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Date of issue: Monday, 21 September 2015

MEETING	**AUDIT AND CORPORATE GOVERNANCE COMMITTEE** (Councillors Chohan (Chair), Matloob, Ajaib, Amarpreet Dhaliwal, Mansoor, Nazir and Sandhu) **CO-OPTED INDEPENDENT MEMBERS:** Graham Davies, Ajay Kwatra, Ronald Roberts and Alan Sunderland
DATE AND TIME:	THURSDAY, 24TH SEPTEMBER, 2015 AT 6.30 PM
VENUE:	MEETING ROOM 3, CHALVEY COMMUNITY CENTRE, THE GREEN, CHALVEY, SLOUGH, SL1 2SP
DEMOCRATIC SERVICES OFFICER: **(for all enquiries)**	SHABANA KAUSER 01753 787503

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Items 4 and 5 were not available for publication with the rest of the agenda.

PART 1

AGENDA ITEM	**REPORT TITLE**	**PAGE**	**WARD**
4.	External Auditors Annual Audit Report	1 - 56	All
5.	Financial Statements 2014/15	57 - 174	All

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SLOUGH BOROUGH COUNCIL

AUDIT COMPLETION REPORT

TO THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Audit for the year ended 31 March 2015

21 September 2015

CONTENTS

OVERVIEW
Significant audit findings

This summary covers the significant findings from our audit of Slough Borough Council ('Council') for the year ended 31 March 2015. However, you should read the entirety of this report, as there may be other matters raised that you consider important.

AREA OF AUDIT	SUMMARY
Financial statements	Subject to satisfactory completion of the outstanding audit work on page 2, we anticipate issuing an unqualified true and fair opinion on the financial statements for the year ended 31 March 2015. Our final audit materiality is £6.1 million (see appendix II) and we have reported all non-trivial unadjusted audit differences greater than £122,000. We identified two material misstatements in the primary financial statements. These related to the disclosure of the dedicated schools grant, where income and expenditure were both overstated by £25.852 million, and the value of buildings valued on a depreciated replacement cost basis, where of indexation gain of £9.430 million was omitted in the draft financial statements. Management has agreed to amend these in the revised financial statements. This results in a decrease of £9.430 million in the deficit reported on the provision of services for the year (in the Comprehensive Income and Expenditure Statement - CIES), however there is no impact on the general fund balance as the revaluation gain is reversed to the capital adjustment account. We also identified a number of presentational misstatements in the notes for financial instruments, amounts reported for resource allocation decisions, senior officers' remuneration bandings and exit packages, which are material by nature. Eight unadjusted audit differences were identified during the audit and when combined with a brought forward misstatement from the prior year would increase the draft deficit on the provision of services in the CIES by £137,000 to £8.827 million (from £8.690 million).
Control environment	We are required to report to you the significant deficiencies we found in internal controls during the course of our audit. While some improvement is evident compared to prior years, the Council's arrangements for preparing effective audit working papers to support the financial statements in specific areas, for example a reconciliation of school balances, are considered to be a significant deficiency in controls. A number of other areas for improvement were identified which we have discussed with management. Some of these are included in the action plan at Appendix IV.
Governance reporting	We are satisfied that the annual governance statement is not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complies with "Delivering Good Governance in Local Government" (CIPFA / SOLACE).
Whole of Government Accounts (WGA)	Our review of the Council's WGA Data Collection Tool (DCT) will commence when we receive a revised return from officers. The Government's deadline for submission of the audited return is 4 October 2015. The achievement of that deadline will depend on the quality of the return, its timely receipt and with appropriate working papers. There is a risk the Government's deadline will not be met because at the time of preparing this report the amendments to the draft DCT have not yet been made.
Use of resources	In seeking to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered reports issued by other regulators. Due to the significant weaknesses in Children's Social Care Services identified by Ofsted and the decision of the Secretary of State for Education to direct the Council to transfer Children's Social Care Services to a new organisation, our value for money conclusion will be qualified for the year ended 31 March 2015.

We would like to thank staff for their co-operation and assistance during the audit and throughout the period.

OVERVIEW

Audit status and timetable to completion

We set out below the current status of the audit and our timetable to completion.

AUDIT STATUS

We have substantially completed our audit work in respect of the financial statements and use of resources for the year ended 31 March 2015. The following matters are outstanding at the date of this report.

We will update you on their current status at the Audit and Corporate Governance Committee meeting.

- Clearance of outstanding issues raised with management regarding:
  - Schools balances
  - A number of queries across a range of balances, transactions and other disclosures.
- Completion of audit testing on a sample of housing benefits expenditure cases
- Letter of assurance from the auditors of the pension fund regarding the operation of controls in the pension fund
- Confirmation from Lloyds bank for four schools bank balances within cash and cash equivalents and from Municipal Bonds for an investment held by the Council
- Review of our audit work and clearance of any review points arising
- Receipt of final draft statement of accounts for agreed amendments
- Subsequent events review and management representation letter, as attached in Appendix VI, to be approved and signed.

TIMETABLE TO COMPLETE

The anticipated timetable to complete is as follows:

ACTIVITY	DATE
Completion of outstanding audit work	By 24 September 2015
Audit and Corporate Governance Committee meeting	24 September 2015
Completion and issue of the auditor's report	By 30 September 2015

INDEPENDENCE

Integrity, objectivity and independence and appropriate safeguards

Under Audit Commission Standing Guidance and Auditing and Ethical Standards, we are required as auditors to confirm our independence to ‘those charged with governance’. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Audit and Corporate Governance Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to bear on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. The procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the audit engagement partner and the audit staff. We have considered such matters in the context of our audit for the year ended 31 March 2015.

FEES AND NON AUDIT SERVICES

A summary of fees for audit and non-audit services for the period from 1 April 2014 to date is set out below:

	£
Audit fees	170,030
Certification fees	27,500
Fees for non audit services:	
- Teachers’ pensions return	[1] 3,500
- Pooled capital receipts	[2] TBA
TOTAL FEES	**201,030**

[1] The audit of the teachers’ pensions return was removed from the Audit Commission regime in 2013/14. We have agreed with management that we will carry out this review at the same fee as the prior year.

[2] The audit of the pooling of housing capital receipts return has been removed from the Audit Commission regime. DCLG still requires this return to be reviewed and it is expected that we will compete this review. We will be required to produce a separate engagement letter and propose a separate fee as soon as DCLG finalises the work required for this audit.

OTHER RELATIONSHIPS

We are not aware of any financial, business, employment or personal relationships between the audit team, BDO and the Council.

LONG ASSOCIATION THREATS

The Audit Commission’s Standing Guidance requires that the audit engagement partner should not act for more than five years and the audit manager for 10 years.

Key audit staff	Years involved
Robert Grant - Audit engagement partner	3
Janine Combrinck - Audit Manager	3

INDEPENDENCE DECLARATION AND APPROPRIATE SAFEGUARDS

We have not identified any potential threats to our independence as auditors.

AUDIT SCOPE AND OBJECTIVES
Code of audit practice requirements

SCOPE AND OBJECTIVES

The audit scope is determined by the Audit Commission's Code of Audit Practice for local government (2010), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission. This requires that we form an opinion on whether:

1. The financial statements give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended.
2. The financial statements have been prepared properly in accordance with statutory requirements and proper practices have been observed in their compilation.
3. The financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting.
4. The information given in the statement of accounts and explanatory foreword is consistent with the financial statements.
5. The annual governance statement is not inconsistent with our knowledge and complies with relevant guidance.
6. The Whole of Government Accounts return is consistent with the audited financial statements and that it is properly prepared.
7. The audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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SIGNIFICANT AND OTHER RISKS OF MATERIAL MISSTATEMENT

We reported our risk assessment, which brought to your attention areas that require additional or special audit consideration and are considered a significant audit risk, in our 2014/15 Audit Plan issued in March 2015. We subsequently carried out a more detailed assessment of risk following our completion of the interim review of financial controls and review of the draft financial statements, and we reported our updated risk assessment to the Audit and Corporate Governance Committee in July 2015.

We report below our findings of the work designed to address these significant risks, our review of significant accounting estimates and management judgements, and any other relevant audit and accounting issues arising.

Key: ■ **Significant risk/issue** ■ **Significant accounting estimates and management judgements** ■ **Other relevant audit and accounting issues**

SIGNIFICANT AUDIT RISK AREAS

RISK	RELATED CONTROLS / RESPONSE TO RISK	WORK PERFORMED	CONCLUSION
MANAGEMENT OVERRIDE OF CONTROLS	ISA (UK&I) 240 requires us to presume that a risk of management override of controls is present and significant in all entities. By its nature, there are no controls in place to mitigate the risk of management override.	We reviewed the appropriateness of journal entries and other adjustments made in the preparation of the financial statements. We also reviewed accounting estimates for evidence of possible bias.	No issues have been identified in our review of the appropriateness of journal entries and other adjustments made in the preparation of the financial statements. Our work on accounting estimates has not identified any evidence of bias.
REVENUE RECOGNITION	Auditing standards presume that there is a risk of fraud in relation to revenue recognition. These risks may arise from the use of inappropriate accounting policies, failure to apply the Council's stated accounting policies or from an inappropriate use of estimates in calculating revenue.	Our review of revenue recognition has focused on testing existence, completeness and accuracy of fees and charges across all service areas within the Comprehensive Income and Expenditure Statement (CIES).	No issues have been identified from our testing of income streams and year end cut off with regard to the recognition of revenue in the correct financial year. However, a number of classification errors have been identified and these are set out in the classification of income and expenditure risk below.

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SIGNIFICANT AUDIT RISK AREAS			
RISK	**ISSUE AND RELATED CONTROLS / RESPONSE TO RISK**	**WORK PERFORMED**	**CONCLUSION**
FINANCIAL STATEMENTS PREPARATION	Our prior year audit identified weaknesses in the Council's arrangements for preparing the financial statements and a significant number of misstatements were identified, particularly in the following areas: • CIES, for consolidation of the Housing Revenue Account (HRA) transactions • Cash Flow Statement and supporting notes • Financial instruments note • Senior officer remuneration bandings note • Amounts reported for resource allocation decisions note • Housing Revenue Account (HRA) notes. As a result of these weaknesses, the Council established an accounts closedown project to manage and oversee the preparation for and delivery of the 2014/15 accounts closedown process. The project plan identified the processes and arrangements that needed to be put in place by the finance team, service areas and third party providers to effectively produce the financial statements for 2014/15 for sign off by the Council's Chief Finance Officer by the beginning of June 2015. The project was overseen by the corporate management team and the (previous) Audit and Risk Committee.	A number of meetings were held with finance officers in the lead up the accounts closedown to discuss progress with the accounts closedown project, risk areas and emerging and contentious accounting issues. We issued a detailed list of audit working paper requirements in December 2014 and briefed finance staff on our expectations for good quality working papers. We carried out a detailed review of the draft financial statements in early July and have provided feedback to the Council. We reviewed the consistency of the financial statements with available working papers at the start of the onsite audit visit. We carried out a high level analytical review of the financial statements against comparatives for 2013/14 and sought explanations from the Council for material variances. In particular, we have carried out a full review of the areas where significant misstatements were identified in the prior year.	From our initial review of the draft financial statements it was clear that they contained fewer inconsistencies than the draft statements provided to us in the prior year. The HRA was correctly consolidated into the CIES and the HRA notes agreed to the HRA and other notes within the financial statements. Our audit of the Cash Flow Statement and supporting notes has not identified any significant issues. Our audit of the other significant risk areas highlighted a number of misstatements as set out below.

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RISK	WORK PERFORMED	CONCLUSION
FINANCIAL STATEMENTS PREPARATION (continued)	Audit of the CIES	Some significant variances were evident in service income and expenditure in the CIES in the draft financial statements for which we were unable to obtain satisfactory explanations at the planning stage. Our audit work found that these related mainly to the following misclassifications between income and expenditure. • Disclosing dedicated schools grant that had been recouped for schools transferring to Academies in the year as expenditure, rather than netting it off income. As a result income and expenditure from education and children's services in the CIES were overstated by £25.852 million. Management has agreed to correct this in the revised financial statements. • Incorrect inclusion of internal recharges of £11.912 million in income and expenditure. Further details provided under internal recharges risk below. • Incorrect mapping of two cost centres to services in the CIES, with the result that adult social care expenditure was understated by £5.988 million, education and children's service expenditure overstated by £5.590 million and environment and regulatory services expenditure overstated by £398,000. Management has agreed to correct this in the revised financial statements. As a result of these misclassifications, we carried out extended testing and have estimated further potential misclassifications of £5.314 million, which are recorded as unadjusted audit differences in Appendix II. • Incorrect transfer of gains on investment properties of £459,000 from services to financing and investment income, resulting in an understatement of service income and expenditure of £459,000.
	Audit of the financial instruments note and the note on nature and extent of risks arising from financial instruments	Our audit identified a number of misstatements in the presentation of these notes, which management has agreed to amend: • Inclusion of cash and cash equivalents, long term debtors, short term debtors (net of impairment allowance and excluding prepayments and balances in respect of value added tax, collection fund arrears and benefit overpayments) in the disclosure of loans and receivables and short term creditors (excluding receipts in advance and balances in respect of payroll, collection fund and benefits subsidy) in financial liabilities • Correction to the disclosure of interest expense • Inclusion of the Icelandic bank deposit in the investments credit risk analysis • Correction of errors in the maturity table for borrowing • Inclusion of other financial liabilities such as creditors, PFI and finance lease liabilities in the liquidity risk analysis • Disclosure of price risk relating to assets held for sale.

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RISK	WORK PERFORMED	CONCLUSION
FINANCIAL STATEMENTS PREPARATION **(continued)**		The Code of Practice on Local Authority Accounting 2014/15 (the Code) requires that authorities disclose an analysis of the age of financial assets that are past due as at the reporting date but not impaired, and an analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the authority considered in determining that they are impaired. The Council has not disclosed this information because it cannot readily produce it. Additionally, the maturity analysis for financial liabilities does not meet the Code's requirements for financial instrument disclosures as it has been prepared on the basis of amortised cost rather than undiscounted contractual cash flows.
	Audit of senior officer remuneration bandings and exit packages note	Our audit found a number of misstatements in the note: • Incorrect inclusion of non-taxable expense payments • Omission of schools officers earning over £50,000 who are not paid through the Council's payroll • Omission of exit package accruals • Omission of taxable payments for additional duties or particular projects Management has agreed to amend the revised financial statements for these issues and is in the process of calculating the required amendments. Our audit of the exit packages note found the following misstatements: • Omission of a payment in lieu of notice for one termination • Incorrect inclusion of three people who were redeployed within the Council and therefore did not receive a redundancy payment.
	Audit of the note on amounts reported for resource allocation decisions	Our audit found a number of misstatements in this note, which management has agreed to amend in the revised financial statements.

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SIGNIFICANT AUDIT RISK AREAS			
RISK	**ISSUE AND RELATED CONTROLS / RESPONSE TO RISK**	**WORK PERFORMED**	**CONCLUSION**
CLASSIFICATION OF INCOME AND EXPENDITUIRE FOR INTERNAL RECHARGES	Our prior year audit found a significant number of instances where support costs and overheads that were recharged from one service to another within the Council were incorrectly classified within the CIES, resulting in an overstatement of both gross income and gross expenditure. Finance officers recalculated the value of internal recharges and processed an adjustment of to net internal recharge income of £20.443 million off expenditure.	We have agreed the adjustment made by the Council to net off internal recharge income allocated to recharge codes in the general ledger. We substantively tested a sample of journalled income transactions that had not been netted off expenditure to determine whether they related to internal recharges.	Our testing found a number of instances totalling £2.564 million where support costs and overheads that were recharged to the HRA and the capital programme were incorrectly accounted for as service income, rather than netting the recharge off against expenditure. Consolidation of the HRA into the CIES requires that transactions between the general fund and the HRA are eliminated, and in the absence of such a consolidation adjustment, gross income and expenditure in the CIES is overstated. If recharges of revenue expenditure to capital (property, plant and equipment additions) are not netted off, gross revenue expenditure in the CIES is overstated for expenditure that is included in property, plant and equipment. The recharge is in effect a reclassification from revenue expenditure to capital expenditure and should not be accounted for as income. Management has agreed to amend these transactions in the revised financial statements.
SCHOOLS TRANSACTIONS	In the prior year we reported that the Council's arrangements for consolidating schools' income, expenditure, working capital balances and reserves required improvement. In response to our audit findings in the prior year the Council prepared a reconciliation between schools' net income and expenditure position in the general ledger and returns received from the schools.	We have reviewed the schools reconciliation prepared by finance officers, the year-end returns submitted by schools, and schools transactions and balances in the general ledger.	We have not been able to agree the schools transactions in the general ledger to the underlying schools returns and work is in progress to produce a satisfactory reconciliation. The dedicated schools grant income in the CIES is understated by £508,000 for an amount that was notified to the Council after year end. As it relates to the year under audit, this has been recorded as an unadjusted misstatement in Appendix II.

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SIGNIFICANT AUDIT RISK AREAS			
RISK	**ISSUE AND RELATED CONTROLS / RESPONSE TO RISK**	**WORK PERFORMED**	**CONCLUSION**
NEW ACCOUNTING STANDARDS FOR CONSOLIDATION	The Code of Practice for Local Authority Accounting 2014/15 includes the new consolidation suite of accounting standards (IFRS 10, 11 and 12). This introduces a new definition of control for determining whether entities and joint arrangements should be consolidated within the Council's financial statements. The Council has reviewed its investments in other entities and contractual arrangements to determine whether it has rights to, or is exposed to, variable returns and the power to affect the amount of those returns. In addition, under the new standards the Council has carried out a detailed review of arrangements in place at each voluntary controlled, voluntary aided and foundation school to determine whether the schools (and therefore the Council) control their non-current assets.	We have review the Council's justification for its accounting treatment of all material investments in other entities, and underlying records, to determine whether the new definition of control under IFRS 10 and 11 has been sufficiently considered and appropriately applied. In particular we have reviewed the Council's interest in Slough Regeneration Partnership, Slough Community Leisure Trust, Slough Enterprise, Development Initiative Slough Housing Ltd, Groundwork South, Slough Council for Voluntary Services, St Marys' School Charity and Thames Valley Athletics Centre Trust. We have not identified any other interests under IFRS 10 or 11 which could require consolidation into the Group accounts. We have also reviewed the Council's justification for consolidating or not consolidating schools' non-current assets, including supporting property agreements held by schools.	Having considered the new accounting standards, the Council has not changed its accounting treatment for any its interests in other entities, as the transactions in the other entities are either not material to the Council or the Council's interest in the other entities does not fall within the new definition of control, as it does not make the day to day decisions and is not exposed to variable returns. In the past the Council recognised only community schools on its balance sheet and all voluntary aided, voluntary controlled and foundation schools were off balance sheet. However, as a result of the introduction of IFRS 10 and CIPFA's LAAP bulletin 101, the Council obtained information from all its non-community schools regarding their properties. This information was used to assess whether or not the schools (and therefore the Council) control the building and whether it should be in the Council's accounts. As a result of this exercise, management determined that two foundation schools met the new definition of control and a prior period adjustment of £5.531 million (buildings value at 1 April 2013) was processed to recognise the properties. We are satisfied that the Council obtained sufficient information from the schools regarding their properties and that management's assessment of what needs to be consolidated is in line with CIPFA's guidance.

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SIGNIFICANT AUDIT RISK AREAS			
RISK	**ISSUE AND RELATED CONTROLS / RESPONSE TO RISK**	**WORK PERFORMED**	**CONCLUSION**
DEFINED BENEFIT PENSION (DBP) SCHEME DISCLOSURES	The disclosure of the defined benefit liability in the financial statements is based on a high degree of estimation. The net pension liability comprises the Council's share of the market value of assets held in the Royal County of Berkshire Pension Fund for Slough Borough Council and the previous Berkshire County Council, and the estimated future liability to pay pensions. An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation. Management has agreed the assumptions made by the actuary to support the estimate and these are disclosed in the financial statements.	We have agreed the disclosures in the defined benefits pensions note to the actuary reports and supporting calculations. The Audit Commission has obtained an independent review of all local government pension scheme actuaries, which includes an assessment of their independence, objectivity and experience, and also the reasonableness of the assumptions used in the calculation of the scheme liabilities. We have reviewed this and checked that the assumptions used for the Council's scheme liabilities are within reasonable levels. We have also sought assurances from the auditor of the pension fund over the information on membership data and scheme assets provided to the actuary (this assurance has not yet been received).	As at 31 March 2015 net pension liabilities disclosed in the balance sheet increased by £56.055 million (to £225.714 million). This comprised an increase in the liabilities of £70.476 million (to £210.680 million) and an increase in assets of £14.421 million (to £436.394 million). It should be noted that these retirement benefits (liabilities) will not actually be payable until employees retire but because the Council has a commitment to make the payments (for those benefits) there is a requirement to disclose the information in the accounts at the time employees earn their future entitlement. The last formal valuation of the Fund was carried out as at 31 March 2013. In order to assess the value of the Council's liabilities as at 31 March 2015 the actuary has rolled forward the value of the liabilities calculated at the latest formal valuation, allowing for up to date financial assumptions. The key changes to the financial assumptions relate to: • reduction in the pension increase from 2.8% to 2.5% • reduction in the salary increase rate from 4.6% to 4.3% • reduction in the discount rate from 4.5% to 3.4% (to place a current value on the future liabilities through the use of a market yield of corporate bonds). The reduction in the discount rate has resulted in a significant increase in the present value of the scheme liabilities at 31 March 2015. We have compared the assumptions used by the actuary to calculate the present value of future pension liabilities with the expected ranges provided by the independent consulting actuary. The Fund has out-performed the market for the year, with returns at 7.5%. We are satisfied that the assumptions used are not unreasonable or outside of the expected ranges.

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SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS		
ESTIMATE	**WORK PERFORMED**	**CONCLUSION**
PROPERTY, PLANT AND EQUIPMENT	Councils are required to undertake additional work to ensure that the carrying value of property, plant and equipment (PPE) is not materially different to the fair value at the balance sheet date. In order to address this, the Council has obtained year end desktop reviews of the movement in its property prices from its valuers, and has accounted for indexation based on the indices advised by the valuers. We have reviewed management's use of these indices and compared them to expected movements using other available information to 31 March 2015.	**Valuation of council dwellings** The Council correctly accounted for revaluations as at 1 April 2014. The year-end desktop valuation by the valuer indicated that housing prices increased by 10% in the year and the Council has applied indexation of this value. We are satisfied that this increase is in line with regional movements. **Valuation of other land and buildings** The Council has continued with its rolling programme of revaluations on other land and buildings. The year-end desktop valuation by the valuer indicated that buildings valued on a depreciated replacement cost basis have increased in value by an average of 8.7% during the year. The Council did not apply any indexation to land and buildings in the draft financial statements, with the result that property, plant and equipment was understated by £9.430 million. As the amount is material, management has agreed to recognise the indexation gain in the revised financial statements. We have carried forward our prior year recommendation that management retains sufficient and appropriate justification for the valuation of land and buildings not formally revalued in the year. **Valuation of vehicles, plant and equipment (VPE)** VPE are reasonably short-life assets and the depreciated carrying value is assumed to be a reasonable proxy for their fair value. We are satisfied that the useful economic lives allocated to classes of equipment assets are reasonable. Our testing of a sample of depreciation calculations found that three buildings held under finance lease are being depreciated over lives that are longer than their lease terms, with the result that current year depreciation is understated by £131,000. The impact on brought forward balances is trivial. This is recorded as an uncorrected misstatement in Appendix II.

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SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS		
ESTIMATE	**WORK PERFORMED**	**CONCLUSION**
ALLOWANCES FOR DOUBTFUL DEBTS	We have reviewed the methodology used by the Council for calculating its debtor impairment allowances. The provisions are calculated by applying expected writes off rates to the aged debt, based on management's review of outstanding arrears, amounts collected and amounts written off in the current year.	**Housing benefit overpayments impairment** The provision at 31 March 2015 is £6.290 million, which represents 70% of arrears and an increase of £493,000 from the prior year. The percentage of arrears provided for is not unreasonable given the difficulties in recovering this debt, and is not significantly out of line with other authorities. **Council tax arrears and non domestic rates arrears impairments (collection fund)** The overall council tax and non domestic rates provision balances at 31 March 2015 are £7.361 million and £3.062 million respectively. We are satisfied that provision rates are not unreasonable. **Other arrears impairment** The Council has other provisions for housing rent arrears and sundry debtors totalling £2.501 million at 31 March 2015, which are not unreasonable.

FINANCIAL STATEMENTS

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OTHER RELEVANT AUDIT AND ACCOUNTING ISSUES		
ISSUE	**WORK PERFORMED**	**CONCLUSION**
DEBTORS AND BANK BALANCES	We substantively tested a sample of debtor balances and reviewed bank reconciliations supporting cash and cash equivalent balances.	Our audit of debtors and cash balances found that a receipt of £3 million at year end, for a maturing investment, was incorrectly classified as debtors rather than cash balances. Management has agreed to amend this in the revised financial statements.
REVENUE GRANTS	We tested samples of grants credited to services and taxation and non-specific grant income to supporting documentation from the grant paying body, to assess whether income has been appropriately recognised in the year and correctly classified in the CIES.	Our testing found that a grant of £2.362 million from the Department of Health has been incorrectly classified as non ring fenced. We believe it should be classified as service income as the grant agreement includes restrictions for the income to be spent on adult social care. This misclassification of income in the CIES is recorded as an uncorrected misstatement in Appendix II. In addition, during our testing it was noted that the last quarterly receipt of a grant from the Department of Transport for 2013/14 was accounted for in 2014/15. The impact of the missing accrual in the prior year is an increase in current year income. We have recorded the impact of the prior year misstatement on current year performance in Appendix II.
NON DOMESTIC RATES INCOME	We recalculated the amount of non domestic rates income to be recognised in the taxation and non specific grants note, taking account of the precept and distribution of prior year estimated deficit per the Collection Fund, accruals for the current year surplus, and entries in the Councils 'NNDR 3' return to DCLG.	Our audit of non domestic rates income in the taxation and non specific grants note, found that the income was misstated as a result of the following, which management has agreed to amend: • Incorrect inclusion of a debit entry of £299,000 relating to repayment of a portion of the section 31 grant for non domestic rates, which was misclassified from non ring fenced government grants • Incorrect inclusion of the non domestic rates levy payable of £254,000, which was misclassified from non domestic rates expenditure • Understatement of £581,000 due to misclassification of this income within non-distributed costs in the CIES
COUNCIL TAX RATES INCOME	We recalculated the amount of council tax income to be recognised in the taxation and non-specific grants note, taking account of the precept for the year, distribution of prior year estimated surplus and accruals for the current year surplus.	Our audit of council tax income in the taxation and non specific grants note found that the income was overstated by £451,000 as a result of misclassification of entries within non-distributed costs in the CIES. Management has agreed to amend this in the revised financial statements.

FINANCIAL STATEMENTS
Key audit and accounting matters

OTHER RELEVANT AUDIT AND ACCOUNTING ISSUES		
ISSUE	**WORK PERFORMED**	**CONCLUSION**
INVESTMENT PROPERTIES	We tested a sample of investment properties to rent records or evidence of capital appreciation to check that they are correctly classified as investment properties.	Our testing of a sample of investment properties identified a number of issues, which have been have recorded as uncorrected misstatements in Appendix II: • Incorrect inclusion of three properties with a combined carrying value of £3.068 million that are not held for earning rent or capital appreciation purposes. These should be reclassified to property, plant and equipment. One of the properties had a revaluation gain of £186,000 in the year, therefore the increase in the fair value of investment properties in the CIES is overstated and revaluation gains within service income in the CIES is understated by this amount. • Incorrect inclusion of a property with net carrying value of £136,000. This property is included in the valuation of another asset that was transferred to assets held for sale during the year. Therefore investment properties are overstated and the increase in the fair value of investment properties credited to the CIES is overstated.
INTANGIBLES	We substantively tested a sample of non-current asset additions in the year.	Our testing of a sample of property, plant and equipment additions in the year found that £586,000 for the purchase of the Agresso ERP solution has been capitalised to property, plant and equipment, on the basis that it is not yet operational. As it is a software licence we believe that it should be reclassified to intangibles. This misclassification has been included in the schedule of uncorrected misstatements at Appendix II.
PFI UNITARY PAYMENTS	We compared the unitary payments recorded in the PFI model that is used to generate the accounting transactions to the invoices received from the contractor in the year.	Invoices from the PFI contractor total £6.449 million for the year. This exceeds the value for the unitary payment in the PFI model, with the result that the service concession finance charge is understated and service expenditure is overstated by £306,000. This misclassification of expenditure in the CIES is recorded as an uncorrected misstatement in Appendix II.
CREDITOR ACCRUALS	We tested a sample of year end creditor balances to supplier invoices or other external documentation.	Our testing identified four individually trivial errors, whereby expenditure and creditors were understated. This included an under accrual for temporary staff costs and omission of an in year pay rise in the calculation of the redundancy payments. We have extrapolated these misstatements over the untested population and estimated an overall projected misstatement of £274,000. This is recorded as an uncorrected audit difference in Appendix II.

FINANCIAL STATEMENTS

Key audit and accounting matters

ISSUE	WORK PERFORMED	CONCLUSION
ACCOUNTS DISCLOSURES	We reviewed material accounting disclosures, to confirm that they are correctly stated and in compliance with the requirements of the Code.	Management has agreed to make the following presentational and disclosure amendments to the draft financial statements (we have not repeated issues identified above): • Inclusion of a third Balance Sheet, as the prior period adjustment on school buildings impacts on balances as at 1 April 2013, and presentational changes to the financial statements to correctly disclose the prior period adjustment • Extension of the accounting policy note for recognition of council tax and business rates income in the CIES • Correction to the range of useful economic lives of buildings disclosed in the accounting policy note for depreciation, from 1-35 years to 1-60 years • Disclosure of a non-adjusting post balance sheet event following the announcement by the Chancellor on 8 July 2015 of proposals in the social housing sector that will reduce rents by 1% each year for four years, from 2016/17, as this is likely to have a future impact on the carrying value of dwellings which are valued using a social housing discount • Amendments to the property, plant and equipment note to present the write out of accumulated depreciation on revaluation • Correction to the disclosure of capital commitments in the property, plant and equipment note for the schools primary extension and affordable housing projects, to agree to the revised capital programme for 2015/16 • Inclusion of disclosures for movements in the net book value of PFI assets during the year • Reclassification of Collection Fund balances within the debtors note (no impact on overall balance) • Reclassification of an amount within the cash and cash equivalents note (no impact on overall net balance) • Amendments to the disclosure of movements in the provisions (no impact on closing balance) • Increase in the value of the disclosed capital financing requirement, from £4.307 million to £7.748 million. • Amendment to opening gross cost/valuation and accumulated depreciation of financed leased assets (Council as lessee) in the leases note to correctly present the write out of accumulated depreciation on revaluation in prior years • Amendments to the analysis of future minimum lease payments for finance leases (Council as lessee) and operating leases (Council as lessor) • Amendments to the defined benefits pension scheme note to correct the analysis of opening balances and movements in scheme assets and liabilities, in line with the information provided by the actuary (no impact on overall net liability balance) • Minor amendments to the audit fees note

FINANCIAL STATEMENTS
Key audit and accounting matters

OTHER RELEVANT AUDIT AND ACCOUNTING ISSUES		
ISSUE	**WORK PERFORMED**	**CONCLUSION**
ACCOUNTS DISCLOSURES (continued)		• Increase the value of HRA surplus assets disclosed in HRA note 2 by £240,000 • Separate disclosure in the Collection Fund of the amount of uncollectable non domestic rates arrears written off in the year and the decrease in the allowance for impairment.
	Review of draft financial statements	The financial statements include a number of notes that are not material, such as assets held for sale, inventories, provisions and agency arrangements. These should be removed as they could distract the users of accounts from the material information in the financial statements. Management has agreed to consider deleting immaterial notes going forward.

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FINANCIAL STATEMENTS OPINION

Subject to satisfactory completion of the outstanding work, we anticipate issuing an unqualified true and fair opinion on the financial statements for the year ended 31 March 2015.

CONTROL ENVIRONMENT
Significant deficiencies

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

As the purpose of the audit is for us to express an opinion on the financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We only restate weaknesses already reported by internal audit where we consider these to be significant deficiencies.

AREA	OBSERVATION	IMPLICATION	RECOMMENDATION
AUDIT WORKING PAPERS	A detailed file of electronic working papers was provided two weeks after the start of the onsite audit visit. This was later than the previous year, although the working papers provided were found to be more comprehensive than those provided in previous years. Further working papers were provided during the course of the audit. Whilst there has been some improvement in the quality and availability of working papers, there is still significant scope for improvement, particularly in the following specific areas: • Reconciliations of schools balances (see below) • Analyses of the cash and cash equivalent balance and supporting bank reconciliations for all such balances.	Insufficient working papers to support the balances and totals within the financial statements could result in material undetected errors.	Management should carry out a critical review of the outcomes of the 2014/15 audit to identify the areas where further improvements need to be made in producing effective working papers. We will continue to work with finance officers to agree the format of required working papers, particularly in respect of schools balances and banks analyses.
SCHOOLS TRANSDACTIONS	**Consolidation of schools transactions** The Council's arrangements for consolidating information from schools into the CIES (and the balance sheet) require strengthening. The working papers prepared to support transactions consolidated into the CIES and balance sheet were inadequate.	Our review of the working papers for 2014/15 found that there is insufficient reconciliation between schools balances in the general ledger and the returns received from schools. In addition, a number of the year end returns for 'non-Oracle' schools were missing and had to be requested during the audit. In the absence of effective controls for reconciling schools balances, there is a significant risk of material misstatement in the accounts.	Transactions posted to the general ledger should be reconciled to underlying schools returns, and finance officers should check that year end returns have been received from all schools. Management should complete a review of the consolidation of schools transactions into the accounts as part of the accounts closedown process.

GOVERNANCE REPORTING

Governance matters and quality of reporting

FINANCIAL STATEMENTS PREPARATION

The draft financial statements, within the statement of accounts, was prepared and provided to us for audit on 30 June 2015.

As part of our planning for the audit, we prepared a detailed document request which outlined the information we would require to complete the audit. As in previous years, a file of audit working papers has been provided to us at the start of the audit.

We received the draft accounts certified by the Assistant Director Finance and Audit on 30 June 2015, in accordance with the timetable specified by the Government.

CONCLUSIONS AND AUDIT ISSUES

Whilst there has been some improvement in the quality and availability of working papers compared to the prior year, there is still significant scope for improvement, particularly in the following areas:

- Reconciliations of schools balances
- Analyses of the cash and cash equivalent balance and supporting bank reconciliations for all balances.

A recommendation for improvement is recorded in Appendix IV.

GOVERNANCE STATEMENT

We are required to review the draft governance statement and to be satisfied that it is not inconsistent or misleading with other information we are aware of from our audit of the financial statements, the evidence provided in the Councils review of effectiveness and our knowledge of the Council.

CONCLUSIONS AND AUDIT ISSUES

We are satisfied that the governance statement is not inconsistent or misleading with other information we were aware of from our audit of the financial statements and complies with “Delivering Good Governance in Local Government” (CIPFA / SOLACE).

STATEMENT OF ACCOUNTS

We are required to read all the financial and non-financial information in the explanatory foreword to the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

CONCLUSIONS AND AUDIT ISSUES

We are satisfied that the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

WHOLE OF GOVERNMENT ACCOUNTS
Consistency of the Data Collection Tool

SCOPE OF THE REVIEW OF THE DATA COLLECTION TOOL

We are required to perform tests with regard to the WGA Data Collection Tool (DCT) prepared by the Council for use by the Department of Communities and Local Government for the consolidation of the local government accounts, and by HM Treasury at Whole of Government Accounts level.

This work requires checking the consistency of the WGA return with the audited financial statements, and reviewing the consistency of income and expenditure transactions and receivables and payable balances with other government bodies.

CONCLUSION AND AUDIT ISSUES

Our review of the Council's DCT will commence when we receive a revised return from officers. The Government's deadline for submission of the audited return is 4 October 2015. The achievement of that deadline will depend on the quality of the return, its timely receipt and with appropriate working papers. There is a risk the Government's deadline will not be met because at the time of preparing this report the amendments to the draft DCT have not yet been made.

ASSURANCE STATEMENT

Subject to completion of our review, we do not expect to report any issues.

USE OF RESOURCES
Key economy, efficiency and effectiveness matters

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money). This is based on the following two reporting criteria:

- The organisation has proper arrangements in place for securing financial resilience (robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future)
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness (prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity).

APPROACH

We draw sources of assurance relating to value for money responsibilities from:

- the Council's system of internal control as reported in its governance statement
- the results of the work of inspectorates and review agencies
- any other locally determined risk-based value for money work that auditors consider necessary to discharge their responsibilities.

We also consider the findings from the following sources:

- value for money profiles tool and financial ratios analysis tool
- risk indicators
- key issues facing the sector
- reports from regulators such as Ofsted.

USE OF RESOURCES
Financial resilience

Our risk assessment identified the following significant risks:

- Financial resilience: The Council's Medium term Financial Strategy (MTFS) includes a savings requirement that presents a significant financial risk for the Council. We have reviewed the MTFS to assess the reasonableness of assumptions and how the Council is addressing financial pressures.
- Children's Social Care Services: Following an inspection by Ofsted in 2013 that concluded that insufficient progress had been made in the inspection of arrangements for safeguarding children, the Council has been working with the Department for Education to establish a new model for the delivery of certain Children's Social Care Services. There is a risk that the Council may not be able to demonstrate value for money from its arrangements for improving services and outcomes in Children's Social Care Services during 2014/15 when it retained direct control for these services. We have gained an understanding of the action taken by the Council during 2014/15 to address Ofsted's recommendations and considered evidence of improved processes and outcomes. We have also considered further correspondence from the Secretary of State received by the Council in October 2014.
- Contract management: Internal Audit's review of contract management in the current year and prior years resulted in several 'red' and 'amber/red' reports and a number of high priority recommendations. There is a risk the Council is not securing value for money from its contract management arrangements. We have reviewed the results of further contract management reviews carried out by Internal Audit and progress being made in implementing (Internal Audit's) recommendations.
- Slough Wellbeing Board: The new Care Act (2014) came into force on 1 April 2015 and the Council should be developing and embedding appropriate governance arrangements for its Better Care Fund (BCF) pooled budgets with clinical commissioning groups (CCGs) to support the integration and transformation of health and social care services. We have reviewed progress being made by the Slough Wellbeing Board against its objectives and the development of governance arrangements for pooled budgets with CCGs under the BCF.

USE OF RESOURCES
Financial resilience

The financial resilience criterion has three aspects: financial governance, financial planning and financial control.

FINANCIAL GOVERNANCE	AUDIT ISSUES AND IMPACT ON CONCLUSION
The Council's financial governance arrangements provide clear leadership on financial matters through the work of the Cabinet and the Corporate Management Team. The Council's financial performance and associated financial risks are consistently understood across the organisation with financial management information regularly reported to the Cabinet, Council and Overview and Scrutiny Committee. Amongst officers, financial responsibilities are clearly assigned and the Corporate Management Team oversees the corporate response to expenditure pressures, other financial risks emerging in the year and the overall achievement of the annual budget. Financial training courses are provided to employees managing budgets and Members are also periodically invited to attend financial presentations. In March 2014 the Local Government Association completed a sector-led financial peer review. The review covered aspects of Financial Leadership; Financial Strategy, Planning and Forecasting; Decision-making; Financial Outcomes and Partnership and Innovation at Slough. The review team concluded progress has been made over the last two years to improve financial management and that planned savings were being secured. The team noted the publication of the Council's Five Year (Strategic) Plan and recommended a narrative was developed to communicate the high level objectives among staff and stakeholders. The team also identified scope to improve financial accountability, delivery and reporting, which the Council continues to work towards. The Corporate Management Team is overseeing the implementation of the action plan agreed following the review. The outcome of our audit of the 2014/15 financial statements is summarised earlier in this report and contains recommendations which the Council has accepted to further improve arrangements for preparing the annual financial statements and supporting working papers to embed these effectively.	Action is needed in specific areas to further strengthen arrangements for preparing the working papers supporting the annual financial statements and to embed these effectively.

USE OF RESOURCES

Financial resilience

FINANCIAL PLANNING

Financial Planning is embedded across the organisation through the annual budget setting process and updates made to the MTFS. As part of this process, officers are required to develop savings proposals, which are presented to the Corporate Management Team (CMT) and then Members, where achievability is challenged. The MTFS covers a four year period and is updated annually for approval by the Council in February each year. Reports on progress made in updating the MTFS are presented to Cabinet regularly throughout the year.

Internal Audit's conclusions on the 2014/15 budget setting process and the 2015/16 budget setting and savings plan development process were both rated 'Green' (meaning that the Council can take substantial assurance that controls are suitably designed, consistently applied and operating effectively).

The MTFS adequately defines and records the headline assumptions made in the budget and highlights the key challenges that the Council faces in delivering services with reduced income from central Government grant. It is presented in a user friendly format and includes case studies for potential savings that can be achieved using different scenarios. It recognises the importance of increasing the Council's council tax base and business rates base and improving collection rates, to maximise income from these two key sources.

The Council set a balanced budget for 2014/15 in February 2014. This included a savings target of £12.53 million and was supported by a programme of identified savings schemes. Almost all savings were achieved.

The Council set a balanced budget for 2015/16 in February 2015. The savings target for the year is £9.79 million and specific schemes have been identified for the full savings requirement, although there is 'High' and 'Medium to High' risk associated with £3.8 million of these schemes and work is in progress to ensure that all required savings are delivered.

The MTFS for 2015 – 2019 (which covers the four years from 1 April 2015), as approved in February 2015, indicates a savings requirement of £36.28 million for the period. In July 2015 an MTFS for 2016 – 2020 (which covers the four years from 1 April 2016) was presented to the Cabinet. This shows a remodelled position that takes account of the potential impact of the new Government's future resource plans and the macro financial pledges contained in the Chancellor's budget. Slough has assumed a 25% reduction in Government grants year on year until 2019/20 and a potential savings requirement of £36.14 million over the period. In the most recent MTFS update report, savings schemes totalling £16.55 million have been identified for the four year period from 1 April 2016. These schemes include a range of short and long term proposals, including procurement savings, income generation, transformational and transactional cost reduction, improved business efficiency and disinvestment.

AUDIT ISSUES AND IMPACT ON CONCLUSION

Resource gaps have been identified for the period 2015/16 to 2019/20, where savings plans have not yet been identified. Ensuring financial balance over the medium term planning horizon will continue to require strong leadership and action by the Council.

USE OF RESOURCES
Financial resilience

FINANCIAL PLANNING	AUDIT ISSUES AND IMPACT ON CONCLUSION
To help in identifying savings for the remaining £19.59 million budget gap in the most recent MTFS, the Council has commenced an outcomes based budgeting exercise. To begin this process, the Council's existing budget has been mapped to its Five Year Strategic Plan outcomes and lead officers are required to provide options about the outcomes that can be delivered at 65% of the current cost. A range of measures are being considered, including utilising capital resources for invest to save schemes, securing long term transformation of services, utilising external funding sources, disinvestment with a clear impact assessment on outcomes, securing additional efficiencies and maximising income generation opportunities. It is important that all the consequences of identified options are fully considered, including the revenue implications of capital invest to save schemes and the capacity of each service department to deliver its schemes. The Council has undertaken a number of benchmarking exercises to compare costs and value for money with other unitary councils, for all key services. The Audit Commission's value for money tool indicates that the Council has areas of higher and lower comparative costs across some of its service areas. Overall, the Council's net spend per head of population in 2013/14 was in the highest 20% compared to its nearest statistical neighbours, with expenditure on council tax benefits and housing benefits administration per head being in the highest 10% and spend on adult social care being in the highest third. However, the reasons are well understood by the Council and the benchmarking is being used to help inform where further savings can be achieved going forward through the MTFS.	

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USE OF RESOURCES
Financial resilience

FINANCIAL CONTROL	AUDIT ISSUES AND IMPACT ON CONCLUSION
Internal Audit's review of budgetary control and savings plan monitoring for 2013/14 found that controls in this area are generally suitably designed, consistently applied and effective. There was no equivalent review in 2014/15, however we are not aware of any changes in processes. Budget reports are considered monthly by Directorate Management Teams and this is supported by an established budget monitoring process by managers and finance staff. The Corporate Management Team receives monthly reports setting out key issues, risk areas and progress to resolve issues and quarterly reports providing a full analysis of Directorate performance. Overall the Council achieved its budget plans for 2014/15 and contributed £224,000 net underspends to a future budget reserve. It achieved 96% of its £12.53 million savings target for the year. There was a forecast overspend of £0.98 million at the end of the first quarter of 2014/15 but this was managed downwards throughout the financial year. A £1.4 million overspend was reported by the Children and Families Division of the Wellbeing Directorate due to increasing demand for services and the higher cost of agency staff, however this was offset by underspends in other services. The general fund balance as at 31 March 2015 is £8.1 million, which is in line with the previous year and at the Council's minimum approved level. Earmarked reserves have decreased by £6.3 million, to £18.8 million, to resource planned projects in accordance with the Council's priorities. This includes £7.8 million of schools balances per the draft financial statements. Overall usable reserves have increased by £3.8 million. The ratio of non-schools usable reserves to gross revenue expenditure for the Council in 2013/14 is in the lowest 20% compared with the Council's nearest statistical neighbours. During 2014/15 a review of all earmarked reserves was carried out to ensure that these remained appropriate and that any excess amounts were transferred to other reserves or released to support the 2015/16 budget position.	No areas of significant concern.

USE OF RESOURCES
Challenging economy, efficiency and effectiveness

The economy, efficiency and effectiveness criterion has two aspects: prioritising resources and improving efficiency and productivity.

PRIORITISING RESOURCES	AUDIT ISSUES AND IMPACT ON CONCLUSION
Children's social care services In 2011, Ofsted judged Slough's services for safeguarding and looked after children to be inadequate. A Safeguarding Improvement Plan was identified and an Improvement Board was established to oversee the action necessary to achieve this. In November 2013 Ofsted completed a review of services for children in need of help and protection, children looked after and care leavers. While recognising improvement had been made in specific areas, Ofsted also concluded other aspects of children's social care services had deteriorated since the 2011 position and judged the services it reviewed as inadequate overall. Ofsted's public report stated 'there are widespread and serious failures that create or leave children being harmed or at risk of harm and serious failures and unnecessary delay in identifying permanent solutions for looked after children which result in their welfare not being safeguarded and promoted'. Ofsted also concluded arrangements for securing the effectiveness of the Local Safeguarding Children Board were inadequate (by Ofsted's definitions) and that the Board could not demonstrate the required skills to discharge its statutory duties. In discussion with the Department for Education (DfE) the Council agreed the work of the Improvement Board would cease as at 31 March 2014 in the expectation that the Secretary of State would exercise powers available to him to direct how Children's Social Care services should be delivered in Slough in the future. In June 2014 an independent research company published a report into Slough's Children's Social Care Services as requested by the DfE. The Parliamentary Under Secretary for the government department considered the report and stated in July 2014 that he (the Minister) was minded to remove Children's Social Care Services from the Council's control. In October 2014 the Secretary of State for Education wrote to the Council about the inadequacies identified by Ofsted in Slough Borough Council's Children's Social Care services. The Secretary of State concluded that the Council was failing to provide the following functions to an adequate standard: a) social services functions, as defined in the Local Authority Social Services Act 1970, so far as those functions relate to children b) the functions conferred on the local authority under sections 23C to 24D of the Children Act 1989 (so far as not falling within paragraph (a) above) c) the functions conferred on the authority under sections 10, 12, 12C, 12D and 17A of the Children Act 2004.	Due to the significant weaknesses in Children's Social Care Services identified by Ofsted and the decision of the Secretary of State for Education to direct the Council to transfer Children's Social Care Services to a Trust, our value for money conclusion will be qualified.

USE OF RESOURCES

Challenging economy, efficiency and effectiveness

PRIORITISING RESOURCES	AUDIT ISSUES AND IMPACT ON CONCLUSION
The Secretary of State therefore proposed to: a) appoint a person ('the Commissioner for Children's Social Care') to: i. act on behalf of the Secretary of State for the purposes of this direction ii. secure improvement in the Council's performance of its children's social care functions pending the formation of a company ('the Trust') to exercise those functions b) establish, or secure that the Commissioner for Children's Social Care establishes, the Trust. Pursuant to her powers under section 497A(4B) of the Education Act 1996, the Secretary of State directed the Council to: a) comply with any instructions of the Secretary of State or the Commissioner for Children's Social Care in relation to the Council's exercise of its Children's Social Care Functions b) in relation to the establishment, setting up or carrying on of the Trust: i. comply with any instructions of the Secretary of State or the Commissioner for Children's Social Care ii. provide such assistance to the Secretary of State or the Commissioner for Children's Social Care as they may require iii. cooperate fully with the Secretary of State and the Commissioner for Children's Social Care. In November 2014 the Council agreed a Memorandum of Understanding (MOU) with the Secretary of State for Education to enable the externalisation of the Council's children's services functions to a new organisation to be designed in consultation with the Council. Since then it has been agreed that the new children services organisation (CSO) will take the form of a company limited by guarantee, which will be in place from 1 October 2015. The scope of services to be transferred has been agreed and the Council is in the process of agreeing the associated contract cost. The MOU states that the Council should fund the new organisation to a similar level as currently provided, and the parties have agreed that due consideration needs to be given to the Council's savings targets when setting the contract cost.	

USE OF RESOURCES
Challenging economy, efficiency and effectiveness

PRIORITISING RESOURCES	AUDIT ISSUES AND IMPACT ON CONCLUSION

The MOU provides the Council with assurance that certain transition costs are to be met by the DfE, although there will be a limit on the overall recoverable costs and no reimbursement until the contract with the new CSO commences. The Council is continuing to identify and manage the financial and operational risks associated with the transfer of services to the new CSO.

Since April 2015 the Council commissioned two audit activities in respect of its children's services:

a) a focused review into the effectiveness and impact of the current Quality Assurance Framework

b) an audit programme, funded by the DfE with support from its 'Achieving for Children' programme covering threshold decision making, children subject to child protection plans, domestic violence contacts and case supervision.

The audits found that the threshold decision was generally sound, however there was a lack of consistency around the application of standards and most plans did not contain 'SMART' (Specific, Measureable, Achievable, Realistic and Timebound) targets. The audits have informed a detailed action plan which the Council is working to deliver before services are transferred to the new CSO.

The Council also invited the Local Government Association to undertake two independent peer reviews:

- In November 2014 a safeguarding peer review was undertaken and found that the Council had made progress over the previous twelve months by investing in the service, attracting high quality staff and managers and ensuring they have reasonable workloads alongside an investment in training, development and support
- A review of the support given to looked after children and care leavers was undertaken in February 2015, and concluded that there was evidence improvement with an awareness that there was more to be done to achieve consistent outcomes. The reviewers noted that the Council's focus had understandably been on getting the 'basics' in place.

Overall, the reviews found that while progress had been made there remained significant scope for improvement.

A new Single Improvement Plan was developed which draws together the key areas requiring focus from a number of separate and detailed improvement plans that were in place up to February 2015. The four key priority areas for improvement are recruitment and retention, quality assurance, quality of practice, and leadership and partnership. The plan is now being monitored fortnightly by the Slough Improvement Steering Group, which is chaired by the Interim Director of Children's Services and includes the Children's Commissioner for Slough and a representative from the DfE. This new arrangement is providing focused attention and robust monitoring of the most urgent work that needs to be undertaken in order to improve services for the most vulnerable children in the borough.

Significant budgetary overspends have been incurred in delivering children's services over the past few years and this is partly due to the high use of agency staff in the service. A focus on recruitment and retention in recent months has increased the level of permanent staff from 48% in March 2014 to 54% in March 2015. Since March 2015, there has been a 27% increase in permanent social workers within field work (front line) teams, which the Council estimates has reduced the annual staff costs by approximately £300,000. The Council expects this to improve further during the next few months.

USE OF RESOURCES
Challenging economy, efficiency and effectiveness

PRIORITISING RESOURCES	AUDIT ISSUES AND IMPACT ON CONCLUSION
The Council has reported some positive outcomes as a result of its improvement plans for children's social care services over the last 12 months: • Average social worker caseloads now range from 14 children in Looked After Children and Care Leavers Teams to 21 children in Learning Difficulties and Disabilities Team and Assessment and Child in Need teams. In particular, there has been a significant reduction for the Assessment and Child in Need Teams, which had average caseloads of 36 children at the time of the 2013 inspection. These caseload calculations are now completed on the basis of Consultant Practitioners holding reduced (by 50%) caseloads • Single assessments completed and authorised within timescales have been consistently above 80% for the last 12 months • Children subject to child protection plans visited within the last two weeks have been between 90% and 100% in the last 12 months (compared to 78.9% in November 2013) • The Council is placing fewer children more than 20 miles from home, improving from 24.7% in November 2013 to 15.9% in July 2015. • The number of children in residential care placements has more than halved to 11 in July 2015 (from 23 in November 2013) • In November 2013, only 51% of looked after children were seen alone at their statutory review visits, this has now risen to 75.8% (July 2015). Over 90% of looked after children are receiving six-weekly visits • The long term stability of placements has improved from 50% in November 2013 to 72.3% in July 2015. While recognising some recent, positive outcomes have been reported by the Council in Children's Social Care Services, because of the significant weaknesses identified by Ofsted, the decision of the DfE to transfer the service out of the Council's control, and insufficient evidence of significant and sustainable improvement in the service during 2014/15, we are proposing to qualify our value for money conclusion.	

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USE OF RESOURCES
Challenging economy, efficiency and effectiveness

PRIORITISING RESOURCES	AUDIT ISSUES AND IMPACT ON CONCLUSION
Slough Wellbeing Board The Slough Wellbeing Board is in its third year of full operation and its objectives are being taken forward through Priority Delivery Groups (PDGs) and various sub-groups. Quarterly newsletters are published on the Council's website, which set out the work of the Slough Wellbeing Board, relevant national and local developments in NHS and local government and changes in legislation. The PDGs have continued to develop throughout 2014/15 and the first half of 2015/16, and there are now four PDGs: Healthier Communities, Climate change, Safer Slough Partnership, and Children and Young People's Partnership Board. The Council and Slough CCG have recently acknowledged that the Healthier Communities PDG did not have sufficient focus on integrating health and social care, and revised terms of reference for the group have been agreed to address this. It is now co-chaired by Council and CCG representatives and members of the group have a direct link into the Wellbeing Board. The challenge is to work towards a joint integrated commissioning plan that agrees expenditure for all aspects of health and social care, most of which is funded by the NHS, and in particular the majority of health and social care funding that is not in a pooled budget via BCF. During the year the Wellbeing Board received progress reports from the PDGs and on priority areas such as the BCF, housing, mental health, primary care co-commissioning and pharmaceutical needs assessment. Reporting to the Wellbeing Board is generally on an exception basis to highlight areas requiring focus. In June 2014 the Wellbeing Board took part in a development workshop led by the Kings Fund to review the Board's progress in its first year and to discuss future development. It found that the current Board had some significant strengths through its establishment in shadow form and basing its governance arrangements on the outgoing Local Strategic Partnership. The review team also reported the Board had agreed a wide ranging, ambitious and robust Wellbeing strategy and its innovative membership and joint strategy had helped to avoid too narrow a focus on health and social care issues. The team did note there was scope to refresh the Board's membership to improve the balance between NHS and local authority representation. At the time of the review the team felt the Board had yet to demonstrate impact, which reflected the national picture at the time. The team also noted the need to implement a performance management framework to monitor progress effectively across the six PDGs responsible for delivering the Board's 28 priority actions. To address these recommendations, a five point plan to support a new phase in the Board's development was agreed in November 2014, which the Board is working towards. A workshop is planned to agree a set of updated outcomes for a refreshed Slough Joint Wellbeing Strategy for the period 2017 – 2020 and to refresh the vision for the Board. The Council's Policy team is supporting the workshop discussions.	No impact on audit conclusion.

USE OF RESOURCES
Challenging economy, efficiency and effectiveness

PRIORITISING RESOURCES	AUDIT ISSUES AND IMPACT ON CONCLUSION
The new Care Act (2014) came into force on 1 April 2015, significantly reforming the law relating to the care and support of adults and their carers. The requirements of the Care Act are partly supported the creation of a Better Care Fund (BCF) pooled budget, that covers approximately 10% of health and social care services in Slough. A joint BCF Plan was developed with Slough CCG and approved by the Chairman of the CCG, the Council's Chief Executive and the Chairman of the Wellbeing Board. It was submitted to NHS England by the national deadline in September 2014. The plan was developed following consultation workshops with key stakeholders in January 2014, facilitated by the Kings Fund. It sets out how £8.068 million of NHS and local authority resources will be put into a pooled budget in 2015/16, hosted by the Council, to aid the transformation of health and social care in Slough, with the Council and the CCG contributing £0.69 million and £8.762 million respectively. The plan was approved 'with support' by NHS England. There is a clear link between the BCF plan, the Joint Wellbeing Strategy 2013-16, the Joint Strategic Needs Assessment for Slough and the Council's five Year Plan. The BCF plan focuses on a range of activities relating to diversion from accident and emergency care and increasing community based support services, although it is only a part of the overall work that is being carried out in these areas. The BCF vision is being managed through three key work streams, to proactively identify the people most in need of health and social care and to put preventative measures in place; streamline and better integrate the wide variety of health and social care services that are currently in place and make better use of community capacity, such as working with the voluntary sector. A new partnership strategy for working with the voluntary and community sector has recently been implemented to seek to achieve greater clarity around key outcomes for supporting vulnerable adults and following a number of workshops with voluntary and community groups, the Council is currently in the process of procuring new contracts with effect from January 2016. The BCF pooled budget agreement was established under Section 75 of the NHS Act 2006, was approved by the Slough Wellbeing Board and the CCG's Governing Body, and has recently been signed off by the Leader of the Council, the Interim Director of Adult Social Care and the CCG's Chief Finance Officer. At the time of drafting this report it was awaiting legal seal. Sign off was delayed beyond the national deadline of 1 April 2015 while both the Council and the CCG completed work to ensure that the agreement adequately protected any liability towards each organisation.	

USE OF RESOURCES

Challenging economy, efficiency and effectiveness

PRIORITISING RESOURCES	AUDIT ISSUES AND IMPACT ON CONCLUSION
Governance arrangements are in place to monitor the delivery of the BCF plan and the Section 75 agreement. There is a BCF programme manager who coordinates performance monitoring through the use of a BCF programme tracker. Each work stream is led by a senior manager and each project has a designated project manager. Regular monitoring of BCF activity and performance and maintenance of a programme risk register is carried out by a BCF Delivery Group, which meets fortnightly, and is co-chaired by the Council's Interim Director of Adult Social Care and the CCG's Director of Strategy and Commissioning. This work is overseen by a Joint Commissioning Board, which meets on a quarterly basis, and is comprised of two voting members from each of the Council and the CCG. A range of clinical, commissioning and operational officers are invited to the meetings to provide advice and feedback. The Joint Commissioning Board receives updates from the BCF Delivery Group and finance and performance reports. Slough Wellbeing Board is ultimately responsible for ensuring the delivery of the BCF plan and receives quarterly progress reports. The Health Scrutiny Panel also receives regular reports and provides independent scrutiny of the BCF plan progress. The Council's Internal Auditors have recently carried out a review of the BCF governance arrangements and provided an 'Amber/Green' rating, which means the controls in place to manage the risks are suitably designed and consistently applied, however they have identified issues that need to be addressed to ensure that the control framework is effective in managing identified risks. Internal Audit recommended that terms of reference are developed for the BCF Delivery Group, the design of the BCF programme risk register is improved to facilitate effective management of the risks and that risk registers are maintained at project level. Overall, we are satisfied that the Wellbeing Board is progressing with its objectives. A development plan is in place to ensure that it remains fit for purpose for the challenges it faces, including greater integration of health and social care planning and commissioning.	

USE OF RESOURCES
Challenging economy, efficiency and effectiveness

IMPROVING EFFICIENCY AND PRODUCTIVITY	AUDIT ISSUES AND IMPACT ON CONCLUSION
Contract management Internal Audit's reviews of contract management in the prior year identified a number of significant weaknesses. Follow up reviews in 2014/15 found that some steps have been taken to address the issues previously identified, such as benchmarking consultancy costs for individual projects between the contractor and alternative service providers on one of the Council's key contracts, and implementing a performance management system to monitor key performance indicators (KPIs) on another contract. However, Internal Audit's contract management reviews in the current year have identified continuing significant weaknesses in specific contracts. These include issues with the timely and consistent completion of inspection reports carried out by Council staff on the quality of services provided by the contractor, inadequate benchmarking of activities across all services, insufficient KPI reports presented to the Council, inadequate procedures for agreeing KPIs with the provider, lack of transparency over the current cost base, and inadequate validation of performance data to monitor KPIs. Internal Audit's review of procurement in May 2014 resulted in an 'Amber/Green' conclusion, meaning that controls are generally suitably designed and consistently applied however issues were identified that need to be addressed to ensure that the control framework is effective. The Council recognises that improvements in contract management and procurement processes are necessary to drive cashable efficiency savings. It is reviewing its structures and strengthening its contract negotiating resource base, as a number of the Council's significant and long standing contracts are due for re-procurement over the medium term. A programme of training sessions have been held for 16 managers who work on both major and minor contracts, with the aim of improving contract management and negotiating skills. The Council updated its Contract Procedure Rules and Procurement Operating Procedures during the year. An 'e-tendering' portal (known as 'In-tend') is now in place for carrying out tenders. Training on the portal was provided for users and all procurement activity is now expected to proceed via the portal, providing greater transparency to the contracts register. The Procurement Review Board has focused on ensuring compliance with Council procedures. Approval is required from the Board for business cases over £50,000, and for exemptions for contracts not requiring selective or competitive tender and contract award. The Board meets regularly and has agreed terms of reference that define its role. Members of the commissioning team are invited to attend Board meetings where necessary.	There remains significant scope for improvement in contract management processes. . However, we are satisfied that the Council is taking action to identify and address weaknesses in this area, and that the procurement of major contracts over the medium term provides scope for cashable efficiency savings the Council requires to balance its finances.

USE OF RESOURCES
Challenging economy, efficiency and effectiveness

IMPROVING EFFICIENCY AND PRODUCTIVITY	AUDIT ISSUES AND IMPACT ON CONCLUSION
Governance has been a major area of focus and there is now a requirement for Strategic Contract Meetings on 'Place' based Contracts involving either a Strategic Director or an Assistant Director. Existing contracts are being reviewed and performance on key contracts is now being reported to the Overview and Scrutiny Committee and other Council panels such as the Neighbourhoods Panel. Benchmarking was also a key area of focus during the year, as it was recognised that measuring supplier key performance is a significant component in achieving value for money. An exercise was carried out to submit data to the Association of Public Sector Excellence (APSE) performance networks and the resultant performance data is being used to set targets for improvements and supplement contractually agreed KPIs. The MTFS assumes savings are delivered from the major contract procurement exercises which are underway across the Council, co-ordinated by a Commissioning Board and the Major Contracts Reprovision Board. An example of this is the housing repairs, maintenance and investment contract which is aiming for market exposure in February 2016 and a provisional start date of November 2017. To inform this exercise the Council is tendering for a full stock condition survey of its social housing, as this is identified as an essential investment to secure value for money from the procurement. The Council is working with the new Children's Services Organisation to agree a suite of Key Performance Indicators. Slough will need to establish arrangements to understand progress towards the KPIs (when these are finalised). The Council should have regard to the developing contract management framework to ensure outcomes are reported consistently and in a timely way to ensure common understanding of performance and any action required. There remains significant scope for improvement in contract management processes. However, we are satisfied that the Council is taking action to identify and address weaknesses in this area, and that the procurement of major contracts over the medium term provides scope for cashable efficiency savings the Council requires to balance its finances.	

USE OF RESOURCES CONCLUSION

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in most respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015, with the exception of the arrangements for the protection of children, looked after children and care leavers.

APPENDICES

APPENDIX I: DEFINITIONS

TERM	MEANING
The Council	Slough Borough Council
Management	The persons responsible for achieving the objectives of the Council and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management is responsible for: • the financial statements (including designing, implementing, and maintaining effective internal control over financial reporting) • putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources and to ensure proper stewardship and governance, and regularly to review the adequacy and effectiveness of them.
Those charged with governance	The persons with responsibility for assurance and the Council's arrangements for governance, managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. This includes overseeing the financial reporting process. Those charged with governance for the Council are the Audit and Corporate Governance Committee.
ISAs (UK & Ireland)	International Standards on Auditing (UK & Ireland)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards as adopted by the European Union
Materiality	The size or nature of a misstatement that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable user of the financial statements would have been changed or influenced as a result of the misstatement.
Code	Code of Practice on Local Authority Accounting in the United Kingdom issued by CIPFA / LASAAC(Chartered Institute of Public Finance and Accountancy / Local Authority Scotland Accounts Advisory Committee)
SeRCOP	Service Reporting Code of Practice for Local Authorities issued by CIPFA / LASAAC
SOLACE	Society of Local Authority Chief Executives
CIES	Comprehensive Income and Expenditure Statement

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APPENDIX II: AUDIT DIFFERENCES

We are required to bring to your attention audit differences identified during the audit, except for those that are clearly trivial, that the Audit and Corporate Governance Committee is required to consider. This includes: audit differences that have been corrected by management; and those that remain uncorrected along with the effect that they have individually, or in aggregate, on the opinion in the auditor's report.

CORRECTED AUDIT DIFFERENCES

We identified two material misstatement in the primary financial statements, which management has agreed to amend in the revised financial statements:

- Disclosure of dedicated schools grant in the CIES (£25.852 million)
- Indexation gain on buildings revalued on a depreciated replacement cost basis (£9.430 million)

In addition, we identified a number of presentational misstatements in the following notes which we consider to be qualitatively material:

- Financial instruments note
- Amounts reported for resource allocation decisions note
- Senior officers' remuneration bandings note
- Exit packages note.

These amendments, together with the other non-material amendments that have been processed, have not had any impact on the deficit for the year or the general fund balance.

UNADJUSTED AUDIT DIFFERENCES

Eight unadjusted audit differences were identified during the audit and when combined with a brought forward misstatement from the prior year would increase the draft deficit on the provision of services in the CIES by £137,000 to £8.827 million (from £8.690 million).

A schedule of uncorrected audit differences is included on the following pages, with misstatements recorded as factual misstatements, judgemental / estimation misstatements, or projected misstatements. We request that you correct these misstatements. Deliberate misstatement of known issues is not acceptable and identified misstatements should, where practicable, be corrected even if not material.

Management has stated that it considers these identified misstatements to be immaterial in the context of the financial statements taken as a whole.

IMPACT ON CURRENT YEAR REPORTED PERFORMANCE FOR PRIOR YEAR AUDIT DIFFERENCES

In the current year's financial statements the Council has adjusted for two misstatements that we identified in the prior year audit (where prior year net expenditure was understated by £648,000). Our current year's audit also identified income of £272,000 that should have been accounted for in the prior year instead of the current year. The current year's net expenditure and deficit is higher by a net £376,000 as a result of accounting for these transactions in the current year.

APPENDIX II: AUDIT DIFFERENCES
Unadjusted audit differences

UNADJUSTED AUDIT DIFFERENCES	£'000	INCOME AND EXPENDITURE		BALANCE SHEET	
		Dr £'000	(Cr) £'000	Dr £'000	(Cr) £'000
CIES deficit on the provision of services before adjustments (per draft financial statements)	**8,690**				
Dr Reserves (revaluation reserve and/or capital adjustment account)				398	
Dr Loss on disposal of non-current assets in the CIES	104	104			
Cr Property plant and equipment (other land and buildings)					(502)
Dr Capital adjustment account				104	
Cr General Fund (through the Movement in Reserves Statement)*					(104)
Impact of brought forward misstatement relating to incorrect Depreciated Replacement Cost (DRC) (factual misstatement)					
Dr Adult social care expenditure		5,314			
Cr Education and children's services expenditure			(4,961)		
Cr Environment and regulatory services expenditure			(353)		
Misclassification of cost centres to services in the CIES (projected misstatement)					
Dr Debtors				508	
Cr Income - Education and children's services	(508)		(508)		
Dr General Fund (through the Movement in Reserves Statement)*				508	
Cr Schools earmarked reserves					(508)
Understatement of dedicated schools grant (factual misstatement)					
Dr Depreciation	131	131			
Cr Property, plant and equipment - land and buildings					(131)
Dr Capital adjustment account				131	
Cr General Fund (through the Movement in Reserves Statement)*					(131)
Understatement of depreciation on finance leased assets (estimation misstatement)					
Dr Property, plant and equipment - land and buildings				3,068	
Cr Investment properties					(3,068)
Dr Increase in fair value of investment properties		186			
Cr Revaluation gains credited to the deficit on provision of services - service income			(186)		
Overstatement of investment properties for three properties that should be reclassified to property, plant and equipment (factual misstatement)					

APPENDIX II: AUDIT DIFFERENCES

Unadjusted audit differences

UNADJUSTED AUDIT DIFFERENCES	£'000	INCOME AND EXPENDITURE Dr £'000	INCOME AND EXPENDITURE (Cr) £'000	BALANCE SHEET Dr £'000	BALANCE SHEET (Cr) £'000
Dr Change in the fair value of investment properties in the CIES	136	136			
Cr Investment properties					(136)
Dr Capital adjustment account				136	
Cr General Fund (through the Movement in Reserves Statement)*					(136)
Overstatement of investment properties for a building that is included in the valuation of another asset that was transferred to assets held for sale during the year(factual misstatement)					
Dr Intangibles – software licences				586	
Cr Property, plant and equipment – assets under construction					(586)
Misclassification of Agresso licence within property, plant and equipment rather than intangibles (factual misstatement)					
Dr Service concession interest		306			
Cr Education and children's services expenditure			(306)		
Misclassification of expenditure relating to the PFI liability as actual unitary payments invoiced for the year exceed the expected amount in the PFI model *(factual misstatement)*					
Dr Service expenditure in the CIES	274	274			
Cr Creditors					(274)
Extrapolation of potential errors as a result of incomplete expenditure accruals identified by our audit testing *(projected misstatement)*					
TOTAL UNADJUSTED AUDIT DIFFERENCES	**137**	6,451	(6,314)	5,439	(5,576)
CIES deficit on the provision of services after adjustments	**8,827**				

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The misstatements indicated by an * do not impact on the closing general fund balance as they would be reversed to other reserves through the Movement in Reserves Statement, if corrected. The overall impact of the projected misstatements above may reduce the general fund balance by £274,000.

APPENDIX II: AUDIT DIFFERENCES
Unadjusted audit differences

UNADJUSTED DISCLOSURE MATTERS
The financial statements include a significant number of notes and disclosures that are not material and should be removed, such as intangibles, assets held for sale, inventories, grants received in advance and associated accounting policies. The note on the nature and extent of risks arising from financial instruments does not disclose an analysis of the age of financial assets that are past due as at the reporting date but not impaired, and an analysis of financial assets that are individually determined to be impaired as at the reporting date, including the factors the authority considered in determining that they are impaired. The Council has not disclosed this information because it cannot readily produce it. Additionally, the maturity analysis for financial liabilities does not meet the Code's requirements for financial instrument disclosures as it has been prepared on the basis of amortised cost rather than undiscounted contractual cash flows.

APPENDIX III: MATERIALITY

In carrying out our work we determine and apply a level of materiality. Materiality is the expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole, or individual elements of the financial statements as appropriate. Consequently, the audit cannot be relied upon to identify all risks or potential or actual misstatements. Materiality may relate to both quantitative and qualitative matters, and for quantitative considerations the numerical level materiality is assessed at may be different for different information in the financial statements. Nevertheless, within this context, we provide an indication of the quantitative levels used for planning purposes. Materiality is re-assessed every year in the context of authoritative audit practice.

MATERIALITY	
Planning materiality	£6,500,000
Final materiality	£6,100,000
Clearly trivial threshold	£122,000

Planning materiality of £6,500,000 was based on 1.5% of gross expenditure in the draft CIES. Due to the misstatements identified by the audit, gross income in the revised financial statements has decreased by £37.305 million. We have therefore revised our final materiality level.

Triviality was based on 2% of final materiality.

APPENDIX IV: RECOMMENDATIONS AND ACTION PLAN

Follow up of prior year recommendations

CONCLUSIONS FROM WORK	OUTCOME OF FOLLOW UP	CURRENT RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
FINANCIAL STATEMENTS					
Working papers A detailed file of electronic working papers was provided to us at the start of the audit, in accordance with the agreed timetable. However, our review of these working papers found a number of gaps and quality issues. Comparison to the detailed schedule of working papers provided to the Council found that only a third of the working papers were in sufficient detail to allow an effective starting point for the audit of those sections.	A detailed file of electronic working papers was provided two weeks after the start of the onsite audit visit. This was later than the previous year, although the working papers provided were found to be more comprehensive than those provided in previous years. Further working papers were provided during the course of the audit. Whilst there has been some improvement in the quality and availability of working papers, there is still significant scope for improvement, particularly in the following areas: • Reconciliations of schools balances (see point below) • Analyses of the cash and cash equivalent balance and supporting bank reconciliations for all balances.	Management should carry out a critical review of the outcomes of the 2014/15 audit to identify the areas where further improvements need to be made in producing effective working papers. We will continue to work with finance officers to agree the format of required working papers, particularly in respect of schools balances and banks analyses.	The majority of working papers were deposited onto the agreed SharePoint site at the start of the audit. These were produced and referenced in the agreed revised format. Whilst this was a major improvement on previous years, management will review the working papers and practices and work with the external auditors to improve them further. A particular exercise will be carried out in respect of schools balances.	Corporate financial controller	January 2016
Consolidation of schools transactions The Council's arrangements for consolidating information from schools into the CIES (and the balance sheet) are ineffective. The working papers and journals prepared to support transactions consolidated into the CIES and balance sheet were inadequate.	Our review of the Council's working papers for 2014/15 found that there is insufficient reconciliation between schools balances in the general ledger and the returns received from schools. In addition, a number of the year end returns for 'non-Oracle' schools were missing and had to be requested during the audit. In the absence of effective controls for reconciling schools balances, there is a significant risk of material misstatement in the accounts.	Transactions posted to the general ledger should be reconciled to underlying schools returns, and finance officers should check that year end returns have been received from all schools. Management should complete a review of the consolidation of schools transactions into the accounts as part of the accounts closedown process.	A critical review of Schools working papers and requirements will be undertaken at the end of the audit. We will work with the external auditors to improve the quality and quantity of working papers.	Corporate financial controller	December 2015

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APPENDIX IV: RECOMMENDATIONS AND ACTION PLAN

Follow up of prior year recommendations

CONCLUSIONS FROM WORK	OUTCOME OF FOLLOW UP	CURRENT RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
FINANCIAL STATEMENTS					
Property valuations Management should more fully document its thought process and evidence to support the representation that the carrying values of all assets remain materially accurate as fair value at year end.	There remains scope for improvement in the Council's evidence supporting the carrying value of properties that have not been revalued in the year.	Management should more fully document its thought process and evidence to support the representation that the carrying values of non-current assets that have not been formally revalued in the year remain materially accurate as fair value at year end.	Agreed.	Corporate financial controller	January 2016
Depreciation of non-current assets: Useful economic lives (a) Management should more fully document its annual review of useful lives, depreciation methods and residual values of all classes of assets. (b) The fixed assets register should be updated to ensure that all assets are appropriately depreciated in accordance with the Code requirements. (c) The fixed assets register should be updated to ensure that leased assets are being depreciated over the shorter of the lease life or the expected life of the asset.	There remains scope for improvement in the evidence supporting management's annual review of useful lives, depreciation methods and residual values of all classes of assets. Our audit work found no issues with regards to depreciation calculations except for depreciation on leased assets. Part (b) of the recommendation is considered to be implemented.	Management should more fully document its annual review of useful lives, depreciation methods and residual values of all classes of assets, particularly where assets have not been formally revalued. The fixed assets register should be updated to ensure that leased assets are being depreciated over the shorter of the lease life or the expected life of the asset.	Agreed.	Corporate financial controller	January 2016

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APPENDIX IV: RECOMMENDATIONS AND ACTION PLAN
Follow up of prior year recommendations

CONCLUSIONS FROM WORK	OUTCOME OF FOLLOW UP	CURRENT RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
FINANCIAL STATEMENTS					
Capital expenditure on council dwellings Each year the Council incurs expenditure on the refurbishment of its housing stock. The amount is derecognised from property, plant and equipment as a proxy for the deemed carrying amount of the replaced components. This treatment is acceptable under the Code, however the Code Guidance notes for practitioners states that this amount should be adjusted for any depreciation and impairment.	The Council has estimated the value of components to derecognise from property, plant and equipment in order to write out replaced components.	None	N/A	N/A	N/A
Accrual for special education needs (SEN) Management should ensure that the year end accrual for out-of-borough special education need placements is estimated by taking account of the actual number of placements and the expected cost for each; in the light of the accuracy of the prior year accrual.	There remained a number of issues regarding the working papers provided to support the year end SEN accrual. In addition these do not clearly show how the prior year accrual compared to the actual payments made post year end and therefore the extent of any under/over accrual from the prior year impacting on the current year.	Management should carry out a critical review of the working papers produced to support the year end SEN accrual to ensure that they fully evidence all assumptions made and any impact from prior year under/over accruals.	The critical review of all schools working papers will include SEN accruals.	Corporate financial controller	January 2016

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APPENDIX IV: RECOMMENDATIONS AND ACTION PLAN
Follow up of prior year recommendations

CONCLUSIONS FROM WORK	OUTCOME OF FOLLOW UP	CURRENT RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
CONTROL ENVIRONMENT					
Fixed assets register Management should ensure that Internal Audit's recommendations on the asset register review in 2013/14 are fully implemented in accordance with agreed timelines.	Internal Audit's conclusion on the asset register in 2014/15 is rated amber/red and there are high priority recommendations relating to the creation of asset management procedures that clearly outlines the responsibilities of all involved departments and staff and the establishment of formal written verification procedures covering the requirement for regular reconciliations to be completed between the asset register and Council property management system.	Management should implement Internal Audit's recommendations in respect of controls over the fixed asset register.	Agreed.	Corporate financial controller	January 2016
Purchase orders Management should monitor compliance with its new 'No Purchase Order, No Pay' policy as failure to comply with this policy could result in the Council committing itself to inappropriate expenditure or incurring expenditure in excess of allocated budgets.	Throughout 2014/15 a number of purchase requisitions have continued to be raised retrospectively (11 out of25 tested by Internal Audit), despite the Council's 'No Purchase Order, No Pay' policy implemented from 1 April 2014.	Management should continue to monitor compliance with its new 'No Purchase Order, No Pay' policy, as failure to comply with this policy could result in the Council committing itself to inappropriate expenditure or incurring expenditure in excess of allocated budgets.	Management has continued to monitor this and there is some minor progress. A review is being undertaken by finance to review blockages and utilise learning to improve performance for when Agresso is implemented	Corporate financial controller	January 2016
Employment Taxes Management should monitor the implementation of the recommendations raised by BDO's employment taxes specialist.	From review of Internal Audit's report on employment tax in 2014/15, we are satisfied that the majority of our prior year recommendations have been implemented. BDO's review of employment tax in 2014/15 has resulted in two new recommendations below.	N/A	N/A	N/A	N/A

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APPENDIX IV: RECOMMENDATIONS AND ACTION PLAN

New recommendations arising in 2014/15

CONCLUSIONS FROM WORK	RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
CONTROL ENVIRONMENT				
Supplier amendment forms Internal audit's review of expenditure and creditors in 2014/15 found that amendments to supplier forms are made using a new supplier form. This means that amendments are not clearly set out. They also found that some of the forms were not authorised. Furthermore, 8 of 20 new supplier forms tested could not be located or were not appropriately signed. There is a risk that incorrect or fraudulent changes could be made to supplier details.	The Council should implement Internal Audit's recommendations regarding the correct use and authorisation of supplier amendment forms.	Agreed.	Corporate financial controller	January 2016
Housing rents system Internal Audit's review of rent accounts in 2014/15 identified three tenancies (from a sample of 25) for which the Capita system did not reflect the correct rental charge. This occurred because the tenancy agreements had not been forwarded to the Arvato rent accounting team to make the necessary adjustments. There were a further six instances in which the tenancy agreement could not be located. There is a risk that rental income may not be correctly billed and accounted if controls in this area are not operating effectively.	The Council should implement Internal Audit's recommendations regarding updating of the rents system for new tenancies.	Agreed.	Corporate Finance Business Partner - Housing	January 2016

APPENDIX IV: RECOMMENDATIONS AND ACTION PLAN
New recommendations arising in 2014/15

CONCLUSIONS FROM WORK	RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
CONTROL ENVIRONMENT				
Register of interests Our testing of the completeness of related party transactions identified a couple of instances where directorships held by councillors were not included in the register of interests. The Council has no transactions with the relevant companies and there is no impact on related party transaction disclosures. However, all directorships should be declared so that any conflicts of interest can be identified in procurement decisions.	The Council should issue further guidance to Councillors and officers to clarify that all directorships should be declared, irrespective of whether the Council currently has any transactions with the other entity.	Agreed – further guidance to be issued	Head of Democratic Services	January 2016
Employment tax: Personal Service Companies for office holders Where office holder posts are filed by personal service companies, HMRC could challenge that PAYE/NIC is due on the officer holders' fees.	Management should review any such arrangements and consider paying these fees via the payroll payroll going forward and making a disclosure to HMRC.	A review of these arrangements has already been carried out with payroll, HR and our external temporary staff provider to ensure that the risk has been minimised. We will continue to monitor this situation.	Corporate financial controller	January 2016
Employment tax: personal mobiles Occasionally employees have a contribution towards their personal mobile phone bill reimbursed via expenses. If this is not an identifiable actual cost, as a reimbursement of a pecuniary liability, the contribution is taxable as earnings and should be included in the payroll for PAYE/NIC purposes. Reimbursement of actual business calls plus VAT is allowable on production of an itemised bill confirming an additional cost has arisen.	Management should review these payments going forward and include them in the payroll unless business calls can be identified.	A review of this will be carried out after the audit	Corporate financial controller	January 2016

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APPENDIX IV: RECOMMENDATIONS AND ACTION PLAN
New recommendations arising in 2014/15

CONCLUSIONS FROM WORK	RECOMMENDATIONS	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
GOVERNANCE REPORTING				
Immaterial disclosures The 2014/15 financial statements include a significant number of notes and disclosures that are not material and should be removed, such as intangibles, assets held for sale, inventories, grants received in advance and associated accounting policies. Inclusion of irrelevant or immaterial disclosures in the financial statements decreases the usability of the financial statements and detracts from the required material disclosures.	Going forward the Council should review its draft financial statements and remove all immaterial notes and disclosures.	As part of the normal closure of accounts programme a critical review of the previous year's closure will be carried out and the statements will be streamlined wherever possible whilst ensuring that the code of practice is still followed.	Corporate financial controller	January 2016

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APPENDIX V: STATUTORY AND PROFESSIONALLY REQUIRED COMMUNICATIONS

COMMUNICATION REQUIRED	DATE COMMUNICATED	TO WHOM	METHOD
Accounting practices, accounting policies, estimates and judgements and financial statement disclosures (ISA 260)	**Financial statements section of this report**		
Significant difficulties encountered during the audit (ISA 260)	**Financial statements and Governance sections of this report**		
Significant matters discussed or subject to correspondence with management (ISA 260)	**No issues**		
The final draft of the representation letter (ISA 260)	**Appendix VI**		
Independence (ISA 260)	**No issues**		
Fraud and illegal acts (ISA 240)	**No issues**		
Non compliance with laws and regulations (ISA 250)	**No issues**		
Significant deficiencies in internal control (ISA 265)	**Control environment section of this report**		
Misstatements, whether or not corrected by the entity (ISA 450)	**Appendix II**		
Significant matters in connection with related parties (ISA 550)	**No issues**		
Events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (ISA 570)	**No issues**		
Expected modifications to our audit report or inclusions of emphasis of matter / other matter (ISA 705 / 706)	**Use of resources section of this report**		
Material inconsistencies with other information in documents containing audited financial information (ISA 720)	**No issues**		
Objections from the public or exercise of statutory powers under the Audit Commission Act 1998	**No issues**		

APPENDIX VI: DRAFT REPRESENTATION LETTER

TYPED ON CLIENT HEADED NOTEPAPER

BDO LLP
55 Baker Street
London
W1U 7EU

24 September 2015

Dear Sirs

Financial statements of Slough Borough Council for the year ended 31 March 2015

We confirm that the following representations given to you in connection with your audit of the Council's financial statements (the 'financial statements') for the year ended 31 March 2015 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council.

The Assistant Director of Finance and Audit (Section 151 officer) has fulfilled his responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2011 and Statement of responsibilities of auditors and of audited bodies local government (March 2010) issued by the Audit Commission, and in particular that the financial statements give a true and fair view of the financial position of the Council as of 31 March 2015 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA /LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and for making accurate representations to you.

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2011, to make arrangements for the proper administration of the Council's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the annual governance statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and other meetings have been made available to you.

In relation to those laws and regulations which provide the legal framework within which the Council's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

There have been no other events since the balance sheet date other than those that have been disclosed in the financial statements, which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving councillors, management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by councillors, employees, former employees, analysts, regulators or any other party.

We attach a schedule showing accounting adjustments that you have proposed, which we acknowledge that you request we correct, together with the reasons why we have not recorded these proposed adjustments in the financial statements. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements.

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

We have no plans or intentions that may materially affect the carrying value and where relevant, the fair value measurement, or classification of assets or liabilities reflected in the financial statements.

The following significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

(a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) scheme liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business. These assumptions include:

- Rate of increase in salaries 4.3%
- Rate of increase in pensions / RPI 2.5%
- Rate for discounting scheme liabilities 3.4%
- Take up option to convert the annual pension into retirement grant- pre 31 March 2008 50%
- Take up option to convert the annual pension into retirement grant- post April 2008 50%

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

(b) Valuation of housing stock

We are satisfied that the useful economic lives of the housing stock and its constituent components, used in the valuation of the housing stock and the calculation of the depreciation charge for the year are consistent with those advised to me by the expert value appointed by the Council to provide this information.

We are satisfied that the componentisation split for council dwellings, of 15% for land and 85% for buildings, is reasonable.

We confirm that the index of 10% applied to council dwellings, as provided by the valuer and accounted for in the financial statements, is reasonable and consistent with our knowledge of the business and current market prices.

(c) Carrying value of land and buildings

We are satisfied that the carrying value of other land and buildings is materially consistent with the fair value at 31 March 2015. We confirm that no further adjustments are required to those assets that were not revalued in the year.

(d) Non-domestic rates appeals provision

We are satisfied that the provision recognised for non-domestic rates appeals is materially correct, and the calculation of historical appeals are consistent with those advised to me by the Valuation Office Agency. We confirm that the successful rates applied to outstanding appeals as at 31 March 2015 is consistent with our knowledge of the business.

We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.

We confirm that the above representations are made on the basis of enquiries of councillors, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

After making appropriate enquiries of other members of the Council and other officers regarding disclosure of information to you as auditors, we confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Yours faithfully

Joseph Holmes

Assistant Director of Finance and Audit

24 September 2015

Councillor Chohan

Chair of the Audit and Corporate Governance Committee

Signed on behalf of the Audit and Corporate Governance Committee

24 September 2015

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee **DATE:** 24th September 2015

CONTACT OFFICER: Joseph Holmes, Assistant Director; Finance & Audit
(For all enquiries) (01753) 875358

WARD(S): All

PART I
FOR DECISION

FINANCIAL STATEMENTS 2014/15

1 **Purpose of Report**

To provide members of the Audit & Corporate Governance Committee the opportunity to receive and question the Council's external auditors concerning the audit of the 2014-15 financial statements, and to then approve the financial statements.

2 **Recommendation(s)/Proposed Action**

The Committee is requested to resolve that the Council's financial statements for the 2014-15 financial year be approved.

3 **The Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3.1 Joint Wellbeing Strategy Priorities

The report indirectly supports all of the SJWS priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does is achieve through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

4 **Other Implications**

(a) Financial

Detailed within the report.

(b) Risk Management

Risk	**Mitigating action**	**Opportunities**
Legal	n/a	n/a
Property	n/a	n/a
Human Rights	n/a	n/a
Health and Safety	n/a	n/a
Employment Issues	n/a	n/a
Equalities Issues	n/a	n/a

Community Support	n/a	n/a
Communications	n/a	n/a
Community Safety	n/a	n/a
Financial – BDO have requested additional fee for their work on the financial statements	Response back to BDO on the scale and level of additional work that was completed	n/a
Timetable for delivery	n/a	n/a
Project Capacity	n/a	n/a
Other	n/a	n/a

No Human Rights Act Implications.

No identified need for the completion of an EIA

5 Supporting Information

5.1 Background

5.1.1 The Council is required to submit a signed copy of its financial statements to the external auditors, BDO, by the 30th June 2015. The Council completed this in line with statutory deadlines.

5.1.2 Over the summer period the Council's external auditors, BDO (independently appointed by the Audit Commission for the 2014-15 financial year), conduct a review of the Council and the financial statements produced and provide two opinions on this. Firstly, an opinion on the financial statements themselves and secondly, a Value for Money opinion.

5.1.3 BDO are required to provide this opinion to the Council by the 30th September.

5.1.4 The report from BDO covers the two opinions that they provide and detail how the Council complies, or otherwise, with these opinions. BDO also include recommendations for the Council going forward.

5.1.5 The summary points of the report are included within the BDO's report. However, it is important to note that the outcome of the audit by BDO is that there have been no adjustments to the bottom line level of general reserve that the Council has available, and that the proposed material adjustments reported by BDO have been made to the financial statements and are accounting adjustments to the presentation of the financial statements. Wherever BDO have found any errors or omissions, the Council has endeavoured to amend these, even where they are not material, so that the financial statements for members to approve are as accurate as possible. There remains some unadjusted audit amendments; however, these are all immaterial and are often based upon extrapolated errors. Management have decided not to adjust for these are they would be difficult to post to the financial statements with supporting evidence.

5.1.6 BDO also audits the Council's arrangements for putting in place arrangements for securing value for money. BDO are due to qualify this opinion on the basis of the Children's Social Care service. The VFM conclusion will state that in all significant respects, the Council secures value for money in its use of resources except for this matter.

6 Comments of Other Committees

This report has not been considered by any other committees.

7 Conclusion

That the Audit & Corporate Governance Committee approves the financial statements on the basis of the external auditors report and that these financial statements represent a true and fair view of the Council's financial activities in 2014-15. That the Council notes BDO's opinion on how the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

8 Appendices

A - Final Financial Statement 2014-15

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Statement of Accounts

2014 – 2015

Finance for the real world

www.slough.gov.uk

Slough Borough Council

Taking pride in our communities and town

Statement of Accounts

Statement of Accounts
2014 - 2015

CONTENTS

EXPLANATORY FOREWORD

1. Presentation of Accounts and Changes in Presentation

The Statement of Accounts sets out details of the Council's Income and Expenditure for the 2014/15 financial year and its Balance Sheet as at 31st March 2015. The financial statements are presented in accordance with statutory requirements under the Accounts and Audit Regulations 2011 and the Code of Practice on Local Council Accounting in the United Kingdom 2014/2015.

2. Explanation of the Statement of Accounts

The Council's financial statements are set out on pages **24** to **104**, and consist of the following:

- **The Movement in Reserves Statement**, which shows how the surplus or deficit in the Comprehensive Income and Expenditure Statement links with the movement on the General Fund balance for the year. The General Fund balance is key in determining Council Tax levels.

- **The Comprehensive Income and Expenditure Statement**, which summarises the Council's Comprehensive Income and Expenditure for all services provided during the year and the movements in the net worth of the Council. This also shows how much is received from Council Tax receipts and central government.

- **The Balance Sheet**, which gives the Council's financial position as at the 31 March 2015 for the above mentioned areas and services. This shows what the Council owns and what is owed.

- **The Cash Flow Statement**, showing the movements in the Council's cash balances resulting from transactions with external organisations for both capital and revenue purposes.

- **Notes to the financial statements**, which cover supplementary information to the above statements. This includes the Statement of Accounting Policies which explains the basis of the figures in the financial statements and includes changes in policy, the basis of charges to revenue and the calculation of balance sheet items.

- **The Housing Revenue Account (HRA),** which provides details of the Comprehensive Income and Expenditure of the Council's dwellings and associated properties for which it is responsible as a landlord. This section includes a Statement of Movement on the HRA balance, which shows how the HRA Comprehensive Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year and supplementary notes.

- **The Collection Fund**, which shows how income from Council Tax is used to meet expenditure by the Council and its preceptors, and shows the collection of Business Rates. The Council is required to maintain this separately from other funds and accounts. The financial year 2014/15 marked the second year of the revision to the local government finance regime with the introduction of the retained business rates scheme. The scheme gives Councils a greater incentive to grow businesses in their area although it also increases the financial risk due to non-collection and the volatility of the business rates tax base.

- **Glossary of Financial terms**, which provides an explanation of terms used within the financial statements.

Explanatory foreword to the financial statements 2014/15

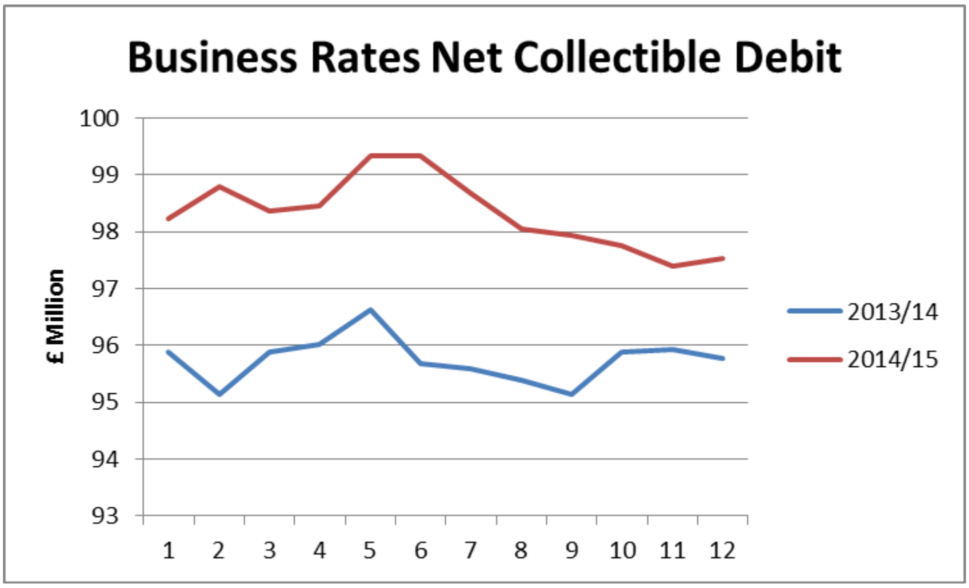
The 2014/15 financial year saw a number of significant financial and performance occurrences that will impact on the Council for a number of years ahead. Financially, the Council successfully managed its revenue budget with a small underspend of just below £250k whilst delivering the largest savings programme, of £12.5m, that the Council has needed to deliver. Much of the Council continued to perform well, the Education results being one particular highlight, though the decision by Government to move the provision of Children's services across to a new organisation will have longer term financial and operational impacts for the Council.

A full copy of the Council's outturn report can be found on
http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=109&MId=5360&Ver=4

Revenue outturn

As noted above, the Council managed to deliver a small underspend during the year. This was achieved at the same time as freezing Council Tax for residents and delivering over £12m of new savings for the financial year. This underspend was achieved at a time when Children's services overspent by £1.4m; many other service areas underspent to help bring the outturn position back in line. The Council is placing the underspent money into reserves to use seed money for delivering ongoing revenue savings, and to offset a small part of the reductions to Government grants.

The Council is also much more exposed to fluctuations in income, especially in respect of Business Rates. Below is a chart highlighting those changes to volatility.



As can be seen from the above, there was a shift in over £2m between the high and low points of the amount of Business Rates debit that could be collected during the year. Though the Council is exposed to 50% of the amount of this volatility, it is still very significant to the Council both in the current financial year and for future financial years. If the business rates base shrinks, then the Council's longer term income will decrease.

The overall financial position in the financial statements is showing an underspend of £224k. This compares with £277k shown in appendix A of the outturn report. The small variation is due to ensuring the Council complied with the current accounting regime and included some funding and expenditure changes whilst presenting a draft outturn report to the 22nd June Cabinet.

Capital outturn

There have been a number of major projects commencing during the year with the Curve progressing. The outturn showed that 62% of the capital programme was spent during the year, see the summary below.

Directorate	Expenditure Budget	Actual £000s	% Expend v Budget
Resources (Including Heart of Slough)	22,519	17,531	77.85%
Wellbeing	6,492	4,858	74.82%
Chief Executive	76	80	104.92%
Customer & Community Services	12,177	4,414	36.25%
Housing Revenue Account	19,155	10,672	55.71%
Total	**60,419**	**37,554**	**62.16%**

The areas of significant re-profiling are in respect of housing development funding, which is expected to see much larger levels of expenditure in future years with the HRA proposing to buy sites at Ledgers Road and Wexham Nursery that are being developed through the Slough Regeneration Partnership. There has been re-profiling on the Curve project, though this does not impact on the delivery of the project, just that the financial flows need to be more accurately reflected. There has also been significant re-profiling of the cemetery and crematorium projects.

Financial Statements Summary

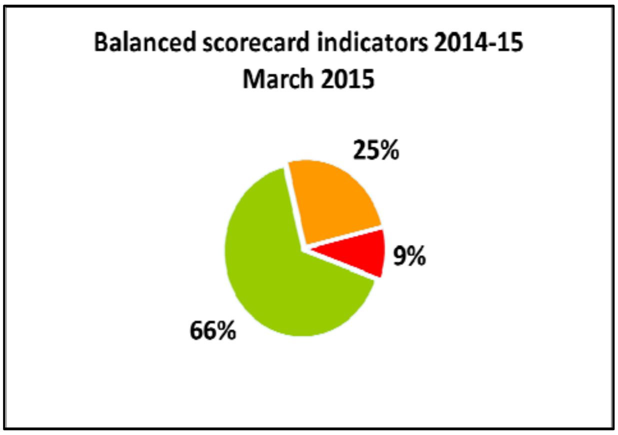
Comprehensive Income and Expenditure Account (CIES) This account shows the accounting cost in the year of providing services with international accounting standards, rather than the amount to be funded from taxation. It also includes costs associated with the use of assets; costs of borrowing and income from investments covering 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 and differs from the Council's own budget and service organisational structure. The draft accounts show a gross deficit in 2014/15 of £98,707k with a net deficit of £8,691k. 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 on General Fund balances is breakeven. The CIES reflects the continuing reduction in gross expenditure throughout the services, representing a reduction in costs and the continuation of shrinking public sector funding.
Movement in Reserves Statement This statement analyses the movements in reserves as they appear on the balance sheet.	There has been no increase or decrease in the General Fund Balance leaving a balance as at 31st March 2015 of £8.1m Earmarked reserves are those that have been set aside to cover a particular risk, or are for particular purposes. These total £18.8m including school balances of £7.8m
Balance Sheet The Balance Sheet shows the assets and liabilities of the Council as at 31st March 2015. 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 £44m. This is due to the net effect of revaluations, additions and enhancements during the year. The Curve is included as an Asset under construction. £20M of Short term cash deposits have been moved into long term investments in order to maximise the use of our money. Creditors raised at year end to ensure the correct outturn position is reached are reducing as we become more efficient at processing payments during the year. The detailed creditors are included as a note to the statements. The above has resulted in a slightly reduced Net

	Asset (assets less liabilities) position for the Council as at 31st March 2015 (£293m) compared with 31st March 2014 of £308m
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 2015 is £24.5m; this is an increase of £6.4M in the year. The HRA showed a surplus of £6.4M for the 2014/15 financial year after allowing for all statutory and non-statutory transfers.
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 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 collected income. The fund shows an overall surplus of £2.1m for 2014/15. This surplus will be used in the 2015/16 budget in line with expected levels.

Performance summary

In respect of external organisation's reviews of the Council, the second inadequate inspection from OfSTED in respect of Children's Social Care has led to the proposed transfer of the provision of children's services to a separate organisation to occur during the 2015-16 financial year. However, this decision was made during the 2014/15 year, and though there have been no direct financial implications for the financial statements in 2014/15, there will be for future years (as detailed later in this foreword).

The summary of the Council's progress against its balanced scorecard is reflected below. From a financial angle, the improvements in the collection rates for Council Tax and Business Rates during 2014/15 are welcomed and should lead to improved overall collection rates into the future which will provide additional income to the Council. There have been a number of indicators that have been red at points during the year with one being the number of safeguarding assessments completed within Children's Services in 45 days (though at almost 80% this was a significant improvement during the year) and in respect of housing the number of families in bed & breakfast and temporary accommodation. The latter one will have financial ramifications for the 2015/16 as there becomes a growing pressure on the Council's general fund to afford the level of housing costs in respect of homelessness across the borough.



The Council also has a programme of major ‘gold’ projects. As large and complex projects, these are the most significant ones for the Council to manage over the year. At present, these are all showing as ‘amber’ for overall progress.

Accounting changes

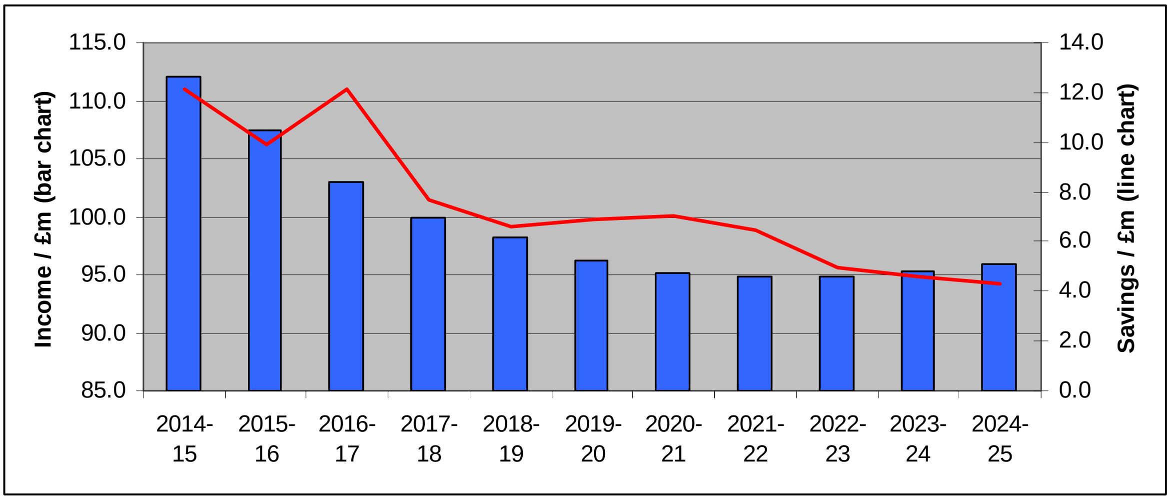
For 2014/15 there have been no material changes to accounting policies / updates to the presentation of these financial statements. For 2015/16 there will be a number of changes with accompanying impacts, and these are highlighted below:

- Group Accounts (Slough Regeneration Partnership (SRP) & new Children’s Services Organisation). With the development of the SRP and the setting up of a new organisation to provide Children Services in Slough there will be a requirement to revisit the code in relation to group accounts and the need to consolidate financial statements.
- Transport Infrastructure Assets. An adoption of new measurement requirements for Highways Infrastructure is planned in 2016/17. 2015/16 will be used to build up the information for full adoption in 2016/17. We have to disclose the carrying amount of assets expected to be reclassified as transport infrastructure assets, where material, in the 2015/16 accounts.
- Bringing forward the closedown of the financial statements – this will be a major piece of change work for the Council to re-engineer processes to produce the financial statements more quickly, as well as working with the Council’s external auditors to enable sufficient and robust information being available for audit.

Key issues for future years

As well as the accounting issues the Council faces for the year ahead, one of the key challenges is delivering the Council’s services, as articulated through the 5 Year Plan (5YP) with a much reduced financial resource base.

The graph below shows the anticipated financial position for the years ahead. The election of a new Government in May, and the expected budget announcements in July and Spending Review over the rest of 2015 are likely to mean that the savings line grows for both 2016/17 and 2017/18 as the Government aims to compress spending reductions into a shorter timeframe then previously anticipated.



One of the key challenges for the above is containing expenditure in social care and waste management (these areas alone account for approximately £70m of the Council's budget) and have large demand pressures on them. In respect of Children's social care, there will be the impact of the new CSO. For adults, there are major policy changes in respect of the Care Act and Better Care Fund, as well as an expected growing ageing population. In respect of waste management, much of the future financial position is based on a growing tax base of properties, which though positive for increasing income to the Council does have a financial impact on how the Council best utilises the waste management assets.

To ensure that financial resources flow in an aligned fashion with the 5YP, the Council is undertaking a programme of Outcome Based Budgeting over the summer 2015 to align budgets to outcomes, and to then set out how the financial resources over the coming five years will flow across Outcomes to meet the financial challenge, but also focus scarce financial resources to these priorities.
The presentation of the financial statements, and a timely external audit, is a key objective for the Council to assure our stakeholders of good levels of financial management. This foreword is intended to highlight the most important matters during the financial year 2014/15. These financial statements are produced in accordance with the requirements of the 'Code of Practice on Local Authority Accounting in the United Kingdom' which adopts International Financial Reporting Standards.

FURTHER INFORMATION

Further information about the accounts is available from:

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

joseph.holmes@slough.gov.uk
barry.stratfull@slough.gov.uk
Members of the public also have a statutory right to inspect the accounts each year before the audit is completed. The date and times of these inspections have been advertised in the local press

Annual Governance Statement

How did we do in 2014/15?
Were we well-governed?

Slough Borough Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

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

having:

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

so that we deliver:

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

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

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

CIPFA/SOLACE lists these core principles as:

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

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our 'Annual Governance Statement' and includes a 'review of effectiveness'.**
This report is written under the authority of the council's Audit and Risk Committee and approved by it on 8th July 2015 through its delegated authority. It is signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts by 30th September 2015. It was submitted to our external auditors along with our annual accounts in July 2015; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2015.

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

GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place.

The key elements of the systems and processes that comprise Slough Borough Council's governance arrangements are set out below and include arrangements for:

- Identifying and communicating Slough Borough Council's Strategy through our Five Year Plan 2015-2019. 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.
- Delivering the Council's Corporate Plan for 2014/15
- Measuring the quality of services for users, ensuring they are delivered in accordance with Slough Borough Council's objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Contract and Financial Procedure Rules, the scheme of delegation, which clearly define how decisions are taken and the processes and controls required to manage risks
- Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)"
- The Audit and Risk Committee (now 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"
- A review of the effectiveness of Internal Audit, which was undertaken in 2014/15 through the use of a competitive tendering exercise, from which Baker Tilly were the preferred provider
- Whistle-blowing and for receiving and investigating complaints from the public
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

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

- ***Council***

  There were 41 elected Councillors in place at the start of the 2014/15 financial year. The number of elected Councillors increased to 42 following the Local Borough elections on 22 May 2014. The Council met seven times during the year. The numbers attending each meeting were as follows:

  - 22 April 2014: All 41 Councillors attended the meeting
  - 5 June 2014: 41 Councillors attended the meeting
  - 22 July 2014: 39 Councillors attended the meeting
  - 25 September 2014: 41 Councillors attended the meeting
  - 25 November 2014: 39 Councillors attended the meeting
  - 27 January 2015: 37 Councillors attended the meeting
  - 19 February 2015: 37 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. Senior members are:

  – the **Chief Executive** (Ruth Bagley) is the person who is ultimately responsible for the welfare of the Council's employees;

  – the **Strategic Director, Wellbeing**;

  – the **Strategic Director, Customer & Community Services**; and

  – the **Strategic Director, Regeneration, Housing & Resources**.

- ***Supporting Officers***

- the **Section 151 Officer** (Joseph Holmes) is responsible for looking after the financial affairs of the Council, fulfils the role of Chief Financial Officer and is a CIPFA Qualified Accountant. The role of the Chief Financial Officer complies with the governance requirements as set out within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) through:

- Being a key member of the Leadership Team, with a dotted reporting line to the Chief Executive, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives and having access to CMT papers and meetings;
- Being involved in all material business decisions made by the Council to ensure both immediate and long term risks and implications are considered and that these are in line with the financial strategy;
- Leading the promotion and delivery of good financial management across the Council through ensuring that key financial targets are being set and reporting on performance against these to CMT
- Ensuring the finance function is well led and effectively resourced throughout the year.

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

- ***Cabinet***

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

- ***Audit & Risk Committee***

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

  – to provide independent assurance of the adequacy of the risk management framework and the associated control environment;

  – independent scrutiny of the authority framework and non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment; and

  – to oversee the financial reporting process.

  At our March 2015 meeting, it was agreed that, going forwards that the Audit and Risk Committee would merge with the Standards Advisory Committee to form an Audit and Corporate Governance Committee from the 1st April 2015 onwards.

- ***Overview & Scrutiny Committee***

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

  – reviewed and noted the Corporate Plan for 2014/15

  – considered an update on the progress made in Year 2 of the Transactional Services Centre Partnership and further reviews of progress in-year

  – considered a report on progress made on improvements to the Leasehold Service

  – consideration was given to the Annual Scrutiny Report 2013/14

  – approved the appointment of three Scrutiny Panels

  – considered an update on the Leisure Strategy, including details on implementation

  – considered the Quarter 1, 2 & 3 Finance and Performance Reports

  – considered an update on treasury activity in 2013-14 and the first part of 2014-15 and noted the Treasury Management Strategy and Revenue Budget for 2015/16

  – reviewed and noted the Five Year Plan, Medium Term Financial Strategy and Capital Strategy for 2015-2020

  – reviewed and noted progress on the Children's Services Transition Project

  – discussed the Childhood Obesity review

  – considered a report on the Council's Abandoned Vehicles Policy and Procedure

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)	June 2014[1]
Five Year Plan 2015-2019	2015
Corporate Procurement Strategy	March 2012
Risk Management Strategy 2013-2015	2013
ICT Strategy 2012-2015	2012
Slough Joint Wellbeing Strategy 2013-2016	2013
Anti Fraud & Corruption Strategy and Policy[2]	June 2014
Whistleblowing Policy and Procedure[3]	June 2014
Statement of Accounts	September 2014

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right plan of action. The Council has agreed a Five Year Plan 2015-2019 which replaces the Corporate Plan. The Plan sets the following overarching **Vision** for the Council:

"Growing a place of opportunity and ambition"

The Plan further outlines the ambition of the Council which, by 2019, is to be:

- A place where people can make good choices about where to live and work and where children can grow up to achieve their full potential
- One of the most attractive places to do business in the country, with excellent communications, business accommodation and a skilled, and available workforce

The Plan identifies the challenges and opportunities facing the town, and includes eight 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 eight outcomes are grouped into the following three themes:

Changing, retaining and growing

1. Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay.
2. There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough.
3. The centre of Slough will be vibrant, providing business, living, and cultural opportunities.

Enabling and preventing

[1] Further revised in January 2015
[2] Section 5.7 of Constitution
[3] Section 5.5 of Constitution

4. Slough will be one of the safest places in the Thames Valley.
5. More people will take responsibility and manage their own health, care and support needs.
6. Children and young people in Slough will be healthy, resilient and have positive life chances.

Using resources wisely

7. The Council's income and the value of its assets will be maximised.
8. The Council will be a leading digital transformation organisation.

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 which we use to measure the performance of the Council during the year. These are reported in the form of a balanced scorecard, which we are in the process of updating in line with the Plan. The following regular reports are received at our Cabinet meetings:

- **Five Year Plan (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 will publish a report following the year end detailing how we performed against our targets for 2014/15

We publish, annually:

- The **Audit of Accounts**: The format of these is set by accounting regulations. The council's accounts are subject to external audit by BDO. Members of the public and local government electors have certain rights in the audit process.

- An **Annual Audit Letter:** Every year the council's external auditors, currently BDO, produce an Annual Audit Letter. This letter is a high level summary of the auditors' findings from their work during the previous financial year.

Auditing and monitoring

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

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

  The Head of Internal Audit Opinion for 2014/15 provided a positive opinion on our Risk Management, Governance and Control Framework. Positive assurance opinions were provided in 27 of the 33 audit reports issued in 2014/15 (excluding follow up and advisory reviews). Of the six red assurance opinions issued, three of these were in respect of our processes for contract management issues with the remainder relating to schools. It should also be noted that a number of advisory reviews were undertaken by Internal Audit where significant weaknesses in control were identified and these have been highlighted in the improvements section below. Whilst their overall opinion of the internal control environment is positive, we have identified significant weaknesses in the areas of contract management, VAT and the internal control environment in a number of schools and appropriate commentary in respect of actions proposed to address these weaknesses is included in 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 2014. However, a qualified opinion was issued on the Council's use of resources and delivery of value for money, due the significant weaknesses in Children's Social Care Services identified by Ofsted since 2011, the further deterioration in such services identified by another Ofsted review in 2014, and the decision of the Department for Education to pursue a transfer of Children's Social Care Services to another body.

Other external assurance sources: Sometimes we are reviewed by external bodies that look at certain services such as OFSTED on Safeguarding, which was an area for inspection in December 2013. This inspection was followed up and an Ofsted inspection report of services for children in need of help and protection, looked after children and care leavers was published in February 2014 with an 'inadequate' rating. This resulted in the Parliamentary Under Secretary of State for Children and Families using intervention powers under section 497A of the Education Act 1996 with respect to the Council's exercise of its children's social services functions, and work on creating this new organisation has taken place throughout 2014/15 and will continue beyond this. In 2014/15 we also were inspected by Ofsted in respect of our Children's Centres, and the outcome of this review is expected shortly.

- ***Corporate Risk Register:*** We document our corporate risks within this register which enables the Council to monitor how risks are being managed through regular review at the Risk Management Group and CMT. The Corporate Risk Register describes and rates each risk in terms of likelihood and consequence. It also lists controls mechanisms in place to manage those risks stated and actions to be undertaken to reduce the risks. This process has continued into 2014/15.
- ***Audit recommendation tracker:*** In 2013/14 we introduced a process of recommendation tracking to ensure that recommendations made by our Internal Auditors are implemented in a timely manner. We report on the progress in implementating recommendations to the Risk Management Group each meeting. This process has continued into 2014/15.

REVIEW OF EFFECTIVENESS

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

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

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

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

ANNUAL ASSURANCE STATEMENTS

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

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

IMPROVEMENTS

In the Annual Governance Statement for 2013/14 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2014/15.

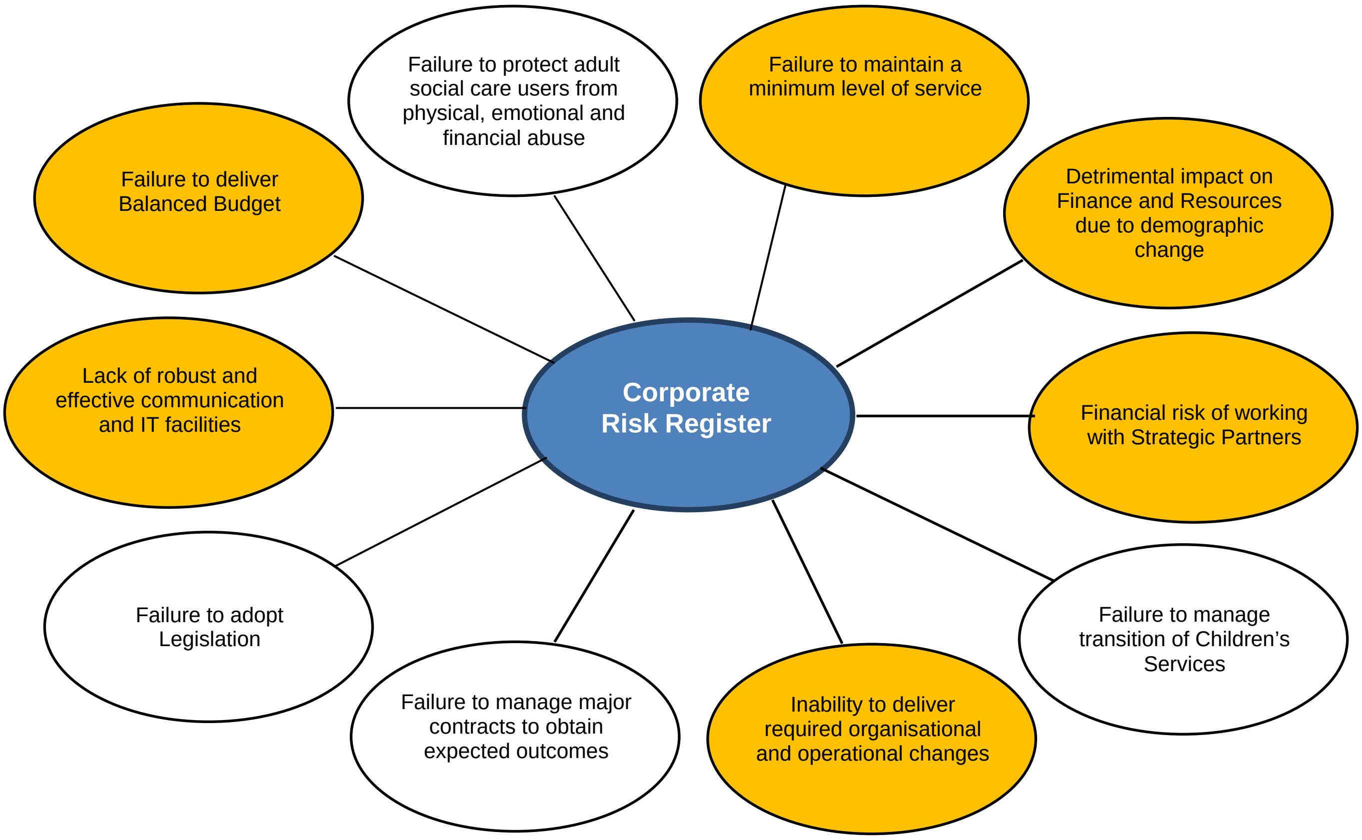
Issues reported in 2013/14 AGS	2014/15 actions taken	Is this an issue for 2015/16 and beyond?
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	Items remain on the corporate risk register; risk remains in Children's Social Care following the Ofsted inspection in December 2013 and the follow up in February 2014. It is anticipated that during 2015/16, a new Children's Services Organisation will be established and we are working with the Commissioner for Children's Social Care to ensure that we minimise any disruption to the provision of services. There is a risk to the Council though over the arrangements that will be put in place to deliver children's services within the new organisation as it will be a totally new entity delivering a core area of Council services.	Yes
Continued Economic Instability and Turbulence at a national level.	Remains on the Corporate Risk Register for 2014-15 and beyond. We have delivered the majority of savings identified for 2014-15 with a break even outturn position and have set a balanced budget for 2015-16. We have regular monitoring of collection rates and anticipated income throughout the year and these have demonstrated improvements from 2013/14.	Yes
Managing a mixed economy workforce.	During the year, further work has been completed to transfer staff to Cambridge Education (in respect of education and children's centres) and to arvato in respect of ICT and Customer Services. The Council continues to monitor performance through metrics to ensure outcomes are met. An Internal audit review, requested by management as part of the 2014/15 plan of the arrangements in place for the ICT and Customer Services identified a number of significant weaknesses in the arrangements in place, and we are developing an action plan to address these.	Yes
Partnership and Governance arrangements	This in part relates to the above risk, though we need to continue to improve partnership governance arrangements in light of the Ofsted report and ensuring close working with partners into the future. In addition, a 2014/15 Internal Audit review into the Governance framework and arrangements in place (for reporting against the 5 Year Plan)	Yes

	provided a positive opinion in relation to the committee structure and reporting framework, although we acknowledge and are putting in place changes to ensure that the work of the Council and its committees is structured around all of the eight outcomes in our 5 Year Plan.	
Risk Management	We have continued to develop our risk management arrangements during 2014/15, working towards implementing the recommendations made in this area by Internal Audit. Whilst we acknowledge that there is further work to be completed, improvements have been made in the processes in place, particularly with regards to developing the role of the Risk Management Group, and in 2015/16 we will be further embedding risk management throughout the organisation and using this to support the delivery of our 5 year plan.	No
Procurement	During 2014/15 we commissioned a further audit of our procurement arrangements from our Internal Auditors, which provided 'some assurance' over the effectiveness of controls in place, identifying a number of areas for further improvement which may in part be addressed through the appointment of a new Assistant Director, who will have responsibility and oversee the Procurement function within the Council.	Yes
Asset Register	During 2014/15 we requested our Internal Auditors to undertake a further review of the controls in place around our asset register, and to identify improvements made from the previous year. Whilst this review concluded that some assurance can be provided over this area, it noted that a number of further improvements were still required.	No
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 will take place within 2015/16 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 Risk Committee. The Council needs to maximise its progress in respect of school improvement in an increasingly disparate education provision environment.	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 2014/15 Internal Audit undertook an audit on the monitoring of KPIs for a number of significant contracts and provided a negative (red) assurance opinion. In addition, advisory reviews by Internal Audit on the management of other significant contracts highlighted a number of areas of significant weakness. We have developed action plans in response to these, together with commissioning further Internal Audit reviews as we endeavour to improve our control framework in this area during 2015/16.	Yes
Rent Accounts	Internal Audit undertook an audit in 2014/15 and provided a substantial assurance opinion; demonstrating significant progress had been made in addressing the significant weaknesses identified in 2013/14. Work will continue in 2015/16 in implementing the minor outstanding recommendations made by Internal Audit.	No
E-Learning: Training and Development	Internal Audit undertook an audit on e-learning, and provided a negative (red) assurance opinion, the main issues being the lack of development of the e-learning system and attendance at mandatory training courses during 2013/14. We have developed an action plan in response to the audit and are actively working to ensure full implementation of the recommendations made.	No

Risk Register

The following risks have been highlighted on the Corporate Risk register as at the 31st March 2015, together with the associated residual risk rating (colour coding):



We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2014/15, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed ……………………………….	*Signed ……………………………….*
Date:	*Date:*
Leader	*Chief Executive*

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At Slough Borough Council this officer is the Assistant Director of Finance and audit, Joseph Holmes.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the statement of accounts.

The Section 151 Officer's Responsibilities

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

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

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

Certificate of the Section 151 Officer

I certify that the Statement of Accounts set out on the following pages presents a true and fair view of the financial position of the Council as at 31st March 2015 and its income and expenditure for the year ended 31st March 2015.

Joseph Holmes
Assistant Director of Finance and Audit (Section 151 Officer)
Date: 26th June 2015

STATEMENT BY LEAD MEMBER

In accordance with Accounts and Audit Regulation 2011 the Chair of the meeting adopting the Statement of Accounts must sign and date the statement in order to confirm that the adoption process has been completed. I confirm that the Statement of Accounts for the period ended 31 March 2015 was approved at the meeting of Audit and Risk Committee held on .

Councillor
Chairman of the Audit and Risk Committee
Date:

6. INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SLOUGH BOROUGH COUNCIL

Draft Opinion on the Council's financial statements

We have audited the financial statements of Slough Borough Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

Respective responsibilities of the Assistant Director of Finance and Audit and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assistant Director of Finance and Audit; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Slough Borough Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

In our opinion, the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice for Local Government Bodies (March 2010) requires us to report to you if:

- we have been unable to satisfy ourselves that the annual governance statement meets the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 or is misleading or inconsistent with other information that is forthcoming from the audit;

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

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

Respective responsibilities of the Council and auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Council has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for 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 2015.

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

Basis of qualified conclusion

In seeking to satisfy ourselves that the Council has made proper arrangements for challenging how it secures economy, efficiency and effectiveness in its use of resources, we have considered a direction issued to Slough Borough Council by the Secretary of State for Education under section 497A(4B) of the Education Act 1996.

On 7 October 2014 the Secretary of State for Education wrote to the Council about the inadequacies identified by Ofsted and the Office of the Prime Minister (OPM) in Slough Borough Council's Children's Social Care services. The Secretary of State concluded that the Council was failing to provide the following functions to an adequate standard:

(a) social services functions, as defined in the Local Authority Social Services Act 1970, so far as those functions relate to children;
(b) the functions conferred on the local authority under sections 23C to 24D of the Children Act 1989 (so far as not falling within paragraph (a) above); and
(c) the functions conferred on the authority under sections 10, 12, 12C, 12D and 17A of the Children Act 2004.

The Secretary of state therefore proposed:

(a) to appoint a person ('the Commissioner for Children's Social Care') to:

i. act on behalf of the Secretary of State for the purposes of this direction;
ii. secure improvement in the Council's performance of its children's social care functions pending the formation of a company ('the Trust') to exercise those functions;

(b) to establish, or secure that the Commissioner for Children's Social Care establishes, the Trust.

Pursuant to her powers under section 497A(4B) of the Education Act 1996, the Secretary of State directed the Council to:

(a) comply with any instructions of the Secretary of State or the Commissioner for Children's Social Care in relation to the Council's exercise of its children's social care functions;

(b) in relation to the establishment, setting up or carrying on of the Trust:

i. comply with any instructions of the Secretary of State or the Commissioner for Children's Social Care;
ii. provide such assistance to the Secretary of State or the Commissioner for Children's Social Care as they may require; and
iii. cooperate fully with the Secretary of State and the Commissioner for Children's Social Care.

Because of the significant weaknesses in children's social care services identified by Ofsted and OPM and the decision of the Secretary of State for Education to direct the Council to transfer children's social care services to a Trust, we have qualified our conclusion on the Council's use of resources.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that in all significant respects Slough Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our use of resources conclusion.

[*Signature*]

Robert Grant
For and on behalf of BDO LLP, Appointed Auditor

London, UK
30 September 2015

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

	General Fund Balance	Earmarked General Fund Reserves	HRA Balance	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as At 1 April 2013	**8,143**	**30,928**	**14,334**	**2,570**	**47,711**	**8,677**	**112,363**	**172,342**	**284,705**
Movement in reserves during the year									
Surplus or (deficit) on the provision of services	(22,826)		20,380				**(2,446)**		**(2,446)**
Other Comprehensive Income and Expenditure	0			0			**0**	25,831	**25,831**
Total Comprehensive Income and Expenditure	**(22,826)**	**0**	**20,380**	**0**	**0**	**0**	**(2,446)**	**25,831**	**23,385**
Adjustments between accounting basis & funding basis under regulations - Note 7	17,032		(16,601)	12,274	1,343	2,507	**16,555**	(16,555)	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	**(5,794)**	**0**	**3,779**	**12,274**	**1,343**	**2,507**	**14,109**	**9,276**	**23,385**
Transfers to Earmarked reserves	5,794	(5,794)	0				**0**		**0**
Increase / Decrease in Year	**0**	**(5,794)**	**3,779**	**12,274**	**1,343**	**2,507**	**14,109**	**9,276**	**23,385**
Balance as at 31 March 2014	**8,143**	**25,134**	**18,113**	**14,844**	**49,054**	**11,184**	**126,472**	**181,618**	**308,090**
Movement in reserves during the year									
Surplus or (deficit) on provision of services	(23,295)		14,605				**(8,690)**		**(8,690)**
Other Comprehensive Income and Expenditure	0			0			**0**	(6,396)	**(6,396)**
Total Comprehensive Income and Expenditure	**(23,295)**	**0**	**14,605**	**0**	**0**	**0**	**(8,690)**	**(6,396)**	**(15,086)**
Adjustments between accounting basis & funding basis under regulations - Note 7	16,997		(8,224)	(650)	4,258	103	**12,484**	(12,484)	**0**
Net Increase / Decrease before Transfers to Earmarked Reserves	**(6,298)**	**0**	**6,381**	**(650)**	**4,258**	**103**	**3,794**	**(18,880)**	**(15,086)**
	6,298	(6,298)	0				**0**		**0**
Increase / Decrease in Year	**0**	**(6,298)**	**6,381**	**(650)**	**4,258**	**103**	**3,794**	**(18,880)**	**(15,086)**
Balance Sheet As At 31 March 2015	**8,143**	**18,836**	**24,494**	**14,194**	**53,312**	**11,287**	**130,266**	**162,738**	**293,004**

SLOUGH BOROUGH COUNCIL

Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

	Notes	2014/15 £000 Expenditure	2014/15 £000 Income	2014/15 £000 Net	2013/14 £000 Expenditure Restated	2013/14 £000 Income Restated	2013/14 £000 Net Restated
Central services to the public		1,994	(850)	1,144	2,825	(712)	2,113
Cultural and related services		7,793	(1,989)	5,804	5,488	(1,410)	4,078
Environment and regulatory services		16,790	(2,808)	13,982	19,821	(2,617)	17,204
Planning Services		5,678	(3,719)	1,959	5,751	(2,014)	3,737
Education and Children's services		142,242	(101,752)	40,490	159,996	(104,625)	55,371
Highways and transport services		15,699	(4,449)	11,250	14,229	(4,043)	10,186
Local authority housing - other		12,242	(37,764)	(25,522)	3,780	(35,802)	(32,022)
Other housing services		82,016	(78,376)	3,640	79,758	(76,392)	3,366
Adult Social Care		47,853	(10,875)	36,978	47,531	(12,950)	34,581
Public Health		5,807	(5,861)	(54)	5,287	(5,305)	(18)
Corporate and democratic core		4,462	(1,084)	3,378	4,946	(158)	4,788
Non distributed costs		3,867	(442)	3,425	2,829	(6,424)	(3,595)
Deficit on Continuing Operations		**346,443**	**(249,969)**	**96,474**	**352,241**	**(252,452)**	**99,789**
Other Operating Expenditure	**9**	27,271	0	27,271	23,480	0	23,480
Financing and Investment Income and Expenditure	**10**	19,094	(3,779)	15,315	17,836	(3,651)	14,185
Taxation and Non-Specific Grant Income	**11**	18,313	(148,683)	(130,370)	17,714	(152,722)	(135,008)
Deficit on Provision of Services				**8,690**			**2,446**
Surplus on revaluation of Property, Plant and Equipment	**12**			(41,898)			(29,475)
Impairment losses on non-current assets charged to the Revaluation Reserve	**12**			0			0
Surplus or deficit on revaluation of available for sale financial assets	**24**			(428)			0
Actuarial losses on pension assets / liabilities	**40**			48,722			3,644
Other Comprehensive Income and Expenditure				**6,396**			**(25,831)**
Total Comprehensive Income and Expenditure				**15,086**			**(23,385)**

SLOUGH BOROUGH COUNCIL

Balance Sheet As At 31 March 2015

	Notes	31st March 2015 £000	31st March 2014 £000	31st March 2013 £000
			Restated	**Restated**
Property, Plant & Equipment	**12/12a**	668,458	624,329	614,283
Investment Property	**12/12a/13**	13,588	16,429	15,563
Intangible Assets	**12/12a/14**	64	88	84
Assets held for sale	**21**	0	0	0
Long Term Investments	**15**	20,656	0	0
Long Term Debtors	**17**	236	261	232
Long Term Assets		**703,002**	**641,107**	**630,162**
Short Term Investments	**15**	55,470	57,155	64,210
Inventories	**16**	5	5	9
Short Term Debtors	**17**	25,646	25,493	22,136
Cash and Cash Equivalents	**18**	7,211	32,377	17,420
Assets held for sale	**19**	3,300	385	6,280
Current Assets		**91,632**	**115,415**	**110,055**
Short Term Borrowing	**15**	(5,476)	(496)	(11,016)
Other Short Term Liabilities	**15**	(3,186)	(3,030)	(2,893)
Short Term Creditors	**20**	(40,963)	(44,887)	(30,163)
Provisions	**21**	(1,936)	(2,084)	(1,237)
Capital Grants received in advance	**34**	(362)	(362)	(392)
Revenue Grants received in advance	**34**	0	0	(299)
Current Liabilities		**(51,923)**	**(50,859)**	**(46,000)**
Long Term Creditors	**20**	0	0	0
Long Term Provisions	**21**	(223)	(223)	(223)
Long Term Borrowing	**15**	(177,372)	(182,372)	(182,373)
Other Long Term Liabilities	**15**	(46,398)	(45,319)	(48,361)
Pension Long Term Liability	**40**	(225,714)	(169,659)	(162,908)
Long Term Liabilities		**(449,707)**	**(397,573)**	**(393,865)**
Net Assets		**293,004**	**308,090**	**300,352**
Usable reserves	**22**	(130,266)	(126,472)	(112,363)
Unusable Reserves	**23**	(162,738)	(181,618)	(187,989)
Total Reserves		**(293,004)**	**(308,090)**	**(300,352)**
		(0)	(0)	0

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Council as at 31 March 2015 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2015.

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

SLOUGH BOROUGH COUNCIL

Cash Flow Statement for the year ended 31 March 2015

	Notes	2014/15 £000	2013/14 £000
Deficit on the provision of services		(8,690)	(2,446)
Adjustment to surplus or deficit on the provision of services for noncash movements	**24**	36,567	47,860
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	**24**	(24,031)	(29,216)
Net cash flows from operating activities		**3,846**	**16,198**
Net Cash flows from Investing Activities	**25**	**(28,613)**	**11,668**
Net Cash flows from Financing Activities	**26**	**(399)**	**(12,909)**
Net increase or (decrease) in cash and cash equivalents		**(25,166)**	**14,957**
Cash and cash equivalents at the beginning of the reporting period		**32,377**	**17,420**
Cash and cash equivalents at the end of the reporting period		**7,211**	**32,377**

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NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1 - Statement of Accounting Policies for 2014/15

General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

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

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

- Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:
- Revenue from the sale of goods is recognised when the Council 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 Council.
- Revenue from the provision of services is recognised when the Council 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 Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where periodic income and expenditure invoices are raised or received during the year and relates to a complete financial year no accrual will be made provided the financial affect on the accounts does not change the financial position of the council.

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. 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/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.

ii) Cash and Cash Equivalents

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

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

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

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

v) Charges to Revenue for Non-Current Assets

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

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

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

However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi) Employee Benefits

Benefits Payable during Employment

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

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

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the Berkshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are 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 seven components:
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
    - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
    - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
    - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
    - gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
    - contributions paid to the Berkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

vii) Events after the Balance Sheet Date

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

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

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

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

viii) Financial Instruments

Financial Liabilities

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

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

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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line

In the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Any gains and losses that arise on the 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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

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

- instruments with quoted market prices
- other instruments with fixed and determinable payments – discounted cash flow analysis; and
- equity shares with no quoted market prices – professional estimate

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 Financial and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-sale Reserve.

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses)

ix) Foreign Currency Translation

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

x) Government Grants and Contributions

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

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

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

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

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

xi) Intangible Assets

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance.

xii) Interest in Companies and other entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint operations during the financial year 2014/15, therefore it has no requirement to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as available for sale assets and carried at fair value.

The Council concluded during a review of its arrangements that the Council's interests in subsidiaries and other entities are not material.

xiii) Inventories and Long Term Contracts

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

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

xiv) Investment Property

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

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

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

xv) Joint Operations

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

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

xvi) Leases

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

Operating Leases

Where the 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.

xvii) Overheads and Support Services

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

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

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). 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 Council.

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

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

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

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

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

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

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

- Where there is no balance in the Revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service Lines(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction). Deprecation is calculated on the following bases:

- dwellings and other buildings – housing dwellings- 46 years for houses, 42 years for flats, operational buildings 1-60 years as determined by the valuer, car parks 60 years
- vehicles, plant and equipment – straight-line allocation over five years
- Infrastructure – straight-line allocation over 40 years.

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

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

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.

xix) Private Finance Initiative (PFI) and Similar Contracts

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

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

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

xx) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

A provision for the best estimate of the amount that businesses have been overcharged up to 31st March 2015 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 2015.

Contingent Liabilities

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

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

Contingent Assets

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

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

xxi) Reserves

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

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

xxii) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council 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.

xxiii) 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.

xxiv) **Local Asset Backed Vehicles**

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

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

Note to the Accounts:

Local Asset Backed Vehicles

Slough Regeneration Partnership LLP

The Council is one of two members of a limited liability partnerships (LLPs), trading as Slough Regeneration Partnership LLP (SRP LLP). It has a 50% interest in the LLP, the remaining interest being held by the other member, a private sector construction services business.
Both members have £100 equity stake in the LLP.

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

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

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

As at 31 March 2015 no development had been started by the LLP and no property had been transferred by the Council. It is expected that land at Ledgers Road will be transferred in July 2014, with construction commencing in July 2015.

Slough Regeneration Partnership Community Projects LLP

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

SRP CP LLP was set up to provide construction services to Slough Borough Council, for the development of community projects such as leisure centres and libraries. The first community project began on-site construction in January 2014, being the construction of the new library in Slough town centre, known as The Curve. The building is expected to be completed in October 2015.

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

Summarised Financial Information

The following information summarises the consolidated position of SRP LLP and SRP CP LLP, its fully owned subsidiary. The LLPs' financial year ends on 31 December.
2014 was the first full year of trading. Financial activity commenced in June 2013 for SRP CP LLP and August 2013 for SRP LLP.

The following information and applicable entries in the Council's accounts have combined the results of the audited financial statements to the period to 31 December 2014 with the LLP's internal trading results to 31 March 2015, to coincide with the Council's 12 month trading period. A linear apportionment of costs and income has been taken.

Slough Regeneration Partnership LLP (Consolidated)

Profit and Loss Account for the year to 31 March 2015

		2014/15		201314
			£	£
Turnover				
Fees for supplying pre-construction services	-		919,178	
Fees for supplying construction services	6,494,754		2,163,203	
		6,494,754		3,082,381
Cost of Sales				
Supply of pre-construction services	-		(917,665)	
Supply of construction services	(6,345,805)		(2,121,098)	
		(6,345,805)		(3,038,763)
Gross Profit		148,949		43,618
Operating expenses		(740,986)		(368,735)
Operating loss		(592,037)		(325,117)
FINANCIAL COSTS				
Interest payable and similar charges		(126,839)		(4,340)
Loss for the financial period before members' remuneration and profit shares and available for discretionary division among members		(718,876)		(329,457)

Slough Regeneration Partnership LLP (Consolidated)

Balance Sheet as at 31 March 2014

	31 March 2015		31 March 2014	
	£	£	£	£
Current Assets				
Debtors	1,691,623		664,996	
Cash in hand and at bank	48,169		17,336	
Total Current Assets		1,739,792		682,332
Creditors - amounts falling due within one year				
Other Creditors and Accruals	(2,008,860)		(758,346)	
		(2,008,860)		(758,346)
Net Current Assets/(Liabilities)		(269,068)		(76,014)
Net Liabilities attributable to members		(269,068)		(76,014)
Represented by:				
Loans and other debts due to members				
Members' capital classified as a liability		200		-
Other amounts		844,210		253,243
		844,410		253,243
Members other interests				
Members' capital classified as equity		-		200
Other reserves		(1,113,478)		(329,457)
		(269,068)		(329,257)
Total members interest				
Amount due from members		(200)		-
Loans and other debts due to members		844,410		253,243
Members' other interests		(1,113,478)		(329,257)
		(269,268)		(76,014)

NOTE 1a Prior Period Adjustments

Slough has the following types of maintained schools:

- Community
- Foundation
- Voluntary Controlled
- Voluntary Aided.

Currently Community Schools (including those funded by the Private Finance Initiative), are included on Slough Borough Council's Balance Sheet. However voluntary controlled, voluntary aided and foundation schools were previously excluded. During 2014-15, the council undertook a review of its Voluntary Aided, Voluntary Controlled and Foundation Schools on the basis of a change in accounting guidance. An asset is defined as *"a resource controlled by the authority as a result of a past event from which future economic benefits or service potential are expected to flow from the authority."*

However ownership is not essential. Thus a property held on lease is an asset if the entity controls the benefits which are expected to flow from the asset. An asset therefore requires the entity recognising it, in this case a school, to have control of that resource, based on rights that are either legal or substantive. Usage of the asset without such rights does not demonstrate control.

On the basis of the review, it was decided that the Voluntary Aided and Voluntary Controlled Schools did not meet the definition of control needed for the council to account for them in its Balance Sheet. However two Foundation Schools were brought onto the council's Balance Sheet in 2014-15. The 2013-14 accounts were also restated and the following table shows the impact of the value of fixed assets held in the council's balance sheet in 2013-14.

1st April 2013 Value £000s	2013-14 Depreciation £000s	Value as at 31st March 2014 £000s
5,531	(120)	5,411

A corresponding credit of £5,411k was also made to the Council's Capital Adjustment Account, and the 2013-14 Comprehensive Income and Expenditure Statement (CIES) was also restated to include the extra depreciation charged.

NOTE 2: ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Council Accounting in the United Kingdom 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 standards have been issued that will be adopted by the code in 2015/16 and will be applicable to the Council from 1 April.

IFRS 13 Fair Value Measurement. This introduces a requirement for the concept of fair value measurement to be applied to all assets and liabilities which use fair value as a measurement basis. In respect of property, plant and equipment the only change is in the valuation of surplus property. Currently surplus property is valued at existing use value before being reclassified as surplus assets. In future surplus assets will be valued at fair value.

IFRIC 21 Levies. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC clarifies the recognition point for payment of levies as the activity which triggers the payment of the levy. This standard will not have a material impact on the Statement of Accounts.

The code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

(a) There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

(b) The Council is a trustee of Slough Community Leisure trust a not for profit organisation that operates the leisure centres owned by the Council. The agreement between the Council is set to run until 31st May 2017. It has been determined that the Council does not have control of the Trust and it is not an associate of the Council.

(c) Schools Non-Current Assets – The Council recognises Schools in line with the provisions of the 2014/15 Code of Practice, and schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to employ the staff of the school and is able to set the admission criteria. There are currently 5 types of schools within the Council:

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

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

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

NOTE 4: ASSUMPTIONS MADE ABOUT FUNDING AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the 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 2014/15 is £15.0m and the net book value of property, plant and equipment at 31 March 2015 is £668.5m. 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.	£41.95m revaluation increases have been credited to the revaluation reserve and £11.4m revaluation increases/impairment reversals have been credited to the deficit on provision of services in 2014/15..
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 40.

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

The Council has derecognised non current assets relating to 2 schools that became academies during 2014/15. This has resulted in a loss on de-recognition of property, plant and equipment of £10.2m which is included in other operating expenditure in the Comprehensive Income and Expenditure statement (Note 9).

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

The new Children's Service Organisation is due to commence operating Children's Social Care services in autumn 2015 following a directive from the Department for Education. These new arrangements are, at the time of the Financial Statements being signed, in the process of being clarified, and due for approval later in the 2015-16 financial year. The implication of the new organisation and its transition arrangements on the 2014-15 financial statements are likely to be limited as operations will not start until the next financial year and it unlikely that, though work has been completed on the creation of the new organisation during 2014-15, there will be any material transactions in respect of the new organisation during this financial year.

On 8 July 2015 the UK chancellor announced a number of proposals that will impact on housing authorities including a change to the convergent rents formula that will be replaced with a formula that requires a 1% decrease in rents each year, for four years, commencing from 1 April 2016. This event occurred after the balance sheet date and does not provide additional information about, nor represent a change in, conditions that existed at that date. Therefore, in accordance with International Accounting Standard 10 "Events after the reporting period", the Government's budget statement is a non-adjusting post balance sheet event. The financial statements do not reflect the possible financial consequences of this matter. As per accounting policy, the Council carries its social housing properties at valuation. This valuation is determined as the Existing Use Value – Social Housing (EUV-SH). EUV-SH takes into account that the Council has committed to use the housing assets for social housing purposes and so represents a lower value than would be applied to comparable housing in the private sector. Overall it is expected that Government’s intentions will lead to a revaluation loss to be recognised in the 2015/16 financial statements, however, until further details of the intentions are made available the Council has been unable to determine the specific details of the financial impact.

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

2014/15	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repair Reserves	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation of non current assets	7,628	7,286	0	0	0	(14,914)
Amortisation of Intangible Assets	44	0	0	0	0	(44)
Revaluation gains and impairments on Property Plant and Equipment	(734)	(10,726)	0	0	0	11,460
Movements in the Fair Value of Investment Properties	(389)	(70)	0	0	0	459
Adjustments involving primarily the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(16,637)	0	0	0	12,619	4,018
Unapplied Capital Grants used in financing	0	0	0	0	(8,361)	8,361
Revenue expenditure funded from capital under statute	2,732	0	0	0	0	(2,732)
Carrying amount of non current assets sold	21,096	12,621	0	0	0	(33,717)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(3,943)	0	0	0	0	3,943
Capital expenditure charged against the General Fund and HRA balances	(312)	0	0	0	0	312
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(7,203)	0	0	7,203
Proceeds From Sale of Non Current Assets	(123)	(7,354)	7,477	0	0	
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	0	83	(83)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	741	0	(741)	0	0	0
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	100		(100)			
Adjustments involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0					0
Adjustment involving the Major Repairs Reserve						
Reversal of notional Major Repairs Allowance credited to the HRA	0	(7,286)	0	7,286	0	0
Contribution from HRA to Major Repairs Reserve	0	(3,000)	0	3,000	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(10,183)	0	10,183
Adjustments involving the Financial Instruments Adjustment Account:						
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	(272)	(128)	0	0	0	400
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 40)	14,391	621	0	0	0	(15,012)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,408)	(271)	0	0	0	7,679
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	449	0	0	0	0	(449)
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(582)	0	0	0	0	582
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	216	0	0	0	0	(216)
Total Adjustments	**16,997**	**(8,224)**	**(650)**	**103**	**4,258**	**(12,484)**

2013/14	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repair Reserves	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
	Restated					Restated
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	8,397	6,860	0	0	0	(15,257)
Amortisation of Intangible Assets	36	0	0	0	0	(36)
Revaluation (gains)/losses on Property Plant and Equipment	1,380	(18,106)	0	0	0	16,726
Movements in the Fair Value of Investment Properties	(993)	(137)	0	0	0	1,130
Adjustments involving primarily the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(16,041)	0	0	0	13,612	2,429
Unapplied Capital Grants used in financing	0	0	0	0	(12,269)	12,269
Revenue expenditure funded from capital under statute	8,744	0	0	0	0	(8,744)
Carrying amount of non current assets sold	22,082	13,889	0	0	0	(35,971)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory Provision for the Financing of Capital Investment	(3,806)	0	0	0	0	3,806
Capital expenditure charged against the General Fund and HRA balances	(758)	0	0	0	0	758
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(221)	0	0	221
Proceeds From Sale of Non Current Assets	(5,568)	(7,896)	13,464	0	0	0
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals	142	147	(289)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	680	0	(680)	0	0	0
Adjustment involving the Major Repairs Reserve						
Reversal of notional Major Repairs Allowance credited to the HRA	0	(6,860)	0	6,860	0	0
Contribution from HRA to Major Repairs Reserve	0	(4,662)	0	4,662	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(9,015)	0	9,015
Adjustments involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(328)	(128)	0	0	0	456
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 40)	10,639		0	0	0	(10,639)
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,824)	292	0	0	0	7,532
Adjustments involving the Collection Fund Adjustment Accou						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(986)	0	0	0	0	986
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements **[this line NOT to be used in 2012/13]**	274					(274)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
Adjustments in relation to Short-term compensated absences	962	0	0	0	0	(962)
Total Adjustments	**17,032**	**(16,601)**	**12,274**	**2,507**	**1,343**	**(16,555)**

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

	Balance as At 1 April 2013	Transfers In 2013/14	Transfers Out 2013/14	Balance as At 31 March 2014	Transfers In 2014/15	Transfers Out 2014/15	Balance as at 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Insurance Fund	517	0	0	517	0	(1)	516
Future Debt and Capital Requirements	1,859	60	(736)	1,183	0	(211)	972
Statutory Property Fund and Landlord Function	605	0	(150)	455	0	(205)	250
Capital Fund	807	286	(130)	963	0	(312)	651
Trading Accounts	24	0	0	24	0	0	24
Specific Grants (Revenue)	3,467	155	(428)	3,194	326	(2,966)	554
Other Specific Earmarked Reserves	14,094	2,588	(4,947)	11,735	6,423	(10,202)	7,956
Housing Renewals Reserve	85	0	0	85	1	0	86
Schools	9,470	6,244	(8,736)	6,978	10,088	(9,239)	7,827
Total Earmarked Reserves	**30,928**	**9,333**	**(15,127)**	**25,134**	**16,838**	**(23,136)**	**18,836**

Note 9 Other Operating Expenditure

	2014/15	2013/14
	£000	£000
Parish council precepts	207	268
Payments to the Government Housing Capital Receipts Pool	741	680
Losses on the disposal and derecognition of non current assets	26,323	22,532
Other	0	0
	27,271	**23,480**

Loss on Non-Current Assets (excl Investment Properties)

	2014/15	2013/14
	£000	£000
Net Proceeds from Sale General	(123)	(5,568)
Net proceeds from sale HRA	(7,354)	(7,896)
Disposal costs	0	142
Disposal costs HRA	83	147
Carrying amount of non-current assets sold (excl Investment Properties)	33,717	35,707
	26,323	**22,532**

Precepts

	2014/15	2013/14
	£000	£000
Britwell Parish Council	59	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	93	93
Total	**207**	**268**

Note 10 Financing and Investment Income and Expenditure

	2014/15		2013/14	
	Expenditure	Income	Expenditure	Income
	£000	£000	£000	£000
			Restated	
Interest payable and similar charges	10,329		9,984	
Net interest expense	7,313		6,783	
Interest receivable and similar income		(1,870)		(1,026)
Income and expenditure in relation to investment properties and changes in their fair value	1,452	(1,909)	1,069	(2,625)
Total	**19,094**	**(3,779)**	**17,836**	**(3,651)**

For details on the restatement please see Note 1a on Prior Period Adjustments

Interest Payable and Similar Charges

	2014/15	2013/14
	£000	£000
Lease/hire purchase interest	253	361
Loan Interest	6,801	6,311
Service concession Interest	3,257	3,312
Other interest (please specify)	18	
	10,329	**9,984**

Interest and Investment Income

	2014/15	2013/14
	£000	£000
Other Investment income	(1,870)	(1,026)
	(1,870)	**(1,026)**

Pensions net interest cost

	2014/15	2013/14
	£000	£000
		Restated
Net Interest expense	7,313	6,783
	7,313	**6,783**

Income, Expenditure and changes in Fair Value of Investment

	2014/15	2013/14
Income/Expenditure from Investment Properties:	£000	£000
Income including rental income	(1,450)	(1,495)
Expenditure	1,452	805
Net income from investment properties	**2**	**(690)**
Deficit on sale of Investment Properties:		
Carrying amount of investment properties sold	0	264
Deficit on sale of Investment Properties:	**0**	**264**
Changes in Fair Value of Investment Properties	**(459)**	**(1,130)**
	(457)	**(1,556)**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Note 11

Taxation and Non-Specific Grant Income and Expenditure		
	2014/15	2013/14
	£000	£000
Income		
Council Tax Income	**45,298**	**43,543**
Non Domestic Rates Redistribution	**0**	**0**
Non Domestic Rates Income	**45,103**	**43,639**
Non-ringfenced government grants	**41,645**	**49,499**
Capital Grants	**16,637**	**16,041**
Total Taxation and Non-Specific Grant Income	**148,683**	**152,722**
Expenditure		
Non Domestic Rates Expenditure - Levy	**254**	**0**
Non Domestic Rates Expenditure - Tariff	**18,059**	**17,714**

Note 11a

Revenue Grants	2014/15	2013/14
	£000	£000
Income:		
Distribution from Non-Domestic Rate Pool	0	0
NDR proportionate share	45,103	43,639
Total NDR Income	**45,103**	**43,639**
Expenditure:		
Tariff	18,059	17,714
Total NDR Expenditure	**18,059**	**17,714**

Note 11b

Capital Grants Applied	2014/15	2013/14
	£000	£000
Government & Other Grants-Conditions met and applied in year	4,018	2,429
Total	**4,018**	**2,429**

Note 11c

Capital Grants-Unapplied	2014/15	2013/14
	£000	£000
Government & Other Grants-Conditions met and **not** applied.	12,619	13,612
Total	**12,619**	**13,612**

Note 11d

	2014/15	2013/14
Council Tax	£000	£000
Precept	44,059	43,543
Other Movement	1,239	0
Total	**45,298**	**43,543**

Note 11 e

	2014/15	2013/14
Central Government Grants	£000	£000
Revenue Support Grant	32,477	39,762
PFI	3,678	3,678
New Homes Bonus	2,101	1,983
Local Services Support Grant	98	122
Council Tax Freeze Grant	500	0
Education Services Grant	1,863	1,899
NHS	0	1,845
Business Rates Reconciliation Grant	51	0
Business Rates Compensation Grant	877	0
DCLG	0	210
Total	**41,645**	**49,499**

Note 12 **Property, Plant and Equipment**

Current Year

	Property, Plant & Equipment (PP&E)											
	Council Dwellings	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	**Total PP&E**	Service Concession Assets included within PPE and Intangible assets	**Investment Properties**	**Intangible Assets**	**TOTAL**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation												
Balance as At 1 April 2014	334,827	167,461	91,254	46,085	6,397	6,858	22,534	**675,416**	**48,055**	**16,429**	**558**	**692,403**
Adjustments between cost/value & depreciation/impairment			0	0	0	0		**0**		**0**	**0**	**0**
Adjusted opening balance	**334,827**	**167,461**	**91,254**	**46,085**	**6,397**	**6,858**	**22,534**	**675,416**	**48,055**	**16,429**	**558**	**692,403**
Additions (Note 36)	9,640	13,673	6,484	207	628	8,384	0	**39,016**	0	0	**20**	**39,036**
Revaluation increases\(decreases) to Revaluation Reserve	37,361	4,537		0	0	0	0	**41,898**	0	0	**0**	**41,898**
Revaluation increases/(decreases) to Deficit on the Provision of Services	10,720	740	0	0	0	0	0	**11,460**	0	459	**0**	**11,919**
Derecognition - Disposals	(12,755)	(10,515)	0	(1,802)	0	0	(8,736)	**(33,808)**		0	**0**	**(33,808)**
Derecognition - Other	0	0	0	0	0	0	240	**240**				**240**
Reclassifications & Transfers	1,605	(2,960)	0	2,902	0	(1,336)	(211)	**0**	0	(3,300)		**(3,300)**
Reclassified to Held for Sale	0	0	0	0	0	0	0	**0**		0	**0**	**0**
Reclassified from Held for Sale		0	0	0	0	0	0	**0**		0		**0**
Balance as at 31 March 2015	**381,398**	**172,936**	**97,738**	**47,392**	**7,025**	**13,906**	**13,827**	**734,222**	**48,055**	**13,588**	**578**	**748,388**
Depreciation and Impairment												
Balance as At 1 April 2014	6,368	4,262	14,839	24,803	16	1	798	**51,087**	**5,298**	**0**	**470**	**51,557**
Depreciation Charge	6,796	2,807	2,171	3,107	0	0	33	**14,914**	0	0	**44**	**14,958**
Depreciation written out to the Revaluation Reserve	0	0		0	0	0	0	**0**		0	**0**	**0**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**		0	**0**	**0**
Derecognition - Disposals	(134)	(70)	0	(32)	0	0	0	**(236)**		0	**0**	**(236)**
Reclassifications & Transfers	0	392	0	(392)	0	0	0	**0**	0	0	**0**	**0**
Balance as at 31 March 2015	**13,030**	**7,391**	**17,010**	**27,486**	**16**	**1**	**831**	**65,765**	**5,298**	**0**	**514**	**66,279**
Net Book Value												
Balance as at 31 March 2015	**368,368**	**165,545**	**80,728**	**19,906**	**7,009**	**13,905**	**12,996**	**668,457**	**42,757**	**13,588**	**64**	**682,109**
Balance as at 31 March 2014	**328,459**	**163,199**	**76,415**	**21,282**	**6,381**	**6,857**	**21,736**	**624,329**	**42,757**	**16,429**	**88**	**640,846**

Note 12 Property, Plant and Equipment

Capital Commitments

At 31 March 2015, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2015-16 and future years budgeted to a cost of £46.628m (31 March 2014 £33.062m). The major commitments at 31 March 2015 are:

	£'000
- The Curve	9,443
- Schools Primary Extension	6,593
- Schools Modernisation	3,068
- Cemetery Extension	1,499
- New Ice	3,550
- Windsor Road Widening LEP	4,373
- Crematorium Project	2,081
- Affordable Housing	9,765
- Slough Mass Rapid Transit	3,600
- Housing Subsidiary	4,570
Total	**48,542**

Effects of Changes in Estimates

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

Impairments

The Council has no recognised impairment losses in 2014/15 (2013/14 £nil).

Revaluations

The freehold and leasehold properties comprising the Council's operational and non-operational property portfolio at the 1st April 2014 are valued on a rolling programme basis. The valuations for 2014/15 were carried out by external valuers Wilkes Head and Eve. Additionally the value of properties held at open market value were reviewed at 31st March 2015 to reflect the current economic conditions. The Valuer has adopted valuation assumptions in order to arrive at valuation results. These assumptions included the relevant valuation definitions as required by the Code. The RICS defined valuation methods are:

- Market Value
- Existing Use Value
- Fair Value

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

The following table shows the progress of the Council's rolling programme for the revaluation of Council Dwellings, land and buildings at 31 March 2015

Description	Council Dwellings	Land & Buildings	Plant / Vehicles / Equipment	Infrastructure	Community	Surplus Assets	Assets Under Construction	Total
Valued at Historical Cost	0	2,037	19,906	80,728	7,009	116	13,905	123,701
2014/2015	368,243	96,360	0	0	0	0	0	464,603
2013/2014	54	40,422	0	0	0	1,745	0	42,221
2012/2013	0	4,658	0	0	0	169	0	4,827
2011/2012	0	12,168	0	0	0	8,153	0	20,321
2010/2011	71	9,900	0	0	0	2,813	0	12,784
Category Total	368,368	165,545	19,906	80,728	7,009	12,996	13,905	668,457

Note 12 a **Comparative Year**

	Property, Plant & Equipment (PP&E)											
	Council Dwellings	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	**Total PP&E**	Service Concession Assets included within PPE and intangible assets	**Investment Properties**	**Intangible Assets**	**TOTAL**
	£000	£000 Restated	£000	£000	£000	£000	£000	£000 Restated	£000 Restated	£000	£000	£000 Restated
Cost or Valuation												
Balance as At 1 April 2014	312,404	189,547	87,070	51,047	5,993	5,691	20,253	**672,005**	45,271	15,563	518	**688,086**
Adjustments		5,531	0	0	0	0	0	**5,531**		**0**	**0**	**5,531**
Restated opening balance	**312,404**	**195,078**	**87,070**	**51,047**	**5,993**	**5,691**	**20,253**	**677,536**	**45,271**	**15,563**	**518**	**693,617**
Additions (Note 36)	8,166	6,041	4,184	732	404	4,953	81	**24,561**	75	0	**40**	**24,601**
Donations	0	0	0	0	0	0	0	**0**	**0**			**0**
Revaluation increases to Revaluation Reserve	17,243	(5,856)	0	741	0	0	1,661	**13,789**	2,011	0	**0**	**13,789**
Revaluation decreases to Deficit on the Provision of Services	9,989	(7,594)	0	0	0	0	258	**2,653**	698	1,130	**0**	**3,783**
Derecognition - Disposals	(12,782)	(16,531)	0	(13,898)	0	0	(555)	**(43,766)**		(264)	**0**	**(44,030)**
Derecognition - Other	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
Reclassifications & Transfers	(193)	(3,677)	0	7,463	0	(3,786)	193	**0**	0	0		**0**
Reclassified to Held for Sale		0						**0**	0	0	**0**	**0**
Reclassified from Held for Sale							**643**	**643**	0	0		**643**
At 31 March 2014	**334,827**	**167,461**	**91,254**	**46,085**	**6,397**	**6,858**	**22,534**	**675,416**	**48,055**	**16,429**	**558**	**692,403**
Depreciation and Impairment												
Balance as At 1 April 2014	15,786	15,565	12,799	33,964	16	1	769	**78,900**	4,085		434	**79,334**
Adjustments	0	0	0	0	0	0	0	**0**	0	**0**		**0**
Restated opening balance	15,786	15,565	12,799	33,964	16	1	769	**78,900**	4,085	0	434	**79,334**
Depreciation Charge	6,368	3,315	2,040	3,493	0	0	41	**15,257**	1,213		36	**15,293**
Depreciation written out on Revaluation Reserve	(7,609)	(8,077)	0	0	0	0	0	**(15,686)**	0	0	**0**	**(15,686)**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	(8,117)	(5,956)	0	0	0	0	0	**(14,073)**	0	0	**0**	**(14,073)**
Impairment losses/reversals to Revaluation Reserve	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**			**0**	**0**
Derecognition - Disposals	(60)	(585)	0	(12,654)	0	0	(12)	**(13,311)**			**0**	**(13,311)**
Derecognition - Other	0	0	0	0	0	0	0	**0**	0	0	**0**	**0**
At 31 March 2014	**6,368**	**4,262**	**14,839**	**24,803**	**16**	**1**	**798**	**51,087**	**5,298**	**0**	**470**	**51,557**
Net Book Value												
Balance as at 31 March 2014	**328,459**	**163,199**	**76,415**	**21,282**	**6,381**	**6,857**	**21,736**	**624,329**	**42,757**	**16,429**	**88**	**640,846**
Balance as at 31 March 2013	**296,618**	**179,513**	**74,271**	**17,083**	**5,977**	**5,690**	**19,484**	**598,636**	**41,186**	**15,563**	**84**	**614,283**

For details on the restatement please see Note 1a on Prior Period Adjustments

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

Income/Expenditure from Investment Properties:	2014/15	2013/14
	£000	£000
Rental income from investment property	(1,450)	(1,495)
Direct operating expenses arising from investment property	1,452	805
Net (Gain)/Loss	**2**	**(690)**

	2014/15	2013/14
	£000	£000
Balance at start of the year	16,429	15,563
Disposals	0	(264)
Net gains from fair value adjustments	459	1,130
Transfers:		
- to Property, Plant and Equipment	(3,300)	0
Balance at end of the year	13,588	16,429

Note 14 Intangible Assets

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £44k (£36k in 2013/14) charged to revenue in the current year was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

Useful Lives	Other Assets
5 years	Civica and Oracle Software Licenses

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

The Movement in Intangible Assets for the Year is as Follows

	2014/15			2013/14		
	Software Licenses	Other Assets	Total	Software Licenses	Other Assets	Total
	£000	£000	£000	£000	£000	£000
Balance at start of year:						
· Gross carrying amounts	558	0	558	518		518
· Accumulated amortisation	(470)	0	(470)	(434)		(434)
Net carrying amount at start of year	**88**	**0**	**88**	**84**	**0**	**84**
Additions:						
· Purchases	20	0	20	40	0	40
	108	**0**	**108**	**124**	**0**	**124**
Amortisation for the period	(44)		(44)	(36)		(36)
Net carrying amount at end of year	**64**	**0**	**64**	**88**	**0**	**88**
Comprising:						
· Gross carrying amounts	578	0	578	558	0	558
· Accumulated amortisation	(514)	0	(514)	(470)	0	(470)
	64	**0**	**64**	**88**	**0**	**88**

Note 15 Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet

	Long-term		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000		£000	£000
Financial assets				
Investments				
Loans and receivables	10,094	0	45,420	57,155
Available-for-sale financial assets	10,562	0	10,050	0
Unquoted equity investment at cost	0	0	0	0
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	**20,656**	**0**	**55,470**	**57,155**
Cash and cash equivalents	236	0	4,211	32,377
Debtors				
Loans and receivables	0	261	7,153	13,799
Total financial assets	**20,892**	**261**	**66,834**	**103,331**
Financial liabilities				
Borrowings				
Financial liabilities at amortised cost	(177,372)	(182,372)	(5,476)	(496)
Other liabilities				
PFI and finance lease liabilities at amortised cost	(46,398)	(45,319)	(3,186)	(3,030)
Creditors				
Financial liabilities carried at amortised cost	0	0	(26,647)	(37,965)
Total financial liabilities	**(223,770)**	**(227,691)**	**(35,309)**	**(41,491)**

Income, Expense, Gains and Losses

	2014/15			2013/14		
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost	Loans and receivables	Total	Liabilities measured at amortised cost	Loans and receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	10,329	-	**10,329**	9,984	-	**9,984**
Impairment losses/(reversals)		0	**0**		0	**0**
Total expense in Deficit on the Provision of Services	**10,329**	**0**	**10,329**	**9,984**	**0**	**9,984**
Interest income	0	(1,870)	**(1,870)**	-	(1,026)	**(1,026)**
Total income in Deficit on the Provision of Services	**0**	**(1,870)**	**(1,870)**	**0**	**(1,026)**	**(1,026)**
			0			**0**
Gains on revaluation	-	(428)	**(428)**	-	-	**0**
Losses on revaluation	-	-	**0**	-	-	**0**
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	**0**	-	-	**0**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**(428)**	**(428)**	**0**	**0**	**0**
Net gain/(loss) for the year	**10,329**	**(2,298)**	**8,031**	**9,984**	**(1,026)**	**8,958**

Note 15 Financial Instruments

Fair Values of Assets and Liabilities

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 at 31 March 2014, using the following assumptions:

- PWLB loans have been discounted at the published interest rates for new certainty rate loans arranged on 31 March
- other long-term loans and investments have been discounted at the market rates for similar instruments on 31 March
- no early repayment or impairment is recognised
- the fair value of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying amount.

Financial Assets: Loans and Receivables

	31-Mar-15		31-Mar-14	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Investments	76,126	76,261	57,177	57,177
Cash and cash equivalents	4,211	4,211	32,377	32,377
Debtors	7,389	7,389	14,060	14,060
Total financial assets	**87,726**	**87,861**	**103,614**	**103,614**

Financial Liabilities at amortised cost

	31-Mar-15		31-Mar-14	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Borrowings	(182,848)	(202,196)	(182,868)	(172,584)
Other Liabilities	(49,584)	(71,055)	(48,349)	(48,349)
Creditors	(26,647)	(26,647)	(37,965)	(37,965)
Total financial liabilities	**(259,079)**	**(299,898)**	**(269,182)**	**(258,898)**

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date.

Note 16 Inventories

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

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

	31/3/15	31/3/14
	£000	£000
Central Stores	5	5
Total	**5**	**5**

Note 17 Debtors

	Long Term Debtors		Short Term Debtors	
	31/3/15	31/3/14	31/3/15	31/3/14
	£000	£000	£000	£000
Central Government Bodies	0	0	6,863	5,406
Other Local Authorities	0	7	1,074	5,943
NHS Bodies	0	0	419	264
Other entities and individuals	236	254	17,290	13,880
Total	**236**	**261**	**25,646**	**25,493**

Note 18 Cash and Cash Equivalents

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

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

	31/3/15	31/3/14
	£000	£000
Cash and Bank balances	4,015	6,821
Short Term Investments	0	0
Short Term Deposits	5,562	31,700
Bank Overdraft	(2,366)	(6,144)
Total Cash and Cash Equivalents	**7,211**	**32,377**

Note 19 Assets Held for Sale

	Current	
	2014/15	**2013/14**
	£000's	£000's
Balance outstanding at start of year	**385**	**6,280**
Transferred from Non-Current Assets during year	3,300	0
Assets declassified as held for sale:	(240)	0
Assets sold Cost	(145)	(5,252)
Transferred to Property, Plant and Equipment during the year	0	(643)
Transfers between non current and current		
Balance outstanding at year-end	**3,300**	**385**

Note 20 Creditors

Short Term Creditors

	31/3/15	31/3/14
	£000	£000
Central government bodies	2,624	17,289
Other local authorities	10,018	3,492
NHS bodies	103	32
Other Entities and individuals	28,218	24,074
Total Short Term Creditors	**40,963**	**44,887**

SLOUGH BOROUGH COUNCIL

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2015

Note 21 Provisions

Current Year

	Balance as At 1 April 2014	Increase in provision during year	Utilised during year	Unused Amounts Reversed	Unwinding of discounting	Balance as at 31 March 2015
	£000	£000	£000	£000	£000	£000
Insurance Claims	718	0	(-1)	0	0	717
Dilapidations	0	0	0	0	0	0
Other	500	0	(-500)	0	0	0
NNDR Appeals	866	353	0	0	0	1,219
Long Term	223	0	0	0	0	223
	2,307	**353**	**(501)**	**0**	**0**	**2,159**

Current Provisions	2,084	353	(501)	0	0	1,936
Long Term Provisions	223	0	0	0	0	223
	2,307	**353**	**(501)**	**0**	**0**	**2,159**

Comparative Year

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

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

Note 22 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement

Capital Receipts Reserve

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

	2014/15	2013/14
	£000	£000
Balance 1 April	**14,844**	**2,570**
Capital Receipts in year	7,394	13,175
Deferred Receipts realised	(100)	0
	22,138	**15,745**
Less:		
Capital Receipts Pooled	(741)	(680)
Capital Receipts used for financing	(7,203)	(221)
Balance 31 March	**14,194**	**14,844**

Major Repairs Reserve

	2014/15	2013/14
	£000	£000
Balance on 1 April	**11,184**	**8,677**
Depreciation on HRA assets	7,286	6,860
Transfer (to)/from HRA Balance	3,000	4,662
HRA Capital Expenditure	(10,183)	(9,015)
Balance on 31 March	**11,287**	**11,184**

Capital Grants Unapplied

	2014/15	2013/14
	£000	£000
Balance on 1 April	**49,054**	**47,711**
Unapplied Capital Grants received in year	12,619	13,612
Applied Capital Grants transferred to CAA in year	(8,361)	(12,269)
Balance on 31 March	**53,312**	**49,054**

Note 23 Unusable Reserves

	31/03/2015	31/03/2014
	£000	£000
		Restated
Capital Adjustment Account	260,979	253,876
Financial Instruments Adjustment Account	(2,376)	(2,776)
Revaluation Reserve	129,367	100,040
Available for Sale Financial Instruments Reserve	428	0
Pensions Reserve	(225,714)	(169,659)
Deferred Capital Receipts Reserve (England and Wales)	91	91
Collection Fund Adjustment Account	1,541	1,408
Accumulating Compensated Absences Adjustment Account	(1,578)	(1,362)
Total Unusable Reserves	**162,738**	**181,618**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

		2014/15		2013/14
	£000	£000	£000	£000 Restated
Balance at 1 April		**253,876**		**250,454**
Prior Period Adjustment				5,531
Balance at 1 April Restated		**253,876**		**255,985**
Reversal of items relating to capital				
Charges for depreciation amortisation and impairment of non current assets	(14,958)		(15,293)	
Revaluation losses on Property, Plant and Equipment	11,460		16,726	
Revenue expenditure funded from capital under statute	(2,732)		(8,744)	
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	(33,717)		(35,971)	
		(39,947)		**(43,282)**
Adjusting amounts written out of the Revaluation Reserve		12,571		11,545
Net written out amount of the cost of non current assets consumed in the year		**(27,376)**		**(31,737)**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	7,203		221	
Use of the Major Repairs Reserve to finance new capital expenditure	10,183		9,015	
Application of grants to capital financing from the Capital Grants Unapplied Account	8,361		12,269	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,018		2,429	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	3,943		3,806	
Capital expenditure charged against the General Fund and HRA balances	312		758	
		34,020		**28,498**
Movements in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		459		1,130
Balance at 31 March		**260,979**		**253,876**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Slough Borough Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In Slough's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	2014/15	2013/14
	£000	£000
Balance at 1 April	**(2,776)**	**(3,232)**
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	400	456
Balance at 31 March	**(2,376)**	**(2,776)**

Revaluation Reserve

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

The balance is reduced when assets with accumulated gains are:

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

	2014/15	2013/14
	£000	£000
Balance at 1 April	**100,040**	**82,110**
Upward revaluation of assets	41,898	33,649
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	(4,174)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**41,898**	**29,475**
Difference between fair value depreciation and historical cost depreciation	(1,491)	(904)
Revaluation balances on assets scrapped or disposed of	(11,080)	(10,641)
Balance at 31 March	**129,367**	**100,040**

Pensions Reserve

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

	2014/15	2013/14
	£000	£000
		Restated

Balance at 1 April	**(169,659)**	**(162,908)**
Remeasurements of the net defined benefit liability	(48,722)	(3,644)
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(15,012)	(10,639)
Employers pensions contributions and direct payments to pensioners payable in the year	7,679	7,532
Balance at 31 March	**(225,714)**	**(169,659)**

Deferred Capital Receipts Reserve

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

	2014/15	2013/14
	£000	£000
Balance at 1 April	**91**	**91**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Balance at 31 March	**91**	**91**

Collection Fund Adjustment Account

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

	2014/15	2013/14
	£000	£000
Balance at 1 April	**1,408**	**696**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(449)	986
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	582	(274)
Balance at 31 March	**1,541**	**1,408**

Accumulating Compensated Absences Adjustment Account

	2014/15 £000	2013/14 £000
Balance at 1 April	**(1,362)**	**(400)**
Settlement or cancellation of accrual made at the end of the preceding year	1,362	400
Amounts accrued at the end of the current year	(1,578)	(1,362)
Balance at 31 March	**(1,578)**	**(1,362)**

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

Analysis of Adjustments to Surplus/Deficit on the Provision of Services		
	2014/15	2013/14
	£000	£000
Adjustment to deficit on the provision of services for noncash movements		Restated
Depreciation	14,914	15,257
Impairment/ (reversals) valuations	(11,460)	(16,726)
Amortisation	44	36
(Increase)/Decrease in Inventories	0	4
(Increase) in Debtors	(1,291)	(3,384)
Increase/(Decrease) in Creditors	(6,083)	13,878
Movement in pension liability	7,333	3,107
Carrying amount of non-current assets sold	33,717	35,971
Movement in provisions	(148)	847
Movement in value of investment properties	(459)	(1,130)
	36,567	**47,860**

Adjust for items included in the net deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of PP&E, investment property and intangible assets	(7,394)	(13,175)
Capital grants included in "Taxation & non-specific grant income"	(16,637)	(16,041)
	(24,031)	**(29,216)**

Note 25 Cash Flow From Investing Activities

	2014/15 £000	2013/14 £000
Purchase of PP&E, investment property and intangible assets	(34,558)	(24,601)
Purchase of Short Term Investments (not considered to be cash equivalents)	(104,411)	(80,600)
Purchase of Long Term Investments	0	(29)
Proceeds from the sale of PP&E, investment property and intangible assets	7,394	13,175
Proceeds from Short Term Investments (not considered to be cash equivalents)	86,300	87,682
Capital Grants and Contributions Received	16,662	16,041
Net Cash flows from Investing Activities	**(28,613)**	**11,668**

Note 26 Cash flows from Financing Activities

	2014/15 £000	2013/14 £000
Cash Receipts from Short and Long Term Borrowing	0	0
Other Receipts from Financing Activities	0	0
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	(3,026)	(2,905)
Repayment of Short and Long Term Borrowing	0	(10,004)
Other payments for Financing Activities	2,627	0
Net Cash flows from Financing Activities	**(399)**	**(12,909)**

Note 27 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in year.
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the council's directorates recorded in the budget reports for the year is as follows:

2014/15	Wellbeing (Including Schools)	Customer and Community Services	Resources Housing and Regeneration	Chief Executive	Corporate	Total
	£000	£000	£000		£000	£000
Fees, charges & other service income	32,357	9,879	10,302	1,099	3,236	56,873
Government grants	120,812	2,592	1,911	189	75,140	200,644
Total Income	**153,169**	**12,471**	**12,213**	**1,288**	**78,376**	**257,517**
Employee expenses	79,884	9,828	8,328	3,523	465	102,028
Other service expenses	141,087	20,131	28,984	1,548	79,499	271,249
Support service recharges	-	-	-	-	-	-
Total Expenditure	**220,971**	**29,959**	**37,312**	**5,071**	**79,964**	**373,277**
Net Expenditure	**67,802**	**17,488**	**25,099**	**3,783**	**1,588**	**115,760**

2013/14	Wellbeing (Including Schools)	Customer and Community Services	Resources Housing and Regeneration	Chief Executive	Corporate	Total
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	29,964	9,499	8,573	904	18,678	**67,618**
Government grants	95,529	2,817	1,589	12	73,382	**173,329**
Total Income	**125,493**	**12,316**	**10,162**	**916**	**92,060**	**240,947**
Employee expenses	84,742	12,119	8,725	3,773	593	**109,952**
Other service expenses	105,377	17,059	27,185	1,381	97,770	**248,772**
Support service recharges	-	-	-	-	-	**-**
Total Expenditure	**190,119**	**29,178**	**35,910**	**5,154**	**98,363**	**358,724**
Net Expenditure	**64,626**	**16,862**	**25,748**	**4,238**	**6,303**	**117,777**

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

	2014/15 £000	2013/14 £000 Restated
Net expenditure in the Directorate Analysis	115,760	117,777
Net expenditure of services and support services not included in the Analysis	-25	-5431
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-25,522	-32,022
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	6,261	19,465
Cost of Services in Comprehensive Income and Expenditure Statement	96,474	99,789

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

2014/15	Directorate Analysis	Services and Support Services not in Analysis	HRA	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	56,873	16,397	37,764	- 43,968	- 25,595	41,471	-	**41,471**
Income from Investment properties including gains in fair value	-	-	-	-	-	-	1,909	**1,909**
Interest and investment income	-	-		-	-	-	1,870	**1,870**
Income from council tax	-	-	-	-	-	-	45,298	**45,298**
Income from non domestic rates	-	-	-	-		-	45,103	**45,103**
Government grants and contributions	200,644			7,854	-	208,498	58,282	**266,780**
Total Income	**257,517**	**16,397**	**37,764**	**- 36,114**	**- 25,595**	**249,969**	**152,462**	**402,431**
Employee expenses	102,028	7,480	8,093	131	-	117,732	-	**117,732**
Other service expenses	271,249	- 14,026	7,589	- 28,011	- 27,568	209,233	-	**209,233**
Support Service recharges	-	15,980		-	-	15,980	-	**15,980**
Depreciation, amortisation and impairment	-	6,938	- 3,440	-	-	3,498	-	**3,498**
Interest Payments	-	-	-	-	-	-	17,642	**17,642**
Expenditure fromInvestment Properties							1,452	**1,452**
Precepts & Levies	-	-	-	-	-	-	207	**207**
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	741	**741**
Non domestic rates tariff		-					18,313	**18,313**
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	26,323	**26,323**
Total expenditure	**373,277**	**16,372**	**12,242**	**- 27,880**	**- 27,568**	**346,443**	**64,678**	**411,121**
Surplus or deficit on the provision of services	**115,760**	**- 25**	**- 25,522**	**8,234**	**- 1,973**	**96,474**	**- 87,784**	**8,690**

2013/14	Directorate Analysis	Services and Support Services not in Analysis	HRA	Amounts not included in I&E	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
		Restated				**Restated**	**Restated**	**Restated**
Fees, charges & other service income	66,740	-	35,802	-	- 23,419	79,123	1,495	**80,618**
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	1,130	**1,130**
Interest and investment income	878	-	-	- 878	-	-	1,026	**1,026**
Income from council tax	-	-	-	-	-	-	43,543	**43,543**
Income from non domestic rates	-		-			-	43,639	**43,639**
Government grants and contributions	173,329	-	-	-	-	173,329	65,540	**238,869**
Total Income	**240,947**	**-**	**35,802**	**- 878**	**- 23,419**	**252,452**	**156,373**	**408,825**
Employee expenses	109,952	4,085	2,347	-	-	116,384	-	**116,384**
Other service expenses	243,940	- 43,078	12,816	-	-	213,678	-	**213,678**
Support Service recharges	-	24,742	-	-	-	24,742	-	**24,742**
Depreciation, amortisation and impairment	-	8,820	- 11,383	-	-	- 2,563	-	**- 2,563**
Interest Payments	4,832	-	-	- 4,832	-	-	16,767	**16,767**
Expenditure from Investment Properties	-	-	-	-	-	-	1,069	**1,069**
Precepts & Levies	-	-	-	-	-	-	268	**268**
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	680	**680**
Non domestic rates tariff							17,714	**17,714**
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	22,532	**22,532**
Total expenditure	**358,724**	**- 5,431**	**3,780**	**- 4,832**	**-**	**352,241**	**59,030**	**411,271**
Surplus or deficit on the provision of	**117,777**	**- 5,431**	**- 32,022**	**- 3,954**	**23,419**	**99,789**	**- 97,343**	**2,446**

Note 28 Pooled Budgets

Intermediate Care Services

The Council has entered into a pooled budget arrangement with the three Berkshire East Clinical Commissioning Groups (CCG's) to provide Intermediate care services to help with delayed discharges.

	2014/15 £000	2013/14 £000
Funding provided to the pooled budget:		
The Council	857	282
The CCG's	857	282
	1714	**564**
Expenditure met from the pooled budget:		
The Council	857	282
The CCG's	857	282
	1714	**564**
Net surplus arising on the pooled budget during the year	**0**	**0**

Berkshire Community Equipment Service

This agreement exists between the six Berkshire Unitary Authorities and three Berkshire Clinical Commissioning Groups (CCG's) with Slough Borough Council being the lead Council and accountable body for the provision of joint store and equipment services using The South Central Ambulance Service NHS Trust.

	2014/15 £000	2013/14 £000
Funding provided to the pooled budget:		
The Council	399	340
Berkshire CCG's	1,583	3,671
Other Unitary Authorities	3,662	1,512
	5,644	**5,523**
Expenditure met from the pooled budget:		
The Council	399	286
Berkshire CCG's	1,583	3,671
Other Unitary Authorities	3,662	1,512
	5,644	**5,469**
Net surplus/(deficit) arising on the pooled budget during the year	**-**	**54**

Note 29 **Members' Allowances**

During the year Members allowances, including Employer's costs totalled £463k (2013/14 £452k) and are as follows:

	2014/15	2013/14
	£000	£000
Basic Allowance	304	293
Mayor's and Deputy Mayor's Allowance	10	11
Employer costs	18	18
Special Responsibility Allowance	131	130
	463	**452**

Note 30 **Senior Officers Remuneration**

		Salary, Fees and Allowances	Compensation for Loss of Office - Note 6	Pension Contribution	Total
		£	£	£	
R Bagley - Chief Executive - Note 4	**2014/15**	157,479	0	16,890	**174,369**
	2013/14	157,479	0	11,575	**169,054**
Strategic Director, Regeneration, Hsg & Resources - Note 1	**2014/15**	118,687	0	14,003	**132,690**
	2013/14	109,277	-	13,769	**123,046**
Strategic Director, Wellbeing	**2014/15**	126,183	0	14,740	**140,923**
	2013/14	126,251	0	15,874	**142,125**
Strategic Director, Customer & Community Services	**2014/15**	126,223	0	14,740	**140,963**
	2013/14	125,983	0	15,874	**141,857**
Assistant Director, Finance & Audit (Section 151 Officer)	**2014/15**	80,757	0	9,477	**90,234**
	2013/14	75,263	0	9,472	**84,735**
Director of Public Health - Note 2	**2014/15**	25,523	0	-	**25,523**
	2013/14	25,574	0	-	**25,574**

Note 1 - 2013/14 Not full year costs - New Postholder started 15/4/13
Note 2 - The Director of Public Health costs are shared between the Berkshire Authorities.
The total cost of the post in 2014/15 is £136,305 (2013/14 £136,577) and Slough Borough Council's share is 18.73%

Senior Employees' Remuneration

The table below provides details of all officers (including teachers) receiving over £50,000 remuneration; this table includes the Senior Officers from the note above but excludes pension contributions. The remuneration figures include any redundancy payments linked to Note 31 - Exit packages

	2014/15		2013/14	
	Schools	Non-Schools	Schools	Non-Schools
£50,001 to £55,000	23	19	27	15
£55,001 to £60,000	11	3	7	6
£60,001 to £65,000	11	13	4	12
£65,001 to £70,000	4	5	6	2
£70,001 to£ 75,000	5	2	6	4
£75,001 to £80,000	1	2	5	1
£80,001 to £85,000	3	1	2	3
£85,001 to £90,000	1	1	1	6
£90,001 to £95,000	0	1	1	1
£95,001 to £100,000	2	1	0	0
£100,001 to £105,000	1	4	0	1
£105,001 to £110,000	1	0	0	1
£110,001 to £115,000	0	0	0	0
£115,001 to £120,000	0	1	0	0
£120,001 to £125,000	0	1	0	0
£125,001 to £130,000	0	2	0	2
£130,001 to £135,000	0	0	0	1
£135,001 to £140,000	0	0	0	1
£140,001 to £145,000	0	0	0	0
£145,001 to £150,000	0	0	0	0
£150,001 to £155,000	0	0	0	1
£155,001 to £160,000	0	1		
£160,001 to £165,000	0	0	0	0
£165,001 to £170,000	0	0		
£170,001 to £175,000	0	1	0	0
£175,001 to £180,000	0	0		
£180,001 to £190,000	0	0	0	0
£190,001 to £200,000	0	0	0	0
£200,001 to £210,000	0	0	0	1
£210,001 to £220,000	0	0	0	0
£220,001 to £230,000	0	0	0	1
£230,001 to £240,000	0	0	0	0
£240,001 to £250,000	0	0	0	0
	63	**58**	**59**	**59**

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

Note 31 **Exit Packages**

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
							£'000	£'000
£0-£20,000	22	10	0	0	22	12	204	85
£20,001 - £40,000	9	8	0	0	9	9	280	238
£40,001 - £60,000	4	1	0	0	4	2	297	49
£60,001 - £80,000	2	2	0	0	2	1	127	125
£80,001 - £100,000	2	1	0	0	2	1	189	81
£100,001 - £150,000	1	0	0	0	1	0	149	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	1	0	0	0	1	0	285	0
Total included in bandings	**41**	**22**	**0**	**0**	**41**	**25**	**1,531**	**578**
Add: Amounts accounted for in CIES not included in bandings							117	0
Total cost included in CIES							**1,648**	**578**

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

Note 32 **External Audit Fees**

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

	2014/15	2013/14
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	170	196
Less Rebate from Audit Commission	0	-23
Fees payable for the certification of grant claims and returns for the year	32	35
Fees payable in respect of other services provided during the year	0	0
	202	**208**

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

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

Note 33 **Dedicated Schools Grant**

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

Details of the deployment of DSG receivable for 2014/15 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£000	£000	
Final DSG for 2014/15 before Academies recoupment	10,529	128,362	138,891
Academy figure recouped for 2014/15	-	59,344	59,344
Total DSG after academy recoupment for 2013/14	10,529	69,018	**79547**
Plus: Brought forward from 2013/14	264	2,173	2,437
Less: Carry forward to 2015/16 (agreed in advance)	-	-	-
Agreed initial budgeted distribution in 2014/15	10,793	71,191	**81,984**
In year adjustments	-	-	**-**
Final budget distribution for 2014/15	**10,793**	**71,191**	**81,984**
Less: Actual central expenditure	- 9,282		- 9,282
Less: Actual ISB deployed to schools		- 66,996	- 66,996
Plus: Local Authority contribution for 2014/15	-	-	**-**
Carry forward to 2015/16	**1,511**	**4,195**	**5,706**

Note 34 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15

	2014/15	2013/14
Credited to Taxation and Non-Specific Grant Income	£000	£000
Revenue Support Grant	32,477	39,762
PFI	3,678	3,678
Early Intervention Grant	-	-
Capital Grants	16,637	16,041
Other Revenue Grants	-	6,059
Total	**52,792**	**65,540**

Capital Grants Received in Advance

	2014/15	2013/14
	£000	£000
Opening balance	362	392
Add: new capital grants received in advance (condition of use not met)	0	0
Less: amounts released to the Comprehensive Income and Expenditure Account (conditions met)	0	(30)
	362	**362**

Analysis of Capital Grants Receipts in Advance Balance

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

	2014/15	2013/14
	£000	£000
Current		
Capital Grants	362	362
	362	**362**

Long Term		
Capital Grants	0	0
	0	**0**

Revenue Grants Received in Advance

	2014/15	2013/14
	£000	£000
Opening balance	0	299
Add: new capital grants received in advance (condition of use not met)	0	0
Less: amounts released to the Comprehensive Income and Expenditure Account (conditions met)	0	(299)
	0	**0**

Note 35 Related Parties

The Council has a wholly owned subsidiary, Development Initiative for Slough Housing (DISH).Two councillors and an officer sit on the DISH board.
The Council has two pooled budget agreements, transactions and balances outstanding are detailed in Note 28.
The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 27 on reporting for resources allocation decisions.
Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in note 35.

Three Officers and two members have sat on the board of the Slough Regeneration Partnership (SRP) during 2014-15. The SRP is a Limited Liability Partnership the council has entered into with Morgan Sindall Investments to build a new library, leisure facilities, schools and homes in Slough. The development's first phase will feature The Curve - a brand new library, cultural and community centre in the heart of the town. Expenditure on the construction of The Curve in 2014-15 was £6,726k.

Note 36 Capital Expenditure and Capital Financing

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

Capital Expenditure and Capital Financing	2014/15	2013/14
	£000	£000
Opening Capital Financing Requirement	**287,312**	**282,465**
Property, Plant and Equipment	39,016	24,561
Investment Properties	0	0
Intangible Assets	20	40
Revenue Expenditure Funded from Capital under Statute	2,732	8,744
	41,768	**33,345**
Sources of finance		
Capital receipts	(7,203)	(221)
Government grants and other contributions	(12,379)	(14,698)
Other Contributions	0	0
Major Repairs Allowance	(10,183)	(9,015)
Sums set aside from revenue:		
Direct revenue contributions:		
General	(312)	(758)
[MRP/loans fund principal]	(3,943)	(3,806)
	(34,020)	**(28,498)**
Closing Capital Finance Requirement	**295,060**	**287,312**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	0	0
Increase in underlying need to borrowing (unsupported by government financial assistance)	7,748	4,847
Assets acquired under finance leases	0	0
Increase in Capital Financing Requirement	**7,748**	**4,847**

Note 37 Leases

Operating and Finance Leases

Council as Lessor:

Operating Leases (Council as lessor)

	2014/15		2013/14	
	Land and buildings	Property, plant and equipment	Land and buildings	Property, plant and equipment
	£000	£000	£000	£000
Minimum lease rentals receivable:				
No later than 1 year	342	0	360	0
Later than 1 year and no later than 5 years	1,369	0	1,198	0
Later than 5 years	8,760	0	9,273	0
	10,471	**0**	**10,831**	**0**

Council as Lessee:

Finance Leases (Council as lessee)

LEASED ASSETS (included within property, plant and equipment)

	Vehicles	Building	TOTAL
	£000	£000	
Cost or Valuation			
Opening Balance	4,889	6,885	**11,774**
Additions	0	4,307	**4,307**
Disposals	0	(101)	**(101)**
Revaluations		0	**0**
	4,889	11,091	**15,980**
Accumulated Depreciation			
Opening balance	2,764	48	**2,812**
Disposals	0	(5)	**(5)**
Provided for year	948	99	**1,047**
	3,712	142	**3,854**
Net Book Value			
Balance as at 31 March 2015	**1,177**	**10,949**	**12,126**
Balance as at 31 March 2014	**2,125**	**6,837**	**8,962**

Comparative Year

LEASED ASSETS (included within property, plant and equipment)

	Vehicles	Building	TOTAL
	£000	£000	
Cost or Valuation			
Opening Balance	4,889	19,860	**24,749**
Revaluations		(770)	**(770)**
	4,889	**19,090**	**23,979**
Accumulated Depreciation			
Opening Balance	1,825	8,201	**10,026**
Provided for year	939	49	**988**
	2,764	**8,250**	**11,014**
Net Book Value			
Balance as at 31 March 2014	**2,125**	**10,840**	**12,965**
Balance as at 31 March 2013	**3,064**	**11,659**	**14,723**

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

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

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

	Within 1 year	1 to 5 years	After 5 years	Total
	£000	£000	£000	£000
31/03/15				
Finance leases payments	2,356	5,230	4,893	**12,479**
Less: finance charges	(165)	(179)	(91)	**(435)**
Net present value	**2,191**	**5,051**	**4,802**	**12,044**
31/03/2014				
Finance leases payments	2,356	4,762	3,341	**10,459**
Less: finance charges	(250)	(261)	(62)	**(573)**
Net present value	**2,106**	**4,501**	**3,279**	**9,886**

Included in the Balance Sheet as:

	31/03/15	31/03/2014
	£000	£000
Current liabilities	2,191	2,106
Long term liabilities	9,853	7,780
	12,044	9,886

Operating Leases (Council as lessee)

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

	2014/15	2013/14
	Land and buildings	Land and buildings
	£000	£000
Minimum lease rentals payable:		
No later than 1 year	2,356	587
Later than 1 year and no later than 5 years	4,256	1,831
Later than 5 years	5,867	1,995
	12,479	**4,413**

Note 38 **Service Concession Arrangements**

Accounting Policy

During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools. Penn Wood School became operational on 26th February 2007, Beechwood and Arbour Vale schools becoming operational from 3rd September 2007. The contract period is for 28 years.
Under IFRS the assets are recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation of fixed assets). The assets are subject to depreciation and impairment as normal assets.
The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This is being written down over the life of the contract as payments are made under the contract.
The Council is committed to make total payments of £229.3m over the life of the contract. The annual payments are split into three elements. The capital costs are paid against the liability for the purchase costs, interest is charged against the interest payable account with the service element charged to Education expenditure in the Comprehensive Income and Expenditure Statement.

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Current Year	**1,963**	**923**	**3,257**	**6,143**
Previous Year	1,923	846	3,312	**6,081**

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2015 (excluding any estimation of inflation and availability/performance deductions) are as follows:

2013/14					2014/15			
Payment for Services	Reimbursement of Capital Expenditure	Interest	Total		Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
£000	0	0	£000		£000	£000	£000	£000
1,962	924	3,257	**6,143**	Payable within one year	2,016	995	3,194	**6,205**
9,416	3,635	12,163	**25,214**	Payable within two to five years	9,594	3,953	11,932	**25,479**
14,165	5,832	13,088	**33,085**	Payable within six to ten years	14,431	6,322	12,705	**33,458**
15,884	8,734	10,424	**35,042**	Payable within eleven to fifteen years	16,245	9,426	9,792	**35,463**
16,133	13,941	7,181	**37,255**	Payable within sixteen to twenty years	16,672	14,999	6,061	**37,732**
5,083	5,398	1,179	**11,660**	Payable after twenty years	1,722	1,845	351	**3,918**
62,643	**38,464**	**47,292**	**148,399**	Total	**60,680**	**37,540**	**44,035**	**142,255**

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

Current Year	**2014/15**			
	Council Dwellings	Land	Buildings	**Total PP&E and intangible assets**
	£000	£000	£000	£000
Balance outstanding at start of year	0	0	38,463	38,463
Payments during the year			(923)	**(923)**
Balance outstanding at year-end	**0**	**0**	**37,540**	**37,540**

Comparative Year	**2013/14**			
	Council Dwellings	Land	Buildings	**Total PP&E and intangible assets**
	£000	£000	£000	£000
Balance outstanding at start of year	0	0	39,309	**39,309**
Payments during the year	0	0	(846)	**(846)**
Balance outstanding at year-end	**0**	**0**	**38,463**	**38,463**

Note 39 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers

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

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

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

In 2014/15, the Council paid £3.152m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2013/14 were £3.497m and 14.1%. There were no contributions remaining payable at the year-end.

Note 40 Defined Benefit Pension Schemes

Retirement Benefits

Participation in the Local Authority Pension Scheme

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

The Authority participates in two post-employment schemes:

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

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

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

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

Transactions relating to Post-Employment Benefits

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

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

	Local Government Pension Scheme	
	2014/15	2013/14
	£000	£000
Comprehensive Income and Expenditure Statement		Restated
Cost of services:		
Service cost comprising:		
Current service cost	(8,886)	(9,669)
Past service cost	(117)	(612)
Gain/(loss) from settlements	1,304	6,425
Financing and Investment Income and Expenditure:		
Net Interest expense	(7,313)	(6,783)
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	**(15,012)**	**(10,639)**
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	8,941	(3,215)
Actuarial gains and losses arising on changes in demographic assumptions	0	15,143
Actuarial gains and losses arising on changes in financial assumptions	(57,663)	(15,572)
Total - Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**(48,722)**	**(3,644)**
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**(63,734)**	**(14,283)**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	**15,012**	**10,639**
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	**(7,679)**	**(7,532)**
Retirement benefits payable to pensioners		

For details on the restatement please see Note 1a on Prior Period Adjustments

Pensions Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme	
	31/3/15	31/3/14
	£000	£000
Present value of the defined obligation	425,486	355,010
Fair value of plan assets	(199,772)	(185,351)
Net liability arising from the defined benefit obligation	**225,714**	**169,659**

Reconciliation of movements in the fair value of scheme assets

	Local Government Pension Scheme		
	2014/15	2013/14	
	£000	£000	
Opening fair value of scheme assets	(185,351)	(181,596)	0
Interest income	(8,255)	(8,362)	
Remeasurement gain/(loss):			
the return on plan assets, excluding the amount included in the net interest expense	(8,941)	3,215	
The effect of changes in foreign exchange rates			
Contributions from employer	(7,679)	(7,532)	
Contributions from employees into the scheme	(2,501)	(2,446)	
Benefits/transfers paid	12,955	11,370	
Closing value of scheme assets	**(199,772)**	**(185,351)**	

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme	
	2014/15	2013/14
	£000	£000
Opening balance at 1 April	355,010	344,504
Current service cost	8,886	9,669
Interest cost	15,568	15,145
Contributions from scheme participants	2,501	2,446
Remeasurement (gains) and losses:		
Actuarial gains/losses from changes in demographic assumptions	0	(15,143)
Actuarial gains/losses from changes in financial assumptions	57,663	15,572
Other (if applicable)		
Past service cost	117	612
Liabilities assumed on entity combinations		
Benefits/transfers paid	(12,955)	(11,370)
Liabilities extinguished on settlements	(1,304)	(6,425)
Balance as at 31 March	**425,486**	**355,010**

Local government pension scheme assets comprised:

	Fair value of scheme assets	
	31/03/14	31/03/15
	£000	£000
Cash and cash equivalents	(3,707)	(10,949)
Equities:		
Overseas	(49,822)	(59,123)
UK	(28,025)	(29,561)
sub-total equity	**(77,847)**	**(88,684)**
Bonds:		
by sector		
Government Gilts	(1,854)	(2,796)
Overseas Unit Trusts	(12,455)	(8,587)
Overseas Private equity	(17,200)	(19,566)
sub-total bonds	**(31,509)**	**(30,949)**
Other Investment Funds:		
Infrastructure	(7,414)	(8,598)
Property	(22,242)	(24,579)
Target Return	(33,364)	(35,431)
Commodities	(16,682)	(7,806)
Alternative Assets	0	0
sub-total other investment funds	**(79,702)**	**(76,414)**
Longevity Insurance	7,414	7,398
Total assets	**(185,351)**	**(199,598)**

All scheme assets have quoted prices in active markets

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc.
The Local Government Pension Scheme have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Bershire Local Government Pension Fund being based on the latest full valuation of the scheme as at 1 April 2013.

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

	Local Government Pension Scheme	
	2014/15	**2013/14**
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	22.8	22.7
Women	26.1	26.0
Longevity at 65 for future pensioners:		
Men	25.1	24.9
Women	28.4	28.3
Financial assumptions:		
Rate of inflation	3.3%	3.6%
Rate of increase in salaries	4.3%	4.6%
Rate of increase in pensions	2.5%	2.8%
Discount Rate	3.4%	4.5%

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption £000	**Decrease in assumption £000**
Longevity (increase or decrease in one year)	410,470	440,291
Rate of increase in salaries (increase or decrease by 1%)	426,143	424,490
Rate of increase in pensions and deferred revaluation (increase or decrease by 0.1%)	432,563	418,202
Rate for discounting liabilities (increase or decrease by 0.1%)	417,455	433,330

Impact on the Authority's cashflows

The objectives of the scheme are to keep employers' 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 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2017.

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

The Authority anticipates to pay £7,283K expected contributions to the scheme in 2015/2016.

The weighted average duration of the defined benefit obligation for scheme members is 22 years (22 years 2013/14)

Note 41 Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments - Risks

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

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

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

The main risks covered are:

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

Credit Risk: Investments

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

A limit is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £30M 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 2014/15, approved by Full Council on 18 February 2014 and can be accessed with the link below:

http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=109&MId=4867

The table below summarises the nominal value of the Council's investment portfolio and shows that all deposits outstanding as at 31st March 2015 met the Council's credit rating criteria at that date:

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2015	Balance Invested as at 31st March 2015					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
Banks - UK	YES	YES	11,159	4,009	0	0	0	15,168
Banks - non UK	YES	YES	0	5,037	10,063	0	0	15,100
Total Banks			**11,159**	**9,046**	**10,063**	**0**	**0**	**30,268**
Building Societies	YES	YES	8,063	0	0	5,034	3,008	16,105
Call Accounts	YES	YES	5,562	0	0	0	0	5,562
Local Authorities	YES	YES	0	0	0	4,007	10,094	14,101
Pooled Fund	YES	YES	8,016	0	0	0	7,504	15,520
TOTAL			**32,800**	**9,046**	**10,063**	**9,041**	**20,606**	**81,556**

	Long Term 31/03/2015 £000's	Long Term 31/03/2014 £000's	Short Term 31/03/2015 £000's	Short Term 31/03/2014 £000's
Deposits with banks and financial institutions				
AAA	3,008	-	-	-
AAA mmf	-	-	2,636	20,039
AA+	-	-	2,034	-
AA-	-	-	11,885	15,041
A+	-	-	10,073	-
A	-	-	19,299	38,784
Unrated Local Authorities	10,094	-	4,007	15,026
Unrated BuildingSocieties	-	-	3,000	-
Unrated Pooled Funds	7,504	-	8,016	-
Heritable Bank	-	-	75	75
	20,606	**-**	**61,025**	**88,965**

The Council does not hold collateral against any investments.

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. It 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. This 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 364 days.

Maturity Structure of borrowing

Years	31-Mar-15 £'000	% of Total Debt	31-Mar-14 £'000	% of Total Debt
< 1 year	13,000	7.13%	4,000	2.19%
1 to 2 yrs	4,000	2.19%	9000	4.94%
2 to 5 yrs	3,001	1.65%	7,000	3.84%
5 to 10 yrs	18,000	9.87%	18,000	9.87%
10-15 yrs	25,508	13.99%	30,522	16.74%
15-20 yrs	30,022	16.46%	25,000	13.71%
20-25 yrs	53,000	29.06%	53,000	29.06%
25-30yrs	35,841	19.65%	35,841	19.65%
Total	**182,372**	**100.00%**	**182,363**	**100.00%**

The table above excludes accrued interest.

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
- borrowings at fixed rates – the fair value of the liabilities borrowings 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 their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements 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 2015, 87.39% of the debt portfolio was held in fixed rate instruments and 12.61% 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:

	31/03/15	**31/03/14**
	£000	£000
Increase in interest payable on variable rate borrowings	230	230
Increase in interest receivable on variable rate investments	(261)	(316)
Increase in government grant receivable for financing costs	0	0
Impact on Surplus or Deficit on the Provision of Services	**(31)**	**(86)**
Share of overall impact debited to the HRA	0	260
Decrease in fair value of fixed rate investment assets	295	152
Impact on Other Comprehensive Income and Expenditure	0	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	0	0

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

Market Risks: Price Risk
The Council does not invest in any other equity shares and therefore is not subject to equity price risk.

Market Risks: Foreign Exchange Risk
The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

Note 42 **Contingent Liability**

The new Children's Service Organisation is due to commence operating Children's Social Care services in Autumn 2015 following a directive from the Department for Education. These new arrangements are, at the time of the Financial Statements being signed, in the process of being clarified, and due for approval later in the 2015-16 financial year. The implication of the new organisation and its transition arrangements on the 2014-15 financial statements are likely to be limited as operations will not start until the next financial year and it unlikely that, though work has been completed on the creation of the new organisation during 2014-15, there will be any material transactions in respect of the new organisation during this financial year

Housing Revenue Account for the year ended 31st March

	2014/15 £000	2013/14 £000
Income		
Dwelling rents	33,106	31,721
Non-dwelling rents	1,413	1,430
Charges for services and facilities	2,023	1,934
Contributions from General Fund	1,222	717
Total Income	**37,764**	**35,802**
Expenditure		
Repairs & Maintenance	7,529	6,934
Supervision & Management:	0	0
General	6,381	6,572
Special	1,712	1,477
Rents, Rates, Taxes and other charges	60	180
Depreciation and impairments\(reversals) of non current assets	(3,440)	(11,383)
Total Expenditure	**12,242**	**3,780**
Net Expenditure of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**(25,522)**	**(32,022)**
HRA Services Share of Corporate & Democratic Core	259	295
Net Expenditure of HRA Services	**(25,263)**	**(31,727)**
Loss on sale of HRA Fixed Assets	5,350	6,140
Movement in fair value of investment properties	(70)	0
Interest Payable and Similar Charges	5,127	5,153
HRA Interest and Investment Income	(99)	(153)
Net interest on the defined benefit liability (asset)	350	207
Capital Grants and Contributions		
Surplus for Year on HRA Services	**(14,605)**	**(20,380)**

Adjustments between accounting basis and funding basis

Movement on the HRA Statement

	2014/15	2013/14
	£000	£000
Balance on the HRA at the end of the previous year	18,113	14,334
Surplus on the HRA Income and Expenditure Statement	14,605	20,380
Adjustments between accounting basis and funding basis under stature	(8,224)	(16,601)
Increase on the HRA for the year	**6,381**	**3,779**
Balance on the HRA at the end of the current year	**24,494**	**18,113**

	2014/15 £000	2013/14 £000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	(128)	(128)
Revaluation and Impairment of PPE	(3,440)	(11,383)
Movement in faiir value of investment properties	(70)	
Gain or loss on sale of HRA non current assets	5,350	6,140
HRA Share of Contributions to or from the Pension Reserve	350	292
Transfers to Major Repairs Reserve	(10,286)	(11,522)
Net additional amount required by statute to be (debited) or credited to the HRA Balance for the year	**(8,224)**	**(16,601)**

Notes to the Housing Revenue Account

1. Housing Revenue Account

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

2. Housing Stock

The number of dwellings in the Authority’s housing stock, as at 31 March 2015 totalled 6,207 properties. The type of properties and the period in which they were built, were as follows:

	31st March 2015	31st March 2014
	Number	Number
Property Type		
Houses	2,752	2,779
Flats	2,921	2,945
Bungalows	530	530
Shared Ownership	4	4
Total Dwellings 31 March	**6,207**	**6,258**
Total Dwellings 1st April	**6,258**	**6,361**
Sold	(64)	(73)
New Build/Acquisition	13	0
Demolished	0	(30)
Total Dwellings 31 March	**6,207**	**6,258**

In accordance with Government guidelines, dwellings have been valued at their "existing use with vacant possession" based upon beacon values and then reduced to reflect "existing use for social housing". The carrying value of HRA non-current assets in the Balance Sheet is as follows:

	31 March 2015	31 March 2014
	£000	£000
Carrying value of non-current assets		
Council dwellings	368,368	328,459
Other land and buildings	9,093	9,012
Vehicles, plant and equipment	299	652
Assets under construction	1,136	1,440
Surplus assets	8,655	8,633
Total HRA non-current assets	**387,551**	**348,196**

3. Major Repairs Reserve

The movement on the Major Repairs Reserve during the year ended 31 March 2015 is summarised below:

	2014/15	2013/14
	£000	£000
Balance at 1 April	11,184	8,677
Depreciation	7,286	6,860
Transfer from HRA balance	3,000	4,662
Capital expenditure on HRA Land, Houses and	(10,183)	(9,015)
Balance at 31 March	**11,287**	**11,184**

4. Housing Revenue Account Capital Expenditure

	2014/15	2013/14
	£000	£000
Capital investment		
Operational assets	10,672	9,752
	10,672	**9,752**
Sources of funding		
Capital Receipts	489	221
Major Repairs Reserve	10,183	9,015
Government grants and other contributions	0	516
	10,672	**9,752**

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

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

	2014/15	2013/14
	£000	£000
Council dwellings -		
Right to Buy	6,814	6,278
Discounts repaid	0	69
Non-Right to Buy	0	418
Other Receipts -		
Land sales	27	13
Leaseholder Contributions	384	0
Other property sales	122	1,096
Mortgage Property	7	19
	7,354	**7,893**
Less Pooled (Paid to Central Government)	(741)	(847)
	6,613	**7,046**

6. Rent Arrears

During 2014/15 total rent arrears decreased by £328,000 (£77,000 decrease 2013/14). A summary of rent arrears and prepayments is shown in the following table:

	2014/15	2013/14
	£000	£000
Current Tenant Arrears	857	1,290
Former Tenant Arrears	730	582
Total Rent Arrears	**1,587**	**1,872**
Prepayments	(532)	(489)
Net Rent Arrears	**1,055**	**1,383**

7. Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to the Housing Revenue Account is £1,481,000 (£1,665,000 2013/14)

8. Depreciation and Impairment of Non-Current Assets

	2014/15		2013/14	
	£000		£000	
	Depreciation	Impairment\ (reversals)	Depreciation	Impairment\ (reversals)
Council Dwellings	6,796	(10,720)	6,368	(18,106)
Other Land and Buildings	130	(6)	129	121
Vehicles, Plant, Furniture and Equipment	353	0	357	0
Surplus Assets Not Held for Sale	0	0	6	(258)
Assets Held for Sale	7	0	0	0
	7,286	**(10,726)**	**6,860**	**(18,243)**

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2013/14					2014/15		
Business Rates £000	Council Tax £000	Total £000	Collection Fund	Notes	Business Rates £000	Council Tax £000	Total £000
			INCOME				
	(52,596)	(52,596)	Council Tax	**4**		(53,799)	(53,799)
(95,721)		(95,721)	Non-domestic rates		(96,745)		(96,745)
(95,721)	**(52,596)**	**(148,317)**	**Total amounts to be credited**		**(96,745)**	**(53,799)**	**(150,544)**
			EXPENDITURE				
			Business Rate:				
976		976	Transitional protection payments - non-domestic rates		1,519		1,519
			Precepts, demands and shares				
44,815		44,815	Central Government	**6**	45,934		45,934
43,913	42,555	86,468	Billing Authority		45,016	44,059	89,075
891	2,186	3,077	Fire Authority		919	2,303	3,222
	5,672	5,672	Police Authority			5,999	5,999
			Charges to Collection Fund				
4,938	155	5093	Write-offs of uncollectable amounts				0
(1,228)	851	-377	Increase/(decrease) in allowance for impairment		2,250	(28)	2222
1,768		1768	Increase/(decrease) in allowance for appeals		721		721
210		210	Charge to General Fund for allowable collection costs for non-domestic rates		207		207
			Apportionment of previous year's estimated Collection Fund surplus:				
			Central Government		-506		(506)
	0	0	Billing Authority		-495	1690	1,195
	0	0	County Council			0	0
	0	0	Fire Authority		-10	225	215
	0	0	Police Authority			87	87
	0	0	Adjustment of previous years' community charges			0	0
96,283	**51,419**	**147,702**	**Total amounts to be debited**		**95,555**	**54,335**	**149,890**
562	**(1,177)**	**(615)**	**(Surplus) / deficit arising during the year**		**(1,190)**	**536**	**(654)**
0	(825)	(825)	(Surplus)/deficit b/f at 1 April		562	(2,002)	(1,440)
562	**(2,002)**	**(1,440)**	**(Surplus) / deficit c/f at 31 March**		**(628)**	**(1,466)**	**(2,094)**

Note 1 - Council Tax

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

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

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

c) The year-end surplus or deficit on the Collection Fund is to be distributed betweer Billing and Precepting Authorities on the basis of estimates, made in January of each year-end balance. For 2014/15, the amount outstanding in January 2014 ir respect of Council Tax when compared with the provision made by the Counci for non-payment, was£1.44m

d) Under the old Community Charge Collection Fund any surplus or deficits were retained within the fund, however the revised arrangements in (c) above resultec in any such balances being cleared to the relevant authority. For 2014/15, the amount outstanding in January 2014 in respect of Community Charge wher compared with the provision made by the Council for non-payment, was not above the level anticipated and therefore no surplus was declared.

Note 2 - Council Tax Valuation Bands

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

Valuation Band Range of Values

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

Note 3 - Council Tax Income

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

Band	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
A	1,343	6/9	895	927.54
B	9,370	7/9	6,247	1,082.13
C	21,954	8/9	14,636	1,236.72
D	12,729	9/9	8,486	1,394.44
E	4,351	11/9	2,901	1,700.49
F	1,635	13/9	1,090	2,009.67
G	329	15/9	219	2,318.85
H	8	18/9	5	2,782.62
			34,479	

Note 4 - Council Tax Required

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

(i) Preceptor's Council Tax Requirements	11,833,218
(ii) Number of Band D equivalent Dwellings	8,486
Band D (i divided by ii)	1,394.44

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

	2014/15	2013/14
	£000	£000
Net Amount	53,564	52,596
Use of Provision for Doubtful Debts	28	(1,006)
Council Tax Surplus	(1,231)	(908)
Council Tax Requirement	**52,361**	**50,682**

Note 5 – Non-Domestic Rates

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2014/15 the amount was 48.2p (47.1p = 2013/14). The small business rate multiplier was 47.1p for 2014/15 (46.2 2013/14). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. This is shown in the Comprehensive Income and Expenditure Statement and analysed at Note 11. The total rateable value @ 31 March 2015 was £223,349,724 (31 March 2014 = £219,865,601).

Note 6 - Council Tax Precepts & Demands

The following amounts were paid from the fund:

	2014/15	2013/14
	£000	**£000**
Slough Borough Council	43,852	42,555
Britwell Parish Council	59	120
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	93	93
Royal Berkshire Fire Service	2,303	2,186
Thames Valley Police Authority	5,999	5,672
Total	**52,361**	**50,681**

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

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

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

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

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

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

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

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

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

SLOUGH BOROUGH COUNCIL

FOR THE YEAR ENDED 31 MARCH 2015

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

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

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

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

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

CIPFA
The Chartered Institute of Public Finance and Accountancy

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

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

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

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

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

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

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

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

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

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

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

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

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

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

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

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

EXTRAORDINARY ITEMS
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NATIONAL NON-DOMESTIC RATES (NNDR)
The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.
NON-OPERATIONAL ASSETS
Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.
OPERATING LEASE
A lease where the ownership of the fixed asset remains with the lessor.

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

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

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

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

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

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

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

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

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

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

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.
RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.
RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

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

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

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

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

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

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

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