Slough Borough Council

Statement of Accounts for the year 2017/18

Contents

Annual Governance Statement

How did we do in 2017/18?
Were we well-governed?

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

Slough Borough Council is responsible for ensuring that its business is conducted in accordance with the law and regulations, internal policies and procedures and that public money is safeguarded and properly accounted for, and used economically, efficiently, effectively and lawfully. Slough Borough Council also has a duty under the Local Government Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Slough Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Slough Borough Council has approved and adopted a code of corporate governance through its constitution and five year plan, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 edition*. A copy of the authority's constitution is on our website at www.slough.gov.uk or can be obtained from the Head of Democratic Services. This statement explains how Slough Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

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 on an annual basis with the latest revision dated 2016.

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 seven core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

1. **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law**
2. **Ensuring openness and comprehensive stakeholder engagement**
3. **Defining outcomes in terms of sustainable economic, social and environmental benefits**
4. **Determining the interventions necessary to optimise the achievement of intended outcomes**
5. **Developing the entity's capacity, including the capability of its leadership and the individuals within it**
6. **Managing risks and performance through robust internal control and strong public financial management**
7. **Implementing good practices in transparency, reporting, and audit to deliver effective 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 Corporate Governance Committee and approved by the committee at its meeting on 18 July 2018 through its delegated authority. It is signed by the Leader (an elected Councillor) and Interim Chief Executive (an Officer) and published with the final accounts. It was submitted to our external auditors along with our annual accounts by 31 May 2018; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion.

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

We acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated in connection with the resources concerned. The system of internal 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

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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 through our Five Year Plan 2018-2023. The Plan sets out our intended outcomes for citizens and service users, the key actions to deliver these outcomes and how we will measure success
- 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 Financial Procedure Rules and 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 (April 2016)"
- The Audit and Corporate Governance committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities" (2018)
- Policies for Whistle-blowing, and requirements defined within the Constitution for managing conflicts of interest and for procedures which are available via the Council's website in relation to receiving and investigating complaints from the public
- Demonstrating a commitment to openness and acting in the public interest by exercising leadership through a robust scrutiny function (including the Audit and Corporate Governance and Overview and Scrutiny Committees) and demonstrating openness through the public's ability to attend Council meetings.
- 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 which we follow. These are listed in turn below:

Council

The number of elected Councillors in place at the end of the 2017/18 financial year is 42. The Council met nine times during the year. The numbers attending each meeting were as follows:

- 25 Apr 2017: 39 Councillors attended the meeting
- 18 May 2017: 37 Councillors attended the meeting
- 25 Jul 2017: 36 Councillors attended the meeting
- 28 Sept 2017: 37 Councillors attended the meeting
- 28 Nov 2017: 38 Councillors attended the meeting
- 19 Dec 2017: 34 Councillors attended the meeting (extraordinary meeting)
- 19 Dec 2017: 34 Councillors attended the meeting (extraordinary meeting)
- 30 Jan 2018: 41 Councillors attended the meeting
- 22 Feb 2018: 34 Councillors attended the meeting

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. During 2017/18, we undertook a restructure which involved a change in the directorate structure and the removal of the posts of Assistant Directors, which were replaced by Service Leads. This process also included the establishment of five directorates, with the current post holders documented below:

- Place and Development - Vacant
- Children, Learning and Skills – Cate Duffy
- Finance and Resources – Neil Wilcox
- Adults and Communities – Alan Sinclair
- Regeneration – Joe Carter

Current members of CMT are:

- the **Chief Executive** (Josie Wragg – from October 1st 2018) is the person who is ultimately responsible for the welfare of the Council's employees and is Head of Paid Service); the role was previously filled by Nigel Pallace – from February 19th 2018 (on an Interim basis) and before Nigel, by Roger Parkin until 19th December 2017;. In the period between Roger's departure and Nigel commencing at the Council the role was covered on a rotational basis by other members of CMT.

- the **Director of Adults and Communities**;
- the **Director of Finance and Resources**;
- the **Director of Children, Learning and Skills**;
- the **Interim Director of Place and Development**;
- the **Director of Regeneration ;** and
- the **Service Lead Governance**

During 2017/18, the Interim Director of Place and Development stepped down from the role, and we are looking to restructure this directorate and in the short-term, the responsibilities and staff have been transferred to the Interim Chief Executive..

Supporting Officers

- The **Section 151 Officer** (Neil Wilcox – also the **Director of Finance and Resources**) is responsible for looking after the financial affairs of the Council, fulfils the role of Chief Financial Officer and is a CIMA 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 (2016) through:

  - Being a key member of the Leadership Team, with a dotted reporting line to the Chief Executive, helping the Council 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 set and reporting on performance against these to CMT and Members;
  - Ensuring the finance function is well led and effectively resourced throughout the year.

- The **Monitoring Officer** (Hugh Peart) 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. The current post holder has held the position from January 2018 to date with the post filled by a previous post holder (Linda Walker) from October 2016 until this date.

- In addition, the Service Lead, Governance, is the council's Deputy Monitoring Officer with effect from January 2018.

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 "Lead Members". Although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party. During 2017/18 the Leader of the Council resigned and a new Leader (James Swindlehurst) was appointed from the 1st December 2017. A new Cabinet was named by the leader and they commenced in their roles from this date.

Audit & Corporate Governance Committee

This Committee met four times during the 2017/18 financial year. The purpose of this Committee is to advise and review the Council's arrangements for internal audit, internal control, risk management, financial management, standards and corporate governance, in line with the CIPFA Practical Guidance for Local Authorities (2013). The Committee will also:

- Promote and maintain high standards of conduct by Members.
- Provide independent assurance of the adequacy of the risk management framework and the associated control environment.
- Approve the financial statements.
- Approve the Annual Governance Statement.

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). The Committee met seven times during the year plus a further extraordinary meeting.

This Committee scrutinises a range of policy, financial and performance issues and makes reports and recommendations to Cabinet or full Council.

The Committee also scrutinises the implementation of the community and corporate performance plans, as well as investigating broad policy matters, including reviewing decisions taken or to be taken by the cabinet or Chief Officers under delegated powers.

The Committee is responsible for co-ordinating the consideration of 'member call-ins' where a Councillor requests that a particular issue is considered.

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)	2016
Risk Management Strategy 2016	2016
ICT Strategy 2015-2018	2016
Slough Joint Wellbeing Strategy 2016-2020	2016
Whistleblowing Policy and Procedure	2017
Corporate Plan (Five Year Plan) 2018-23	2017
Slough Wellbeing Strategy 2016-20	2016
Economic Development Strategic Plan for Growth 2014-18	2014
Equalities Strategy 2017	2017
Commissioning Strategy for Adult Social Care 2010	2010
Better Care Fund Plan 2016-17	2016
Safeguarding Adults Multi-Agency Workforce Development Strategy 2014-17	2014
Joint Carers Commissioning Strategy 2016-21	2016
Autism Strategy 2014-2017	2014
Learning Disabilities Plan 2016-2019	2016
Voluntary Sector (Partnership) Strategy 2015-2020	2015
Joint Strategic Needs Assessment 2016	2016
Sustainability and Transformation Plan 2016-2020	2016
Corporate Parenting Strategy 2016-2018	2016
Corporate Procurement Strategy 2012	2012
Leisure Strategy 2016	2016
Parks and Open Spaces Strategy 2015-20	2015
Carbon Management Plan 2015-20	2015
Regulatory and Enforcement Services Enforcement Policy 2016	2016
Asset Management Plan 2014-17	2014
Local Transport Plan 2011-26	2011
Housing Revenue Account Business Plan 2017-47	2017
Draft Housing Strategy 2016-21	2016
Housing Allocations Scheme 2013-18	2013
Tenancy Strategy and Policy 2013-18	2013
Medium Term Financial Strategy 2017-21 (included in Revenue Budget)	2017
Capital Strategy 2017-23	2017
Treasury Management Strategy 2017-18	2017

The Council's Cabinet adopted a new Anti Fraud and Corruption Strategy on 18 April 2017.

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 Five Year Plan was introduced in January 2015 and replaced the previous Corporate Plan. This is reviewed and refreshed on an annual basis, the most recent version being updated in 2018, covering the period from 2018-2023. It was accepted that as a result of the funding challenges the Council faces, we needed a new approach to forward planning over the medium term.

The Plan sets the following overarching **Vision** for the Council:

"Growing a place of opportunity and ambition"

The Plan further outlines the priority outcomes of the Council which, by 2023, are:

- Slough children will grow up to be happy, healthy and successful
- Our people will be healthier and will manage their own care needs.
- Slough will be an attractive place where people choose to live, work and stay
- Our residents will live in good quality homes
- Slough will attract, retain and grow businesses and investment to provide opportunities for our residents.

The Plan identifies the challenges and opportunities facing the town, and includes five outcomes to respond to these opportunities and challenges, along with key actions to deliver the outcomes and measures of success. We have chosen to express our Plan in terms of outcomes supported by actions and success measures 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 introduction of the Five Year Plan was important in providing clarity of vision and direction, explaining how and why the council is changing and identifying more effective and efficient ways of working together. The Five Year Plan is updated every year and we also produce an Annual Report so we can check progress. During the 2017/18 financial year, we carried out an in-depth review which reduced the number of outcomes from eight to five, combining some where there was overlap and duplication and removing others where they were more about ways of working than tangible outcomes.

This year we have worked with the Leader and Cabinet to ensure their priorities are reflected in the outcomes.

The Plan is therefore an important element of our strategic narrative in explaining our ambitions for Slough and how we are delivering major schemes to transform the borough for the better, while at the same time ensuring that vital services for those most in need are provided.

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 Five Year Plan we have established a number of key performance indicators (outcome measures) which we use to measure the performance of the Council during the year. These are reported in the form of a balanced scorecard, which is reviewed and updated annually. The following regular reports are received at our Cabinet meetings:

- **Five Year Plan Progress Updates and Annual Report (formerly 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 have published a report following the year end detailing how we performed against our targets for 2016/17

We publish, annually:

- The **Statement of Accounts**: The format of these is set by accounting regulations. The council's accounts are subject to external audit, currently 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, 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 RSM to carry out audits on a number of specific areas that we asked them to review, linking them with our known strategic and operational risk areas.

  To satisfy the requirements of the CIPFA guidance in relation to the role of the Head of Internal Audit, RSM's Head of Internal Audit provides an annual opinion to the council on all aspects covered in relation to governance, risk management and internal control following objective assessments during the year of the adequacy of governance and the management of risks. RSM's Head of Internal Audit is a Partner within RSM, and leads an Internal Audit service which has been independently assessed by the Institute of Internal Auditors (IIA) during 2016 which concluded that the service provided by RSM was fit for purpose.

The head of Internal Audit also has a functional reporting link into the Audit and Corporate Governance Committee, and a direct link in to both the Chief Executive and Section 151 Officer.

To comply with good governance on partnership arrangements, the Internal Audit service reports into the Audit and Corporate Governance Committee, and the management of this relationship is through the Council's Section 151 officer.

For each area of review, internal audit 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 in the 2017/18 plan, 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 agree management actions for changes to our procedures and governance arrangements. RSM have provided an Annual Report in which it includes all the areas they reviewed; what 'traffic light' they gave and how many [high/medium/low priority] management actions were agreed.

The Head of Internal Audit Opinion for 2017/18 concluded that 'There is an adequate and effective framework for risk management, governance and internal control. However our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.'

Positive assurance opinions were provided in 23 of the 31 assurance (41 reports issued in total, other 10 were follow up or advisory) reports issued in 2017/18. Whilst no 'no assurance' opinions were issued there were eight 'partial' assurance opinions issued during the year where a number of areas were identified where improvements in the control framework were required. It should also be noted that a number of advisory reviews were also undertaken which identified weaknesses in control, and these, together with the significant issues identified within the partial assurance reports have been highlighted within the improvements section below.

- ***External audit:*** The Council's external auditors, BDO, provided an unqualified opinion on the financial statements for the year ended 31 March 2017. BDO were satisfied that management had acknowledged weaknesses in its governance arrangements in its 2016/17 Annual Governance Statement, to be published as part of its 2016/17 Statement of Accounts, and that action is being taken to address these issues during 2017/18. Specifically, in respect of necessary improvements to the preparation of the financial statements, including supporting working papers, BDO have taken account of ongoing activity to increase the level of resources in the finance team and an additional layer of quality control review by management.

BDO did not therefore exercise any of its additional reporting powers under the Local Audit and Accountability Act 2014 in respect of the 2016/17 audit. However, BDO has closely monitored developments in this area.

Due to weaknesses in the system of internal control and arrangements in key areas such as information governance, risk management, compliance with the Local Government Transparency Code, HR policies and procedures and whistleblowing response procedures during 2016/17, BDO qualified its use of resources conclusion. BDO concluded that the Council had not demonstrated or applied the principles and values of sound governance and internal control to support informed decision making during 2016/17.

For 2017/18, BDO has proposed an unmodified opinion on the financial statements. However BDO has proposed to qualify its use of resources opinion for 2017/18 on an 'except for' basis in respect of "weaknesses in processes for preparing the 2016/17 Financial Statements (which took place during 2017/18) and ongoing weaknesses in the quality of the underlying working papers supporting the 2017/18 Financial Statements and "Ongoing OFSTED rating of 'requires improvement' for Slough Children's Service Trust".

Other external assurance sources

- Sometimes we are reviewed by external bodies that look at certain services such as OFSTED, which provided a review of Children's services, resulting in an inspection in December 2015 with an 'inadequate' rating. This was following the intervention of 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, and creating a new organisation (Slough Children's Services Trust) from 1 October 2015. An OFTSED monitoring visit was undertaken in January 2018 and concluded that;

  'Based on the evidence gathered during this visit, the council and trust are continuing to make progress in some areas to improve services for children. Social work practice is improving. Assessments, plans and reviews are evident in the vast majority of children's cases. Nevertheless, like previous monitoring visits, inspectors identified weaknesses in the effectiveness of management oversight. This continues to be an area of practice that requires attention. This has hampered progress in some areas and consequently, the pace of improvement has been slow. Leaders have recently taken action to re-focus the trust's improvement plan, with increased emphasis on strengthening management oversight and accountability. The priorities set are appropriate, but it is too early to demonstrate impact.'

  The most recent OFSTED monitoring visit took place in May 2018 and concluded:

  "Based on the Evidence gathered during the visit, there continues to be positive improvement in the services for children. Consequently, the service that children in care receive is much better than it was two years ago, but it is still not consistently good enough for a small number of children".

The trust quickly established an accurate view of what needs to change. Managers rightly prioritised workforce, performance management and the management oversight of practice. Some important areas of poor practice have been tackled and children are already safer as a result. The Council and the Trust are in the process of negotiating a variation to the Service Delivery Contract between the Council and The Trust to reflect current working practices and to enhance service delivery under the contract. The Chief Executive of the Trust retired in April 2018, an experienced interim chief executive was appointed and a new permanent Chief Executive took up post in September 2018. Ofsted are expected to return for a full inspection in the Autumn of 2018.

- ***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 (Now Risk and Audit Board from May 2018) 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. This process has undergone a significant review during 2017/18, including the implementation of a new risk management software solution, a review of the Corporate Risk Register and assessment of the strategic risks facing the Council, together with the provision of risk management training for risk owners. In summary, improvements have been made to this process in 2017/18 but there is still further work to do to embed these arrangements further in 2018/19 and beyond. The Corporate Risk Register is also presented to each CMT meeting for review.
- ***Audit recommendation tracker:*** We have 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 implementing recommendations to the Risk and Audit Board each meeting and to the Audit and Corporate Governance Committee. This process has continued into 2017/18. Whilst the implementation of audit recommendations is still not as robust as the Council would like, we have demonstrated improvements during 2017/18 in this area and this can be evidenced by the outcome of internal audit reviews.

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 (now Audit and Risk Group) and the Risk Management Strategy including a re-fresh of the Corporate Risk Register
- The annual assurance statements produced by all Heads of Service
- The work of the Audit and Corporate Governance 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 are currently in the process of undertaking a review of our Governance arrangements, which is being led by our Monitoring Officer, and following the completion of this a plan to address any weaknesses and ensure continuous improvement of the system(s) will be developed.

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 has been provided with a model format for completion and, in completing the statement, has facilitated the involvement of their Direct Reports (Service Leads) 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.

While the statements do not make reference to specific actions or audits undertaken, they document the control frameworks currently operating and the changes in process, such as the process to assign responsibility for management actions to ensure accountability for improvements required, and the mechanisms to monitor the implementation, through Senior Management Team meetings for each directorate.

IMPROVEMENTS

In the Annual Governance Statement for 2016/17 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2017/18.

Issues reported in 2016/17 AGS	*2017/18 actions taken*	*Is this an issue for 2018/19 and beyond?*
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	Risks remain on the corporate risk register in Children's Social Care following the Ofsted inspection in December 2013 and the follow up in February 2014. An inspection of Children's Services was also undertaken during 2015/16 and the Service continues to be rated as inadequate. From the 1st October 2015 a new organisation, Slough Children's Services Trust (SCST), was established with staff previously working with Children's Services transferred to this organisation. The Council and Trust have worked together to develop a joint Ofsted Delivery Plan to address findings of Ofsted inspection and develop good services for vulnerable children. In August 2016 the council and Trust established a Joint Improvement Board (JIB) to monitor the delivery of the plan. The JIB includes all key partners, it meets monthly and is chaired by the Independent Chair, Slough Local Safeguarding Children's Board. The DfE attends as observer. The JIB reviews key performance and audit information as well as considering themed reports. There have been six Ofsted Monitoring visits (MV) to date, of which three fell in the 2017/18 period . Each MV focused on a particular theme relating to operational delivery of children's social care. In addition, the LGA was invited to conduct a "peer review" Safeguarding Practice Diagnostic in June 2018. In conjunction with the DfE the Trust has been assigned Essex County Council's Children's Services as an Improvement Partner to assist with improving outcomes for children in Slough. Ofsted have given notification of its intention to re-inspect Slough's Children's services within this calendar year. In 2017 and with the agreement of the DfE there was a transfer back from SCST to the Council of the Special Educational Needs and Disability (SEND) Service and the Family Information Service. In recognition of the progress that has been made the DfE also agreed that Slough no longer requires them to deploy a Commissioner for Children's Social Care.	Yes
Contract Management	This remains a key risk for the Council and continues to be managed by officers and captured on the Strategic Risk Register. In 2017/18 Internal Audit undertook a number of advisory reviews to assist us in developing our contract management arrangements together with carrying out an open book review into significant contracts. We have specifically targeted some of our internal audit coverage to provide some advice and assistance around the transition of significant contracts back into the Council, together with further work to support the development of our contract management framework. This will continue in 2018/19 where we will utilise our Internal Auditors to provide assurance that a number of our significant contracts are being managed effectively. In addition to this, we have also brought in a procurement specialist to review the effectiveness of our procurement arrangements with a view to	Yes

	delivering further improvements in this area.	
Continued Economic Instability and Turbulence at a national level.	The Failure to Deliver a Balanced Budget Remains on the Corporate Risk Register for 2017/18 and beyond. The Council has reported a final outturn underspend for 2017/18 of £224K. We have set ourselves a balanced budget for 2018/19. In 2017/18 we also commissioned our Internal Auditors to undertake a review of our Budgetary Control arrangements together with a review of our key financial controls (including general ledger, creditors, payroll etc). Whilst Internal Audit were able to issue us with a reasonable assurance opinion in respect of our budgetary control arrangements, partial assurance opinions were provided in respect of their audits of Debtors, Creditors and Payroll. We have developed action plans to address these weaknesses and these actions will continue to be monitored to ensure their implementation.	Yes
Managing a mixed economy workforce.	The Council continues to monitor performance through metrics to ensure outcomes are met and during 2017/18 we have introduced a number of additional metrics within the Agresso system to ensure the management of the workforce can be more effectively monitored. We are continuing to ensure that the actions agreed from previous Internal Audit reports in this area are being implemented throughout the Council. We have also utilised support from Internal Audit in the production of our Gender Pay Gap report and work on this area will continue into 2018/19.	Yes
Partnership and Governance arrangements	In relation to Children's Services, there is good partnership working. In addition to the above-mentioned Joint Improvement Board, the SCST's Chief Executive is invited to SBC's Corporate Management Team meetings, with reciprocal arrangements extended to SBC's Director of Children's Services to the SCST Board. With the agreement of the DfE, a Deed of Variation has been initiated to the Service Delivery Contract between SBC/SCST, with the aim of further developing the formal contract monitoring process in 2018.We are continuing to utilise our Internal Auditors as part of their internal audit programme for 2018/19 to provide assurance that key strategic partnership projects such as those in relation to Urban Renewal are operating effectively.	Yes
Procurement	During 2017/18 we have continued to use Internal Audit in an advisory capacity to support us in the development of our contract management arrangements including how significant contracts are procured and have also brought in additional support in respect of our procurement function to improve the effectiveness of controls within this area. This has included increasing the resources available within our own procurement team and reviewing the expenditure thresholds to ensure that they still continue to remain fit for purpose.	Yes
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 negative opinions were provided in the previous year. Further audits of schools have taken place in 2017/18 to continue to drive forward improvements in internal controls, and to engage further with schools over improving safeguarding arrangements. This process will continue to be actively supported by our Audit and Corporate Governance Committee in 2018/19 and beyond. The Council needs to maximise its progress in respect of school improvement in an increasingly disparate education provision environment.	Yes

	Internal Audit have also undertaken audits during 2017/18 into Special Educational Needs (SEN) funding at schools and also a review in relation to how the Pupil Premium received by schools is being spent and both of these audits provided positive assurances regarding the effectiveness of controls in place for these areas.	
Risk Management	During 2017/18 we have utilised specialist support to develop our risk management arrangements. This included a refresh of our strategic risks to take account of changes in the business, including organisational structure changes and changes in the external environment such as legislation. This work involved the full engagement of the Council Management Team and supporting officers and resulted in the agreement of a new set of corporate risks for the Council. We will continue to develop our risk management arrangements during 2018/19 to ensure that they are embedded at an operational as well as a corporate level.	Yes
Business Continuity	During 2017/18 we have commissioned external support to review our business continuity arrangements. This has included the production of a template for undertaking a Business Impact Analysis which could be used by each Service Department to identify the resources and systems that they would require to recover the business and can be used to assist in the production of the BCP and recovery plans together with the production of template plans for two service areas across the Council. We have also produced a draft framework BCP based on the inability of staff to access their usual office due to an internal event. The plan has been reviewed by the BCR Manager and has been refined to take account of a worst-case scenario. There is still further work required by the Council to develop and embed our business continuity arrangements and this will continue into 2018/19 and beyond.	Yes
Information Governance (IG)	During 2017/18 a further Internal Audit of IG was undertaken and found that whilst the Council had taken action to address some of the failings identified in the previous report in 2016/17, where a ‘no assurance’ opinion was provided, such as the commencement of mapping of data flows within the organisation, a number of issues remained. Since the second IG Audit, and in preparation for the introduction of GDPR in May 2018, significant effort was expedited in this area. All key corporate policies relating to IG have been reviewed and amended as appropriate and new policies created (Data Quality Policy, Information Retention Policy etc). The Council has added a field to the Corporate Contracts register to ensure that all appropriate data clauses are included in new contracts, and existing supplier/ partner processing contracts are being reviewed. The Council has reviewed and revised all IG training and introduced a new mandatory GDPR training module for all staff. The Council has conducted 54 Data Mapping workshops across the organisation to identify data flows and ensuring appropriate data sharing agreements are in place where required. A Gap Analysis is ongoing on the workshop outputs and an Information Governance Improvement Plan has been created to remedy any emerging issues. Staff have been identified and allocated to the key roles of SIRO and Caldicott Guardians and specialist training identified. Recruitment is currently in process to recruit a permanent Data Protection Officer for the authority.	No
Voids Management	During 2017/18 a further Internal Audit of voids management was undertaken which provided a partial assurance opinion and identified through testing that the voids process was not being undertaken in a timely manner, or in line with Council procedures, partly due to a backlog which was only identified following the conclusion of the contract with the previous service provider. New actions have been agreed to address the issues and will be monitored in 2018/19.	Yes
Fixed Penalty Notice	A further Internal Audit was undertaken of this area which resulted in a partial assurance opinion being provided, which represented an	No

Enforcement	improvement on 2016/17 although is still a negative assurance opinion. The audit identified a number of control weaknesses during the course of our review in respect of the robustness of policies in place together with the tracking and reconciling of income received. An action plan has been developed as a result of the audit and progress against these actions is being monitored on an ongoing basis.	
Health and Safety	In addition to including Health and Safety as a standing business item on the agenda of the Risk Management Group (now Risk and Audit Group), we have also commissioned an external consultant to review a number of aspects of our health and safety arrangements where areas of weakness had previously been identified. This work will continue into 2018/19. As part of the update and review of our Corporate Risk Register we have also ensured that all health and safety risks have been captured appropriately, together with mitigating controls as appropriate.	Yes
Governance – Compliance with the Local Government Transparency Code 2015	We have assigned responsibility to appropriate staff to ensure that information to demonstrate compliance with the transparency code is maintained and updated. We have also utilised our Internal Auditors as part of their follow up audit programme to provide assurance that actions identified in this area that were due for completion had been addressed, and for the areas reviewed these had all been fully completed or were in the process of completion.	No
Adult Safeguarding	During 2017/18 we have established a process to review the delivery of safeguarding actions at management meetings. We are developing a process of multi agency audits and there now is monthly case audit being undertaken by the safeguarding manager who then feds back learning into the operational teams through their team meetings. The Director of Adult Social Care has oversight of safeguarding practice and reviews the Board Business Plan to ensure safeguarding actions are considered as a priority. We have established a joint adult and children's safeguarding business unit which is responsible for reviewing the Business Plan, reviewing training and learning from safeguarding audits and Safeguarding Adults Reviews.	Yes
Voluntary Sector Commissioning	During 2017/18 we have reviewed the robustness of our contract monitoring processes for this area and have set up a series of contract monitoring meetings and review of outputs, KPIs and outcomes. We also commissioned our Internal Auditors to review progress against significant actions as part of their follow up work for 2017/18 and this confirmed that these actions had been implemented.	No
Implementation of previous Internal Audit actions	We have continued to monitor the implementation of Internal Audit actions on an ongoing basis and quarterly reviews undertaken by Internal Audit have demonstrated that some improvements have been made in this area, although there is the need for continued vigilance to ensure that internal audit actions, particularly those relating to high risk systems, or areas where significant weaknesses were identified by Internal Audit, are implemented in a more timely manner. In addition to the above, the Risk and Audit Group now includes a standing agenda item regarding the follow up of outstanding internal audit actions.	Yes

In addition to the above, the following areas of weakness were identified during 2017/18. The table on the next page details both the issue identified together with the actions taken to address these.

Area	*Issues identified during 2017/18*	*Action Taken / to be taken in 2018/19*
Cyber Security	An Internal Audit of this area identified a number of weaknesses in relation to cyber security controls in place within the Council.	We have developed an action plan in response to the weaknesses identified by Internal Audit and are monitoring implementation of these to ensure that they are completed in a timely manner.
General Data Protection Regulations (GDPR)	An Internal Audit of our Information Governance arrangements identified a number of areas where the Council was not on track to meet the requirements of GDPR by the 25th May 2018. This included the identification of Information Assets and the completion of Data Flow Maps.	The Council has undertaken significant activity in this area prior to the May 25th introduction date. We have commissioned external support to assist the Council in undertaking 54 Data Mapping workshops across the organisation to understand and document all the data flows internally and externally with the Council. The Council is currently undertaking a Gap Analysis on this data and taking appropriate action to remedy any deficiencies where necessary. The Council has fully revised all Information Governance Policies in this area and has introduced new policies (Data Quality etc) to strengthen the position. The Council has also undertaken a series of awareness events with staff and introduced a new mandatory e-Learning training module for all staff. We are also ensuring appropriate data clauses exist in all new contracts and are reviewing existing contracts with partners and suppliers. Data Sharing agreements are being reviewed/introduced as appropriate. The Council has identified an officer to act as Interim Data Protection Officer and is currently in the process of recruiting a permanent Data Protection Officer.

External Audit Recommendations

Based on the findings of our external auditors during the 2016/17 and 2017/18 audits, we acknowledge that there is still scope for improvement in the financial statement preparation process. Although we have increased capacity in the finance team for the preparation of the 2017/18 financial statements and we acknowledge there are continuing weaknesses in the underlying working papers we are taking further actions to address this issue.

Risk Register

The following red and amber rated residual risks have been highlighted on the Corporate Risregister as at the 31st March 2018, together with the associated residual risk rating (colour coding).Some of these risks have been addressed are well underway to being addressed:

We, the Leader and Interim Chief Executive, undertake over the coming year to continue to improve and monitor our governance arrangements to ensure they are fit for purpose. We acknowledge the weaknesses highlighted above in our governance arrangements and are committed to addressing these during 2018/19 and will reflect and report on their operation and effectiveness as part of our next annual review.

CONCLUSION

The Council's Audit & Corporate Governance Committee is responsible for providing independent assurance on 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.

Signed ……………………………….	*Signed ……………………………….*
Date: 15th November 2018	*Date: 15th November 2018*
Leader	*Chief Executive*

Narrative Report

By

Corporate Director Finance and Resources

1. Slough as A Place

Slough is a predominantly urban area situated in the east of Berkshire, 25 miles to the west of central London. At just 7 miles long by 3 miles wide, Slough covers an area of 12.5 square miles and is, geographically, the third smallest English unitary authority. It is exceptionally well served by transport routes, sitting at the junction of the M4, M40 and M25 motorways, situated on the Great Western Main Line and Slough to Windsor & Eton Line railways and close to Heathrow airport. From 2019 the Elizabeth Line (Crossrail) will also allow faster journeys to central London.

Slough is an important commercial centre that includes large industrial as well as residential areas. Our proximity to London and Heathrow ensures we enjoy a range of commercial benefits and a booming economy, making us the best place to work (according to Glassdoor) and most productive town in the UK (according to Centre for Cities, and beating London into second place), with a £9 billion economy and a Gross Domestic Product (GDP) of more than £2.5m per hectare. We are also ranked second in the country (after London) for the number of successful business start-ups and are attracting new businesses at a faster rate than anywhere else in the UK. Slough was also awarded Town of the Year at the Thames Valley property awards, beating Bracknell and Oxford

2. Slough Borough Council Brief Financial Outlook

Financially the Council faces a large number of challenges in the coming years, a selection of which are:

- Central Government funding is falling year on year, with an estimated £9m per annum reduction through to 2024/25
- Demographic growth and an increasingly ageing population will continue to put pressure on the Council's budget
- The financial impact of Brexit is as yet uncertain. It could be positive or negative, but is likely to affect interest and inflation rates, labour costs and property and rental values.

The Medium Term Financial Strategy (MTFS) sets out the Council's financial position and estimate our future financial position, and highlight some of the key strands to deliver a balanced position over the coming years. As the Council is financed through three main sources of funding; Council Tax, Retained Business Rates and Government Grant, we have to maximise our sources of income and not to be reliant on Central Government funding, which is falling year on year.

The arrival of Crossrail and the potential third runway at Heathrow will make Slough even more attractive place for business and investment. As a result, Slough has already seen the fastest-rising house prices in the UK, growing by 23 percent in 2015-2016. This will generate more council tax as well as boost local jobs in the area.

To reflect this, the Council amended its Corporate Plan to seek to improve its focus on supporting local businesses as well as attracting new businesses into the borough

3. About the Borough

- One of Europe’s largest trading estates with 486 acres of commercial property and 7,500,000 sq. ft. of accommodation to 500 businesses and a working population of about 20,000

- A growing population reaching 147,181 in mid-2016, and is one of the most ethnically and religiously diverse in the UK.

- 54,126 dwellings, the second highest average household size in the country, at 2.71 people per household

- The fastest-rising house prices in the UK, with house prices growing by 23 percent in Slough between 2015-2016 due to the development of Crossrail, as well as a boost to local jobs in the area.

- The average house price in Slough was £315,704 in 2016, up by £59,692 since 2015 (£293,599 England and Wales)

- Slough is officially the safest town in the Thames Valley area with 88 recorded crimes per 1,000 of the population (compared to 96 for Reading and 100 for Oxford).

- We have a younger than average population structure, with many families, a high proportion of children, and of working age adults. In 2016, there were an estimated 13,214 infants (aged 0 to 4), 31,453 children and young people (aged 5 to 19) and 88,284 adults (aged 20 to 64) living in the town.

- Slough has a range of excellent primary and secondary schools. In 2017 56.1% of pupils achieved GCSE grade 5 or above in English and Maths, better than the national average of 42.6%, putting Slough in the top 10 best performers in the country

- Slough was awarded Town of the Year at the Thames Valley property awards.

4. About the Council

The council is made up of four directorates, led by a chief executive. The chief executive is the council’s principal policy adviser, reporting to the leader of the council and working closely with members to make sure that their key priorities and objectives are implemented. The chief executive represent the Council at the highest level in its dealings with external organisations and is a member of the Slough Wellbeing Board, which brings together the principal public sector organisations with the voluntary sector and business sector to lead the delivery of Slough Joint Wellbeing Strategy.

The chief executive leads the Corporate Management Team (CMT), which consists of the council's strategic directors from the four directorates:

- Children, Learning and Skills
- Finance and Resources
- Adults and Communities
- Regeneration.

The role of CMT is to focus on cross-cutting strategic issues, including developing partnership working across sectors and the ongoing transformation of council services to meet the challenges faced and the changing needs of our communities. They make sure that the council acts corporately and seeks where possible to find better ways of providing a seamless service for residents and a high standard of customer care

The corporate management team is responsible for:

- Overall corporate management and operational issues for the council
- Ensuring that key strategic decisions are implemented in accordance with Members' decisions
- High level administrative/governance matters.

As a council, we have ambitious plans for the town. We are investing in our infrastructure from schools, health and leisure, to transport and housing. The arrival of Crossrail and the potential third runway at Heathrow will make us even more attractive as a place for business and investment.

Slough's Five Year Plan sets out our priorities as well as our vision for Slough as place of opportunity and ambition. This Five Year plan is focused on improving the lives of people in Slough and ensuring Slough the place continues to build a reputation as one that will be an attractive home for people and business for years to come.

5. Our Priority Outcomes – Putting People First

Slough's vision***:*** **"Growing a place of opportunity and ambition"**

Our response to the opportunities and challenges we face is to focus on five priority outcomes in our 5 Year Plan 2018-2023 to improve the lives of people in Slough. Resources are primarily allocated to achieve these outcomes. Resource allocation is evidence based, with a demonstrable, evidenced link between the outcomes and the key actions.

Outcome 1: Slough children will grow up to be happy, healthy and successful

We are committed to ensuring Slough is a great place for our children to grow up and to live happy, healthy and successful lives. We are working to enable children and young people to have physically and emotionally healthy lives, ensuring they are supported to be safe, secure and successful. We are continuing to focus on reducing the prevalence of children with excess weight at the start and end of primary school.

Next year we will:

- Further embed our work with partners to safeguard children and young people in Slough
- Promote the voice of children and young people in service developments
- Develop a strategy for key worker housing to help meet the needs of our school workforce
- Match the ambition of our children by working with local schools and partners to ensure our young people can gain access to high paid, high skilled jobs in Slough

Outcome 2: Our people will be healthier and manage their own care needs

In responding to the challenges relating to health, wellbeing, and independence of our adult residents, we are developing preventative approaches to enable our residents to become more able to support themselves. We are targeting those individuals most at risk of poor health and wellbeing outcomes to take up health checks; build capacity within the community to enable more people to manage their own health, care and support needs; and deliver a new model of public service that empowers residents to live independent and healthy lives. We make sure that people are at the centre of the adult safeguarding process and are supported to manage any risks.

Next year we will:

- Support our residents to be more active
- Open a range of new leisure facilities including Slough Ice Arena, Salt Hill Activity Centre, Langley Leisure Centre, The Centre and a network of green gyms in our parks and open spaces
- Support more people to take control of their care needs including a direct payment
- Support more people to have a health check

Outcome 3: Slough will be an attractive place where people choose to live, work and stay

We are working with communities and partners to create a vibrant and attractive town that offers opportunities for all, where our community is content and happy. We have made progress on a strategy and action plan to improve air quality. We are building a new state-of-the-art leisure facility on the Centre site in Farnham Road which will include an eight-lane swimming pool, a poolside sauna and steam room, a four-court sports hall and a gym

Next year we will:

- Establish a town team to ensure a clean and safe town centre
- Plant one million bulbs with our communities in our parks and open spaces
- Ask residents via a town wide place survey what they feel about the town and use the results to shape future plans
- Co-create strong and attractive neighbourhoods

Outcome 4: Our residents will live in good quality homes

Slough is experiencing a growth in its population which, combined with the geographically small size of the borough, has put significant pressure on our housing supply. To meet the housing challenges faced by our town we will continue to work collaboratively with our partners including Slough Urban Renewal (SUR) and local landlords to provide more and better homes for our residents. New homes construction will continue to provide council housing for people on the council waiting list. We will implement the homelessness reduction act which will transform the way homelessness services are delivered and ensure that all eligible applicants are given the help they need.

Next year we will:

- Improve our services to homeless people and work to prevent homelessness
- Foster high quality privately rented homes by licensing more houses in multiple occupation
- Continue to build more and better homes, particularly to replace council homes lost under the right to buy
- Improve opportunities for social housing tenants to downsize to more suitable homes.

Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

Economic growth provides a number of opportunities to our town, including the creation of new jobs. Our goal is to generate and develop these opportunities. We will focus our work on creating a place where businesses want to locate by delivering infrastructure improvements such as good transport connections and communications networks to attract and support businesses. We will enable residents to develop skills to meet local employers' needs; deliver a Local Plan that supports economic growth; and maximise opportunities for local people from an expanded Heathrow Airport

Next year we will:

- Launch the Building Better Opportunities project to increase employment in the 25+ group who are economically inactive or unemployed
- Ensure we have fit for purpose and sustainable infrastructure - from schools, health and leisure, to transport and housing
- Prepare for improvements to unlock gridlocked sites with a focus on Farnham Road and Chalvey
- Strengthen our relationships with business by delivering their HQ locations and town gateway opportunities

6. Our Core Offer

We run local services as efficiently and cost-effectively as we can, ensuring our council tax represents value for money and our residents get a fair deal, especially those who are only just about managing. Everyone feels the benefit of our high quality universal services like cleaning and maintaining the streets and collecting household refuse and recyclables, and the whole community is able to take advantage of our network of libraries, community centres, parks and sports facilities. At the same time, the Council has a particular responsibility towards our most vulnerable residents. That means helping families with complex needs, safeguarding children at risk of harm, supporting carers and people with disabilities to realise their potential and enabling older people to age well. The Council also has an important regulatory role, administering the licensing and planning regimes for the town and taking enforcement action when people break the rules or cause a serious nuisance.

7. The Council's Performance

Our Achievements in 2017/18

Outcome 1: Slough children will grow up to be happy, healthy and successful

- At the Early Years Foundation Stage, 71% of our children achieved a good level of development. At Key Stage 1, 66.7% achieved the expected standard or above in reading, writing and mathematics. At Key Stage 2, 62% achieved the expected standard or above in reading, writing and mathematics. At Key Stage 4, 55.8% achieved a Grade 5 or above in English and maths GCSE which is well above the national average, Slough is ranked 9th nationally
- Every child who applied for a primary school place in Slough was successful, despite a continued high number of applicants. 84 per cent of Slough applicants were offered their first choice at primary level and 94 percent at secondary level
- It was also a record breaking year for Slough Youth Parliament as 9,368 young people voted in the Make Your Mark ballot. We had the highest voter turnout in the country (80 per cent).

Outcome 2: Our people will be healthier and manage their own care needs

- Increased the number of health checks carried out in Slough to more than 2,300 over the past 12 months
- Completed 301 falls risk assessments
- Our Commissioning Team, who developed DAAT service, won Procurement Innovation of the Year 2017/18 in the GO National Excellence in Public Procurement Awards. The team was also finalist for Outstanding Procurement Initiative of the Year 2018 in the CIPFA/Public Finance Innovation Awards.

Outcome 3: Slough will be an attractive place where people choose to live, work and stay

- Been named the best town or city to live and work in by Glassdoor
- We delivered the “Love Slough Parks” campaign for our 254 hectares of park and open space with 89 parks/recreational open spaces, 79 children's play areas, and 60 outdoor sports pitch/courts.
- Created by The Great Outdoor Gym Company (TGO), with 6 free outdoor gyms for all to use, and residents can turn up anytime to use them

Outcome 4: Our residents will live in good quality homes

- We launched a new Housing Strategy, which sets out the Council's ambition to meet the challenge of Slough's growing population, regenerate neighbourhoods, improve the quality of housing and contribute to the supply of new homes in Slough.
- Completed the Milestone development which includes 23 new council homes and Built 11 new council homes at Lydia Court and 18 new council homes at Foxglove Close
- Improved services for council tenants and started a new repairs contract with Osborne to invest £100m

Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

- Slough was voted the most productive place in the UK 2017 by Centre for Cities, beating London into second place.
- Held our first property investor day demonstrating our economic strengths
- Upgraded 7,500 of our 11,000 streetlights to energy efficient LED lights

8. Explanation of Accounting Statements

The Statement of Accounts sets out details of the Council's Income and Expenditure for the 2017/18 financial year and its financial position as at 31 March 2018. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, which in turn is underpinned by International Financial Reporting Standards.

A glossary of key terms can be found at the end of the publication.

The ***Core Statements*** are:

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

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

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

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

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

The ***Supplementary Financial Statements*** are:

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

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

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

- The ***Group Accounts*** which report the full extent of the assets and liabilities of the Council and the companies and similar entities, which the Council either controls or significantly influences. The Council has consolidated the interests which are financially material to the Council.

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

9. Financial Performance

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

Table 1.1 Summary of Performance	
Item	Outcome
Overall Revenue Outturn	Underspend of £0.224m on the General Fund; keeping General Fund balances at £8.123m.
Housing Revenue Account	An overspend of £0.873m compared to a budgeted overspend of £1.702m
Savings	100% of the £6.398m savings programme was either successfully delivered or alternative efficiencies found during the year. This compares to 86% in the previous year.
Capital Budget	81% of the approved Capital Programme was delivered compared to 84% in the previous year.

Financial Performance (Revenue)

The council had a net underspend of £0.224m (Excluding the Effects of Capital Charges and IAS 19 Movements) for the 2017/18 financial year. This position is summarised in the table below:

SUMMARY - 2017/18 OUTTURN			
Directorate	**Revised**	**Final**	**Full Year Variance**
	Full Year Budget	**Outturn**	
	£'M	**£'M**	**£'M**
Adults & Communities	37.106	37.169	0.063
Children Learning & Skills	30.411	30.411	0
Place & Development	23.836	23.805	-0.031
Regeneration	-2.298	-3.355	-1.057
Finance & Resources	15.81	16.437	0.627
Chief Executive	0.773	0.706	-0.067
Non Departmental Items	-1.262	-1.021	0.241
Total General Fund	**104.376**	**104.152**	**-0.224**
% of revenue budget over/(under) spent			**-0.21%**

The underspend identified in the table above has been transferred to the Medium Term Volatility Reserve which was created to specifically deal with the increased volatility in budgets through having much higher levels of savings. The total movement into the 'Medium Term Volatility Reserve in 2017/18 was £1.066m, Which means that there is no movement to the overall General Fund position, keeping the General Fund Reserve balance at £8.123m.

General Fund Revenue Budgets

The final outturn position for the year compared to the Comprehensive Income and Expenditure Statement is set out below:

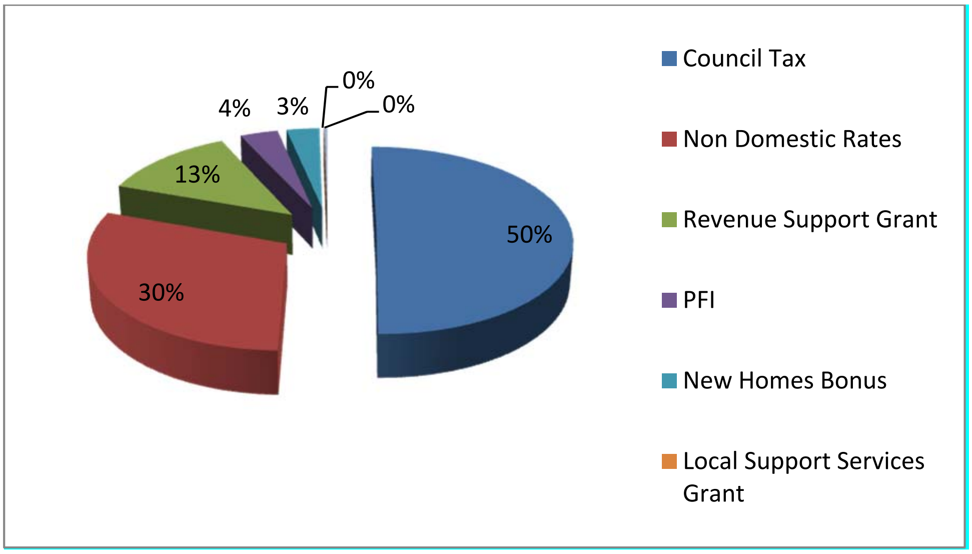
Directorate	Final Outturn as per Committee Report £'M	Capital Charges and Adjustments £'M	IAS 19 £'M	Final Outturn as per Income and Expenditure Statement £'M
Adults & Communities	37.169	17.697	1.534	56.400
Childrens Learning & Skills	30.411	23.837	1.927	56.175
Place & Development	23.805	7.237	0.970	32.012
Regeneration	-3.355	3.850	0.043	0.538
Finance & Resources	16.437	2.119	3.641	22.197
Chief Executive	0.706	0.524	0.400	1.630
Non Departmental Items	-1.021	1.021		0.000
Total General Fund	**104.152**	**56.285**	**8.515**	**168.952**
Housing Revenue Account	0.873	-5.213		-4.340
Total Cost of Service	**105.025**	**51.072**	**8.515**	**164.612**

Table 1.2 Summary of Financial Terms and what they mean for SBC	
Item	Commentary
Comprehensive Income and Expenditure Account (CIES) This account shows the accounting cost in the year of providing services with international financial reporting standards, rather than the amount to be funded from taxation. It also includes costs associated with the use of assets; costs of borrowing and income from investments are also shown in this account, including both the General Fund and the Housing Revenue Account.	The analysis of services included in the Income and Expenditure account is used by all local authorities for comparison purposes. The accounts show a net deficit of £66.278m. This deficit includes a number of accounting entries which do not form part of the Council's actual General Fund and HRA balances. These accounting entries such as depreciation and pension fund are then reversed out in the Movement in Reserves Statement so that there is no effect on the overall Council Tax and Housing rents. The net position is breakeven.

Movement in Reserves Statement: This statement analyses the movements in reserves as they appear on the balance sheet.	There has been no decrease in the General Fund Balance leaving a balance as at 31st March 2018 of £8.123m Earmarked reserves are those that have been set aside to cover a particular risk, or are for particular purposes. These now total £6,318m including school balances of £1.292m. £1.066m was moved from General Fund to the Medium term volatility fund during 2017/18.
Balance Sheet: The Balance Sheet shows the assets and liabilities of the Council as at 31st March 2018. Assets include property, plant and equipment, cash and cash equivalents and any debts owing to the council Liabilities include loans taken out by the Council to finance capital expenditure and any debts owed by the Council.	Property plant and equipment has increased in value by £58,671m. This is due to the net effect of revaluations, additions and enhancements during the year. Net Asset (assets less liabilities) have reduced as at 31st March 2018 to £404,309m compared with 31st March 2017 of £413.171m.
Housing Revenue Account The Housing revenue Account is a separate ring fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housing stock of some 6,400 dwellings	The HRA balance as at 31st March 2018 is £17.839m; this is a reduction of £5.872m in the year.
Collection Fund The Collection Fund is a separate account detailing Council Tax collections (including those collected on behalf of the Police and Fire Service and National Non Domestic rates (NNDR). This account shows the amount of Council Tax and NNDR collected and the redistribution back to the Government Pool.	Any surplus or deficit on the fund is distributed between Slough Borough Council, the Police and the Fire Service in the same proportion to their share of tax income. The fund shows an overall deficit of £1.921m arising during 2017/18.

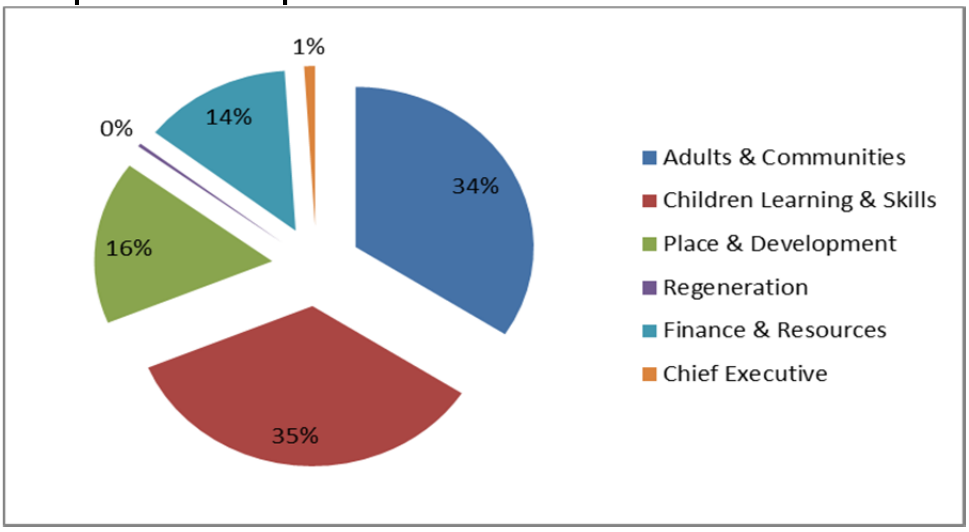
Also included in the main financial statements are summaries of the Council's main income and expenditure. The graphs below highlight where the Council has received income from for 2017/18 and where the gross expenditure to deliver services is.

Graph 2.1: Key income streams



The Non Domestic Rates Income figure above includes a tariff paid of £18.779 million. The
Net Non domestic rates distribution for the current year received was £49.965million.

Graph 2.2: Net expenditure on Council Services



HRA in the above graph is showing a net income position of £4.340million and is included within the Place and Development Directorate.

The graph above and later in this summary highlights how the Council's financial position is changing. Income is reducing rapidly from Central Government grants and at the same time, there has been a much greater proportion of income generated through Council Tax (primarily through an increase in properties in Slough) and Business Rates. Money from Government (through RSG) is now a minority element of the Council's funding stream at £13.181m in the 2017/18 financial year; in 2016/17 this figure was £18.477m.

Financial Performance (Capital and Treasury)

Capital Programme
The Capital Programme for 2017/18 was a total of £190.4m. The council achieved expenditure of £154.0m. There have been some major schemes built during the year.

The Council has funded the capital programme through a combination of external grants, Local Enterprise Partnership (LEP) funding, s106 contributions and internal balances. Capital schemes are improving the Council's balance sheet and providing key assets for future service delivery as well as for generating additional income. During the year, the Council has purchased new assets for investments and in the future is investing in more strategic investments and a local authority property purchase scheme by investing in housing. These are expected to produce income to offset future borrowing costs and provide a rental stream to the Council.

Treasury
The overall investment returns have continued to provide the Council with substantial income of £2.172m. The treasury strategy was approved in February 2017 by full Council and has continued to yield good levels of returns which helps to contribute to funding core Council services.

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

The pension liability has increased during the financial year. Even though the Council has increased its pension fund contributions by 0.5% p.a. over the past three years, there remains a substantial deficit of £266m on the pension fund.

Governance
The overall Governance arrangements are set out in detail in the Annual Governance Statement. In summary, the Council has continued to improve its overall performance in respect of audit reports with internal audit reports that are red (no assurance) decreasing further to zero during the year. The Council does need to improve on its Whole Government Accounts return and this is something that is a key part of the closedown procedures for the year ahead.

Accounting Policies
The accounting policies adopted by the Council are explained later in the Statement of Accounts and follow the Code of practice on Local Authority Accounting in the United Kingdom 2017/18. There has been no major impact to finances as a result of any change to accounting policy

10. Health And Wellbeing

As with every local authority, we are required to have a Health and Wellbeing Board as a committee of the local authority. However, the task of improving wellbeing is not something the local authority can do alone. In Slough we have made a deliberate decision to widen membership beyond the statutory requirements. The Board's membership consists of senior representatives from the Council, NHS, Clinical Commissioning Group, Health watch, Thames Valley Police, Royal Berkshire Fire and Rescue Service, CVS and the Business Sector

We have also called our overarching partnership the Slough Wellbeing Board rather than a Health and Wellbeing Board; this means that we focus our attention on being able to tackle the wider determinants of health to improve wellbeing rather than being constrained by operational health issues.

Just over two years ago, the Wellbeing Board reviewed its role to ensure it is able to play a more strategic role so that it can have genuine influence and set direction. To achieve this, the Board put an effective partnership network to undertake operational delivery and 'heavy lifting'. The Board is now able to coordinate activity and ensure greater clarity of accountability and ownership of agendas across and between the wider partnership and the Wellbeing Board. Through its Terms of Reference there is now a closer partnership working that is proportionate in terms of governance and reporting requirements. The Board is now able to maximise partnership resources and capacity of its whole system. This ensures that resources are targeted to those people and carers who need it most. This is important if we are to make the best use of scarce resources count for the benefit of Slough

11. Working With The Voluntary Sector

Our capacity to provide people with support is under growing pressure. We know we can no longer provide services in the way we have in the past and we will not be able to provide everyone with everything. We need to rethink and change not only what we do but how we do it. We will therefore work with the voluntary sector to build on the assets and strengths that they have within the community to better support our residents to maintain healthy and active lives. We will always ensure the most vulnerable in our community know how to get the support they need and make sure that the voluntary sector delivers a rich and diverse range of services responsive to the needs of the town. As a council, we will support the voluntary sector to continue to maintain knowledge of mainstream services including statutory health and social care services. Working with the sector we will continue to improve the independence and resilience of our local residents.

FURTHER INFORMATION

Further information about the accounts is available from: The Director of Finance and Resources or Service Lead - Finance

Slough Borough Council
St Martins Place
51 Bath Road
Slough
SL1 3UF

neil.wilcox@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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the section 151 officer) has the responsibility for the administration of those affairs. At Slough Borough Council this officer is the Director of Finance and Resources, Neil Wilcox.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the statement of accounts.

The Section 151 Officer's Responsibilities

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

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

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

Certificate of the Section 151 Officer

I certify that the Statement of Accounts set out on the following pages presents a true and fair view of the financial position of the Council as at 31st March 2018 and its income and expenditure for the year ended 31st March 2018.

Director of Finance and Resources
(Section 151 Officer)
Date: 15th November 2018

APPROVAL OF STATEMENT OF ACCOUNTS

The Statement of Accounts was approved by the Slough Borough Council Audit and Corporate Governance Committee.

Councilor
Chair of the Audit and Corporate Governance Committee
Date: 15th November 2018

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

Opinion on the financial statements

We have audited the financial statements of Slough Borough Council ("the Council") and its subsidiary ("the group") for the year ended 31 March 2018 which comprise the Council and group Comprehensive Income and Expenditure Statement, Council and group Movement in Reserves Statements, the Council and group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2018 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the group as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 ("Code of Audit Practice") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance and Resources use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance and Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance and Resources is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2017, with the exception of the matters reported in the Basis for qualified conclusion on use of resources section of our report we are satisfied that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Basis for qualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Informed decision making

There were significant weaknesses in the preparation of the 2016/17 Statement of Accounts during the 2017/18 financial year resulting in a significant number of material or other non-trivial misstatements in the financial statements which required correction during the audit. Action was taken to address capacity issues in the finance team towards the end of the year and this resulted in improvements in the presentation of the 2017/18 financial statements. However, there is still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are prepared properly and free from material error.

In our opinion the Council had not during the year demonstrated or applied the principles and values of sound governance and internal control in respect of its preparation of the financial statements. This issue is evidence of a significant weakness in proper arrangements to support informed decision making.

Working with partners and other third parties

Following significant weaknesses identified by Ofsted in their inspection of children's social care services in Slough in 2011 and 2013 and a direction issued to Slough Borough Council on 7 October 2014 by the Secretary of State for Education, the responsibility for children's social care services in Slough was transferred to Slough Children's Services Trust ('the Trust'), a company limited by guarantee, on 1 October 2015.

In February 2016 Ofsted completed a further review of children's social care services in Slough, and judged the services they reviewed as inadequate overall.

Ofsted has carried out six monitoring visits since the service was judged as inadequate in February 2016. In January 2018, they reported that they had identified areas of strength, areas where improvement is occurring, and some areas where they considered the progress has not been swift enough. A further visit was carried out in May 2018 where Ofsted concluded that there continues to be positive improvement in the services for children but they are still not consistently good enough for a small number of children. They also concluded that the quality of management oversight and decision-making remains an area requiring improvement. Ofsted's overall rating of the service remains unchanged.

In seeking to satisfy ourselves that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, we considered the Council's arrangements for improving services and outcomes in children's social care services during the year ended 31 March 2018, working in partnership with the Trust.

We concluded that there was insufficient evidence that the Council had effective arrangements in place for ensuring that sufficient action was taken by the Trust to address weaknesses identified by Ofsted in previous years. This issue is evidence of a significant weakness in proper arrangements for working with partners and other third parties.

We have undertaken our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion, published by the National Audit Office in November 2017, as to whether in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Based on our risk assessment, we undertook such work as we considered necessary. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

Matters on which we are required to report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice (April 2015) requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit;
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

Responsibilities of the Director of Finance and Resources and the Council

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view.

In preparing the financial statements, the Director of Finance and Resources is responsible for assessing the Council's and group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council intends to cease operations of the Council or group or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the financial statements our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities in respect of the Council's use of resources

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criterion specified by the National Audit Office.

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

Certificate of completion of the audit

We certify that we have completed the audit of the accounts of Slough Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Slough Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Janine Combrinck
For and on behalf of BDO LLP, Appointed Auditor
London, UK
15th November 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Main Accounting Statements

Comprehensive Income and Expenditure Statement

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

Due an internal restructure in 2017/18 the previously published 2016/17 figures have been restated into the new internal configurations to ensure the numbers are comparable to the 2017/18 published figures.

2016/17 Restated					**2017/18**		
Expenditure £000	**Income £000**	**Net £000**	**Notes**		**Expenditure £000**	**Income £000**	**Net £000**
79,838	(20,167)	59,671		Adults and Communities	80,873	(24,473)	56,400
128,506	(86,161)	42,345		Children, Learning and Skills	141,294	(85,119)	56,175
26,013	(4,352)	21,661		Place and Development	40,949	(8,937)	32,012
12,919	(7,446)	5,473		Regeneration	4,645	(4,107)	538
110,019	(80,329)	29,690		Finance and Resources	97,147	(74,950)	22,197
815	0	815		Chief Executive	1,630	0	1,630
18,088	(39,429)	(21,341)		Housing Revenue Account	32,143	(36,483)	(4,340)
376,198	**(237,884)**	**138,314**		**Cost of Services**	**398,681**	**(234,069)**	**164,612**
26,940	0	26,940	11	Other Operating Expenditure	14,245	0	14,245
24,443	(10,823)	13,620	12	Financing and Investment Income and Expenditure	23,844	(13,809)	10,035
18,557	(152,960)	(134,403)	13	Taxation and Non Specific Grant Income	18,780	(141,394)	(122,614)
446,138	**(401,667)**	**44,471**		**Deficit on Provision of Services**	**455,550**	**(389,272)**	**66,278**
		(86,643)	24	(Surplus) on revaluation of Property, Plant and Equipment			(36,338)
		101	24	(Surplus) or deficit on revaluation of available for sale financial assets			(448)
		56,419	41	Remeasurement of the net defined benefit liability			(20,630)
		(30,123)		**Other Comprehensive Income and Expenditure**			**(57,416)**
		14,348		**Total Comprehensive Income and Expenditure**			**8,862**

Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2017 - Restated	(8,123)	(7,156)	(23,710)	(23,675)	(14,025)	(50,680)	**(127,369)**	(285,802)	**(413,171)**
Movement in reserves during 2017/18									
Deficit on the provision of services	60,561		5,717				**66,278**		**66,278**
Other Comprehensive Income / Expenditure								(57,416)	**(57,416)**
Total Comprehensive Income and Expenditure	**60,561**	**0**	**5,717**	**0**	**0**	**0**	**66,278**	**(57,416)**	**8,862**
Adjustments between accounting basis and funding basis under regulations	(59,723)		155	(4,637)	(1,082)	18,237	**(47,050)**	47,050	**0**
Net Increase or Decrease before Transfers from Earmarked Reserves	**838**	**0**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**
Transfers from Earmarked Reserves	(838)	838	0				**0**	0	**0**
Increase or Decrease in 2017/18	**0**	**838**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**
Balance at 31 March 2018	**(8,123)**	**(6,318)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(108,141)**	**(296,168)**	**(404,309)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2016 Restated	(8,101)	(16,146)	(29,066)	(18,358)	(12,107)	(60,073)	**(143,851)**	(283,668)	**(427,519)**
Movement in reserves during 2016/17 - Restated									
Surplus or deficit on the provision of services	56,254		(11,783)				**44,471**		**44,471**
Other Comprehensive Income / Expenditure								(30,123)	**(30,123)**
Total Comprehensive Income and Expenditure - Restated	**56,254**	**0**	**(11,783)**	**0**	**0**	**0**	**44,471**	**(30,123)**	**14,348**
Adjustments between accounting basis and funding basis under regulations	(47,286)		17,139	(5,317)	(1,918)	9,393	**(27,989)**	27,989	**0**
Net Increase or Decrease before Transfers from Earmarked Reserves	**8,968**	**0**	**5,356**	**(5,317)**	**(1,918)**	**9,393**	**16,482**	**(2,134)**	**14,348**
Transfers from Earmarked Reserves	(8,990)	8,990	0				**0**	0	**0**
Increase or Decrease in 2016/17	**(22)**	**8,990**	**5,356**	**(5,317)**	**(1,918)**	**9,393**	**16,482**	**(2,134)**	**14,348**
Balance at 31 March 2017 Restated	**(8,123)**	**(7,156)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**(285,802)**	**(413,171)**

Balance Sheet

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

Restated 1 April 2016 £000	Restated 31 March 2017 £000	Notes		31 March 2018 £000
767,389	854,995	14	Property, Plant and Equipment	913,666
22,329	38,141	15	Investment Property	67,656
47	457	16	Intangible Assets	550
37,635	26,470	17	Long Term Investments	22,930
4,471	9,320	17	Long Term Debtors	8,161
831,871	**929,383**		**Long Term Assets**	**1,012,963**
24,901	24,053	17	Short-term Investments	18,808
9,700	0	20	Assets Held for Sale	0
5	3		Inventories	6
30,592	34,346	18	Short Term Debtors	32,945
4,096	19,800	19	Cash and Cash Equivalents	9,900
69,294	**78,202**		**Current Assets**	**61,659**
(4,481)	(67,559)	17	Short-Term Borrowing	(152,760)
(39,987)	(39,710)	21	Short-Term Creditors	(34,619)
(1,324)	(1,508)	22	Provisions	(2,447)
(362)	(2,100)	33	Grants Receipts in Advance - Capital	(2,100)
(46,154)	**(110,877)**		**Current Liabilities**	**(191,926)**
0	0	17	Long-Term Creditors	(393)
(223)	(223)	22	Provisions	(223)
(173,371)	(170,370)	17	Long Term Borrowing	(170,341)
(253,898)	(312,944)	36/37/41	Other Long-Term Liabilities	(307,430)
(427,492)	**(483,537)**		**Long Term Liabilities**	**(478,387)**
427,519	**413,171**		**Net Assets**	**404,309**
(143,851)	(127,369)	23	Usable Reserves	(108,141)
(283,668)	(285,802)	24	Unusable Reserves	(296,168)
(427,519)	**(413,171)**		**Total Reserves**	**(404,309)**

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Council as at 31st March 2018 and its Comprehensive Income and Expenditure Statement for the year ended 31st March 2018.

Neil Wilcox
Director of Finance and Resources (Section 151 Officer)

Date 15th November 2018

Cash Flow Statement

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

Restated 2016/17 £000	**Notes**		**2017/18 £000**
44,471		Net or deficit on the provision of services	66,278
(81,095)	25	Adjustment to surplus or deficit on the provision of services for noncash movements	(86,747)
55,526	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	31,393
18,902		**Net cash flows from operating activities**	**10,924**
29,654	26	Net cash flows from investing activities	80,983
(64,260)	27	Net cash flows from financing activities	(82,007)
(15,704)		**Net (increase) or decrease in cash and cash equivalents**	**9,900**
4,096		Cash and cash equivalents at the beginning of the reporting period	19,800
19,800		**Cash and cash equivalents at the end of the reporting period**	**9,900**

Notes to the Main Financial Statements

Note 1 - Accounting Policies

i. General Principles

The Statement of Accounts summarises the authority's transactions for the financial year and its position at the year-end 31 March 2018.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which requires accounts to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

ii. Accruals of Income and Expenditure

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

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

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

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

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

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

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

iii. Council Tax and Non Domestic Rates Income

Council Tax Income

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

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

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

Accounting for Non Domestic Rates (NDR)

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

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year and is as set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General

Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non- contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

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

iv. Acquisitions and Discontinued Operations

Acquired operations
During 2017/18 the Council has brought back in house services in relation to Waste/Environmental Services. Previously these operations had been outsourced and undertaken on behalf of the council by a service provider.
A number of items of equipment, used to provide the service had been recognised as effectively being embedded finance leases, and were recognised on the Fixed Asset Register of the Council with the associated finance liability on the Balance Sheet. Only assets that have been retained (transferred) to the Council are now recognised on the Balance sheet and the associated financial liabilities are no longer recognised.

v. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

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

vii. Charges to Revenue for Non-current Assets

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

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service.

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

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

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Viii. Employee Benefits

Benefits Payable During Employment

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

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

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

Termination Benefits

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

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

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

Post-employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) and
- The Berkshire Local Government Pensions Scheme, administered by Royal Borough of Windsor and Maidenhead.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

The Children Learning and Skills Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year

The Local Government Pension Scheme

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

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

- Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used determined in reference to market yields at balance sheet date of high quality corporate bonds.

- The assets of the Berkshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value.

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

Service cost comprising:

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

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

• net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

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

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

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

Discretionary Benefits

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

ix. Events After the Reporting Period

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

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

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

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

x. Financial Instruments

Financial Liabilities

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

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

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

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

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

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

Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

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

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

Loans and Receivables

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

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

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

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

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

Available-for-Sale Assets

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

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

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach).

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

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

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

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

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

xi. Foreign Currency Translation

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

xii. Government Grants and Contributions

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

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

And

- The grants or contributions will be received.

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

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

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

xiii. Intangible Assets

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

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

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

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

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

xiv. Interests in Companies and Other Entities

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

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

However during 2017/18 James Elliman Homes was deemed material, and Group accounts have been produced.

xv. Inventories and Long-term Contracts

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

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

xvi. Investment Property

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

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

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

xvii. Joint Operation Arrangements

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

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

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

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

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

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

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

xviii. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

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

Lease rentals receivable are apportioned between:

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

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

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

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

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

Operating Leases

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

xix. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

xx. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The 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 (ie it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority.

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

- infrastructure, community assets and assets under construction – depreciated historical cost

- dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)

- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

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

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

• dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (housing dwellings- 46 years for houses, 45 years for flats) – previously flats had been estimated as having a useful economic life of 42years

• Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (between 1-20 years)

• Infrastructure – straight-line allocation over 40 years.

• Other operational buildings – straight-line allocation over the useful life (1-60 years) as estimated by the valuer

• Car parks – straight-line allocation over the useful life (60 years) as estimated by the valuer

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

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

Component accounting

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

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

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

xxi. Private Finance Initiatives (PFI) and Similar Contracts

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

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

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

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

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

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

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

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

- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

xxii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

A provision for the best estimate of the amount that businesses have been overcharged up to 31st March 2017 in relation to Business Rates. The estimate has been calculated using the latest Valuation Office (VAO) ratings list of appeals and an analysis of successful appeals to date when providing the estimate of the total provision up to and including 31st March 2017.

Contingent Liabilities

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

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

Contingent Assets

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

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

xxiii. Reserves

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

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

xxiv. Revenue Expenditure Funded from Capital under Statute

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

xxv. Schools

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

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

- Community – 12 schools
- Voluntary aided – 12 schools

Academies and Free Schools are outside the Council's control

xxvi. VAT

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

xxvii. Local Asset Backed Vehicles

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

The Council’s share of the transactions in the LLP’s are deemed not material in 2017/18 and therefore these are not included in the Group Accounts.

xxviii. Minimum Revenue Provision (MRP)

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

The four MRP options available are:

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

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

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

xxix. Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

• Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

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

• Level 3 – unobservable inputs for the asset or liability.

Note 2 - Accounting Standards Issued, Not Yet Adopted

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

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

• IFRS 9 Financial Instruments (will be implemented in 2018/19)

• IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers (will be implemented in 2018/19)

• Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative (will be implemented in 2018/19)

• IFRS 16 Leases (CIFA/LASAAC are currently consulting on the implementation of IFRS 16 for local authorities. Based on the consultations, the Council expects that IFRS 16 will be implemented in 2019/20)

IFRS 9 includes a single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed, and a forward looking ‘expected loss’ model for impairment rather than the current ‘incurred loss’ model. The full impact is still currently being assessed but it is anticipated that, due to the classification and security of the majority of our financial instruments, it is unlikely to have a material impact on the financial statements.

IFRS 15 introduces a five-step process for recognising revenue based on the transfer of control rather than the current transfer of risk and rewards. This new approach is not expected to have a material impact on the financial statements.

Amendments to IAS 7 may require additional disclosures around changes in liabilities arising from financing activities including both changes arising from cash flows non cash changes.

IFRS 16. The key changes arising from IFRS 16 will be to recognise a lease liability and right to use asset on the balance sheet for these leases currently classified as operating leases (other than those relating to short term leases less than 12 months or low value assets).

The Council is still assessing the full impact of IFRS 16 and is awaiting publication of the 2019/20 code.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1(Accounting Policies), the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The following are considered to be critical management judgements in applying policies of the Council that have the most significant effects in the Statement of Accounts:

Future Funding

There is currently a high level of uncertainty about future levels of funding for local government, particularly in light of the Fair Funding Review, the awaited Spending Review and the outcome of the Brexit negotiations. It is anticipated that the pressures faced by the Council will be mitigated with further changes to service areas and additional corporate savings.

The council has conducted an internal assessment of the ongoing pressures and potential means of mitigation have been made by way of the Council's Medium Term Financial Planning process, which covers the period to 31st March 2021.

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

Property Prices

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

Council as Trustee

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

Schools Non-Current Assets

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

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

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

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

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

Grant and Contribution Recognition

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

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

Comprehensive Income and Expenditure Statement

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

Capital commitments

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 the Future and Other Major Sources of Estimation Uncertainty

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

The Items in the Council’s Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment, and Investment Property	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	The total depreciation charged in 2017/18 is £18.7m and the net book value of property, plant and equipment at 31 March 2018 is £913.7m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
	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. In order to meet the objective of IFRS 13 (Fair Value Measurement) the valuers have worked on the basis that all reasonably available information has been taken into account. Investment property, and surplus assets based on highest and best use were valued at fair value. The objective of this measurement approach is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under the current market conditions	A £36.3m increase has been credited to the revaluation reserve(comprising Increases of £54.3m and decreases of £18.0m). £0.356m fair value adjustment decreases have been charged to the deficit on provision of services in 2017/18.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. These are set out in Note 41.

Business Rates (NNDR)	2017/18 is the fifth year of the Business Rates Retention Scheme. Slough retains 49% of the NNDR Income it collects (£50.m out of £103.9m) but is subject to an £18.8m tariff. Following the 2010 Revaluation of business hereditaments, when average Rateable Values across Slough rose we have seen unprecedented levels of appeals – the success of which are negatively impacting on the yield. A provision has been made for the estimated successes of future appeals for losses for the period to the end of March 2019. A safety net system protects the Council from losses below baseline funding levels of £5m.	The Council's overall financial losses are protected by the Safety Net with any variance to our assumptions affecting the scale of the provision but being offset by a movement in the Safety Net entitlement.

Note 5 - Material Items of Income and Expense

For the purpose of this note the Council considers material items to be around £6m.

The Council Pays an annual management fee to an external third party (Avarto), to manage some of the Council's IT, Customer Service and Transactional Finance functions. This totalled £10.59m for 2017/18 (£10.51m in 2016/17).

The Council pays an annual fee of £24.41m to Slough Children's Trust in 2017/18 in line with the agreement that came into force from 1st October 2016. (In 2016/17 the Council had paid £24.15m)

Note 6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section151 Officer (Director of Finance) on 15th November 2018. Events taking place after this date are not reflected in the financial statements or notes.

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

Note 7 - Expenditure and Funding Analysis

Due an internal restructure in 2017/18 the previously published 2016/17 figures have been restated into a the new internal configurations to ensure the numbers are comparable to the 2017/18 published figures.

2016/17 Restated				2017/18		
Net Expenditure Chargeable to the General Fund and HRA Balance	**Adjustments**	**Net Expenditure in the Compre-hensive Income and Expenditure Statement**		**Net Expenditure Chargeable to the General Fund and HRA Balance**	**Adjustments**	**Net Expenditure in the Compre-hensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
49,951	9,720	59,671	Adults and Communities	37,169	19,231	56,400
30,891	11,454	42,345	Children, Learning and Skills	30,411	25,764	56,175
18,133	3,528	21,661	Place and Development	23,804	8,208	32,012
4,581	892	5,473	Regeneration	(3,355)	3,893	538
24,854	4,836	29,690	Finance and Resources	16,436	5,761	22,197
682	133	815	Chief Executive	705	925	1,630
(20,829)	(512)	(21,341)	Housing Revenue Account	(13,638)	9,298	(4,340)
108,263	**30,051**	**138,314**	**Net Cost of Services**	**91,532**	**73,080**	**164,612**
(93,939)	96	(93,843)	Other Income and Expenditure	(84,822)	(13,512)	(98,334)
14,324	**30,147**	**44,471**	**Deficit on Provision of Services**	**6,710**	**59,568**	**66,278**
(53,313)			Opening Combined General Fund and HRA Balance	(38,989)		
14,324			Plus / less Surplus or Deficit on the General Fund and HRA Balance for the Year (Statutory basis)	6,710		
(38,989)			**Closing Combined General Fund and HRA Balance**	**(32,279)**		

Note 7a - Note to the Expenditure and Funding Analysis

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

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

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

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

	2016/17 Restated			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Adults and Communities	7,680	2,040	0	9,720
Children, Learning and Skills	11,466	0	(12)	11,454
Place and Development	2,787	741	0	3,528
Regeneration	705	187	0	892
Finance and Resources	3,821	1,015	0	4,836
Chief Executive	105	28	0	133
Housing Revenue Account	(946)	434	0	(512)
Net Cost of Services	**25,618**	**4,445**	**(12)**	**30,051**
Other Income and Expenditure	(656)	0	752	96
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**24,962**	**4,445**	**740**	**30,147**

Net Capital Statutory Adjustments

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

• Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

• Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

• Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Pension Statutory Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7b - Segmental Analysis of Income

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

2016/17	Revenues from External Customers
	£000
Adults and Communities	(11,683)
Children, Learning and Skills	(1,163)
Place and Development	(10,031)
Regeneration	(3,971)
Finance and Resources	(7,973)
Chief Executive	0
Housing Revenue Account	(39,429)
Total Managed by Segments	**(74,250)**

Note 8 – Expenditure and Income Analysed by Nature

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

2016/17 £000	Nature of Expenditure or Income	2017/18 £000
(74,250)	Fees, charges and other service income (See * Below)	(72,931)
(2,007)	Interest and investment income	(2,079)
(79,170)	Income from local taxation	(83,648)
(221,718)	Government grants and contributions	(201,929)
(5,965)	Other income	(9,905)
92,277	Employee benefits expenses	95,805
259,091	Other service expenses	261,491
32,281	Depreciation, amortisation and impairment	48,041
16,992	Interest payments	17,188
216	Precepts and levies	223
1,721	Payments to Housing Capital Receipts Pool	1,072
25,003	Gain or loss on disposal of non-current assets	12,950
44,471	**Deficit for Year**	**66,278**

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

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

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

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

Capital Receipts Reserve
The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

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

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

2016/2017 Restated	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost transferred to the Pensions Reserve	(4,011)	(434)				4,445
Financial Instruments transferred from the Financial Instruments Adjustments Account	241	120				(361)
Council tax and NDR transfers from the Collection Fund	(1,113)					1,113
Holiday pay (transferred to the Accumulated Absences reserve)	12					(12)
Reversal of entries included in the Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(60,332)	(14,788)			(15,924)	91,044
Total Adjustments to Revenue Resources	(65,203)	(15,102)	0	0	(15,924)	96,229
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7,371	11,328	(18,699)			
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(295)	(83)	378			
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,721)		1,721			
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		12,496		(12,496)		
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,700					(9,700)
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,841					(1,841)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,021	8,500				(9,521)
Total Adjustments between Revenue and Capital Resources	17,917	32,241	(16,600)	(12,496)	0	(21,062)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			11,283			(11,283)
Use of the Major Repairs Reserve to finance new capital expenditure				10,578		(10,578)
Application of capital grants to finance capital expenditure					25,317	(25,317)
Total Adjustments to Capital Resources	0	0	11,283	10,578	25,317	(47,178)
Total Adjustments	**(47,286)**	**17,139**	**(5,317)**	**(1,918)**	**9,393**	**27,989**

Note 10 - Transfers to/from Earmarked Reserves

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

	Balance at 1 April 2016	Transfers In 2016/17	Transfers Out 2016/17	Balance at 31 March 2017	Transfers In 2017/18	Transfers Out 2017/18	Balance at 31 March 2018
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Insurance Fund	0	0	0	**0**	0	0	**0**
Future Debt and Capital Requirements	(1,197)	0	1,197	**0**	0	0	**0**
Statutory Property and Landlord Fund	(250)	0	250	**0**	0	0	**0**
Capital Fund	(605)	0	253	**(352)**	0	352	**0**
Trading Accounts	(24)	0	0	**(24)**	0	0	**(24)**
Specific Grants (Revenue)	(469)	0	302	**(167)**	0	0	**(167)**
Other Specific Earmarked Reserves	(5,657)	(730)	2,121	**(4,266)**	(1,901)	1,421	**(4,746)**
Housing Renewals Reserve	(87)	(2)	0	**(89)**	0	0	**(89)**
Schools	(7,857)	0	5,599	**(2,258)**	(3,405)	4,371	**(1,292)**
Total General Fund	**(16,146)**	**(732)**	**9,722**	**(7,156)**	**(5,306)**	**6,144**	**(6,318)**

Note 11 - Other Operating Expenditure

2016/17 £000		2017/18 £000
216	Precepts	223
1,721	Payments to the Government Housing Capital Receipts Pool	1,072
25,003	Losses on the Disposal of Non-Current Assets	12,950
26,940	**Total Other Operating Expenditure**	**14,245**

Note 12 - Financing and Investment Income and Expenditure

2016/17 £000		2017/18 £000
9,651	Interest payable and similar charges	9,532
7,341	Net interest on the net defined benefit liability (asset)	7,656
(2,007)	Interest receivable and other investment income	(1,844)
(1,365)	Income and expenditure in relation to investment properties and changes in their fair value	(235)
0	Other investment income and expenditure	(5,074)
13,620	**Total**	**10,035**

Note 13 - Taxation and Non-Specific Grant Income

2016/17 £000		2017/18 £000
(49,075)	Council tax income	(52,328)
(30,095)	Non-domestic rates income and expenditure	(31,320)
(28,106)	Non-ringfenced government grants	(20,880)
(27,127)	Capital grants and contributions	(18,086)
(134,403)	**Total**	**(122,614)**

Note 14 - Property, Plant and Equipment

Prior Period Adjustments

During the 2017/18 Audit a number of discrepancies have been identified in relation to the ‘GIA’ information which was available to the valuers.

This information relates to the internal size of a building and is used in the calculation of the associated building value.

A selection of sizes where checked (re-measured in year), the differences have now been included in the 2017/18 tables and relevant disclosure notes.

However, following discussions with our auditors the effects have been deemed significant and a prior period adjustment has been included and 2016/17 comparatives in these accounts are different than the published 2016/17 Statement of Accounts.

The main changes in the accounts are as follows:-

2015/16

Increase in	
Land and building category of the PPE note	£2.894m (Opening position in Note 14 PPE)

Comprising

Increases to the Revaluation Reserve of	£5.571m (Opening position in Note 24)
Charge via the CIES to Capital Adjustment Account	-£2.677m (Opening position Note 24)

2016/17

Decrease in	
Land and building category of the PPE note	£-4.127m (Note 14 PPE)

Comprising

Increases to the Revaluation Reserve of	£7.340m (Note 24)
Charge via the CIES to Capital Adjustment Account	-£11.467m (Note 24)

Please note that all Charges to the CIES have been processed via Children, Learning and Skills

Movements to 31 March 2018

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
at 1 April 2017- Restated	486,946	190,681	54,580	118,933	8,200	27,421	29,128	**915,889**
Accumulated depreciation and impairment written off to GCA	-6,701	-4,021	-795	0	0	-131	0	**-11,648**
Additions	8,989	38,624	6,567	12,298	280	357	25,273	**92,388**
Revaluation increases recognised in the Revaluation Reserve	17,091	17,504	388	0	0	1,355	0	**36,338**
Revaluation decreases recognised in the Deficit on the Provision of Services	-2,336	-26,491	-340	0	0	-104	0	**-29,271**
Derecognition – disposals	-12,526	-5,094	-648	0	0	-4,957	0	**-23,225**
Other movements in cost or valuation	12,837	11,680	1,079	0	0	-112	-25,493	**-9**
at 31 March 2018	**504,300**	**222,883**	**60,831**	**131,231**	**8,480**	**23,829**	**28,908**	**980,462**
Accumulated Depreciation and Impairment								
at 1 April 2017	-6,400	-3,271	-29,031	-21,618	-16	-558	0	**-60,894**
Accumulated depreciation and impairment written off to GCA	6,701	4,021	795	0	0	131	0	**11,648**
Depreciation charge	-9,172	-3,874	-2,536	-3,015	0	-78	0	**-18,675**
Derecognition – disposals	119	190	507	0	0	309	0	**1,125**
Other movements in depreciation and impairment	0	0	0	0	0	3	-3	**0**
at 31 March 2018	**-8,752**	**-2,934**	**-30,265**	**-24,633**	**-16**	**-193**	**-3**	**-66,796**
Net Book Value								
at 31 March 2018	**495,548**	**219,949**	**30,566**	**106,598**	**8,464**	**23,636**	**28,905**	**913,666**
at 31 March 2017	**480,546**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**

Restated:-
Movements to 31 March 2017

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or Valuation								
at 1 April 2016 - Restated	433,683	192,335	51,754	102,862	7,300	11,719	25,810	**825,463**
Accumulated depreciation and impairment written off to GCA	(8,275)	(3,381)	(707)	0	0	(95)	(2)	**(12,460)**
Additions	16,100	13,978	1,208	16,071	900	198	27,994	**76,449**
Revaluation increases recognised in the Revaluation Reserve	53,083	19,541	826	0	0	13,193	0	**86,643**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	9,034	(25,727)	(123)	0	0	193	0	**(16,623)**
Derecognition – disposals	(15,600)	(21,048)	(4,573)	0	0	(2,472)	0	**(43,693)**
Assets reclassified to Held for Sale	0	2,885	0	0	0	(2,775)	0	**110**
Other Investment Properties Reclassifications	(1,079)	12,098	6,195	0	0	7,460	(24,674)	**0**
at 31 March 2017	**486,946**	**190,681**	**54,580**	**118,933**	**8,200**	**27,421**	**29,128**	**915,889**
Accumulated Depreciation and Impairment								
at 1 April 2016	(6,349)	(3,998)	(28,286)	(19,180)	(16)	(245)	0	**(58,074)**
Accumulated depreciation and impairment written off to GCA	8,275	3,381	707	0	0	95	2	**12,460**
Depreciation charge	(8,366)	(3,124)	(1,605)	(2,438)	0	(114)	0	**(15,647)**
Derecognition – disposals	32	204	115	0	0	18	0	**369**
Other movements in depreciation and impairment	8	266	38	0	0	(312)	(2)	**(2)**
at 31 March 2017	**(6,400)**	**(3,271)**	**(29,031)**	**(21,618)**	**(16)**	**(558)**	**0**	**(60,894)**
Net Book Value								
at 31 March 2017	**480,546**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**
at 31 March 2016	**427,334**	**188,337**	**23,468**	**83,682**	**7,284**	**11,474**	**25,810**	**767,389**

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

- Council dwellings - houses 46 Years
- Council dwellings - flats 45 Years
- Other land and buildings - Between 1 and 60 years,
- Vehicles, plant and equipment - Between 1 and 20 years
- Car parks - 60 years
- Infrastructure - 40 years

Capital Commitments

At 31st March 2018, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2018/19 and beyond. The budgeted cost of these commitments is expected to cost £271.963m (31st March 2017 £144.436m).

The major commitments at 31st March 2018 are:

Description	Commitment in 2018/19 £000's	Commitment in Future years £000's	Total Commitment £000's
James Elliman Homes	18,000	48,700	66,700
Affordable Housing	12,000	33,017	45,017
Hotel development	4,010	25,000	29,010
Secondary Expansion Programme	20,193	3,500	23,693
TVU development	5,962	16,000	21,962
Special School Expansion-Primary,Secondary & Post 16	4,693	14,200	18,893
Stock condition Survey	2,400	9,600	12,000
Leisure Centre Farnham Road	11,938	0	11,938
Community Investment Fund	1,817	5,250	7,067
SEN Resources Expansion	4,189	2,010	6,199
Structural	802	4,328	5,130
Major Highways Programme	864	3,825	4,689
A332 Windsor Road Widening Scheme LEP/Other	4,637	0	4,637
Roof relacement	628	3,756	4,384
Boiler Replacement	500	3,805	4,305
Disabled facilities Grant	550	2,750	3,300
Highways Reconfigure and Resurface	512	2,500	3,012
	93,695	178,241	271,936

Revaluations

The Council undertakes a rolling programme that ensures that all relevant property, plant and equipment required to be measured at current value is measured at least every five years. The valuations for 2017/18 have been undertaken by external valuers 'Wilkes Head and Eve'.

Valuations of land and buildings have been carried out in accordance with the methodologies and bases of estimation, as set out in the professional standards of the Royal Institute of

Chartered Surveyors. Currently we do not re-value vehicles, plant, furniture or equipment assets as these tend to be of a finite (short term) life.

Specialised properties are assumed to have no active market but the land element could potentially be sold at its market value. It is assumed the building costs would be in line with the published indices. The Depreciation replacement Cost method, and, the asset lives are in line with those given in the depreciation note.

The following table shows the progress of the Council's rolling programme for the revaluation of council dwellings, land and buildings as at 31st March 2018:

Property, Plant and Equipment Revaluations

Assets that are Subject to revaluation	
Council Dwellings	495,548
Land and Buildigns	219,949
Surplus Assets	23,636
	739,133
Assets that are not Subject to revaluation	
Infrastucture assets	106,598
Community Assets	8,464
Vehicles Plant, Furniture & Equipment	30,566
Assets Under Construction	28,905
	174,533
Total Value of All assets	**913,666**

Assets that are Revalued – by Category

	Council Dwellings	Other Land and Buildings	Surplus Assets	Total
	£000	£000	£000	£000
Carried at historical cost	10,878	7,149	1,156	19,183
Valued at current value as at:				
31/03/2018	484,670	176,103	22,480	683,253
31/03/2017	0	12,053	0	12,053
31/03/2016	0	8,847	0	8,847
31/03/2015	0	5,136	0	5,136
31/03/2014	0	4,734	0	4,734
31/03/2012	0	5,927	0	5,927
Total Cost or Valuation	495,548	219,949	23,636	739,133

• Council dwellings - the assumption is that the Beacon assets are typical of their asset class and that all properties will continue to be let for social housing purposes.

• Surplus assets - Are valued and assumed that they are comparable to similar assets in the local market with planning permission. This is a level 2 valuation under the Fair Value Hierarchy.

• For other property, plant and equipment it is assumed that local market conditions provide an accurate guide as to the appropriate valuations.

Note 15 - Investment Properties

Investment properties are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually according to market conditions at the year end.

2016/17	Investment Property Income and Expenditure	2017/18
(1,731)	Rental Income from Investment Property	(1,307)
619	Direct operating expnses from Investment Property	717
(1,112)	**Net(gain) loss**	**(590)**

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

	2016/17 £ 000's	2017/18 £ 000's
Balance at start of the year	**22,329**	**38,141**
Additions:		
- Purchases	15,669	33,671
Disposals	(69)	(3,800)
Net (losses) gains from fair value adjustments	322	(356)
Transfers:		
- to Property, Plant and Equipment	(110)	0
Balance at end of the year	**38,141**	**67,656**

Note 16 - Intangible Assets

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

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

2016/17 Software Licences £000		**2017/18 Software Licences £000**
	Balance at start of year:	
578	Gross carrying amounts	999
(531)	Accumulated amortisation	(542)
47	**Net carrying amount at start of year**	**457**
	Additions:	
421	Purchases	188
(11)	Amortisation for the period	(95)
457	**Net carrying amount at end of year**	**550**
	Comprising:	
999	Gross carrying amounts	1,187
(542)	Accumulated amortisation	(637)
457	**Total**	**550**

Note 17 - Financial Instruments

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

Financial Liabilities

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

The Council's non derivative liabilities held during the year are measured at amortised cost and comprised:

- Long term loans from the Public Works Loans Board and commercial lender
- Short term loans from other local authorities
- Finance leases detailed in note 36
- Private Finance Initiative contracts detailed in note 37
- Trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are held under the following classifications:

- Loans and Receivables
- Available for Sale

The Council does not hold any financial assets or liabilities at fair value through profit and loss.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- Cash in hand
- Bank current and deposit accounts with Lloyds Bank
- Impaired investments in Icelandic banks
- Loans to other local authorities
- Loans made to community organisations and other bodies for service purposes (Including soft loans)
- Lease receivables detailed in note 37
- Trade receivables for goods and services delivered

Available for sale financial assets are those that are quoted in an active market. The Council has money market funds and other collective investment schemes which meet this definition but are classed as cash and cash equivalents due to their highly liquid nature.

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

	Long Term		Short Term	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	£ 000's	£ 000's	£ 000's	£ 000's
Financial Liabilities				
Loans at amortised cost	(170,341)	(170,370)	(152,760)	(67,559)
PFI Liabilities	(34,557)	(35,087)	(1,262)	(729)
Finance Lease Liabilities	(6,810)	(7,653)	(998)	(1,089)
Creditors	(393)	-	(27,491)	(22,657)
Total Financial Liabilities	**(212,101)**	**(213,110)**	**(182,511)**	**(92,034)**

The Financial assets disclosed in the Balance Sheet are analysed across the following categories.

	Long Term		Short Term	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	£ 000's	£ 000's	£ 000's	£ 000's
Financial Assets				
Loans and receivables	4,034	14,578	16,113	14,463
Available for sale financial assets	18,895	11,892	2,695	9,590
Total Investments	**22,929**	**26,470**	**18,808**	**24,053**
Cash and Cash equivalents			9,900	19,800
Trade receivables	8,161	9,320	19,422	13,229
Total Financial Assets	**31,090**	**35,790**	**48,130**	**57,082**

The Council has a legally enforceable right to set off its bank accounts in credit against its bank overdraft balance. This is reflected on the Balance Sheet.

Financial Instruments – gains and losses

The gains and losses recognised in the CIES in relation to financial instruments consist of the following items.

2017/18	Liabilities measured at amortised cost £ 000's	Loans and Receivables £ 000's	Assets Available for sale £ 000's	Total £ 000's
Interest Expense	9,532			9,532
Interest Income		(1,186)	(658)	(1,844)
(Gains) on revaluation			(448)	(448)
Net (gain)/loss for the year	9,532	(1,186)	(1,106)	7,240

2016/17	Liabilities measured at amortised cost £ 000's	Loans and Receivables £ 000's	Assets Available for sale £ 000's	Total £ 000's
Interest Expense	9,651			9,651
Interest Income		(2,007)		(2,007)
Losses on revaluation			101	101
Net (gain)/loss for the year	**9,651**	**(2,007)**	**101**	**7,745**

Financial instruments – fair values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial assets classified as loans and receivables and all non- derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows as at 31st March 2018, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- The value of 'Lender's Option Borrower's Option' (LOBO) loans has been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate
- The fair values of other long term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield
- No early repayment or impairment is recognised for any financial instrument
- The fair value of short-term instruments including trade payables and receivables is assumed to approximate to the carrying amount.

Fair values are shown in the tables below, split by their level in the fair value hierarchy as follows

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

	Level	Fair Value 31/03/2018 £ 000's	Fair Value 31/03/2017 £ 000's	Carrying Amount 31/03/2018 £ 000's	Carrying Amount 31/03/2017 £ 000's
PWLB	2	(183,879)	(193,475)	(157,695)	(160,656)
LOBO Loans	2	(21,687)	(22,495)	(13,200)	(13,202)
Temporary Loans	2	(152,206)	(64,071)	(152,206)	(64,071)
Lease Payables	2	(5,691)	(7,773)	(7,807)	(8,742)
PFI Liability	2	(54,309)	(57,962)	(35,809)	(35,816)
Total		**(417,772)**	**(345,776)**	**(366,717)**	**(282,487)**
Liabilities for which fair value is not disclosed				(27,895)	(22,657)
Total Financial liabilities				(394,612)	(305,144)
Recorded on the balance sheet as:					
- Short term creditors				(29,751)	(24,475)
- Short term borrowing				(152,760)	(67,559)
- Long term creditors				(393)	0
- Long term borrowing				(170,341)	(170,370)
- Other Long term liabilities				(41,367)	(42,740)
Total financial liabilities				**(394,612)**	**(305,144)**

The fair value of financial liabilities held at amortised cost is higher than their Balance Sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for their similar loans as at the Balance Sheet date.

	Level	Fair Value 31/03/2018 £ 000's	Fair Value 31/03/2017 £ 000's	Carrying Amount 31/03/2018 £ 000's	Carrying Amount 31/03/2017 £ 000's
Money Market Funds	2	4,754	6,582	4,754	6,582
Pooled Funds	1	18,598	14,157	18,902	14,445
Covered Bonds	1	-	7,086	-	7,038
Loans to Local authorities	2	5,180	15,220	5,060	15,153
Loans to companies	2	17,759	13,887	17,759	13,887
Total		**46,291**	**56,932**	**46,475**	**57,105**
Assets for which fair value is not disclosed				32,745	35,767
Total financial assets				79,220	92,872
Recorded on the balance sheet as:					
- Short term debtors				19,422	13,229
- Short term investments				18,808	24,053
- Long term debtors				8,161	9,320
- Long term investments				22,929	26,470
- Cash and cash equivalents				9,900	19,800
Total financial Assets				**79,220**	**92,872**

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

Note 18 - Debtors

Short Term Debtors

31 March 2017 £000		31 March 2018 £000
7,491	Central Government Bodies	13,837
941	Other Local Authorities	4,835
2,185	NHS Bodies	2,458
23,729	Other Entities and Individuals	11,815
34,346	**Total Debtors**	**32,945**

Long Term Debtors

31 March 2017 £000		31 March 2018 £000
9,320	Other Entities and Individuals	8,161
9,320	**Total Debtors**	**8,161**

Note 19 - Cash and Cash Equivalents

31 March 2017 £000		31 March 2018 £000
13,218	Cash and Bank balances	5,146
6,582	Short Term Deposits	4,754
19,800	**Total Cash and Cash Equivalents**	**9,900**

Note 20 - Assets Held for Sale

Current 31 March 2017 £000		Current 31 March 2018 £000
9,700	Balance outstanding at start of year	0
(9,700)	Assets sold	0
0	**Balance Outstanding year end**	**0**

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

Note 21 - Creditors

31 March 2017 £000		31 March 2018 £000
(6,638)	Central Government Bodies	(8,653)
(802)	Other Local Authorities	(1,765)
159	NHS Bodies	(1,008)
(32,429)	Other Entities and Individuals	(23,193)
(39,710)	**Total Creditors**	**(34,619)**

Note 22 - Provisions

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

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

Current Provisions

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

2016/17	**Insurance Claims**	**Business Rates Appeals**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Opening Balance	(716)	(607)	0	(1,323)
Increase in provision during year	0	(1,012)	0	(1,012)
Utilised during year	0	828	0	828
Closing Balance	**(716)**	**(791)**	**0**	**(1,507)**

Long Term Provisions

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

2016/17	**Other - Long Term**	**Total**
	£000	**£000**
Opening Balance	(223)	(223)
Increase in provision during year	0	0
Utilised during year	0	0
Closing Balance	**(223)**	**(223)**

2016/17	**Total Provisions**	**2017/18**
£000		**£000**
(1,546)	Opening Balance	(1,730)
(1,012)	Increase in provision during year	(2,483)
828	Utilised during year	1,543
0	Unused Amounts Reversed	0
(1,730)	**Closing Balance**	**(2,670)**

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

Note 23 - Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement on pages 42 and 43, along with a description of the nature and purpose of the reserve used in the adjustment between the accounting basis and the funding basis under regulation.

Other usable reserves are:

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

Capital Receipts Reserve

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

General Funds Schools Balance

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

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

Capital Receipts Reserve

2016/17 £000		2017/18 £000
(18,358)	Balance 1 April	(23,675)
(18,699)	Capital Receipts in year	(13,307)
0	Deferred Receipts realised	(3,200)
1,721	Capital Receipts Pooled	1,072
378	Transfer to revenue reserves to cover disposal costs	356
11,283	Capital Receipts used for financing	10,442
(23,675)	**Balance 31 March**	**(28,312)**

Major Repairs Reserve

2016/17 £000		2017/18 £000
(12,107)	Balance 1 April	(14,025)
0	Voluntary Transfers from the HRA	(2,410)
(12,496)	Depreciation and Amortisation	(9,298)
10,578	Application to finance capital expenditure	10,626
(14,025)	**Balance 31 March**	**(15,107)**

Capital Grants Unapplied

2016/17 £000		2017/18 £000
(60,073)	Balance 1 April	(50,680)
(15,924)	Capital grants recognised in year	(12,462)
25,317	Capital grants and contributions applied	30,699
(50,680)	**Balance 31 March**	**(32,443)**

Note 24 - Unusable Reserves

2015/16 £000	Re-stated 2016/17 £000		2017/18 £000
(215,886)	(277,336)	Revaluation Reserve	(306,010)
(862)	(761)	Available for Sale Financial Instruments Reserve	(1,209)
(275,989)	(268,678)	Capital Adjustment Account	(248,031)
1,995	1,634	Financial Instruments Adjustment Account	1,362
209,341	270,205	Pension Reserve	265,920
(3,291)	(12,991)	Deferred Capital Receipts Reserve	(9,791)
(2)	1,111	Collection Fund Adjustment Account	577
1,026	1,014	Accumulated Absences Account	1,014
(283,668)	**(285,802)**	**Total**	**(296,168)**

Revaluation Reserve

Re-stated 2016/17 £000		2017/18 £000
(215,886)	**Balance 1 April**	(277,336)
(93,124)	Upward revaluation of assets	(54,290)
6,480	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	17,952
(86,644)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(36,338)**
6,493	Difference between fair value depreciation and historical cost depreciation	2,789
18,701	Accumulated gains on assets sold or scrapped	4,875
25,194	**Amount written off to the Capital Adjustment Account**	**7,664**
(277,336)	**Balance 31 March**	**(306,010)**

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment and intangible assets.
The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

Available for Sale Financial Instruments Reserve

2016/17 £000		2017/18 £000
(862)	Balance 1 April	(761)
0	Upward revaluation of investments	(518)
101	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	70
(761)	**Balance 31 March**	**(1,209)**

The Available for Sale Financial Instruments Reserve contains the gains made by the authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

Capital Adjustment Account

Re-stated 2016/17 £000		2017/18 £000
(275,990)	**Balance 1 April**	(268,679)
15,647	Charges for depreciation and impairment of non-current assets	18,675
16,623	Revaluation losses on non-current assets	29,272
11	Amortisation of intangible assets	95
17,194	Revenue expenditure funded from capital under statute	19,471
53,093	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	25,901
102,569	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	93,414
(25,194)	Adjusting Amounts written out of the Revaluation Reserve	(7,664)
77,375	**Net written out amount of the cost of non-current assets consumed in the year**	85,750
(11,283)	Use of Capital Receipts Reserve to finance new capital expenditure	(10,442)
(10,578)	Use of Major Repairs Reserve to finance new capital expenditure	(10,626)
(36,520)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(36,323)
(1,841)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,367)
(9,521)	Capital expenditure charged against the General Fund and HRA balances	(6,700)
(69,743)	**Capital financing applied in year:**	(65,458)
(322)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	356
(268,679)	**Balance 31 March**	**(248,031)**

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and

Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and 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 subsequent costs.

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 17 and 43 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Financial Instruments Adjustment Account

2016/17 £000		2017/18 £000
1,995	**Balance 1 April**	1,634
(361)	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(272)
(361)	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	(272)
1,634	**Balance 31 March**	1,362

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

The 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 to 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.

For the Council, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Pension Reserve

2016/17 £000		2017/18 £000
209,341	Balance 1 April	270,205
56,419	Remeasurements of the net defined benefit (liability)/asset	(20,630)
12,554	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	25,241
(8,109)	Employer's pensions contributions and direct payments to pensioners payable in the year	(8,896)
270,205	**Balance 31 March**	**265,920**

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.

Deferred Capital Receipts Reserve

2016/17 £000		2017/18 £000
(3,291)	Balance 1 April	(12,991)
(9,700)	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	3,200
(12,991)	**Balance 31 March**	**(9,791)**

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.

Collection Fund Adjustment Account

2016/17 £000		2017/18 £000
(2)	Balance 1 April	1,111
1,113	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(534)
1,111	**Balance 31 March**	**577**

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 payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Accumulated Absences Account

2016/17 £000		2017/18 £000
1,026	**Balance 1 April**	1,014
(1,026)	Settlement or cancellation of accrual made at the end of the preceding year	0
1,014	Amounts accrued at the end of the current year	0
(12)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	0
1,014	**Balance 31 March**	**1,014**

The Accumulated Absences 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.

Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2016/17 £000		2017/18 £000
(848)	Interest received	(2,058)
9,194	Interest paid	8,963
8,346	**Total**	**(6,905)**

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

2016/17 £000		2017/18 £000
(15,647)	Depreciation	(18,675)
(16,623)	Impairment and downward valuations	(29,272)
(12)	Amortisation	(95)
504	(Increase)/decrease in creditors	9,773
7,927	Increase/(decrease) in debtors	(1,204)
(2)	Increase/(decrease) in inventories	1
(4,445)	Movement in pension liability	(16,345)
(53,093)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(25,901)
296	Other non-cash movements charged to the surplus or deficit on provision of services	(5,030)
(81,095)	**Total**	**(86,747)**

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

2016/17 £000		2017/18 £000
28,399	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,307
27,127	Any other items for which the cash effects are investing or financing cash flows (Capital Grants)	18,086
55,526	**Total**	**31,393**

Note 26 - Cash Flow from Investing Activities

2016/17 £000		2017/18 £000
92,066	Purchase of property, plant and equipment, investment property and intangible assets	121,189
14,700	Purchase of short-term and long-term investments	330,466
(7,497)	Other payments for investing activities	0
(18,699)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(16,507)
(27,000)	Proceeds from short-term and long-term investments	(339,252)
(23,916)	Other receipts from investing activities	(14,913)
29,654	**Net cash flows from investing activities**	**80,983**

Note 27 - Cash Flow from Financing Activities

2016/17 £000		2017/18 £000
(119,719)	Cash receipts of short-term and long-term borrowing	(203,000)
1,840	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,260
60,100	Repayments of short-term and long-term borrowing	117,829
(6,481)	Other payments for financing activities	904
(64,260)	**Net cash flows from financing activities**	**(82,007)**

Note 28 - Pooled Budgets

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

Better Care Fund
The Council began hosting the Better Care Fund from the 1st April 2015. This is part of a national initiative to pool health and social care funding of services to achieve better health and care for the local community.

The Better Care fund is a pooled budget agreement and operates according to an agreement made under section 75 of the National Health Act 2006 between Slough Borough Council and Slough Clinical Commissioning Group.

In 2017/18 the fund comprised 32 schemes (in 2016/17 there were 34 Schemes) grouped under the following headings:

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

The Better Care Fund also included a contingency, available for release into the pooled budget depending on performance against targets for reducing non-elective hospital admissions.

2016/17 £000	Better Care Fund	2017/18 £000
775	Authority Funding	3,494
8,260	Partner Funding	8,407
9,035	Total Pooled Funding	11,901
(775)	Authority Expenditure	(3,494)
(7,807)	Partner Expenditure	(7,756)
(8,582)	Expenditure	(11,250)
453	**Net Surplus on the Pooled Budget**	**651**
39	**Authority Share of the Net Surplus**	**191**

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

In accordance with the section 75 agreement, NHS funded services that are commissioned directly by the clinical commissioning group, do not require transactions to be via the Council. Consequently, the actual transfer of funding from the CCG to the Council as a result of the fund is £5.410m.

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

2016/17 £000	Berkshire Community Equipment Store	2017/18 £000
305	Authority Funding	305
6,557	Partner Funding	7,001
6,862	Total Pooled Funding	7,306
(245)	Authority Expenditure	(415)
(7,421)	Partner Expenditure	(7,141)
(7,666)	Expenditure	(7,556)
(804)	**Net Deficit on the Pooled Budget**	**(250)**
(36)	**Authority Share of the Net Deficit**	**(10)**

Note 29 - Members' Allowances

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

2016/17 £'000		2017/18 £'000
461	Allowances	482
461	**Total Members' Allowances**	482

Breakdown of members allowances for 2017/18 (£000's)

• Basic Allowance	316
• Mayor & Deputy Mayors Allowance	12
• Employers Costs	17
• Subsistence	0
• Special Responsibility Allowance	137
Total	**482**

Breakdown of members allowances for 2016/17 (£000's)

• Basic Allowance	313
• Mayor & Deputy Mayors Allowance	10
• Employers Costs	16
• Subsistence	0
• Special Responsibility Allowance	122
Total	**461**

Note 30 - Officers' Remuneration

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

Senior Officer Remuneration

2017/18		Salary, Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
		£0	£0	£0	£0
R Bagley - Chief Executive - Note 1	**2017/18**	0	0	0	**0**
	2016/17	119,291	104,983	214,029	**438,303**
R Parkin - Interim Chief Executive - Note 2	**2017/18**	112,959	142,215	339,903	**595,077**
	2016/17	27,107	0	2,990	**30,097**
N Pallace – Interim Chief Executive – Note1b	**2017/18**	29,889			**29,889**
	2016/17	0	0	0	**0**
Director of Children, Learning and Skills Services - Note 5	**2017/18**	61,012	0	8,298	**69,310**
	2016/17	0	0	0	**0**
Interim Director of Place and Development - Note 5	**2017/18**	86,655	0	0	**86,655**
	2016/17	0	0	0	**0**
Director of Finance and Resources (Section 151 Officer) - Note 5	**2017/18**	55,022	0	7,483	**62,505**
	2016/17	0	0	0	**0**
Director of Adults and Communities - Note 5	**2017/18**	62,685	0	8,495	**71,180**
	2016/17	0	0	0	**0**
Director of Regeneration - Note 5	**2017/18**	55,258	0	7,485	**62,743**
	2016/17	0	0	0	**0**
Strategic Director, Regeneration, Hsg & Resources - Note 3	**2017/18**	74,586	0	0	**74,586**
	2016/17	128,781	0	0	**128,781**
Strategic Director, Wellbeing - Note 3	**2017/18**	0	0	0	**0**
	2016/17	84,809	0	10,129	**94,938**
Strategic Director, Customer & Community Services - Note 2 and 3	**2017/18**	0	0	0	**0**
	2016/17	106,036	0	12,406	**118,442**
Assistant Director, Finance & Audit (Section 151 Officer - Note 3 and 4	**2017/18**	42,046	0	5,677	**47,723**
	2016/17	130,597	0	7,104	**137,701**
Interim Director of Children Services - Note 3	**2017/18**	57,348	0	7,799	**65,147**
	2016/17	98,520	0	0	**98,520**
Assistant Director - Adult Social Care - Note 3	**2017/18**	56,041	0	7,550	**63,591**
	2016/17	18,884	0	2,240	**21,124**
Director of Public Health - Note 6	**2017/18**	35,418	0	0	**35,418**
	2016/17	25,960	0	0	**25,960**
Total	**2017/18**	**728,919**	**142,215**	**392,690**	**1,263,824**
	2016/17	**739,985**	**104,983**	**248,898**	**1,093,866**

Note 1 - 2016/17 - Not full year costs - Postholder left 31/12/16, The pension contribution amount above includes a capital payment as compensation for loss of office.

Note 1 - 2017/18 - No postholder.

Note 1b – 2017/18 – Not full year costs. Commenced mid February 2018

Note 2 - 2016/17 - The Strategic Director Customer and Community Services started as interim Chief Executive on 31/01/17

Note 2 - 2017/18 - Postholder left 19/12/17. The pension contribution amount above includes a capital payment as compensation for loss of office.

Note 3 - 2017/18 - Not full year costs - Posts deleted as a result of the Senior Management Restructure implemented 2/10/17

Note 4 - 2016/17 - Not full year costs-Postholder left 24/07/16. Covered by interim from 17th July 2016 until 30th November and New postholder started 17/10/16

Note 5 - 2017/18 - Posts created as a result of the Senior Management Restructure implemented 2/10/17 .

Note 6 - The Director of Public Health costs are shared between the Berkshire Authorities. The total cost of the post in 2017/2018 is £189,100 (2016/17 £138,599) and Slough Borough Council share is 18.73%.

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

Officer Remuneration

	2016/17		**2017/18**	
	Schools	Non-schools	Schools	Non-schools
£50,001 to £55,000	23	13	16	19
£55,001 to £60,000	10	4	16	10
£60,001 to £65,000	17	12	10	11
£65,001 to £70,000	3	1	8	5
£70,001 to £75,000	2	2		2
£75,001 to £80,000	2	1	4	3
£80,001 to £85,000	2		2	
£85,001 to £90,000	4	2	2	
£90,001 to £95,000			2	1
£95,001 to £100,000	3		2	
£100,001 to £105,000		1		
£105,001 to £110,000				
£110,001 to £115,000				
£115,001 to £120,000				1
£120,001 to £125,000				
£125,001 to £130,000				
£130,001 to £135,000		1		
£135,001 to £140,000	1		1	
£140,001 to £145,000				1
£145,001 to £150,000				
£150,001 to £155,000				
£155,001 to £160,000		1		
	67	**38**	**63**	**53**

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 (£)	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0-£20,000	10	2	9	5	19	7	157,000	89,385
£20,001 - £40,000	5	1	0	0	5	1	152,000	36,377
£40,001 - £60,000	0	0	0	2	0	2	0	102,496
£60,001 - £80,000	0	0	1	0	1	0	65,000	0
£80,001 - £100,000	0	0	0	1	0	1	0	99,105
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	0	0	0	0	0
£200,001 to £250,000	0	0	0	0	0	0	0	0
£250,001 to £300,000	0	0	0	0	0	0	0	0
£300,001 to £350,000	1	0	0	0	1	0	305,000	0
£350,001 and over	0	1	0	0	0	1	0	466,499
Total	**16**	**4**	**10**	**8**	**26**	**12**	**679,000**	**793,862**
Add: Amounts provided for in CIES not included in bandings							0	0
Total cost included in CIES							**679,000**	**793,862**

Note 31 - External Audit Costs

The Council has incurred the following costs in relation to the annual external audit.

2016/17 £000		2017/18 £000
180	External Audit	128
35	Certification of Grant Claims	35
215	**Total**	**163**

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

The 2016/17 figures in the table above have been updated to include additional costs incurred post year end.

Note 32 - Dedicated Schools Grant

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

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

Details of the deployment of the DSG receivable for 2017/18 are as follows:

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

Notes	DSG Receivable for 2016/17	Central Expenditure £000	Individual Schools Budget £000	Total £000
A	Final DSG for year before Academies recoupment			151,290
B	Academy figure recouped for year			(79,450)
C	Total DSG after academy recoupment			**71,840**
D	Plus: Brought forward from previous year			4,933
E	Less: Carry forward to following year (agreed in advance)			0
F	Agreed initial budgeted distribution in year	**31,329**	**45,444**	**76,773**
G	In year adjustments	0	0	0
H	Final budget distribution for year	**31,329**	**45,444**	**76,773**
I	Less: Actual central expenditure	(33,060)		(33,060)
J	Less: Actual ISB deployed to schools		(41,326)	(41,326)
K	Plus: Local Authority contribution for year	0	0	0
L	**Carry forward to 2017/18**	**(1,731)**	**4,118**	**(2,387)**

Note 33 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure in 2017/18.

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

2016/17 £000		2017/18 £000
(18,477)	Revenue Support Grant	(13,181)
(3,677)	PFI	(3,678)
(3,704)	New Homes Bonus	(3,195)
(38)	Local Services Support Grant	(40)
(1,292)	Education Services Grant	(270)
(918)	Section 31 Grant	(990)
0	Adults and Social Care	(516)
(27,127)	GF Capital Grants	(18,086)
(55,233)	**Total**	**(39,956)**

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

The balances at the year end are as follows:

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31 March 2017 £000		31 March 2018 £000
(2,100)	Capital Grants	(2,100)
(2,100)	**Total**	**(2,100)**

Note 34 - Related Parties

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

Wholly owned Subsidiaries

The Council has a wholly owned subsidiary - Development Initiative for Slough Housing (DISH), three Councillors and an officer sit on the board of DISH. Total income and expenditure of £386k has been included within Slough Borough Council's accounts in respect of transactions with DISH for the financial year 2017/18 (in 2016/17 the total was £376k).

James Elliman Homes is a wholly owned subsidiary set up during 2017/18. Slough has made payments totalling £6.72m in the year to James Elliman homes, interest on the payments totalling £58k is expected from the payments made by the Council.

Pooled Budgets

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

Central Government

Central government has effective control over the general operations of the Council. Central Government is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits).

Grants received from government departments are set out in Note 33. Grants received in advance at 31st March 2018 are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating polices. The total of members allowances paid in 2017/18 are shown in note 29.

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

Slough Urban Renewal

In 2017/18 three Officers and two members have sat on the board of Slough Urban Renewal (SUR). Slough Urban Renewal is a Limited Liability Partnership created when the Council entered into partnership with Morgan Sindall Investments to build a new library, cultural and community centre in the heart of the town. Payments totalling £46.323m have been made to SUR in the year (2016/17 £37.6m).

During 17/18 a total of £4.309m was received from Slough Urban Renewal (in 2016/17 1.7m) in relation to its share of profit generated by the company.

Land transfers totalling £12.9m comprising, Ledgers Road £3.2m and £9.7m land transfers (Wexham) were made in the previous year (2016/17). The £3.2m had been repaid during 2017/18 with the £9.7m remaining outstanding at 31st March 2018. Total interest on the loan notes issued amounted to £1.719m for 2017/18 (£987k 2016/17) theses amounts were included in the council's accounts.

Matrix

The council has a contract with Matrix SCM Limited for senior officers paid through an agency. Remuneration paid to management entity for services provided by the interim director of children's services totalled £0 in 2017/18 (£92k 2016/17, £161.2k 2017/18 (£129k 2016/17) for services provided by the interim strategic director of Resources, Housing and Regeneration.

Other Management Entities

The Council paid other management entities £30k (£0 in 2016/17) for services provided by the interim Chief Executive.

Note 35 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI 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

2016/17 £000		2017/18 £000
316,323	Opening Capital Financing Requirement	356,313
	Capital Investment:	
76,449	Property Plant and Equipment	92,388
15,669	Investment Property	33,671
421	Intangible Assets	188
17,194	Revenue Expenditure Funded from Capital Under Statute	19,471
109,733	**Total Capital Spending**	**145,718**
	Sources of Finance:	
(11,283)	Capital receipts	(10,442)
(36,520)	Government Grants and other contributions	(36,323)
(10,578)	Major repairs reserve	(10,626)
	Sums set aside from revenue:	
(9,521)	- Direct revenue contributions	(6,700)
(1,841)	- Minimum revenue provision	(1,367)
(69,743)	**Total Sources of Finance**	**(65,458)**
356,313	**Closing Capital Financing Requirement**	**436,573**
39,990	**Increase in underlying need to borrow**	**80,260**

Note 36 - Leases

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

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

Authority as Lessee - Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2017 £'000		31 March 2018 £'000
10,075	Other Land and Buildings	7,443
142	Vehicles, Plant, Furniture, Equipment and Other	364
10,217	**Total**	**7,807**

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

31 March 2017 £'000		31 March 2018 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
(1,089)	- current	(998)
(7,653)	- non-current	(6,604)
(208)	Finance costs payable in future years	(411)
(8,950)	**Minimum lease payments**	**(8,013)**

No contingent rentals were recognised as an expense in the Comprehensive Income and Expenditure Account, during the year, and no future sub lease income is expected to be received, as all assets are used exclusively by the Council.

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

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2017 £'000	**31 March 2018 £'000**		**31 March 2017 £'000**	**31 March 2018 £'000**
1,134	1,090	Not later than one year	(1,089)	(998)
3,472	3,066	Later than one year and not later than five years	(3,386)	(3,217)
4,344	3,857	Later than five years	(4,267)	(3,593)
8,950	**8,013**	**Total**	**(8,742)**	**(7,808)**

Authority as Lessee - Operating Leases

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

31 March 2017 £'000		31 March 2018 £'000
633	Not later than one year	405
1,854	Later than one year and not later than five years	765
6,524	Later than five years	0
9,011	**Total**	**1,170**

The Council, in accordance with its statutory and discretionary responsibilities, leases out land and buildings under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for small local businesses
- any other purpose, deemed appropriate by the Council

The expenditure charged to services in the CIES during the year in relation to these leases was:

2016/17 £'000		2017/18 £'000
588	Minimum lease payments	403
588	**Total**	**403**

Authority as Lessor - Operating Leases

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

31 March 2017 £'000		31 March 2018 £'000
257	Not later than one year	3,399
1,027	Later than one year and not later than five years	11,886
8,535	Later than five years	29,333
9,819	**Total**	**44,618**

Note 37 - Service Concession Arrangements

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

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

Each PFI scheme is unique and is designed and build to facilitate the specific needs of the council. A detailed contract is entered into which will set out the specification of the service to be provided, how long the agreement is for and will usually have very specific clauses in that specify exactly who received services provided and will furthermore give the Council the ability to restrict who the operator provides services to.

Under a PFI contract the operator is obliged to hand over the facility at the end of the contract in a specified condition at no additional cost to the Council

Schools PFI Scheme

During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools Penn Wood, Beechwood and Arbour Vale. The contract is for a period of 28years.

•Penn Wood became operational on 26th February 2007

•Beechwood and Arbour Value schools both became operational from 3rd September 2007.

Under International Financial Reporting Standards (IFRS) the PFI assets recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation cycle of non-current assets.) The assets are subject to depreciation and impairment as normal assets.

The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This is being written down over the life of the contract as payments are made under the contract. The Council is committed to make total payments of circa £229.3m over the life of the contract. The monthly payments to the contractor are often refered to as a Unitary payment which incorporates the three distinctive elements of the scheme (Capital repayment, Interest and Service charge). The capital cost is set against the liability for the purchase cost, the interest element is charged against interest payable in the accounts, and the service elements is charged to 'Children's Learning and Skills' expenditure in the Comprehensive Income and Expenditure account.

Movement in PFI Assets

2017/18	**PFI Schools**	**Total**
	£000	**£000**
Cost or Valuation		
at 1 April 2017	42,344	42,344
Accumulated depreciation and impairment written off to GCA	(8,197)	(8,197)
Additions	182	182
Revaluation increases recognised in the Revaluation Reserve	6,982	6,982
at 31 March 2018	**41,311**	**41,311**
Accumulated Depreciation and Impairment		
at 1 April 2017	(7,704)	(7,704)
Accumulated depreciation and impairment written off to GCA	8,197	8,197
Depreciation charge	(714)	(714)
at 31 March 2018	**(221)**	**(221)**
Net Book Value		
at 31 March 2018	**41,090**	**41,090**
at 1 April 2017	**33,966**	**33,966**

Movement in PFI Assets

2016/17	**PFI Schools**	**Total**
	£000	**£000**
Cost or Valuation		
at 1 April 2016	65,107	65,107
Additions	319	319
Revaluation increases recognised in the Revaluation Reserve	942	942
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	42	42
Derecognition – disposals	(24,066)	(24,066)
at 31 March 2017	**42,344**	**42,344**
Accumulated Depreciation and Impairment		
at 1 April 2016	(7,704)	(7,704)
Depreciation charge	(982)	(982)
Derecognition – disposals	308	308
at 31 March 2017	**(8,378)**	**(8,378)**
Net Book Value		
at 31 March 2017	**33,966**	**33,966**
at 1 April 2016	**57,403**	**57,403**

Beechwood

In 2016/17 Beechwood School transferred to an Academy.

Under International Financial Reporting Standards (IFRS) the PFI assets are recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation cycle of non-current assets. The assets are subject to depreciation and impairment as normal assets.

However as Beechwood has converted to an Academy the Council is not entitled to recognise the School as an asset on the Councils Balance Sheet, this school has therefore been de-recognised as an asset in the Council's accounts (removed from).

The full element of the liability to the operator is still shown in the books of the Council, as the Council is ultimately responsible for the payment of the Complete Unitary Charge.

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

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

Movement in PFI Liabilities

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

2016/17	PFI Schools	Total
	£000	£000
Balance outstanding at start of year	(36,545)	(36,545)
Payments during the year	729	729
Capital expenditure incurred in the year	0	0
Other movements	0	0
Balance outstanding at year-end	**(35,816)**	**(35,816)**

Payments due under PFI schemes - 2017/18

Reimbursement of Capital Expenditure	PFI Schools	Total
	£000	£000
Payable within one year	(1,262)	(1,262)
Payable within two to five years	(4,603)	(4,603)
Payable within six to ten years	(8,441)	(8,441)
Payable within eleven to fifteen years	(13,141)	(13,141)
Payable within sixteen to twenty years	(8,516)	(8,516)
Total	(35,963)	(35,963)

Interest	PFI Schools	Total
	£000	£000
Payable within one year	(2,794)	(2,794)
Payable within two to five years	(10,175)	(10,175)
Payable within six to ten years	(10,347)	(10,347)
Payable within eleven to fifteen years	(6,499)	(6,499)
Payable within sixteen to twenty years	(1,118)	(1,118)
Total	(30,933)	(30,933)

Payment for Services	PFI Schools	Total
	£000	£000
Payable within one year	(2,264)	(2,264)
Payable within two to five years	(12,085)	(12,085)
Payable within six to ten years	(16,307)	(16,307)
Payable within eleven to fifteen years	(16,597)	(16,597)
Payable within sixteen to twenty years	(8,463)	(8,463)
Total	(55,716)	(55,716)

Note 38 - Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note14 reconciling the movement over the year in property, plant and equipment.

Note 39 - Termination Benefits

The Council terminated the contracts of a number of employees during the year from various services, incurring total liabilities of £0.794m - see note 30 for the numbers and costs of the exit packages.

Note 40 - Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

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

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

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

In 2017/18, the Council paid £2.8m to Teachers Pensions, in respect of teachers retirement benefits, representing 16.48% of Pensionable pay (The figure for 2016/17 was £3.301m which was 16.48% of Pensionable pay). There were no contributions remaining payable at the year end.

Note 41 - Defined Benefit Pension Scheme

Participation in Pension Schemes

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

The Authority participates in two post-employment scheme:

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

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

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

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

Transactions relating to Post-Employment Benefits

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

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

2016/17 LGPS £000		2017/18 LGPS £000
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
	Service cost comprising:	
9,174	Current service cost	14,155
377	Past service cost	702
(4,338)	(Gain) / loss from settlements	2,728
	Financing and Investment Income and Expenditure	
7,341	Net interest expense	7,656
12,554	**Total charged to Deficit on Provision of Services**	**25,241**

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

£000		£000
	Re-measurement of the net defined benefit liability comprising:	
(21,805)	Return on plan assets (excluding the amount included in the net interest expense)	(1,083)
(5,805)	Actuarial gains arising on changes in demographic assumptions	0
93,972	Actuarial gains and losses arising on changes in financial assumptions	(19,681)
(9,943)	Other movements in the liability / (asset)	134
68,973	**Total charged to the Comprehensive Income and Expenditure Statement**	**4,611**

Movement in Reserves Statement

2016/17 LGPS £000		2017/18 LGPS £000
(12,554)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(25,241)
	Actual amount charged against the general fund balance for pensions in the year:	
8,109	Employers' contributions payable to scheme	8,896

31/3/2017	Pensions Assets and Liabilities Recognised in the Balance Sheet	31/3/2018
LGPS		LGPS
£000		£000
(494,657)	Present value of the defined obligation	(496,297)
224,452	Fair value of plan assets	230,377
(270,205)	**Net (liability) arising from the defined benefit obligation**	**(265,920)**

2016/17	Movement in the Value of Scheme Assets	2017/18
LGPS £000		LGPS £000
186,058	Opening fair value of scheme assets	224,452
6,832	Interest income	6,300
	Re-measurement gain:	
21,805	- The return on plan assets, excluding the amount included in the net interest expense	1,083
11,144	Other gains	0
8,109	Contributions from employer	8,896
2,404	Contributions from employees into the scheme	2,468
(11,900)	Benefits / transfers paid	(12,822)
224,452	**Closing value of scheme assets**	**230,377**

2016/17	Movements in the Fair Value of Scheme Liabilities	2017/18
LGPS 000		LGPS £000
(395,399)	Opening balance at 1 April	(494,657)
(9,174)	Current service cost	(14,155)
(14,173)	Interest cost	(13,956)
(2,404)	Contributions from scheme participants	(2,468)
	Re-measurement gains and losses:	
5,805	- Actuarial gains from changes in demographic assumptions	0
(93,972)	- Actuarial gains / (losses) from changes in financial assumptions	19,681
(1,201)	- Other	(134)
(377)	Past service cost	(702)
11,900	Benefits / transfers paid	12,822
4,338	Liabilities extinguished on settlements	(2,728)
(494,657)	**Balance as at 31 March**	**(496,297)**

Fair value of scheme assets

2016/17				2017/18		
Quoted	**Unquoted**	**Total**		**Quoted**	**Unquoted**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
23,512	**0**	**23,512**	**Cash and cash equivalents**	**34,531**	**0**	**34,531**
			Equities			
44,561	0	44,561	Overseas	94,515	0	94,515
9,629	0	9,629	UK	17,874	0	17,874
54,190	**0**	**54,190**	**Subtotal Equities**	**112,389**	**0**	**112,389**
			Bonds			
27,767	0	27,767	Overseas unit trusts	11,726	0	11,726
0	23,960	23,960	Overseas Private Equity	0	0	0
0	23,288	23,288	Private Fixed Interest	0	23,490	23,490
10,077	0	10,077	Unit Trusts	0	0	0
37,844	**47,248**	**85,092**	**Subtotal Bonds**	**11,726**	**23,490**	**35,216**
			Private Equity			
3,135	0	3,135	UK	0	0	0
3,135	**0**	**3,135**	**Subtotal Private Equity**	**0**	**0**	**0**
			Other Investment Funds			
0	11,420	11,420	Infrastructure	0	12,091	12,091
30,900	0	30,900	Property	25,206	4,947	30,153
23,064	0	23,064	Target Returns	10,183	0	10,183
2,175	1,632	3,807	Commodities	2,438	1,707	4,145
56,139	**13,052**	**69,191**	**Subtotal Other Investment Funds**	**37,827**	**18,745**	**56,572**
			Derivatives			
0	(11,196)	(11,196)	Longevity insurance	0	(4,180)	(4,180)
0	**(11,196)**	**(11,196)**	**Subtotal Derivatives**	**0**	**(4,180)**	**(4,180)**
174,820	**49,104**	**223,924**	**Total Assets**	**196,473**	**38,055**	**234,528**

Basis for estimating assets and liabilities

Liabilities have been assessed on an accruals basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Barnett Waddington, 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 on the next page:

Mortality assumptions

Longevity at retirement for current pensioners

2016/17		2017/18
23.0	Men	23.1
25.0	Women	25.2

Longevity at retirement for future pensioners

2016/17		2017/18
25.1	Men	25.3
27.4	Women	27.5

Other assumptions

2016/17		2017/18
3.6%	Rate of inflation	3.3%
4.2%	Rate of increase in salaries	3.8%
2.7%	Rate of increase in pensions	2.3%
2.8%	Rate for discounting scheme liabilities	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses on the next page have determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all 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 of assumptions on the obligation:

Increase by 1% £000	LGPS Assumption	Decrease by 1% £000
18,972	Longevity	(18,259)
5,710	Rate of increase in salaries	(5,690)
89,260	Rate of increase in pensions	(87,614)
(92,950)	Rate for discounting scheme liabilities	94,800

Impact on Authority's cash flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 2 years. Funding levels are monitored on an annual basis. The next triennial valuation s due to be completed on 31 March 2020.

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

The Authority anticipates to pay £7,968k expected contributions to the scheme in 2018/19.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (20 years 2015/16).

Note 42 - Contingent Liabilities

Lender Offer Borrower Offer (LOBO) Loans

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

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

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

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

Thames Water

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

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

Financial Instruments-Risks

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

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

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

The Main risks covered are:

- Credit Risk - The possibility that one party or financial instrument will fail to meet its contractual obligations, causing a loss for the other party.
- Liquidity Risk: The possibility that the Council might not have the cash available to make contractual payments on time.
- Market Risk: The possibility financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

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

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

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2017/18, approved by the Full Council on 23 February 2017 and can be accessed on the Councils' s website by typing the following pathway in:

http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=168&MId=5671

The table below summarises the carrying value of the Council's Investment and cash equivalent portfolio and shows that all deposits outstanding as at 31st March 2018 met the Council's credit rating criteria on that date:

Total 31/03/17	Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31/3/2018	Balance Invested as at 31st March 2018					Total
		YES/NO	YES/NO	Upto 1 month	> 1 and < 3 months	> 3 and < 6 months	> 6 and < 12 months	> 12 months	
£'000				£'000	£'000	£'000	£'000	£'000	£'000
4,032	Banks - UK	YES	YES						0
	Banks - non UK	YES	YES	0					0
4,032	**Total Banks**			**0**	**0**	**0**	**0**	**0**	**0**
3,006	Building Societies	YES	YES	0	0	0	0		0
6,582	Call Accounts	YES	YES	4,754	0	0	0	0	4,754
15,154	Local Authorities	YES	YES	5,060	0				5,060
14,445	Pooled Fund	YES	YES	131	0	0	2,565	16,206	18,902
13,887	SUR Loan Notes	YES	YES			10,986			10,986
	Loans to Subsidiaries	YES	YES	47				6,724	6,771
57,106	**TOTAL**			**9,992**	**0**	**10,986**	**2,565**	**22,930**	**46,473**

	Long Term 31/03/2018 £000's	**Long Term 31/03/2017 £000's**	**Short Term 31/03/2018 £000's**	**Short Term 31/03/2017 £000's**
Deposits with banks and financial institutions				
AAA				7,038
AAA mmf		-	4,754	6,582
AA+		-		
AA-		-		
A+		-		
A		-		
Unrated Local Authorities		5,000	5,060	10,154
Unrated BuildingSocieties		-		
Unrated Pooled Funds	16,206	11,770	2,695	2,675
Slough Urban Regeneration		9,700	10,986	4,188
Loans to Subsidiaries	6,724			
	22,930	**26,470**	**23,495**	**30,637**

Liquidity Risk

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

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

Maturity Structure of borrowing

Years	31-Mar-18 £'000	% of Total Debt	31-Mar-17 £'000	% of Total Debt
< 1 year	152,760	47.28%	67,000	28.23%
1 to 2 yrs	0	0.00%	0	0.00%
2 to 5 yrs	18,000	5.57%	14,001	5.90%
5 to 10 yrs	14,000	4.33%	4,000	1.68%
10-15 yrs	45,500	14.08%	30,529	12.86%
15-20 yrs	28,000	8.67%	28,000	11.80%
20-25 yrs	60,841	18.84%	60,841	25.63%
25-30yrs	0	0.00%	20,000	8.43%
> 30 years	4,000	1.23%	13,000	5.48%
Total	**323,101**	**100.00%**	**237,371**	**100.00%**

Market Risks: Interest Rate Risk

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

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

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

The Treasury Management Strategy aims to mitigate these risks by setting upper limits of 50% on external debt that can be subject to variable interest rates. At 31 March 2018, 88.85% of the debt portfolio was held in fixed rate instruments and 11.15% in variable rate or LOBO instruments.

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

	31/03/18	31/03/17
	£000	£000
Increase in interest payable on variable rate borrowings	190	180
Increase in interest receivable on variable rate investments	(209)	(281)
Impact on Surplus or Deficit on the Provision of Services	**(19)**	**(101)**
Decrease in fair value of fixed rate investment assets	0	229

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

Housing Revenue Account (HRA)

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the cost in year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

Authorities charge rents to cover the expenditure in accordance with regulations. The increase or decrease in the year are shown in the movement on the HRA statement.

2016/17 £000		2017/18 £000
	Expenditure	
9,809	Repairs & Maintenance	10,160
8,934	Supervision & Management	9,793
291	Rents, Rates, Taxes and other charges	378
(946)	Depreciation, impairments (reversals) and revaluation losses of non-current assets	11,812
18,088	**Total Expenditure**	**32,143**
	Income	
(32,783)	Dwelling rents	(32,351)
(3,591)	Non-dwelling rents	(1,421)
(2,393)	Charges for services and facilities	(2,559)
(662)	Contributions towards Expenditure	(152)
(39,429)	**Total Income**	**(36,483)**
(21,341)	**Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**	**(4,340)**
469	HRA Services Share of Corporate & Democratic Core	262
(20,872)	**Net Income of HRA Services**	**(4,078)**
4,323	Loss on sale of HRA Non Current Assets (including administrative costs)	4,406
5,112	Interest Payable and Similar Charges	5,073
(781)	HRA Interest and Investment Income	(84)
434	Net interest on the defined benefit liability	400
(11,784)	**(Surplus) or Deficit for Year on HRA Services**	**5,717**

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

Movement on the HRA Statement

2016/17 £000	Movement on the HRA Statement	2017/18 £000
(29,066)	Balance on the HRA at the end of the previous year	(23,711)
(11,784)	(Surplus) or Deficit on the HRA Income and Expenditure Statement	5,717
17,139	Adjustments between accounting basis and funding basis under statute	156
5,355	Net decrease before transfers to or from reserves	5,873
(23,711)	**Balance on the HRA at the end of the current year**	**(17,838)**

2016/17 £000	Adjustment between accounting basis	2017/18 £000
120	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	102
812	Transfers to/(from) the Capital Adjustment Account	(11,813)
(4,272)	Loss on sale of non-current assets (excluding administrative costs)	(4,358)
(434)	Contributions from the Pension Reserve	(436)
(83)	Transfers from the Capital Receipts Reserve	(48)
12,496	Transfers to Major Repairs Reserve	11,708
8,500	Capital expenditure funded by the HRA	5,000
17,139	**Net additional amount required by statute to be debited to the HRA Balance for the year**	**155**

Notes to the HRA Account

Introduction

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

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

Vacant Possession Valuation

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

The vacant possession value of council dwellings within the HRA at 31 March 2018 was £1,454 million as valued by Wilkes, Head and Eve compared with a value of £484.7 million for its existing use as social housing. The difference Of £969.3 million represents the economic cost to Government of providing housing at less than open market rents.

Housing Stock

The number of dwellings in the housing stock of the Authority as at 31st March 2018 is analysed below:-

31st March 2017	Property Type	31st March 2018
2,750	Houses	2,749
2,914	Flats	2,822
529	Bungalows	529
6	Share Ownership	6
(105)	Awaiting Demolition	(14)
6,094		**6,092**

31st March 2017	Property Type	31st March 2018
6,232	Total Dwellings 1st April 2018	6,094
(64)	Sold	(66)
31	New Build/Acquisition Awaiting	78
(105)	Demolision/Demolished	(14)
6,094		**6,092**

HRA Property, Plant and Equipment

Movements to 31 March 2018

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

Movements to 31 March 2017

	Council Dwellings	Land and Buildings	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
at 1 April 2016	433,683	7,152	4,846	3,356	**449,037**
Accumulated depreciation and impairment written off to GCA	(8,275)	0	0	0	**(8,275)**
Additions	16,100	0	19,583	11,112	**46,795**
Revaluation increases recognised in the Revaluation Reserve	53,083	0	0	0	**53,083**
Revaluation increases recognised in the Deficit on the Provision of Services	9,034	4,274	0	0	**13,308**
Derecognition – disposals	(15,600)	0	0	0	**(15,600)**
Other movements in cost or valuation	(1,079)	(3,238)	163	2	**(4,152)**
at 31 March 2017	**486,946**	**8,188**	**24,592**	**14,470**	**534,196**
Accumulated Depreciation and Impairment					
at 1 April 2016	(6,349)	0	0	0	**(6,349)**
Accumulated depreciation and impairment written off to GCA	8,275	0	0	0	**8,275**
Depreciation charge	(8,366)	(93)	(85)	0	**(8,544)**
Derecognition – disposals	32	(32)	0	0	**0**
Other movements in depreciation and impairment	8	(4,500)	(78)	(2)	**(4,572)**
at 31 March 2017	**(6,400)**	**(4,625)**	**(163)**	**(2)**	**(11,190)**
Net Book Value					
at 31 March 2017	**480,546**	**3,563**	**24,429**	**14,468**	**523,006**
at 31 March 2016	**427,334**	**7,152**	**4,846**	**3,356**	**442,688**

HRA Investment Properties

31 March 2017		31 March 2018
Non-Current £000	**Investment Property Movements in Year**	**Non-Current £000**
2,247	Balance at start of year	2,247
0	Net gains from fair value adjustments	13
2,247	**Balance at the end of the year**	**2,260**

Housing Revenue Account Capital Expenditure

2016/17 £000		2017/18 £000
	Capital investment	
14,048	Operational assets	9,056
11,314	Non-operational assets	10,650
25,362	**Total capital investment**	**19,706**
	Sources of funding	
(3,284)	Capital Receipts	(3,470)
(10,578)	Major Repairs Reserve	(10,626)
(3,000)	Government grants and other contributions	(610)
(8,500)	Direct Revenue Financing	(5,000)
(25,362)	**Total funding**	**(19,706)**

Depreciation and Impairment(Reversals) of Non-Current Assets

2016/17			2017/18	
Depreciation £000	Impairment/ (Reversals) £000		Depreciation £000	Impairment £000
8,366	(9,038)	Council Dwellings	9,172	2,336
93	(362)	Other Land and Buildings	81	85
92	0	Vehicles, Plant, Furniture and Equipment	0	0
85	(182)	Surplus Assets Not Held for Sale	45	106
8,636	**(9,582)**	**Total**	**9,298**	**2,527**

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

However, the charge the council is required to make against the Housing Revenues Account's bottom line is based on the cash contributions payable in the year.

The following transactions have been made in the HRA and the Movement in HRA statement during the year:

Transactions relating to retirement benefits

2016/17 £000		2017/18 £000
0	Current Service Cost	746
434	Net interest expense	359
0	Other	0
434	**Total charged to Comprehensive Income and Expenditure Statement**	**1105**
0	Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(436)
434	**Movement on Pension Reserve**	**669**

Total Capital Receipts Generated during the year

2016/17 £000		2017/18 £000
0	Land	(52)
(11,328)	Council Houses	(6,123)
0	Other Property	(1,920)
(11,328)	**Total**	**(8,095)**

HRA Major Repair Reserve

The movement on the Major Repairs Reserve during the year ended 31st March 2018 is summarised below:

2016/17 £000		2017/18 £000
(12,107)	Balance at 1st April	(14,025)
(8,637)	Depreciation	(9,298)
(3,859)	Transfer from HRA Balance	(2,410)
10,578	Capital Expenditure on HRA Land, Houses and Other Property	10,626
(14,025)	**Total**	**(15,107)**

Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to Housing Revenue Account is £1,807,776 (£1,653,029 in 2016/17)

Rent Arears

During 2017/18 the total rent arears increased by £45k and prepayments increased by £770k providing a positive movement in arears. A summary of rent arears and prepayments is shown in the following table

31 March 2017 £000		**31 March 2018 £000**
1,398	Current Tenant Arears	1,297
832	Former Tenant Arears	978
2,230	**Total rent Arears**	**2,275**
(617)	Prepayments	(770)
1,613	**Net Rent Arears**	**1,505**

Collection Fund

Collection Fund

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

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

2016/17				2017/18		
Business Rates 000	**Council Tax £000**	**Total £000**	**Collection Fund**	**Business Rates £000**	**Council Tax £000**	**Total £000**
			INCOME:			
	(58,445)	(58,445)	Council Tax Receivable		(62,328)	(62,328)
(99,093)		(99,093)	Business Rates Receivable	(103,885)		(103,885)
(1)	0	(1)	Transitional Protection Payments Receivable	0	0	0
(99,094)	**(58,445)**	**(157,539)**	**Total amounts to be credited**	**(103,885)**	**(62,328)**	**(166,213)**
			EXPENDITURE:			
			Apportionment of Previous Year Surplus/Deficit:			
37		37	Central Government	(361)		(361)
36	699	736	Slough Borough Council	(354)	84	(270)
1	4	4	Berkshire Fire Authority	(7)	4	(3)
	97	97	Thames Valley police		12	12
			Precepts, demands and shares:			
49,356		49,356	Central Government	50,985		50,985
48,369	48,909	97,277	Slough Borough Council	49,965	52,675	102,640
987	2,507	3,494	Berkshire Fire Authority	1,020	2,573	3,593
	6,830	6,830	Thames Valley police		7,011	7,011

2016/17				2017/18		
Business Rates 000	**Council Tax £000**	**Total £000**	**Collection Fund**	**Business Rates £000**	**Council Tax £000**	**Total £000**
			Charges to Collection Fund:			
1,092	0	1,092	Write-offs of uncollectable amounts	0	0	0
0	31	31	Increase/(decrease) in allowance for impairment	802	480	1,282
184		184	Increase/(decrease) in allowance for appeals	1,461		1,461
5		5	Transitional Protection Payments Payable	1,576		1,576
210		210	Charge to General Fund for allowable collection costs for non-domestic rates	208		208
			Other transfers to General Fund in accordance with non-domestic rates regulations			
0	0	0	Other Income or expenditure	0	0	0
100,277	**59,077**	**159,354**	**Total amounts to be debited**	**105,295**	**62,839**	**168,134**
1,183	**632**	**1,815**	**Deficit arising during the year**	**1,410**	**511**	**1,921**
723	**(422)**	**301**	**Deficit b/f at 1 April 2017**	**1,906**	**210**	**2,116**
1,906	**210**	**2,116**	**Deficit c/f at 31 March 2018**	**3,316**	**721**	**4,037**

Notes to the Collection Fund

Note 1 - 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.)

2017/18

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	Council Tax payable
	£	No		No	£
A	Upto and including - 40,000	1,098	6/9	732	849.69
B	40,001 - 52,000	6,711	7/9	5,220	991.31
C	52,001 - 68,000	18,681	8/9	16,606	1,132.92
D	68,001 - 88,000	11,307	9/9	11,307	1,274.54
E	88,001 - 120,000	4,161	11/9	5,086	1,557.77
F	120,001 - 160,000	1,624	13/9	2,347	1,841.00
G	160,001 - 320,000	323	15/9	538	2,124.23
H	More than - 320,001	4	18/9	8	2,549.08
			Adjustment	(670)	
			Council tax base	41,174	

2016/17

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	Council Tax payable
	£	No		No	£
A	Upto and including - 40,000	962	6/9	641	811.47
B	40,001 - 52,000	6,341	7/9	4,932	946.72
C	52,001 - 68,000	18,181	8/9	16,161	1,081.97
D	68,001 - 88,000	11,119	9/9	11,119	1,217.21
E	88,001 - 120,000	4,078	11/9	4,984	1,487.70
F	120,001 - 160,000	1,576	13/9	2,277	1,758.19
G	160,001 - 320,000	319	15/9	531	2,028.68
H	More than - 320,001	3	18/9	6	2,434.42
			Adjustment	(650)	
			Council tax base	40,001	

Note 2 – Business Rates

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

In 2017/18 the amount was 47.90p (48.40p = 2016/17). The small business rate multiplier was 46.60p for 2017/18 (49.70p 2016/17). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government.

This is shown in the Comprehensive Income and Expenditure Statement and analysed at Note 13. The total rateable value @ 31 March 2018 was £244,947,038 (31 March 2017 = £225,398,275).

Group Accounts

Group Accounts Overview

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

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

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

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

Basis of the Preparation of the Group Financial Statements

The Group Accounts have been prepared using the group accounts requirements of the 2017/18 Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's Group Accounts to the extent that they are material to the users of the Financial Statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Accounting Policies

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

The Group Movement in Reserves Statement

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

The Group Comprehensive Income and Expenditure Statement

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

The Group Balance Sheet

Incorporates and includes the value of the assets and liabilities recognised by the Group at 31 March 2018. Net assets of the Group are equal to the Group reserves.

Group Cash Flow Statement

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

Group Comprehensive Income and Expenditure Statement

2016/17 Restated				2017/18		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
79,838	(20,167)	59,671	Adults and Communities	80,873	(24,473)	56,400
128,506	(86,161)	42,345	Children, Learning and Skills	141,294	(85,119)	56,175
26,013	(4,352)	21,661	Place and Development	40,949	(8,937)	32,012
12,919	(7,446)	5,473	Regeneration	4,645	(4,107)	538
110,019	(80,329)	29,690	Finance and Resources	97,147	(74,818)	22,329
815	0	815	Chief Executive	1,630	0	1,630
18,088	(39,429)	(21,341)	Housing Revenue Account	32,143	(36,483)	(4,340)
0	0	0	James Elliman Homes	127	(303)	(176)
376,198	**(237,884)**	**138,314**	**Cost of Services**	**398,808**	**(234,240)**	**164,568**
26,940	0	26,940	Other Operating Expenditure	14,197	0	14,197
24,443	(10,823)	13,620	Financing and Investment Income and Expenditure	23,845	(13,704)	10,141
18,557	(152,960)	(134,403)	Taxation and Non Specific Grant Income	18,780	(141,394)	(122,614)
446,138	**(401,667)**	**44,471**	**Group Surplus or Deficit**	**455,630**	**(389,338)**	**66,292**
		(86,643)	Surplus or deficit on revaluation of Property, Plant and Equipment			(36,338)
		101	Surplus or deficit on revaluation of available for sale financial assets			(448)
		56,419	Remeasurement of the net defined benefit liability / asset			(20,630)
		(30,123)	**Other Comprehensive Income and Expenditure**			**(57,416)**
		14,348	**Total Comprehensive Income and Expenditure**			**8,876**

Group Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority Share of Subsidiary Reserves £000	Total Reserves £000
Balance at 31 March 2017 Restated	(8,123)	(7,156)	(23,710)	(23,675)	(14,025)	(50,680)	**(127,369)**	(285,802)	**(413,171)**	0	**(413,171)**
Movement in reserves during 2017/18											
Defecit on the Provision of Services	60,561		5,717				66,278		66,278		
Other Comprehensive Income/Expenditure								(57,416)	(57,416)		
Total Comprehensive Income and Expenditure	**60,561**		**5,717**				**66,278**	**(57,416)**	**8,862**	**61**	**8,923**
Adjustments between accounting basis and funding basis under regulations	(59,723)		155	(4,637)	(1,082)	18,237	**(47,050)**	47,050	**0**		**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**838**	**0**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**	**61**	**8,923**
Transfers to / from Earmarked Reserves	(838)	838	0				**0**				**0**
Increase or Decrease in 2017/18	**0**	**838**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**19,228**	**(10,366)**	**8,862**	**61**	**8,923**
Balance at 31 March 2018	**(8,123)**	**(6,318)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(108,141)**	**(296,168)**	**(404,309)**	**61**	**(404,248)**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Un-applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2016 Restated	(8,101)	(16,146)	(29,066)	(18,358)	(12,107)	(60,073)	**(143,851)**	(283,668)	**(427,519)**
Movement in reserves during 2016/17 Restated									
Defecit on the Provision of Services	56,254		(11,783)				44,471		44,471
Other Comprehensive Income/Expenditure								(30,123)	(30,123)
Total Comprehensive Income and Expenditure restated	**56,254**		**(11,783)**				**44,471**	**(30,123)**	**14,348**
Adjustments between accounting basis and funding basis under regulations	(47,286)		17,139	(5,317)	(1,918)	9,393	**(27,989)**	27,989	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves	**8,968**	**0**	**5,356**	**(5,317)**	**(1,918)**	**9,393**	**16,482**	**(2,134)**	**14,348**
Transfers to / from Earmarked Reserves	(8,990)	8,990					**0**		
Increase or Decrease in 2016/17	**(22)**	**8,990**	**5,356**	**(5,317)**	**(1,918)**	**9,393**	**16,482**	**(2,134)**	**14,348**
Balance at 31 March 2017	**(8,123)**	**(7,156)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**(285,802)**	**(413,171)**

Group Balance Sheet

Restated 31 March 2017 £000		Note	31 March 2018 £000
854,995	Property, Plant and Equipment	1	919,129
38,141	Investment Property		67,656
457	Intangible Assets		550
26,470	Long Term Investments	2	16,206
9,320	Long Term Debtors		8,161
929,383	**Long Term Assets**		**1,011,702**
24,053	Short-term Investments		18,808
3	Inventories		5
34,346	Short Term Debtors		33,434
19,800	Cash and Cash Equivalents		10,701
78,202	**Current Assets**		**62,948**
(67,559)	Short-Term Borrowing		(152,760)
(39,710)	Short-Term Creditors		(34,708)
(1,508)	Provisions		(2,447)
(2,100)	Grants Receipts in Advance - Capital		(2,100)
(110,877)	**Current Liabilities**		**(192,015)**
0	Long-Term Creditors		(393)
(223)	Provisions		(223)
(170,370)	Long Term Borrowing	2	(170,341)
(312,944)	Other Long-Term Liabilities		(307,430)
(483,537)	**Long Term Liabilities**		**(478,387)**
413,171	**Net Assets**		**404,248**
(127,369)	Usable Reserves	2	(108,080)
(285,802)	Unusable Reserves		(296,168)
(413,171)	**Total Reserves**		**(404,248)**

Group Cash Flow Statement

Group 2016/17 Restated £000		Group 2017/18 £000
44,471	Net (surplus) or deficit on the provision of services	66,339
(81,095)	Adjustment to surplus or deficit on the provision of services for noncash movements	(86,454)
55,526	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	31,393
18,902	**Net cash flows from operating activities**	**11,278**
29,654	Net cash flows from investing activities	79,828
(64,260)	Net cash flows from financing activities	(82,007)
(15,704)	**Net (increase) or decrease in cash and cash equivalents**	**9,099**
4,096	Cash and cash equivalents at the beginning of the reporting period	19,800
19,800	**Cash and cash equivalents at the end of the reporting period**	**10,701**

Notes to the Group Financial Statements

Group Note 1 - Property, Plant and Equipment

Movements to 31 March 2018

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
at 1 April 2017	486,946	190,681	54,580	118,933	8,200	27,421	29,128	**915,889**
Adjustments to cost/value & depreciation/impairment	(6,701)	(4,021)	(795)	0	0	(131)	0	**(11,648)**
Additions	8,989	44,087	6,567	12,298	280	357	25,273	**97,851**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	17,091	17,504	388	0	0	1,355	0	**36,338**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,336)	(26,491)	(340)	0	0	(104)	0	**(29,271)**
Derecognition – disposals	(12,526)	(5,094)	(648)	0	0	(4,957)	0	**(23,225)**
Other movements in cost or valuation	12,837	11,680	1,079	0	0	(112)	(25,493)	**(9)**
at 31 March 2018	**504,300**	**228,346**	**60,831**	**131,231**	**8,480**	**23,829**	**28,908**	**985,925**
Accumulated Depreciation and Impairment								
at 1 April 2017	(6,400)	(3,271)	(29,031)	(21,618)	(16)	(558)	0	**(60,894)**
Adjustments to cost/value & depreciation/impairment	6,701	4,021	795	0	0	131	0	**11,648**
Depreciation charge	(9,172)	(3,874)	(2,536)	(3,015)	0	(78)	0	**(18,675)**
Derecognition – disposals	119	190	507	0	0	309	0	**1,125**
Other movements in depreciation and impairment	0	0	0	0	0	3	(3)	**0**
at 31 March 2018	**(8,752)**	**(2,934)**	**(30,265)**	**(24,633)**	**(16)**	**(193)**	**(3)**	**(66,796)**
Net Book Value								
at 31 March 2018	**495,548**	**225,412**	**30,566**	**106,598**	**8,464**	**23,636**	**28,905**	**919,129**
at 31 March 2017	**480,546**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**

Movements to 31 March 2017

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
at 1 April 2016	433,683	192,335	51,754	102,862	7,300	11,719	25,810	**825,463**
Adjustments to cost/value & depreciation/impairment	(8,275)	(3,381)	(707)	0	0	(95)	(2)	**(12,460)**
Additions	16,100	13,978	1,208	16,071	900	198	27,994	**76,449**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	53,083	19,541	826	0	0	13,193	0	**86,643**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	9,034	(25,727)	(123)	0	0	193	0	**(16,623)**
Derecognition – disposals	(15,600)	(21,048)	(4,573)	0	0	(2,472)	0	**(43,693)**
Assets reclassified to Held for Sale	0	2,885	0	0	0	(2,775)	0	110
Other movements in cost or valuation	(1,079)	12,098	6,195	0	0	7,460	(24,674)	**0**
at 31 March 2017	**486,946**	**190,681**	**54,580**	**118,933**	**8,200**	**27,421**	**29,128**	**915,889**
Accumulated Depreciation and Impairment								
at 1 April 2016	(6,349)	(3,998)	(28,286)	(19,180)	(16)	(245)	0	**(58,074)**
Adjustments to cost/value & depreciation/impairment	8,275	3,381	707	0	0	95	2	**12,460**
Depreciation charge	(8,366)	(3,124)	(1,605)	(2,438)	0	(114)	0	**(15,647)**
Derecognition – disposals	32	204	115	0	0	18	0	**369**
Investment properties reclassifications	8	266	38	0	0	(312)	(2)	**(2)**
at 31 March 2017	**(6,400)**	**(3,271)**	**(29,031)**	**(21,618)**	**(16)**	**(558)**	**0**	**(60,894)**
Net Book Value								
at 31 March 2017	**480,546**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**
at 31 March 2016	**427,334**	**188,337**	**23,468**	**83,682**	**7,284**	**11,474**	**25,810**	**767,389**

Group Note 2 – Long term investments, long term borrowing and usable reserves.

These balances differ from the single entity accounts largely due to elimination of intra-group transactions.

Glossary

Glossary

AAA FITCH RATING

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

AA FITCH RATING

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

A FITCH RATING

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

ACCOUNTING PERIOD

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

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

· The actuarial assumptions have changed

ASSET

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

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

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

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

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

BORROWING

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

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPT

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

CLAW-BACK

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

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

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

COMMUNITY ASSETS

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CONSISTENCY

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

CONTINGENT ASSET

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

CONTINGENT LIABILITY

A contingent liability is either:

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

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

CORPORATE AND DEMOCRATIC CORE

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

CREDITOR

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

CURRENT SERVICE COST (PENSIONS)

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

DEBTOR

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

DEFINED BENEFIT PENSION SCHEME

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

DEPRECIATION

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

DISCRETIONARY BENEFITS (PENSIONS)

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

EQUITY

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

EVENTS AFTER THE BALANCE SHEET DATE

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

EXPECTED RETURN ON PENSION ASSETS

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

FAIR VALUE

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

FINANCE LEASE

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

GOING CONCERN

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

GOVERNMENT GRANTS

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

HOUSING BENEFITS

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

HOUSING REVENUE ACCOUNT (HRA)

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

IMPAIRMENT

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

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTEREST COST (PENSIONS)

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

INVESTMENTS (PENSION FUND)

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

LIABILITY

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

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

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

LIQUID RESOURCES

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

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

· Traded in an active market.

LONG-TERM CONTRACT

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

MATERIALITY

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

MINIMUM REVENUE PROVISION (MRP)

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

NET BOOK VALUE

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

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

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

NON-DOMESTIC RATES (NDR)

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

NON-OPERATIONAL ASSETS

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

OPERATING LEASE

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

OPERATIONAL ASSETS

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

PAST SERVICE COST (PENSIONS)

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

PENSION SCHEME LIABILITIES

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

PRECEPT

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

PRIOR YEAR ADJUSTMENT

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

PROVISION

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

PUBLIC WORKS LOAN BOARD (PWLB)

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

RATEABLE VALUE

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

RELATED PARTIES

There is a detailed definition of related parties in IAS 24. For the Council’s purposes related parties are deemed to include the Authority’s members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

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

REMUNERATION

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

RESERVES

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

RESIDUAL VALUE

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

RETIREMENT BENEFITS

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

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

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

REVENUE SUPPORT GRANT

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

STOCKS

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

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

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

USEFUL ECONOMIC LIFE (UEL)

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