progress in-year
- explored options for a Phase two of the Transactional Services programme.
- reviewed and noted the Customer Service and Contact Strategy for 2013 - 2015
- reviewed and noted the Corporate Plan for 2013/14
- approved the appointment of three Scrutiny Panels
- discussed the Childhood Obesity Review on a number of occasions
- reviewed the Leisure Strategy
- considered the Quarter 1 & 2 Performance and Finance Reports and sale of Parlount Road.
- consideration was given to a report setting out the latest financial planning assumptions for the Council in the light of the Government's Spending Review announced in June 2013
- considered an update report on the progress made within the Slough Regeneration Partnership (SRP) since its creation in March 2013 and Cabinet decision in September 2012 to create the Local Asset Backed Vehicle (LABV) .
- considered a report on the progress made on the redesign process to deliver the web based Joint Strategic Needs Assessment (JSNA).

There are also three Scrutiny Panels in addition to the Overview and Scrutiny Committee which focus on the different aspects of the council's work – Health, Neighbourhoods and Community Services and Education and Children's Services

The Council also has other committees (planning, licensing etc), but these are not concerned directly with governance arrangements so are not listed here.

- **Policies**

The following table lists the Council's main documents, policies and procedures; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required.

Title	Last updated
-------	--------------

Constitution (including Financial Procedure Rules)	May 2013 ¹
Corporate Procurement Strategy	March 2012
Corporate Plan	2013
Risk Management Strategy	2013
ICT Strategy	2012
Slough Joint Wellbeing Strategy	2013
Anti Fraud & Corruption Policy	2013
Asset Management Plan and Capital Strategy	2014
Whistleblowing Policy	May 2013
Statement of Accounts	October 2013

- Service Plans are a key document to enable the Council to identify how it will deliver its corporate objectives and plan within each service area. The following service plans were in place for 2013/14:
 - Adult Social Care & Commissioning
 - Chief Executive
 - Community and Skills
 - Corporate Procurement
 - Customer Service/Registration/Crematorium
 - Enforcement & Regulatory Services
 - Finance & Audit
 - Housing & Environment
 - IT
 - Professional Services
 - Regeneration & Estate
 - School Improvement

The only service plan for 2013/14 not completed was Children's Services. As of May 2014 almost all service plans for 2014/15 had been completed, however a Children's Services plan had not been submitted.

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right plan of action.

The Council agreed the following **Vision** for itself:

“Our vision is of a council that can continue to adapt to and lead change, through new ways of working and commissioning services”

Every year we agree a **Corporate Plan**, showing how we will work towards this Vision. We have chosen to express this in terms of objectives supported by aims/ approaches/actions that will assist us in delivering our plan, because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The 2013/2014 Corporate Plan had six strategic **objectives**:

1. Improve customer experience.
2. Deliver high quality services to meet local needs.
3. Develop new ways of working.
4. Deliver local and national change.
5. Develop a skilled and capable workforce.
6. Achieve value for money.

¹ Further revised in April 2014

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This section reviews how we reported on the results.

Regular reporting

Within our Corporate Plan we have established a number of key performance indicators which we use to measure the performance of the performance of the Council during the year. These are reported in the form of a balanced scorecard. The following regular reports are received at our Cabinet meetings:

- **Corporate Plan**
- **Finance and Performance Report:** quarterly reporting on progress against the targets in the Corporate Plan and delivery of performance targets. We also publish detailed revenue and capital expenditure reports each quarter, and include financial forecasts.
- **Balanced Scorecard:** quarterly performance against the Council’s key performance indicators
- **Council’s Gold Projects Updates:** we publish quarterly performance in respect of the delivery of the Council’s Gold projects, which are our key strategic projects.
- **Financial and Performance Outturn Report:** we will publish a report following the year end detailing how we performed against our targets for 2013/14

We publish, annually:

- **The Audit of Accounts:** The format of these is set by accounting regulations. The council’s accounts are subject to external audit by BDO. Members of the public and local government electors have certain rights in the audit process.
- **An Annual Audit Letter:** Every year the council’s external auditors, currently BDO, produce an [Annual Audit Letter](#). This letter is a high level summary of the auditors’ findings from their work during the previous financial year.

Auditing and monitoring

The Council was subject to auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit:** we appointed Baker Tilly to carry out audits on a number of specific areas that we asked them to review. For each area of review, internal audit would typically provide assurance on the policies and procedures in place and the governance arrangements in operation to monitor the performance in that area. For each area a report was issued concluding with an assurance opinion that utilised a ‘traffic light’ system (red, amber, green) as to how they think each area was doing; and to make recommendations for changes to our procedures and governance arrangements. We then accepted or rejected each of their recommendations. Baker Tilly have provided an Annual Report in which it includes all the areas they investigated; what ‘traffic light’ they gave; how many [high/medium/low] recommendations they made and which were accepted.

The Head of Internal Audit Opinion for 2013/14 provided a positive opinion on our Risk Management, Governance and Control Framework. Positive assurance opinions were provided in 37 of the 46 audit reports issued in 2013/14 (excluding follow up and advisory reviews). Of the nine red assurance opinions issued, five of these related to our audits of schools. Whilst our overall opinion of the internal control environment is positive, we have identified significant weaknesses in four areas and appropriate commentary in respect of actions proposed to address these weaknesses is included in the improvements section below.

External audit: In 2012/13 the Council’s external auditors provided an unqualified opinion on the financial statements and on the delivery of value for money. This opinion was delivered late due to a level of additional work completed by BDO. BDO also qualified two of the grant claims, Housing and Council Tax Benefits subsidy 2012-13, and NNDR 2012-13. the Council has put in place a work stream to improve the compilation and presentation of the financial statements for 2013-14 with the aim of providing the financial statements to BDO in an improved quality thus enabling the accounts to audited in line with statutory deadlines.

Other external assurance sources: Sometimes we are reviewed by external bodies that look at certain services such as OFSTED on Safeguarding, which was an area for inspection in December 2013. This inspection was followed up and an Ofsted inspection report of services for children in need of help and protection, children looked after children and care leavers was published in February 2014 with an 'inadequate' rating. This resulted in the Parliamentary Under Secretary of State for Children and Families using intervention powers under section 497A of the Education Act 1996 with respect to the Council's exercise of its children's social services functions.

- *Other external inspections included* Customer Service Excellence, Investors in People or Health and Safety.
- **Corporate Risk Register:** We document our corporate risks within this register which enables the Council to monitor how risks are being managed through regular review at the Risk Management Group and CMT. The Corporate Risk Register describes and rates each risk in terms of likelihood and consequence. It also lists controls mechanisms in place to manage those risks stated and actions to be undertaken to reduce the risks.
- **Audit recommendation tracker:** In 2013/14 we introduced a process of recommendation tracking to ensure that recommendations made by our Internal Auditors are implemented in a timely manner. We report on the progress in recommendation implementation to the Risk Management Group each meeting.

REVIEW OF EFFECTIVENESS

Slough Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of all managers within Slough Borough Council who have responsibility for the development and maintenance of the governance environment.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework, and includes:

- The work of the Risk Management Group and the Risk Management Strategy
- The annual assurance statements produced by all Heads of Service
- The work of the Audit and Risk Committee
- The work of the Standards Sub-Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Committee.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Assistant Director; these are available on request.

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

ANNUAL ASSURANCE STATEMENTS

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 and Assistant 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. These statements are held by Internal Audit.

IMPROVEMENTS

In the Annual Governance Statement for 2012/13 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2013/14.

Issues reported in 2012/13 AGS	2013/14 action taken
Safeguarding services and Safeguarding outcomes for children and young people.	Items remain on the corporate risk register; risk remains in Children's Social Care following Ofsted inspection in December 2013.
Continued Economic Instability and Turbulence at a national level.	Remains on the Risk Register for 2013-14 and beyond. Council has delivered majority of savings for identified for 2013-14 with a break even outturn position and has set a balanced budget for 2014-15. MTFS contains sensitivity analysis of the key risks Regular monitoring of collection rates and anticipated income
Managing a mixed economy workforce.	During the year, further work has been completed to transfer staff to Cambridge Education (in respect of education and children's centres) and to arvato in respect of ICT and Customer Services. The Council continues to monitor performance through metrics to ensure outcomes are met. Internal audit review of the monitoring arrangements in place for the transactional services contract saw a positive opinion.
Partnership and Governance arrangements	This in part relates to the above risk, though we need to continue to improve partnership governance arrangements in light of the Ofsted report and ensuring close working with partners into the future.
Risk Management	We have continued to develop our risk management arrangements during 2013/14, working towards implementing the recommendations made in this area by Internal Audit. Whilst we acknowledge that there is further work to be completed in this area, improvements have been made in the processes in place, particularly with regards to developing the role of the Risk Management Group.
Procurement	During 2013/14 we commissioned a further audit of our procurement arrangements from our Internal Auditors, which provided reasonable assurance (positive opinion) over the effectiveness of controls in place. The introduction of a procurement contracts register will help to further enhance these controls.
Safeguarding (Risk Assessments)	No further work was completed on this area during 2013-14 due to the inspection by Ofsted on Children's safeguarding. The outcomes from this will be taken forward, and this will remain a key part of our improvement activity and our risk register going forward.
Asset Register	During 2013/14 we requested our Internal Auditors undertake a further review of the controls in place around our asset register, and to identify improvements made from the previous year. Whilst this review concluded with a positive audit opinion it noted that a number of further improvements were still required.
Schools Environment	We continued to commission an extensive programme of Internal Audit reviews around the management of our schools, including re-auditing a number of schools where critical opinions were provided in the previous year. Further audits of schools will take place within

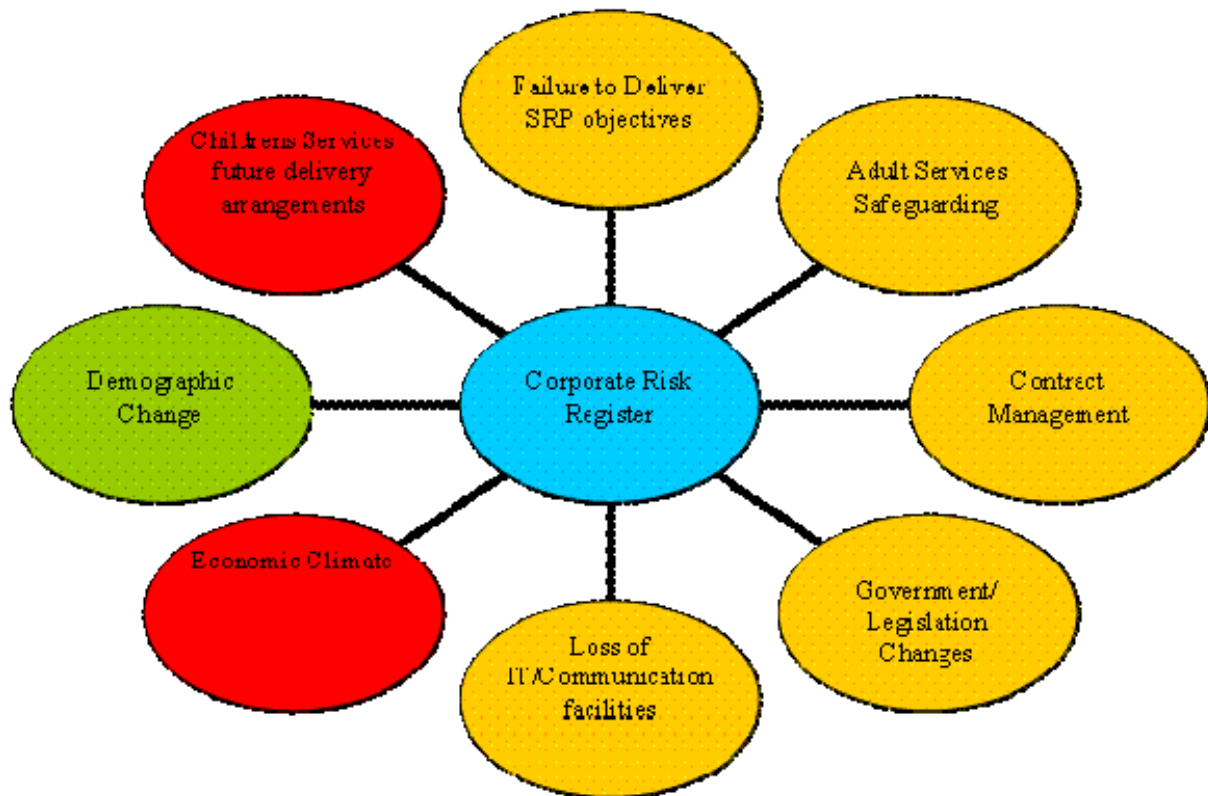
	2014/15 to continue to drive forward improvements in internal controls, and to engage further with schools over improving safeguarding arrangements. The Council needs to maximise its progress in respect of school improvement in an increasingly disparate education provision environment.
--	--

The following significant issues were identified during the year in addition to those above, together with the actions already taken or those that will be taken by the Council in 2014/15 in addressing these.

Issues	2013/14 action taken
Contract Management	This remains a key risk for the Council and continues to be managed via the Strategic Risk Register. Internal Audit have undertaken two audits on large value contracts and provided RED assurance opinions in both cases. We have developed action plans in response to these, together with commissioning further Internal Audit reviews as endeavour to improve our control framework during 2014/15.
Rent Accounts	Internal Audit undertook an audit on rent accounts, and provided a red assurance opinion, the main issues being that weekly charges were found to be understated in a number of instances and the lack of review of reports identifying rent arrears. We have developed an action plan in response to the audit and are actively working to ensure implementation of the recommendations made.
E-Learning: Training and Development	Internal Audit undertook an audit on e-learning, and provided a red assurance opinion, the main issues being the lack of development of the e-learning system and attendance at mandatory training courses during 2013/14. We have developed an action plan in response to the audit and are actively working to ensure implementation of the recommendations made.

Risk Register

The following risks have been highlighted on the Corporate Risk register, together with the associated risk rating:



We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2013/14, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed

Signed

Date:

Date:

Leader

Chief Executive

CONCLUSION

The Council's Audit & Risk Committee is responsible for providing independent assurance of the adequacy of the risk management framework and the associated control environment and ensuring that appropriate action is taken with respect the issues raised on the control environment (for which the Annual Governance Statement forms a key element).

The Committee believes that it has discharged that responsibility, and that this report is evidence of that.

4. STATEMENT OF RESPONSIBILITIES

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. At Slough Borough Council this officer is the Assistant Director of Finance and audit, Joseph Holmes.
- 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.

Certificate of the Section 151 Officer

I certify that the Statement of Accounts set out on the following pages presents a true and fair view of the financial position of the Council as at 31st March 2014 and its income and expenditure for the year ended 31st March 2014.



Joseph Holmes

Assistant Director of Finance and Audit (Section 151 Officer)

Date: 23 September 2014

5. STATEMENT BY LEAD MEMBER

In accordance with Accounts and Audit Regulation 2011 the Chair of the meeting adopting the Statement of Accounts must sign and date the statement in order to confirm that the adoption process has been completed. I confirm that the Statement of Accounts for the period ended 31 March 2014 was approved at the meeting of Audit and Risk Committee held on 23rd September 2014.

Councillor

Chairman of the Audit and Risk Committee

Date: 23 September 2014

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 2012	8,119	35,999	8,897	1,233	27,071	4,643	85,962	196,613	282,575
Movement in reserves during the year									
Surplus or (deficit) on the provision of services	(10,001)		3,269				(6,732)		(6,732)
Other Comprehensive Income and Expenditure	0			0			0	3,331	3,331
Total Comprehensive Income and Expenditure	(10,001)	0	3,269	0	0	0	(6,732)	3,331	(3,401)
Adjustments between accounting basis & funding basis under regulations - Note 7	4,954		2,168	1,337	20,640	4,034	33,133	(33,133)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(5,047)	0	5,437	1,337	20,640	4,034	26,401	(29,802)	(3,401)
Transfers to Earmarked reserves	5,071	(5,071)	0				0		0
Increase/Decrease in Year	24	(5,071)	5,437	1,337	20,640	4,034	26,401	(29,802)	(3,401)
Balance as at 31 March 2013	8,143	30,928	14,334	2,570	47,711	8,677	112,363	166,811	279,174
Movement in reserves during the year									
Surplus or (deficit) on provision of services	(23,383)		20,380				(3,003)		(3,003)
Other Comprehensive Income and Expenditure	0			0			0	25,831	25,831
Total Comprehensive Income and Expenditure	(23,383)	0	20,380	0	0	0	(3,003)	25,831	22,828
Adjustments between accounting basis & funding basis under regulations - Note 7	16,912		(16,601)	12,274	1,343	2,507	16,435	(16,435)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(6,471)	0	3,779	12,274	1,343	2,507	13,432	9,396	22,828
Transfers to Earmarked reserves	6,470	(6,470)	0				0		0
Increase/Decrease in Year	(1)	(6,470)	3,779	12,274	1,343	2,507	13,432	9,396	22,828
Balance Sheet As At 31 March 2014	8,142	24,458	18,113	14,844	49,054	11,184	125,795	176,207	302,002

SLOUGH BOROUGH COUNCIL

Comprehensive Income and Expenditure Statement for the year ended 31 March 2014

Notes

	2013/14			2012/13		
	£000	£000	£000	£000	£000	£000
	Expenditure	Income	Net	Expenditure	Income	Net
Central services to the public	2,825	(712)	2,113	18,034	(14,340)	3,694
Cultural and related services	5,488	(1,410)	4,078	13,782	(5,362)	8,420
Environment and regulatory services	19,821	(2,617)	17,204	18,487	(4,213)	14,274
Planning Services	5,751	(2,014)	3,737	6,216	(2,934)	3,282
Education and Children's services	155,737	(99,809)	55,928	145,030	(100,930)	44,100
Highways and transport services	14,229	(4,043)	10,186	18,674	(5,363)	13,311
Local authority housing - other	3,780	(35,802)	(32,022)	18,269	(34,439)	(16,170)
Other housing services	80,369	(77,003)	3,366	86,961	(75,019)	11,942
Adult Social Care	47,531	(12,950)	34,581	47,179	(16,334)	30,845
Public Health	5,287	(5,305)	(18)	0	0	0
Corporate and democratic core	5,207	(419)	4,788	6,172	(1,664)	4,508
Non distributed costs	2,829	(6,424)	(3,595)	149	(579)	(430)
Deficit on Continuing Operations	348,854	(248,508)	100,346	378,953	(261,177)	117,776
Other Operating Expenditure	23,480		23,480	24,527		24,527
Financing and Investment Income and Expenditure	17,836	(3,651)	14,185	21,214	(4,841)	16,373
Taxation and Non-Specific Grant Income	17,714	(152,722)	(135,008)	0	(151,944)	(151,944)
Deficit on Provision of Services			3,003			6,732
Surplus on revaluation of Property, Plant and Equipment			(29,475)			(5,668)
Impairment losses on non-current assets charged to the Revaluation Reserve			0			127
Actuarial losses on pension assets / liabilities			3,644			2,210
Other Comprehensive Income and Expenditure			(25,831)			(3,331)
Total Comprehensive Income and Expenditure			(22,828)			3,401

SLOUGH BOROUGH COUNCIL

Balance Sheet As At 31 March 2014

	Notes	31st March 2014 £000	31st March 2013 £000
Property, Plant & Equipment	12/12a	618,918	593,105
Heritage Assets	13	0	0
Investment Property	12/12a/13	16,429	15,563
Intangible Assets	12/12a/14	88	84
Long Term Investments	15	0	0
Long Term Debtors	17	261	232
Long Term Assets		635,696	608,984
Short Term Investments	15	57,155	64,210
Inventories	16	5	9
Short Term Debtors	17	23,818	22,136
Cash and Cash Equivalents	18	32,377	17,420
Assets held for sale	19	385	6,280
Current Assets		113,740	110,055
Short Term Borrowing	15	(496)	(11,016)
Other Short Term Liabilities	15	(3,030)	(2,893)
Short Term Creditors	20	(43,873)	(30,163)
Provisions	21	(2,084)	(1,237)
Capital Grants received in advance	34	(362)	(392)
Revenue Grants received in advance	34	0	(299)
Current Liabilities		(49,845)	(46,000)
Long Term Provisions	21	(223)	(223)
Long Term Borrowing	15	(182,372)	(182,373)
Other Long Term Liabilities	15	(45,335)	(48,361)
Pension Long Term Liability	40	(169,659)	(162,908)
Revenue Grants received in advance	34	0	0
Long Term Liabilities		(397,589)	(393,865)
Net Assets		302,002	279,174
Usable reserves	22	125,795	112,363
Unusable Reserves	23	176,207	166,811
Total Reserves		302,002	279,174

0

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Council as at 31 March 2014 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2014.

Joseph Holmes
Assistant Director Finance and Audit (Section
151 Officer)
September 2014

SLOUGH BOROUGH COUNCIL

Group Cash Flow Statement at 31 March 2014

	Notes	2013/14 £000	2012/13 £000
Net surplus or (deficit) on the provision of services		(3,003)	(6,732)
Adjustment to surplus or deficit on the provision of services for noncash movements		49,274	33,188
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		58,318	(32,981)
Net cash flows from operating activities	24	104,589	(6,525)
Net Cash flows from Investing Activities	25	(76,735)	(1,723)
Net Cash flows from Financing Activities	26	(12,897)	(1,858)
Net increase or decrease in cash and cash equivalents		14,957	(10,106)
Cash and cash equivalents at the beginning of the reporting period		17,420	27,526
Cash and cash equivalents at the end of the reporting period		32,377	17,420
Check cash and cash equivalents at the end of the reporting period		32,377	17,420
Difference		0	0

NOTES CONTENTS LIST

1. Accounting Policies	26
1a. Prior Period Adjustment	40
2. Accounting Standards Issued not adopted	41
3. Critical Judgements in Applying Accounting Policies	42
4. Assumptions made about funding and other sources of estimation uncertainty	43
5. Material Items of Income and Expense	44
6. Events after the Balance Sheet Date	44
7. Adjustments between Accounting Basis and Funding Basis under Regulations	46
8. Transfers to/from Earmarked Resources	48
9. Other Operating Expenditure	49
10. Financing and Investment and Income and Expenditure	50
11. Taxation and Non-Specific Grant Income	51
12. Property, Plant and Equipment	53
13. Investment Properties	56
14. Intangible Assets	57
15. Financial Instruments	58
16. Inventories	60
17. Debtors	60
18. Cash and Cash Equivalents	60
19. Assets held for Sale	61
20. Creditors	62
21. Provisions	63
22. Usable Reserves	64
23. Unusable Reserves	65
24. Cash Flows from Operating Activities	70
25. Cash Flows from Investing Activities	71
26. Cash Flows from Financing Activities	71
27. Amounts Reported for Resource Allocation Decisions	72
28. Pooled Budgets	74
29. Members Allowances	75
30. Officers Remuneration	76
31. Exit Packages	77
32. External Audit Fees	77
33. Dedicated Schools Grant	77
34. Grant Income	78
35. Related Parties	80
36. Capital Expenditure and Capital Financing	81
37. Leases	82
38. Private Finance Initiatives	85
39. Teachers Pension	86
40. Defined Benefit Pension Scheme	87
41. Nature and Extent of Risks arising from Financial Instruments	91

NOTES TO THE ACCOUNTS

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1 - Statement of Accounting Policies for 2013/14

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

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

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.
- Where periodic income and expenditure invoices are raised or received during the year and relates to a complete financial year no accrual will be made provided the financial affect on the accounts does not change the financial position of the council.

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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday 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; or
- 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 de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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.

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 (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

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

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service 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.

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 it 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 in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

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

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

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

Where non-property assets 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 Lines(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 in 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, car parks 60 years
- vehicles, plant and equipment – straight-line allocation over five years
- infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-Current Assets Held for Sale

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

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

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.

Component accounting

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

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

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

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 Scheme

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.

xxiii) Local Asset Backed Vehicles

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

The Council has accounted for its interests in the joint ventures using equity accounting as defined IAS 28 'Investments in Associates and Joint ventures' and complied with IFRS 12 'Disclosure of Interests in Other Entities' which sets out the disclosure requirements for joint arrangements.

Slough Regeneration Partnership LLP

The Council is one of two members of a limited liability partnerships (LLPs), trading as Slough Regeneration Partnership LLP (SRP LLP). It has a 50% interest in the LLP, the remaining interest being held by the other member, a private sector construction services business.

Both members have £100 equity stake in the LLP.

SRP LLP was set up to undertake development of commercial building projects in the area of Slough Borough Council on land owned by the authority to assist in achieving social and economic objectives.

When a development is selected to take place, the private sector member funds the up front design work and submits a planning application, contributing to the private sector's investment in the LLP. Once the development has secured planning permission and is ready to commence the Council will transfer the land or property to the LLP. The land is transferred based on its residual value with the benefit of planning permission (i.e. the gross development value minus the costs and profit). The development will then take place with the private sector partner matching the residual value of the land invested by the Council less the sums spent by the private sector partner undertaking the design and securing the planning permission. The additional funding required to build out the development will then be sourced from third party lenders and/or from the LLP members.

When completed the development is sold, the proceeds will first be used to repay any debt, and any surplus generated will be available to be distributed between the members.

As at 31 March 2014 no development had been started by the LLP and no property had been transferred by the Council.

Slough Regeneration Partnership Community Projects LLP

SRP LLP has a 100% owned Limited company; with whom it shares equally 100% share in a LLP development subsidiary trading as Slough Regeneration Partnership Community Projects LLP (SRP CP LLP). Thus, both the private sector member and the Council effectively hold 50% interest each in SRP CP LLP.

SRP CP LLP was set up to provide construction services to Slough Borough Council, for the development of community projects such as leisure centres and libraries. The first community project began on-site construction in January 2014, being the construction of the new library in Slough town centre, known as The Curve.

The Council and the private sector partner are both represented equally on the management board of the LLPs, hence no member has overall operational control.

Accounting for the LLPs

IAS 31 "*Interests in Joint Ventures*" sets out the accounting for an entity's interests in various forms of joint ventures, including jointly controlled entities, which it defines as: *a corporation, partnership, or other entity in which two or more venturers have an interest, under a contractual arrangement that establishes joint control over the entity.*

Under IAS 31, both LLPs fall under the definition of “jointly controlled entities”.

The standard allows two treatments of accounting for an investment in jointly controlled entities:

- proportionate consolidation [IAS 31.30]
- equity method of accounting [IAS 31.38]

IFRS 11 “Accounting for joint arrangements” was issued in May 2011 and applies to annual reporting periods beginning on or after 1 January 2014 (EU effective date). Under IFRS 11, both LLPs fall under the definition of “joint ventures”, and as such require members to use “equity accounting” to account for their interests in the joint venture.

Thus, SBC has adopted equity accounting, in line with both IAS 31 (effective for the 13/14 year end) and will be in line with IFRS 11 (effective from 14/15)

IAS 31 states that “Procedures for applying the equity method are the same as those described in [IAS 28 Investments in Associates.](#)”

Equity accounting

As defined in IAS 28 'Investments in Associates and Joint ventures', the Council is required to show the following in its 2013-14 accounts:

	IAS 28 requirement	SRP LLP CONSOLIDATED
1	its investment in the joint venture entity, initially recognised at cost as a non-current asset	£100
2	its share of profits and losses of the joint venture in each accounting period	£(164,728) loss
3	its share of any dividends received from the joint venture in each accounting period	
4	changes in its share of the joint venture's net assets arising from items recognised in the joint venture's other comprehensive income	

Disclosures

IFRS 12 'Disclosure of Interests in Other Entities' sets out the disclosure requirements for joint arrangements.

The Council is required to show the following in its 2013-14 accounts:

	IFRS 12 requirement	SRP LLP CONSOLIDATED
1	the nature of the local authority's relationship with the joint arrangement	<p><u>Slough Regeneration Partnership LLP (Consolidated)</u></p> <p>The Council is one of two members in a limited liability partnerships (LLPs), trading as Slough Regeneration Partnership LLP (SRP LLP). It has a 50% interest in the LLP, the remaining interest being held by the other member, a private sector construction services business. Both members have £100 equity stake in the LLP.</p> <p>SRP LLP has a 100% owned Limited company; with whom it shares equally 100% share in a LLP development subsidiary trading as Slough Regeneration Partnership Community Projects LLP (SRP CP LLP). Thus, both the private sector member and the Council effectively hold 50% interest each in SRP CP LLP</p> <p>The Council and the private sector</p>

		partner are both represented equally on the management board of the LLPs, hence no member has overall operational control.
2	the proportion of ownership interest or participating shares held by the local authority	See 1 above
3	summarised financial information about the joint venture (e.g. dividends received, summarised profit or loss and balance sheet information)	See proposed disclosure which ties in with consolidation spreadsheet
4	the nature of any restrictions on the joint venture's ability to transfer funds to the local authority	The Partnership Agreements stipulates that when the completed the development is sold, the proceeds will first be used to repay any debt, and any surplus generated will be available to be distributed between the members.
5	the date of the year-end of the joint venture where this is not coterminous with the year-end of the local authority	SRP LLP's and SRP CP's financial years end on 31 December. Financial activity commenced in June 2013. These accounts have combined the results of the audited financial statements to the period to 31 December 2013 with the LLPs' internal trading results to 31 March 2014, to coincide with the Council's 12 month trading period.
6	commitments that the local authority has relating to joint ventures, separated from other commitments made by the local authority	None
7	Contingent liabilities relating to the local authority's interest in the joint venture.	None

Note 1a Prior Period Adjustment

Restatement of Prior Year Financial Statements

Prior period adjustments have been made to the Council's 2012/13 published financial statements in relation to the following:

IAS Change to Accounting Standard

There have been several significant changes in relation to the international accounting standard IAS19 Employee Benefits. This has resulted in changes to accounting treatment for financial years starting on or after 1 January 2013. There is no impact on the Balance sheet. However the main changes are as follows:

Expected Return on Assets

This is in relation to the return on Pension Scheme assets such as those held by the Essex Local Government Pension Fund. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions).

Disclosure Presentation

In order to be consistent with the new requirements of IAS19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012/13. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand

2012/13 Movement in Reserves

	2012/13 Statements £'000	Adjustments Made £'000
Deficit on provision of Services – General Fund	(8,407)	(1,594)
Adjustments between accounting basis and funding basis under regulations – Pensions Reserve	10,105	1,594

2012/13 Comprehensive Income and Expenditure Statement

	2012/13 Statements £'000	Adjustments Made £'000
Other Operating Expenditure	22,933	1,594
Actuarial Losses on Pension Assets/Liabilities	10,105	(1,594)

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 2014/15 has introduced several changes in accounting policies which will be required from 1 April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below.

A number of new and revised standards have been issued addressing the accounting for consolidation, involvement in joint arrangements and disclosures of involvements in other entities. These include:

IFRS 10 Consolidated Financial Statements – This statement is in the 2014/15 Code of Practice. The standard introduces a new definition of control, which is used to determine which entities are consolidated for the purpose of group accounts. CIPFA/LASAAC set up a working party to analyse how this new standard applies to local authority maintained schools. Their conclusion is that maintained schools are capable of being treated as separate entities for the purposes of the financial reporting framework, and, based on the indicators of control within IFRS 10, the balance of control lies with local authorities.

In light of this conclusion, CIPFA/LASAAC, have introduced an expedient into the 2014/15 Code which amends the definition of 'single entity financial statements' to include the income, expenditure, assets, liabilities, reserves and cash flows of all local authority maintained schools. This means that, from next year, the Council will consolidate all maintained schools into the single entity financial statements of the council. The Council already recognises the income and expenditure of maintained schools in the CIES and cash flow statement. However, not all school assets are currently recognised. From 2014/15 it is expected that 10 voluntary aided schools and 2 foundation schools will be recognised as PPE on the Balance Sheet.

IFRS 11 Joint Arrangements – This standard addresses the accounting for a "joint arrangement", which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition proportionate consolidation can no longer be used for jointly controlled entities. The Council has no material joint venture arrangements

IFRS 12 Disclosures of Involvement with other entities – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated "structured entities".

IFRS 13 Fair Value Measurement (May 2011)

IAS 27 Separate Financial Statements (as amended in 2011)– This statement has been amended to conform to the changes in IFRS10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes in IFRS 10, IFRS 11and IFRS 12, there is also no impact as a result of changes in IAS 27.

IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) – As above this statement has been amended to conform to the changes in IFRS10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes in IFRS 10, IFRS 11and IFRS 12, there is also no impact as a result of changes in IAS 28.

IAS 32 Financial Instruments Presentation – The Code references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure is required.

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 following are significant management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements:

(a) 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.

(b) 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.

(c) Schools Non-Current Assets – CIPFA has set up a review group to develop guidance on how to account for schools in accordance with accounting standards on a consistent basis. The conclusions are likely to be included within the 2014/15 Code of Practice. In the meantime, the Council recognises Schools in line with the provisions of the 2013/14 Code of Practice, and schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to employ the staff of the school and is able to set the admission criteria. There are currently 5 types of schools within the Council:

- Community schools - Community schools' staff are appointed by the Council and the Council sets the admission criteria. These schools are, therefore, recognised on the Council's Balance Sheet.
- Voluntary controlled (VC) schools - Voluntary controlled and voluntary aided schools' staff are also appointed by the Council and the Council sets the admission criteria. However, the legal ownership of the school land and buildings belongs to a charity, normally a religious body. The Council considers that it does not receive the economic benefit/service potential of the school and the schools are not recognised on the Council's Balance sheet.
- Foundation/Trust schools - Foundation Trust and Academy schools staff are appointed by the schools' governing body, who also set the admission criteria. Therefore, the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's balance sheet.
- Voluntary Aided (VA) schools
- Academy schools

(d) Recognition of Government Grants and Contributions - Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments and the grants or contributions will be received. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. The Council has made a judgement that a grant or contribution will not be classed as conditional where it not ring fenced and there is therefore a reasonable expectation that it will be spent, even if the grant terms include a repayment clause that require that the grant monies will be repaid if not used.

(e) Capital commitments disclosures - The Council has included those projects which it believes it is committed to based on its capital strategy programme, which is approved by the capital strategy board, although not all of these projects are subject to contractual agreements at year end.

NOTE 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 Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2014 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
<p>Property, Plant and Equipment</p>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Assets are revalued on a 5 year rolling programme and year end reviews of impairment and material changes are obtained from the valuer. The Council does not adjust for price indices between formal valuations unless there is indication of material changes. Evaluating whether an asset is impaired or if impairment should be reversed requires a high degree of judgement and may depend to a large extent on the selection of key assumptions about the future use. Assets/properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount, and at least annually.</p>	<p>The total depreciation charged in 2013/14 is £14.9m and the net book value of property, plant and equipment at 31 March 2014 is £597.5m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>The total revaluation net decreases and impairments charged to the CIES in 2013/14 is £10.8m and £14.1m revaluation increases have been credited to the revaluation reserve in 2013/14.</p>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £32.3m.</p>

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

a) The Council has derecognised non current assets relating to 5 schools that became academies during 2013/14. This has resulted in a loss on de-recognition of property, plant and equipment of £14.7m which is included in other operating expenditure in the Comprehensive Income and Expenditure statement (Note 9).

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue on 30 June 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The Statement of Accounts was approved by the Audit Committee on September 2014.

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

2013/14	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repair Reserves	Business Rates Supplement Revenue Account	Capital Grants Unapplied		
	£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 of non current assets	8,277	6,860					(15,137)	
Amortisation of Intangible Assets	36						(36)	
Revaluation losses/(gains) and impairments/(reversals) on Property Plant and Equipment	1,380	(18,106)					16,726	
Movements in the Fair Value of Investment Properties	(993)	(137)					1,130	
Adjustments involving the Capital Grants Unapplied Account								
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(16,041)					13,612	2,429	
Unapplied Capital Grants used in financing						(12,269)	12,269	
Revenue expenditure funded from capital under statute	8,744						(8,744)	
Carrying amount of non current assets sold	22,082	13,889					(35,971)	
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory Provision for the Financing of Capital Investment	(3,806)						3,806	
Capital expenditure charged against the General Fund and HRA balances	(758)						758	
Adjustments involving the Capital Receipts Reserve:								
Use of the Capital Receipts Reserve to finance new capital expenditure			(221)				221	
Proceeds From Sale of Non Current Assets	(5,568)	(7,896)	13,464					
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	142	147	(289)					
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	680		(680)					
Adjustment involving the Major Repairs Reserve								
Reversal of notional Major Repairs Allowance credited to the HRA		(6,860)		6,860				
Contribution from HRA HRA to Major Repairs Reserve		(4,662)		4,662				
Use of the Major Repairs Reserve to finance new capital expenditure				(9,015)			9,015	
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.	(328)	(128)					456	
Adjustments involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	10,639	0					(10,639)	
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,824)	292					7,532	
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	(986)						986	
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	274						(274)	
Adjustment involving the Accumulating Compensated Absences Adjustment Account								
Adjustments in relation to Short-term compensated absences	962						(962)	
Total Adjustments	16,912	(16,601)	12,274	2,507	0	1,343	(16,435)	

2012/13	Usable Reserves						Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserves £000	Business Rates Supplement Revenue Account £000	Capital Grants Unapplied £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	12,023	4,366					(16,389)
Amortisation of Intangible Assets	32						(32)
Revaluation losses on Property Plant and Equipment	14,448						(14,448)
Movements in the Fair Value of Investment Properties	(2,074)						2,074
Adjustments involving the Capital Grants Unapplied Account							
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(34,772)					29,992	4,780
Unapplied Capital Grants used in financing						(9,352)	9,352
Revenue expenditure funded from capital under statute	3,099						(3,099)
Carrying amount of non current assets sold	16,329	11,193					(27,522)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory Provision for the Financing of Capital Investment	(2,679)						2,679
Capital expenditure charged against the General Fund and HRA balances	(1,721)						1,721
Adjustments involving the Capital Receipts Reserve:							
Use of the Capital Receipts Reserve to finance new capital expenditure			(3,006)				3,006
Proceeds From Sale of Non Current Assets	(1,062)	(4,017)	5,079				
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	142		(142)				
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	594		(594)				
Adjustment involving the Major Repairs Reserve							
Reversal of notional Major Repairs Allowance credited to the HRA		(5,559)		5,559			
Contribution from HRA HRA to Major Repairs Reserve		(3,953)		3,953			
Use of the Major Repairs Reserve to finance new capital expenditure				(5,478)			5,478
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	(360)	(128)					488
Adjustments involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 48)	11,699	266					(11,965)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,388)						7,388
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	(614)						614
Adjustment involving the Accumulating Compensated Absences Adjustment Account							
Adjustments in relation to Short-term compensated absences	(2,742)						2,742
Total Adjustments	4,954	2,168	1,337	4,034	0	20,640	(33,133)

IFRS COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 8 Transfers to/from Earmarked Reserves

	Balance	Transfers	Transfers	Balance	Transfers	Transfers	Balance
	as At 1	In	Out	as at 31	In	Out	as at 31
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Insurance Fund	517	0	0	517	0	0	517
Future Debt and Capital Requirements	5,617	0	(3,758)	1,859	60	(736)	1,183
Statutory Property Fund and Landlord Function	605	0	0	605	0	(150)	455
Capital Fund	780	687	(660)	807	286	(130)	963
Trading Accounts	0	24	0	24	0	0	24
Specific Grants (Revenue)	3,561	945	(1,039)	3,467	155	(428)	3,194
Other Specific Earmarked Reserves	14,484	6,579	(6,969)	14,094	2,588	(4,947)	11,735
Housing Renewals Reserve	84	1	0	85	0	0	85
Schools	10,351	10,330	(11,211)	9,470	6,244	(9,412)	6,302
Total Earmarked Reserves	35,999	18,566	(23,637)	30,928	9,333	(15,803)	24,458

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 9

Other Operating Expenditure

	2013/14	2012/13
	£000	£000
Parish council precepts	268	268
Payments to the Government Housing Capital Receipts Pool	680	594
Losses on the disposal of non current assets	22,532	22,071
Other	0	1,594
	23,480	24,527

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

	2013/14	2012/13
	£000	£000
Net Proceeds from Sale General	(5,568)	(1,062)
Net proceeds from sale HRA	(7,896)	(4,017)
Disposal costs	142	142
Disposal costs HRA	147	0
Carrying amount of non-current assets sold (excl Investment Properties)	35,707	27,008
	22,532	22,071

Precepts

	2013/14	2012/13
	£000	£000
	0	0
Britwell Parish Council	120	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	93	93
Total	268	268

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 10 Financing and Investment Income and Expenditure

	2013/14		2012/13	
	Expenditure	Income	Expenditure	Income
	£000	£000	£000	£000
Interest payable and similar charges	9,984		9,377	
Net interest expense	6,783		5,418	
Interest receivable and similar income		(1,026)		(705)
Income and expenditure in relation to investment properties and changes in their fair value	1,069	(2,625)	6,419	(4,136)
Total	17,836	(3,651)	21,214	(4,841)

Interest Payable and Similar Charges

	2013/14	2012/13
	£000	£000
Lease/hire purchase interest	361	0
Bank interest		0
Loan Interest	6,311	5,260
Service concession Interest	3,312	4,117
Other interest (please specify)		
	9,984	9,377

Interest and Investment Income

	2013/14	2012/13
	£000	£000
Other Investment income	(1,026)	(705)
	(1,026)	(705)

Pensions interest cost and expected return on pensions assets

	2013/14	2012/13
	£000	£000
Net Interest expense	6,783	5,418
	6,783	5,418

Income, Expenditure and changes in Fair Value of Investment

	2013/14	2012/13
	£000	£000
Income/Expenditure from Investment Properties:		
Income including rental income	(1,495)	(2,062)
Expenditure	805	5,905
<i>Net income from investment properties</i>	(690)	3,843
Deficit on sale of Investment Properties:		
Carrying amount of investment properties sold	264	514
<i>Deficit on sale of Investment Properties:</i>	264	514
Changes in Fair Value of Investment Properties	(1,130)	(2,074)
	(1,556)	2,283

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 11

Taxation and Non-Specific Grant Income and Expenditure	2013/14	2012/13
	£000	£000
Income		
Council Tax Income	43,543	49,215
Non Domestic Rates Redistribution	0	52,306
Non Domestic Rates Income	43,639	0
Non-ringfenced government grants	49,499	15,651
Income from a Business Rates Supplement		
Capital Grants	16,041	34,772
Total Taxation and Non-Specific Grant Income	152,722	151,944
Expenditure		
Non Domestic Rates Expenditure	17,714	

Note 11a

Revenue Grants	2013/14	2012/13
	£000	£000
Income:		
Distribution from Non-Domestic Rate Pool	0	52,306
NDR proportionate share	43,639	0
Total NDR Income	43,639	52,306
Expenditure:		
Tariff	17,714	0
Total NDR Expenditure	17,714	0

Note 11b	Capital Grants	2013/14	2012/13
		£000	£000
	Government & Other Grants-Conditions met and applied in year	2,429	4,780
	Total	2,429	4,780

Note 11c	Capital Grants-Unapplied	2013/14	2012/13
		£000	£000
	Government & Other Grants-Conditions met and not applied.	13,612	29,992
	Total	16,041	34,772

Note 11d	Council Tax	2013/14	2012/13
		£000	£000
	Current year	43,543	49,215
	Total	43,543	49,215

Note 11 e	Central Government Grants		
		2013/14	2012/13
		£000	£000
	Revenue Support Grant	39,762	1,014
	PFI	3,678	3,678
	Early Intervention Grant	0	7,829
	New Homes Bonus	1,983	1,357
	Local Services Support Grant	122	565
	Council Tax Freeze Grant	0	1,208
	Education Services Grant	1,899	0
	NHS	1,845	0
	DCLG	210	0
	Total	49,499	15,651

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 12 Property, Plant and Equipment

Current Year

	Property, Plant & Equipment (PP&E)											
	Council Dwellings	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Service Concession Assets included within PPE and Intangible assets	Investment Properties	Intangible Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation												
Balance as At 1 April 2013	312,404	189,547	87,070	51,047	5,993	5,691	20,253	672,005	45,271	15,563	518	688,086
Adjusted opening balance	312,404	189,547	87,070	51,047	5,993	5,691	20,253	672,005	45,271	15,563	518	688,086
Additions (Note 41)	8,166	6,041	4,184	732	404	4,953	81	24,561	75	0	40	24,601
Revaluation increases to Revaluation Reserve												
Revaluation increases/(decreases) to Deficit on the Provision of Services	24,852	2,221		741	0	0	1,661	29,475	2,011	0	0	29,475
Derecognition - Disposals	18,106	(1,638)	0	0	0	0	258	16,726	698	1,130	0	17,856
Derecognition - Other	(12,782)	(16,531)	0	(13,898)	0	0	(555)	(43,766)		(264)	0	(44,030)
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Reclassified from Held for Sale	(193)	(3,677)	0	7,463	0	(3,786)	193	0	0	0	0	0
								643				643
Balance as at 31 March 2014	350,553	175,963	91,254	46,085	6,397	6,858	22,534	699,644	48,055	16,429	558	716,631
Depreciation and Impairment												
Balance as At 1 April 2013	15,786	15,565	12,799	33,964	16	1	769	78,900	4,085	0	434	79,334
Adjusted opening balance	15,786	15,565	12,799	33,964	16	1	769	78,900	4,085	0	434	79,334
Depreciation Charge	6,368	3,195	2,040	3,493	0	0	41	15,137	1,213	0	36	15,173
Derecognition - Disposals	(60)	(585)	0	(12,654)	0	0	(12)	(13,311)		0	0	(13,311)
Derecognition - Other	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2014	22,094	18,175	14,839	24,803	16	1	798	80,726	5,298	0	470	81,196
Net Book Value												
Balance as at 31 March 2014	328,459	157,788	76,415	21,282	6,381	6,857	21,736	618,918	42,757	16,429	88	635,435
Balance as at 31 March 2013	296,618	173,982	74,271	17,083	5,977	5,690	19,484	593,105	41,186	15,563	84	608,752

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2014

Note 12 Property, Plant and Equipment

Capital Commitments

At 31 March 2014, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2014-15 and future years budgeted to a cost of £33.062m (31 March 2013 £34.693m). The major commitments at 31 March 2014 are:

	£'000
- The Curve	10,999
- Schools Primary Extension	5,584
- Schools Modernisation	2,000
- Cemetery Extension	742
- Accommodation Strategy	3,001
- Stoke Poges Footbridge	1,000
- Crematorium Project	1,311
- Affordable Housing	6,200
- Britwell Regeneration	2,225
Total	<u>33,062</u>

Effects of Changes in Estimates

There were no material changes in accounting estimates for property, plant & equipment during the year.

Impairments

The Council has no recognised impairment losses in 2013/14 (2012/13 £0.693m).

Revaluations

The freehold and leasehold properties comprising the Council's operational and non-operational property portfolio at the 1st April 2013 are valued on a rolling programme basis. The valuations for 2013/14 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 2014 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.

The following table shows the progress of the Council's rolling programme for the revaluation of Council Dwellings, land and buildings at 31 March 2014.

Description	Council Dwellings	Land & Buildings	Plant / Vehicles / Equipment	Infrastructure	Community	Surplus Assets	Assets Under Construction	Total
Valued at Historical Cost	0	1,241	21,282	76,415	6,381	0	6,857	112,176
Valued at Fair Value:								
2013/2014	327,997	89,176	0	0	0	2,943	0	420,116
2012/2013	0	27,309	0	0	0	0	0	27,309
2011/2012	0	25,006	0	0	0	13,162	0	38,168
2010/2011	462	13,620	0	0	0	5,468	0	19,550
2009/2010	0	1,436	0	0	0	163	0	1,599
Category Total	328,459	157,788	21,282	76,415	6,381	21,736	6,857	618,918

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 12 a

Comparative Year

	Property, Plant & Equipment (PP&E)											TOTAL
	Council Dwellings	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Service Concession Assets included within PPE and intangible assets	Investment Properties	Intangible Assets	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation												
Balance as At 1 April 2012	314,003	219,032	60,309	40,397	5,937	28,633	19,837	688,148	42,171	15,354	499	704,001
Adjusted opening balance	314,003	219,032	60,309	40,397	5,937	28,633	19,837	688,148	42,171	15,354	499	704,001
Additions (Note 40)	8,116	7,757	5,217	358	34	2,754	0	24,236	758	0	19	24,255
Donations	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increases to Revaluation Reserve	0	831	0	0	0	0	0	831	4,931	0	0	831
Revaluation decreases to Deficit on the Provision of Services	0	(15,655)	0	0	0	0	0	(15,655)	(2,589)	2,074	0	(13,581)
Derecognition - Disposals	(4,237)	(16,084)	0	(1,137)	0	0	0	(21,458)	0	(514)	0	(21,972)
Derecognition - Other	(5,478)	0	0	0	0	0	0	(5,478)	0	0	0	(5,478)
Reclassifications & Transfers	0	(5,949)	21,544	11,429	22	(25,696)	0	1,350	0	(1,351)	0	(1)
Reclassified to Held for Sale	0	(385)	0	0	0	0	0	(385)	0	0	0	(385)
Reclassified from Held for Sale	0	0	0	0	0	0	416	416	0	0	0	416
At 31 March 2013	312,404	189,547	87,070	51,047	5,993	5,691	20,253	672,005	45,271	15,563	518	688,086
Depreciation and Impairment												
Balance as At 1 April 2012	10,668	18,700	10,893	29,863	16	0	76	70,216	2,872	0	402	70,618
Adjusted opening balance	10,668	18,700	10,893	29,863	16	0	76	70,216	2,872	0	402	70,618
Depreciation Charge	5,312	4,465	1,906	4,136	0	0	0	15,819	1,213	0	32	15,851
Depreciation written out on Revaluation Reserve	0	(4,837)	0	0	0	0	0	(4,837)	0	0	0	(4,837)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	(1,207)	0	0	0	0	0	(1,207)	0	0	0	(1,207)
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	127	127	0	0	0	127
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	566	566	0	0	0	566
Derecognition - Disposals	(194)	(1,555)	0	(35)	0	0	0	(1,784)	0	0	0	(1,784)
At 31 March 2013	15,786	15,565	12,799	33,964	16	1	769	78,900	4,085	0	434	79,334
Net Book Value												
At 31 March 2013	296,618	173,982	74,271	17,083	5,977	5,690	19,484	593,105	41,186	15,563	84	608,752
Balance as at 31 March 2012	303,335	200,332	49,416	10,534	5,921	28,633	19,761	617,932	39,299	15,354	97	633,383

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

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

Income/Expenditure from Investment Properties:	2013/14	2012/13
	£000	£000
Rental income from investment property	(1,495)	(2,062)
Direct operating expenses arising from investment property	805	5,905
Net (Gain)/Loss	(690)	3,843

	2013/14	2012/13
	£000	£000
Balance at start of the year	15,563	15,354
Disposals	(264)	(514)
Net gains from fair value adjustments	1,130	2,074
Transfers:		
- from/ (to) Property, Plant and Equipment	336	(1,351)
Other changes	0	0
Balance at end of the year	16,765	15,563

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 14 Intangible Assets

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £36k (£32k in 2012/13) charged to revenue in the current year was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Cost 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 Council are

Useful Lives	Other Assets
5 years	Civica and Oracle Software Licenses

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

The Movement in Intangible Assets for the Year is as Follows

	2013/14			2012/13		
	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	518	0	518	499		499
· Accumulated amortisation	(434)	0	(434)	(402)		(402)
Net carrying amount at start of year	84	0	84	97	0	97
Additions:						
· Purchases	40	0	40	19	0	19
	124	0	124	116	0	116
Amortisation for the period	(36)		(36)	(32)		(32)
Net carrying amount at end of year	88	0	88	84	0	84
Comprising:						
· Gross carrying amounts	558	0	558	518	0	518
· Accumulated amortisation	(470)	0	(470)	(434)	0	(434)
	88	0	88	84	0	84

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 15 Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31/03/14	31/03/2013	31/03/14	31/03/2013
	£000	£000	£000	£000
Investments				
Loans and receivables	0	0	57,155	64,210
Total investments	0	0	57,155	64,210
Loans and receivables	261	232		
Financial assets carried at contract amounts			23,818	22,136
Total Debtors	261	232	23,818	22,136
Borrowings				
Financial liabilities at amortised cost	182,372	182,373	496	11,016
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	182,372	182,373	496	11,016
Other Long Term Liabilities				
PFI and finance lease liabilities	45,319	48,361	3,030	2,893
Total other long term liabilities	227,691	230,734	3,526	13,909
Creditors				
Financial liabilities at amortised cost	0			
Financial liabilities carried at contract amount	0	0	43,873	30,163
Total creditors	0	0	43,873	30,163

Reclassifications

Income, Expense, Gains and Losses

	2013/14					2012/13				
	Financial Liabilities	Financial Assets			Assets and Liabilities at Fair Value through Profit and Loss	Financial Liabilities	Financial Assets			Assets and Liabilities at Fair Value through Profit and Loss
	Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets			Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets		
	£000	£000	£000	£000	Total	£000	£000	£000	£000	Total
Interest expense	9,984	-	0	-	9,984	9,389	-	0	-	9,389
Impairment losses	-	0	-	-	0	-	(12)	-	-	(12)
Total expense in Surplus or Deficit on the Provision of Services	9,984	0	0	0	9,984	9,389	(12)	0	0	9,377
Interest income	-	(876)	-	-	(876)	-	(705)	-	-	(705)
Total income in Surplus or Deficit on the Provision of Services	0	(876)	0	0	(876)	0	(705)	0	0	(705)
Net gain/(loss) for the year	9,984	(876)	0	0	9,108	9,389	(717)	0	0	8,672

Fair Values of Assets and Liabilities

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

The fair values calculated are as follows

	31/03/14		31/03/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Borrowings	182,868	172,584	193,389	213,910
Other Liabilities	48,349	62,895	51,255	51,255
Creditors	23,060	23,060	26,217	26,217
TOTAL FINANCIAL LIABILITIES	254,277	258,539	270,861	291,382

	31/03/14		31/03/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Investments	57,155	51,749	64,210	64,210
Cash & Cash Equivalents	31,700	31,700	27,526	27,526
Debtors	12,205	12,205	10,499	10,499
TOTAL FINANCIAL ASSETS	101,060	95,654	102,235	102,235

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 16 Inventories

In undertaking its work the Council holds reserves of stock together with amounts of uncompleted work (work in progress).

The figure shown in the Balance Sheet may be subdivided as follows:

	2013/14	2012/13
	£000	£000
Central Stores	5	9
Total	5	9

Note 17 Debtors

	Long Term Debtors		Short Term Debtors	
	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000
Central Government Bodies	0	0	5,406	8,340
Other Local Authorities	7	7	5,943	1,441
NHS Bodies	0	0	264	1,856
Other entities and individuals	254	225	12,205	10,499
Total	261	232	23,818	22,136

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:

	2013/14	2012/13
	£000	£000
Cash and Bank balances	6,821	7,253
Short Term Deposits	31,700	17,936
Total Cash and Cash Equivalents	38,521	25,189

Note, Bank overdrafts are shown separately from cash and cash equivalents where they are not an integral part of an Authority's cash management.

	2013/14	2012/13
	£000	£000
Bank Overdraft	(6,144)	(7,769)

	2013/14	2012/13
	£000	£000
Net Cash and Cash Equivalents	32,377	17,420

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 19

Assets Held for Sale

	Current		Non Current	
	2013/14	2012/13	2013/14	2012/13
	£000's	£000's	£000's	£000's
Balance outstanding at start of year	6,280	8,167	0	0
Transferred from Non-Current Assets during year	0	385	0	0
Assets sold Cost	(5,252)	(1,856)	0	0
Transferred to Property, Plant and Equipment during the year	(643)	(416)		
Balance outstanding at year-end	385	6,280	0	0

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2014

Note 20 Creditors

Short Term Creditors

	2013/14	2012/13
	£000	£000
Central government bodies	17,289	2,557
Other local authorities	3,492	1,389
NHS bodies	32	0
Other Entities and individuals	23,060	26,217
Total Short Term Creditors	43,873	30,163

Long Term Creditors

	2013/14	2012/13
	£000	£000
Other creditors falling due after more than one year		
Central government bodies	0	0
Total Long Term Creditors	0	0

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 21 Provisions

Current Year

	Balance as At 1 April 2013	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Unwinding of discounting	Balance as at 31 March 2014
	£000	£000	£000	£000	£000	£000
Insurance Claims	715	3	0	0	0	718
Dilapidations	22	0	(22)	0	0	0
Other	500	0	0	0	0	500
NNDR Appeals	0	866	0	0	0	866
Long Term	223	0	0	0	0	223
	1,460	869	(22)	0	0	2,307

Current Provisions	1,237	869	(22)	0	0	2,084
Long Term Provisions	223	0	0	0	0	223
	1,460	869	(22)	0	0	2,307

Comparative Year

	Balance as At 1 April 2012	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Unwinding of discounting	Balance as at 31 March 2013
	£000	£000	£000	£000	£000	£000
Insurance Claims	709	390	(384)	0	0	715
Dilapidations	22	0	0	0	0	22
Other	500	0	0	0	0	500
Long Term	390	133	0	(300)	0	223
	1,621	523	(384)	(300)	0	1,460

Current Provisions	1,231	390	(384)	0	0	1,237
Long Term Provisions	390	133	0	(300)	0	223
	1,621	523	(384)	(300)	0	1,460

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2014

Note 22

Useable Reserves

Movements in the Councils useable reserves are detailed in the Movement in Reserves Statement

Capital Receipts Reserve

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

	31/03/2014	31/03/2013
	£000	£000
Balance 1 April	2,570	1,233
Capital Receipts in year	13,175	4,937
	15,745	6,170
Less:		
Capital Receipts Pooled	(680)	(594)
Capital Receipts used for financing	(221)	(3,006)
Balance 31 March	14,844	2,570

Major Repairs Reserve

	31/03/2014	31/03/2013
	£000	£000
Balance on 1 April	8,677	4,643
Depreciation on HRA assets	6,860	5,559
Transfer (to)/from HRA Balance	4,662	3,953
HRA Capital Expenditure	(9,015)	(5,478)
Balance on 31 March	11,184	8,677

Capital Grants Unapplied

	31/03/2014	31/03/2013
	£000	£000
Balance on 1 April	47,711	27,071
Unapplied Capital Grants received in year	13,612	29,992
Unapplied Capital Grants transferred to CAA in year	(12,269)	(9,352)
Balance on 31 March	49,054	47,711

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 23 Unusable Reserves

	31/03/2014	31/03/2013
	£000	£000
Capital Adjustment Account	248,465	250,454
Financial Instruments Adjustment Account	(2,776)	(3,232)
Revaluation Reserve	100,040	82,110
Available for Sale Financial Instruments Reserve	0	0
Pensions Reserve	(169,659)	(162,908)
Deferred Capital Receipts Reserve (England and Wales)	91	91
Collection Fund Adjustment Account	1,408	696
Unequal Pay Back Pay Account	0	0
Accumulating Compensated Absences Adjustment Account	(1,362)	(400)
Total Unusable Reserves	176,207	166,811

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.

	31/03/14		31/03/2013	
	£000	£000	£000	£000
Balance at 1 April		250,454		279,364
Reversal of items relating to capital				
Charges for depreciation and impairment of non current assets	(15,173)		(16,421)	
Revaluation losses on Property, Plant and Equipment	16,726		(14,448)	
Revenue expenditure funded from capital under statute	(8,744)		(3,099)	
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	(35,971)		(27,522)	
		(43,162)		(61,490)
Adjusting amounts written out of the Revaluation Reserve		11,545		3,490
Net written out amount of the cost of non current assets consumed in the year		(31,617)		(58,000)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	221		3,006	
Use of the Major Repairs Reserve to finance new capital expenditure	9,015		5,478	
Application of grants to capital financing from the Capital Grants Unapplied Account	12,269		9,352	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,429		4,780	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	3,806		2,679	
Borrowing or liabilities met from the major repairs reserve	0		0	
Capital expenditure charged against the General Fund and HRA balances	758		1,721	
		28,498		27,016
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		1,130		2,074
Balance at 31 March		248,465		250,454

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. Slough Borough Council 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 Slough's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	41,729	31/03/2013
	£000	£000
Balance at 1 April	(3,232)	(3,720)
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	456	488
Balance at 31 March	(2,776)	(3,232)

Revaluation Reserve

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

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains 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.

	31/03/2014	31/03/2013
	£000	£000
Balance at 1 April	82,110	80,059
Upward revaluation of assets	29,475	5,541
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	0
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	29,475	5,541
Difference between fair value depreciation and historical cost depreciation	(904)	(1,362)
Revaluation balances on assets scrapped or disposed of	(10,641)	(2,128)
Balance at 31 March	100,040	82,110

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.

	31/03/2014	31/03/2013
	£000	£000
Balance at 1 April	(162,908)	(156,121)
Remeasurements of the net defined benefit liability/(asset)	(3,644)	(2,210)
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	(10,639)	(11,965)
Employers pensions contributions and direct payments to pensioners payable in the year	7,532	7,388
Balance at 31 March	(169,659)	(162,908)

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.

	31/03/2014	31/03/2013
	£000	£000
Balance at 1 April	91	91
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31 March	91	91

Collection Fund Adjustment Account

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

	31/03/2014	31/03/2013
	£000	£000
Balance at 1 April	696	82
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	986	614
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(274)	0
Balance at 31 March	1,408	696

Accumulating 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.

	31/03/2014	31/03/2013
	£000	£000
Balance at 1 April	(400)	(3,142)
Settlement or cancellation of accrual made at the end of the preceding year	400	3,142
Amounts accrued at the end of the current year	(1,362)	(400)
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	0	0
Balance at 31 March	(1,362)	(400)

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

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

Analysis of Adjustments to Surplus/Deficit on the Provision of Services		
	2013/14	2012/13
	£000	£000
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	15,137	16,389
Impairment & downward valuations	(16,726)	14,448
Amortisation	36	32
(Increase)/Decrease in Inventories	4	(5)
(Increase)/Decrease in Debtors	(1,682)	(7,324)
Increase/(Decrease) in Creditors	13,710	(19,070)
Movement in pension liability	3,107	2,983
Carrying amount of non-current assets sold	35,971	27,522
Movement in provisions	847	287
Movement in value of investment properties	(1,130)	(2,074)
Amounts posted to CIES from Donated Assets Account		0
	49,274	33,188
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	87,823	0
Proceeds from the sale of PP&E, investment property and intangible assets	(13,464)	(4,937)
Capital grants included in "Taxation & non-specific grant income"	(16,041)	(29,638)
	58,318	(34,575)

Note 25 Cash Flow From Investing Activities

	2013/14	2012/13
	£000	£000
Purchase of PP&E, investment property and intangible assets	(24,601)	(24,221)
Purchase of Short Term Investments (not considered to be cash equivalents)	(80,600)	(172,539)
Purchase of Long Term Investments	(29)	
Other Payments for Investing Activities	(1,010)	
Proceeds from the sale of PP&E, investment property and intangible assets	13,464	4,937
Proceeds from Short Term Investments (not considered to be cash equivalents)		159,455
Capital Grants and Contributions Received	16,041	30,645
Net Cash flows from Investing Activities	(76,735)	(1,723)

Note 26 Cash flows from Financing Activities

	2013/14	2012/13
	£000	£000
Cash Receipts from Short and Long Term Borrowing	0	0
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	(2,893)	(1,838)
Repayment of Short and Long Term Borrowing	(10,004)	(20)
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	(12,897)	(1,858)

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 27 Amounts Reported for Resource Allocation Decisions

2013/14	Wellbeing (Including Schools)	Customer and Community Services	Resources Housing and Regeneration	Chief Executive	Corporate	Total
	£000	£000	£000		£000	£000
Fees, charges & other service income	30,614	9,499	7,078	904	7,967	56,062
Government grants	95,529	2,817	1,589	12	73,382	173,329
Total Income	126,143	12,316	8,667	916	81,349	229,391
Employee expenses	84,742	12,119	8,725	3,773	593	109,952
Other service expenses	123,833	17,059	26,586	1,381	81,237	250,096
Support service recharges	-	-	-	-	-	-
Total Expenditure	208,575	29,178	35,311	5,154	81,830	360,048
Net Expenditure	82,432	16,862	26,644	4,238	481	130,657

2012/13	Wellbeing (Including Schools)	Customer and Community Services	Resources Housing and Regeneration	Chief Executive	Corporate	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	22,261	12,045	6,420	375	1,381	42,482
Government grants	94,587	2,938	676	-	82,701	180,902
Total Income	116,848	14,983	7,096	375	84,082	223,384
Employee expenses	95,688	13,781	10,793	1,139	484	121,885
Other service expenses	76,747	20,242	22,502	650	83,464	203,605
Support service recharges	-	-	-	-	-	-
Total Expenditure	172,435	34,023	33,295	1,789	83,948	325,490
Net Expenditure	55,587	19,040	26,199	1,414	134	102,106

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.

	2013/14 £000	2012/13 £000
Net expenditure in the Directorate Analysis	130,657	102,106
Net expenditure of services and support services not included in the Analysis	78	-17,045
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-32,022	-15,965
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	0	48,680
Cost of Services in Comprehensive Income and Expenditure Statement	98,713	117,776

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.

	Directorate Analysis	Services and Support Services not in Analysis	HRA	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
2013/14	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	55,184	25,328	41,056	-	-	121,568	-	121,568
Income from Investment properties including gains in fair value	-	-	-	-	-	-	1,128	1,128
Interest and investment income	878	-	-	-	-	878	876	1,754
Income from council tax	-	-	-	-	-	-	43,543	43,543
Income from non domestic rates	-	-	-	-	-	-	26,199	26,199
Government grants and contributions	173,329	-	-	-	-	173,329	65,266	238,595
Total Income	229,391	25,328	41,056	-	-	295,775	137,012	432,787
Employee expenses	109,952	4,085	7,963	-	-	122,000	-	122,000
Other service expenses	245,264	382	7,312	-	-	252,958	-	252,958
Support Service recharges	-	24,716	-	-	-	24,716	-	24,716
Depreciation, amortisation and impairment	-	3,777	6,241	-	-	10,018	-	10,018
Interest Payments	4,832	-	-	-	-	4,832	16,767	21,599
Precepts & Levies	-	-	-	-	-	-	268	268
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	680	680
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	21,954	21,954
Total expenditure	360,048	25,406	9,034	-	-	394,488	39,669	434,157
Surplus or deficit on the provision of services	130,657	78	32,022	-	-	98,713	97,343	1,370

	Directorate Analysis	Services and Support Services not in Analysis	HRA	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
2012/13	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	39,821	4,210	34,439	-	1,058	79,528	-	79,528
Surplus or deficit on associates and joint ventures	2,062	-	-	2,062	-	-	4,136	4,136
Interest and investment income	599	-	-	599	-	-	705	705
Income from council tax	48,531	-	-	48,531	-	-	49,215	49,215
Income from non domestic rates	-	-	-	-	-	-	52,306	52,306
Government grants and contributions	132,371	64,929	-	15,651	-	181,649	50,423	232,072
Total Income	223,384	69,139	34,439	66,843	1,058	261,177	156,785	417,962
Employee expenses	121,885	2,261	2,063	-	-	121,687	-	121,687
Other service expenses	189,573	10,682	11,840	4,131	1,058	209,022	-	209,022
Support Service recharges	-	17,170	205	-	-	17,375	-	17,375
Depreciation, amortisation and impairment	-	26,503	4,366	-	-	30,869	-	30,869
Interest Payments	7,613	-	-	7,613	-	-	14,795	14,795
Expenditure from Investment Properties	6,419	-	-	6,419	-	-	6,419	6,419
Precepts & Levies	-	-	-	-	-	-	268	268
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	594	594
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	22,071	22,071
Total expenditure	325,490	52,094	18,474	18,163	1,058	378,953	44,147	423,100
Surplus or deficit on the provision of services	102,106	17,045	15,965	48,680	-	117,776	112,638	5,138

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 28 Pooled Budgets

Intermediate Care Services

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

	2013/14	2012/13
	£000	£000
Funding provided to the pooled budget:		
The Authority	282	275
The Trust	282	275
	564	550
Expenditure met from the pooled budget:		
The Authority	282	275
The Trust	282	275
	564	550
Net surplus arising on the pooled budget during the year	0	0
Authority share of x% of the net surplus arising on the pooled budget		

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.

	CHANGE:	CHANGE:
	£000	£000
Funding provided to the pooled budget:		
The Authority	340	341
Berkshire Primary Care Trusts	3,671	3,010
Other Unitary Authorities	1,512	1,211
	5,523	4,562
Expenditure met from the pooled budget:		
The Authority	286	351
Berkshire Primary Care Trusts	3,671	3,010
Other Unitary Authorities	1,512	1,211
	5,469	4,572
Net surplus arising on the pooled budget	54	(10)

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 29 Members' Allowances

During the year Members allowances, including Employer's costs totalled £453k (2012/13 £451k) and are as follows:

	2013/14	2012/13
	£000	£000
Basic Allowance	293	293
Mayor's and Deputy Mayor's Allowance	11	13
Employer costs	18	18
Subsistence	0	0
Special Responsibility Allowance	130	127
	452	451

Note 30

Officers Remuneration

		Salary, Fees and Allowances	Compensation for Loss of Office - Note 6	Pension Contribution	Total
		£	£	£	£
R Bagley - Chief Executive - Note 4	2013/14	157,479	0	11,575	169,054
	2012/13	160,479	0	20,220	180,699
Strategic Director, Regeneration, Hsg & Resources - Note 1	2013/14	109,277	0	13,769	123,046
	2012/13	58,365	60,043	6,658	125,066
Strategic Director, Wellbeing	2013/14	126,251	0	15,874	142,124
	2012/13	126,207	0	15,874	142,081
Strategic Director, Customer & Community Services	2013/14	125,983	0	15,874	141,857
	2012/13	120,281	0	15,080	135,361
Strategic Director, Education and Children's Services - Note 2	2013/14	-	0	0	0
	2012/13	62,991	169,128	7,937	240,056
Assistant Director, Finance & Audit (Section 151 Officer) - Note 3	2013/14	75,263	0	9,472	84,735
	2012/13	9,742	0	1,228	10,970
Director of Public Health - Note 5	2013/14	25,574	0	-	25,574
	2012/13	-	0	-	-

Note 1 - 2012/13 Not full year costs previous incumbent left 01/09/12 and new postholder started 15/4/13

Note 2 - Post removed from establishment during restructure

Note 3 - 2012/13 not full year costs - started 14/2/13

Note 4 - 2012/13 included Returning Officer remuneration

Note 5 - The Director of Public Health costs are shared between the Berkshire Authorities.

The total cost of the post is £136,577 and Slough Borough Council share is 18.73%

Note 6 - This column may include contractual redundancy payments

Senior Employees' Remuneration

	2013/14		2012/13	
	Schools	Non-Schools	Schools	Non-Schools
£50,001 to £55,000	27	15	25	14
£55,001 to £60,000	8	8	11	9
£60,001 to £65,000	4	12	5	14
£65,001 to £70,000	6	4	8	2
£70,001 to £75,000	6	5	5	4
£75,001 to £80,000	5	1	7	2
£80,001 to £85,000	2	3		1
£85,001 to £90,000	1	6	1	7
£90,001 to £95,000	1	1	1	2
£95,001 to £100,000	0	0	0	0
£100,001 to £105,000	0	1	0	0
£105,001 to £110,000	0	2	0	2
£110,001 to £115,000	0	0	0	1
£115,001 to £120,000	0	0	0	0
£120,001 to £125,000	0	0	0	1
£125,001 to £130,000	0	2	0	2
£130,001 to £135,000	0	1	0	0
£135,001 to £140,000	0	1	0	0
£140,001 to £145,000	0	0	0	0
£145,001 to £150,000	0	0	0	0
£150,001 to £160,000	0	1	0	0
£160,001 to £170,000	0	0	0	1
£170,001 to £180,000	0	0	0	1
£180,001 to £190,000	0	0	0	0
£190,001 to £200,000	0	0	0	0
£200,001 to £210,000	0	1	0	0
£210,001 to £220,000	0	0	0	0
£220,001 to £230,000	0	1	0	0
£230,001 to £240,000	0	0	0	0
£240,001 to £250,000	0	0	0	1
	60	65	63	64

* the remunerations shown in the table above may be a combination of salaries and contractual redundancy payments

Note 31 Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
£0-£20,000	35	23			35	23	254	176
£20,001 - £40,000	16	12			16	12	442	316
£40,001 - £60,000	5	6			5	6	253	288
£60,001 - £80,000	2	1			2	1	128	61
£80,001 - £100,000	1	1			1	1	99	92
£100,001 - £150,000	1	1			1	1	140	149
£150,001 - £200,000	1	0			1	0	178	0
£200,001 - £250,000	0	0			0	0	0	0
£250,001 - £300,000	0	1			0	1	0	285
Total cost included in bandings							1,494	1,367
Add: Amounts provided for in CIES not included in bandings							0	
Total cost included in CIES							1,494	1,367

Exit Package costs includes contractual redundancy payments and payments to the Pension Fund

Note 32 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.

	2013/14 £000	2012/13 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	169	223
Less Rebate from Audit Commission	-23	-18
Fees payable for the certification of grant claims and returns for the year	33	45
Fees payable in respect of other services provided during the year	0	10
	179	260

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above.

The fees for other services in 2013/14 relate to the National Fraud Initiative.

In 2013/14 the Council received a rebate of £23k (2012/13 £18k) from the Audit Commission. This relates to the Audit Commission's Retained Earnings distribution as announced 25 March 2014.

Note 33 Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2013/14 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total
DSG figure as issued by the Department in July 2013 (This does not include the Early Years January 2014 adjustment)	13,400	120,967	134,367
Academy figure recouped for 2013/14	-	52,996	52,996
Total DSG after academy recoupment for 2013/14	13,400	67,971	81,371
Plus: Brought forward from 2012/13	2,173	8,347	10,520
Less: Carry forward to 2014/15 (agreed in advance)	-	-	-
Agreed initial budgeted distribution in 2013/14	13,400	76,453	89,853
In year adjustments	-	-	-
Final budget distribution for 2013/14	13,400	76,453	89,853
Less: Actual central expenditure	- 10,963	-	- 10,963
Less: Actual ISB deployed to schools	-	- 69,827	- 69,827
Plus: Local Authority contribution for 2013/14	-	310	310
Carry forward to 2014/15	2,437	6,936	9,373

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 34 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13

	2013/14	2012/13
Credited to Taxation and Non-Specific Grant Income	£000	£000
Revenue Support Grant	39762	1014
PFI	3678	3678
Early Intervention Grant	0	7829
	0	0
Capital Grants	16041	34772
Donations	0	0
Total	59481	47293

Capital Grants Received in Advance

	2013/14	2012/13
	£000	£000
Opening balance	392	38
Add: new capital grants received in advance (condition of use not met)	0	354
Capital Grants Repaid		0
Less: amounts released to the Comprehensive Income and Expenditure Account (conditions met)	(30)	0
	362	392

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:

	2013/14	2012/13
	£000	£000
Current		
Capital Grants	362	392
	362	392
Long Term		
Capital Grants	0	0
	0	0

Revenue Grants Received in Advance

	2013/14	2012/13
	£000	£000
Current		
Revenue Grants	0	299
	0	299
Long Term		
	0	0
	0	0

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2014

Note 35

Related Parties

The Council has a wholly owned subsidiary, Development Initiative for Slough Housing (DISH). Two councillors and an officer sit on the DISH board.

The Council has two pooled budget agreements. Transactions and balances outstanding are detailed in Note 34. The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 29 on reporting for resources allocation decisions. Grant receipts in advance at 31 March 2014 are shown in Note 39. Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2013/14 is shown in note 35.

Three Officers and two members have sat on the board of the Slough Regeneration Partnership (SRP) during 2013-14. The SRP is a Limited Liability Partnership the council has entered into with Morgan Sindall Investments to build a new library, leisure facilities, schools and homes in Slough. The development's first phase will feature The Curve - a brand new library, cultural and community centre in the heart of the town. Expenditure on the construction of The Curve in 2013-14 was £3,938k.

In 2013/14, Slough Borough Council made total payments to Age Concern of £532K (2012/13 £606k). One member is on the governing body. The Council also made payments of £107k to Thames Valley Athletics Centre in 2013-14. One councillor holds a directorship in this organisation. One member is on the board of Slough Council for Voluntary Services. During 2013/14 the council paid this organisation £72k. These payments are considered material to the operations of the related party and have therefore been disclosed within this note.

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2014

Note 36 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	2013/14	2012/13
	£000	£000
Opening Capital Financing Requirement	282,465	282,127
Property, Plant and Equipment	24,561	24,236
Intangible Assets	40	19
Revenue Expenditure Funded from Capital under Statute	8,744	3,099
	33,345	27,354
Sources of finance		
Capital receipts	(221)	(3,006)
Government grants and other contributions	(14,698)	(14,132)
Other Contributions	0	0
Major Repairs Allowance	(9,015)	(5,478)
Sums set aside from revenue:		
Direct revenue contributions:		
General	(758)	(1,721)
[MRP/loans fund principal]	(3,806)	(2,679)
	(28,498)	(27,016)
Closing Capital Finance Requirement	287,312	282,465
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	4,847	338
Increase/(decrease) in Capital Financing Requirement	4,847	3,985

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 37

Leases

Operating and Finance Leases

Council as Lessor:

Operating Leases (Council as lessor)

	2013/14		2012/13	
	Land and buildings	Vehicles, plant and equipment	Land and buildings	Vehicles, plant and equipment
	£000	£000	£000	£000
Minimum lease rentals receivable:				
No later than 1 year	360	0	457	0
Later than 1 year and no later than 5 years	1,198	0	1,376	0
Later than 5 years	9,273	0	9,530	0
	10,831	0	11,363	0

Council as Lessee:

Finance Leases (Council as lessee)

LEASED ASSETS (included within property, plant and equipment)

	Vehicles	Building	TOTAL
	£000	£000	
Cost or Valuation			
Opening Balance	4,889	15,857	20,746
Additions	0	0	0
Disposals	0	0	0
Revaluations		(770)	(770)
	4,889	15,087	19,976
Depreciation			
	1,825	8,201	10,026
Disposals	0	0	0
Provided for year	939	49	988
	2,764	8,250	11,014
Net Book Value			
Balance as at 31 March 2014	2,125	6,837	8,962
Balance as at 31 March 2013	3,064	7,656	10,720

Comparative Year

LEASED ASSETS (included within vehicles, plant and equipment)

	Vehicles	Building	TOTAL
	£000	£000	
Cost or Valuation			
Opening Balance	6,159	10,940	17,099
Additions	(1,270)	4,917	3,647
Disposals	0	0	0
	4,889	15,857	20,746
Depreciation			
Opening Balance	2,156	6,643	8,799
Disposals	(1,270)	914	(356)
Provided for year	939	644	1,583
	1,825	8,201	10,026
Net Book Value			
Balance as at 31 March 2013	3,064	7,656	10,720
Balance as at 31 March 2012	4,003	4,297	8,300

No contingent rentals were recognised as an expense in the CIES during the reporting period under review, and no future sub-lease income is expected to be received, as all assets are used exclusively by the council.

The lease agreements for the vehicles and IT equipment include fixed lease payments and a purchase option at the end of the respective lease terms. The agreements are non-cancellable but do not include any further restrictions.

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
31/03/14				
Finance leases payments	2,356	4,762	3,341	10,459
Less: finance charges	(250)	(261)	(62)	(573)
Net present value	2,106	4,501	3,279	9,886
31/03/2013				
Finance leases payments	2,404	6,362	4,097	12,863
Less: finance charges	(357)	(485)	(76)	(918)
Net present value	2,047	5,877	4,021	11,945
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

Included in the Balance Sheet as:

	31/03/14	31/03/2013
	£000	£000
Current liabilities	2,106	2,047
Long term liabilities	7,780	9,898
	9,886	11,945

Operating Leases (Council as lessee)

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

	2013/14	2012/13
	Land and buildings	Land and buildings
	£000	£000
Minimum lease rentals payable:		
No later than 1 year	587	651
Later than 1 year and no later than 5 years	1,831	2,107
Later than 5 years	1,995	2,190
	4,413	4,948

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 38 Service Concession Arrangements

Accounting Policy

The authorities accounting policy re PFI and similar contracts may be inserted here or included within Accounting Policies at Note 1

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 IFRS the assets are recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation of fixed assets). The assets are subject to depreciation and impairment as normal assets. The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This is being written down over the life of the contract as payments are made under the contract. The Council is committed to make total payments of £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 expenditure in the Comprehensive Income and Expenditure Statement.

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Current Year	1,923	846	3,312	6,081
Previous Year	1,982	(148)	4,117	5,951

The Council 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 2014 (excluding any estimation of inflation and availability/performance deductions) are as follows:

2012/13				2013/14			
Payment for Services	Reimbursement of Capital Expenditure	Interest	Total	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
£000	£000	£000	£000	£000	£000	£000	£000
1,923	846	3,312	6,081	1,962	924	3,257	6,143
9,188	3,377	12,389	24,954	9,416	3,635	12,163	25,213
13,618	5,544	13,562	32,724	14,165	5,832	13,088	33,085
15,543	8,064	11,023	34,630	15,884	8,734	10,424	35,042
15,894	12,813	8,082	36,789	16,133	13,941	7,181	37,255
8,401	8,666	2,236	19,303	5,083	5,398	1,179	11,659
64,567	39,310	50,604	154,481	62,642	38,464	47,292	148,398

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	2013/14										
	Council Dwellings	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Intangible Assets	Total PP&E and intangible assets
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	0	0	39,309	0	0	0	0	0	0	0	39,309
Payments during the year			(846)								(846)
Balance outstanding at year-end	0	0	38,463	0	0	0	0	0	0	0	38,463

Comparative Year	2012/13										
	Council Dwellings	Land	Buildings	Infrastructure Assets	Landfill Site	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Intangible Assets	Total PP&E and intangible assets
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year			40,012								40,012
Payments during the year			(703)								(703)
Balance outstanding at year-end	0	0	39,309	0	0	0	0	0	0	0	39,309

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 39 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers

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.

In 2013/14, the Council paid £3.68m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2012/13 were £3.94m and 14.1%. There were no contributions remaining payable at the year-end.

Note 40

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, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in two post-employment schemes:

- (i) The Local Government Pension Scheme, administered locally by Royal Borough of Windsor and Maidenhead Council - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- (ii) Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However there are no investment assets built up to meet these liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

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

The principal risks to the Authority of the scheme are the longevity assumptions, statutory

Transactions relating to Post-Employment Benefits

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

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

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £0
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
<i>Service cost comprising:</i>				
Current service cost	(9,669)	(9,059)	0	
Past service cost	(612)	(954)	0	
(Gain)/loss from settlements	6,425	4,930	0	
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest expense	(6,783)	(6,882)	0	
<i>Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services</i>				
	(10,639)	(11,965)	0	

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

Remeasurement of the net defined benefit liability comprising:

Return on plan assets (excluding the amount included in the net interest expense)	(3,215)	10,369	0	
Actuarial gains and losses arising on changes in demographic assumptions	15,143	0	0	
Actuarial gains and losses arising on changes in financial assumptions	(15,572)	(12,579)	0	
Other	0	0	0	
<i>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</i>				
	(14,283)	(14,175)	0	

Movement in Reserves Statement

Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code

	10,639	11,965	0	
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	(7,532)	(7,388)		
Retirement benefits payable to pensioners			0	

Pensions Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £0
Present value of the defined obligation	365,918	355,412	0	
Fair value of plan assets	(196,259)	(192,504)	0	
	169,659	162,908	0	
Other movements in the liability (asset)	0	0	0	
Net liability arising from the defined benefit obligation	169,659	162,908	0	

Reconciliation of movements in the fair value of scheme assets

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Opening fair value of scheme assets	(192,504)	(176,336)	0	0
Interest income	(8,362)	(7,807)		
Remeasurement gain/(loss):				
the return on plan assets, excluding the amount included in the net interest expense	3,215	(10,369)		
Other (if applicable)				
The effect of changes in foreign exchange rates				
Contributions from employer	(7,532)	(7,388)		
Contributions from employees into the scheme	(2,446)	(2,447)		
Benefits/transfers paid	11,370	11,843		
Other (if applicable)				
Closing value of scheme assets	(196,259)	(192,504)	0	

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme		Discretionary Benefits	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Opening balance at 1 April	355,412	332,457	0	
Current service cost	9,669	9,059		
Interest cost	15,145	14,689		
Contributions from scheme participants	2,446	2,447		
Remeasurement (gains) and losses:				
Actuarial gains/losses from changes in demographic assumptions	(15,143)			
Actuarial gains/losses from changes in financial assumptions	15,572	12,579		
Other (if applicable)				
Past service cost	612	954		
Losses/(gains) on curtailments where relevant	0	0		
Liabilities assumed on entity combinations				
Benefits/transfers paid	(11,370)	(11,843)		
Liabilities extinguished on settlements (where relevant)	(6,425)	(4,930)		
Balance as at 31 March	365,918	355,412	0	

Local government pension scheme assets comprised:

	Fair value of scheme assets	
	31/03/13 £000	31/03/14 £000
Cash and cash equivalents	0	(3,707)
Equities:		
Overseas	(49,245)	(49,822)
UK	(27,700)	(28,025)
sub-total equity	(76,945)	(77,847)
Bonds:		
<i>by sector</i>		
Government Gilts	(1,876)	(1,854)
Overseas Unit Trusts	(16,552)	(12,455)
Overseas Private equity	(22,858)	(17,200)
sub-total bonds	(41,286)	(31,509)
Other Investment Funds:		
Infrastructure	0	(7,414)
Property	(18,767)	(22,242)
Target Return	0	(33,364)
Commodities	0	(16,682)
Alternative Assets	(50,671)	0
sub-total other investment funds	(69,438)	(79,702)
Longevity Insurance		7,414
Total assets	(187,669)	(185,351)

All scheme assets have quoted prices in active markets

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 Local Government Pension Scheme have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Berkshire Local Government Pension Fund being based on the latest full valuation of the scheme as at 1 April 2013.

The significant assumptions used by the actuary are set out below:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2013/14	2012/13	2013/14	2012/13
Mortality assumptions:				
<i>Longevity at 65 current pensioners:</i>				
Men	22.7	23.1	0.0	C
Women	26.0	25.7	0.0	C
<i>Longevity at 65 for future pensioners:</i>				
Men	24.9	25.1		
Women	28.3	27.6		
Financial assumptions:				
Rate of inflation	3.6%	3.4%	0.0%	0.0
Rate of increase in salaries	4.6%	4.6%		
Rate of increase in pensions	2.8%	2.6%	0.0%	0.0
Discount Rate	4.5%	4.6%	0.0%	0.0

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The longevity assumptions, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the	
	Increase in assumption	Decrease in assumption
	£000	£000
Longevity (increase or decrease in one year)	342,570	367,563
Rate of increase in salaries (increase or decrease by 1%)	355,750	359,433
Rate of increase in pensions and deferred revaluation (increase or decrease by 0.1%)	360,967	349,168
Rate for discounting liabilities (increase or decrease by 0.1%)	348,544	361,604

Impact on the Authority's cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next x years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2014.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. [Alternative wording will be required for Scotland where the new career average based approach is due to start from 1 April 2015]

The Authority anticipates to pay £6,723K expected contributions to the scheme in 2014/2015.

The weighted average duration of the defined benefit obligation for scheme members is 13 years, 2013/14 (24 years 2012/13).

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Note 41 Nature and Extent of Risks Arising from Financial Instruments

Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments - Risks

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

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

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

The main risks covered are:

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

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

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

Credit Risk: Investments

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

A limit is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £20M 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 2013/14, approved by Full Council on 19th February 2013 and can be accessed with the link below:

<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=168&Mid=4697>

The table below summarises the nominal value of the Council's investment portfolio and shows that all deposits outstanding as at 31st March 2014 met the Council's credit rating criteria at that date:

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2014	Balance Invested as at 31st March 2014				Total
			Upto 1 month	> 1 and < 3 months	> 3 and < 6 months	> 6 and < 12 months	
			£'000	£'000	£'000	£'000	
Banks - UK	YES	YES	11,100	0	0	15,000	26,100
Banks - non UK	YES	YES	5,000	0	0	0	5,000
Total Banks			16,100	0	0	15,000	31,100
Building Societies	YES	YES	0	5,000	0	6,000	11,000
Call Accounts	YES	YES	31,635	0	0	0	31,635
Local Authorities	YES	YES	0	8,750	0	6,250	15,000
TOTAL			47,735	13,750	0	27,250	88,735

	Amount at 31/01/14£ 000	Historical experience of Default %	Adjustment for Market Conditions @31/03/14 %	Estimated Maximum Exposure to Default
	a	b	c	(a*c)
Deposits with banks and financial institutions				
AAA* rated counterparties				
(investments up to 1 year)	53,700	0.00%	0.00%	0
Other Investments				
Local Authorities	15,000	0.00%	0.00%	0
Money Market Funds	20,035	0.00%	0.00%	0
Heritable Bank	75	20.00%	14.00%	11

The Council does not hold collateral against any investments.

SLOUGH BOROUGH COUNCIL
 Notes to the Financial Statements
 FOR THE YEAR ENDED 31 MARCH 2014

Note 41 cont Nature and Extent of Risks Arising from Financial Instruments

	31/03/2014	31/03/2013
	£0	£0
Increase in interest payable on variable rate borrowings	230	399
Increase in interest receivable on variable rate investments	-316	-80
Increase in government grant receivable for financing costs	0	0
Impact on Surplus or Deficit on the Provision of Services	-86	319
Share of overall impact debited to the HRA	260	128
Decrease in fair value of fixed rate investment assets	152	128
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)	0	0

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Housing Revenue Account for the year ended 31st March

	2013/14	2012/13
	£000	£000
Income		
Dwelling rents	31,721	30,421
Non-dwelling rents	1,430	1,504
Charges for services and facilities	1,934	1,908
Contributions from General Fund	717	606
Housing Revenue Account Subsidy Receivable		
Sums directed by the Secretary of State or Welsh Government that are income in accordance with the Code	0	0
Total Income	35,802	34,439
Expenditure		
Repairs & Maintenance	6,934	6,661
Supervision & Management:	0	0
General	6,693	5,780
Special	1,477	1,420
Rents, Rates, Taxes and other charges	180	124
Housing Revenue Account Subsidy payable	0	(82)
Depreciation and impairments of non-current assets	(11,504)	4,366
Debt Management Costs	0	0
Sums directed by the Secretary of State or Welsh Government that are expenditure in accordance with the Code		
Total Expenditure	3,780	18,269
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(32,022)	(16,170)
HRA Services Share of Corporate & Democratic Core	295	205
HRA share of other amounts included in the whole authority Net Expenditure of Continuing Operations but not allocated to specific services	0	0
Net Expenditure of HRA Services	(31,727)	(15,965)
Gains(Cr)/loss on sale of HRA Fixed Assets	6,140	7,176
Interest Payable and Similar Charges	5,360	5,388
HRA Interest and Investment Income	(153)	(58)
Net interest on the defined benefit liability (asset)		190
Capital Grants and Contributions		
Surplus for Year on HRA Services	(20,380)	(3,269)

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2014

Adjustments between accounting basis and funding basis

Movement on the HRA Statement

	2013/14	2012/13
	£000	£000
Balance on the HRA at the end of the previous year	14,334	8,897
Surplus or (Deficit) on the HRA Income and Expenditure Statement	20,380	3,269
Adjustments between accounting basis and funding basis under stature	(16,601)	2,168
Net Increase or (Decrease) before transfers to or from reserves	3,779	5,437
Transfers (to)/from Reserves	0	0
Increase or (decrease) on the HRA for the year	3,779	5,437
Balance on the HRA at the end of the current year	18,113	14,334

	2013/14	2012/13
	£000	£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	(128)	(128)
Revaluation and Impairment of PPE	(11,383)	4,366
Capital Grants Reversed	0	0
Minimum Revenue Provision	0	0
HRA Self Financing		0
Gain or loss on sale of HRA non current assets	6,140	7,176
HRA Share of Contributions to or from the Pension Reserve	292	266
Transfers to/(from) Major Repairs Reserve	(11,522)	(9,512)
Transfers to/(from) Housing Repairs Account		0
Capital expenditure funded by the HRA	0	0
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(16,601)	2,168

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

Notes to the Housing Revenue Account

1. Housing Revenue Account

The Housing Revenue Account is a record of expenditure on, 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 Authority's housing stock, as at 31 March 2014 totalled 6,258 properties. The type of properties and the period in which they were built, were as follows:

Property Type	31st March 2014	31st March 2013
	Number	Number
Houses	2,779	2,818
Flats	2,945	2,980
Bungalows	530	540
Shared Ownership	4	4
Awaiting Demolition	0	19
Total Dwellings 31 March	6,258	6,361
Total Dwellings 1st April	6,361	6,424
Sold	(73)	(32)
Conversion	0	0
New Build/Acquisition	0	27
Demolished	(30)	(58)
Total Dwellings 31 March	6,258	6,361

3. Major Repairs Reserve

The movement on the Major Repairs Reserve during the year ended 31 March 2014 is summarised below:

	2013/14	2012/13
	£000	£000
Balance at 1 April	8,677	4,643
Depreciation	6,860	5,559
Voluntary Transfers from the HRA		
Transfer to HRA balance	4,662	3,953
Debits in respect of the repayment of principal borrowed where the repayment was met from	0	
Debits in respect of meeting the liability of	0	
Capital expenditure on HRA Land, Houses and	(9,015)	(5,478)
Balance at 31 March	11,184	8,677

4. Housing Revenue Account Capital Expenditure

	2013/14	2012/13
	£000	£000
Capital investment		
Operational assets	9,752	8,427
Non-operational assets		0
Other		0
Revenue Expenditure funded from Capital		0
	9,752	8,427
Sources of funding		
Borrowing		0
Credit Arrangements		
Capital Receipts	221	885
Major Repairs Reserve	9,015	5,478
Government grants and other contributions	516	2,064
Direct Revenue Financing	0	0
	9,752	8,427

Revenue Expenditure funded from Capital Under Statute represents items that would be expensed under the Code's general requirements but are covered by statutory definitions of Capital Expenditure.

5. Capital Receipts from Disposal of Land, Houses and Other Property within the

	2013/14	2012/13
	£000	£000
Council dwellings -		
Right to Buy	6,278	4,017
Discounts repaid	69	0
Non-Right to Buy	418	0
Other Receipts -		
Land sales	13	0
Other property sales	1,096	0
Mortgage Property	19	0
	7,893	4,017
Less Pooled (Paid to Central Government)	(847)	(594)
	7,046	3,423

6. Housing Revenue Account Subsidy

2011/12 was the final year of the subsidy system in England and the receipt of an HRA subsidy amount.

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

	2013/14	2012/13
	£000	£000
Management and Maintenance		0
Major Repairs Allowance	0	0
Charges For Capital		0
Other Items of Reckonable Expenditure		0
Interest on Receipts		0
Guideline Rent Income		0
Total In year HRA Subsidy Payable	0	0
Previous years Adjustment		(82)
Total HRA Subsidy Due to (From) CLG	0	(82)

7. Rent Arrears

During 2013/14 total rent arrears increased by £88,000 (£33,000 increase 2012/13). A summary of rent arrears and prepayments is shown in the following table:

	2013/14	2012/13
	£000	£000
Current Tenant Arrears	1,455	1,242
Former Tenant Arrears	582	707
Total Rent Arrears	2,037	1,949
Prepayments	(489)	(460)
Net Rent Arrears	1,548	1,489

8. Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to the Housing Revenue Account is £1,665,000 (£1,564,000 2012/13)

9. Depreciation and Impairment of Non-Current Assets

	2013/14		2012/13	
	£000		£000	
	Depreciation	Impairment	Depreciation	Impairment
Council Dwellings	6,368	(12,852)	5,312	0
Other Land and Buildings	129	0	143	(1,193)
Vehicles, Plant, Furniture and Equipment	357	0	104	0
Infrastructure and Community Assets	0	0	0	0
Assets Under Construction	0	0	0	0
Surplus Assets Not Held for Sale	6	(258)	0	0
Investment Properties	0	0	0	0
Assets Held for Sale	0	0	0	0
	6,860	(13,110)	5,559	(1,193)

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2014

The Collection Fund 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 authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2012/13				2013/14					
Business Rates	Business Rates Supplement	Council Tax	Total	Collection Fund	Notes	Business Rates	Business Rates Supplement	Council Tax	Total
£000	£000	£000	£000			£000	£000	£000	£000
		(48,370)	(48,370)	INCOME					
				Council Tax	4			(52,596)	(52,596)
				Transfers from General Fund - council tax:					
		(10,432)	(10,432)	Council Tax Benefit	4				
		0	0	Transitional Relief	4			0	0
		0	0	Discounts for Prompt Payment				0	0
(86,235)			(86,235)	Income collectable from Business Ratepayers	5				
				Non-domestic rates		(95,721)			(95,721)
				Transitional protection payments - non-domestic rates [if applicable]		0			0
	0		0	Income collectable in respect of Business Rate Supplements			0		0
(86,235)	0	(58,802)	(145,037)	Total amounts to be credited		(95,721)	0	(52,596)	(148,317)
				EXPENDITURE					
				Business Rate:					
86,020			86,020	Payment to National Pool	5				
215			215	Cost of Collection					
				Transitional protection payments - non-domestic rates [if applicable]		976			976
				Precepts, demands and shares					
				Central Government	6	44,815			44,815
		48,605	48,605	Billing Authority		43,913		42,555	86,468
		0	0	County Council		0		0	0
		2,337	2,337	Fire Authority		891		2,186	3,077
		6,478	6,478	Police Authority				5,672	5,672
				Business Rate Supplement:					
	0		0	Payment to levying authority's Business Rate Supplement Revenue Account			0		0
	0		0	Administrative Costs			0		0
				Charges to Collection Fund					
		496	496	Write-offs of uncollectable amounts		4,938		155	5093
		165	165	Increase/(decrease) in allowance for impairment		(1,228)		851	-377
				Increase/(decrease) in allowance for appeals		1,768			1768
				Charge to General Fund for allowable collection costs for non-domestic rates		210			210
				Apportionment of previous year's estimated Collection Fund surplus:					
				Central Government		0			0
		0	0	Billing Authority		0		0	0
		0	0	County Council		0		0	0
		0	0	Fire Authority		0		0	0
		0	0	Police Authority				0	0
		0	0	Adjustment of previous years' community charges				0	0
86,235	0	58,081	144,316	Total amounts to be debited		96,283	0	51,419	147,702
0	0	(721)	(721)	(Surplus) /deficit arising during the year		562	0	(1,177)	(615)
0	0	(104)	(104)	(Surplus)/deficit b/f at 1 April		0	0	(825)	(825)
0	0	(825)	(825)	(Surplus)/deficit c/f at 31 March		562	0	(2,002)	(1,440)

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements FOR THE YEAR ENDED 31 MARCH 2014

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 2013/14, the amount outstanding in January 2013 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 2013/14, the amount outstanding in January 2013 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 amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council Tax payable for each band is established as follows: (The actual amount payable for each property is also subject to discounts where applicable.)

Band	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
A	1,083	1,083	722	927.54
B	9,126	9,126	6,084	1,082.13
C	26,081	26,081	17,387	1,236.72
D	17,358	17,358	11,572	1,391.31
E	7,113	7,113	4,742	1,700.49
F	3,257	3,257	2,171	2,009.67
G	750	750	500	2,318.85
H	11	11	7	2,782.62
			43,186	

Note 4 - Council Tax Required

The amount of Council Tax required for Band D was calculated on the following basis:

(i) Preceptor's Council Tax Requirements	16,100,239
(ii) Number of Band D equivalent Dwellings	11,572
Band D (i divided by ii)	1,391.31

The Council Tax required then forms part of the Income and Expenditure Account as detailed in the following table:

	2013/14	2012/13
	£000	£000
Net Amount	52,596	48,370
Benefits	0	10,432
Use of Provision for Doubtful Debts	(1,006)	(846)
Council Tax Surplus	(908)	(536)
Balance carried forward	0	0
Council Tax Requirement	50,682	57,420

Note 5 – Non-Domestic Rates

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2013/14 the amount was 47.1p (45.8p = 2012/13). The small business rate multiplier was 46.2p for 3013/14 (45.0 2012/13). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. This is shown in the Comprehensive Income and Expenditure Statement and analysed at Note 11. The total rateable value @ 31 March 2014 was £89,007,759 (31 March 2013 = £89,855,464).

Note 6 - Precepts & Demands

The following amounts were paid from the fund:

	2013/14	2012/13
	£000	£000
Slough Borough Council	42,555	48,337
Britwell Parish Council	120	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	93	93
Royal Berkshire Fire Service	2,186	2,337
Thames Valley Police Authority	5,672	6,478
Total	50,681	57,420

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2014

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 Council 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 Council 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 Council's financial affairs.

BALANCE SHEET

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

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2014

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 Council 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.

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.

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 Council'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 Council'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.

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2014

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 Council 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 Council 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 Council'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 Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Council'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 Council 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.

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2014

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council 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 Council 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 Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council 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 Council.

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 Council 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 Council 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 Council'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.

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2014

LIABILITY

A liability is where the Council 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 Council without disrupting its business and are either:

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

Traded in an active market

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 Council.

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 Council'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 Council on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council 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.

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2014

OPERATIONAL ASSETS

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

PAST SERVICE COST (PENSIONS)

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

PENSION SCHEME LIABILITIES

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

PRECEPT

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

PRIOR YEAR ADJUSTMENT

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

PROVISION

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

PUBLIC WORKS LOAN BOARD (PWLB)

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

RATEABLE VALUE

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

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Council'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 Council 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 Council. 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.

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2014

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 Council 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 Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits form the use of a fixed asset.