Statement of Accounts

2015 - 2016

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Statement of Accounts

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2015 - 2016

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NARRATIVE REPORT

1. Presentation of Accounts and Changes in Presentation

The Statement of Accounts sets out details of the Council's Income and Expenditure for the 2015/16 financial year and its Balance Sheet as at 31st March 2016. The financial statements are presented in accordance with statutory requirements under the Accounts and Audit Regulations 2015 and the Code of Practice on Local Council Accounting in the United Kingdom 2015/2016.

2. Explanation of the Statement of Accounts

The Council's financial statements are set out on pages **24** to **101**, and consist of the following:

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

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

- **The Balance Sheet**, which gives the Council's financial position as at the 31 March 2016 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 2015/16 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.

Narrative Report – financial year 2015/16

This summary sets out the summarised information on the Council's financial performance and associated delivery of Council services. A summary of the overall performance of the Council is included in the table below:

Table 1.1: Summary of performance

Item	Outcome
Overall revenue outturn	Delivered a £41k over spend keeping General Fund balances at £8.1m.
Housing Revenue Account	Delivered a surplus of £1.5m in relation to a budgeted surplus of £0.971m
Savings	71% of the £9.79m highlighted as Green or Amber. Most of the savings not achieved (outside of the Children's Social Care Directorate) will be achieved in 2016/17 or later years.
Capital Budget	58% delivery with key schemes progressing. The key carry forwards into 16/17 relate to the Housing capital programme and the Crematorium / Cemetery project.
Balanced Scorecard	43% performance measures Green, 18% amber, 15% Red, with 24% not applicable or not assigned.
5YP Outcome	Three projects have been assessed as Green, three as Amber and one as Amber/Green
GOLD projects	One project has been assessed as Green, six as Amber and one as Red

There have been many major developments that the Council has led on over the financial year as well as a number of significant changes to how the Council operates. The Five Year Plan (5YP) is the Council corporate strategy and 2015-16 was the first year that the Council had the 5YP adopted. There is a separate annual report on the 5YP (http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=109&MId=5366&Ver=4) but the allocation of financial resources to deliver the 5YP have been key to its achievements. During the year, and for future years budget, we have switched to an Outcome Based Budgeting (OBB) focus on delivering services in the future. This has helped to drive greater improvements during the year 2015-16, with the creation of a Strategic Acquisition Fund of £25m to buy new assets, as well as the fruition of work on developing commercial and community projects, such as the Curve and Ledgers Road sites, through the Slough Urban Renewal company that the Council owns with Morgan Sindall. This focus on aligning the 5YP with the financial strategy will support the Council's ability to meet its financial challenges and to provide services that the support the delivery of the 5YP.

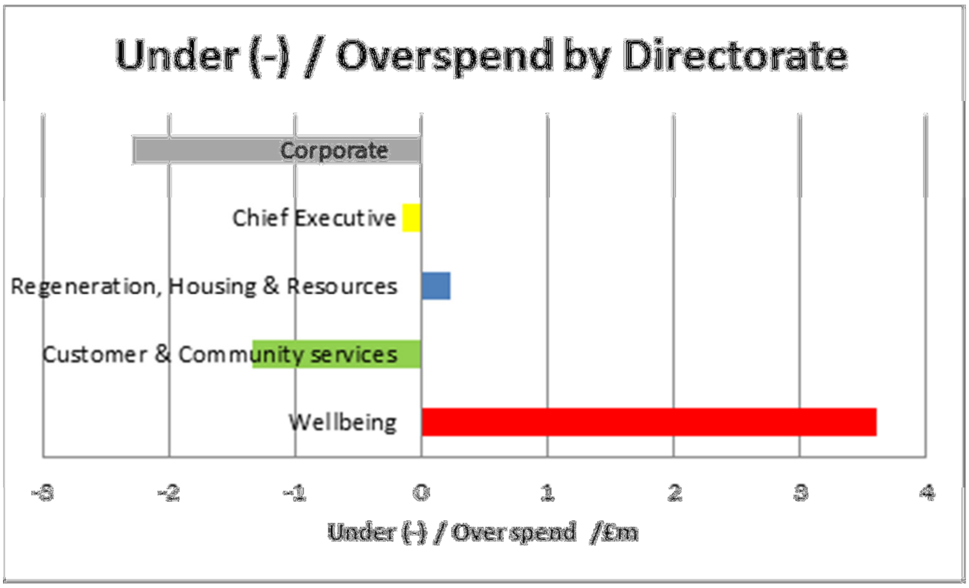
The Council has made substantial investments during the 2015-16 financial year with additional funding in Children's Social Care and Adult Social Care as well as a sizeable capital programme. On the revenue element, the year end position is a net over spend of £0.04m; this was at a time of making a savings programme of £9.8m. Given the major areas of overspend (as detailed below) it is a strength of the organisation that the Council has been nimble enough to ensure the protection of the overall General Fund position.

This year also saw the creation of the Slough Children's Services Trust (SCST) as part of the direction from Central Government to improve Children's services. The transactions within these financial statements include six months whilst directly controlled by the Council and then six months as a transfer to the SCST. The SCST will be in place for a period of six years with a remit to improve Children's Social Care over this period. The transactions included in the financial statements primarily relate to revenue items.

Financial Performance (revenue)

This section details some of the key elements of the Council's financial performance. As noted the Council has ended the year with a net over spend of £0.04m before any further transfers from reserves. The main area of overspend is in respect of Children's services at £2.7m. This overspend occurred due to significant overspends on both staffing costs, through the use of agency workers, and the cost of placements for looked after children. As noted above the transfer of Children's Services to the SCST occurred in 2015-16 and the budget that transferred across was based on the actual budget at transfer date (further details are in the September Cabinet papers). This in effect set the overspend position for this respective service. There have been other pressures within the Council, most notably within Adult Social Care where there is an ambitious transformation programme. Some of the savings associated with this have not been delivered in 2015-16 financial year, though are expected to in 2016-17, and this has led to an over spend of £0.6m.

The Council has worked very hard to then mitigate these overspends through an effective programme to look at all areas of expenditure and income to mitigate the impact on the general fund. Many services delivered underspends, especially in the Customer and Community Services directorate and within Assets, Infrastructure & Regeneration. There have also been adjustments made to 'corporate' items with the release of an insurance provision, some one-off gains, and a change to the Council's Minimum Revenue Provision policy. Cumulatively, these have been successful in leading to a much reduced overspend position.



The over spend has meant that there is no movement to the overall General Fund position, keeping the General Fund Reserve balance at £8.1m. All future transformation activity across the Council will be funded by the flexible use of capital receipts as detailed in the Government's finance settlement in February 2016. The Medium Term Volatility Reserve (MTFVR) was created specifically to deal with the increased volatility in budgets through having much higher levels of savings and fluctuations in income.

Table 1.2: Summary of financial terms and what they mean for SBC

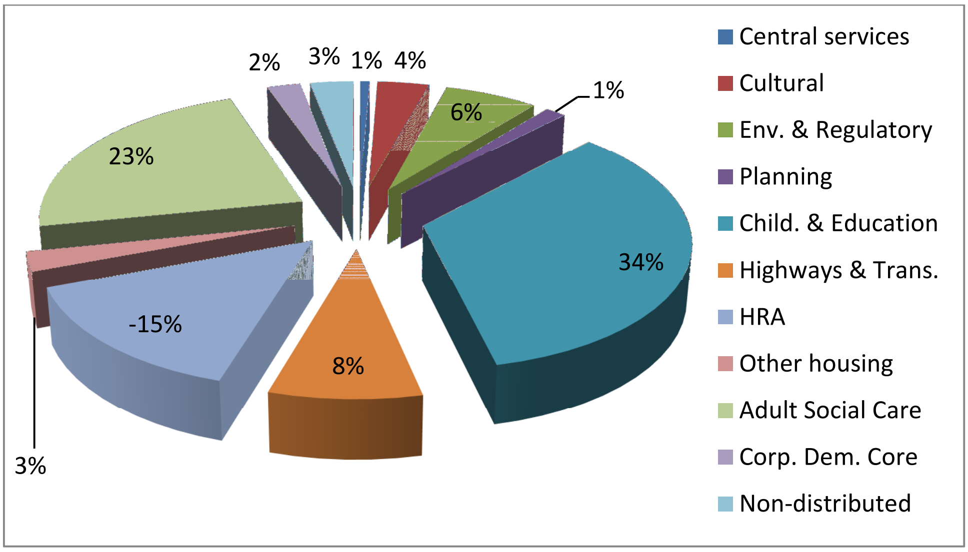
Item	Commentary
Comprehensive Income and Expenditure Account (CIES) This account shows the accounting cost in the year of providing services	The analysis of services included in the Income and Expenditure account is used by all local authorities for comparison purposes and differs from the Council's own budget and service organisational

with international financial reporting standards, rather than the amount to be funded from taxation. It also includes costs associated with the use of assets; costs of borrowing and income from investments are also shown in this account, including both the General Fund and the Housing Revenue Account.	structure. The draft accounts show a gross deficit in 2015/16 of £100,467k with a net surplus of £26,413k. This surplus includes a number of accounting entries which do not form part of the Council's actual General Fund and HRA balances. These accounting entries such as depreciation and pension fund are then reversed out in the Movement in Reserves Statement so that there is no effect on the overall Council Tax and Housing rents. The net position is breakeven. 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 a decrease in the General Fund Balance leaving a balance as at 31st March 2016 of £8.1m Earmarked reserves are those that have been set aside to cover a particular risk, or are for particular purposes. These total £15.9m including school balances of £5.8m
Balance Sheet The Balance Sheet shows the assets and liabilities of the Council as at 31st March 2016. 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 just over £97m. This is due to the net effect of revaluations, additions and enhancements during the year. The Curve is included as Asset under construction. The above has resulted in a slightly reduced Net Asset (assets less liabilities) position for the Council as at 31st March 2016 (£442m) compared with 31st March 2015 of £313m
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 2016 is £29.0m; this is an increase of £4.5M in the year.
Collection Fund The Collection Fund is a separate account detailing Council Tax collections (including those collected on behalf of the Police and Fire Service and National Non Domestic rates (NNDR). This account shows the amount of Council Tax and NNDR collected and the redistribution back to	Any surplus or deficit on the fund is distributed between Slough Borough Council, the Police and the Fire Service in the same proportion to their share of tax income. The fund shows an overall deficit of £2.4m for 2015/16. This deficit will be distributed in the 2016/17 budget in line with expected levels.

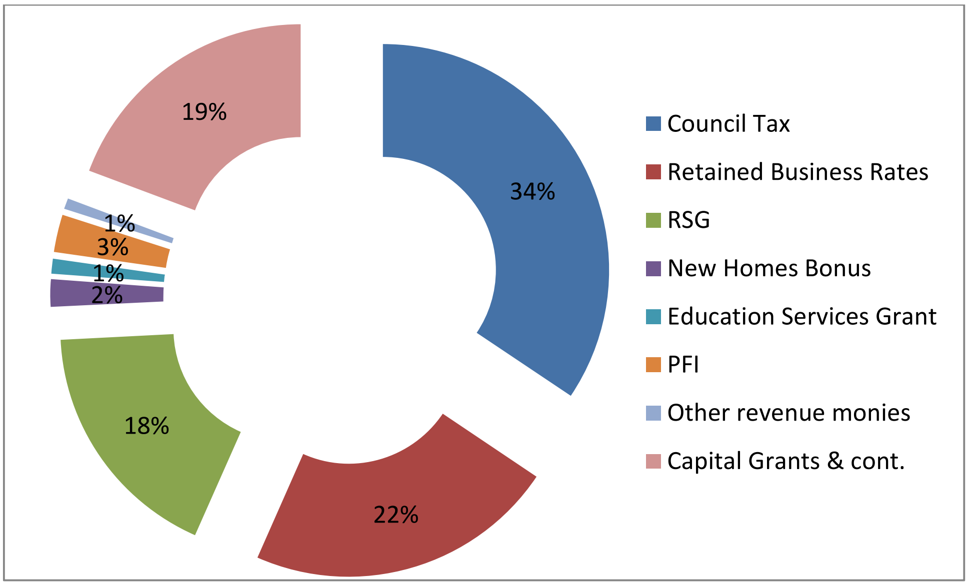
the Government Pool.	

Also included in the main financial statements are summaries of the Council's main income and expenditure. The graphs below highlight where the Council has received income from for 2015-16 and where the gross expenditure to deliver services is.

Graph 2.1: Net expenditure on Council Services



Graph 2.2: Key income sources



The graph above and later in this summary highlights how the Council's financial position is changing. Income is reducing rapidly from Central Government grants and at the same time, there has been a much greater proportion of income generated through Council Tax (primarily through an increase in properties in Slough) and Business Rates. Money from Government (through RSG) is now a minority element of the Council's funding stream at £24m in the 2015-16 financial year; in 2014-15, this figure was £32m.

Financial performance (Capital and treasury)

During the year, the Council has had a capital programme of some £77m. The total expenditure against this was £47m with a further £22m re-profiled into future years. There have been some major schemes built during the year, most notably the Curve building in the centre of the town.

There have also been some major education schemes and the commencement of the transport scheme on the A335 as one of the main through roads in Slough.

The Council has funded the capital programme through a combination of external grants, Local Enterprise Partnership (LEP) funding, s106 contributions and internal balances. The Council has investments of circa £62-80m that fluctuated through the year, though with major general fund capital schemes these balances are diminishing, and have done during the financial year. Once these are depleted, the Council will need to borrow additional funds externally to fund the current levels of capital projects. Importantly though, capital schemes are improving the Council's balance sheet and providing key assets for future service delivery as well as for generating additional income. During the year, the Council has purchased new assets for investments (see below) and in the future is investing in more strategic investments and a local authority property purchase scheme by investing in housing. These are expected to produce income to offset future borrowing costs and provide a rental stream to the Council.

The overall investment returns have continued to provide the Council with substantial income of £1.9m. The treasury strategy was approved in February 2015 by full Council and has continued to yield good levels of returns (2.3% for 2015-16 including appreciation) which has helped to contribute to funding core Council services.

Other key financial implications

Key Assets & Liabilities

There has been some major changes to the council's assets and liabilities over the financial year. Through an investment in strategic assets, the Council acquired two properties in the financial year and these will be help for income yield as well as for regenerative and financial benefits. The Council has also enhanced its assets through its treasury management activities and investment in the CCLA property fund. There has also been some major investment in the built infrastructure of the town with large levels of spend on the Curve building, education assets, housing and the commencement of major transport schemes in partnership with the Thames Valley Local Economic Partnership. The Council also paid off £5m of debt during the year and has thus reduced its borrowing levels and costs.

The pension liability has reduced during the financial year. An actuarial revaluation will occur for three years ahead during 2016-17, and even though the Council has increased its pension fund contributions by 0.5% p.a. over the past three years, there remains a substantial deficit of £209m on the pension fund.

Changes to accounting policies

There have been no significant changes to accounting policies in the 2015-16 year. The committee approved the draft policies for the year at its meeting in March 2016. For future years, there is a major change in respect of 2016-17 for highways infrastructure assets which will have a material impact on the 2016-17 financial statements.

Provisions or contingencies

There are no major provisions being held in the Council's financial statements that are new for the year. The Council continues to hold a bad debt provision against Council Tax, Business Rates and other major sources of funding. These have not changed significantly since the previous financial year, though the Council is seeking to write off sums of Council Tax during the next financial year to ensure that the provision and bad debt levels are both reduced.

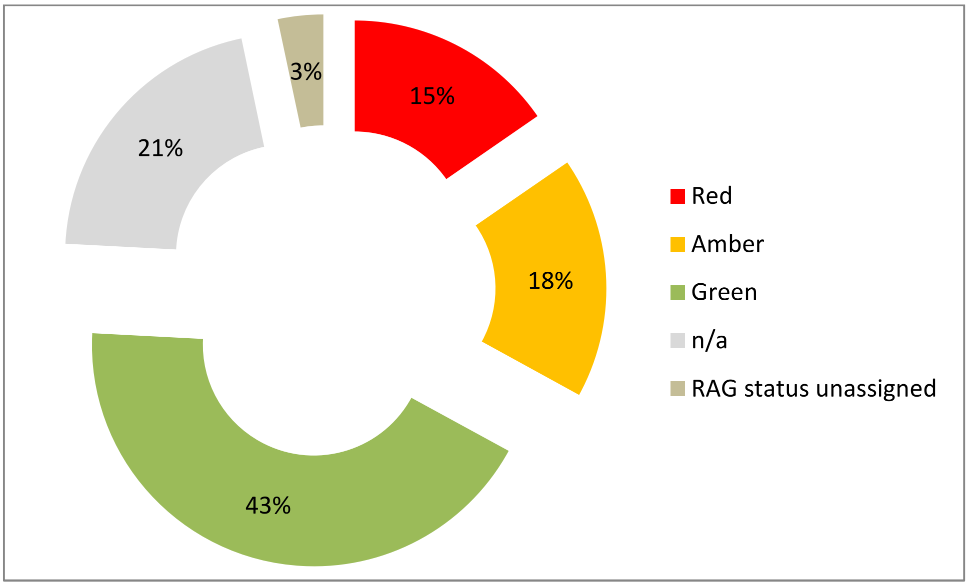
Post Balance Sheet Events

There have been no known events during the 2016-17 financial year that would impact on the previous financial year. There will be a further transfer anticipated of services to the SCST in October 2016 but these will not impact on the 2015-16 financial statements.

Council wide Performance

For 2015-16 the Council introduced a new balanced scorecard with many new indicators that had not been measured in the past. A summary of the overall performance is included below (and this is reported quarterly to Cabinet).

Graph2.3: Progress against key performance outcomes



There have been a number of notable successes such as an increase in new business growth, (in 14/15 96% to 96.5% in 15/16) Council Tax and business rate collection, evidence of channel shift through lower face to face interactions and increased direct debit uptake, and the success of the reablement service in people staying at home after reablement.

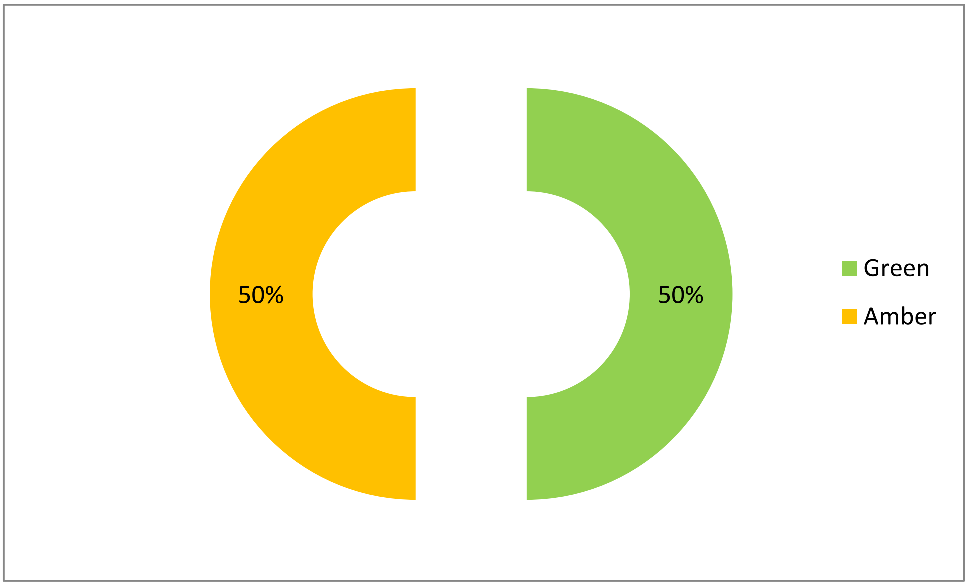
The council has also had a number of 'red' indicators during the year. The overall Business Rate debit decreased during the year, much due to the conversion of offices to flats; crime rates across all crimes increased whilst the percentage of residents offered and receiving a NHS health check was lower than target and social isolation rates in Adult Social Care were also higher than target. Further information can be found on the cabinet report of 27/6/16.

Further information is detailed within the cabinet report which can be found on:

(http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=109&MId=5797&Ver=4)

The Council also measures progress against its FYP and key 'Gold' projects on a regular basis.

Graph 2.4: 5YP progress



Graph 2.5: Gold project status

Overall Status			
Red	Amber	Green	Not Specified
1	6	1	0
13%	45%	13%	0%

Across both areas the Council has made significant progress. Especially on the 5YP there have been a variety of new programmes that have started to progress the 5YP with a much greater focus on key outcomes such as the Centre of Town, improving Business retention and attraction and the utilisation of assets. There have been some areas though where greater progress needs to be made; the Curve building as a gold project is delayed in its opening and the Council has an ambitious digital transformation programme that needs to be resourced more fully in future financial years to drive greater efficiency and transformation across the Council.

Governance

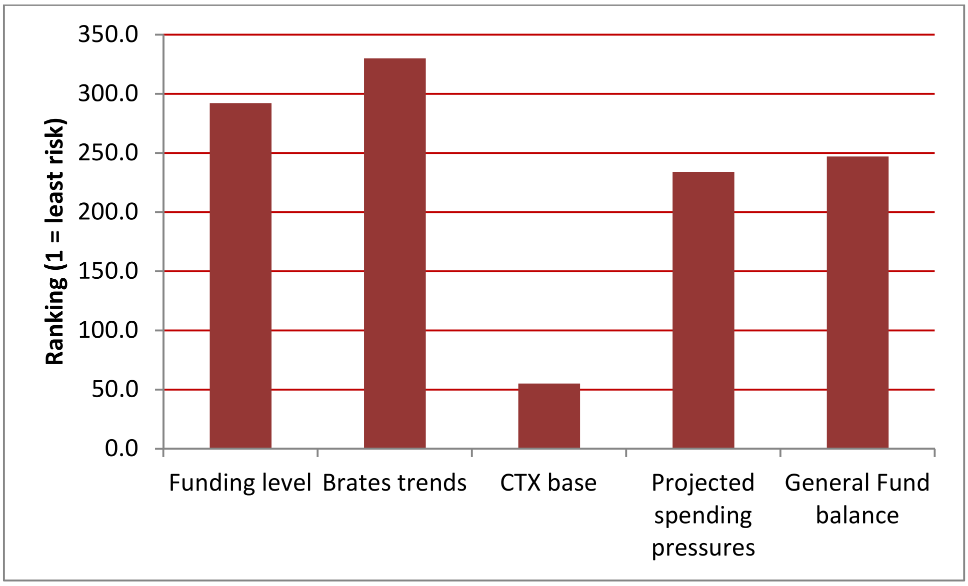
The overall Governance arrangements are set out in detail in the Annual Governance Statement. In summary, the Council has continued to improve its overall performance in respect of audit reports with internal audit reports that are red (no assurance) decreasing further to just two during the year. The 2014-15 financial statements were also certified by the CFO and signed by our external auditors on time. The Council does need to improve on its Whole Government Accounts return and this is something that is a key part of the closedown procedures for the year ahead.

The Council has also recently conducted an internal review of its governance arrangements to ensure that these are as streamlined as possible and support decision making. The results of this review are expected to feed into the 2016-17 financial year and improve opportunities then.

Forward outlook

The council is operating from a strong financial position. The chart below highlights some of the key risks and opportunities facing the Council (the higher the number the greater the risk)

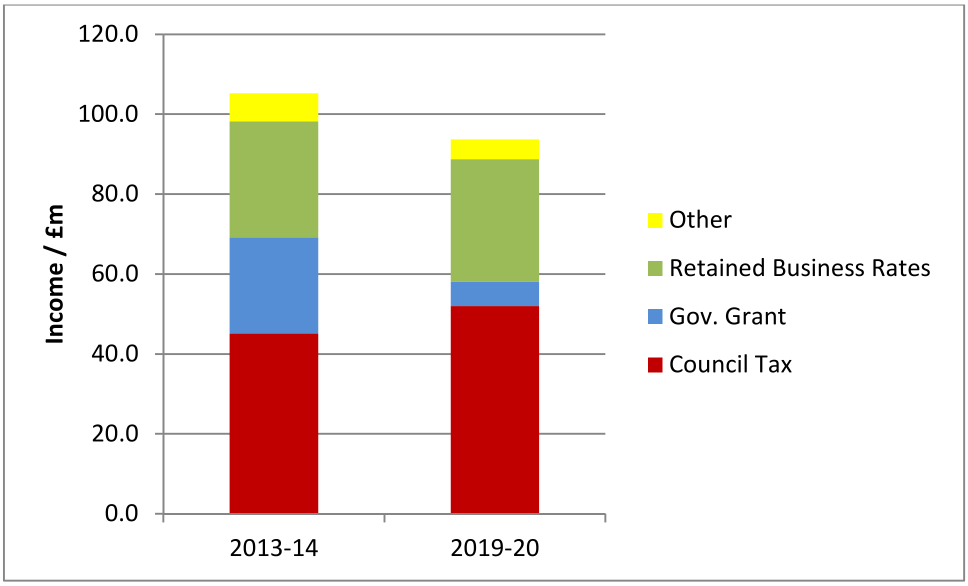
Graph 2.6: Opportunities and risks



As can be seen, the Council faces a greater funding level threat than many other Councils due to the increasing demand on social care and other services through a rising demographic, and overall higher levels of population growth putting a strain on public services. Business Rates is a major risk (and opportunity) but the strong baseline position and large volatility that the Council is exposed to will remain a major strategic risk for the future. The Council tax base growth is reflected here and has been opportune for the Council to face its financial challenge. Finally, the general fund balance (remaining at £8.1m) is at a reasonable level compared to others and is slightly above the recommended minimum level of the CFO of £7.2m.

The overall financial challenge is shown in the graph below. The level of Government grant is barely 5% of income in 2019-20 from over 35% two year previously. Indeed with the Government's review of needs allocation and Business Rate system reform, the 2019-20 and beyond position is very difficult to forecast. Though unknown at present, there will be an impact of the vote to leave the European Union; given Slough's strong business rate base, the Council has a high rate of exposure to business rate risk compared to many other Councils.

Graph 2.7: Changing income streams



To combat this position the Council has utilised OBB to assist in aligning finances to outcomes areas. This has driven out a lot of new income opportunities that the Council is pursuing, especially through the Slough Urban Renewal partnership. The thinking behind this strategy is to make the Council much more resilient and reliant upon its own income strands and have a greater control of future financial and business planning then relying upon Government funding projections.

Service wise, there are some major changes coming up over the medium term. The performance of the SCST will be fundamental to improving the delivery of the Council's provision of children's services. In the coming three years, there are some major re-commissioning programmes of leisure, waste management, housing repairs and maintenance and environmental services. All of these will shift how the Council delivers services and the outcomes it is seeking to achieve. The Government is also reforming welfare through Universal Credit and thus moving resource away from the Council. The Council will then be responsible for the distribution of an estimated £5m of attendance allowance as well as potential changes to public health monies. On top of this, there are major reforms to health and social care working through the sustainability and transformational plan and major housing and planning reforms coming through.

On 23rd June 2016 following an EU referendum the country voted to leave the European Union. This decision will have some affect on Slough Council but it is too early to say what that will be with any degree of certainty at this stage.

The Council is well placed to meet these challenges through a strong, and strengthening balance sheet and financial management.

FURTHER INFORMATION

Further information about the accounts is available from:

The Assistant Director Finance Audit or

The Head of Financial Reporting
Slough Borough Council
St Martins Place
51 Bath Road
Slough
SL1 3UF

stephen.fitzgerald@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 2015/16?
Were we well-governed?

Slough Borough Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

Slough Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Slough Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Slough Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our website at www.slough.gov.uk or can be obtained from the Section 151 Officer. This statement explains how Slough Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

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

having:

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

so that we deliver:

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

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which in 2007 jointly published a "Framework for Delivering Good Governance in Local Government", updated 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 Corporate Governance Committee and approved by it on 12th July 2016 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 2016. It was submitted to our external auditors along with our annual accounts in June 2016; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2016.

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

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

GOVERNANCE STRUCTURES

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

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

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

- Identifying and communicating Slough Borough Council's Strategy through our Five Year Plan 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.
- Measuring the quality of services for users, ensuring they are delivered in accordance with Slough Borough Council's objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Financial Procedure Rules, 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 Corporate Governance 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 RSMwere 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 42 elected Councillors in place at the start of the 2015/16 financial year. The number of elected Councillors remained at 42 following the Local Borough elections on 7 May 2015. The Council met seven times during the year. The numbers attending each meeting were as follows:

  - 21 April 2015: 39 Councillors attended the meeting
  - 19 May 2015: 37 Councillors attended the meeting
  - 21 July 2015: 38 Councillors attended the meeting
  - 22 September 2015: 38 Councillors attended the meeting
  - 24 November 2015: 38 Councillors attended the meeting
  - 26 January 2016: 38 Councillors attended the meeting
  - 25 February 2016: 36 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 **Interim Strategic Director, Children's Services**;

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

  – the **Interim 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** (Gurpreet Anand) 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. Following the departure of the previous Monitoring Officer in June 2015, an Interim (Linda Walker) held the position between June and October 2015 prior to the commencement of the current postholder in October 2015.

- ***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 & Corporate Governance Committee***

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

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

  – independent scrutiny of the authority framework and 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, 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 nine times and:

  – reviewed and noted the Five Year Plan, Medium Term Financial Strategy and Capital Strategy for 2016-2020

  – reviewed and noted the Treasury Management Strategy and Revenue Budget for 2016/17

  – considered an update on the progress made in Year 3 of the Transactional Services Centre Partnership and further reviews of progress in-year

  – considered reports on progress made on the Five Year Plan outcomes consideration was given to the Annual Scrutiny Report 2014/15

  – approved the appointment of three Scrutiny Panels

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

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

  – 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)	May 2015
Five Year Plan 2016-2019	January 2016
Corporate Procurement Strategy	March 2012
Risk Management Strategy 2013-2015	2013
ICT Strategy 2015-2018	July 2015
Slough Joint Wellbeing Strategy 2013-2016	2013
Anti Fraud & Corruption Strategy and Policy	May 2015
Whistleblowing Policy and Procedure	May 2015
Statement of Accounts	October 2015

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right plan of action. The Five Year Plan was introduced in January 2015 and replaced the previous Corporate Plan. It was accepted that as a result of the funding challenges the Council faced, we needed a new approach to forward planning over the medium term.

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

"Growing a place of opportunity and ambition"

The Plan further outlines the ambition of the Council which, by 2020, 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

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.

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

REPORTING

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

Regular reporting

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

- **Five Year Plan Progress Updates and Annual Report (formerly Corporate Plan)**
- **Finance and Performance Report:** quarterly reporting on progress against the targets in the Corporate Plan and delivery of performance targets. We also publish detailed revenue and capital expenditure reports each quarter, and include financial forecasts.
- **Balanced Scorecard:** quarterly performance against the Council's key performance indicators
- **Council's Gold Projects Updates**: we publish quarterly performance in respect of the delivery of the Council's Gold projects, which are our key strategic projects.
- **Financial and Performance Outturn Report**: we will publish a report following the year end detailing how we performed against our targets for 2015/16

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

The Head of Internal Audit Opinion for 2015/16 provided a positive opinion on our Risk Management, Governance and Control Framework. Positive assurance opinions were provided in 20 of the 31 audit reports issued in 2015/16 (excluding follow up and advisory reviews). Of the two red and nine amber red assurance opinions during the year no areas of common weakness were identified although these reports highlighted a number of areas where improvements in the control framework were required. It should also be noted that a number of advisory review were also undertaken which identified weaknesses in control, and these, together with the significant issues identified within the red and amber red assurance reports have been highlighted within the improvements section below.

External audit: The Council's external auditors, BDO, provided an unqualified opinion on the financial statements for the year ended 31 March 2015. 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 was finalised in September 2015, with staff transferring to the new organisation (Slough Children's Services Trust) from 1 October 2015.

- ***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 2015/16.
- ***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 implementing recommendations to the Risk Management Group each meeting. This process has continued into 2015/16.

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 Corporate Governance Committee
- The work of the Standards Sub-Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Committee.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Assistant Director; these are available on request.

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit and Corporate Governance 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 2014/15 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2015/16.

There were no additional areas for improvement identified in 2015/16 that had not been reported as part of the 2014/15 AGS and included below.

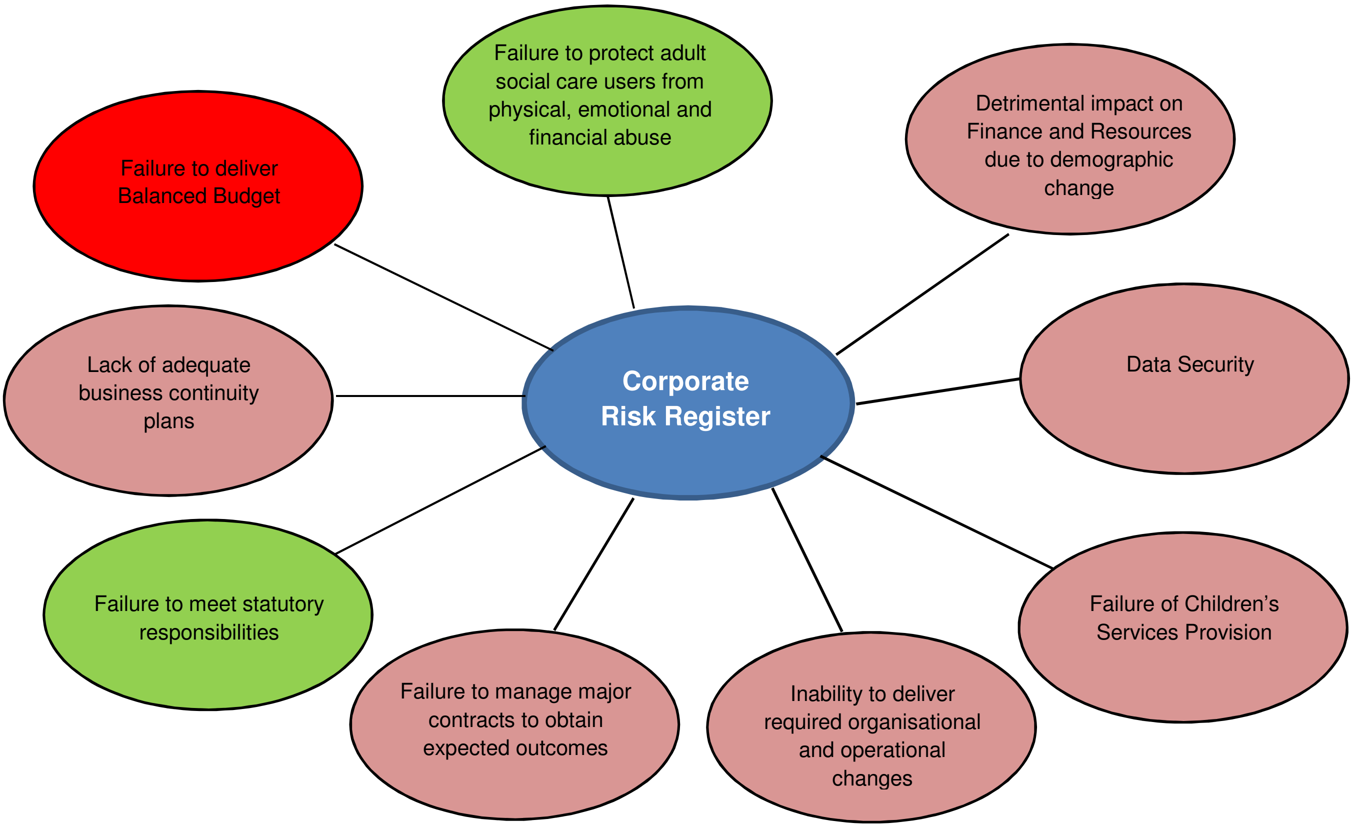
Issues reported in 2014/15 AGS	***2015/16 actions taken***	***Is this an issue for 2016/17 and beyond?***
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	Items remain on the corporate risk register; risk remains in Children's Social Care following the Ofsted inspection in December 2013 and the follow up in February 2014. (An inspection of Children's Services was also undertaken during 2015/16 and the results are awaited.) From the 1st October 2015 a new organisation, Slough Children's Services Trust, was established with staff previously working with Children's Services transferred to this organisation. We have worked with the Commissioner for Children's Social Care to ensure that we minimise any disruption to the provision of services. In 2015/16, Internal Audit undertook a review of our adult safeguarding arrangements and identified a number of areas of improvement were required. We have developed an action plan in response to this audit and are in the process of implementing actions to address the weaknesses identified.	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 2015/16 Internal Audit undertook a number of advisory reviews to assist us in developing our contract management arrangements together with carrying out an open book review into significant contracts. This work will continue into 2016/17. We have specifically targeted some of our internal audit coverage to provide	Yes

	some advice and assistance around our contract lettings procedures and processes to address some of the weaknesses in this area.	
Continued Economic Instability and Turbulence at a national level.	The Failure to Deliver a Balanced Budget Remains on the Corporate Risk Register for 2015-16 and beyond. The Council is currently reporting an over-spend on outturn for 2015-16 of £300,000. We have set ourselves a balanced budget for 2016/17.	Yes
Managing a mixed economy workforce.	The Council continues to monitor performance through metrics to ensure outcomes are met. We requested Internal Audit undertake a review of our management of agency staffing and this identified a number of areas where improvements were required and we are putting in place processes to address these. We also requested Internal Audit carry out a review of our recruitment processes and this concluded positively on the effectiveness of controls in place.	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 2015/16 Internal Audit review into the Five Year Plan Outcomes provided a positive opinion in relation to the governance arrangements for the monitoring and delivery of outcomes.	Yes
Procurement	During 2015/16 we have continued to use Internal Audit in an advisory capacity to support us in the development of our contract management arrangements including how significant contracts are procured. This work will continue into 2016/17.	Yes
Schools Environment	We continued to commission an extensive programme of Internal Audit reviews around the management of our schools, including re-auditing a number of schools where negative opinions were provided in the previous year. Further audits of schools have taken place in 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 Corporate Governance Committee in 2016/17 and beyond. The Council needs to maximise its progress in respect of school improvement in an increasingly disparate education provision environment.	Yes
Risk Management	We have continued to develop our risk management arrangements during 2015/16, 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 2016/17 we will be further embedding risk management throughout the organisation and using this to support the delivery of our 5 year plan.	Yes
Asset Register	During 2015/16 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	Yes

	that some assurance can be provided over this area, it noted that a number of further improvements were still required.	

Risk Register

The following risks have been highlighted on the Corporate Risk register as at the 31st March 2016, 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 2015/16, and will reflect and report on their operation and effectiveness as part of our next annual review.

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

CONCLUSION

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

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the section 151 officer) has the responsibility for the administration of those affairs. At Slough Borough Council this officer is the Assistant Director of Finance and audit, Stephen Fitzgerald.
- 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 Authority Accounting in the United Kingdom (the Code).

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

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

Certificate of the Section 151 Officer

I certify that the Statement of Accounts set out on the following pages presents a true and fair view of the financial position of the Council as at 31st March 2016 and its income and expenditure for the year ended 31st March 2016.

Assistant Director of Finance and Audit (Section 151 Officer)
Date 29th September 2016

STATEMENT BY LEAD MEMBER

In accordance with Accounts and Audit Regulation 2015 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 2016 was approved at the meeting of Audit and Corporate Governance Committee held on Thursday 29th September 2016.

Councillor Sadiq
Chairman of the Audit and Corporate Governance Committee
Date: 29th September 2016

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

Opinion on the Council's financial statements

We have audited the financial statements of Slough Borough Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. 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, the Movement on the Housing Revenue Account Statement and the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Interim Assistant Director of Finance and Audit is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. 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 Interim Assistant Director of Finance and Audit; and the overall presentation of the financial statements. In addition, we read the financial and non-financial information in the Narrative Report and Annual Governance Statement 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 2016 and of its expenditure and income for the year then ended; and

- have been prepared properly in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Narrative Report and Annual Governance Statement 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 (April 2015) requires us to report to you if:

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

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

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

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 National Audit Office in November 2015, as to whether in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

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

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 the Council's arrangements for improving services and outcomes in children's social care services during the year ended 31 March 2016, when it retained direct control over these services in the first half of the year and in managing the contract with the Trust in the second half of the year.

In December 2015 Ofsted completed a further review of services for children in need of help and protection, children looked after and care leavers in Slough, and judged the services it reviewed as inadequate overall.

The Council's arrangements for monitoring the Trust's performance under the contract were also inadequate, due to delays in agreeing targets for performance indicators with the Trust and insufficient performance information received to provide any assurance about the quality of services provided by the Trust.

Due to significant weaknesses in children's social care services identified by Ofsted during 2015/16 and insufficient monitoring of contractual performance of the service after it transferred to Slough Children's Services Trust on 1 October 2015, 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 criterion published by the National Audit Office in November 2015, 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 2016.

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 matter does not have a material effect on the financial statements or on our value for money conclusion.

Janine Combrinck
For and on behalf of BDO LLP, Appointed Auditor

London, UK

[Date]

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

Slough Borough Council

Movement in Reserves Statement
For the current and comparative year

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

	General Fund Balance	Earmarked General Fund Reserves	Statutory and other Reserves (Scotland)	HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2014	**8,143**	**25,134**	**0**	**18,113**	**14,844**	**11,184**	**49,054**	**126,472**	**181,618**	**308,090**
Movement in reserves during the year										
Surplus or (deficit) on the provision of services	(11,798)			14,605				**2,807**		**2,807**
Other Comprehensive Income and Expenditure					0			**0**	1,854	**1,854**
Total Comprehensive Income and Expenditure	**(11,798)**	**0**	**0**	**14,605**	**0**	**0**	**0**	**2,807**	**1,854**	**4,661**
Adjustments between accounting basis & funding basis under regulations (Note 7)	5,500			(8,224)	(650)	103	4,258	**987**	(987)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(6,298)**	**0**	**0**	**6,381**	**(650)**	**103**	**4,258**	**3,794**	**867**	**4,661**
Transfers to or from earmarked reserves (Note 8)	6,298	(6,298)	0	0				**0**		**0**
(Increase)/Decrease in Year	**0**	**(6,298)**	**0**	**6,381**	**(650)**	**103**	**4,258**	**3,794**	**867**	**4,661**
Balance as at 31 March 2015	**8,143**	**18,836**	**0**	**24,494**	**14,194**	**11,287**	**53,312**	**130,266**	**182,485**	**312,751**
Movement in reserves during the year										
Surplus on the provision of services	(9,851)			23,469				**13,618**		**13,618**
Other Comprehensive Income and Expenditure					0			**0**	103,051	**103,051**
Total Comprehensive Income and Expenditure	**(9,851)**	**0**	**0**	**23,469**	**0**	**0**	**0**	**13,618**	**103,051**	**116,669**
Adjustments between accounting basis & funding basis under regulations (Note 7)	6,575			(18,965)	4,164	820	6,761	**(645)**	645	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(3,276)**	**0**	**0**	**4,504**	**4,164**	**820**	**6,761**	**12,973**	**103,696**	**116,669**
Transfers to or from earmarked reserves (Note 8)	3,234	(3,234)	0	0				**0**		**0**
(Increase)/Decrease in Year	**(42)**	**(3,234)**	**0**	**4,504**	**4,164**	**820**	**6,761**	**12,973**	**103,696**	**116,669**
Balance Sheet as at 31 March 2016	**8,101**	**15,602**	**0**	**28,998**	**18,358**	**12,107**	**60,073**	**143,239**	**286,181**	**429,420**

Slough Borough Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

This statement shows the accounting cost in the year of providing services in accordance with international financial reporting standards, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	Notes	2015/16			2014/15		
		£000	£000	£000	£000	£000	£000
		Expenditure	**Income**	**Net**	**Expenditure**	**Income**	**Net**
Central services to the public		2,928	(1,642)	1,286	1,994	(850)	1,144
Cultural and related services		5,588	476	6,064	7,822	(2,646)	5,176
Environment and regulatory services		12,836	(3,960)	8,876	16,794	(2,961)	13,833
Planning Services		5,382	(3,672)	1,710	5,678	(3,719)	1,959
Children's and education services		145,161	(92,491)	52,670	142,365	(103,859)	38,506
Highways and transport services		15,298	(3,807)	11,491	15,699	(4,449)	11,250
Local authority housing - (HRA)		17,010	(37,970)	(20,960)	12,242	(37,764)	(25,522)
Other housing services		82,926	(79,351)	3,575	82,016	(78,376)	3,640
Adult Social Care		39,197	(11,541)	27,656	47,853	(10,875)	36,978
Public Health		7,053	(6,701)	352	5,807	(5,861)	(54)
Corporate and democratic core		3,523	(226)	3,297	4,462	(1,084)	3,378
Non distributed costs		4,548	(259)	4,289	3,867	(442)	3,425
Cost of Services		**341,451**	**(241,144)**	**100,307**	**346,599**	**(252,886)**	**93,713**
Other Operating Expenditure	**9**	16,104	0	16,104	18,535	0	18,535
Financing and Investment Income and Expenditure	**10**	17,736	(11,536)	6,200	19,094	(3,779)	15,315
Taxation and Non-Specific Grant Income and Expenditure	**11**	18,404	(154,633)	(136,229)	18,313	(148,683)	(130,370)
(Surplus) or Deficit on Provision of Services				**(13,618)**			**(2,807)**
Surplus or deficit on revaluation of Property, Plant and Equipment	**12, 13**			(82,501)			(50,148)
Surplus or deficit on revaluation of available for sale financial assets	**24**			(434)			(428)
Remeasurement of the net defined benefit pension liability	**48**			(20,116)			48,722
Other Comprehensive Income and Expenditure				**(103,051)**			**(1,854)**
Total Comprehensive Income and Expenditure				**(116,669)**			**(4,661)**

Slough Borough Council

Balance Sheet as at 31 March 2016

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

	Notes	31st March 2016	31st March 2015
		£000	£000
Property, Plant & Equipment	**12/12a**	763,212	679,468
Heritage Assets	**13**	0	0
Investment Property	**14**	28,406	13,588
Intangible Assets	**15**	48	64
Long Term Investments	**16**	37,635	20,656
Long Term Debtors	**16**	4,471	237
Long Term Assets		**833,772**	**714,013**
Short Term Investments	**16**	24,901	55,470
Inventories	**17**	5	5
Short Term Debtors	**19**	33,385	34,382
Cash and Cash Equivalents	**20**	1,050	7,211
Assets held for sale	**21**	9,700	3,300
Current Assets		**69,041**	**100,368**
Bank Overdraft	**20**	0	0
Cash and Cash Equivalents	**20**	0	0
Short Term Borrowing	**16**	(4,481)	(5,476)
Other Short Term Liabilities	**16**	(1,841)	(3,186)
Short Term Creditors	**22**	(37,893)	(40,963)
Short Term Provisions	**23**	(1,324)	(1,936)
Liabilities in disposal groups	**21**	0	0
Donated Assets	**39**	0	0
Capital Grants received in advance	**39**	(362)	(362)
Revenue Grants received in advance	**39**	0	0
Current Liabilities		**(45,901)**	**(51,923)**
Long Term Creditors	**16**	0	0
Long Term Provisions	**23**	(223)	(223)
Long Term Borrowing	**16**	(173,371)	(177,372)
Other Long Term Liabilities	**16**	(253,898)	(272,112)
Donated Assets Account	**39**	0	0
Capital Grants received in advance	**39**	0	0
Revenue Grants received in advance	**39**	0	0
Long Term Liabilities		**(427,492)**	**(449,707)**
Net Assets		**429,420**	**312,751**
Usable reserves	**24**	143,239	130,266
Unusable Reserves	**25**	286,181	182,485
Total Reserves		**429,420**	**312,751**

I certify that these Statement of Accounts provide a true and fair view of the financial position of the Council as at 31 March 2016 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2016.

Stephen Fitzgerald
Assistant Director Finance and Audit (section 151 Officer)

Group Cash Flow Statement at 31 March 2016

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

	Notes	2015/16 £000	2014/15 £000
Net surplus on the provision of services		13,618	2,807
Adjustment to surplus on the provision of services for non-cash movements		27,706	26,924
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities		(39,724)	(24,031)
Net cash flows from Operating Activities	**26**	**1,600**	**5,700**
Investing Activities	**27**	**1,601**	**(27,840)**
Financing Activities	**28**	**(9,362)**	**(3,026)**
Net increase or decrease in cash and cash equivalents		**(6,161)**	**(25,166)**
Cash and cash equivalents at the beginning of the reporting period		**7,211**	**32,377**
Cash and cash equivalents at the end of the reporting period		**1,050**	**7,211**

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NOTES TO THE ACCOUNTS

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE 1 - Statement of Accounting Policies for 2015/16

General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016.
The Financial Statements for 2015/16 are prepared in accordance with the Code of practice on Local Authority Accounting in the United Kingdom 2015/16 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), Financial Reporting Standards (FRS) and where appropriate the International Accounting Standards (IAS).

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 materially change the financial position of the council.

ii) Council Tax and Non Domestic Rates Income

Council Tax Income

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

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

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

Accounting for Non Domestic Rates (NDR)

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

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year and is as set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

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

iii) 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 non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the revaluation reserve against which they 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 amortisation.

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

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 relevant service, or, where applicable Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the 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 was 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. The basis of calculation is the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are measured on an actuarial basis discounted to present value, using the projected unit method. The discount rate to be used determined in reference to market yields at balance sheet date of high quality corporate bonds.
- The assets of the Berkshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:

    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value.

- The change in the net pensions liability is analysed into six 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
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurement of the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – These changes are debited to the Pensions Reserve as Other Income and Expenditure
- Contributions paid to the Berkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the 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 on 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 – the market prices
- other instruments with fixed and determinable payments – discounted cash flow analysis; and
- equity shares with no quoted market prices – professional estimate

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

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

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the 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 licenses) 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 2015/16, 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.

xiii) 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. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xv) Joint Arrangements

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

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

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

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

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

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

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

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 Cost of Service.

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the 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.

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

Component accounting

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

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

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

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

The Council's share of the transactions in the LLP's are not material in 2015/16 and therefore the Council has not prepared Group Accounts

When the transactions become material the Council will account 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.

In 2015/16 the Council has accounted for its interest in LLP's on a cost basis.

xxv) Minimum Revenue Provision (MRP)

CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

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

The Authority have applied Option 1/Option 2 in respect of supported capital expenditure funded from borrowing and Option 3/Option 4 in respect of unsupported capital expenditure funded from borrowing and Private Finance Initiative schemes.

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code.
The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) takes effect from 1 April 2016. The code confirms that the changes arising from the Infrastructure code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognized as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. This will consist of seven components; carriageways, footways and cycle tracks, structures, street lightning, street furniture, traffic management systems and land.

The disclosure will require a transfer of assets between infrastructure and the new highways network asset categories. This is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis. Thus the new valuation will reflect the current cost of replacement rather than the original cost of works, which would have been built up over a significant time period. If the changes had been implemented in 2015/16, based on current estimates the value of infrastructure assets would increase from £83.7m to £2.06bn with an associated increase in depreciation.

In addition there are a number of minor amendments to International Financial Reporting Standards, but these are not expected to have any material impact on the accounts.

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies laid out in Note 1, 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. These pressures will be mitigated by further service area and corporate savings. An assessment of the ongoing pressures and means of mitigation has been made by way of the Council's Medium Term Financial Planning process which has assessed the period to 31 March 2021. As a consequence, 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. Property prices within Slough are such that any operational properties deemed surplus to requirements are unlikely to be disposed of for less than their current fair value.

(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 appropriate accounting standards, and they are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school 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, which 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 – Where the ownership of a Foundation Trust School or a Foundation School lies within a charitable trust, the school is not recognised on the Council's balance sheet. Where the ownership lies with the school or the schools governing body the school is 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 2016 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. 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.	The total depreciation charged in 2015/16 is £15.7m and the net book value of property, plant and equipment at 31 March 2016 is £776.9m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. £82.5m revaluation increases have been credited to the revaluation reserve and £7.1m revaluation increases/impairment reversals have been credited to the surplus on provision of services in 2015/16.
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 39.

Business Rates (NNDR)	2015/16 is the third year of the Business Rates Retention Scheme. Slough retains 49% of the NNDR Income it collects (£48m out of £100m) but is subject to an £18m tariff. Following the 2010 Revaluation of business hereditaments, when average Rateable Values across Slough rose we have seen unprecedented levels of appeals – the success of which are negatively impacting on the yield. A provision has been made for the estimated successes of future appeals for losses for the period to the end of March 2016. A safety net system protects the Council from losses below baseline funding levels of £5m.	The Council's overall financial losses are protected by the Safety Net with any variance to our assumptions affecting the scale of the provision but being offset by a movement in the Safety Net entitlement.
Provision for Doubtful Debts	As at 31st March 2016 the Council had an outstanding balance of short term debtors totaling £30.5m. A review of the major areas of debt has led to an updated impairment against doubtful debts of £3.3m. It is not certain that the provision would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The provisions held are based on policies adapted to the nature of the debt and service area, past experience and success rates experienced in collection. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its doubtful debt impairment.

NOTE 5: MATERIAL ITEMS OF INCOME AND EXPENSE

For the purpose of this note the Council considers material items to be those greater than £2m.
The Council has the following items

The Council pays an annual management fee to an external third party, arvato to manage its IT, customer services and transactional finance. This amounts to £10.54m for 2015/16 (£10.75m in 2014/15)

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

Following the result of the referendum on 23 June 2016 for the United Kingdom to leave the European Union, there has been volatility in the financial markets. The consequential effect on items reported in these financial statements includes:

- Local Government Pension Scheme:
    - Scheme Liability: There has been a significant decrease in the yields for high quality corporate bonds that are used to calculate the discount rate for the future obligation to pay pensions for the Council's defined benefits pension scheme. The valuation of these pension liabilities at 31 March 2016 had applied a discount rate of 3.7% and calculated the present value of the funded obligation at £402,972,000 (see note 39). Average yields on high quality corporate bonds are now at around 2.1 % although it should be noted that the market is still showing volatility. The Council's actuary estimates that every 0.1% fall in the discount rate would increase the pension liability by approximately 1.65% which would increase the net pension liability in the balance sheet by £6.636,400..
    - Scheme Assets: The assets of the pension scheme including non-sterling investments. Since the referendum the sterling exchange rate has seen a significant fall. The weakening of the pound means that the scheme assets will be worth more once translated into sterling. The value of non-sterling investments as at 31 March 2016 was £103,091,000. It is estimated that the fall in exchange rates since the balance sheet date would increase this value by £814,000..

Pension Liabilities 31st March 2016	402,972	A
Rate for Discounting Liabilities Decrease by 1%	469,336	B
Difference 1% Change	66,364	C
Difference 0.1% Change	6,636	D
0.1% Fall would Increase Liability by D/A%	1.65%	

Scheme Assets	**Value 31st March 2016**	**Value 20th September 2016 based on 0.79% Uplift**	**Difference**
Overseas Equities	77,643	78,256	613
Overseas Unit Trusts	6,873	6,927	54
Overseas Private equities	18,575	18,722	147
	103,091	**103,905**	**814**

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

	Usable Reserves					
2015/16	**General Fund Balance** £000	**Housing Revenue Account** £000	**Capital Receipts Reserve** £000	**Major Repair Reserves** £000	**Capital Grants Unapplied** £000	**Movement in Unusable Reserves** £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost transferred from the Pensions Reserve	3,402	341	0	0	0	(3,743)
Financial Instruments transferred from the Financial Instruments Adjustments Account	(253)	(128)	0	0	0	381
Council tax and NDR transfers from the Collection Fund	927	0	0	0	0	(927)
Holiday pay transferred from the Accumulated Absences reserve)	(552)	0	0	0	0	552
Reversal of entries included in the Surplus on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	33,637	(1,617)	0	0	0	(32,020)
Total Adjustments to Revenue Resources	**37,161**	**(1,404)**	**0**	**0**	**0**	**(35,757)**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(6,539)	(7,103)	13,642	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	142	65	(207)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	852	0	(852)	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	(10,523)	0	10,523	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	(3,252)	0	0	0	0	3,252
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,033)	0	0	0	0	1,033
Total Adjustments to Revenue Resources	**(9,830)**	**(17,561)**	**12,583**	**10,523**	**0**	**4,285**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(5,219)	0	0	5,219
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(9,703)	0	9,703
Application of capital grants to finance capital expenditure	(20,756)	0	0	0	6,761	13,995
Cash payments in relation to deferred capital receipts	0	0	(3,200)	0	0	3,200
Total Adjustments to Capital Resources	**(20,756)**	**0**	**(8,419)**	**(9,703)**	**6,761**	**32,117**
Total Adjustments	**6,575**	**(18,965)**	**4,164**	**820**	**6,761**	**645**

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 to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.						
Pension cost transferred from the Pensions Reserve	6,983	350	0	0	0	(7,333)
Financial Instruments transferred from the Financial Instruments Adjustments Account	(272)	(128)	0	0	0	400
Council tax and NDR transfers from the Collection Fund	(133)		0	0	0	133
Holiday pay transferred from the Accumulated Absences reserve)	216	0	0	0	0	(216)
Reversal of entries included in the Surplus on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	23,598	9,111	0	0	0	(32,709)
Total Adjustments to Revenue Resources	**30,392**	**9,333**	**0**	**0**	**0**	**(39,725)**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(123)	(7,354)	7,477	0	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	0	83	(83)	0	0	0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	741	0	(741)	0	0	0
Posting of HRA resource from revenue to the Major Repairs Reserve	0	(10,286)	0	10,286	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(8,736)	0	0	0	0	8,736
Mitigation of operating leases as lessee reclassified as finance leases upon transition to IFRS	100	0	(100)	0	0	0
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	(3,943)	0	0	0	0	3,943
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(312)	0	0	0	0	312
Total Adjustments to Revenue Resources	**(12,273)**	**(17,557)**	**6,553**	**10,286**	**0**	**12,991**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(7,203)	0	0	7,203
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	(10,183)	0	10,183
Application of capital grants to finance capital expenditure	(12,619)	0	0	0	4,258	8,361
Cash payments in relation to deferred capital receipts	0	0	0	0	0	0
Total Adjustments to Capital Resources	**(12,619)**	**0**	**(7,203)**	**(10,183)**	**4,258**	**25,747**
Total Adjustments	**5,500**	**(8,224)**	**(650)**	**103**	**4,258**	**(987)**

Note 8 Transfers to/from Earmarked Reserves

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

	Balance as at 1 April 2014 £000	Transfers In 2014/15 £000	Transfers Out 2014/15 £000	Balance as at 31 March 2015 £000	Transfers In 2015/16 £000	Transfers Out 2015/16 £000	Balance as at 31 March 2016 £000
General Fund:							
Insurance Fund	517	0	(1)	516	0	(516)	0
Medium Term Volitility Reserve	1,183	0	(211)	972	519	(838)	653
Statutory Property Fund and Landlord Function	455	0	(205)	250	0	0	250
Capital Fund	963	0	(312)	651	987	(1,033)	605
Trading Accounts	24	0	0	24	0	0	24
Specific Grants (Revenue)	3,194	326	(2,966)	554	2,123	(110)	2,567
Other Specific Earmarked Reserves	11,735	6,423	(10,202)	7,956	786	(3,085)	5,657
Housing Renewals Reserve	85	1	0	86	1	0	87
Schools	6,978	10,088	(9,239)	7,827	11,984	(14,052)	5,759
Total Earmarked Reserves	**25,134**	**16,838**	**(23,136)**	**18,836**	**16,400**	**(19,634)**	**15,602**

Note 9 Other Operating Income and Expenditure

	2015/16 £000	2014/15 £000
Parish council precepts	198	207
Payments to the Government Housing Capital Receipts Pool	852	741
Gains/losses on the disposal of non current assets	15,054	17,587
	16,104	**18,535**

(Gain)/Loss on Non-Current Assets (excl Investment Properties)

	2015/16 £000	2014/15 £000
Net Proceeds from Sale General Fund	(6,539)	(123)
Net proceeds from sale HRA	(7,103)	(7,354)
Disposal costs General Fund	142	0
Disposal costs HRA	65	83
Carrying amount of non-current assets sold (excl Investment Properties)	28,489	33,717
Reduction in loss for non cash asset receivable	0	(8,736)
	15,054	**17,587**

Note 10 Financing and Investment Income and Expenditure

	2015/16 £000	2014/15 £000
Interest payable and similar charges	9,895	10,329
Net interest on the net defined benefit liability	7,275	7,313
Interest receivable and similar income	(1,959)	(1,870)
Income and expenditure in relation to investment properties and changes in their fair value	(9,011)	(457)
Total	**6,200**	**15,315**

Interest Payable and Similar Charges

	2015/16 £000	2014/15 £000
Lease/hire purchase interest	165	253
Loan Interest	2,058	6,801
Service concession Interest	3,194	3,257
HRA Self-financing Interest	4,319	0
Other interest	159	18
	9,895	**10,329**

Pensions interest cost and expected return on pensions assets

	2015/16 £000	2014/15 £000
Net interest on the net defined benefit liability (asset)	7,275	7,313
	7,275	**7,313**

Income, Expenditure and changes in Fair Value of Investment Properties

Income/Expenditure from Investment Properties:	2015/16 £000	2014/15 £000
Income including rental income	(1,520)	(1,450)
Expenditure	566	1,452
Net income from investment properties	**(954)**	**2**
Surplus/deficit on sale of Investment Properties:		
Proceeds from sale	0	0
Carrying amount of investment properties sold	(2,055)	0
Deficit on sale of Investment Properties:	**(2,055)**	**0**
Changes in Fair Value of Investment Properties	**(6,002)**	**(459)**
	(9,011)	**(457)**

Note 11

Taxation and Non-Specific Grant Income and Expenditure	2015/16 £000	2014/15 £000
Income		
Council Tax Income	**(46,923)**	**(45,298)**
Non Domestic Rates Income	**(29,166)**	**(26,790)**
Non-ringfenced government grants	**(33,851)**	**(41,645)**
Capital Grants and Contributions	**(26,289)**	**(16,637)**
Total Taxation and Non-Specific Grant Income and Expenditure	**(136,229)**	**(130,370)**

NNDR income/expenditure	2015/16 £000	2014/15 £000
Income:		
Current year	(47,570)	(45,103)
Other	0	
Total NDR Income	**(47,570)**	**(45,103)**
Expenditure:		
Levy and Tariff	18,404	18,313
Total NDR Expenditure	**18,404**	**18,313**

Capital Grants and Donated Assets-Applied	2015/16 £000	2014/15 £000
Government & Other Grants-Conditions met and applied in year	(5,533)	(4,018)
Total	**(5,533)**	**(4,018)**

Capital Grants-Unapplied	2015/16 £000	2014/15 £000
Government & Other Grants-Conditions met and **not** applied	(20,756)	(12,619)
Total	**(20,756)**	**(12,619)**

Non-ringfenced revenue grants	2015/16 £000	2014/15 £000
Revenue Support Grant	(24,006)	(32,477)
PFI	(3,678)	(3,678)
New Homes Bonus	(2,679)	(2,101)
Local Services Support Grant	(52)	(98)
Council Tax Freeze Grant	(514)	(500)
Education Services Grant	(1,464)	(1,863)
Business Rates reconciliation Grant	0	(51)
Business rates Compensation Grant	0	(877)
Section 31 Grant	(1,458)	0
PFI Insurance Risk	0	0
Total	**(33,851)**	**(41,645)**

Slough Borough Council

Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2016

Note 12 **Property, Plant and Equipment**

Current Year

	Property, Plant & Equipment (PP&E)												
	Council Dwellings £000	Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	**Total PP&E** £000	**Service Concession Assets included within PPE and Intangible assets £000**	**Investment Properties** £000	**Other Assets £000**	**Total Intangible Assets £000**	**TOTAL £000**
Cost or Valuation													
Balance as at 1 April 2015	374,735	177,569	49,030	97,738	7,025	13,906	13,827	**733,830**	**56,574**	**13,588**	**578**	578	**747,996**
Additions (Note 41)	16,993	8,004	980	5,124	275	11,904	46	**43,326**	0	8,110	0	0	**51,436**
Donations	(7,486)	(2,343)	(1,028)	0	0	0	(728)	**(11,585)**	**0**	0	0	0	**(11,585)**
Revaluation increases to Revaluation Reserve	56,429	20,575	3,019	0	0	0	2,478	**82,501**	0	0	0	0	**82,501**
Revaluation increases to Surplus on the Provision of Services	8,323	211	(247)	0	0	0	(1,188)	**7,099**	0	6,002	0	0	**13,101**
Derecognition - Disposals	(12,472)	(4,357)	0	0	0	0	(8,704)	**(25,533)**	0	2,055	0	0	**(23,478)**
Reclassifications & Transfers	(2,918)	1,911	0	0	0	0	2,356	**1,349**		(1,349)	0	0	**0**
Reclassified to Held for Sale	0	(9,700)	0	0	0	0	0	**(9,700)**	0	0	0	0	**(9,700)**
Balance as at 31 March 2016	**433,604**	**191,870**	**51,754**	**102,862**	**7,300**	**25,810**	**8,087**	**821,287**	**56,574**	**28,406**	**578**	**578**	**850,271**
Depreciation and Impairment													
Balance as at 1 April 2015	(6,367)	(3,499)	(26,610)	(17,010)	(16)	(1)	(859)	**(54,362)**	(6,455)	0	**(514)**	(514)	**(54,876)**
Depreciation Charge	(7,585)	(3,078)	(2,704)	(2,170)	0	0	(116)	**(15,653)**	0	0	(16)	(16)	**(15,669)**
	7,486	2,343	1,028	0	0	0	728	**11,585**	0	0	0	0	**11,585**
Derecognition - Disposals	119	236	0	0	0	0	0	**355**	0	0	0	0	**355**
Balance as at 31 March 2016	**(6,347)**	**(3,998)**	**(28,286)**	**(19,180)**	**(16)**	**(1)**	**(247)**	**(58,075)**	**(6,455)**	**0**	**(530)**	**(530)**	**(58,605)**
Net Book Value													
Balance as at 31 March 2016	**427,257**	**187,872**	**23,468**	**83,682**	**7,284**	**25,809**	**7,840**	**763,212**	**50,119**	**28,406**	**48**	**48**	**791,666**
Balance as at 31 March 2015	**368,368**	**174,070**	**22,420**	**80,728**	**7,009**	**13,905**	**12,968**	**679,468**	**50,119**	**13,588**	**64**	**64**	**693,120**

Note 12 a Comparative Year

	Property, Plant & Equipment (PP&E)												
	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	PP&E Under Construction	Surplus Assets	**Total PP&E**	**Service Concession Assets included within PPE**	**Investment Properties**	**Other Assets**	**Total Intangible Assets**	**TOTAL**
	£000	**£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	46,085	91,254	6,397	6,858	22,534	**675,416**	48,055	16,429	558	558	**692,403**
Additions (Note 35)	9,640	13,673	207	6,484	628	8,384	0	**39,016**	747	0	20	20	**39,036**
Revaluation increases to Revaluation Reserve	30,698	7,890	0	0	0	0	0	**38,588**	5,881	0	0	0	**38,588**
Revaluation increases to Surplus on the Provision of Services	10,720	3,658	0	0	0	0	0	**14,378**	1,891	459	0	0	**14,837**
Derecognition - Disposals	(12,755)	(10,515)	(1,802)	0	0	0	(8,736)	**(33,808)**		0	0	0	**(33,808)**
Reclassifications & Transfers	1,605	(4,598)	4,540	0	0	(1,336)	(211)	**0**	0	0	0	0	**0**
Reclassified to Held for Sale	0	0	0	0	0	0	240	**240**	0	(3,300)	0	0	**(3,060)**
Balance as at 31 March 2015	**374,735**	**177,569**	**49,030**	**97,738**	**7,025**	**13,906**	**13,827**	**733,830**	**56,574**	**13,588**	**578**	**578**	**747,996**
Depreciation and Impairment													
Balance as at 1 April 2014	(6,368)	(4,262)	(24,803)	(14,839)	(16)	(1)	(798)	**(51,087)**	(5,298)	0	(470)	(470)	**(51,557)**
Depreciation Charge	(6,796)	(2,965)	(3,106)	(2,171)	0	0	(33)	**(15,071)**	(1,157)	0	(44)	(44)	**(15,115)**
Depreciation written out to the Revaluation Reserve	6,663	4,897	0	0	0	0	0	**11,560**	0	0	0	0	**11,560**
Derecognition - Disposals	134	70	32	0	0	0	0	**236**		0	0	0	**236**
Derecognition - Other	0	(1,267)	1,267	0	0	0	0	**0**	0	0	0	0	**0**
Balance as at 31 March 2015	**(6,367)**	**(3,527)**	**(26,610)**	**(17,010)**	**(16)**	**(1)**	**(831)**	**(54,362)**	**(6,455)**	**0**	**(514)**	**(514)**	**(54,876)**
Net Book Value													
Balance as at 31 March 2015	**368,368**	**174,042**	**22,420**	**80,728**	**7,009**	**13,905**	**12,996**	**679,468**	**50,119**	**13,588**	**64**	**64**	**693,120**
Balance as at 31 March 2014	**328,459**	**163,199**	**21,282**	**76,415**	**6,381**	**6,857**	**21,736**	**624,329**	**42,757**	**16,429**	**88**	**88**	**640,846**

Note 12 Property, Plant and Equipment

Capital Commitments

At 31 March 2016, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2016-17 and future years budgeted to a cost of £53.807m (31 March 2015 £48.542m). The major commitments at 31 March 2016 are:

	£'000
Arbour Park	9,245
Schools Primary Extension	7,933
Schools Modernisation	1,458
Cemetery Extension	1,521
New Ice	3,550
Windsor Road Widening LEP	6,173
Crematorium Project	2,360
Affordable Housing	10,909
Slough Mass Rapid Transit	4,130
Housing Subsidiary	6,528
Total	**53,807**

Impairments

The Council has no recognised impairment losses in 2015/16 (2014/15 £nil).

Revaluations

The freehold and leasehold properties comprising the Council's operational and non-operational property portfolio at the 31 March 2016 are valued on a rolling programme basis. The valuations for 2015/16 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 2016 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 2016.

Description	Council Dwellings	Land & Buildings	Plant / Vehicles / Equipment	Infrastructure	Community	Surplus Assets	Assets Under Construction	Total
Valued at Historical Cost	0	6,949	23,468	83,682	7,284	175	25,809	147,367
2014/2015	439,748	144,652	0	0	0	8,863	0	593,263
2014/2015	54	4,351	0	0	0	0	0	4,405
2013/2014	0	14,539	0	0	0	0	0	14,539
2012/2013	0	5,055	0	0	0	0	0	5,055
2011/2012	0	12,298	0	0	0	0	0	12,298
Category Total	439,802	187,844	23,468	83,682	7,284	9,038	25,809	776,927

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

Income/Expenditure from Investment Properties:	2015/16	2014/15
	£000	£000
Rental income from investment property	(1,520)	(1,450)
Direct operating expenses arising from investment property	566	1,452
Net (Gain)/Loss	**(954)**	**2**

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

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

	2015/16 £000	2014/15 £000
Balance at start of the year	13,588	16,429
Additions:		
- Purchases	8,110	0
Disposals	2,055	0
Net gains/losses from fair value adjustments	6,002	459
Transfers:		
- from Assets Held for Sale	0	(3,300)
Balance at end of the year	28,406	13,588

Note 14 Intangible Assets

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £16k (£44k in 2014/15) charged to revenue in the current year was charged to the IT 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 Authority are

Useful Lives	Other
5 years	Civica and Unit 4 Software Licenses

The Movement in Intangible Assets for the Year is as Follows

	2015/16			2014/15		
	Other Assets	Software Licenses	Total	Other Assets	Software Licenses	Total
	£000	£000	£000	£000	£000	£000
Balance at start of year:						
· Gross carrying amounts	0	578	578	0	558	558
· Accumulated amortisation	0	(514)	(514)	0	(470)	(470)
Net carrying amount at start of year	**0**	**64**	**64**	**0**	**88**	**88**
Additions:						
· Purchases		0	0		20	20
	0	**64**	**64**	**0**	**108**	**108**
Amortisation for the period	0	(16)	(16)	0	(44)	(44)
Net carrying amount at end of year	**0**	**48**	**48**	**0**	**64**	**64**
Comprising:						
· Gross carrying amounts	0	578	578	0	578	578
· Accumulated amortisation	0	(530)	(530)	0	(514)	(514)
	0	**48**	**48**	**0**	**64**	**64**

Note 15 **Financial Instruments**

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

	Long-term		Current	
	31/03/2016 £000	31/03/2015 £000	31/03/2016 £000	31/03/2015 £000
Financial Assets:				
Investments				
Loans and receivables	18,514	10,094	24,901	45,420
Available-for-sale financial assets	19,121	10,562	0	10,050
Total investments	**37,635**	**20,656**	**24,901**	**55,470**
Cash and Cash Equivalents	**0**	**0**	**12,531**	**7,211**
Debtors				
Loans and receivables	4,471	237	0	4,153
Total Debtors	**4,471**	**237**	**0**	**4,153**
Total Financial Assets	**42,106**	**20,893**	**24,901**	**59,623**
Borrowings				
Financial liabilities at amortised cost	(173,371)	(177,372)	(4,481)	(5,476)
Total borrowings	**(173,371)**	**(177,372)**	**(4,481)**	**(5,476)**
Other Liabilities				
PFI and finance lease liabilities	(44,557)	(46,398)	(1,841)	(3,186)
Total other liabilities	**(217,928)**	**(223,770)**	**(6,322)**	**(8,662)**
Creditors				
Financial liabilities at amortised cost	0	0	0	(26,647)
Total creditors	**0**	**0**	**0**	**(26,647)**
Total creditors	**(217,928)**	**(223,770)**	**(6,322)**	**(35,309)**

Finance leases included in the Balance Sheet as:

	31/03/16 £000	31/03/15 £000
Current liabilities	(1,111)	(2,191)
Long term liabilities	(8,742)	(9,853)
	(9,853)	(12,044)

Income, Expense, Gains and Losses

	2015/16					2014/15				
	Financial Liabilities	Financial Assets				Financial Liabilities	Financial Assets			
	Liabilities measured at amortised cost £000	Loans and receivables £000	Available-for-sale assets £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000	Liabilities measured at amortised cost £000	Loans and receivables £000	Available-for-sale assets £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000
Interest expense	9,895				**9,895**	10,329				**10,329**
Total expense in Surplus on the Provision of Services	**9,895**	**0**	**0**	**0**	**9,895**	**10,329**	**0**	**0**	**0**	**10,329**
Interest income		(1,959)			**(1,959)**	-	(1,870)			**(1,870)**
Total income in Surplus on the Provision of Services	**0**	**(1,959)**	**0**	**0**	**(1,959)**	**0**	**(1,870)**	**0**	**0**	**(1,870)**
Gains on revaluation	-	0	(434)	-	**(434)**	-	-	(428)	-	**(428)**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**0**	**(434)**	**0**	**(434)**	**0**	**0**	**(428)**	**0**	**(428)**
Net (gain)/loss for the year	**9,895**	**(1,959)**	**(434)**	**0**	**7,502**	**10,329**	**(1,870)**	**(428)**	**0**	**8,031**

Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Requir

All financial liabilities and financial assets classified as loans and receivables are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows.

	Balance as at 31 March 2016		Balance as at 31 March 2015	
Financial Liabilities	**Carrying amount £000**	**Fair Value £000**	**Carrying amount £000**	**Fair Value £000**
Borrowings	(177,852)	(200,387)	(182,848)	(202,196)
Other Liabilities	(46,398)	(64,761)	(49,584)	(71,055)
Creditors			(26,647)	(26,647)
Total	**(224,250)**	**(265,148)**	**(259,079)**	**(299,898)**

The fair value of borrowings is higher than the carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

	Balance as at 31 March 2016		Balance as at 31 March 2015	
Financial Assets Loans and Receivables	**Carrying amount £000**	**Fair Value £000**	**Carrying amount £000**	**Fair Value £000**
Investments	43,415	52,228	55,514	55,562
Cash and Cash Equivalents	12,531	12,531	7,211	7,211
Debtors			4,390	7,389
Total	**55,946**	**64,759**	**67,115**	**70,162**

The fair value of the financial assets is lower than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar investments at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest below current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Available for Sale assets at fair value through profit or loss are carried in the Balance Sheet at their fair value and are excluded from the table above. These fair values are based on public price quotations where there is an active price for the instrument. The exceptions to this treatment are the Councils investment in two floating rate bonds, where the valuations have been calculated on an amortised cost basis, using effective interest rates linked to LIBOR interest rates to discount cash flows taking place through the life of the investments.

Note 16 Inventories

Central Stores	Total	
	31/03/16 £000	31/03/15 £000
Balance outstanding at start of year	5	5
Balance outstanding at year end	**5**	**5**

Note 17 Debtors

	Long term debtors		Short term debtors	
	31/03/16 £000	31/03/15 £000	31/03/16 £000	31/03/15 £000
Central Government Bodies	0	0	6,056	8,139
Other Local Authorities	0	0	1,106	1,100
NHS Bodies	0	0	128	419
Other entities and individuals	4,471	237	26,094	24,724
Total	**4,471**	**237**	**33,384**	**34,382**

Note 18 Cash and Cash Equivalents

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

	31/03/16 £000	31/03/15 £000
Cash and Bank balances	(2,861)	4,015
Short Term Deposits	3,911	5,562
Bank Overdraft	0	(2,366)
Total	**1,050**	**7,211**

Note, Bank overdrafts are shown separately from cash and cash equivalents where they

Note 19 Assets Held for Sale

	Current	
	2015/16 £000	2014/15 £000
Balance at start of year	**3,300**	**385**
Transferred from Non-Current Assets	9,700	3,300
Assets declassified as held for sale:		
- Property Plant and Equipment	0	(240)
Assets sold	(3,300)	(145)
Balance outstanding at year-end	**9,700**	**3,300**

Note 20 Creditors

	Long term creditors		Short term creditors	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Central government bodies	0	0	(3,609)	(2,624)
Other local authorities	0	0	(1,406)	(10,018)
NHS bodies	0	0	(142)	(103)
Other Entities and individuals	0	0	(32,736)	(28,218)
Total	**0**	**0**	**(37,893)**	**(40,963)**

Note 21 Provisions

	Balance as at 1 April 2015 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Unwinding of discounting £000	Balance as at 31 March 2016 £000
Insurance Claims	(717)	0	0	0	0	(717)
Business Rates Appeals	(1,219)	(120)	732	0	0	(607)
Other - Long Term	(223)	0	0	0	0	(223)
	(2,159)	**(120)**	**732**	**0**	**0**	**(1,547)**

Current Provisions	(1,936)	(120)	732	0	0	(1,324)
Long Term Provisions	(223)	0	0	0	0	(223)
	(2,159)	**(120)**	**732**	**0**	**0**	**(1,547)**

Comparative Year

	Balance as at 1 April 2014 £000	Increase in provision during year £000	Utilised during year £000	Balance as at 31 March 2015 £000
Insurance Claims	(718)	(230)	231	(717)
Other	(500)	0	500	0
Business Rates Appeals	(866)	(1,219)	866	(1,219)
Long Term	(223)	0	0	(223)
	(2,307)	**(1,449)**	**1,597**	**(2,159)**

Current Provisions	(2,084)	(1,449)	1,597	(1,936)
Long Term Provisions	(223)	0	0	(223)
	(2,307)	**(1,449)**	**1,597**	**(2,159)**

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.

	2015/16 £000	2014/15 £000
Balance 1 April	**14,194**	**14,844**
Capital Receipts in year	13,435	7,394
Deferred Receipts realised	(3,200)	(100)
	24,429	**22,138**
Less:		
Capital Receipts Pooled	(852)	(741)
Capital Receipts used for financing	(5,219)	(7,203)
Balance 31 March	**18,358**	**14,194**

Major Repairs Reserve

	2015/16 £000	2014/15 £000
Balance on 1 April	**11,287**	**11,184**
Depreciation	8,000	7,286
Transfer to/from HRA Balance	2,523	3,000
HRA Capital Expenditure	(9,703)	(10,183)
Balance on 31 March	**12,107**	**11,287**

Capital Grants Unapplied

	2015/16 £000	2014/15 £000
Balance on 1 April	**53,312**	**49,054**
Unapplied Capital Grants received in year	20,756	12,619
Unapplied Capital Grants transferred to CAA in year on application	(13,995)	(8,361)
Balance on 31 March	**60,073**	**53,312**

Note 23 Unusable Reserves

	31/03/2016 £000	31/03/2015 £000
Revaluation Reserve	210,315	137,617
Available for Sale Financial Instruments Reserve	862	428
Capital Adjustment Account	283,461	272,476
Financial Instruments Adjustment Account	(1,995)	(2,376)
Deferred Capital Receipts Reserve	3,291	91
Pensions Reserve	(209,341)	(225,714)
Collection Fund Adjustment Account	614	1,541
Accumulated Absences Account	(1,026)	(1,578)
Total Unusable Reserves	**286,181**	**182,485**

(a) Revaluation Reserve

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

The balance is reduced when assets with accumulated gains are:

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

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

	2015/16 £000	2014/15 £000
Balance at 1 April	137,617	100,040
Upward revaluation of assets	84,977	50,148
Downward revaluation of assets	(2,476)	0
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Services	**82,501**	**50,148**
Difference between fair value depreciation and historical cost depreciation	(2,661)	(1,491)
Revaluation balances on assets scrapped or disposed of	(7,142)	(11,080)
Amount written off to the Capital Adjustment Account	**(9,803)**	**(12,571)**
Balance at 31 March	**210,315**	**137,617**

(b) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

The balance is reduced when investments with accumulated gains are:
· revalued downwards or impaired and the gains are lost
· disposed of and the gains are realised.

	2015/16 £000	2014/15 £000
Balance at 1 April	**428**	**0**
Upward revaluation of investments	434	428
Balance at 31 March	**862**	**428**

(c) 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.

	2015/16		2014/15	
	£000	£000	£000	£000
Balance at 1 April		**272,476**		**253,876**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation of non current assets	(15,653)		(15,071)	
Revaluation gains on Property, Plant and Equipment	7,099		14,378	
Amortisation of Intangible Assets	(16)		(44)	
Revenue expenditure funded from capital under statute	(8,562)		(2,732)	
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	(26,423)		(33,717)	
Non cash asset receivable	0		8,736	
		(43,555)		**(28,450)**
Adjusting amounts written out of the Revaluation Reserve		9,803		12,571
Net written out amount of the cost of non current assets consumed in the year		**(33,752)**		**(15,879)**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	5,219		7,203	
Use of the Major Repairs Reserve to finance new capital expenditure	9,703		10,183	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	5,533		4,018	
Application of grants to capital financing from the Capital Grants Unapplied Account	13,995		8,361	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	3,252		3,943	
Capital expenditure charged against the General Fund and HRA balances	1,033		312	
		38,735		**34,020**
Movements in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		6,002		459
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		0		0
Balance at 31 March		**283,461**		**272,476**

(d) Financial Instruments Adjustment Account

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

	2015/16 £000	2014/15 £000
Balance at 1 April	**(2,376)**	**(2,776)**
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	381	400
Balance at 31 March	**(1,995)**	**(2,376)**

(e) 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	**(225,714)**	**(169,659)**
Remeasurements of the net defined benefit liability	20,116	(48,722)
Reversal of items relating to retirement benefits debited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(11,802)	(15,012)
Employers pensions contributions and direct payments to pensioners payable in the year	8,059	7,679
Balance at 31 March	**(209,341)**	**(225,714)**

(f) 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	91	91
Transfer to the Capital Receipts Reserve upon receipt of cash	3,200	0
Balance at 31 March	**3,291**	**91**

(g) 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.

	2015/16 £000	2014/15 £000

Balance at 1 April	1,541	**1,408**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(927)	133
Balance at 31 March	**614**	**1,541**

(h) Accumulated Absences Account

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

	2015/16 £000	**2014/15** £000
Balance at 1 April	**(1,578)**	**(1,362)**
Settlement or cancellation of accrual made at the end of the preceding year	1,578	1,362
Amounts accrued at the end of the current year	(1,026)	(1,578)
Balance at 31 March	**(1,026)**	**(1,578)**

Note 24 Cash Flow from operating activities

The cash flows from operating activities include the following items

	2015/16 £000	2014/15 £000
Interest Paid	1,963	1,139
Interest Received	(13,723)	(10,522)

	2015/16 £000	2014/15 £000
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	15,653	15,071
Revaluation increases and impairment reversals	(7,084)	(14,378)
Amortisation	16	44
Increase/(Decrease) in impairment for bad debts	0	0
(Increase)/Decrease in Debtors	(4,908)	(9,326)
Increase/(Decrease) in Creditors	(73)	(4,930)
Movement In Provisions	0	(148)
Movement in pension liability	3,743	7,333
Carrying amount of non-current assets, and non-current assets held for sale, sold or de-recognised	26,423	33,717
Movement in the value of investment properties	(6,003)	(459)
Other non-cash items	(61)	0
	27,706	**26,924**

Adjust for items included in the net surplus on the provision of services that are investing and financing activities		
Proceeds from the sale of PP&E, investment property and intangible assets	(13,435)	(7,477)
Capital grants included in Taxation and non specific grant income.	(26,289)	(16,554)
	(39,724)	**(24,031)**

Note 25 Cash Flow From Investing Activities

	2015/16 £000	2014/15 £000
Purchase of PP&E, investment property and intangible assets	(51,563)	(33,785)
Purchase of Short Term and Long Term Investments (not considered to be cash equivalents)	(84,102)	(104,411)
Other Payments for Investing Activities	(634)	0
Proceeds from the sale of PP&E, investment property and intangible assets	13,435	7,477
Proceeds from Short Term and Long Term Investments (not considered to be cash equivalents)	98,176	86,300
Other Receipts from Investing Activities	26,289	16,579
Net Cash flows from Investing Activities	**1,601**	**(27,840)**

Note 26 Cash flows from Financing Activities

	2015/16 £000	2014/15 £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	(3,186)	(3,026)
Repayment of Short and Long Term Borrowing	(5,001)	0
Other payments for Financing Activities	(1,175)	0
Net Cash flows from Financing Activities	**(9,362)**	**(3,026)**

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

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

2015/16	Wellbeing (Including Schools) £000	Customer and Community Services £000	Resources, Housing and Regeneration £000	Chief Executive	Corporate £000	Total £000
Fees, charges & other service income	18,442	7,617	9,011	929	2,220	**38,219**
Government grants	95,339	3,619	1,364	380	17,902	**118,604**
Total Income	**113,781**	**11,236**	**10,375**	**1,309**	**20,122**	**156,823**
Employee expenses	74,360	9,079	9,031	3,194	432	**96,096**
Other service expenses	100,657	18,984	25,530	1,640	23,339	**170,150**
Total Expenditure	**175,017**	**28,063**	**34,561**	**4,834**	**23,771**	**266,246**
Net Expenditure	**61,236**	**16,827**	**24,186**	**3,525**	**3,649**	**109,423**

2014/15	Wellbeing (Including Schools) £000	Customer and Community Services £000	Resources, Housing and Regeneration £000	Chief Executive	Corporate £000	Total £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**
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**

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.

	2015/16 £000	2014/15 £000
Net expenditure in the Directorate Analysis	109,423	115,760
Net expenditure of services and support services not included in the Analysis	0	(25)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(20,892)	(25,522)
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	11,036	5,473
Cost of Services in Comprehensive Income and Expenditure Statement	**99,567**	**95,686**

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

2015/16	Directorate Analysis £000	Services and Support Services not in Analysis £000	HRA £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	38,219	18,114	37,810	(21,410)	0	72,733	0	**72,733**
Income from investment properties including gains in fair value	0	0	0	0	0	0	7,339	**7,339**
Interest and investment income	0	0	0	0	0	0	1,959	**1,959**
Income from council tax	0	0	0	0	0	0	46,923	**46,923**
Income from non domestic rates	0	0	0	0	0	0	48,670	**48,670**
Government grants and contributions	118,604	0	0	0	0	118,604	59,169	**177,773**
Total Income	**156,823**	**18,114**	**37,810**	**(21,410)**	**0**	**191,337**	**164,060**	**355,397**
Employee expenses	96,096	0	8,658	0	0	104,754	0	**104,754**
Other service expenses	170,150	0	8,675	(10,374)	0	168,451	0	**168,451**
Support Service recharges	0	18,114	0	0	0	18,114	0	**18,114**
Depreciation, amortisation and impairment/(reversals)	0	0	(415)	0	0	(415)	0	**(415)**
Interest Payments	0	0	0	0	0	0	17,170	**17,170**
Expenditure frominvestment properties	0	0	0	0	0	0	566	**566**
Precepts & Levies	0	0	0	0	0	0	198	**198**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	852	**852**
Non Domestic Rates Tariff	0	0	0	0	0	0	18,404	**18,404**
Loss on Disposal of Non-current Assets	0	0	0	0	0	0	(10)	**(10)**
Total expenditure	**266,246**	**18,114**	**16,918**	**(10,374)**	**0**	**290,904**	**37,180**	**328,084**
(Surplus) or deficit on the provision of services	**109,423**	**0**	**(20,892)**	**11,036**	**0**	**99,567**	**(126,880)**	**(27,313)**

2014/15	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to manage-ment for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	56,873	16,397	37,764	(41,207)	(25,439)	44,388	0	**44,388**
Income from investment properties including gains in fair value	0	0	0	0	0	0	1,909	**1,909**
Interest and investment income	0	0	0	0	0	0	1,870	**1,870**
Income from council tax	0	0	0	0	0	0	45,298	**45,298**
Income from non domestic rates	0	0	0	0	0	0	45,103	**45,103**
Government grants and contributions	200,644	0	0	7,854	0	208,498	58,282	**266,780**
Total Income	**257,517**	**16,397**	**37,764**	**(33,353)**	**(25,439)**	**252,886**	**152,462**	**405,348**
Employee expenses	102,028	7,480	8,093	131	0	117,732	0	**117,732**
Other service expenses	271,249	(11,265)	7,589	(28,011)	(27,412)	212,150	0	**212,150**
Support Service recharges	0	15,980	0	0	0	15,980	0	**15,980**
Depreciation, amortisation and impairment/(reversals)	0	4,177	(3,440)	0	0	737	0	**737**
Interest Payments	0	0	0	0	0	0	17,642	**17,642**
Expenditure from Investment Properties						0	1,452	**1,452**
Precepts & Levies	0	0	0	0	0	0	207	**207**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	741	**741**
Non Domestic Rates Tariff						0	18,313	**18,313**
Loss on Disposal of Non-current Assets	0	0	0	0	0	0	17,587	**17,587**
Total expenditure	**373,277**	**16,372**	**12,242**	**(27,880)**	**(27,412)**	**346,599**	**55,942**	**402,541**
(Surplus) or deficit on the provision of services	**115,760**	**(25)**	**(25,522)**	**5,473**	**(1,973)**	**93,713**	**(96,520)**	**(2,807)**

Note 28 Pooled Budgets

Intermediate Care Services

The Authority 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

	2015/16 £000	2014/15 £000
Funding provided to the pooled budget:		
Slough Borough Council	0	857
The CCG's	0	857
	0	**1714**
Expenditure met from the pooled budget:		
Slough Borough Council	0	857
The CCG's	0	857
	0	**1714**
Net surplus arising on the pooled budget during the year	**0**	**0**

Note 29 **Members' Allowances**

During the year Members allowances, including Employer's costs totalled £472k(2014/15 £463k) and are as follows:

	2015/16 £000	2014/15 £000
Basic Allowance	311	304
Mayor's And Deputy Mayor's Allowance	10	10
Employer Cost	19	18
Special Responsibility Allowance	132	131
	472	**463**

Note 30 **Officers Remuneration**

		Salary, Fees and Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total
R Bagley - Chief Executive	**2015/16**	157,479	0	18,425	**175,904**
	2014/15	157,479	0	16,890	**174,369**
Strategic Director, Regeneration, Hsg & Resources - Note 1	**2015/16**	117,516	0	13,749	**131,265**
	2014/15	119,684	0	14,003	**133,687**
Strategic Director, Wellbeing - Note 2	**2015/16**	91,210	8,046	97,459	**196,715**
	2014/15	126,183	0	14,740	**140,923**
Strategic Director, Customer & Community Services	**2015/16**	125,983	0	14,740	**140,723**
	2014/15	126,223	0	14,740	**140,963**
Assistant Director, Finance & Audit (Section 151 Officer)	**2015/16**	86,764	0	10,125	**96,889**
	2014/15	81,563	0	9,477	**91,040**
Interim Director of Children Services - Note 3	**2015/16**	34,476	0	0	**34,476**
	2014/15	0	0	0	**0**
Assistant Director - Adult Social Care - Note 4	**2015/16**	18,219	0	2,130	**20,349**
	2014/15	0	0	0	**0**
Director of Public Health - Note 5	**2015/16**	25,719	0	0	**25,719**
	2014/15	25,523	0	0	**25,523**

Note 1 - 2015/16 Not full year costs - Postholder left 6/3/16
Note 2 - 2015/16 Not full year costs - Postholder left 22/1/16
Note 3 - 2015/16 Not full year costs - Postholder covering Strategic Director, Wellbing post from 22/1/16
Note 4 - 2015/16 Not full year costs - Postholder covering Strategic Director, Wellbing post from 22/1/16
Note 5 - The Director of Public Health costs are shared between the Berkshire Authorities.
The total cost of the post in 2015/16 is £137,668 (2014/15 £136,305) and Slough Borough Council share is 18.73%

Senior Employees’ Remuneration

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

The remuneration figures include any redundancy payments linked to exit packages

	2015/16		2014/15	
	Schools	Non-Schools	Schools	Non-Schools
£50,001 to £55,000	29	17	25	16
£55,001 to £60,000	18	7	11	3
£60,001 to £65,000	8	10	11	13
£65,001 to £70,000	8	5	4	5
£70,001 to£ 75,000	5	5	5	1
£75,001 to £80,000	2	1	1	2
£80,001 to £85,000	3	1	4	1
£85,001 to £90,000	1	2	0	1
£90,001 to £95,000	1	1	0	1
£95,001 to £100,000	1	2	2	1
£100,001 to £105,000	1	1	1	4
£105,001 to £110,000	1	1	1	0
£110,001 to £115,000	0	0	0	0
£115,001 to £120,000	0	1	0	1
£120,001 to £125,000	1	0	0	1
£125,001 to £130,000	0	1	0	2
£130,001 to £135,000	0	0	0	0
£135,001 to £140,000	0	0	0	0
£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	0
£155,001 to £160,000	0	1	0	1
£160,001 to £165,000	0	0	0	0
£165,001 to £170,000	0	0	0	0
£170,001 to £175,000	0	0	0	1
£175,001 to £180,000	0	0	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	0
£210,001 to £220,000	0	0	0	0
£220,001 to £230,000	0	0	0	0
£230,001 to £240,000	0	0	0	0
£240,001 to £250,000	0	0	0	0
	79	**56**	**65**	**54**

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

Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

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	
						7	85	43
	2014/15	2015/16	2014/15	2015/16	2014/15	3	238	95
£0-£20,000	10	7	0	0	10	2	49	103
£20,001 - £40,000	8	3	0	0	8	0	125	0
£40,001 - £60,000	1	2	0	0	1	2	81	191
£60,001 - £80,000	2	0	0	0	2	0		
£80,001 - £100,000	1	2	0	0	1		**578**	**432**
£100,001 - £150,000					0		0	0
Total cost included in bandings							**578**	**432**
Add: Amounts provided for in CIES not included in bandings								

Note 31 External Audit Costs

The Council has incurred the following costs relating to the annual audit of

	2015/16	2014/15
Fees payable with regard to external audit services carried out by the appointed auditor for the year	128	170
Fees payable for the certification of grant claims and returns for the year	15	32
	143	**202**

There were no other fees payable in respect of any other services provided

Note 32 Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the

Details of the deployment of DSG receivable for 2015/16 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2015/16 before Academies recoupment	8,885	136,871	145,756
Academy figure recouped for 2015/16	0	(69,551)	(69,551)
Total DSG after academy recoupment for 2015/16	**8,885**	**67,320**	**76,205**
Plus: Brought forward from 2014/15	1,511	4,195	5,706
Less: Carry forward to 2016/17 (agreed in advance)	0	0	0
Agreed initial budgeted distribution in 2015/16	10,396	71,515	**81,911**
In year adjustments	0	0	**0**
Final budget distribution for 2015/16	**10,396**	**71,515**	**81,911**
Less: Actual central expenditure	(9,097)		(9,097)
Less: Actual ISB deployed to schools		(67,881)	(67,881)
Plus: Local Authority contribution for 2015/16	0	0	**0**
Carry forward to 2016/17	**1,299**	**3,634**	**4,933**

Note 33 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16

Credited to Taxation and Non-Specific Grant Income	2015/16 £000	2014/15 £000
Revenue Support Grant	(24,006)	(32,477)
PFI	(3,678)	(3,678)
New Homes Bonus	(2,679)	(2,101)
Local Services Support Grant	(52)	(98)
Council Tax Freeze Grant	(514)	(500)
Education Services Grant	(1,464)	(1,863)
Business Rates reconciliation Grant	0	(51)
Business rates Compensation Grant	0	(877)
Section 31 Grant	(1,458)	0
Capital Grants	(26,289)	(16,637)
PFI Insurance Risk	0	0
Total	**(60,140)**	**(58,282)**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year-end are as follows:

Current Liabilities

Grants Received in Advance (Capital)	31/03/2016 £000	31/03/2015 £000
Capital Grants	(362)	(362)
	(362)	**(362)**

Note 34 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 one pooled budget agreements with Clinical Commissioning Groups. 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. Grant receipts in advance at 31 March 2016 are shown in Note 33.
Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in note 29.

Three Officers and two members have sat on the board of the Slough Urban Renewal (SUR) during 2015-16. The SUR 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 2015/16 was £8,254k.
The Council also made payments of £77k to Thames Valley Athletics Centre in 2015/16. Two councillors hold directorships in this organisation. Three members are on the board of Slough Council for Voluntary Services. During 2015/16 the council paid this organisation £429k. These payments are considered material to the operations of the related party and have therefore been disclosed within this note.

Note 35 Capital Expenditure and Capital Financing

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

Capital Expenditure and Capital Financing	2015/16 £000	2014/15 £000
Opening Capital Financing Requirement	**295,060**	**287,312**
Capital Investment		
Property, Plant and Equipment	43,326	39,016
Investment Properties	8,110	0
Intangible Assets	0	20
Revenue Expenditure Funded from Capital under Statute	8,562	2,732
	59,998	**41,768**
Sources of finance		
Capital receipts	**(5,219)**	**(7,203)**
Government grants and other contributions	(19,528)	(12,379)
Major Repairs Allowance	**(9,703)**	**(10,183)**
Sums set aside from revenue:		
Direct revenue contributions:		
General	**(1,033)**	**(312)**
Minimum Revenue Provision	(3,252)	(3,943)
	(38,735)	**(34,020)**
Closing Capital Finance Requirement	**316,323**	**295,060**
Explanation of movements in year		
Increase in underlying need to borrowing	21,263	7,748
Increase in Capital Financing Requirement	**21,263**	**7,748**

Note 36 **Leases**

Operating and Finance Leases

Authority as Lessee:

Finance Leases (Authority as lessee)

The Authority has acquired a number of administrative buildings and its IT and telecommunications system under finance leases.

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

	31st March 2016 £000	31st March 2015 £000
Other Land and Buildings	10,204	10,949
Vehicles, Plant and Equipment	234	1,177
	10,438	**12,126**

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

	2015/16 £000	2014/15 £000
Finance lease liabilities (net present value of minimum lease payments):		
- current	(1,111)	(2,191)
- non-current	(8,742)	(9,853)
Minimum lease payments	**(9,853)**	**(12,044)**

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

	Minimum lease payments		Finance Lease Liabilities	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
No later than 1 year	1,173	2,356	(1,111)	(2,191)
Later than 1 year and no later than 5 years	4,097	5,230	(3,941)	(5,051)
Later than 5 years	4,893	4,893	(4,801)	(4,802)
	10,163	**12,479**	**(9,853)**	**(12,044)**

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.

Operating Leases (Authority as lessee)

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

	2015/16 £000	2014/15 £000
Minimum lease rentals payable:	**Land and Buildings**	
No later than 1 year	588	2,356
Later than 1 year and no later than 5 years	1,415	4,256
Later than 5 years	4,544	5,867
	6,547	**12,479**

Authority as Lessor:

Operating Leases (Council as lessor)

The Authority, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

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

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

	31st March 2016 £000	31st March 2015 £000
	Land and Buildings	
No later than 1 year	342	342
Later than 1 year and no later than 5 years	1,027	1,369
Later than 5 years	8,760	8,760
	10,129	**10,471**

Note 37 Service Concession Arrangements

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 non-current assets). The assets are subject to depreciation and impairment as normal assets. The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This is being written down over the life of the contract as payments are made under the contract.
The Council is committed to make total payments of £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.

	2015/16				2014/15			
	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable within one year	2,532	730	3,008	**6,270**	2,016	995	3,194	**6,205**
Payable within two to five years	9,419	4,571	11,763	**25,753**	9,594	3,953	11,932	**25,479**
Payable within six to ten years	14,670	6,880	12,289	**33,839**	14,431	6,322	12,705	**33,458**
Payable within eleven to fifteen years	16,687	10,143	9,065	**35,895**	16,245	9,426	9,792	**35,463**
Payable within sixteen to twenty years	15,355	14,222	4,717	**34,294**	16,672	14,999	6,061	**37,732**
Payable after twenty years	0	0	0	**0**	1,722	1,845	351	**3,918**
Total	**58,663**	**36,546**	**40,842**	**136,051**	**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 pro 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	2015/16 £000	2014/15 £000
Balance outstanding at start of year	(37,540)	(38,463)
Payments during the year	995	923
Balance outstanding at year-end	**(36,545)**	**(37,540)**

Note 38 Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency (TPA). The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a defined benefit scheme. 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 LEA's).

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

In 2015/16, the Council paid £3.440m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2014/15 were £3.152m and 14.1%. There were no contributions remaining payable at the year-end.

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

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.

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.

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

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

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 of 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	
	2015/16 £000	**2014/15** £000
Comprehensive Income and Expenditure Statement		
Cost of services:		
Service cost comprising:		
Current service cost	10,310	8,886
Past service cost	364	117
Gain from settlements	(6,147)	(1,304)
Financing and Investment Income and Expenditure:		
Net Interest expense	7,275	7,313
Total post-employment benefits charged to the Surplus on the Provision of Services	**11,802**	**15,012**
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)	10,010	(8,941)
Actuarial gains and losses arising on changes in financial assumptions	(29,770)	57,663
Other	(356)	0
Total - Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**(20,116)**	**48,722**
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	**(8,314)**	**63,734**

Movement in Reserves Statement

Reversal of net charges made to the Surplus on the Provision of Services for post-employment benefits in accordance with the Code	**(11,802)**	**(15,012)**
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	**8,059**	**7,679**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme	
	31/3/16 £000	**31/3/15** £000
Present value of the defined obligation	(402,972)	(425,486)
Fair value of plan assets	193,631	199,772
Net liability arising from the defined benefit obligation	**(209,341)**	**(225,714)**

Reconciliation of movements in the fair value of scheme assets

	Local Government Pension Scheme	
	2015/16 £000	**2014/15** £000
Opening fair value of scheme assets	199,772	185,351
Interest income	6,582	8,255
Remeasurement gain/(loss):		
the return on plan assets, excluding the amount included in the net interest expense	(10,010)	8,941
Other	(4)	
Contributions from employer	8,059	7,679
Contributions from employees into the scheme	2,424	2,501
Benefits/transfers paid	(13,192)	(12,955)
Closing value of scheme assets	**193,631**	**199,772**

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme	
	2015/16 £000	**2014/15** £000
Opening balance at 1 April	(425,486)	(355,010)
Current service cost	(10,310)	(8,886)
Interest cost	(13,857)	(15,568)
Contributions from scheme participants	(2,424)	(2,501)
Remeasurement (gains) and losses:		
Actuarial gains/(losses) from changes in financial assumptions	29,770	(57,663)
Other	360	0
Past service cost	(364)	(117)
Benefits/transfers paid	13,192	12,955
Liabilities extinguished on settlements	6,147	1,304
Balance as at 31 March	**(402,972)**	**(425,486)**

Local government pension scheme assets comprised:

	Fair value of scheme assets	
	31/03/2016 £000	**31/03/2015** £000
Cash and cash equivalents	(9,102)	(10,949)
Equities:		
by industry type		
Overseas	77,643	59,123
UK	6,130	29,561
sub-total equity	**83,773**	**88,684**
Bonds:		
by sector		
Government Gilts	2,786	2,796
Overseas Unit Trusts	6,873	8,587
Overseas Private Equity	18,575	19,566
sub-total bonds	**28,234**	**30,949**
Other investment funds:		
Infrastructure	8,916	8,598
Property	21,733	24,579
Target Return	34,919	35,431
Commodities	6,501	7,806
sub-total other investment funds	**72,069**	**76,414**
Derivatives		
Longevity Insurance	**7,430**	**7,398**
Futures		
Total assets	**182,404**	**192,496**

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

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

	Local Government Pension Scheme	
	2015/16	2014/15
Mortality assumptions:		
Longevity at 65 current pensioners:		
Men	22.9	22.8
Women	26.2	26.1
Longevity at 65 for future pensioners:		
Men	25.2	25.1
Women	28.6	28.4
Financial assumptions:		
Rate of inflation	2.9%	3.3%
Rate of CPI Inflation	2.0%	2.1%
Rate of increase in salaries	3.8%	4.3%
Rate of increase in pensions	2.0%	2.5%
Discount Rate	3.1%	3.4%

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)	407,206	383,343
Rate of increase in salaries (increase or decrease by 1%)	401,430	388,795
Rate of increase in pensions (increase or decrease by 1%)	463,870	327,601
Rate for discounting liabilities (increase or decrease by 1%)	322,283	469,336

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 2 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 £7,243k expected contributions to the scheme in 2016/2017.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (22 years 2014/2015).

Note 40 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 £40M in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2015/16, approved by Full Council on 19 February 2015 and can be accessed with the link below:

http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=168&MId=5229&Ver=4

The table below summarises the carrying value of the Council's investment and cash equivalent portfolio and shows that all deposits outstanding as at 31st March 2016 met the Council's credit rating criteria at that date:

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2016	Balance Invested as at 31st March 2016					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	0	0	4,844	3,014	4,080	11,938
Banks - non UK	YES	YES	0	0	0	5,011	0	5,011
Total Banks			**0**	**0**	**4,844**	**8,025**	**4,080**	**16,949**
Building Societies	YES	YES	0	0	0	0	3,006	3,006
Call Accounts	YES	YES	2,540	0	0	0	0	2,540
Local Authorities	YES	YES	0	0	0	4,007	15,153	19,160
Pooled Fund	YES	YES	1,380	0	0	8,018	12,036	21,434
SRP Ledgers Road Loan Note			0	0	0	0	3,361	3,361
TOTAL			**3,920**	**0**	**4,844**	**20,050**	**37,636**	**66,450**

	Long Term 31/03/2016 £000's	Long Term 31/03/2015 £000's	Short Term 31/03/2016 £000's	Short Term 31/03/2015 £000's
Deposits with banks and financial institutions				
AAA	7,087	3,008	-	-
AAA mmf	-	-	1,380	2,636
AA+	-	-	-	2,034
AA-	-	-	7,551	11,885
A+	-	-	5,026	10,073
A	-	-	2,833	19,299
Unrated Local Authorities	15,153	10,094	4,007	4,007
Unrated BuildingSocieties	-	-	-	3,000
Unrated Pooled Funds	12,034	7,554	8,018	8,016
Heritable Bank	-	-	-	75
Slough Urban Renewal	3,361	-	-	-
	37,635	**20,656**	**28,815**	**61,025**

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-16 £'000	% of Total Debt	31-Mar-15 £'000	% of Total Debt
< 1 year	8,000	2.74%	5,000	2.74%
1 to 2 yrs	3,000	2.19%	4,000	2.19%
2 to 5 yrs	4,001	1.65%	3,001	1.65%
5 to 10 yrs	18,000	9.87%	18,000	9.87%
10-15 yrs	30,530	13.99%	25,508	13.99%
15-20 yrs	25,000	13.72%	25,022	13.72%
20-25 yrs	53,000	29.06%	53,000	29.06%
25-30yrs	35,841	19.65%	35,841	19.65%
> 30 years	0	0.00%	13,000	7.13%
Total	**177,372**	**92.87%**	**182,372**	**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 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 2016, 87.03% of the debt portfolio was held in fixed rate instruments and 12.97% 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:

	31/03/16	**31/03/15**
	£000	£000
Increase in interest payable on variable rate borrowings	230	230
Increase in interest receivable on variable rate investments	(335)	(261)
Impact on on the Provision of Services	**(105)**	**(31)**
Decrease in fair value of fixed rate investment assets	231	295

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

Note 41 Contingent Liability

The Council has £13 million of Lender Option Borrower Option loans (LOBOs), taken out between 2002 to 2006 and with terms of 52 to 60 years. Information on the Council's borrowings, including LOBO loans, is included in Notes 15 and 40. A number of local authorities have received objections from local electors as to the lawfulness of local authorities obtaining borrowings through LOBO loans. Whilst the LOBO loans held by the Council have not currently been found to be unlawful, there is ongoing analysis of LOBO loans generally by local authorities affected, their auditor and specialist lawyers. The law in relation to this matter is complex and there is uncertainty as to what the consequences could be should a local authority have obtained borrowing through a LOBO loan that was found to be unlawful. In the event of a LOBO loan being found to be unlawful, restitutionary remedies may result in the outstanding balances on these loans having to be repaid in full to the lender and may result in additional costs resulting from losses incurred by the lender.

Note 42

Local Asset Backed Vehicles

Slough Urban Renewal LLP

The Council is one of two members of a limited liability partnership (LLP), trading as Slough Urban Renewal LLP (SUR 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.

SUR 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.

SUR LLP has a 100% owned Limited company; with whom it fully owns three LLP development subsidiaries (SUR LLP holding 99.9% of the share). Two were active at 31 March 2016. They are:

- Slough Urban Community Projects Renewal LLP (previously Slough Regeneration Partnership Community Projects LLP) (SUR CP LLP) and
- Slough Urban Renewal Ledgers Road LLP (previously Slough Regeneration Ledgers Road LLP)(SRLR LLP).

Thus, both the private sector member and the Council effectively hold 50% interest each in SUR CP LLP and SRLR LLP.

A third development subsidiary Slough Urban Renewal Wexham Nursery LLP became active in June 2016. It will develop 104 homes. There was no financial activity in the subsidiary's accounts during the 2015-16 financial year.

Slough Urban Renewal Community Projects LLP

SUR 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 Summer 2016. Further community projects are now being developed through the partnership, bringing additional social housing and sport and leisure facilities to the Borough.

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.

Slough Urban Renewal Ledgers Road LLP

In July 2015 the land at Ledgers Road was transferred to a new development subsidiary, Slough Urban Renewal Ledgers Road LLP, with construction commencing in July 2015.

SR LR LLP was set up to develop the land at Ledgers Road, providing 73 properties being a mix of 49 family-sized homes and 24 apartments. 23 properties, made available as affordable homes, will be added to the Slough Borough Council's housing stock.

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 SUR LLP and its fully owned subsidiaries SUR CP LLP, and SRLR LLP. The LLPs' financial year ends on 31 December. 2014 was the first full year of trading. Financial activity commenced in June 2013 for SUR CP LLP, August 2013 for SUR LLP and July 2015 for SRLR LLP.

The following information and applicable entries in the Council's accounts have combined the proportional results of the audited financial statements to the period to 31 December 2015 with the LLP's internal trading results to 31 March 2016, to coincide with the Council's 12 month trading period. A linear apportionment of costs and income has been taken.

Slough Urban Renewal LLP (Consolidated)

Profit and Loss Account for the year to 31 March 2016

	2015/16		2014/15	
	£'000		£'000	
Turnover				
Fees for supplying pre-construction services	2,312		-	
Fees for supplying construction services	8,536		6,495	
		10,848		6,495
Cost of Sales				
Supply of pre-construction services	(1,466)		-	
Supply of construction services	(8,825)		(6,346)	
		(10,291)		(6,346)
Gross Profit		557		149
Operating expenses		(659)		(741)
Operating loss		(102)		(592)
FINANCIAL COSTS				
Interest payable and similar charges		(283)		(127)
Loss for the financial period before members' remuneration and profit shares and available for discretionary division among members		(386)		(719)

Summarised Financial Information continued

Slough Urban Renewal LLP (Consolidated)

Balance Sheet as at 31 March 2016

	31 March 2016		31 March 2015	
	£'000	£'000	£'000	£'000
Current Assets				
Work in progress	5,569		-	
Debtors	84		1,691	
Cash in hand and at bank	362		48	
Total Current Assets		6,015		1,740
Creditors - amounts falling due within one year				
Other Creditors and Accruals	(691)		(2,009)	
		(691)		(2,009)
Net Current Assets/(Liabilities)		5,324		(269)
Net Liabilities attributable to members		5,324		(269)
Represented by:				
Loans and other debts due to members				
Members' capital classified as a liability		0		0
Other amounts		6,780		844
		6,780		844
Members other interests				
Members' capital classified as equity		-		-
Other reserves		(1,455)		(1,113)
		5,324		(269)
Total members interest				
Amount due from members		(0)		(0)
Loans and other debts due to members		6,780		844
Members' other interests		(1,455)		(1,113)
		5,324		(269)

Housing Revenue Account for the year ended 31st March

	2015/16 £000	2014/15 £000
Expenditure		
Repairs & Maintenance	(8,490)	(7,529)
Supervision & Management	(8,658)	(8,093)
Rents, Rates, Taxes and other charges	(185)	(60)
Housing Revenue Account Subsidy payable	0	0
Depreciation, impairments and revaluation losses of non-current assets	415	3,440
Total Expenditure	**(16,918)**	**(12,242)**
Income		
Dwelling rents	33,616	33,106
Non-dwelling rents	1,588	1,413
Charges for services and facilities	2,315	2,023
Contributions from General Fund	291	1,222
Total Income	**37,810**	**37,764**
Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	**20,892**	**25,522**
HRA Services Share of Corporate & Democratic Core	(298)	(259)
HRA share of other amounts included in the whole authority Net Expenditure of Continuing Operations but not allocated to specific services	0	0
Net Income of HRA Services	**20,594**	**25,263**
Loss on sale of HRA Non-current Assets	8,240	(5,350)
Movement in fair value of Investment Properties	0	70
Interest Payable and Similar Charges	(5,143)	(5,127)
HRA Interest and Investment Income	119	99
Net interest on the defined benefit liability	(341)	(350)
Surplus on HRA Services	**23,469**	**14,605**

Adjustments between accounting basis and funding basis

Movement on the HRA Statement

	2015/16 £000	2014/15 £000
Balance on the HRA at the end of the previous year	24,494	18,113
Surplus or (Deficit) on the HRA Income and Expenditure Statement	23,469	14,605
Adjustments between accounting basis and funding basis under statute	(18,965)	(8,224)
Increase on the HRA for the year	**4,504**	**6,381**
Balance on the HRA at the end of the current year	**28,998**	**24,494**

	2015/16 £000	2014/15 £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)
Transfers to/from the Capital Adjustment Account	(415)	(3,510)
loss on sale of HRA non current assets	(8,240)	5,350
HRA Share of Contributions to or from the Pension Reserve	341	350
Transfers to Major Repairs Reserve	(10,523)	(10,286)
Net additional amount required by statute to be debited to the HRA Balance for the year	**(18,965)**	**(8,224)**

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

	31st March 2016	31st March 2015
	No	No
Property Type		
Houses	2,760	2,752
Flats	2,939	2,921
Bungalows	529	530
Shared Ownership	4	4
Total Dwellings 31 March	**6,232**	**6,207**
Total Dwellings 1st April	6,207	6,258
Sold	(50)	(64)
New Build/Acquisition	75	13
Total Dwellings 31 March	**6,232**	**6,207**

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 2016	31 March 2015
	£000	£000
Carrying value of non-current assets		
Council dwellings	439,802	368,368
Other land and buildings	8,960	9,093
Vehicles, plant and equipment	92	299
Assets under construction	3,356	1,136
Surplus assets	3,820	8,655
Total HRA non-current assets	**456,030**	**387,551**

The vacant possession value of council dwellings within the HRA at 1 April 2015 was £1,151.3 million as valued by Wilkes, Head and Eve compared with a value of £368.4 million for its existing use as social housing. The difference of £782.9 million represents the economic cost to Government of providing housing at less than open market rents.

3. Major Repairs Reserve

The movement on the Major Repairs Reserve during the year ended 31 March 2016 is summarised below:

	2015/16 £000	2014/15 £000
Balance at 1 April	11,287	11,184
Depreciation	8,000	7,286
Transfer to HRA balance	**2,523**	**3,000**
Capital expenditure on HRA Land, Houses and Other Property	(9,703)	(10,183)
Balance at 31 March	**12,107**	**11,287**

4. Housing Revenue Account Capital Expenditure

	2015/16 £000	2014/15 £000
Capital investment		
Operational assets	12,551	10,672
	12,551	**10,672**
Sources of funding		
Capital Receipts	854	489
Major Repairs Reserve	9,703	10,183
Government grants and other contributions	**1,994**	**0**
	12,551	**10,672**

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. Rent Arrears

During 2015/16 total rent arrears increased by £576k . A summary of rent arrears and prepayments is shown in the following table:

	2015/16 £000	2014/15 £000
Current Tenant Arrears	1,324	857
Former Tenant Arrears	839	730
Total Rent Arrears	**2,163**	**1,587**
Prepayments	(550)	(532)
Net Rent Arrears	**1,613**	**1,055**

6. Depreciation and Impairment of Non-Current Assets

	2015/16		2014/15	
	£000		£000	
	Depreciation	Impairment	Depreciation	Impairment
Council Dwellings	7,657	(8,323)	6,796	(10,720)
Other Land and Buildings	129	0	130	(6)
Vehicles, Plant, Furniture and Equipment	207	0	353	0
Assets Under Construction	1	0	0	0
Surplus Assets Not Held for Sale	6	0	7	0
	8,000	**(8,323)**	**7,286**	**(10,726)**

Slough Borough Council

COLLECTION FUND For the Year ended 31 March 2016

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.

2014/15			Collection Fund	2015/16		
Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
			INCOME			
	(53,799)	(53,799)	Council Tax Receivable		(55,587)	(55,587)
(96,745)		(96,745)	Business Rates Receivable	(100,334)		(100,334)
(96,745)	**(53,799)**	**(150,544)**	**Total amounts to be credited**	**(100,334)**	**(55,587)**	**(155,921)**
			EXPENDITURE			
			Apportionment of Previous Year Surplus			
(506)		(506)	Central Government	956		956
(495)	1,690	1,195	Billing Authority	937	1,599	2,536
(10)	87	77	Fire Authority	19	83	102
	225	225	Police Authority		218	218
			Precepts, demands and shares			
45,934		45,934	Central Government	48,796		48,796
45,016	44,059	89,075	Billing Authority	47,820	45,325	93,145
919	2,303	3,222	Fire Authority	976	2,333	3,309
	5,999	5,999	Police Authority		6,296	6,296
			Charges to Collection Fund			
3,237		3,237	Write-offs of uncollectable amounts	2,360		2,360
(987)	(28)	(1,015)	Increase/(decrease) in allowance for impairment		777	777
721		721	Increase/(decrease) in allowance for appeals	(612)		(612)
1,519		1,519	Transitional Protection Payments Payable	228		228
207		207	Charge to General Fund for allowable collection costs for non-domestic rates	205		205
95,555	**54,335**	**149,890**	**Total amounts to be debited**	**101,685**	**56,631**	**158,316**
(1,190)	**536**	**(654)**	**(Surplus) /deficit arising during the year**	**1,351**	**1,044**	**2,395**
562	(2,002)	(1,440)	(Surplus)/deficit b/f	(628)	(1,466)	(2,094)
(628)	**(1,466)**	**(2,094)**	**(Surplus)/deficit c/f at 31 March**	**723**	**(422)**	**301**

Note 1 - Council Tax Income

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

FOR THE YEAR ENDED 31 MARCH 2016

Band		Valuation band limits £		£	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
A	Up to & including	40,000			903	6/9	602	932
B		40,001	-	52,000	6,103	7/9	4,747	1,097
C		52,001	-	68,000	17,389	8/9	15,457	1,242
D		68,001	-	88,000	10,780	9/9	10,780	1,398
E		88,001	-	120,000	3,949	11/9	4,826	1,708
F		120,001	-	160,000	1,539	13/9	2,223	2,019
G		160,001	-	320,000	316	15/9	526	2,329
H	More Than			320,001	3	18/9	6	2,795
						Adjustment	(704)	
						Council tax base	38,463	

FOR THE YEAR ENDED 31 MARCH 2015

Band		Valuation band limits £		£	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
A	Up to & including	40,000			1,343	6/9	895	930
B		40,001	-	52,000	9,370	7/9	6,247	1,085
C		52,001	-	68,000	21,954	8/9	14,636	1,240
D		68,001	-	88,000	12,729	9/9	8,486	1,394
E		88,001	-	120,000	435	11/9	2,901	1,704
F		120,001	-	160,000	1,635	13/9	1,090	2,014
G		160,001	-	320,000	329	15/9	219	2,324
H	More Than			320,001	8	18/9	5	2,789
						Adjustment	0	
						Council tax base	34,479	

Note 2 – 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 2015/16 the amount was 49.30p (48.20p = 2014/15). The small business rate multiplier was 48.00p for 2015/16 (47.10p 2014/15). 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 2016 was £225,267,785 (31 March 2015 = £223,349,724).

Note 3 - Council Tax Precepts & Demands

The following amounts were paid from the fund:

	2015/16 £000	2014/15 £000
Slough Borough Council	48,701	43,852
Britwell Parish Council	59	59
Wexham Court Parish Council	55	55
Colnbrook with Poyle Parish Council	93	93
Royal Berkshire Fire Service	2,507	2,303
Thames Valley Police Authority	6,830	5,999
Total	**58,245**	**52,361**

Glossary

Glossary of Terms

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Agency Services

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Appointed Auditors

From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. BDO is the Council's appointed Auditor.

Associate Companies

An associate is an entity over which the Council has significant influence.

Authorised Limit

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

Balances

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Building Schools for the Future (BSF)

This was a major Central Government programme for replacing/upgrading schools often via the Private Finance Initiative (PFI).

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

This is expenditure on the acquisition of a non-current assets or expenditure, which adds to, and not merely maintains, the value of non-current assets.

Capital Financing Charges

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

Capital Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingency

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Curtailment

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of non-current assets.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Department for Communities and Local Government (DCLG)

DCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property plant and equipment assets.

Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Discounts

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term ‘financial instrument’ covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

Housing Benefit

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

Non-current assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all local authorities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Joint Venture

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Lender Option Borrower Option (LOBO)

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every six months to 3 years), the lender has the ability to alter the interest rate. Should the lender make this offer, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum without penalty.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Medium Term Financial Strategy (MTFS)

This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. In Slough it usually covers a four year timeframe.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

Non Domestic Rate (NDR) (also known as Business Rates)

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Debt

Net debt is the Council's borrowings less cash and liquid resources.

Net Realisable Value (NRV)

NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Operational Boundary

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

Operating Lease

This is a type of lease usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Precept

The amount levied by various Authorities that is collected by the Council on their behalf. The major precepting Authorities in Slough are the Police and Crime Commissioner and the Berkshire Fire and Rescue Authority. Parish precepts are also collected on behalf of Wexham, Britwell Colnbrook and Poyle Parish Councils.

Premiums

These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authorities' participation.

Property, Plant and Equipment (PPE)

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Public Works Loan Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for

Local Authorities

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

a) Actuarial gains and losses

b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset),

And

c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure Funded From Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Trust Funds

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.