Slough Borough Council
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Growing a place of opportunity and ambition

Date of issue: Monday, 10 May 2021

MEETING:	**EXTRAORDINARY AUDIT AND CORPORATE GOVERNANCE COMMITTEE** (Councillors Sabah (Chair), Wright (Vice Chair), Ali, Akram, D Parmar, S Parmar and Vacancy) **CO-OPTED INDEPENDENT MEMBERS:** Alan Sunderland and Iqbal Zafar **PARISH COUNCIL MEMBERS:** Parish Councillor Wright (Britwell) Parish Councillor Escott (Colnbrook with Poyle) Parish Councillor Ahmed (Wexham Court) **INDEPENDENT PERSON** Dr Louis Lee
DATE AND TIME:	TUESDAY, 18TH MAY, 2021 AT 6.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: **(for all enquiries)**	SHABANA KAUSER 07821 811 259

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.

JOSIE WRAGG
Chief Executive

AGENDA

PART I

AGENDA ITEM	REPORT TITLE	PAGE	WARD
	Apologies for absence.		

AGENDA ITEM	REPORT TITLE	PAGE	WARD
1.	Declarations of Interest *All Members who believe they have a Disclosable Pecuniary or other Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 4 paragraph 4.6 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.*	-	-
	AUDIT ISSUES		
2.	Going Concern Statement - 2018/19 Accounts	1 - 10	All
3.	2018/19 Accounts - Planned improvements in the Council's accounts, financial services, reserves and group entities	11 - 258	All
4.	Grant Thornton Audit Findings	259 - 308	All
5.	Letter of Representation	309 - 312	All
6.	Grant Thornton Section 24 Statutory Recommendations	313 - 322	All
7.	Date of Next Meeting - 29th July 2021	-	-

Press and Public

Attendance and accessibility: You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

Webcasting and recording: The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

Emergency procedures: The fire alarm is a continuous siren. If the alarm sounds Immediately vacate the premises by the nearest available exit at either the front or rear of the Chamber and proceed to the assembly point: The pavement of the service road outside of Westminster House, 31 Windsor Road.

Covid-19: To accommodate social distancing there is significantly restricted capacity of the Council Chamber and places for the public are very limited. We would encourage those wishing to observe the meeting to view the live stream. Any members of the public who do wish to attend in person should are encouraged to contact the Democratic Services Officer in advance.

SLOUGH BOROUGH COUNCIL

REPORT TO:	Audit & Corporate Governance Committee
DATE:	18th May 2021
CONTACT OFFICER:	Neil Wilcox; Executive Director: Corporate Services (Section 151 Officer)
(For all Enquiries)	(01753) 875358
WARD(S):	All

PART I
FOR DECISION

GOING CONCERN STATEMENT – IN RELATION TO THE 2018/19 ACCOUNTS

1. Purpose of the Report

1.1 To inform the Audit and Governance Committee of the S151 Officer's assessment of Slough Borough Council as a "going concern" for the purposes of producing the Council's Statement of Accounts for 2018/19.

2. Recommendations

2.1 Members review and approve the assessment made of the Council's status as a "going concern" as a basis for preparing its 2018/19 Statement of Accounts.

3. Background

3.1 The Council's Statement of Accounts are prepared on a going concern basis: i.e. on the assumption that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

3.2 The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

3.3 Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the CIPFA Code of Practice on Local Authority Accounting therefore assume that a local authority’s services will continue to operate for the foreseeable future.

COVID-19

3.4 The current restrictions in place within the United Kingdom in response to COVID-19 have created significant issues for many businesses and residents and as a result, from April 2020, the Council has experienced financial pressures in terms of lost income lost and additional expenditure incurred. The government has provided some financial support for Local Authorities to help mitigate some of the pressures being experienced due to the crisis. The Council has received a total, to date, of £20.955 million in general support funding from central government in this regard.

3.5 The Council has carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2019/20, 2020/21 and beyond. This included consideration of the following:

- Loss of income on a service by service basis, due to temporary closures, reduction in demand, and increased collection losses.
- Additional expenditure on a service by service basis, e.g. provision of new and expanded services in response to the crisis (such as additional costs relating to temporary accommodation for the homeless), and additional costs associated with changes to working practices (such as remote working).
- Changes to government policy, e.g. changes to business rate reliefs, guidance on supplier relief, additional funding for local authorities, and additional responsibilities which sit alongside this.
- The impact on the Council’s capital programme, e.g. delays caused by government restrictions, and whether there is a need to rephase work for other reasons.
- The impact on the Council’s subsidiaries and joint ventures.
- The impact of all of the above on the Council’s cash flow and treasury management, including availability of liquid cash, impact on investment returns, and availability of external borrowing if required.
- The estimated overall impact on the Council’s General Fund and Housing Revenue Account reserves.

2021/22 Financial Position

3.6 Cabinet have proposed a revenue budget of £133.574m for 2021/22; the latest Quarter 3 revenue monitoring report for 2020/21 indicates a forecast in-year underspend of £2.874m.

3.7 The 2021/22 proposals include savings of £15.576m and funding for growth and pressures of £12.593m. The proposals also contain a general COVID contingency amount of £6.025m and a further provision, for 2021/22, of £0.375m.

3.8 Like some local authorities, Slough BC took the opportunity to hold discussions with MHCLG about seeking permission for a Capitalisation Directive to help balance the budget in 2021/22. Other councils that have been harder hit by Covid-19 have also requested support using this means in 2020/21.

3.9 The Council required flexibility due to two unique one-off funding pressures arising in 2021/22:

- A 2019/20 Business Rates rebate (of £5.3m) following a Valuation Office Agency Tribunal decision; and
- The Department for Education (DfE) seeking Slough Borough Council to write-off the Slough Children's Services Trust's (SCST's) historic deficit of approximately £5.5m when a new Local Authority Company, Slough Children First, is created from 1 April 2021.

3.10 A capitalisation directive permits a Council to capitalise revenue expenditure if it is unable to set a balanced budget and has considered all other options, has limited reserves, and is increasing its Council Tax by the maximum permitted. The direction will only be granted in exceptional circumstances. Only the Secretary of State can permit this action legally.

3.11 MHCLG officials have indicated that Ministers are minded to agree to Slough's request. Their external advisor concluded, following a detailed review of SBC's financial position:

"The Council has limited resources in terms of revenue reserves to balance the 21/22 revenue budget. Without the two unexpected items in terms of business rates and the children's trust the budget would have been balanced"

3.12 MHCLG are therefore expected to permit the capitalisation of £12.200m of revenue spend in 2021/22 to balance the budget; and the revenue budget proposals have been prepared on that basis. The capitalisation direction will be funded by future capital receipts over a five year period and this assumption has been included in the Capital Strategy and proposed Capital Programme 2021/22 to 23/24.

3.13 A general fund capital programme of £100.439m has been proposed for 2021/22, inclusive of £46.154m of investment funded via Council borrowing.

3.14 Full Council will debate and agree the budget proposals at its meeting on 8 March 2021.

<u>Medium Term Financial Strategy – 2021/22 to 2023/24</u>

3.15 The Medium-Term Financial Strategy (MTFS) integrates strategic and financial planning over a three-year period. It translates the Strategic Plan priorities into a financial framework that enables members and officers to ensure policy initiatives can be delivered within available resources and can be aligned to priority outcomes.

3.16 The drivers for the Council's financial strategy are:

- To set a balanced budget over the life of the MTFS whilst protecting residents from excessive Council tax increases, as defined by the government, through the legislative framework covering Council Tax referenda.
- To fund priorities agreed within the period, ensuring that service and financial planning delivers these priorities.
- To deliver a programme of planned reviews and savings initiatives designed to keep reductions to service outcomes for residents to a minimum.
- To maintain and strengthen the Council's financial position so that it has sufficient contingency sums, reserves and balances to address any future risks and unforeseen events without jeopardising key services and delivery of service outcomes for residents.
- Ensuring the Council maximises the impact of its spend to deliver priority outcomes in the context or reducing resources.

3.17 The MTFS indicates a balanced budget for 2021/22 and a current funding gap of £13.025m for 2022/23 and £19.260m for 2023/24. The political and officer leadership of the Council is committed to ensuring robust proposals are developed, in year, to ensure these funding gaps are closed by the time the revenue budget is due to be agreed,

3.18 The MTFS assumes future Council Tax increases, at 1.99%, the maximum currently allowed without a referendum by central government. It also assumes central government's Adult Social Care precept (3% in 2021/22) will be passed on to residents in full.

3.19 The financial landscape for the Council is likely to remain challenging for the foreseeable future. The delay to the Comprehensive Spending Review until the Autumn of 2020 means that there will be little certainty over the council's longer term funding outlook and this will need to be carefully managed as the council considers the recovery actions it needs to take and commit to. In addition, the Fair Funding Review and move to 75% Business Rate Retention have been delayed again with an earliest implementation date of 2022/23.

3.20 The outcome of these reviews will determine the quantum of funding available to local government and the share available to the Council. The added uncertainty brought about by the exit from the European Union will serve to compound these issues. There is a risk that funding reductions may continue beyond this point placing further pressure on the MTFS.

3.21 The Council has continued to effectively manage its resources during a period of increasing cost pressures and a backdrop of many years of government funding reductions. The future funding outlook for the public sector and local government is extremely uncertain and the impact of Covid 19 and the recovery from it will undoubtedly impact on the council and its communities for a number of years.

3.22 The Council continues to have a robust financial standing with sound and continuously improving financial management procedures and processes in place.

3.23 The Council continues to face a range of significant budget pressures including general inflation, cost pressures in the care sector, increases in the number of adults and children needing support and rising levels of need, increases in demand for everyday services as the population grows, and increases in core costs such as wage increases, the national living wage and pension contribution.

3.24 The MTFS sets out the Council's approach to achieving a sustainable budget over the medium term whilst ensuring that all revenue resources are directed towards corporate priorities. The MTFS describes the financial direction of the council over the planning period and outlines the financial pressures it will face.

The Council's Projected Financial Position – Capital

3.25 The provisional outturn for the 2020/21 capital programme is a £86.555million underspend against a revised capital budget of £163.341million. £25million of the underspend is attributable to schemes within the Regeneration Directorate, and £18.495m from within the Place and Development Directorate, that have been delayed due to the COVID-19 pandemic. which has not been utilised during 2019/20. In December 2020 the Government announced that PWLB rates could no longer be accessed to fund assets used primarily to generate yield. In February 2021 the Strategic Acquistion Board (SAB) agreed to cease all future commercial property acquisitions.

3.26 The three year general fund capital programme from 2021/22 to 2023/24 allocates £147.557m of funding sourced through a combination of grants, Section 106, borrowing and Council capital resources. £40.608m of Council capital receipts have been allocated to the programme and overall borrowing funds 45% of the total general fund programme, Annual increases in interest payments of £1.821m have been built into the revenue capital financing budget and MTFS from 2021/22 to service the expected borrowing arising from implementing this capital programme.

The Council's Balance Sheet at 31st March 2019

3.27 The robustness of the Council's balance sheet for 2019/20 and 2020/21 will be reassessed on completion of the draft financial statements and reported to the Audit and Governance Committee during 2021/22.

3.28 The authority's net assets amounted to £344.424m at 31 March 2019 (£388.251m as at 31 March 2018). The Council had net total Capital and Revenue Usable reserves of £71.238million at 31 March 2019, (£103.832million, 31 March 2018), set out in the table overleaf

:

Detailed total Capital and Revenue Usable reserves

	31.03.18	31.03.19
	£000	£000
Capital receipts	28,312	23,985
Major repairs reserve	15,107	12,457
Capital Grants unapplied	32,443	13,200
HRA	17,838	16,265
Earmarked Funds	6,318	4,781
General Fund	3,814	550
Total	103,832	71,238

The reduction in reserves was primarily due to the Council utilising its own funds for investments in Property, Plant and Equipment and Investment Property and also due to the correction of accounting errors in the 2018/19 accounts.

The Council's Cash Flow

3.29 The Council maintains short and long term cash flow projections. The Council maintains long term borrowing commitments to support the capital programme and the Property Investment Strategy. Borrowing is predominately undertaken via short-term loans from other local authorities and from the Public Works and Loans Board (PWLB).

3.30 As at 31 March 2019 the Council held £48.545m of short-term investments (£18.808m, March 2018). This section will be updated on completion of the 31st March 2020 balance Sheet.

3.31 On 31st January 2021, the Authority held £702.7m of borrowing and £39.7m of treasury investments. Of the £702.7m borrowed £349.5m is borrowed short term (with less than a year to maturity) from other local authorities. The Council, with its Treasury management advisors, ArlingClose, monitor the Council's exposure to interest rate fluctuations on a regular basis.

3.32 The current operational boundary for long term debt is set at £909m for 2021/22. The authorised limits have been increased to £952m for 2021/22, £984m for 2022/23 and £997m for 2023/24 to support increased spending on the Council's capital programme. The Council will be undertaking a root and branch review of its entire Capital Programme during 2021/22 and therefore these boundaries will be subject to review and potential revision during 2021/22 as part of the future setting of the capital strategy and supporting programme.

The Council's Governance Arrangements

3.33 The Council has approved and adopted a code of corporate governance in its Annual Governance Statement, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

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

3.35 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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3.36 The 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 External and Regulatory Framework

3.37 The Council is required to set a balanced budget each year, taking into account the robustness of budget estimates and the adequacy of its reserves. In addition to the legal framework and central government control there are other factors such as the role undertaken by External Audit as well as the statutory requirement in some cases for compliance with best practice and guidance published by CIPFA and other relevant bodies.

Commercial Investment and Income Generation

3.38 The Council has a number of local authority owned companies that it uses for the efficient delivery of housing services and regeneration initiatives within Slough:

- DISH RP
- DISH

- James Elliman Homes
- Slough Urban Renewal

3.39 The Council does not include any ‘surpluses’ derived from these companies to fund its Medium Term Financial Strategy to ensure that any future funding risks are minimised. An surpluses, as they materialise, are used to increase the Council’s general and earmarked reserves.

3.40 The Council’s Director of Transformation and Director of Regeneration sit on the Boards of all Slough’s local authority companies. They have obtained assurance from the SUR General Manager that *“the SUR LLP and its subsid[iarie]s are financially stable in that they have defined funding routes and arrangements in place [e.g. loan notes]”.*

<u>Revenue Reserves</u>

3.41 In recent years the Council’s general fund revenue reserves have reduced and are at a very low level. Our most recent reported balances are as follows:

Date	**General Fund Balance (£m)**	**Earmarked Reserves (£m)**	**Housing Revenue Account Balance (£m)**
31 March 2018	(3.814)	(6.318)	(17.838)
31 March 2019	(550)	(4.781)	(16.265)
31 March 2020 (provisional outturn, subject to review and audit and is expected to change)	(2.971)	(7.575)	(13.149)

3.42 The Council manages its cashflow to ensure that it has a reasonable amount of liquid cash that can be accessed readily, and typically has between £15m - £20m invested in overnight money market funds and short-term deposit accounts in this respect. The Council was allocated a total of £33.380m of additional section 31 grants in respect of additional business rate reliefs applied as a result of COVID-19. These grant payments along the announcement by government that central share payments of Business Rates can be deferred significantly reduced any liquidity risk that the Council may otherwise have faced. The Council is able to borrow short term from other local authorities if required and has access to longer term borrowing from the PWLB within two working days if required. The Council has sufficient headroom compared to its Capital Financing Requirement and would therefore be able to borrow should any cashflow issues arise.

Financial Transformation

3.43 In order to radically improve the pace and quality of the Council's financial services and thus the financial standards that the Council operates and consequentially the robustness of its future assessments of its going concern position the Council has instigated a series of actions. These actions will in the future underpin more robust financial management of the Council and thus enhance its assessment of its going concern status. This work has already begun to make an impact and will allow stakeholders to have greater confidence in the future on the Council's finances

3.44 This work includes:

- Securing a highly skilled core team of financial experts in various key aspects of Council finances – accounts, budgets, third parties, commercial activity, business cases and major projects as well as many other aspects of the Councils financial management
- A re focussed Strategic Finance Board which has begun receiving and agreeing financial standards papers, budget information and processes, accounts updates with a particular focus on ensuring that the Council's 2021/22 budget will balance and its 2022/23 targeted savings will be identified
- Developing a training and development programme for the finance team to ensure that they are adequately skilled to produce high quality accounts and financial management information
- Planning for a proper budget process for 2022/23 and going forward
- Introducing a high quality accounts programme of work with project plans, quality assurance, communications, review of financial statements, root and branch review of ledger balances and supporting working papers and evidence among other matters
- A series of reviews on the 2021/22 budget proposals and base budget and preparation of the 2022/23 budget in a more timely manner
- Introducing a range of high quality financial standards beginning with budget monitoring, financial implications, procurement reviews of contracts, financial modelling among others

4. Section 151 Officer Opinion

4.1 Having regard to the Council's arrangements and such factors as highlighted in this report, the Section 151 Officer concludes that Slough Borough Council remains a going concern and that it is appropriate that the Council's Statement of Accounts for 2018/19 have been prepared on this basis.

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Audit and Corporate Governance Committee
DATE:	18th May 2021
CONTACT OFFICER:	Steven Mair, Associate Director of Finance
WARD(S):	All

PART I
FOR DECISION

2018/19 ACCOUNTS, PLANNED IMPROVEMENTS IN THE COUNCILS ACCOUNTS, FINANCIAL SERVICES, RESERVES AND GROUP ENTITIES

1. **Purpose of Report**

To advise the Committee of the completion of the 2018/19 accounts and how the Council will be addressing the current issues in its accounts processes and financial services

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

The Committee is requested to agree:

a. the accounts for 2018/19
b. the Council's planned response to address the issues in its current approach to the preparation of its accounts, reserves and group entities
c. the Council's planned response to improve its financial services

The Committee is requested to note the Council responses to the auditors recommendations which are dealt with elsewhere on the agenda

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

3a. **Slough Wellbeing Strategy Priorities**

The Council has a statutory duty to prepare and have audited annual accounts which underpin good governance, the financial management of the Council and thus the ability of Departments to deliver their services and meet the priorities shown below

1. *Starting Well*
2. *Integration (relating to Health & Social Care)*
3. *Strong, healthy and attractive neighbourhoods*
4. *Workplace health*

3b. **Five Year Plan Outcomes**

As noted above the proposal will underpin delivery of all of the Five Year Plan outcomes as without sound finances the ability to action these will be impeded

4. **Other Implications**

(a) Financial

These are dealt with throughout the report

(b) Risk Management

There are no risks in agreeing the recommendations. Risks would arise if the Committee decided not to accept the recommendations due to the excessive delay in producing the accounts, the need to address the auditors recommendations and take forward the financial service and the accounts

Recommendation from section 2 above	**Risks/Threats/ Opportunities**	**Current Controls**	**Using the Risk Manageme nt Matrix Score the risk**	**Future Controls**
Agree the accounts for 2018/19	No risks if recommendation agreed	To be developed as set out in the report	0	To be developed as set out in the report
Agree the Council's planned response to address the issues in its current approach to the preparation of its accounts	No risks if recommendation agreed	To be developed as set out in the report	0	To be developed as set out in the report
Recommendation from section 2 above	**Risks/Threats/ Opportunities**	**Current Controls**	**Using the Risk Manageme nt Matrix Score the risk**	**Future Controls**
Agree the Council's planned response to improve its financial services	No risks if recommendation agreed	To be developed as set out in the report	0	To be developed as set out in the report
Note the Council responses to the auditors	No risks if recommendation agreed	To be developed as set out in the	0	To be developed as set out in

recommendations which are dealt with elsewhere on the agenda		report		the report

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Implications

(d) Equalities Impact Assessment

There is no adverse impact from the recommendations on race, gender or disability groups. There is also no possible impact for age, religion and sexual orientation

(e) Workforce

The proposals in the report will greatly enhance the skills and capacity of the finance service and will support the rest of the Council workforce through the benefitting from proper and robust financial management

5. Supporting Information

2018/19 Accounts

5.1 General Fund Revenue

The council had a net overspend of £0.051m for the 2018/19 financial year. This position is summarised in the table below:

REVENUE GENERAL FUND 2018/19 - SUMMARY PROVISIONAL (YEAR END) POSITION			
Directorate	**Revised Full Year Budget**	**Draft Outturn**	**Full Year Variance**
	£000	**£000**	**£000**
Adult and Communities	39.289	39.851	0.562
Children, Learning and Skills	29.112	30.395	1.283
Place and Development	5.713	7.446	1.733
Regeneration	1.659	1.350	(0.309)
Finance and Resources	9.838	11.601	1.763
Chief Executive Office	13.782	13.023	(0.759)
Non Service Areas	6.029	1.807	(4.222)

GRAND TOTAL	**105.422**	**105.473**	**0.051**

% of revenue budget over/(under)	**0.05%**

Adult & Communities
– has overspent by £0.562m; mainly due to

Adult Social Care
This budget of **£33.2m** has overspent by **£1.361m (**4.1% of its budget). The underlying budget pressures lies within the Adult Social service and is caused by the effect of inflation on care packages. There have also been increases both in the numbers of clients being accepted, partly due to high level of transition from child to adult and for care, as well as the length of time some clients are spending in receipt of care services. This increase has been offset, but not fully covered, by underspends elsewhere within the service.

Community & Skills
This service area will have an underspend of **£1.166m.** This is due to various budget savings across the service with decrease in spend and increase in income in leisure management (saving £190k), library services delay in IT project (saving £140k), the curve project work delay (saving £90k), parks and allotments (saving £65k), vacant posts (saving £20k), Adult Communities planned project delays (saving £44k) and the anticipated recovery of contractual income fromEssex County council.

Enforcement & Regulation
This service will overspend by **£0.163m**. This budget pressure is due to an income shortfall within the cemetery and crematorium service, there has also been a downturn in the income generated by the Registrars service since its relocation to the Curve

Children Learning & Skills
– has overspent by £1.283m due to costs in PFI and transport services.

Directorate Services
This service area will have an overspend of **£1.205m**. The main variances are due to additional PFI costs (approx. £0.700m) and the underwriting fees payable to Grove Academy.

Access & Inclusion
The Access & Inclusion service will have a final budget variance of **£0.462m** overspend. This is due to additional costs arising within transport service; increases in the number of 1:1 journeys, a rise number of SEN pupils accessing the service and an increase in the number of journeys made outside the borough.

School Effectiveness
The final year end position for this service is an underspend of **£0.271m;** this is due to a variety of staffing related cost savings.

Early Years & Development
The final year end position for this service is an underspend of **£0.218m;** this is mainly due to additional revenue to capital charges identified in respect to the children's centre's garden project.

SEND
This service has final year end outturn of **£0.096m** overspend. This reflects the cost of additional staff needed to cover key core functions.

Place and Regeneration

An explanation for the main variances within the Directorate is provided as follows:

Directorate Management Team
This service area will close with a final budget variance of **£0.216m** underspend.

The main reason for this is the vacancy of the director post which was budgeted for **£110k** and reduced project resources of **£77k**.

Major Infrastructure (Transport & Highways)
This service shows a final budget variance of **£0.015m** underspend which an extra **£0.033m** spend made at the end of the year. This was due tolast minute traffic signals repairs of 50K, and more expensive Atkins works than expected in February.

Transport & Parking
This service area will close with a final budget favourable variance of **£0.233m** underspend as a result of 2 vacant posts, higher than expected income from parking and an extra £30k DEFRA funding.

Planning
This service area will close with a final budget variance of **£0.069m overspend.** This is mainly due to a £70k saving applied to Service leads restructure whichwas not realised. This was slightly offset by increased income.

Regeneration Development
This service area will close with a final budget variance of **£0.244m** underspend. This is due to extra income from acquisition and disposals, 1% and 4% respectively.

Regeneration Delivery
This service area will close with a final budget variance of **£0.031m overspend.**This is mainly due to a £70k saving applied to Service leads restructure whichwas not realised.

Building Management
This service area will close with a final budget variance of **£0.136m** underspend.This was mainly due to increased income from rents and charges. The adverse change from previous forecasts of £0.190m was due to Increase in reactive repair costs

Economic Development
This service area will close with a final budget variance of **£0.301m overspend.**This is entirely due to saving targets not being achieved.

Strategic Housing Services
This service area will close with a final budget variance of **£1.994m** overspend. This is due to higher than expected levels of Homelessness and the need for temporary accommodation. Recent reduction in homelessness numbers and more income from Home Improvements have led to a slight fall in the overspend as compared to previous forecasts.

Neighbourhood Services
This service area will close with a final budget variance of **£0.127m** underspend which is mainly due to vacant posts .due to increased levels of

<u>Finance & Resources</u>
– has overspent by £1.733m;

Customer & Communication
This service area will have a final budget variance of **£0.125m** under spend.

Most of this underspend was generated within the printing service as during the financial year there was more efficient use of printing devices.

OD&HR service’s budget is overspent by **£0.060m**. There were some staffing related cost pressures during the year but these were generally managed.

Governance

The budgets within the Governance service have an overall overspend of **£0.387m.** These are due to unrealised recharge income and corporate savings targets not being met. There is also a pressure in relation to the Library case and unbudgeted additional HB Law charges relating to the case. Staff vacancies in corporate procurement, committee services have assisted to contain the over spend.

Digital & Strategic IT
The final variance for Digital & Strategic Services is an underspend of **£0.012m.**

Corporate Resources
This service overspent by **£0.907m** for the current financial year. During the financial year there were some costs incurred across the organisation that have been picked up as a council cost. Bank and credit card services have been higher than budgeted as the council tries to encourage more use of online facilities. These costs will be offset by a reduction in cash handling elsewhere in the organisation. One off expenditure items such as bad debt write offs have also been incurred within this service centre. During the financial year these costs were accounted for and reported within the non service area heading which is showing an underspend.

Transactional Services
Transactional Services' (i.e. the arvato contract) year end outturn is an overspend of **£0.521m** as result of in- built contract savings not fully realised, the reduction in grant funding, two years' unfunded contract indexation, reduction in income from schools due to the conversion to academies and bank charges.

Corporate & Departmental Services
This service has a year end outturn of **£0.025m** overspend mainly in the housing benefits area; however this is an improved position due to the analysis of the housing benefits subsidies recoverable from the homelessness team.

Chief Executive
– has underspent by £0.759m; mainly due to additional recharges, savings within waste and cleansing and grounds maintenance due to staff vacancies, lower equipment and transport related

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Non-Service Areas
–shows an underspend due to additional income from business rates £1.557m and surplus Business Rates income from 2017/18 of £1m as a result of being part of the Berkshire wide pilot

5.2 Capital Expenditure

The Capital Programme for 2018/19 totalled £239m. The council achieved expenditure of £177m. There have been some major schemes built during the year.

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The final outturn for 2018-19 is as follows:

	18/19 Revised Budget £'000	18/19 Expenditure £'000	Variance £'000	Variance %
General Fund	216,337	157,580	58,757	27.2
HRA	22,463	19,849	2,614	11.6
Total	**239,800**	**177,429**	**61,371**	**25.7**

The main factors are highlighted in the table below:

Scheme	Slippage	Contribution to overall slippage	Comments
	£m	%	
James Elliman Homes	2.750	4.5	Officers were unable to source sufficient suitable properties in year to allow the full £25.950m budget to be spent.
LED Upgrade	2.150	3.5	SBC undertakes this scheme on behalf of other Berkshire Authorities
A332 Widening & Tuns Lane Transport Scheme	5.225	8.5	The roadworks were completed under budget
Strategic acquisition board	25.940	42.3	Insufficient projects identified
OLS Hotel	2.271	3.7	Change in payment profile for works
New HQ	7.591	12.4	Additional work required
Extra Care Housing	1.844	3	External providers unable to start work
Cemetery Extension	2.151	3.5	Land issues to be resolved
Leisure Projects	5.492	8.9	Completed under Budget
Total	**55.414**	**90.3**	

The schemes identified above account for 90.3% of all slippage on the entire capital programme (94.4% of the General Fund capital programme). If these schemes were excluded, the overall slippage would be 9.7% (5.6% on the General Fund capital programme).

5.3 Housing Revenue Account

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

31 March 2018 £000		31 March 2019 £000
	Expenditure	
10,160	Repairs & Maintenance	8,492
9,793	Supervision & Management	9,471
378	Rents, Rates, Taxes and other charges	223
11,812	Depreciation, impairments and revaluation losses of non-current assets	18,135
32,143	Total Expenditure	36,321
	Income	
(32,351)	Dwelling rents	(32,060)
(1,421)	Non-dwelling rents	(1,346)
(2,559)	Charges for services and facilities	(2,382)
(152)	Contributions towards Expenditure	(264)
(36,483)	Total Income	(36,052)
(4,340)	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	269
262	HRA Services Share of Corporate & Democratic Core	274
(4,078)	Net Expenditure of HRA Services	543
4,406	(Gains)/loss on sale of HRA Fixed Assets	6,703
5,073	Interest Payable and Similar Charges	5,489
(84)	HRA Interest and Investment Income	(71)
400	Net interest on the defined benefit liability/asset	175
5,717	(Surplus) or Deficit for Year on HRA Services	12,839

5.4 Balance sheet

The Balance Sheet shows 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. 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 if the assets are sold

01 April 2017 £000	Restated 31.3.18 £000		31 March 2019 £000
847,090	903,035	Property, Plant and Equipment	969,127
38,141	77,091	Investment Property	97,224
457	550	Intangible Assets	969
26,470	22,930	Long-Term Investments	25,788
9,320	8,161	Long-Term Debtors	32,487
921,478	1,011,767	Long Term Assets	1,125,595
24,053	18,808	Short-Term Investments	48,545
0	1,276	Assets Held for Sale	0
3	6	Inventories	1
34,346	47,835	Short-Term Debtors	35,996
19,800	9,900	Cash and Cash Equivalents	19,879
78,202	77,825	Current Assets	104,421
-67,559	-152,760	Short-Term Borrowing	-214,682
-39,710	-61,887	Short-Term Creditors	-56,595
-1,507	-2,447	Provisions	-4,266
-2,100	-2,100	Grants Receipts in Advance - Capital	0
-110,876	-219,194	Current Liabilities	-275,543
0	-8,462	Long-Term Creditors	-498
-223	-223	Provisions	-223
-170,370	-170,341	Long-Term Borrowing	-304,216
-312,944	-307,430	Other Long-Term Liabilities	-312,685
-483,537	-486,456	Long Term Liabilities	-617,622
405,267	383,942	Net Assets	336,851
-127,369	-103,832	Usable Reserves	-71,238
-277,898	-280,110	Unusable Reserves	-265,613
-405,267	-383,942	Total Reserves	-336,851

The net assets have reduced from £383.9m at 31.3.18 to £336.85m at 31.3.19.

5.5 Summary cash flow

There was a £9.98m increase in the council’s cash and cash equivalents (that is, investments that mature in no more than three days), increasing from £9.900m in 2017/18 to £19.880m in 2018/19. A summary cash flow can be found in the table below

Restated 2017/18 £000		2018/19 £000
71,525	Net (surplus) or deficit on the provision of services	106,986
(100,063)	Adjustment to surplus or deficit on the provision of services for noncash movements	(129,259)
31,393	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	25,159
2,855	**Net cash flows from operating activities**	**2,886**
89,052	Net cash flows from investing activities	177,789
(82,007)	Net cash flows from financing activities	(190,654)
9,900	**Net (increase) or decrease in cash and cash equivalents**	**(9,979)**
19,800	Cash and cash equivalents at the beginning of the reporting period	9,900
9,900	**Cash and cash equivalents at the end of the reporting period**	**19,879**

5.6 Pensions

The value of the council’s Pension Fund increased by £7.4m over the course of the year, rising from £265.9m to £273.4m. The tables overleaf summarises the major elements that comprise this net change.

Pensions Assets and Liabilities Recognised in the Balance Sheet

2017/18 LGPS £000		2018/19 LGPS £000
(496,297)	Present value of the defined obligation	(511,755)
230,377	Fair value of plan assets	238,403
(265,920)	Net (liability) / asset arising from the defined benefit obligation	(273,352)

Movement in the Value of Scheme Assets

2017/18 LGPS £000		2018/19 LGPS £000
224,452	Opening fair value of scheme assets	230,377
6,300	Interest income	5,960
	Re-measurement gain / (loss):	
1,083	- The return on plan assets, excluding the amount included in the net interest expense	3,220
0	Other gains / (losses)	0
8,896	Contributions from employer	9,645
2,468	Contributions from employees into the scheme	2,851
(12,822)	Benefits / transfers paid	(13,650)
230,377	Closing value of scheme assets	238,403

2017/18 LGPS £000	Movements in the Fair Value of Scheme Liabilities	2018/19 LGPS £000
(494,657)	Opening balance at 1 April	(496,297)
(14,155)	Current service cost	(15,551)
(13,956)	Interest cost	(12,638)
(2,468)	Contributions from scheme participants	(2,851)
	Re-measurement gains and losses:	
0	- Actuarial gains / (losses) from changes in demographic assumptions	28,937
19,681	- Actuarial gains / (losses) from changes in financial assumptions	(28,817)
(134)	- Other	0
(702)	Past service cost	(3,266)
12,822	Benefits / transfers paid	13,650
(2,728)	Liabilities extinguished on settlements	5,078
(496,297)	Balance as at 31 March	(511,755)

5.7 Overall Issues and the Way Forward

The Council has received two highly critical external audit reports with extensive criticism of the accounts and related matters which encompass seventeen recommendations and four statutory recommendations which the Council will respond to at a public meeting of the Full Council on the 20th May

The Council also has reported and agreed that it has very significant savings to deliver and identify for 2021/22 and 2022/23

There are a wide range of financial implications and practices to improve and further matters to identify

In addition the Council will face a review by the MHCLG covering among other matters assessments of financial management, management of risk, deliverability of savings plan, efficiency of service delivery, and many other elements

The Council has a considerable lack of skills and capacity in its financial services and fundamental weaknesses in its financial processes, monitoring, financial modelling, training and development, accounting, budgeting, treasury management, company governance etc

There would appear to have been a lack of a holistic approach to finance and financial reporting resulting in a lack of corporate awareness of the seriousness of the financial position

Action has begun to address this situation which is exemplified by the external auditors reports. In addition to the management actions in the audit findings report the plans of the Council are shown below in the order of the Statutory Recommendations

Closure of Accounts Process

The Council has identified many areas for improvement in its accounting processes and these with the high level actions to be undertaken are shown below

- leadership – this will be provided by the Associate Director of Finance/DS151 who has unparalleled experience at this level and in this area of work

- technical support and training – this will be covered as noted in the section below on the finance team and will include whole team and dedicated individual one to one training and ongoing

- project planning – a very detailed project plan will be drawn up for the 2019/20 onwards accounts by the Group Manager supported by the technical advisors, other local authorities and the leadership. This will be continuously monitored. The plan will be joined up with the auditors prepared by client list

- corporate support – a paper will be put to the Executive Board and Cabinet summarising the planned approach and seeking formal approval for this to be a corporate priority – actual work will be circa 95% undertaken by finance staff. It will in future years require service officer 24 hour turn around re any audit queries

- quality assurance – a three stage quality assurance process will be implemented from bought in support covering QA checklists, balance sheet templates, audit trail and covering:

  - preparation
  - technical review
  - sign off review

- standardised working papers ensuring quality is addressed in all places and a complete line by line review of all working papers and account balances as at 31/12/19 to provide a quality assured base from which to prepare the 2019/20 and onward accounts. This will be provided by the technical advisors and the Group Manager. Normally an end date of October would suffice, given current staffing issues up to a year is targeted but may change depending on the findings from the reviews

- a review of the accounts to streamline unnecessary waste

- process reviews to remove duplication and processes which do not add value. This will be led by each Group Manager

- once the above is there will be monthly balance sheet preparation, reviews and sign off

- whole team approach - the involvement of the whole finance service to bring greater resilience and resource to this key requirement.

- communication – the project plan will include regular and early communication to all stakeholders. This will be provided by the Group Manager

- technical standards – the QA process will ensure the highest standard of technical proficiency

- interim audits – in future from 2022/23 half year hard close and interim audits will be actioned.

Benefits of the approach

Accounts Specific

The accounts are a statutory requirement with certain legal deadlines. They also form one of the bases for budgeting, strategic financial decision making, stakeholder information, certain borrowing approvals and evidence of financial stewardship among other matters

The time taken to publish the Annual Accounts determines the relevance of information and the pace at which behaviours can be influenced in the new financial year. A faster publication of the AA will enable management information earlier in the year to influence strategic decision making.

Publishing earlier also provides citizens and other key stakeholders with key performance information on a timelier basis, providing a rich source of information outlining how the Council is performing.

Whole service/Council benefits

The changes in approach required also provide an opportunity to improve financial management practices and quality across the finance function, driving the finance transformation agenda:

- efficiency and effectiveness are improved as finance staff are able to turn their focus to the new year sooner than would otherwise be the case
- treating the accounts in isolation from the budget does not develop holistic financial management either in the finance service or the Council as a whole and runs the risk of matters from one impacting on the other being missed or left too late to take positive action
- working to such standards enhances the project management skills of staff involved in the process
- it also broadens their technical understanding and awareness and provides them with a rounded view of financial matters which enhances the service they provide to the Government
- it focuses attention on continuous review and improvement
- staff experience, motivation and career development is enhanced
- an early and quality assured programme builds capacity to address issues in a timely manner should they arise and provides an extensive contingency should this be needed
- it sets a standard of quality, aspiration and timeliness which is then applied to other financial work
- it shifts focus from the past to the future – finance staff can add greater value to strategic decision-making

- it is an indicator of efficiency and effective financial management
- it improves accountability and transparency – results available quicker to scrutinise
- it sets ambitious goals, builds belief in staff, celebrates success
- it raises quality – focus on quality assurance
- it provides service and Council reputational benefits
- promotes continuous improvement – consistency, processes, goals, innovation, transformation – pace drives change
- culture – encourages a “can do” attitude, supports collaboration, develops holistic financial management as well as greater experience, skills and knowledge across the team

Finance Transformation

In addition to the benefits the finance service will gain from the above work to further address the issue of the skills and capacity of the finance service a two part approach is being followed – in the first instance additional temporary skilled financial resources which will allow the Council to address the matters noted above. These highly skilled specialist officers will be supplemented by temporary appointments to the finance team to fill skills and capacity gaps in the structure and address the current issues

In the longer term the following will be undertaken to ensure that the Council develops a quality fully functioning finance and commercial team:

- review of the team’s structure and related matters
- development and implementation of a comprehensive training and development programme
- planning for succession arrangements, productivity improvements, culture change
- implementation of high quality processes and quality assurance throughout the service
- introduction of a range of financial and commercial standards

Reserves

The Council has begun a robust process for continued review of its base budgets including savings proposals, pressures, mitigations, monitoring etc. This will all lead into an improved MTFS that will contain full detailed savings proposals backed up by appropriate plans and working papers. All savings will be allocated to a named department, officer and Member and all will be subject to continuous review by the finance service reporting into the Executive Board and Members

As a consequence of this work and as part of the budget process a risk analysis will be completed to inform by how much the reserves should be built up over the coming 5 years. This will lead to an increase in the savings target to finance the necessary increase in reserves which will be formalised as noted during the budget process

Group Entities

The Council has begun reviews of its management of third party organisations and will be implementing a series of changes which will include among other matters appointing Senior Responsible Officers to ensure that companies meet their objectives, putting in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc. This will include a clear separation of all financial transactions, a review of Council officers on all boards, a review of all financial performance information and actions for all boards and identification of any risks the Council is facing

6. **Comments of Other Committees**

Full Council will consider the auditors statutory recommendations on the 20th May

7. **Conclusion**

This report will provide a starting point for a greatly enhanced financial service, quality financial management, better stakeholder engagement and allow the Council to meet its statutory duties

8. **Appendices Attached**

'A' - Slough Council 2018/19 accounts

9. **Background Papers**

'1' - Grant Thornton audit findings report and management response 2018/19

'2' - Grant Thornton Statutory Recommendations and management response

Slough Borough Council

Statement of Accounts for the year 2018/19

Contents

Annual Governance Statement 2018/19

Slough Borough Council like every other local authority is required to review their governance arrangements at least once a year. The preparation and publication of an **Annual Governance Statement, (AGS),** in accordance with the principles set out in the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (The Framework) fulfils this requirement.

The Framework requires local authorities to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations
- Public money is safeguarded and properly accounted for
- Resources are used economically

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs and ensure that the responsibilities listed above are met.

Key Elements of The Council's Governance Framework

Council, Cabinet and Leader

- Give Leadership
- Set Policy
- Support of Slough's communities

The Council operates a "Leader and Executive (England)" model of governance under the Local Government Act 2000.

The council currently consists of 42 elected members of the council (councillors). The Mayor chairs council meetings. The council constitution sets out how the council operates.

The council is given direction by the leader of the council. The cabinet (the council's executive committee) consists of the Leader elected by the council and the other Lead Members.

The Leader and Lead Members in the cabinet meet prior to each cabinet meeting to discuss the agenda items and the cabinet also meets with the Chief Executive and Directors and Officers to discuss a forward programme for the cabinet.

Reports prepared for cabinet and council require prior consideration by the Council's Management Team (CMT), the Section 151 officer and legal services Officers.

The cabinet structure covers different portfolio areas, each one led by an elected councillor / Lead Member. The Cabinet monitor the Council's performance by receiving quarterly performance management reports prepared by the Council's Project Management Office (PMO). The PMO track and report on performance on all the Council's major projects and a member of the PMO sits on the Council's Risk and Audit Board. The cabinet provides political and community leadership and makes many of the day to day decisions on service provision. The council still retains responsibility for setting the policy and financial framework and revenue and capital budgets

Decision Making

- Council meetings
- Recording of decisions

Article 13 of the Council's current Constitution details the decision making process

http://www.slough.gov.uk/moderngov/ieListDocuments.aspx

Risk Management

- Strategic and Operational Risks
- Where are key risks considered

Slough Borough Council (the Council) currently maintains a Corporate Risk Register; and one for each of the Directorates

The risk registers are a management tool utilised to provide a snap shot of the key risks that the Council faces and how they are managed.

Effective risk management assists in achieving the Council's priority outcomes and helps to optimise the quality and efficiency of its service delivery.

The achievement of the Council's priority outcomes is underpinned by the effectiveness of the controls identified to mitigate the principal risks which could affect the outcomes.

Scrutiny and review

- Scrutiny committees
- Audit and Risk Committee
- Budget Monitoring reports to Committee

Details of attendance can be found at
http://www.slough.gov.uk/moderngov/mgUserAttendanceSummary.aspx

Corporate Management Team

- Josie Wragg is **Chief Executive**, (Head of Paid Service), responsible for all staff, and leading an effective management team;
- Neil Wilcox is the Director of Finance and Resources is the Council's **S.151 Officer** and is responsible for safeguarding the Council's finances;
- **The Monitoring Officer** is Hugh Peart and he is responsible for ensuring decisions made by the Council are legal, and are made in an open and transparent way.

CIPFA/SoLACE Framework Delivering Good Governance in Local Government

This guidance is recognised as the proper practices referred to in the Accounts and audit regulations that we must follow and sets out sever core principals of good governance

These seven principals are:

Two overarching principles for good governance

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

B. Ensuring openness and comprehensive stakeholder engagement

and 5 principles of good governance

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

D. Determining the interventions necessary to optimise the achievement of intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

F. Managing risks and performance through robust internal control and strong public financial management

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Set out below is how the Council has complied with the seven principals set out in The Framework.

Principle A

- ***Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law***

The Council has a Constitution that is updated annually – The Constitution can be found on the Council's website The Constitution is updated annually. The updates are agreed by Full Council after being through a consultation process that involves; Member Panel; Audit and Corporate Governance committee and input from the Monitoring Officer.

At part 5 of the Constitution is the Ethical Framework. The Ethical Framework contains

- Councillors Code of Conduct
  - ➢ Sets out the conduct expected of it's Councillors
- Local Code of Conduct for Councillors and Officer with regard to Planning and Licencing matters
  - ➢ Do's and Dont's for Councillors and Officers when dealing with Planning and licencing matters
- Local Code of Conduct for Employees
  - ➢ Sets out the standards of behaviour Slough Borough Council expects of its staff, is incorporated in Contracts of Employment and meets the recommendations set out in the Nolan Committee's – Standards In Public Life
- Local Code governing relationships between elected Members and employees
  - ➢ Describes the roles of elected Members and employees and help all those concerned to understand the relationship between Officer and Members
- Confidential Whistleblowing code
  - ➢ Intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem or raising the problem outside the Council.
- Monitoring officer Protocol
  - ➢ Provides information on the monitoring Officer role and how those duties are discharged within Slough borough Council

- Anti-Fraud and Corruption Strategy and policy
  - List of individual policies and strategies to counter fraud and corruption
- Sanctions Policy
  - Sets out the council policy of zero tolerance toward fraud and commits the Council to use the full range on sanctions against anyone who is found to have committed fraud against the council
- Joint Protocol of External Auditor regarding the legality of transactions
  - Details the arrangements for those instances where individual officers and/or members of the Authority, seek the views of the Appointed Auditor on the legality of transactions; and where the public refer questions or enquiries to the Appointed Auditor.
- Policy Statement on Corporate Governance
  - Looks at the Council's vision and priorities and ensures that these are delivered in line with the Nolan Committee's Seven Principles in Public Life
- Guidance on Housing and council Tax Benefit
  - For Officers and members involved in Housing and Council Tax benefit work

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Principle B

- ***Ensuring openness and comprehensive stakeholder engagement***

All meetings are open to the public and agenda, reports and decisions are published on the council's website, and the Council consults with the public on a wide range of topics. Active consultations can be found at https://www.slough.gov.uk/council/consultation/ .

The public can also raise concerns by using the Petition scheme, the details of which are contained within Part 2 the Constitution

Citizen is the council's publication for residents which is delivered to homes in the borough. It gives residents information and news about the council, its priorities and work. Citizen can also be read on-line at https://citizen.slough.gov.uk/february-2019/latest-news/welcome

The Council issues disseminates information and connects with stakeholders via Twitter @SloughCouncil and Facebook

Principle C

- ***Defining outcomes in terms of sustainable economic, social and environmental benefits***

The 5 Year Plan is published every year and sets out

- The Council's vision
- The Council's priority outcomes
- the role of the council in making this happen

The 2018-2023 5 Year Plan also detailed the Council's five values these are:

- Responsive
- Accountable
- Innovative
- Ambitious
- Empowering

These values are used to drive our behaviours and how we work. We will recruit and manage people by checking how they perform against these

This 5 Year Plan defined the 5, (reduced from 8), priority outcomes. The table below shows the priority outcome and a summary of the progress made towards those outcomes

Priority Outcome	Progress Made
Slough Children will grow up to be happy, healthy and successful.	• Section 175 (safeguarding in schools) audit 2018/19 has been rolled out, with schools required to demonstrate they have the necessary arrangements in place to ensure that their functions are carried out with a view to safeguarding and promoting the welfare of children. The corporate children's safeguarding (section 11) group has produced its own Child Protection Policy/Statement that cross-references the Pan-Berkshire Local Safeguarding Children's Board Policy to which SBC subscribes. • Worked with Slough Children's Services Trust to secure a rating of 'Requires Improvement to be Good" from Ofsted. This is the first time in 8 years and 3 previous inspections that Ofsted have found that vulnerable children are safe and children's services are not inadequate. • The refreshed LA School Effectiveness Strategy was implemented in September 2018 with emphasis on schools self-evaluating risks and asking schools to identify their areas of effective practice and evaluate their capacity to offer school to school support. This has meant the Slough School Improvement Board (SSIB) has been able to have a more effective overview of the school system and facilitate support where needed and allowed for greater transparency in school improvement across Slough. Supporting all schools to become good or better will be to the benefit of the children and young people attending Slough schools. • Actively worked in partnership with Slough Children's Services Trust to establish the Early Help Hub which is ensuring speedy and effective support for families to prevent statutory intervention. A revised Slough Multi Agency early Help Strategy was published in December 2018 • Work has continued in partnership with children, young people, families, social care, health and providers in establishing appropriate provision that can meet the needs of the children and young people in Slough with SEN. This includes improved support offered to Early Years settings, schools and post 16 providers with training and development opportunities to ensure that providers are able to meet the needs of children and young people to ensure they are able to meet their full potential.

Priority Outcome	Progress Made
Our People will be healthier and manage their own care needs.	• In the latest results (published in March 2019), one in three residents locally in Slough (35.9%) compared to one in four nationally (25.1%) were reported as not participating in at least 30 mins of sport at moderate intensity at least once a week. The latest data indicates an increase in activity in Slough of 0.9%. With only two full years of data it is too early to meaningfully review trends over time. The council is working actively to make it easier for residents to participate in more physical activity. The Active Slough programme now offers over 100 sessions a week to people of all ages and abilities. • All of the new leisure facilities are open with The Centre opening its doors to the public on 25th March 2019. Attendance and new memberships have exceeded targets to date, set by Everyone Active, the operator. A network of 21 green gyms are being well used by the community, with two sites hosting the 'Big Community Workout' initiative. Five new gyms will be installed in May 2019. • Adult Social Care have been undertaking reviews of all commissioned care packages and encouraging our clients and their carers to take up the option of using a direct payment to purchase personal assistants or services to meet their assessed support needs. We have exceeded our target of facilitating a 25% increase in direct payments by March 2019, with 536 carers and service opting to take up this method of purchasing care as at the end of the financial year. • NHS Health Check activity has not been as positive as aimed for so we have been completing a deep dive to understand the issues better. In addition, a large scale Health Beliefs research project is currently underway (reporting by Jul 19) to understand what Slough people make of their health and attitudes to various Public Health services including NHS HCs. Public Health continues to work with Slough GP Members on how to improve coverage within their own practices and as part of the new Primary Care Networks.

Priority Outcome	Progress Made
(cont'd)	• Longer term, Public Health have initiated new work on a Local Action Plan for Immunisations to improve the uptake in children and older adults in particular. Regulatory services including public protection and prevention activities such as tobacco control, 'Scams' wellbeing initiative and 'Concern cards' to flag safeguarding concerns. • During 2018/18 - 49 victims of mass marketing scams have been visited. Each one of these victims have been offered further support including a home fire safety inspection, opting into mail and telephone preference services and also directed to many providers of further support to vulnerable people. Referrals have been made to adult social care where necessary. • Trading Standards took part in national rogue trader day. This resulted in identifying several potential victims of doorstep crime including one vulnerable individual who had given over £10000+ for very shoddy and unnecessary work. • Trading standards took part in 2 tobacco operations supported by specially trained tobacco dogs. These resulted in 14 visits, which resulted in 2 premises being identified where illicit tobacco was found with a retail value of approximately £15000. Both traders are currently subject to a criminal investigation. • Trading standards carried out 7 visits to premises and used underage volunteers to see if they sold alcohol. In total 4 premises out of the 7 sold alcohol. Those traders are currently subject to a criminal investigation. • Safe Place Scheme is growing, with the Ice Rink, Activity Centre and the Centre are signed up and are displaying the sticker.

Priority Outcome	Progress Made
(cont'd)	• Over 1100 existing licensed drivers and operators, new applicants and home to school transport staff have undergone in-house Safeguarding Awareness training. • Mental health services including Community asset-based community approach to developing further preventative and wellbeing approaches. • Public Health's other services including stop smoking, healthy eating and social prescribing. • Adult Social Care establishing a co-production network to more effectively engage with local people in the commissioning and shaping support and care.
Slough will be an attractive place where people chose to live, work and stay.	• Clearance of Curry's Yard and other 'grey' areas completed. • Successful initiative to improve food hygiene rating scores in town centre food businesses completed. Of the 14 premises that were included in the project 64% improved their FHR score, 50% are now 'broadly complaint' FHR 3 or above with. 33% are now rated at a 4 and 11% achieving a FHR 5. • Successful funding bid for 'pocket park' due for completion on share site at Paradise Gardens between the church and The Curve. Extensive outreach work with rough sleepers in partnership with the voluntary sector. • Town centre user's survey completed, and a residents group established. • Funding received for Town Centre Community Clean Up. • Application for Purple Flag Status progressing with detailed action plan.

Priority Outcome	Progress Made
(cont'd)	• The parks service work with a range of community groups to engage local residents in the design and maintenance of their parks. We have planted over a million bulbs throughout the parks and open spaces in Slough. • 200 trees have been planted throughout the parks and open spaces. Tulip trees have been planted in Upton Court Park to replace the diseased horse chestnuts and additional bulbs have been planted down the avenue. • A large-scale Residents survey was initiated in the autumn 2018, following the same methodology used in a survey conducted in 2008. • Headline results from more than 1,700 responses were received in March 2019. • Initial headlines were presented to CMT and at Talk About. Detailed analysis is now taking place with communications and strategy to inform service leads of relevant data and insight gathered. The full report and headlines will be presented at lead members and directors in the new municipal year. • Building on the success of work undertaken in Manor Park this initiative is now in planning stages of being rolled out to the following three areas: ▪ Trelawny Avenue ▪ Foxborough (Social Housing) ▪ Chalvey • Following various discussion, the initiative is being extended and will include key partner agencies and will be known as strong, healthy and attractive communities. This allows us to seamlessly connect the work streams of the 5YP outcome 2 and outcome 3. In addition, we will also be taking in to account economic prosperity as this plays a key role in the health and wellbeing within communities. • A meeting to ensure all relevant SBC services are on the same page takes place on 9th January and this will be followed by meetings with partners and then soft launces in the identified communities.

Priority Outcome	Progress Made
(cont'd)	Papers have been presented to Scrutiny and the Peoples Board on next steps due in Q1 2019. • Two workshops have been held on developing the Slough Brand and The Council adopted the Low Emission Strategy on 27th September 2018. The strategy sets out 19 objectives to improve air quality. • We have been working with partners to improve our natural environment with for example: The River Scheme with WW, commissioning a green infrastructure assessment to help inform the local plan, the Mayors 500 trees and the Parks and Open Spaces Team are planting over 100 trees, restoring the Salt Hill Rose gardens, planting a new herbaceous border and many other developments. Managing the impact of developments and infrastructure is actively shared between O3 and O5. The O3 lead attends the Town Centre Regeneration Group. • Work has started on reviewing the Council's Public Realm Strategy.
Our residents will live in good quality homes	• The number of homeless prevention cases (this is where homelessness is prevented before moving them into temporary accommodation and accepting a homeless duty to them) has increased this year. The target for 2018/19 to prevent homelessness was 150 and has reached 205 for the year. • Current work around prevention, increased offers to homeless households has seen homeless numbers in temporary accommodation fall to 409 at the end of March 2019. • A Selective and Additional Licensing Scheme for Houses in Multiple Occupation was agreed in Cabinet in March 2019. • After the changes to the Allocations Scheme, which offered £2k per room (given up), there have been 25 moves resulting in 40 rooms being released.
Slough will attract, retain and grow	• Work completed on Burnham Station improvements including new car park. • Farnham Road: Peak time tidal flow system being evaluated at the junction between Whitby Road and Pitts Road.

Priority Outcome	Progress Made
businesses and investment to provide opportunities for our residents	This work will commence when Chalvey work has completed to release capacity and resource in the team. • Gateway design for junction 5 commissioned. Consultants appointed, design work underway. Completion deadline March 2020 • Continuing to support at officer level HSPG to contribute to Masterplan Assembly options. Bi-lateral meetings continuing on Slough specific issues. An Economy subgroup has been formed with SBC representation • Bid submitted to HAL circa £1m to improve bus, cycle and pedestrian links in the Colnbrook area. Secured £0.5m, remainder still under negotiation within principle approvals. • Poyle Business Forum established. Discussions for the wider Master planning of Poyle area underway with SEGRO and HAL. • On-going discussions with Net Rail/DfT and GWR on land acquisition for TVU

Principle D

- ***Determining the interventions necessary to optimise the achievement of intended outcomes***

Programme Management Office (PMO) work – The PMO provides Project Management and Project Support to ensure a consistent and coordinated approach to delivery of the Five Year Plan. This includes the Project Management of projects that are considered a priority by CMT and Cabinet. The PMO's work includes:

- Project Portfolio Management - Portfolio reported monthly, and recently reviewed to ensure reporting meets CMT requirements
- Project Management - Project Management of key projects and Transformation Projects
- Assurance that the Council's Project Management Methodology is being followed consistently

Transformation programme – The transformation programme is about how we should organise ourselves efficiently to ensure our residents and customers get the best services we can afford. The programme will define the future operating model for the council – and potentially our key partners.

The transformation programme is driven by a key vision and a series of principles, each of which has key outcomes. The principles will guide our work and help define the programme of change and specific projects to bring it about.

4 Transformation Boards have been set up to deliver the Transformation programme. These are:

- Accommodation and assets;
- People;
- Technology;
- Performance.

Each of these boards is chaired by a Strategic Director with a Transformation Programme Board responsible for monitoring the progress of the Transformation programme.

A Business Case to implement the Transformation Programme and deliver a new Operating Model for the Council was approved by Cabinet on 15 April 2019. Governance of the Programme will be reviewed as required to ensure effective oversight.

Local Government Association Corporate Peer Challenge

In February 2019 the Local Government Association undertook a Corporate Peer Challenge.

The focus of the Corporate Peer Challenge was on the following areas:

- understanding of the local place and priority setting
- leadership of place
- financial planning and viability
- organisational leadership and governance
- capacity to deliver

The final report from the LGA will include a number of recommendations and the Council's response to these in the form of an Action Plan will be published early in 2019/20.

The initial findings are set out below:

Positives	Key recommendations
Recent leadership stability welcomed by all	Establish a stronger sense of where the Council wants to get to.
Lots of ambition and energy	Develop and deliver this vision which identifies what the future looks like for all parts of the community – for place and people
Lots of goodwill	Consider and articulate what a 21st Century council will look like for slough to build unity around a common purpose
Strong asset base and economy	Establish a more fundamental equilibrium between the Council's ambition for people and place, and communicate this.
Slough is great in a crisis	Progress the emerging transformation agenda and invest more time in rooting this in culture change.
Leadership speaks compellingly about the future of Slough	Develop governance from "basic control" to good

Principle E

- ***Developing the entity's capacity, including the capability of its leadership and the individuals within it***

In October 2018 the Council appointed Josie Wragg as permanent Chief Executive

There is an appraisal system that covers all officers that identified appropriate and targeted training. There is also a Recruitment and Selection Policy and Procedure that was updated in 2018 and this is available to all staff on the Council's intranet.

A full training programme for new and existing members continued to be delivered during 2018/19 to support the vision of the council. This training included training/briefings regarding:

- GDPR.
- Safeguarding Adults
- The Overview and Scrutiny process
- Crime & Disorder
- Charing skills for Chairs and Vice Chairs
- Acting as a Trustee for New sub-Committee
- Equalities, Human Rights and Cohesion

In 2018 the council launched the Slough Academy. The Slough Academy is the Council's new approach to growing and developing our staff to help build a stable and successful workforce that will serve our residents in the best possible way.

There are policies and procedures in place to ensure that Members and staff are protected against conflicts of interests

- **Council subsidiaries and other entities**

The Council is an equal partner with a private sector developer in Slough Urban Renewal (LLP), a Local Asset Backed Vehicle (LABV), which is incorporated as a limited liability partnership, for regeneration projects within the Council's area. Through this partnership the Council has developed a new cultural centre and library in the town, new leisure facilities, modernised school buildings and carried out new housing developments. The Council is also in the process of constructing a new hotel development within the town through this LABV and plans are underway to develop the site of the former Thames Valley University into a major mixed use development. This partnership was competitively procured under OJEU arrangements. The rolling 5 year business plan of the LABV is approved by the Council annually.

The Council has also incorporated two housing subsidiary companies, James Elliman Homes Limited, which provides homes for letting at affordable rents for persons not able to access housing at market rent and Herschel Homes Limited, which is intended to develop new homes for letting at market rents. Both companies are wholly owned by the Council and are local authority controlled companies within the Local authorities (Companies) Order 1995. The directors are appointed by the Council who operate under the terms of appointment agreements with the Council and within the scope of shareholder agreements between the companies and the Council.

The Council has also incorporated a new asset management company, Slough Asset Management Limited, which is also wholly owned by the Council and a local authority controlled company. This is intended to be used as a vehicle for holding strategic investment properties acquired by the Council as part of its investment strategy. This company is controlled by the Council's Strategic Acquisitions Board (SAB) comprising of Leader Members, the Section 151 Officer and specialist asset management officers to manage the council's portfolio of investment properties as part of its investment strategy

The Council is also the holder of the entire issued share capital of Ground Rent Estates 5 Limited, a company incorporated under the Companies Acts under number 05997934. This company is the owner of Nova House, a private residential block of flats within the town with serious fire risk deficiencies. The company was acquired by the Council for a nominal sum in order to enable the Council to address these deficiencies in the most effective way having regard to its statutory duties as a regulator of private housing in its area.

The Council's children's services are provided on behalf of the Council by Slough Children's Services Trust, a company limited by guarantee incorporated pursuant to ministerial order. The service is provided under a service provision agreement lasting until 2021. The services provision agreement is due for review in 2019/20 and the Council will be conducting an options appraisal for future provision of these services. The children's service now has an OFSTED rating of "requires improvement to be Good".

The Council's customer services, IT services and revenues and benefits services are provided under a major contract with an outsourced provider, Arvato Public Sector Services Limited. The Council have exercised an early termination provision within the contract in order to promote its transformation plans and will be bringing the provision of those services back in house with effect from 1 November 2019.

The Council's housing stock is maintained, improved and developed under a major outsourced contract with Osborne for a 7 year term which commenced on 1 December 2017.

The Council commissions a range of services from organisations in the voluntary and community sector. These are primarily provided through a voluntary service contract with Slough Prevention Alliance Community Engagement (SPACE) a consortium of voluntary and community organisations.

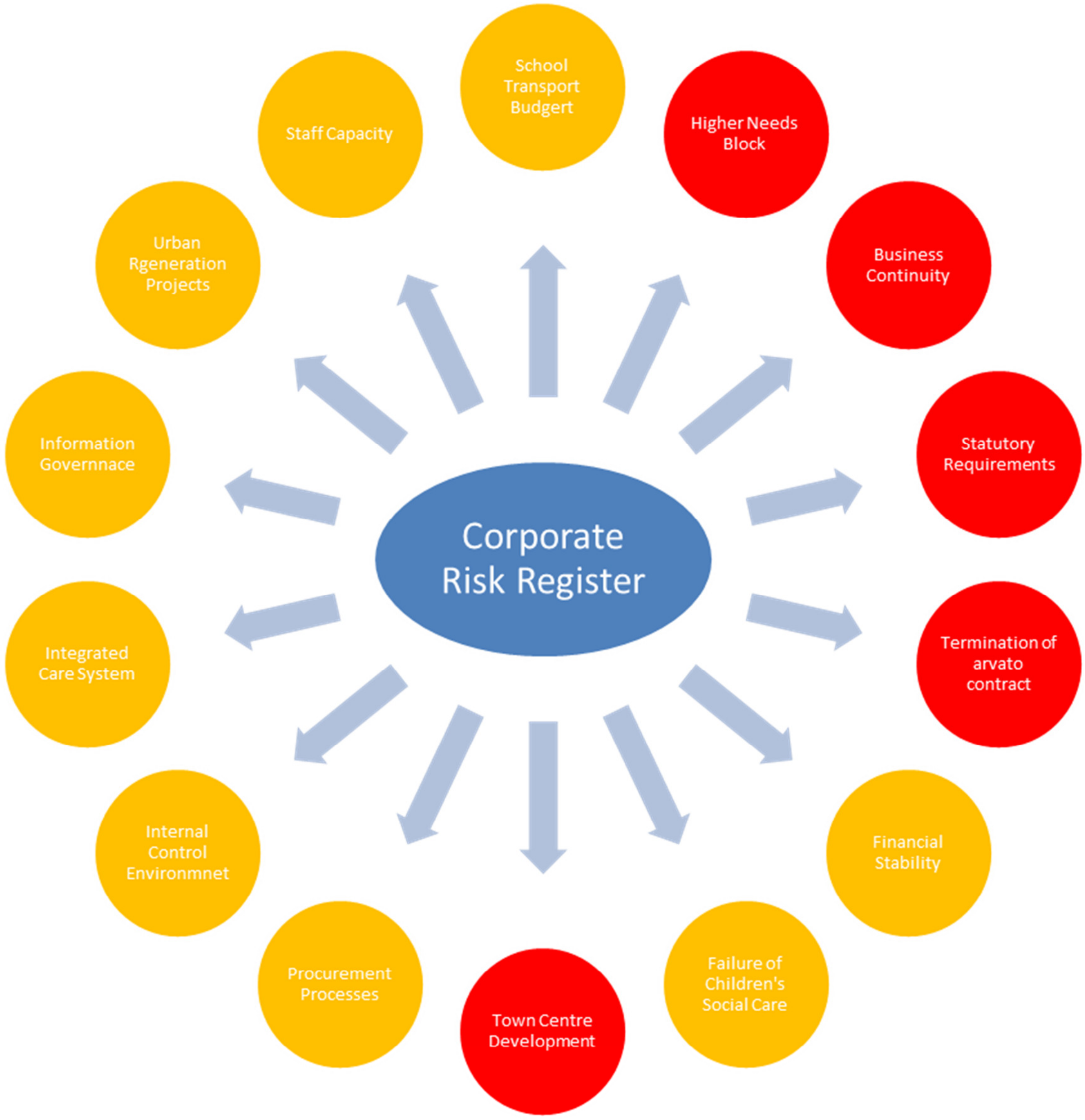
The Council is also a major partner in the Frimley Health and Care System involving the NHS, local authorities and Clinical Commissioning Groups providing integrated care and health services across 750,000 residents.

Principle F

- *Managing Risk and Performance*

The Council's Risk Management Strategy sets out the Councils approach to identifying; prioritising and controlling risks. There is a Corporate Risk Register and individual Risk registers for each Directorate. Corporate Risks are reviewed by the Risk Management Board – chaired by the Section 151 Officer on a monthly basis and it is expected that Directorate risk registers are reviewed on a monthly basis.

The figure below shows the current risks that are on the Corporate Risk Register and the residual risk rating



Cabinet receives reports that have been to various other Boards and committees these include:

- The Corporate Balance Scorecard together with progress on the council's major projects is reported to Cabinet and to Overview and Scrutiny Committee on a quarterly basis. This report also provides data on the progress made against election pledges.
- The Statutory Equalities Report that includes the Gender Pay Gap report.
- The Capital and Revenue monitoring report

Principle G

- *Implementing good practices and transparency reporting, and accountability*

Improvements

The 2017/18 Annual Governance Statement identified various areas for improvement

Issues Reported in 2017/18	2018/19 Action taken	Is this still an Issue for 2019/20
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	The Council's Children's Services have in recent years been provided under independent trust arrangements mandated by ministerial order following findings of inadequacy following past inspections. The last inspection has found considerable improvements such that the service has progressed to "requires improvement to be good". The Council will now be moving to consider options for the future of the service. The Council have also completed a complete review of its children's safeguarding arrangements. There is now in place a grouping of service leads from all areas with safeguarding responsibilities which meets regularly to ensure that safeguarding arrangements are robust. The findings of this group are regularly considered by the Council's Management Team.	Yes but considerable improvements have been made and robust arrangements put in place.
Contract Management	The Council have now completed the re-procurement of all of its major long term contracts covering maintenance of its housing stock, highways and public realm and management of its corporate buildings portfolio and it has brought back in house its environmental services functions. A corollary of this has been better contracts and arrangements which address the deficiencies of past procurements. The Council has also taken steps to effect early termination of its major revenues and benefits, customer services and ICT services contract to bring these services back in house. The Council has started to embark on developing a commercialisation strategy to improve the Council's business acumen and obtain	Yes but action is being taken to address this issue

Issues Reported in 2017/18	2018/19 Action taken	Is this still an Issue for 2019/20
	better value. Part of this strategy will be to consider improving the quality of the Council's contract management proficiencies. It is intended that these activities will be overseen by a committee of the Council's cabinet.	
Continued Economic Instability and Turbulence at a national level	Failure to deliver a balanced budget remains on the Corporate risk Register for 2018/19. The Council is acute to the potential for economic instability and turbulence at a national level, exacerbated by the uncertainties of Brexit. The Council participates in national and regional planning arrangements and it monitors the changing situation and the Council's preparedness to deal with contingencies at weekly meetings of the Council Management Team. The Council has Medium Term Financial Strategy and a Treasury Management strategy in place which are reviewed regularly. The Council is on plan to deliver balanced budgets over the next three years.	Yes, but it is being monitored and managed.
Managing a mixed economy workforce.	The Council now has in place an Enterprise Resource Planning system, Agresso, which is beginning to yield more reliable and robust data to serve as a management tool to enable the Council's Management Team to address such matters as gender pay gap reporting and produce strategies to address such matters.	Yes but improvements are being made.
Partnership and Governance Arrangements	The Council's major Partnership arrangement is the LABV which is the delivery vehicle for the Town's major regeneration projects. The governance arrangements are set out in a formal partnership agreement. Due to the scale and importance of this arrangement, however, as part of the Council's internal audit plan, the internal auditors are in the process of carrying out an audit of the working of these arrangements the outcome of which will be reviewed by the Council's Management Team.	Yes and an internal auditor's audit is underway.

Issues Reported in 2017/18	2018/19 Action taken	Is this still an Issue for 2019/20
Procurement	This continues to be an area requiring improvement. Internal Auditors' recommendations are being progressively implemented and external support has been commissioned to revise the Council's Procurement Strategy and Procurement Operating Procedures, Arrangements are also in progress to revise the Council's Contract Procedure Rules to update and simply the rules and to make them more effective	Yes but arrangements are being put into place to effect improvements.
Schools Environment	In 2018/19 Slough children and young people have achieved excellent results and are out-performing both national averages and statistical neighbours. The Council are continuing an ambitious multi-million pound investment in school building. The Council continue to make improvements in internal controls and have worked with schools to help them adopt best practice in in safeguarding and keeping children and young people safe.	No.
Business Continuity	The Council has engaged external resources to support the Council's Business Continuity and Response Manager. Business Impact Analyses for service areas have mostly been completed and will be followed up by detailed Business Recovery Plans for all areas to provide robust arrangements to secure business continuity following any disruptive events.	Yes but arrangements are in place to ensure business continuity in the event of contingencies.
Voids Management	The Council have now entered into a new long term contract with Osborne for the management and development of its housing stock and this is now underway. The procurement specifically sought to deal with this issue and it's now being managed by the new contractor.	Yes but it is improving.

Issues Reported in 2017/18	2018/19 Action taken	Is this still an Issue for 2019/20
Health and Safety	The major focus of the Council has been the compliance of its housing stock, corporate buildings and buildings owned by third parties which are used to accommodate Council clients and customers with Health & safety standards with respect to such matters as legionella, asbestos and fire safety. A dedicated team has been and is continuing to work through examining this portfolio for compliance on these issues to enable the Council's management team to obtain assurance in this area.	Yes but progress is being made.
Adult Safeguarding	The Council is now working more effectively to promote the safety of Slough residents. This means safeguarding adults from abuse, neglect and criminal activities including exploitation. The Council's work is informed by local intelligence, national research and experience. Partners have worked together to approach the current and emerging challenges to the safety of residents. As a result of negotiation and engagement of partner agencies during 2018/19 the Council are developing a framework to support partners to work together to promote the safety of Slough residents.	No
Implementation of previous Internal Audit actions	The Council have progressed further with their process of recommendation tracking to ensure that recommendations made by Internal Auditors are implemented. The recommendations are discussed at Directorate Management meetings monitored at monthly meetings of the Council's Risk and Audit Board. The progress is reported quarterly to the Audit and Corporate Governance Committee. The robustness of the implementation of audit recommendations has continued to improve	Yes but improvement is progressing.

2017/18 External Audit Recommendations

The 2017/18 External Audit Report identified some significant deficiencies. These are listed below:

Issue	Management Response
Quality of Working Papers	This is underway, areas and specific working papers that need further improvement have been identified. Additional support and training will be provided to individuals, with more emphasis on ensuring working papers are sufficient to provide more relevant information. **Progress:** Additional external support was engaged during the year to work through improvements with finance staff on working paper requirements.
Critical review of the draft financial statements	Processes are being put in place to ensure that a more rigorous review is undertaken before the draft set of accounts are given to the auditors. Issues previously identified will be addressed and are unlikely to occur again. **Progress:** Management have engaged one of their existing external advisors to undertake an overall review of the draft accounts prior to completion.
Mapping of debtors and creditors	Debtors and creditors are already in the process of being looked at. A review of the mapping used to create the working papers and the mapping to create the links into the Annual Statement is currently underway. **Progress:** This is ongoing, however changes to the accounting note requirements will make this process easier.

Issue	Management Response
Bank reconciliations	Bank reconciliations are already in the process of being looked at. New processes are being instigated to ensure that reconciliations are more appropriate and support the working papers clearer. **Progress:** The main bank account reconciliations process has been reviewed and updated during the year to make it clearer. Significant work has been undertaken to clear historic balances, which remains ongoing.
Maintenance of the fixed asset register	Steps have already been taken and a full and complete review of the Fixed Asset register is underway, which has incorporated both Asset Management and Cipfa Fixed Asset team. Further discussions have already been held with our valuers to ensure that lessons learnt from this audit can be implemented. **Progress:** Further discussions have already been held with our valuers to ensure that lessons learnt from this audit can be implemented.
Password Security	Plans already scheduled to implement in conjunction with Milestone 7 upgrade in January 2019.
User Access	This issue has now been implemented
Review of source data provided to the valuers	A robust review to be carried out on information provided to the valuer, as part of valuation instructions, to ensure that source data on land and buildings is as accurate and complete.

Review of Effectiveness

Internal Audit

The Council uses a number of ways to review the effectiveness of the governance arrangements. One of the key statements is the annual report and the opinion of the Head of internal audit. During 2018/19 the Head of Internal Audit has issued 33 assurance reports of which 23 (70%), were deemed a "positive assurance". Of the 8 that received a negative assurance two areas were provided with "no assurance". These were:

- Council Buy Backs, and
- Debtors

The other six areas that received negative assurance were:

- Contract Procedural Rules
- Temporary Accommodation Strategy
- School Reviews – Claycots
- Health & Safety
- Conflicts of interest
- Creditors

The Head of internal Audit's opinion for 2018/19 is ***"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".***

External Audit

Grant Thornton are currently undertaking the statutory audit of the 2018/19 statement of accounts

Other areas that contribute to monitoring and reviewing the effectiveness of the Council are:

- The Risk Management Board
- The annual assurance statements produced by Service Leads
- The work of
    - the Audit and Corporate Governance committee;
    - the Standards Sub-Committee;
    - Internal Audit;
    - Overview and scrutiny Committee.

Conclusion

The Council operates by seeking all appropriate professional advice and seeks to have regard to all appropriate guidance and in a prudent way and is satisfied that appropriate governance arrangements are in place, however it is committed to always maintaining and where possible improving these arrangements, in particular by addressing issues identified by Internal and external Audit as requiring improvement

James Swindlehurst **Leader, Slough Borough Council**	**Josie Wragg** **Chief Executive, Slough Borough Council**
……………………………………..	…………………………………………..

Director's Narrative Report

Neil Wilcox
Director of Finance and Resources
Section 151 Officer

1. SLOUGH AS A PLACE

Since the 1930s people from across the country and across the world have made Slough their home, drawn by the town's industry and location, and it is now one of the most diverse, vibrant boroughs in the country.

The town is excellently served by both road and rail, and has a growing reputation as a regional economic centre - with high productivity and one of the largest trading estates in Europe.

The borough does however have major challenges.

A lack of developable land, combined with Slough's growing population and increasing levels of homelessness, has led to a significant demand for housing.

While educational attainment in Slough is good, demands on children's services are growing in scale and complexity. Slough has pockets of severe, multi-faceted deprivation, some families remain under pressure and the Town has high-rates of preventable ill health amongst both children and adults.
While employment levels are good, some groups are under-represented in the labour market, and the average wages of residents are markedly below the average for all those who work in Slough.

Finally, there is no avoiding the fact that more needs to be done to tackle negative perceptions of Slough and the council has embarked on an ambitious programme of regeneration.

2. SLOUGH BOROUGH COUNCIL

Local government finances are increasingly stretched, and the sector faces some significant financial challenges in the coming years. However, as can be seen throughout this Statement of Accounts, strong financial management across the organisation has ensured that the Council is financially resilient and prepared to meet any future challenges.

The Medium Term Financial Strategy (MTFS) seeks to set out the background to the Council's current financial position; estimate its future financial position; and highlight some of the key strands to deliver a balanced position over the period of the MTFS.

Given the scale of the ongoing reductions in Central Government spend, the Council has, and will increasingly need to, deliver public services in a more joined up, effective and efficient manner.

The Council is well prepared to meet the financial challenges of the coming years. It has a history of ensuring a balanced budget is delivered and delivering revenue savings through the effective use of infrastructure investment.

The relative importance of Council Tax and retained business rates continue to grow over the period of the MTFS. Over 98% of the Council's income will be made up of council tax or business rates by the end of the MTFS; the Council is becoming, year-on-year, much less reliant on Government funding.

3. FINANCE AND RESOURCES

Delivering a town with opportunity and ambition for all.

Slough as a town is on the verge of major change and we are committed to working with our partners to promote inclusive economic growth.

The financial situation facing local authorities at this moment in time is well documented, and the council may face further changes ahead arising from the Government’s Spending Review.

The ability to seize opportunities and build on shared ambitions will depend even more upon prudent financial management and we are committed to continue to provide value for money for our residents.

As we begin to regenerate Slough as a town, we know that we too must transform and modernise, and are willing to take bold decisions now, to ensure that we are placed on a sustainable footing in the future.

We are determined to develop services that are customer-oriented, focussed on early intervention, prevention, and evidence-based decision making. We will look to future-proof the way we work - becoming slicker, more commercially savvy and utilising modern technology.

Finally, we know we need to work more effectively with our partners, joining up our services where possible, defining a sense of place together, and developing greater community resilience.

About the town

Population of 149,000

One of the most diverse local authorities in the country

Third smallest local authority in England geographically

Rated as the best place to work in the UK two years running

Recognised social mobility hotspot

On the Elizabeth Line and Western Rail Link to Heathrow

Green-flag winning parks

One of the largest trading estates in Europe

About the council

£60 million leisure strategy

Ambitious transformation programme

Innovative development partnership - Slough Urban Renewal

Subsidiary housing company - James Elliman Homes

Our own Academy to recruit apprentices and develop staff

93% of employees enjoy their job and 99% go the extra mile

Our staff value being:
Accountable;
Ambitious;
Innovative;
Responsive; and
Empowering

4. A TOWN OF OPPORTUNITY AND AMBITION

Our priorities - putting people first

Our communities are at the heart of everything we do. Our response to the opportunities and challenges we face is to focus on five priority outcomes to improve the lives of people in Slough.

CHILDREN AND YOUNG PEOPLE

Slough children will grow up to be happy, healthy and successful. We will:
Work with our partners to ensure excellent educational, health and wellbeing outcomes for children and young people in Slough.
Reduce the numbers of children looked after and care leavers and young people with an Education Health and Care Plan who are not in education, employment or training.
Support the creation and promotion of pathways to high quality employment, including apprenticeships.
Work with partners to further develop our early help and early intervention offer for children and families.

HEALTH AND WELLBEING

Our people will be healthier and manage their own care needs. We will:
Enhance our strategic approach to improving the health and wellbeing of our residents through improved prevention and early intervention.
Make best use of our new leisure facilities and get more people - more active - more often.
Improve mental wellbeing and reduce loneliness and isolation - more people - more connected - and happy.
Reduce the need for long term social care through improved early help and effective partnership work

COMMUNITY AND PLACE

Slough will be an attractive place where people choose to live, work and stay. We will:
Actively manage the impact of new developments and infrastructure so the town centre is a place where people can live, work, shop and enjoy.
Improve the Slough brand and develop our identity as a safe place of opportunity and ambition, co-produced with our communities and partners.
Improve air quality in the borough with innovative solutions.
Encourage greater levels of recycling by raising awareness.

HOUSING

Our residents will live in good quality homes. We will:
Maintain our council housing to a high standard.
Deliver new affordable homes for our residents.
Reduce the number of households in temporary accommodation.
Drive up standards in the private rented sector.

REGENERATION AND GROWTH

Slough will attract, retain and grow businesses and investment to provide opportunities for our residents. We will:
Collaborate on the Heathrow expansion.
Have a clear vision and masterplan for the centre of town, regenerating major sites and attracting investors and occupiers.
Encourage modal shift to sustainable forms of transport - including walking, cycling and public transport - reducing traffic congestion and emissions.
Provide residents with opportunities to improve their skills and secure quality jobs.

JUST SOME OF SLOUGH BOROUGH COUNCIL'S ACHIEVEMENTS IN 2018/19

Over the past year we have continued to make substantial progress in delivering on our priority outcomes.

We have:

Reduced the attainment gap between disadvantaged children and all others at key stage two

Opened a new Special Educational Needs and Disabilities (SEND) resource base

Refurbished and expanded our nurseries and created new early years places

Reduced the proportion of young people not in Education, Employment or Training (NEET)

Supported over 550 people to manage their care needs via a direct payment - to help them personalise and control their support

Completed and opened our new, state of the art leisure facilities and delivered more green gyms, and held our first half marathon for 18 years and a 5K family fun run

Improved levels of street cleanliness

Founded a new Town Team, delivering rapid improvements to our public realm

Planted 1 million bulbs and 200 trees across Slough, with the support of community groups

Delivered 846 new, permanent homes

Invested £18 million in affordable housing for Slough's residents

Reduced journey times from the M4 to the Heart of Slough

Introduced a mass rapid transport scheme on the A4, trialling the use of electric buses

Invested over £2 million in improvements to our highway network

Installed 17 cycle hire points and 22 electric vehicle charging points to date

Begun the move to our new HQ, to support the regeneration of Slough High Street

5. FINANCIAL PERFORMANCE

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

Table 1.1 Summary of Performance	
Item	**Outcome**
Overall Revenue Outturn	Overspend of £3.32m on the General Fund; This will be reduce General Fund balances to £0.550m at 31.3.2019
Housing Revenue Account	An underspend of £0.100m on the budgeted overspend of £1.171m
Savings	91.2% of the £6.420m savings programme was either successfully delivered or alternative efficiencies found during the year.
Capital Budget	74% of the approved Capital Programme was delivered. A total of £177.4m was spent during 2018/19.

Financial Performance (Revenue)

The council had a net overspend of £0.051m for the 2018/19 financial year. This position is summarised in the table below:

REVENUE GENERAL FUND 2018/19 - SUMMARY PROVISIONAL (YEAR END) POSITION			
Directorate	**Revised Full Year Budget**	**Draft Outturn**	**Full Year Variance**
	£000	**£000**	**£000**
Adult and Communities	39.289	39.851	0.562
Children, Learning and Skills	29.112	30.395	1.283
Place and Development	5.713	7.446	1.733
Regeneration	1.659	1.350	(0.309)
Finance and Resources	9.838	11.601	1.763
Chief Executive Office	13.782	13.023	(0.759)
Non Service Areas	6.029	1.807	(4.222)
GRAND TOTAL	**105.422**	**105.473**	**0.051**

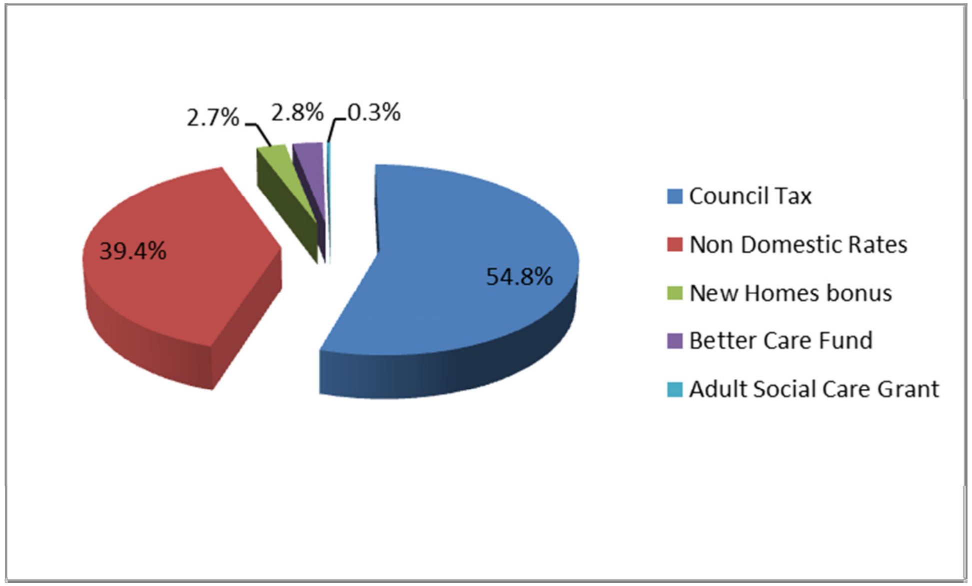
% of revenue budget over/(under)	**0.05%**

Table 1.2 Summary of Financial Terms and what they mean for SBC	
Item	**Commentary**
Comprehensive Income and Expenditure Account (CIES) This account shows the accounting cost in the year of providing services with international financial reporting standards, rather than the amount to be funded from taxation. It also includes costs associated with the use of assets; costs of borrowing and income from investments are also shown in this account, including both the General Fund and the Housing Revenue Account.	The accounts show a gross surplus in 2018/19 of £106.985m with a net surplus of £47.099m. 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.	General Fund Balance as at 31st March 2019 is £0.550m Earmarked reserves are those that have been set aside to cover a particular risk, or are for particular purposes. These total £4.780m.

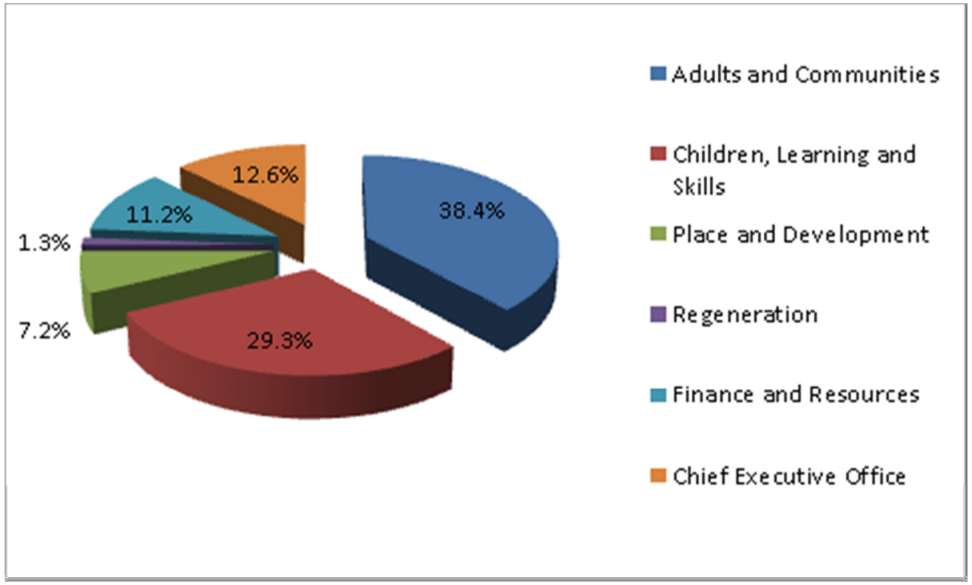
Table 1.2 Summary of Financial Terms and what they mean for SBC	
Item	**Commentary**
Balance Sheet: The Balance Sheet shows the assets and liabilities of the Council as at 31st March 2019. Assets include property, plant and equipment, cash and cash equivalents and any debts owing to the council Liabilities 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 £66.092m. This is due to the net effect of revaluations, additions and enhancements during the year. Net Asset (assets less liabilities) have reduced as at 31st March 2019 to £344.423m compared with 31st March 2018 of £383.251m.
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 2019 is £16.265m; this is a reduction of £1.573m in the year.
Collection Fund The Collection Fund is a separate account detailing Council Tax collections (including those collected on behalf of the Police and Fire Service and National Non Domestic rates (NNDR). This account shows the amount of Council Tax and NNDR collected and the redistribution back to the Government Pool.	Any surplus or deficit on the fund is distributed between Slough Borough Council, the Police and the Fire Service in the same proportion to their share of tax income. The fund shows an overall surplus of £6.705m for 2018/19.

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 2018-19 and where the gross expenditure to deliver services is.

Graph 2.1: Key income streams



Graph 2.2: Net expenditure on General Fund Council Services



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.

Financial Performance (Capital and Treasury)

Capital Programme

The Capital Programme for 2018/19 was a total of £239.8m. The council achieved expenditure of £177.4m. There have been some major schemes built during the year.

The Council has funded the capital programme through a combination of external grants, Section 106 contributions and borrowing. Capital schemes are improving the Council's balance sheet and providing key assets for future service delivery as well as for generating additional income. During the year, the Council has purchased new assets for investments and in the future is investing in more strategic investments and a local authority property purchase scheme by investing in housing. These are expected to produce income to offset future borrowing costs and provide a rental stream to the Council.

Treasury

The overall investment returns have continued to provide the Council with substantial income of £2.659m. The treasury strategy was approved in February 2019 by full Council and has continued to yield good levels of returns which help to contribute to funding core Council services.

Key Assets & Liabilities

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

The pension liability has increased during the financial year. Even though the Council has increased its pension fund contributions over the past three years, there remains a substantial deficit of £274m on the pension fund.

Governance

The overall Governance arrangements are set out in detail in the Annual Governance Statement. In summary, the Council has continued to improve its overall performance in respect of audit reports with internal audit reports that are red (no assurance) decreasing further to just two during the year.

Accounting Policies

The accounting policies adopted by the Council are explained later in the Statement of Accounts and follow the Code of practice on Local Authority Accounting in the United Kingdom 2018/19. There has been no major impact to finances as a result of any change to accounting policy

Prior period adjustment

The Council in completing its 2017/18 audited accounts made an estimated adjustment to a number of asset values as required by and agreed with the external auditors. When these adjustments were processed in detail through the Council's asset register the outputs were different to the figures estimated by the auditors. This combined with further work on the main asset register has resulted in a number of asset values changing for 2017/18 and in previous periods. In order to correct this error, the Council has restated the comprehensive income and expenditure statement, movement in reserves statement, balance sheet and associated notes. A third balance sheet is also shown for completeness.

As part of the audit of the 2018/19 accounts it has been identified that the purchase of a strategic investment asset in 2017/18 was recorded incorrectly in the accounts. The purchase was completed during 2017/18 with payments structured over three financial years. The 2017/18 accounts reflected when the payments were made, rather than showing the full value of the asset on the balance sheet in 2017/18 as the year of purchase as well as long and short term creditor balances to reflect the deferred amounts owed as part of the agreed payment. In order to correct this error, the Council has restated the comprehensive income and expenditure statement, movement in reserves statement, balance sheet and associated notes.

Group accounts

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

Transactions relating to these including Slough Urban Renewal and James Elliman homes can be found in the primary statements of the Council within the Group accounts section.

6. WHO WORKS FOR THE COUNCIL?

The council employs approximately 1,200 staff in permanent and temporary positions, and we are committed to ensuring that SBC has an inclusive workforce, that is representative of our different communities.

In 2018, we established the LGBT + Allies network group and joined the Stonewall Diversity Champions Programme.

We've also established a steering group to oversee the strategic direction of equality and diversity work at the council, and developed an action plan to reduce our Gender Pay Gap.

2018 also saw the launch of Slough Academy - a new approach which will help the council 'grow our own talent' and provide Continuous Professional Development opportunities.
The initial focus has been on apprenticeships - using Levy funding to provide training opportunities for new and existing staff of all ages, at a range of levels.

7. HEALTH AND WELLBEING

In Slough, we have made a deliberate decision to widen membership of the Wellbeing Board beyond the statutory requirements - with representatives from the emergency services, the voluntary and business sectors, and Slough Youth Parliament.

In 2016, the Board produced a refreshed joint Wellbeing Strategy. The four key priorities are:

Protecting vulnerable children
Increasing life expectancy by focusing on inequalities
Improving mental health and wellbeing
Housing

In 2018/19 Slough Wellbeing Board embarked on three major campaigns:

#BeRealistic - encouraging small positive changes in lifestyle, and achieving and maintaining a healthy weight.

#NotAlone - raising awareness about the importance of looking after your mental health.

#ReachOut - helping to tackle asocial isolation and loneliness.

8. EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts sets out details of the Council's Income and Expenditure for the 2018/19 financial year and its financial position as at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, which in turn is underpinned by International Financial Reporting Standards.

The Core Statements are:

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

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

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

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

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

The Supplementary Financial Statements are:

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

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

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

- The Group Accounts which report the full extent of the assets and liabilities of the Council and the companies and similar entities, which the Council either controls or significantly influences. The Council has consolidated not only the interests, which are financially material to the Council, but also the non-material interests, to provide a full picture of the Council's arrangements for good governance.

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

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Section 151 Officer's Responsibilities

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

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

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

Certificate of the Section 151 Officer

I certify that the Statement of Accounts set out on the following pages presents a true and fair view of the financial position of the Council as at 31st March 2019 and its income and expenditure for the year ended
31st March 2019.

Director of Finance and Resources
(Section 151 Officer)
Date:

APPROVAL OF STATEMENT OF ACCOUNTS

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

Councilor
Chair of the Audit and Corporate Governance Committee
Date:

Independent Auditor's report to the members of Slough Borough Council

Opinion on the financial statements

This will be issued by Grant Thornton UK LLP following completion of their audit which commenced in July 2019 (see Audit delay notice website publication).

Main Accounting Statements

Comprehensive Income and Expenditure Statement

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

2017/18					2018/19		
Restated Expenditure	Restated Income	Restated Net			Expenditure	Income	Net
£000	£000	£000	Notes		£000	£000	£000
80,873	(24,473)	56,400		Adults and Communities	85,571	(26,936)	58,635
130,110	(85,119)	44,991		Children, Learning and Skills	136,678	(83,127)	53,551
40,949	(8,937)	32,012		Place and Development	19,393	(7,865)	11,528
4,645	(4,107)	538		Regeneration	17,786	(10,463)	7,323
97,147	(74,950)	22,197		Finance and Resources	85,823	(73,621)	12,202
1,630	0	1,630		Chief Executive	16,523	(1,171)	15,352
32,143	(36,483)	(4,340)		Housing Revenue Account	36,321	(36,052)	269
387,497	**(234,069)**	**153,428**		**Cost of Services**	**398,095**	**(239,235)**	**158,860**
19,053	0	19,053	11	Other Operating Expenditure	35,074	0	35,074
32,023	(10,365)	21,658	12	Financing and Investment Income and Expenditure	38,180	(13,439)	24,741
18,780	(141,394)	(122,614)	13	Taxation and Non Specific Grant Income	0	(111,689)	(111,689)
457,353	**(385,828)**	**71,525**		**Surplus or Deficit on Provision of Services**	**471,349**	**(364,363)**	**106,986**
		(29,117)	24	Surplus or deficit on revaluation of Property, Plant and Equipment			(56,546)
		0	24	Impairment losses on non-current assets charged to the Revaluation Reserve			0
		(448)	24	Surplus or deficit on revaluation of available for sale financial assets			0
		0	24	financial instruments at fair value through other comprehensive income and expenditure			0
		(20,630)	41	Remeasurement of the net defined benefit liability / asset			(3,340)
		(50,195)		**Other Comprehensive Income and Expenditure**			**(59,886)**
		21,330		**Total Comprehensive Income and Expenditure**			**47,100**

Movement in Reserves Statement

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

The earmarked general fund reserves balance includes the surplus/deficit relating to use of the Dedicated Schools Grant. There is currently a deficit on this area of £7.198m as at 31st March 2019 (£5.388m as at 31st March 2018) which is offsetting the total of the other earmarked reserves. The deficit regarding the Dedicated Schools Grant is a position common to many authorities and has arisen due to pressures in the high needs activity area.

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018	**(3,814)**	**(6,318)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(103,832)**	**(280,112)**	**(383,944)**
Movement in reserves during 2018/19									
Surplus or deficit on the provision of services	93,857		13,129				106,986		106,986
Other Comprehensive Income								(59,893)	(59,893
Total Comprehensive Income and Expenditure	**93,857**	**0**	**13,129**				**106,986**	**(59,893)**	**47,093**
Adjustments between accounting basis and funding basis under regulations	(89,054)		(11,557)	4,326	2,650	19,243	(74,392)	74,392	0
Net Increase or Decrease before Transfers to Earmarked Reserves	**4,803**	**0**	**1,572**	**4,326**	**2,650**	**19,243**	**32,594**	**14,499**	**47,093**
Transfers to / from Earmarked Reserves	(1,538)	1,538	0				0	0	0
Increase or Decrease in 2018/19	**3,265**	**1,538**	**1,572**	**4,326**	**2,650**	**19,243**	**32,594**	**14,499**	**47,093**

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	(549)	(4,780)	(16,266)	(23,986)	(12,457)	(13,200)	(71,238)	(265,613)	(336,851)

	General Fund	Earmarked General	Housing Revenue	Capital Receipts	Major Repairs	Capital Grants	Total Usable	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017	(8,123)	(7,156)	(23,710)	(23,675)	(14,025)	(50,680)	(127,369)	(285,802)	(413,171)
Opening balance adjustment								7,899	7,899
Restated opening balance	(8,123)	(7,156)	(23,710)	(23,675)	(14,025)	(50,680)	(127,369)	(277,903)	(405,272)
Movement in reserves during 2017/18									
Surplus or deficit on the provision of services	60,675		10,850				71,525		71,525
Other Comprehensive Income								(50,195)	(50,195)
Total Comprehensive Income and Expenditure	**60,675**	**0**	**10.850**				**71,525**	**(50,195)**	**21,330**
Adjustments between accounting basis and funding basis under regulations	(55,528)		(4,978)	(4,637)	(1,082)	18,237	(47,988)	47,988	0
Net Increase or Decrease before Transfers to Earmarked Reserves	**5,147**	**0**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**23,357**	**(2,207)**	**21,330**
Transfers to / from Earmarked Reserves	(838)	838	0				0	0	0
Increase or Decrease in 2017/18	**4,309**	**838**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**23,537**	**(2,207)**	**21,330**

Balance at 31 March 2018	**(3,814)**	**(6,318)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(103,832)**	**(280,110)**	**(383,942)**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). They include the deficit on the Dedicated Schools Grant, and this is described in more detail in the introduction note to the Movement in Reserves Statement.

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves Statements 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'.

01 April 2017 £000	Restated 31 March 2018 £000	Notes		31 March 2019 £000
847,090	903,035	14	Property, Plant and Equipment	969,127
38,141	77,091	15	Investment Property	97,224
457	550	16	Intangible Assets	969
26,470	22,930	17	Long-Term Investments	25,788
9,320	8,161	18	Long-Term Debtors	32,487
921,478	1,011,767		Long Term Assets	1,125,595
24,053	18,808		Short-Term Investments	48,545
0	1,276	20	Assets Held for Sale	0
3	6		Inventories	1
34,346	47,835	18	Short-Term Debtors	35,996
19,800	9,900	19	Cash and Cash Equivalents	19,879
78,202	77,825		Current Assets	104,421
-67,559	-152,760	17	Short-Term Borrowing	-214,682
-39,710	-61,887	21	Short-Term Creditors	-56,595
-1,507	-2,447	22	Provisions	-4,266
-2,100	-2,100	33	Grants Receipts in Advance - Capital	0
-110,876	-219,194		Current Liabilities	-275,543
0	-8,462		Long-Term Creditors	-498
-223	-223	22	Provisions	-223
-170,370	-170,341		Long-Term Borrowing	-304,216
-312,944	-307,430		Other Long-Term Liabilities	-312,685
-483,537	-486,456		Long Term Liabilities	-617,622
405,267	383,942		Net Assets	336,851
-127,369	-103,832	23	Usable Reserves	-71,238
-277,898	-280,110	24	Unusable Reserves	-265,613
-405,267	-383,942		Total Reserves	-336,851

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Council as at 31st March 2019 and its Comprehensive Income and Expenditure Statement for the year ended 31st March 2019.

Neil Wilcox

Director of Finance and Resources (Section 151 Officer)

Date

Cash Flow Statement

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

Restated 2017/18 £000	**Notes**		**2018/19 £000**
71,525		Net (surplus) or deficit on the provision of services	106,986
(100,063)	25	Adjustment to surplus or deficit on the provision of services for noncash movements	(129,259)
31,393	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	25,159
2,855		**Net cash flows from operating activities**	**2,886**
89,052	26	Net cash flows from investing activities	177,789
(82,007)	27	Net cash flows from financing activities	(190,654)
9,900		**Net (increase) or decrease in cash and cash equivalents**	**(9,979)**
19,800		Cash and cash equivalents at the beginning of the reporting period	9,900
9,900		**Cash and cash equivalents at the end of the reporting period**	**19,879**

Notes to the Main Financial Statements

Note 1 - Accounting Policies

i. General Principles

The Statement of Accounts summarises the authority's transactions for the financial year and its position at the year-end 31 March 2019.

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

These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods , is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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

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

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

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

iii. Council Tax and Non Domestic Rates Income

Council Tax Income

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

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

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

Accounting for Non Domestic Rates (NDR)

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

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

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

iv. Acquisitions and Discontinued Operations

Acquired operations
On 1st December 2017 the Council brought back in-house their Waste Management and Environmental Services.

Previously, these operations had been outsourced and undertaken on behalf of the Council by a service provider.

A number of items of equipment used to provide the service had been recognised as effectively being embedded finance leases and were recognised on the Fixed Asset Register of the Council with the associated finance liability on the Balance Sheet.

Now only assets that were transferred to the Council are recognised on the Balance sheet with the associated financial liabilities no longer applicable

v. Cash and Cash Equivalents

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

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

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

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

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

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

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

vii. Charges to Revenue for Non-current Assets

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

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

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

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

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

Viii. Employee Benefits

Benefits Payable During Employment

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

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

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

Termination Benefits

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

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

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

Post-employment Benefits

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

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

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

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

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

The Local Government Pension Scheme

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

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

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

- The assets of the Berkshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:

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

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

Service cost comprising:

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

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

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

Re-measurements comprising:

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

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

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

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

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

Discretionary Benefits

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

ix. Events After the Reporting Period

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

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

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

x. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.
Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES 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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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 CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

A financial asset is an equity instrument if the cash flows are not contractual but derive from the investor's ownership of the net assets of another entity. The council holds units in pooled funds that will qualify as the investor has no contractual right to have their investment returned. For long-term strategic pooled Funds the council will irrevocably elect to account for the investment at FVOCI rather than FVPL. This election will be made in writing and signed by the Chief Financial Officer.

The difference between fair value and amortised cost is taken to an unusable reserve, the Financial Instruments Revaluation Reserve (FIRR). Dividends on equity instruments elected FVOCI are taken to I&E when the right to receive the payment is unconditional

The difference between fair value and amortised cost is taken to an unusable reserve, the Financial Instruments Revaluation Reserve (FIRR). Dividends on equity instruments elected to Fair Value through Other Comprehensive Income are taken to the Comprehensive Income & Expenditure Account when the right to receive the payment is unconditional. The authority's right to receive payment of the dividend is established when it is probable that the economic benefits associated with the dividend will flow to the authority, and the amount of the dividend can be measured reliably

xi. Foreign Currency Translation

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

xii. Government Grants and Contributions

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

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

And

- The grants or contributions will be received.

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

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

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

xiii. Intangible Assets

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

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

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

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

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

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

xiv. Interests in Companies and Other Entities

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

Transactions relating to these including SUR and James Elliman homes can be found in the primary statements of the Council within the Group accounts section. The reason why these two organisations are included in the Group accounts is outlined in the section on Group accounts.

xv. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value based on weighted average.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xvi. Investment Property

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

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

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

xvii. Joint 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).

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.

For information on Local Authority Backed Vehicles please see section xxvii

xviii. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

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

Lease rentals receivable are apportioned between:

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

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

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

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

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

Operating Leases

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

xix. Overheads and Support Services

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

xx. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The Council has adopted an accounting policy from 2018/19 for the capitalisation of borrowing costs incurred where items of property, plant and equipment take a substantial period of time to get ready for their intended use. The Council has determined that qualifying assets are those where the approved capital budget on inception of the capital scheme was at least £4m and the items of property, plant and equipment will take over 12 months to get ready.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

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

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

Impairment

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

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

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

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

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

Depreciation

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

Deprecation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (housing dwellings and flats – 54 years)
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (between 1-35 years)
- Infrastructure – straight-line allocation over 40 years.
- Other operational buildings – straight-line allocation over the useful life (1-60 years) as estimated by the valuer
- Car parks – straight-line allocation over the useful life (60 years) as estimated by the valuer

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

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale if it meets requirements of IFRS 5 e.g. available for immediate sale, marketed, and sale expected in less than 12 months The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

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

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

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

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

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

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

Component accounting

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

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

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

xxi. Private Finance Initiatives (PFI) and Similar Contracts

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

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

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

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

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

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

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

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

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

xxii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

A provision for the best estimate of the amount that businesses have been overcharged up to 31st March 2019 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 2019.

Contingent Liabilities

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

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

Contingent Assets

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

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

xxiii. Reserves

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

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

xxiv. Revenue Expenditure Funded from Capital under Statute

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

xxv. Schools

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

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

- Community – 12 schools
- Voluntary aided – 12 schools

Academies and Free Schools are outside the Council's control

xxvi. VAT

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

xxvii. Local Asset Backed Vehicles

The Council is a member of a limited liability partnership (LLP), in which it holds 50% interest, the remaining interest being held by a private sector partner. The LLP 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 are deemed material in 2018/19 and therefore these are included in the Group Accounts.

xxviii. Minimum Revenue Provision (MRP)

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

The four MRP options available are:

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

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

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

xxix. Fair Value Measurement

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

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

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

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

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

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

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

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

xxix Capital commitment

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 2 - Accounting Standards Issued, Not Adopted

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

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

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2020.

- IAS 40 Investment Property: Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.

- IFRIC 23 Uncertainty over Income Tax Treatments provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts and minimal impact on the group accounts.

- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply

Note 3 - Critical Judgements in Applying Accounting Policies

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

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

Future Funding

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

The council has conducted an internal assessment of the ongoing pressures and potential means of mitigation have been made by way of the Council's Medium Term Financial Planning process, which covers the period to 31st March 2022.

NOTE 4: Assumptions made about the future 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 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment, and Investment Property	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets Assets are revalued on a 5 year rolling programme and year end reviews of impairment and material changes are obtained from the valuer. 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. In order to meet the objective of IFRS 13 (Fair Value Measurement) the valuers have worked on the basis that all reasonably available information has been taken into account. Investment property, and surplus assets were valued at fair value.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.847m for every year that useful lives had to be reduced. This is not material. £100.416m revaluation increases have been credited to the revaluation reserve and £43.870m revaluation decreases and £29.562m revaluation losses have been charged or credited to the deficit on provision of services in 2018/19.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. These are set out in Note 41

Note 5 - Material Items of Income and Expense

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

The Council Pays an annual management fee to an external third party (Avarto), to manage some of the Council's IT, Customer Service and Transactional Finance functions. This totalled £10.62m for 2018/19 (£10.59m in 2017/18). This has been accounted for within Finance and Resources on the Comprehensive Income and Expenditure Statement (CIES).

The Council pays an annual fee of £24.49m to Slough Children's Trust in 2018/19 in line with the agreement that came into force from 1st October 2016. (In 2017/18 the Council had paid £24.41m) This has been accounted for within Children, Learning and Skills on the CIES.

Note 6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer (Director of Finance) on 31st May 2019. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The significant event occurring after the date of authorisation was the COVID19 Pandemic. Obviously, this caused significant disruption for the Council. However, based on latest forecasts (as of December 2020) all additional costs incurred by the Council relating to its response to the pandemic have been fully covered by additional central government funding.

Note 7 - Expenditure and Funding Analysis

This statement shows the reconciliation between the net expenditure in the Comprehensive Income and Expenditure Statement and the expenditure chargeable to the General Fund and the Housing Revenue account

The Expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, council tax, and business rates)by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices, It also shows how this expenditure is allocated for decision making purposes between the Council’s directorates/services/departments . Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18				2018/19					
Net Expenditure Chargeable to the General Fund and HRA Balance	**Adjustments**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Outturn Position as Reported**	**split of Regeneration ***	**Other Movements**	**Net Expenditure Chargeable to the General Fund and HRA Balance**	**Note 7a Adjustments**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
37,169	19,231	56,400	Adults and Communities	39,651		-2,459	37,192	21,443	58,635
30,411	14,580	44,991	Children, Learning and Skills	30,395		5,476	35,871	17,680	53,551
23,804	8,208	32,012	Place and Development		7,445	-58	7,387	4,141	11,528
-3,355	3,893	538	Regeneration	8,796	-7,445	-13,017	-11,666	18,989	7,323
16,436	5,761	22,197	Finance and Resources	11,601		-5	11,596	606	12,202
705	925	1,630	Chief Executive	13,023		60	13,083	2,269	15,352
-13,638	9,298	-4,340	Housing Revenue Account	-8,668			-8,668	8,937	269
91,532	**61,896**	**153,428**	**Net Cost of Services**	**94,798**	**0**	**-10,003**	**84,795**	**74,065**	**158,860**

2017/18				2018/19					
Net Expenditure Chargeable to the General Fund and HRA Balance	**Adjustments**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**		**Outturn Position as Reported**	**split of Regeneration ***	**Other Movements**	**Net Expenditure Chargeable to the General Fund and HRA Balance**	**Note 7a Adjustments**	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
£000	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
-80,513	-1,390	-81,903	Other Income and Expenditure	-78,420			-78,420	26,546	-51,874
11,019	**60,506**	**71,525**	**Surplus or Deficit on Provision of Services**	**16,378**	**0**	**-10,003**	**6,375**	**100,611**	**106,986**
-38,989			Opening Combined General Fund and HRA Balance				-32,279		
6,710			Plus / less Surplus or Deficit on the General Fund and HRA Balance for the Year (Statutory basis)				3,111		
-32,279			**Closing Combined General Fund and HRA Balance**				**-29,168**		

Note 7a - Note to the Expenditure and Funding Analysis

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

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

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

	2018/19			
	Net Capital Statutory Adjustments	**Net Pensions Statutory Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
Adults and Communities	19,798	1,645		21,443
Children, Learning and Skills	15,600	2,080		17,680
Place and Development	3,747	394		4,141
Regeneration	18,466	523		18,989
Finance and Resources	2,077	-1,471		606
Chief Executive	1,508	761		2,269
Housing Revenue Account	8,775	162		8,937
Net Cost of Services	**69,971**	**4,094**	**0**	**74,065**
Other Income and Expenditure	19,868	6,678	0	26,546
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**89,839**	**10,772**	**0**	**100,611**

	2017/18			
	Net Capital Statutory Adjustments	**Net Pensions Statutory Adjustments**	**Other Differences**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
Adults and Communities	17,469	1,534	228	19,231
Children, Learning and Skills	12,588	1,927	65	14,580
Place and Development	7,106	970	132	8,208
Regeneration	4,251	43	(401)	3,893
Finance and Resources	1,528	3,641	592	5,761
Chief Executive	524	400	1	925
Housing Revenue Account	9,298	0	0	9,298
Net Cost of Services	**52,764**	**8,515**	**617**	**61,896**
Other Income	(9,469)	7,829	250	(1,390)
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	**43,295**	**16,344**	**867**	**60,506**

Net Capital Statutory Adjustments

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

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Pension Statutory Adjustments

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

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

Other Differences

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

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

Note 7b - Segmental Analysis of Income and Expenditure

	2018/19 Revenues from External Customers £000
Adults and Communities	(16,530)
Children, Learning and Skills	(4,767)
Place and Development	(7,139)
Regeneration	(6,051)
Finance and Resources	(6,993)
Chief Executive	(184)
Housing Revenue Account	(36,031)
Total Managed by Segments	**(77,695)**

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

Note 8 - Expenditure and Income Analysed by Nature

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

2017/18 Restated £000	Nature of Expenditure or Income	2018/19 £000
(72,931)	Fees, charges and other service income	(88,725)
(2,079)	Interest and investment income	(2,131)
(83,648)	Income from local taxation	(97,568)
(201,929)	Government grants and contributions	(176,949)
(9,905)	Other income	0
95,805	Employee benefits expenses	101,786
261,491	Other service expenses	257,391
43,279	Depreciation, amortisation and impairment	55,6931
21,497	Interest payments	19,696
223	Precepts and levies	224
1,072	Payments to Housing Capital Receipts Pool	874
18,650	Gain or loss on disposal of non-current assets	36,694
71,525	**Surplus or Deficit for Year**	**106,985**

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

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

General Fund Balance

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

Housing Revenue Account Balance

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

Capital Grants Unapplied

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

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve (MRR) which is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the Housing Revenue Account. The balance shows the total that has yet to be applied at year end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statue from being used other than to fund new capital expenditure or to be set

aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end

2018/2019	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(10,415)	(357)				10,772
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	165	102				(267)
Council tax and NDR (transfers to or from the Collection Fund)	577					(577)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(83,753)	(29,910)			(2,617)	116,280
Total Adjustments to Revenue Resources	(93,426)	(30,165)	0	0	(2,617)	126,208
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,710	5,073	(8,783)			
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(371)	(30)	401			

2018/2019	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(874)		874			
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		13,066		(13,066)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	2,099					(2,099)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,554	500				(2,054)
Total Adjustments between Revenue and Capital Resources	6,118	18,609	(7,508)	(13,066)	0	(4,153)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			16,747			(16,747)
Use of the Major Repairs Reserve to finance new capital expenditure				16,359		(16,359)
Application of capital grants to finance capital expenditure					13,133	(13,133)
Cash payments in relation to deferred capital receipts			(5,554)			5,554
Total Adjustments to Capital Resources	0	0	11,193	16,359	13,133	(40,685)
Other adjustments	(1,747)	0	641	(641)	8,727	(6,980)
Total Adjustments	**(89,055)**	**(11,556)**	**4,326**	**2,652**	**19,243**	**74,392**

2017/2018 Restated	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(15,909)	(436)				16,345
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	170	102				(272)
Council tax and NDR (transfers to or from the Collection Fund)	534					(534)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(47,222)	(29,399)			(12,462)	89,083
Total Adjustments to Revenue Resources	(62,427)	(29,733)	0	0	(12,462)	104,622
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5,212	8,095	(13,307)			
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(308)	(48)	356			

2017/2018 Restated	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,072)		1,072			
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		11,708		(11,708)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,367					(1,367)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,700	5,000				(6,700)
Total Adjustments between Revenue and Capital Resources	6,899	24,755	(11,879)	(11,708)	0	(8,067)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			10,442			(10,442)
Use of the Major Repairs Reserve to finance new capital expenditure				10,626		(10,626)
Application of capital grants to finance capital expenditure					30,699	(30,699)
Cash payments in relation to deferred capital receipts			(3,200)			3,200
Total Adjustments to Capital Resources	0	0	7,242	10,626	30,699	(48,567)
Other adjustments	0	0	0	0	0	0
Total Adjustments	**(55,528)**	**(4,978)**	**(4,637)**	**(1,082)**	**18,237**	**47,988**

Note 10 - Transfers to/from Earmarked Reserves

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

Note 10 - Transfers to/from Earmarked Reserves

2018/19

	Balance at 1 April 2017	Transfers In 2017/18	Transfers Out 2017/18	Balance at 31 March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Capital Fund	(352)	0	352	**0**	(527)	506	**(21)**
Trading Accounts	(24)	0	0	**(24)**	(98)	0	**(122)**
Specific Grants (Revenue)	(167)	0	0	**(167)**	0	0	**(167)**
Other Specific Earmarked Reserves	(4,266)	(1,901)	1,421	**(4,746)**	(456)	1,335	**(3,867)**
Housing Renewals Reserve	(89)	0	0	**(89)**	(1)	0	**(90)**
Schools - DSG Central Items	0	0	3,226	**3,226**	0	3,970	**7,196**
Schools - Other	(2,258)	(3,404)	1,145	**(4,517)**	(5,809)	2,619	**(7,708)**
Schools - Total	(2,258)	(3,404)	4,371	**(1,292)**	(5,809)	6,589	**(512)**
Total General Fund	**(7,156)**	**(5,305)**	**6,144**	**(6,318)**	**(6,891)**	**8,430**	**(4,779)**

Note 11 - Other Operating Expenditure

Restated 2017/18 £000		2018/19 £000
223	Precepts	224
1,072	Payments to the Government Housing Capital Receipts Pool	874
17,758	Gains/losses on the Disposal of Non-Current Assets	36,692
0	Other	(2,716)
19,053	**Total Other Operating Expenditure**	**35,074**

Note 12 - Financing and Investment Income and Expenditure

Restated 2017/18 £000		2018/19 £000
9,532	Interest payable and similar charges	9,755
7,656	Net interest on the net defined benefit liability (asset)	6,678
(1,844)	Interest receivable and similar income	(2,208)
7,079	Income and expenditure in relation to investment properties and changes in their fair value	7,178
0	Movements in fair value of financial instruments	74
(765)	Other investment income and expenditure	3,264
21,658	**Total**	**24,741**

Note 13 - Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
(52,328)	Council tax income	(56,511)
(31,320)	Non-domestic rates income and expenditure	(40,640)
(20,880)	Non-ringfenced government grants	(10,319)
(18,086)	Capital grants and contributions	(3,803)
0	Other tax or non-specific grant income / expenditure	(416)
(122,614)	**Total**	**(111,689)**

Note 14 - Property, Plant and Equipment

Movements to 31 March 2019

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
at 1 April 2018	502,137	203,761	63,700	131,231	9,419	17,008	23,425	**950,681**
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)	(15)	0	0	(12)	0	**(12,051)**
Additions	13,114	60,473	1,132	6,345	54	496	20,247	**101,861**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	47,623	20,417	(1,808)	0	98	(10,030)	246	**56,546**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,103)	(16,581)	(3,495)	0	0	(6,651)	(1,732)	**(29,562)**
Derecognition – disposals	(11,879)	(28,281)	(5,276)	0	0	0	0	**(45,436)**
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	1,281	0	**1,281**
Other movements in cost or valuation	3,572	8,654	408	0	0	15,638	(28,274)	**(2)**
at 31 March 2019	**544,696**	**245,187**	**54,646**	**137,576**	**9,571**	**17,730**	**13,912**	**1,023,318**

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Accumulated Depreciation and Impairment								
at 1 April 2018	(6,453)	(1,991)	(14,366)	(24,633)	(26)	(174)	(3)	**(47,646)**
Adjustments to cost/value & depreciation/impairment	8,768	3,256	15	0	0	12	0	**12,051**
Depreciation charge	(8,699)	(3,191)	(3,764)	(3,274)	0	(26)	0	**(18,955)**
Derecognition – disposals	104	149	109	0	0	0	0	**362**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	(2)	0	**(2)**
Other movements in depreciation and impairment	0	(2)	2	0	0	0	0	**0**
at 31 March 2019	**(6,280)**	**(1,779)**	**(18,004)**	**(27,907)**	**(26)**	**(190)**	**(3)**	**(54,191)**
Net Book Value								
at 31 March 2019	**538,416**	**243,408**	**36,642**	**109,669**	**9,545**	**17,540**	**13,909**	**969,127**
at 31 March 2018	**495,684**	**201,770**	**49,334**	**106,598**	**9,393**	**16,832**	**23,425**	**903,035**

Movements to 31 March 2018
Restated

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
at 1 April 2017	486,946	190,681	54,580	118,933	8,200	27,421	29,128	**915,889**
Opening Balance Restatement	(191)	(3,048)	(15,600)			(4,989)	(7)	**(23,835)**
Adjusted Opening Balance	**486,755**	**187,633**	**38,980**	**118,933**	**8,200**	**22,432**	**29,121**	**892,054**
Adjustments to cost/value & depreciation/impairment	(9,007)	(5,496)	(1,591)	0	0	(131)	0	**(16,225)**
Additions	8,989	38,609	6,567	12,298	308	1,335	24,281	**92,387**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	19,165	8,259	411	0	0	1,322	(40)	**29,117**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,614)	(17,325)	3,553	0	0	(113)	(212)	**(16,711)**
Derecognition – disposals	(13,988)	(5,468)	(648)	0	0	(4,913)	(3,029)	**(28,046)**
Reclassification and transfers	0	243	0	0	0	(828)	(29)	**(614)**
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	(1,281)	0	**(1,281)**
Other movements in cost or valuation	12,837	(2,694)	16,428	0	911	(815)	(26,667)	**0**
at 31 March 2018	**502,137**	**203,761**	**63,700**	**131,231**	**9,419**	**17,008**	**23,425**	**950,681**

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation and Impairment								
at 1 April 2017	(6,400)	(3,271)	(29,031)	(21,618)	(16)	(558)	0	**(60,894)**
Opening Balance Restatement	4	317	15,600	0	0	9	0	**15,930**
Adjusted Opening Balance	**(6,396)**	**(2,954)**	**(13,431)**	**(21,618)**	**(16)**	**(549)**	**0**	**(44,964)**
Adjustments to cost/value & depreciation/impairment	9,007	5,496	1,591	0	0	131	0	**16,225**
Depreciation charge	(9,185)	(4,675)	(3,098)	(3,015)	0	(77)	0	**(20,050)**
Derecognition – disposals	121	199	506	0	0	308	0	**1,134**
Reclassification and transfers	0	(57)	66	0	(10)	4	(3)	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	4	0	**4**
Other movements in depreciation and impairment	0	0	0	0	0	5	0	**5**
at 31 March 2018	**(6,453)**	**(1,991)**	**(14,366)**	**(24,633)**	**(26)**	**(174)**	**(3)**	**(47,646)**
Net Book Value								
at 31 March 2018	**495,684**	**201,770**	**49,334**	**106,598**	**9,393**	**16,834**	**23,422**	**903,035**
at 31 March 2017	**480,546**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**

Depreciation

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

- Council dwellings - houses 54 Years
- Council dwellings - flats 54 Years
- Other land and buildings - Between 1 and 60 years,
- Vehicles, plant and equipment - Between 1 and 35 years
- Car parks - 60 years

Capital Commitments

At 31st March 2019, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2019-20 and beyond. The budgeted cost of these commitments is expected to cost £250.405m (31st March 2018 £271.963m).

The major commitments at 31st March 2019 (these represent the approved budgets rather than actual contractual commitments) are:

Description	Commitments in 2019-20 £'000	Commitments in Future Years £'000	Total Commitments in Total £'000
SEN Resources Expansion	3,955	1,750	5,705
Special School Expansion-Primary,Secondary & Post 16	10,877		10,877
Secondary Expansion Programme	13,178	5,850	19,028
James Elliman Homes	10,700	32,800	43,500
IT Infrastructure Refresh	3,345	1,050	4,395
Hub Development	5,100	10,000	15,100
New Corporate Headquarters	7,591		7,591
Capital Works following stock condition	3,799	7,200	10,999
Strategic Acquisitions	26,303		26,303
TVU development	9,031		9,031
Hotel development	17,271	10,000	27,271
Nova House Capital Loan	6,045		6,045
Affordable Housing	24,384	11,017	35,401
Fire Risk Assessment Works	5,000		5,000
Stoke Road LEP Scheme	4,349	6,540	10,889
MRT Phase 2 LEP Scheme	13,270		13,270
Total	**164,198**	**86,207**	**250,405**

Revaluations

The Council undertakes a rolling programme that ensures that all relevant property, plant and equipment required to be measured at current value is measured at least every five years. The valuations for 2018/19 have been undertaken by external valuers 'Wilkes Head and Eve'.

Valuations of land and buildings have been carried out in accordance with the methodologies and bases of estimation, as set out in the professional standards of the Royal Institute of Chartered Surveyors. Currently we do not re-value vehicles, plant, furniture or equipment assets as these tend to be of a finite (short term) life.

Specialised properties are assumed to have no active market but the land element could potentially be sold at its market value. It is assumed the building costs would be in line with the published indices.

The following table shows the progress of the Council's rolling programme for the revaluation of council dwellings, land and buildings as at 31st March 2019:

Property, Plant and Equipment Revaluations

Assets that are subject to revaluation	**£000s**
Council Dwellings	538,416
Land and Buildings	243,409
Surplus	17,535
	799,359

Assets that are not subject to revaluation	**£000s**
Infrastructure	109,667
Community	9,543
Vehicles, Plant and Equipment	36,642
Assets under Construction	13,915
	169,766
Total Value of Assets	**969,125**

Assets that are Revalued – by Category

	Council Dwellings	Other Land and Buildings	Surplus Assets	Total
	£000	£000	£000	£000
Carried at historical cost	2,746	44,834	0	47,579
Valued at current value as at:				
31/03/2019	535,670	192,955	16,419	745,045
31/03/2018	0	1,533	1,115	2,648
31/03/2017	0	2,682	0	2,682
31/03/2016	0	0	0	0
31/03/2015	0	1,405	0	1,405
31/03/2014	0		0	0
Total Cost or Valuation	**538,416**	**243,409**	**17,535**	**799,359**

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

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

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

Surplus Assets Fair Value Hierarchy

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2019 are as follows:

Recurring fair value measurements using:	Fair Value as at 31 March 2019	Level 2 Valuation Techniques
Amenity Land	59	Market Approach
Assembly & Leisure	177	Market Approach
Extra Care Accommodation	31	Income Approach
Highways	5	Market Approach
Residential Development	13,529	Market Approach
Residential Dwellings	3,735	Market Approach
	17,536	

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2018
(including in year additions) are as follows:

Recurring fair value measurements using:	Fair Value as at 31 March 2018	Level 2 Valuation Techniques
Amenity Land	90	Market Approach
Assembly & Leisure	191	Market Approach
Extra Care Accommodation	31	Income Approach
Highways	5	Market Approach
Residential Development	15,462	Market Approach
Residential Dwellings	1,052	Market Approach
	16,830	

NB The Council does not have any Level 1 or Level 3 valuations

Note 15 - Investment Properties

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

Restated 31 March 2018 Non-Current £000	Investment Properties Movements in Year	31 March 2019 Non-Current £000
38,141	Opening Balance	77,091
	Additions:	
49,624	Purchases	17,142
187	Subsequent expenditure	10,168
(4,693)	Disposals	0
(6,780)	Net gains/losses from fair value adjustments	(7,177)
612	PPE assets reclassified as Investment Properties	
77,091	**Balance at the end of the year**	**97,224**

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out by the external valuers, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters. The table above summarises the movement in the fair value of investment properties over the year. Following the completion of the 2017/18 external audit further work was done on asset valuations etc and this resulted in a further increase to the value of £1.832m during 2017/18 which is now reflected in the opening balance for 2018/19.

The external audit of the 2018/19 accounts identified that the purchase of the Thames Valley University site in 2017/18 had not been reflected correctly in the previous year's accounts. The payment for the asset was phased over three financial years and only the 2017/18 payment had been included within the investment property balance sheet value in the accounts. This has now been amended to reflect the full purchase price of the asset, an increase of additions of £16.1m in 2017/18 partially offset by a revaluation loss of £8.5m in the year. The value of short and long term creditors has been increased in 2017/18 to account for the staged payments owed in the two following years.

Investment Property Fair Value Hierarchy

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2019 are as follows:

Recurring fair value measurements using:	Fair Value as at 31 March 2019	Level 2 Valuation Techniques
Industrial development/commercial development/amenity land/educational	28,891	Market Approach
Sub Stations	27	Income Approach
Retail	19,172	Income Approach
Residential	997	Income Approach
Offices	31,440	Income Approach
Non Residential Institutions	15,550	Income Approach
Mobile Phone Aerials	889	Income Approach
Industrial Units	258	Income Approach
	97,224	

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2018
(including in year additions) are as follows:

Recurring fair value measurements using:	Fair Value as at 31 March 2018	Level 2 Valuation Techniques
Industrial development/commercial development/amenity land/educational	31,876	Market Approach
Sub Stations	117	Income Approach
Retail	19,636	Income Approach
Residential	2,240	Income Approach
Offices	18,377	Income Approach
Non Residential Institutions	3,420	Income Approach
Mobile Phone Aerials	1,245	Income Approach
Industrial Units	285	Income Approach
	77,196	

NB The Council does not have any Level 1 or Level 3 valuations.

Note 16 - Intangible Assets

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

31st March 2018 Other Assets £000		31st March 2019 Other Assets £000
	Balance at start of year:	
999	Gross carrying amounts	1,187
(542)	Accumulated amortisation	(637)
457	**Net carrying amount at start of year**	**550**
	Additions:	
188	Purchases	419
(95)	Amortisation for the period	0
550	**Net carrying amount at end of year**	**969**
	Comprising:	
1,187	Gross carrying amounts	1,606
(637)	Accumulated amortisation	(637)
550	**Total**	**969**

Note 17 - Financial Instruments

Financial Instruments - Classifications

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

Financial Liabilities

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

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- overdraft with Lloyd's bank,
- lease payables detailed in note 36,
- Private Finance Initiative contracts detailed in note 37, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows comprising:
    - cash in hand,
    - bank current and deposit accounts with Lloyds bank,
    - loans to other local authorities,
    - loans to James Elliman Homes made for service purposes,
    - lease receivables detailed in note 36, and
    - trade receivables for goods and services provided.

- Fair value through profit and loss (all other financial assets) comprising:
    - money market funds managed by fund managers,
    - pooled bond, equity and property funds managed by fund managers held as strategic investments.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Instruments - Balances

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Current Financial Assets	Debtors		Investments		Cash & Cash Equivalents	
	31.3.2018 £000	31.3.2019 £000	31.3.2018 £000	31.3.2019 £000	31.3.2018 £000	31.3.2019 £000
Pre IFRS 9 Categories						
Loans and receivables	9,648	20,881	18,808	0	5,146	
Available for Sale Financial Assets				0	4,754	
TOTAL FINANCIAL ASSETS	**9,648**	**20,881**	**18,808**	**0**	**9,900**	**0**
IFRS 9 Categories						
Fair Value through Profit & Loss			2,695	163	4,754	7,262
Amortised Cost	9,648	20,881	16,113	48,382	5,146	12,618
Fair Value other Comprehensive Income						
TOTAL FINANCIAL ASSETS	**9,648**	**20,881**	**18,808**	**48,545**	**9,900**	**19,879**

Non Current Financial Assets	Investments		Debtors	
	31.3.2018 £000	31.3.2019 £000	31.3.2018 £000	31.3.2019 £000
Pre IFRS 9 Categories				
Loans and receivables	6,724			
Available for Sale Financial Assets	16,206			
Unquoted Equity Investment at Cost				
TOTAL FINANCIAL ASSETS	**22,930**		**0**	
IFRS 9 Categories				
Fair Value through Profit & Loss	16,206	19,684	0	0
Amortised Cost	1,505	6,104	5,129	23,282
TOTAL FINANCIAL ASSETS	**17,711**	**25,788**	**5,129**	**23,282**

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

Financial Liabilities	Long Term 31.3.2019	Long Term 31.3.2018	Short Term 31.3.2019	Short Term 31.3.2018
Loans at amortised cost:				
- Principal sum borrowed	(304,216)	(170,341)	(213,083)	(152,000)
- Accrued interest	-	-	(1,599)	(760)
Total Borrowing	**(304,216)**	**(170,341)**	**(214,682)**	**(152,760)**
Liabilities at amortised cost:				
- Finance leases	(6,011)	(6,810)	-	-
- PFI arrangements	(33,322)	(34,701)	-	-
Total Other Long-term Liabilities	**(39,333)**	**(41,511)**		
Liabilities at amortised cost:				
- Trade payables	(393)	(8,462)	(31,128)	(35,560)
- Finance leases		-	(1,009)	(997)
- PFI arrangements	-	-	(1,379)	(1,262)
Included in Creditors	**(393)**	**(8,462)**	**(33,516)**	**(37,819)**
Total Financial Liabilities	**(343,942)**	**(220,314)**	**(248,198)**	**(190,579)**

The following shows whether the assets and liability Balance Sheet Categories are inside or outside the scope of IFRS 9:

31-Mar-18 Total £000	31-Mar-18 In Scope £000	31-Mar-18 Out of Scope £000	Balance Sheet Category	31-Mar-19 Total £000	31-Mar-19 In Scope £000	31-Mar-19 Out of Scope £000
22,930	22,930	0	Long-Term Investments	25,788	25,788	0
8,161	0	8,161	Long-Term Debtors	32,487	26,967	5,520
18,808	18,808	0	Short-Term Investments	48,545	48,545	0
32,946	9,648	23,298	Short-Term Debtors	43,569	20,881	22,688
9,900	9,900	0	Cash and Cash Equivalents	19,879	19,879	0
(152,760)	(152,760)	0	Short-Term Borrowing	(214,682)	(214,682)	0
(42,688)	(37,819)	(4,869)	Short-Term Creditors	(56,595)	(42,545)	(14,050)
(8,462)	(8,462)	0	Long-Term Creditors	(498)	(393)	(105)
(170,341)	(170,341)	0	Long-Term Borrowing	(304,216)	(304,216)	0
(307,430)	(41,511)	(265,920)	Other Long-Term Liabilities	(312,685)	(39,338)	(273,347)

Pooled Investment Funds at Fair Value through Profit & Loss

The following Pooled Investment Funds are shown in the Balance Sheet as Fair Value through Profit and Loss. Fair Value Gains and Losses are taken through the Comprehensive Income and Expenditure Statement. However there is currently a mandatory statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds from the Comprehensive Income and Expenditure Statement to an unusable reserve. The statutory override became effective from 1st April 2018 and is currently due to last for five years.

	Fair Value		Dividends	
	31.03.19 £000	**31.03.18 £000**	**2018/19 £000**	**2017/18 £000**
CCLA Property Fund	11,170	11	484	507
CCLA Diversified Income Fund	3,524	0	63	0
Threadneedle Strategic Bond Fund	4,941	4,984	153	100
Insight Liquidity Fund		2,565		0
Total	**19,635**	**7,560**	**700**	**607**

Material Soft Loans Made by the Authority

Loans to James Elliman Homes

The Council makes regular loan payments to its wholly owned subsidiary set up to increase the supply of temporary accommodation in the borough. The council receives interest of 3% on the principal amounts lent but this is considered to be a lower rate of interest than the subsidiary would be able to obtain from external sources. The Council is effectively locking itself into an arrangement where it will incur an effective loss of interest on the amounts lent. The council is therefore required to discount the amounts it lends by a prevailing market interest rate. The value of the loans is held in the balance sheet as a long term debtor shown below. The changes to the prior year balances were not made in the Statement of Accounts as they were not considered material.

	31.3.2018	**31.3.2019**
Balance at start of year:		**5,129**
Nominal value of new loans granted in the year	6,724	23,200
Fair value adjustment on initial recognition	(1,558)	(6,450)
Loans repaid		
Impairment losses	(90)	(537)
Increase in discounted amount		
Other changes	53	346
Closing balance at end of year	**5,129**	**23,282**

Because the loss represented by the undercharge of interest remains in the Council's group, this is effectively an additional investment in James Elliman Homes. Over the life of the loans the difference between the interest receivable and the market rate is used to write down the value of the investment. The following table summarises the value of the investment in the subsidiary held in the balance sheet.

	31.3.2018	**31.3.2019**
Balance at start of year:		**1,505**
Investment in Subsidiary	1,558	4,892
Difference between market and actual interest receivable	(53)	(293)
Closing balance at end of year	**1,505**	**6,104**

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2017/18		**2018/19**	
	Surplus or Deficit provision of Services £000	**Other Comprehensive Income & Expenditure £000**	**Surplus or Deficit provision of Services £000**	**Other Comprehensive Income & Expenditure £000**
Net (gain)/loss on :				
Finance assets measured at fair value through Profit or Loss	(326)		0	13
Finance assets measured at amortised cost	90		0	447
Investment in equity investments designated as fair value through other comprehensive income				
Net (gain)/loss for the year	**(236)**	**0**	**0**	**460**
Interest Revenue :				
Finance assets measured at amortised cost	(1,237)		(2,054)	
Finance assets measured at fair value through Profit or Loss		(607)		(700)
Total Interest Revenue	**(1,237)**	**(607)**	**(2,054)**	**(700)**
Interest Expense	**9,532**		**11,652**	

Capitalisation of Borrowing Costs

For 2018/19 the Council has changed its accounting policy for borrowing costs incurred where items of property, plant and equipment take a substantial period of time to get ready for their intended use. Previously borrowing costs had been charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were incurred. The new approach is to capitalise borrowing costs for qualifying assets and is set out in the Council's summary of significant accounting policies (see Note 1 – Accounting Policies, section xx. Property, Plant and Equipment - Measurement).

The Council has enhanced the accounting policy because it believes that the capitalisation of borrowing costs better reflects the costs of property, plant and equipment and helps ensure that those benefiting from the use of the asset meet those costs.

Qualifying assets are those assets that necessarily take a substantial period of time to get ready for their intended use. Taking into account materiality, the practical outcome of this definition is that an asset will take a substantial period of time to get ready if the period is sufficiently long for a material balance of borrowing costs to accrue. The Council has determined that qualifying assets are those where the approved capital budget at inception was at least £4m and will take over 12 months to get ready.

During 2018/19 the following borrowing Costs were capitalised:

Capital Project	£000
Purchase and Fit Out of the new Corporate Headquarters	610
Purchase and Development of Thames Valley University Site	388
New Leisure Centre at Farnham Road	340
Hotel Development Project	26
Renovation of Langley Leisure Centre	170
Ice Arena Project	234
Salt Hill Park Leisure Project	130
	1,898

The Capitalisation Rate used for borrowing costs during 2018-19 was 2.12% which represents the council's average borrowing rate during 2018-19 taking account PWLB Loans, Market Loans and Temporary Loans.

Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Equity Shares in James Elliman Home have been valued from the company's balance sheet net assets by discounting expected future profits at a suitable market rate for similar equity investments.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

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

Fair values are shown below, split by their level in the fair value hierarchy:

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

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	(291,216)	(332,075)	(157,341)	(183,879)
Long-term LOBO loans	2	(13,000)	(21,114)	(13,000)	(21,687)
Lease payables	2	(7,025)	(6,342)	(7,807)	(5,691)
PFI liabilities	2	(34,701)	(53,559)	(35,963)	(54,309)
Temporary Loans	2	(214,682)	(214,682)	(152,760)	(152,760)
TOTAL		**(560,624)**	**(627,772)**	**(366,717)**	**(418,326)**
Liabilities for which fair value is not disclosed		(29,238)		(44,176)	
TOTAL FINANCIAL LIABILITIES		**(589,862)**		**(410,893)**	
Recorded on balance sheet as:					
Short-term creditors		(31,128)		(37,819)	
Short-term borrowing		(214,682)		(152,760)	
Long-term creditors		(498)		(8,462)	
Long-term borrowing		(304,216)		(170,341)	
Other long-term liabilities		(39,338)		(41,511)	
TOTAL FINANCIAL LIABILITIES		**(589,862)**		**(410,893)**	

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial assets held at fair value:					
Money market funds	1	7,262		4,754	
Bond, equity and property funds	1	19,684		18,902	
Financial assets held at amortised cost:					
Loans to local authorities	2	44,019	44,019	5,060	5,180
Loans to companies	2	33,533	28,195	15,068	15,068
Cash and Bank	1	12,617	12,617	5,146	5,146
TOTAL		**117,114**	**111,777**	**48,930**	**49,050**
Assets for which fair value is not disclosed		24,945		12,356	
TOTAL FINANCIAL ASSETS		**142,059**		**61,286**	
Recorded on balance sheet as:					
Long-term debtors		26,967		0	
Long-term investments		25,788		22,930	
Short-term debtors		20,881		9,648	
Short-term investments		48,545		18,808	
Cash and cash equivalents		19,879		9,900	
TOTAL FINANCIAL ASSETS		**142,059**		**61,286**	

Note 17 - Financial Instruments

Financial Instruments - Classifications

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

Financial Liabilities

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

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- overdraft with Lloyds bank,
- lease payables detailed in note 36,
- Private Finance Initiative contracts detailed in note 37, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows comprising:
    - cash in hand,
    - bank current and deposit accounts with Lloyds bank,
    - loans to other local authorities,
    - loans to James Elliman Homes made for service purposes,
    - lease receivables detailed in note 36, and
    - trade receivables for goods and services provided.

- Fair value through profit and loss (all other financial assets) comprising:
    - money market funds managed by fund managers,
    - pooled bond, equity and property funds managed by fund managers held as strategic investments

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Instruments - Balances

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Current Financial Assets	Debtors		Investments		Cash & Cash Equivalents	
	31.3.2018 £000	31.3.2019 £000	31.3.2018 £000	31.3.2019 £000	31.3.2018 £000	31.3.2019 £000
Pre IFRS Categories						
Loans and receivables	9,648	20,881	18,808	0	5,146	
Available for Sale Financial Assets				0	4,754	
TOTAL FINANCIAL ASSETS	**9,648**	**20,881**	**18,808**	**0**	**9,900**	**0**
IFRS 9 Categories						
Fair Value through Profit & Loss			2,695	163	4,754	7,262
Amortised Cost	9,648	20,881	16,113	48,382	5,146	12,618
Fair Value other Comprehensive Income						
TOTAL FINANCIAL ASSETS	**9,648**	**20,881**	**18,808**	**48,545**	**9,900**	**19,879**

Non Current Financial Assets	Investments		Debtors	
	31.3.2018 £000	31.3.2019 £000	31.3.2018 £000	31.3.2019 £000
Pre IFRS 9 Categories				
Loans and receivables	6,724			
Available for Sale Financial Assets	16,206			
Unquoted Equity Investment at Cost				
TOTAL FINANCIAL ASSETS	**22,930**		**0**	
IFRS 9 Categories				
Fair Value through Profit & Loss	16,206	19,684	0	0
Amortised Cost	1,505	6,104	5,129	23,282
TOTAL FINANCIAL ASSETS	**17,711**	**25,788**	**5,129**	**23,282**

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

Financial Liabilities	Long Term 31.3.2019	Long Term 31.3.2018	Short Term 31.3.2019	Short Term 31.3.2018
Loans at amortised cost:				
- Principal sum borrowed	(304,216)	(170,341)	(213,083)	(152,000)
- Accrued interest	-	-	(1,599)	(760)
Total Borrowing *	**(304,216)**	**(170,341)**	**(214,682)**	**(152,760)**
Liabilities at amortised cost:				
- Finance leases	(6,011)	(6,810)	-	-
- PFI arrangements	(33,322)	(34,701)	-	-
Total Other Long-term Liabilities	**(39,338)**	**(41,511)**		
Liabilities at amortised cost:				
- Trade payables	(393)	(8,462)	(40,157)	(35,560)
- Finance leases		-	(1,009)	(997)
- PFI arrangements	-	-	(1,379)	(1,262)
Included in Creditors	**(393)**	**(8,462)**	**(42,545)**	**(37,819)**
Total Financial Liabilities	**(343,947)**	**(220,314)**	**(257,227)**	**(190,579)**

The following shows whether the assets and liability Balance Sheet Categories are inside or outside the scope of IFRS 9:

31-Mar-18 Total £000	31-Mar-18 In Scope £000	31-Mar-18 Out of Scope £000	Balance Sheet Category	31-Mar-19 Total £000	31-Mar-19 In Scope £000	31-Mar-19 Out of Scope £000
22,930	22,930	0	Long-Term Investments	25,788	25,788	0
8,161	0	8,161	Long-Term Debtors	32,487	23,282	9,205
18,808	18,808	0	Short-Term Investments	48,545	48,545	0
32,945	9,648	23,297	Short-Term Debtors	43,563	20,881	22,682
9,900	9,900	0	Cash and Cash Equivalents	19,879	19,879	0
(152,760)	(152,760)	0	Short-Term Borrowing	(214,682)	(214,682)	0
(42,688)	(37,819)	(4,869)	Short-Term Creditors	(56,589)	(42,545)	(14,044)
(8,462)	(8,462)	0	Long-Term Creditors	(498)	(393)	(105)
(170,341)	(170,341)	0	Long-Term Borrowing	(304,216)	(304,216)	(0)
(307,430)	(41,511)	(265,920)	Other Long-Term Liabilities	(312,685)	(39,338)	(273,347)

Pooled Investment Funds at Fair Value through Profit & Loss

The following Pooled Investment Funds are shown in the Balance Sheet as Fair Value through Profit and Loss. Fair Value Gains and Losses are taken through the Comprehensive Income and Expenditure Statement. However there is currently a mandatory statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds from the Comprehensive Income and Expenditure Statement to an unusable reserve. The statutory override became effective from 1st April 2018 and is currently due to last for five years.

	Fair Value		Dividends	
	31.03.19 £000	**31.03.18 £000**	**2018/19 £000**	**2017/18 £000**
CCLA Property Fund	11,170	11	484	507
CCLA Diversified Income Fund	3,524	0	63	0
Threadneedle Strategic Bond Fund	4,941	4,984	153	100
Insight Liquidity Fund		2,565		0
Total	**19,634**	**7,560**	**700**	**607**

Material Soft Loans Made by the Authority

Loans to James Elliman Homes

The Council makes regular loan payments to its wholly owned subsidiary set up to increase the supply of temporary accommodation in the borough. The council receives interest of 3% on the principal amounts lent but this is considered to be a lower rate of interest than the subsidiary would be able to obtain from external sources. The Council is effectively locking itself into an arrangement where it will incur an effective loss of interest on the amounts lent. The council is therefore required to discount the amounts it lends by a prevailing market interest rate. The value of the loans is held in the balance sheet as a long term debtor shown below. The changes to the prior year balances were not made in the Statement of Accounts as they were not considered material.

	31.3.2018	31.3.2019
Balance at start of year:		**5,129**
Nominal value of new loans granted in the year	6,724	23,200
Fair value adjustment on initial recognition	(1,558)	(6,450)
Loans repaid		
Impairment losses	(90)	(537)
Increase in discounted amount		
Other changes	53	346
Closing balance at end of year	**5,129**	**23,282**

Because the loss represented by the undercharge of interest remains in the Council's group, this is effectively an additional investment in James Elliman Homes. Over the life of the loans the difference between the interest receivable and the market rate is used to write down the value of the investment. The following table summarises the value of the investment in the subsidiary held in the balance sheet.

	31.3.2018	31.3.2019
Balance at start of year:		**1,505**
Investment in Subsidiary	1,558	4,892
Difference between market and actual interest receivable	(53)	(293)
Closing balance at end of year	**1,505**	**6,104**

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	2017/18		2018/19	
	Surplus or Deficit provision of Services £000	Other Comprehensive Income & Expenditure £000	Surplus or Deficit provision of Services £000	Other Comprehensive Income & Expenditure £000
Net (gain)/loss on :				
Finance assets measured at fair value through Profit or Loss	(326)		0	13
Finance assets measured at amortised cost	90		0	447
Investment in equity investments designated as fair value through other comprehensive income				
Net (gain)/loss for the year	**(236)**	**0**	**0**	**460**
Interest Revenue :				
Finance assets measured at amortised cost	(1,237)		(2,054)	
Finance assets measured at fair value through Profit or Loss		(607)		(700)
Total Interest Revenue	**(1,237)**	**(607)**	**(2,054)**	**(700)**
Interest Expense	**9,532**		**11,652**	

Capitalisation of Borrowing Costs

For 2018/19 the Council has changed its accounting policy for borrowing costs incurred where items of property, plant and equipment take a substantial period of time to get ready for their intended use. Previously borrowing costs had been charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were incurred. The new approach is to capitalise borrowing costs for qualifying assets and is set out in the Council's summary of significant accounting policies (see Note 1 – Accounting Policies, section xx. Property, Plant and Equipment - Measurement).

The Council has enhanced the accounting policy because it believes that the capitalisation of borrowing costs better reflects the costs of property, plant and equipment and helps ensure that those benefiting from the use of the asset meet those costs.

Qualifying assets are those assets that necessarily take a substantial period of time to get ready for their intended use. Taking into account materiality, the practical outcome of this definition is that an asset will take a substantial period of time to get ready if the period is sufficiently long for a material balance of borrowing costs to accrue. The Council has determined that qualifying assets are those where the approved capital budget at inception was at least £4m and will take over 12 months to get ready.

During 2018/19 the following borrowing Costs were capitalised:

Capital Project	£000
Purchase and Fit Out of the new Corporate Headquarters	610
Purchase and Development of Thames Valley University Site	388
New Leisure Centre at Farnham Road	340
Hotel Development Project	26
Renovation of Langley Leisure Centre	170
Ice Arena Project	234
Salt Hill Park Leisure Project	130
	1,898

The Capitalisation Rate used for borrowing costs during 2018-19 was 2.12% which represents the council's average borrowing rate during 2018-19 taking account PWLB Loans, Market Loans and Temporary Loans.

Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Equity Shares in James Elliman Home have been valued from the company's balance sheet net assets by discounting expected future profits at a suitable market rate for similar equity investments.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

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

Fair values are shown below, split by their level in the fair value hierarchy:

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

	Fair Value Level	Balance Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Balance Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	**2**	(291,216)	(332,075)	(157,341)	(183,879)
Long-term LOBO loans	**2**	(13,000)	(21,114)	(13,000)	(21,687)
Lease payables	**2**	(7,025)	(6,342)	(7,807)	(5,691)
PFI liabilities	**2**	(34,701)	(53,559)	(35,963)	(54,309)
Temporary Loans	**2**	(214,682)	(214,682)	(152,760)	(152,760)
TOTAL		**(560,624)**	**(627,772)**	**(366,717)**	**(418,326)**
Liabilities for which fair value is not disclosed		(40,550)		(44,176)	
TOTAL FINANCIAL LIABILITIES		**(601,174)**		**(410,893)**	
Recorded on balance sheet as:					
Short-term creditors		(42,545)		(37,819)	
Short-term borrowing		(214,682)		(152,760)	
Long-term creditors		(393)		(8,462)	
Long-term borrowing		(304,216)		(170,341)	
Other long-term liabilities		(39,338)		(41,511)	
TOTAL FINANCIAL LIABILITIES		**(601,174)**		**(410,893)**	

	Fair Value Level	Sheet 31.3.2019 £000	Fair Value 31.3.2019 £000	Sheet 31.3.2018 £000	Fair Value 31.3.2018 £000
Financial assets held at fair value:					
Money market funds	**1**	7,262		4,754	
Bond, equity and property funds	**1**	19,684		18,902	
Financial assets held at amortised cost:					
Loans to local authorities	**2**	44,019	44,019	5,060	5,180
Loans to companies	**2**	33,533	28,195	15,068	15,068
Cash and Bank	**1**	12,617	12,617	5,146	5,146
TOTAL		**117,114**	**111,777**	**48,930**	**49,050**
Assets for which fair value is not disclosed		21,260		12,356	
TOTAL FINANCIAL ASSETS		**138,374**		**61,286**	
Recorded on balance sheet as:					
Long-term debtors		23,282		0	
Long-term investments		25,788		22,930	
Short-term debtors		20,881		9,648	
Short-term investments		48,545		18,808	
Cash and cash equivalents		19,879		9,900	
TOTAL FINANCIAL ASSETS		**138,374**		**61,286**	

Note 18 - Debtors

31-Mar-18 Restated £000		31-Mar-19 £000
2,167	Prepayments	1,469
19,791	Central Government Bodies	-
8,660	Trade debtors	3,062
3,755	VAT	5,059
2	Council Tax	17,823
(3,151)	Impairment Allowance for Doubtful Debts	(12,950)
11,617	Other debtors	17,820
1,517	NNDR Receivable	0
3,477	Housing Benefit Receivable	3,713
47,835	**Total**	**35,996**

Note 19 - Cash and Cash Equivalents

31 March 2018 £000		31 March 2019 £000
5,146	Cash and Bank balances	2,587
4,754	Short Term Deposits	17,292
9,900	**Total Cash and Cash Equivalents**	**19,879**

Note 20 - Assets Held for Sale

Restated 31 March 2018 £000		31 March 2019 £000
0	Balance outstanding at start of year	1,276
	Assets newly classified as held for sale:	
1,276	- Property Plant and Equipment	0
	Assets declassified as held for sale	(1,276)
1,276	**Balance Outstanding year end**	**0**

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

Note 21 - Creditors

31-Mar-18 Restated £000		31-Mar-19 £000
(6,074)	Trade creditors	(6,322)
(1,325)	PAYE & NI	(1,164)
	Central Government Bodies	(1,527)
(33,825)	Other Creditor	(40,483)
(1,252)	PFI Finance Lease Liability	(1,379)
(4,847)	Receipts in Advance	(5,675)
(10,628)	Payroll Creditor	(45)
(3,936)	Collection Fund Account Balance – Council Tax	-
(61,887)	**Total**	**(56,595)**

Note 22 – Provisions

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

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

Current Provisions

2018/19	Insurance Claims £000	Business Rates Appeals £000	Other £000	Total £000
Opening Balance	(716)	(1,506)	(225)	(2,447)
Increase in provision during year	0	(4,116)	0	(4,116)
Utilised during year	0	2,072	225	2,297
Closing Balance	**(716)**	**(3,550)**	**0**	**(4,266)**

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

Long Term Provisions

2018/19	**Other – Long Term**	**Total**
	£000	**£000**
Opening Balance	(223)	(223)
Increase in provision during year	0	0
Utilised during year	0	0
Closing Balance	**(223)**	**(223)**

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

2017/18	**Total Provisions**	**2018/19**
£000		**£000**
(1,730)	Opening Balance	(2,670)
(2,483)	Increase in provision during year	(4,116)
1,543	Utilised during year	2,297
(2,670)	**Closing Balance**	**(4,489)**

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

Note 23 – Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement shown as part of the Main Accounting Statements, along with a description of the nature and purpose of the reserve used in the adjustment between the accounting basis and the funding basis under regulation.

Other usable reserves are:

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

Capital Receipts Reserve

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

General Funds Schools Balance

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

Earmarked General Fund Reserves

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

Capital Receipts Reserve

31 March 2018 £000		31 March 2019 £000
(23,675)	Balance 1 April	(28,312)
(13,307)	Capital Receipts in year	(8,783)
(3,200)	Deferred Receipts realised	(5,554)
1,072	Capital Receipts Pooled	874
356	Transfer to revenue reserves to cover disposal costs	401
10,442	Capital Receipts used for financing	16,747
0	Other movements	642
(28,312)	**Balance 31 March**	**(23,985)**

Major Repairs Reserve

31 March 2018 £000		31 March 2019 £000
(14,025)	Balance 1 April	(15,107)
(2,410)	Voluntary Transfers from the HRA	(4,290)
(9,298)	Depreciation and Amortisation	(8,775)
10,626	Application to finance capital expenditure	16,359
0	Other movements	(644)
(15,107)	**Balance 31 March**	**(12,457)**

Capital Grants Unapplied

31 March 2018 £000		31 March 2019 £000
(50,680)	Balance 1 April	(32,443)
(12,462)	Capital grants recognised in year	(2,617)
30,699	Capital grants and contributions applied	13,132
0	Other movements	8,728
(32,443)	**Balance 31 March**	**(13,200)**

Note 24 – Unusable Reserves

31 March 2018 Restated £000		31 March 2019 £000
(291,090)	Revaluation Reserve	(320,312)
(1,209)	Available for Sale Financial Instruments Reserve	0
0	Financial Instruments Revaluation Reserve	(1,135)
(246,893)	Capital Adjustment Account	(215,390)
1,362	Financial Instruments Adjustment Account	1,095
265,920	Pension Reserve	273,352
(9,791)	Deferred Capital Receipts Reserve	(4,237)
577	Collection Fund Adjustment Account	0
1,014	Accumulated Absences Account	1,014
(280,110)	**Total**	**(265,613)**

Revaluation Reserve

31 March 2018 restated £000		31 March 2019 £000
(269,811)	**Balance 1 April**	(291,090)
(58,971)	Upward revaluation of assets	(100,416)
29,854	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	43,870
(29,117)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(56,546)**
4,890	Difference between fair value depreciation and historical cost depreciation	5,209
2,948	Accumulated gains on assets sold or scrapped	22,113
7,838	**Amount written off to the Capital Adjustment Account**	**27,322**
(291,090)	**Balance 31 March**	**(320,314)**

Available for Sale Financial Instruments Reserve

31 March 2018 £000		31 March 2019 £000
(761)	**Balance 1 April**	(1,209)
0	Opening balance adjustments on adoption of IFRS9	1,209
(761)	**Revised Opening Balance**	**0**
(518)	Upward revaluation of investments	0
70	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	0
(1,209)	**Balance 31 March**	**0**

Financial Instruments Revaluation Reserve

31 March 2018 £000		31 March 2019 £000
0	**Balance 1 April**	0
0	Opening balance adjustments on adoption of IFRS9	(1,209)
0	**Revised Opening Balance**	**(1,209)**
0	Upward revaluation of investments	(44)
0	Downward revaluation of investments	118
0	**Total Changes in revaluation and impairment**	**74**
0	**Balance 31 March**	**(1,135)**

Capital Adjustment Account

31 March 2018 restated £000		31 March 2019 £000
(268,305)	**Balance 1 April**	(246,893)
20,052	Charges for depreciation and impairment of non-current assets	18,955
16,711	Revaluation losses on non-current assets	29,562
95	Amortisation of intangible assets	0
19,471	Revenue expenditure funded from capital under statute	16,149
0	Revaluation and impairment of capital financial assets	546
31,600	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	45,076
87,929	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	110,288
(7,838)	Adjusting Amounts written out of the Revaluation Reserve	(27,322)
80,091	**Net written out amount of the cost of non-current assets consumed in the year**	82,966
(10,442)	Use of Capital Receipts Reserve to finance new capital expenditure	(16,747)
(10,626)	Use of Major Repairs Reserve to finance new capital expenditure	(16,359)
(36,323)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(18,686)
(1,367)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,099)
(6,700)	Capital expenditure charged against the General Fund and HRA balances	(2,054)
(65,458)	**Capital financing applied in year:**	(55,945)
6,779	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	7,178
0	Other movements	(2,687)
(246,893)	**Balance 31 March**	**(215,381)**

Financial Instruments Adjustment Account

31 March 2018 £000		31 March 2019 £000
1,634	**Balance 1 April**	1,362
0	Opening balance adjustments on adoption of IFRS9	0
1,634	**Revised Opening Balance**	**1,362**
(272)	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 Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(267)
(272)	Subtotal	(267)
1,362	**Balance 31 March**	**1,095**

Pension Reserve

31 March 2018 £000		31 March 2019 £000
270,205	Balance 1 April	265,920
(20,630)	Remeasurements of the net defined benefit (liability)/asset	(3,340)
25,241	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	20,417
(8,896)	Employer's pensions contributions and direct payments to pensioners payable in the year	(9,645)
265,920	**Balance 31 March**	**273,352**

Deferred Capital Receipts Reserve

31 March 2018 £000		31 March 2019 £000
(12,991)	Balance 1 April	(9,791)
3,200	Transfer to the Capital Receipts Reserve upon receipt of cash	5,554
(9,791)	**Balance 31 March**	**(4,237)**

Collection Fund Adjustment Account

31 March 2018 £000		31 March 2019 £000
1,111	Balance 1 April	577
(534)	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	(577)
0	Other movements	0
577	**Balance 31 March**	**0**

Accumulated Absences Account

31 March 2018 £000		31 March 2019 £000
1,014	**Balance 1 April**	1,014
0	Settlement or cancellation of accrual made at the end of the preceding year	0
0	Amounts accrued at the end of the current year	0
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	0
1,014	**Balance 31 March**	**1,014**

Note 25 – Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2018 £000		31 March 2019 £000
(2,058)	Interest received	(4,876)
8,963	Interest paid	8,416
6,905	**Total**	**3,540**

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

31 March 2018 Restated £000		31 March 2019 £000
(20,052)	Depreciation	(18,955)
(16,711)	Impairment and downward valuations	(29,562)
(95)	Amortisation	0
1,704	(Increase)/decrease in creditors	(22,760)
(5,512)	Increase/(decrease) in debtors	6,529
1	Increase/(decrease) in inventories	(5)
0	Increase/(decrease) in contract assets and liabilities	0
(16,345)	Movement in pension liability	(10,772)
(31,602)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(45,076)
(11,451)	Other non-cash movements charged to the surplus or deficit on provision of services	(8,658)
(100,063)	**Total**	**(129,259)**

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

31 March 2018 Restated £000		31 March 2019 £000
0	Proceeds from short term (not to be considered to be cash equivalents) and long term investments (includes investments in associates . joint ventures and subsidiaries)	12,573
13,307	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,783
18,086	Any other items for which the cash effects are investing or financing cash flows	3,803
31,393	**Total**	**25,159**

Note 26 – Cash Flow from Investing Activities

31 March 2018 Restated £000		31 March 2019 £000
129,258	Purchase of property, plant and equipment, investment property and intangible assets	135,829
330,466	Purchase of short-term and long-term investments	75,700
0	Other payments for investing activities	0
(16,507)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14,337)
(339,252)	Proceeds from short-term and long-term investments	(12,573)
(14,913)	Other receipts from investing activities	(6,830)
89,052	**Net cash flows from investing activities**	**177,789**

Note 27 – Cash Flow from Financing Activities

31 March 2018 £000		31 March 2019 £000
(203,000)	Cash receipts of short-term and long-term borrowing	(534,500)
2,260	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,376
117,829	Repayments of short-term and long-term borrowing	339,542
904	Other payments for financing activities	1,928
(82,007)	**Net cash flows from financing activities**	**(190,654)**

Note 28 – Pooled Budgets

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

Better Care Fund

The Council began hosting the Better Care Fund from the 1st April 2015. This is part of a national initiative to pool health and social care funding of services to achieve better health and care for the local community. The Better Care Fund is a partnership between NHS England, the Ministry of Housing, Communities and Local Government, the Department of Health and Social Care and the Local Government Association

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

In 2018/19 the fund comprised 32 schemes (as in 2017/18) grouped under the following headings:

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

2017/18	Better Care Fund	2018/19
£000		**£000**
(3,494)	Authority Funding	(4,232)
(8,407)	Partner Funding	(8,567)
(11,901)	Total Pooled Funding	(12,799)
3,494	Authority Expenditure	4,232
7,756	Partner Expenditure	8,203
11,250	Expenditure	12,435
(651)	**Net (Surplus)/Deficit on the Pooled Budget**	**(364)**
(191)	**Authority Share of the Net (Surplus) / Deficit**	**(364)**

In 2018/19 Slough Borough Council funding included £2.842m of improved better care fund (BCF) grant (£2.182m in 2017/18).

In accordance with the section 75 agreement, NHS funded services that are commissioned directly by the clinical commissioning group, do not require transactions to be via the Council. Consequently, the actual transfer of funding from the CCG to the Council as a result of the fund is £5.852m.

Berkshire Community Equipment Store

The Berkshire Community Equipment Store (BCES) is provided jointly by six Berkshire local authorities and the NHS in Berkshire. for the effective procurement and provision of a joint store of health and social care equipment within the region in conjunction with the South Central Ambulance NHS Trust. In 2015/16 West Berkshire Council took over as the lead Council and the accountable body (previously Slough Borough Council in 2014/15). Slough Borough Council are charged for the amount of equipment that they use.

2017/18	**Berkshire Community Equipment Store**	**2018/19**
£000		**£000**
-305	Authority Funding	-431
-7,001	Partner Funding	-8,946
-7,306	Total Pooled Funding	-9,377
415	Authority Expenditure	431
7,141	Partner Expenditure	8,946
7,556	Expenditure	9,377
250	**Net Surplus/Deficit on the Pooled Budget**	**0**
10	**Authority Share of the Net Surplus / Deficit**	**0**

Note 29 – Members' Allowances

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

31 March 2018		31 March 2019
£000		£000
482	Allowances	490
482	**Total Members' Allowances**	490

Detailed breakdown of members' allowances

	2018/19 £000	2017/18 £000
Basic Allowance	323	316
Mayor & Deputy Mayors Allowance	11	12
Employers Costs	18	17
Subsistence	1	0
Special Responsibility Allowance	137	137
Total	**490**	**482**

Note 30 – Officer Remuneration

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

Senior Officer Remuneration

		Salary,Fees and Allowances	Compensation for Loss of Office	Pension Contribution	Total
		£000	£000	£000	£000
J Wragg-Chief Executive	2018/19	68	-	9	78
Note 1	2017/18	-	-	-	-
N Pallace-Interim Chief Executive	2018/19	214	-	-	214
Note 2	2017/18	30	-	-	30
R Parkin - Interim Chief Executive	2018/19	-	-	-	-
Note 3	2017/18	113	142	340	595
Director of Children,Learning and Skills Services	2018/19	131	-	18	149
Note 4	2017/18	61	-	8	69
M England - Interim Director of Place and Development	2018/19	154	-	-	154
Note 4	2017/18	87	-	-	87
Director of Finance and Resources (S151 Officer)	2018/19	118	-	15	134
Note 4	2017/18	55	-	7	63
Director of Adults and Communities	2018/19	131	-	17	148
Note 4	2017/18	63	-	8	71
Director of Regeneration	2018/19	118	-	16	134
Note 4	2017/18	55	-	7	63
Strategic Director of Regeneration, Hsg & Resources	2018/19	-	-	-	-
Note 5	2017/18	75	-	-	75
Assistant Director Finance and Audit (S151 Officer)	2018/19	-	-	-	-
Note 5	2017/18	42	-	6	48
Interim Director of Childrens Services	2018/19	-	-	-	-
Note 5	2017/18	57	-	8	65
Assistand Director-Adult Social Care	2018/19	-	-	-	-
Note 5	2017/18	56	-	8	64
Director of Public Health	2018/19	32	-	-	32
Note 6	2017/18	35	-	-	35
Total	2018/19	**966**	**-**	**76**	**1,042**
	2017/18	**729**	**142**	**393**	**1,264**

Note 1 - 2018/19 Not full year. Start date 01/10/2018.

Note 2 - 2018/19 and 2017/18 Not full years costs.

Note 3 - Postholder left 19/12/17. The pension contribution amount above includes a capital payment as compensation for loss of office.

Note 4 - 2017/2018 Posts created as a result of the senior management restructure implemented 02/10/2017.

Note 5 - Not full year costs for 2017/18-Posts deleted as a result of the senior management restructure implemented 02/10/2017.

Note 6 - The Director of Public Health costs were shared between the Berkshire Authorities. The total cost of the post in 2018/19 was £160k (£189k in 2017/18) with Slough Council's share being £32k.

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

	Number of Employees			
	2017/18		**2018/19**	
Bandings	**Schools**	**Non-schools**	**Schools**	**Non-schools**
£50,001 to £55,000	16	19	23	15
£55,001 to £60,000	16	10	14	20
£60,001 to £65,000	10	11	8	4
£65,001 to £70,000	8	5	6	10
£70,001 to £75,000		2	3	4
£75,001 to £80,000	4	3	3	6
£80,001 to £85,000	2		1	1
£85,001 to £90,000	2		2	1
£90,001 to £95,000	2	1		1
£95,001 to £100,000	2		4	1
£100,001 to £105,000			1	
£105,001 to £110,000				1
£110,001 to £115,000				
£115,001 to £120,000		1		
£120,001 to £125,000				
£125,001 to £130,000				
£130,001 to £135,000				
£135,001 to £140,000	1			
£140,001 to £145,000		1		
Total	**63**	**53**	**65**	**64**

Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,0000	2	10	5	3	7	13	89	125
£20,001 - £40,000	1	5	0	3	1	8	36	215
£40,001 - £60,000	0	0	2	0	2	0	103	0
£60,001 - £80,000	0	2	0	0	0	2	0	129
£80,001 - £100,000	0	0	1	0	1	0	99	0
£100,001 - £150,000	0	1	0	0	0	1	0	101
£150,001 - £200,000	0	1	0	0	0	1	0	160
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	0	0	0	0
£300,001 - £350,000	0	0	0	0	0	0	0	0
£350,001 and over	1	0	0	0	1	0	467	0
Total	**4**	**19**	**8**	**6**	**12**	**25**	**794**	**730**
Add : Amounts provided for in CIES not included in bandings							0	0
Total cost included in CIES							**794**	**730**

Note 31 – External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

2017/18 £000		2018/19 £000
128	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	98
35	Fees payable to external auditors for the certification of grant claims and returns for the year	43
0	Fees payable in respect of other services provided by external auditors during the year	13
163	**Total**	**154**

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

Note 32 – Dedicated Schools Grant

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

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

Details of the deployment of the DSG receivable for 2018/19 are as follows:

DSG Receivable for 2018/19	**Central Expenditure**	**Individual Schools Budget**	**Total**
	£000	**£000**	**£000**
Final DSG for year before Academies recoupment			165,744
Academy figure recouped for year			(97,835)
Total DSG after academy recoupment			**67,909**
Plus: Brought forward from previous year			(5,388)
Agreed initial budgeted distribution in year	**27,686**	**34,835**	**62,521**
In year adjustments	(368)	0	(368)
Final budget distribution for year	**27,318**	**34,835**	**62,153**
Less: Actual central expenditure	(34,651)		(34,651)
Less: Actual ISB deployed to schools		(34,700)	(34,700)
Carry forward to 2019/20	**(7,333)**	**135**	**(7,198)**

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

Note 33 – Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure in 2018/19.

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

31 March 2018 £000		31 March 2019 £000
(13,181)	Revenue Support Grant	0
(3,678)	PFI	(3,678)
(3,195)	New Homes Bonus	(2,749)
(40)	Local Services Support Grant	(59)
(270)	Education Services Grant	0
(990)	Section 31 Grant	0
(516)	Other Grants	(3,833)
0	HRA Capital Grants	0
(18,086)	GF Capital Grants	(3,803)
(39,956)	**Total**	**(14,122)**

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

The balances at the year end are as follows:

Grants Receipts in Advance (Capital Grants) - Current Liabilities

31 March 2018 £000		31 March 2019 £000
(2,100)	Capital Grants	0
(2,100)	**Total**	**0**

Note 34 - Related Parties

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

The Council has a number of several wholly owned subsidiaries which are listed below:

Development Initiative for Slough Housing (DISH) is a wholly owned subsidiary with three Councillors and an officer sitting on the board. Total income and expenditure of £400k has been included within Slough Borough Council's accounts in respect of transactions with DISH for the financial year 2018/19 (in 2017/18 the total was £386k).

James Elliman Homes is a wholly owned subsidiary. Slough has made payments totalling £23.2m in the year (adding to the £6.72m in 2017/18) to James Elliman homes, interest on the payments totalling £557k was made to the Council during 2018/19.

Slough Urban Renewal:
Slough Urban Renewal is a Limited Liability Partnership created when the Council entered into partnership with Morgan Sindall Investments to build a new library, cultural and community centre in the heart of the town. In 2018/19 Three Officers and two members were on the board of Slough Urban Renewal (SUR). For the purposes of the accounts the accounting information from SUR is consolidated into the Slough Borough Council group accounts as a joint venture .

Payments totalling £27.863m have been made to SUR in the year (2017/18 £46.323m).

Repayments by SUR to the Council of £5.554m in respect of outstanding prior year land transfers (£9.7m) in Wexham were made in the year with £4.2m outstanding as at the 31st March 2019. Total interest on the loan notes issued amounted to £759k for 2018/19 (£1.719m 2017/18) these amounts were included in the council's single entity accounts.

Pooled Budgets
The Council has two pooled budgets details of which can be found in Note 28

Central Government
Central government has effective control over the general operations of the Council. Central Government is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits).
Grants received from government departments are set out in Note 33 on reporting for resources allocation decisions. Grants received in advance at 31st March 2019 are shown in Note 33.

Members
Members of the Council are regarded as key personnel and have direct control over the Council's financial and operating polices. The total of members allowances paid in 2018/19 are shown in Note 29.
At formal committee meetings, Members are expected to make formal declarations of interest, if there is an interest that could have an effect on any of the agenda items being discussed.

Matrix
The council has a contract with Matrix SCM Limited for senior officers paid through an agency. Renumeration paid to the management entity for services provided by the Interim Director of Place and Development was £154k in 2018/19 (£87k 2017/18 part year).

Other Management Entities
The Council paid other management entities £195k in 2018/19 (£30k in 2017/18) for services provided by the interim Chief Executive.

2018/19 and 2017/18

					31-Mar-19
Name	**Loan**	**Expenditure**	**Income**	**Income Outstanding to SBC**	**Balance Outstanding From SBC**
	£000	**£000**	**£000**	**£000**	**£000**
Development Initiative for Slough Housing (DISH)	0	400	(400)	0	716
James Elliman Homes (JEH)	23,200	0	(557)	29,924	151
Slough Urban Renewal	(5,554)	27,863	(3,959)	4,200	453
Matrix	0	154	0	0	0
IRG Advisors LLP T/A ODGERS INTERIM	0	195	0	0	0
Total	17,646	28,612	(4,916)	34,124	1,320

					31-Mar-18
Name	**Loan**	**Expenditure**	**Income**	**Income Outstanding to SBC**	**Balance Outstanding From SBC**
	£000	**£000**	**£000**	**£000**	**£000**
Development Initiative for Slough Housing (DISH)	0	386	(386)	0	676
James Elliman Homes (JEH)	6,724	0	0	6,724	79
Slough Urban Renewal	0	46,323	(6,028)	4,309	8,300
Matrix	0	87	0	0	0
IRG Advisors LLP T/A ODGERS INTERIM	0	30	0	0	0
Total	6,724	46,826	(6,414)	11,033	9,055

Note 35 - Capital Expenditure and Capital Financing

Capital Expenditure and Capital Financing

Restated 31 March 2018 £000		31 March 2019 £000
347,579	Opening Capital Financing Requirement	450,701
	Capital Investment:	
92,388	Property Plant and Equipment	99,174
49,809	Investment Property	27,310
188	Intangible Assets	419
19,471	Revenue Expenditure Funded from Capital Under Statute	16,149
6,724	Other Capital Expenditure	23,200
168,580	**Total Capital Spending**	**166,252**
	Sources of Finance:	
(10,442)	Capital receipts	(16,747)
(36,323)	Government Grants and other contributions	(18,685)
(10,626)	Major repairs reserve	(16,359)
	Sums set aside from revenue:	
(6,700)	- Direct revenue contributions	(2,055)
(1,367)	- Minimum revenue provision	(2,099)
(65,458)	**Total Sources of Finance**	**(55,945)**
450,701	**Closing Capital Financing Requirement**	**561,008**

Explanation of movements in year

31 March 2018 £000		31 March 2019 £000
103,122	**Increase/(decrease) in Capital Financing Requirement**	**110,307**

Note 36 - Leases

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

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

The authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities
- for economic development purposes to provide suitable affordable accommodation for local businesses

Authority as Lessee - Finance Leases

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

31 March 2018 £000		31 March 2019 £000
7,443	Other Land and Buildings	5,362
364	Vehicles, Plant, Furniture, Equipment and Other	287
7,807	**Total**	**5,649**

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

31 March 2018 £000		31 March 2019 £000
	Finance lease liabilities (net present value of minimum lease payments):	
(998)	- current	(1,009)
(6,604)	- non-current	(6,017)
(411)	Finance costs payable in future years	(321)
(8,013)	**Minimum lease payments**	**(7,347)**

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

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

Minimum Lease Payments			Finance Lease Liabilities	
31 March 2018	**31 March 2019**		**31 March 2018**	**31 March 2019**
£000	**£000**		**£000**	**£000**
1,090	1,090	Not later than one year	(998)	(1,009)
3,066	2,771	Later than one year and not later than five years	(3,217)	(2,592)
3,857	3,486	Later than five years	(3,593)	(3,419)
8,013	**7,347**	**Total**	**(7,808)**	**(7,020)**

Authority as Lessee - Operating Leases

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

31 March 2018		**31 March 2019**
£000		**£000**
757	Not later than one year	578
1,026	Later than one year and not later than five years	578
1,228	Later than five years	1,099
3,011	**Total**	**2,255**

Authority as Lessor - Operating Leases

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

31 March 2018		**31 March 2019**
£000		**£000**
3,399	Not later than one year	3,123
11,886	Later than one year and not later than five years	11,534
29,333	Later than five years	26,455
44,618	**Total**	**41,112**

Note 37 - Service Concession Arrangements

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

A PFI arrangement in essence transfers responsibility, but not accountability to the private sector organisation. For Slough all of the PFI contracts relate to buildings

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

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

Schools PFI Scheme

The Final business case for the Council's PFI project was approved by Department for Education & Schools in August 2006. The PFI contract was signed on 3rd August 2006 for the provision and replacement of three schools, which was a long term commitment for the provision of accommodation and facilities management for a period of 28 years. 35% of the payment to the contractor over the life of the contract ("the unitary charge") is adjusted annually in line with the Retail Price Index. The monthly payment is subject to scrutiny and adjustment for the level and quality of service provided. During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools Penn Wood, Beechwood and Arbour Vale. The contract is for a period of 28years.

• Penn Wood became operational on 26th February 2007

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

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

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

Movement in PFI Assets

2018/19	PFI Schools	
	£000	
Cost or Valuation		
at 1 April 2018	41,311	
Adjustments to cost/value & depreciation/impairment	65	
Additions	4	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,279	
Derecognition – disposals	(32,405)	
at 31 March 2019	**12,124**	
Accumulated Depreciation and Impairment		
at 1 April 2018	(221)	
Adjustments to cost/value & depreciation/impairment	(65)	65
Depreciation charge	(234)	
Derecognition – disposals	257	
at 31 March 2019	**(133)**	
Net Book Value		
at 31 March 2019	**11,991**	
at 1 April 2018	**41,090**	

Movement in PFI Assets

2017/18	**PFI Schools**
	£000
Cost or Valuation	
at 1 April 2017	42,344
Adjustments to cost/value & depreciation/impairment	(8,197)
Additions	182
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0
Derecognition – disposals	6,982
at 31 March 2018	**41,311**
Accumulated Depreciation and Impairment	
at 1 April 2017	(7,704)
Adjustments to cost/value & depreciation/impairment	8,197
Depreciation charge	(714)
at 31 March 2018	**(221)**
Net Book Value	
at 31 March 2018	**41,090**
at 1 April 2017	**34,640**

Beechwood / Arbour Vale

In 2016/17 Beechwood School transferred to an Academy and Arbour Vale transferred in 2018/19.

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

However as these two schools have converted to Academies the Council lost control and is not entitled to recognise the Schools as assets on the Councils Balance Sheet, they have therefore been de-recognised as assets in the Council's accounts (removed from).

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

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Both schools are now making contributions to the Council to cover their elements of the Unitary Charge (net of all associated PFI credits the Council received).

Movement in PFI Liabilities

2018/19	PFI Schools £000
Balance outstanding at start of year	(35,963)
Payments during the year	1,262
Balance outstanding at year-end	**(34,701)**

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

Payments due under PFI schemes - 2018/19

Reimbursement of Capital Expenditure	PFI Schools £000
Payable within one year	(1,379)
Payable within two to five years	(4,809)
Payable within six to ten years	(9,080)
Payable within eleven to fifteen years	(14,233)
Payable within sixteen to twenty years	(5,200)
Total	(34,701)

Interest	PFI Schools £000
Payable within one year	(2,696)
Payable within two to five years	(9,818)
Payable within six to ten years	(9,691)
Payable within eleven to fifteen years	(5,478)
Payable within sixteen to twenty years	(456)
Total	(28,139)

Payment for Services	PFI Schools £000
Payable within one year	(2,316)
Payable within two to five years	(12,730)
Payable within six to ten years	(16,896)
Payable within eleven to fifteen years	(17,043)
Payable within sixteen to twenty years	(5,063)
Total	(54,048)

Note 38 - Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

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

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

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

In 2018/19, the Council paid £2.7m to Teachers Pensions, in respect of teachers retirement benefits, representing 16.48% of Pensionable pay (The figure for 2017/18 was £2.8m which was 16.48% of Pensionable pay). There were no contributions remaining payable at the year end.

Note 39 - Defined Benefit Pension Scheme

Participation in Pension Schemes

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

The Authority participates in two post-employment scheme:

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

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

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

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

Transactions relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. The statutory IAS19 adjustments calculated by the pension scheme actuary which the authority are required to make to its accounts have included an allowance for a Court of Appeal judgement in relation to cases (McCloud and Sargeant) regarding age discrimination, the impact of this on individual pension schemes is not certain but has been estimated by the actuary.

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

General Fund Transactions

2017/18 LGPS £000		2018/19 LGPS £000
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
	Service cost comprising:	
14,155	Current service cost	15,551
702	Past service cost	3,266
2,728	(Gain) / loss from settlements and / or transfers	(5,078)
	Financing and Investment Income and Expenditure	
7,656	Net interest expense	6,678
25,241	**Total charged to Surplus and Deficit on Provision of Services**	**20,417**

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

£000		£000
	Re-measurement of the net defined benefit liability comprising:	
(1,083)	Return on plan assets (excluding the amount included in the net interest expense)	(3,220)
0	Actuarial gains and losses arising on changes in demographic assumptions	(28,937)
(19,681)	Actuarial gains and losses arising on changes in financial assumptions	28,817
134	Other movements in the liability / (asset)	0
(20,630)	**Total charged to Other Comprehensive Income and Expenditure Statement**	**(3,340)**
4,611	**Total charged to the Comprehensive Income and Expenditure Statement**	**17,077**

Movement in Reserves Statement

2017/18 LGPS £000		2018/19 LGPS £000
(25,241)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(20,417)
	Actual amount charged against the general fund balance for pensions in the year:	
8,896	Employers' contributions payable to scheme	9,645

Pensions Assets and Liabilities Recognised in the Balance Sheet

2017/18 LGPS £000		2018/19 LGPS £000
(496,297)	Present value of the defined obligation	(511,755)
230,377	Fair value of plan assets	238,403
(265,920)	**Net (liability) / asset arising from the defined benefit obligation**	**(273,352)**

Movement in the Value of Scheme Assets

2017/18 LGPS £000		2018/19 LGPS £000
224,452	Opening fair value of scheme assets	230,377
6,300	Interest income	5,960
	Re-measurement gain / (loss):	
1,083	- The return on plan assets, excluding the amount included in the net interest expense	3,220
0	Other gains / (losses)	0
8,896	Contributions from employer	9,645
2,468	Contributions from employees into the scheme	2,851
(12,822)	Benefits / transfers paid	(13,650)
230,377	**Closing value of scheme assets**	**238,403**

2017/18 LGPS £000	Movements in the Fair Value of Scheme Liabilities	2018/19 LGPS £000
(494,657)	Opening balance at 1 April	(496,297)
(14,155)	Current service cost	(15,551)
(13,956)	Interest cost	(12,638)
(2,468)	Contributions from scheme participants	(2,851)
	Re-measurement gains and losses:	
0	- Actuarial gains / (losses) from changes in demographic assumptions	28,937
19,681	- Actuarial gains / (losses) from changes in financial assumptions	(28,817)
(134)	- Other	0
(702)	Past service cost	(3,266)
12,822	Benefits / transfers paid	13,650
(2,728)	Liabilities extinguished on settlements	5,078
(496,297)	**Balance as at 31 March**	**(511,755)**

LGPS - Pension Scheme - Assets comprised of:

Fair value of scheme assets

2017/18				2018/19		
Quoted £000	**Unquoted £000**	**Total £000**		**Quoted £000**	**Unquoted £000**	**Total £000**
34,531	**0**	**34,531**	**Cash and cash equivalents**	**19,971**	**0**	**19,971**
			Equities			
			by industry type			
94,515	0	94,515	Overseas	96,314	0	96,314
17,874	0	17,874	UK	2,528	0	2,528
112,389	**0**	**112,389**	**Subtotal Equities**	**98,842**	**0**	**98,842**
			Bonds			
			by sector			
0	0	0	Government Gilts	0	0	0
11,726	0	11,726	Overseas Unit Trusts	0	0	0
0	0	0	Overseas Private Equity	0	0	0
0	23,490	23,490	Private Fixed Interest	0	25,785	25,785
0	0	0	Unit Trusts	12,134	0	12,134
11,726	**23,490**	**35,216**	**Subtotal Bonds**	**12,134**	**25,785**	**37,919**
			Private Equity			
0	0	0	UK	0	25,279	25,279
0	0	0	Overseas	0	4,297	4,297
0	**0**	**0**	**Subtotal Private Equity**	**0**	**29,576**	**29,576**
			Other investment funds			
0	12,091	12,091	Infrastructure	0	23,762	23,762
25,206	4,947	30,153	Property	28,313	7,078	35,391
10,183	0	10,183	Target Returns	0	0	0
2,438	1,707	4,145	Commodities	0	2,022	2,022
37,827	**18,745**	**56,572**	**Subtotal Other investment funds**	**28,313**	**32,862**	**61,175**
			Derivatives			
0	(4,180)	(4,180)	Longevity insurance	0	5,308	5.308
0	0	0	Futures	0	0	0
0	**(4,180)**	**(4,180)**	**Subtotal Longevity Insurance**	**0**	**5,308**	**5,308**
196,473	**38,055**	**234,528**	**Total Assets**	**159,260**	**93,531**	**252,791**

The significant assumptions used by the actuary have been:

2017/18	LGPS	2018/19
Mortality assumptions		
Longevity at retirement for current pensioners		
23.1	Men	23.2
25.2	Women	25.3
Longevity at retirement for future pensioners		
25.3	Men	25.4
27.5	Women	27.6
Other assumptions		
3.3%	Rate of inflation	2.5%
3.8%	Rate of increase in salaries	4%
2.3%	Rate of increase in pensions	2.5%
2.6%	Rate for discounting scheme liabilities	2.5%

Impact of assumptions on the obligation:

Increase by 1%	LGPS	Decrease by 1%
£000	Assumption	£000
20,195	Longevity	(19,446)
0	Rate of inflation	0
6,290	Rate of increase in salaries	(6,153)
96,590	Rate of increase in pensions	(94,792)
(100,853)	Rate for discounting scheme liabilities	102,889

Impact on Authority's cash flows

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

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

The Authority anticipates to pay £8,955k expected contributions to the scheme in 2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (20 years 2018/19).

Note 40 - Contingent Liabilities

Lender Offer Borrower Offer (LOBO) Loans

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

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

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

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

Thames Water

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

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

Financial Instruments-Risks

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

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

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

The Main risks covered are:

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

Credit Risk: Investments

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

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

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2018/19, approved by the Full Council on 22 February 2018 and can be accessed on the Councils' s website by typing the following pathway in:

http://democracy.slough.gov.uk/ieListDocuments.aspx?CId=168&MId=5944&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 2019 met the Council's credit rating criteria on that date:

Table A:

Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2018	Balance Invested as at 31st March 2019					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
YES	YES						0
YES	YES	0					0
		0	**0**	**0**	**0**	**0**	**0**
YES	YES	17,293	0	0	0		17,293
YES	YES	0	0	0	0	0	0
YES	YES	19,009	25,010				44,019
YES	YES	134	28	0	0	19,684	19,846
YES	YES		1,030	3,116			4,146
YES	YES	196				29,387	29,583
		36,632	**26,068**	**3,116**	**0**	**49,071**	**114,887**

Table B:

	Long Term 31/03/2018 £000's	Long Term 31/03/2017 £000's	Short Term 31/03/2019 £000's	Short Term 31/03/2018 £000's
Deposits with banks and financial institutions				
AAA				
AAA mmf			7,262	4,754
AA+				
AA-			10,031	
A+				
A				
Unrated Local Authorities			44,019	5,060
Unrated BuildingSocieties				
Unrated Pooled Funds	16,206	19,684	162	2,743
Slough Urban Regeneration			4,146	10,986
Loans to Subsidiaries	6,724	29,387	196	
	22,929	**49,071**	**65,816**	**23,543**

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk also includes Market LOBO loans where the lender can exercise its option to vary the rate of interest payable and if so, the Council may wish to exercise its option to repay the loan outstanding. The LOBOs have lives to 2066 and interest rates of 3.75% and 3.99% respectively

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

Maturity Structure of borrowing

	31-Mar-19	% of Total	31-Mar-18	% of Total
Years	£'000	Debt	£'000	Debt
< 1 year	214,682	41.37%	152,760	47.28%
1 to 2 yrs	5,083	0.98%	0	0.00%
2 to 5 yrs	29,250	5.64%	18,000	5.57%
5 to 10 yrs	54,417	10.49%	14,000	4.33%
10-15 yrs	50,917	9.81%	45,500	14.08%
15-20 yrs	57,792	11.14%	28,000	8.67%
20-25 yrs	70,008	13.49%	60,841	18.83%
25-30yrs	3,750	0.72%	0	0.00%
> 30 years	33,000	6.36%	4,000	1.24%
Total	**518,898**	**100.00%**	**323,101**	**100.00%**

Information in relation to LOBOs

Lender	Ref	Principal	Start Date	Drawdown date	Maturity	Option Period (No of Months	Start Date for Initial Rate	Initial Interest Rate	Next Option Date
FMS	165	£ 5m	07-Apr-06	22-Dec-05	07-Apr-66	On 7th April 2026 and every five years thereafter, the bank has the right to change the interest rate. If it does the borrower has the right to repay the loan without penalties	7th Oct, 7th April	3.99%	07/04/2026
Dexia	166	£ 4m	28-Apr-06	22-Dec-05	28-Apr-66	On 28th April 2015 and every five years thereafter the bank has the right to change the interest rate and if it does the borrower has the right to repay the loan without penalties	28th Oct, 28th April	3.75%	28/04/2025

Market Risks: Interest Rate Risk

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

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

Investments classed as 'amortised cost' and loans borrowed are not carried at fair value, so changes in the fair value will have no impact on the Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus on the Provision of Services. Movements in the fair value of fixed rate investments classed as 'fair value through profit and loss' will be reflected in Financing and Investment Income and Expenditure. However there is currently a mandatory statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds from the Comprehensive Income and Expenditure Statement to an unusable reserve. The statutory override became effective from 1st April 2018 and is currently due to last for five years.

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 2019, 96.34% of the debt portfolio was held in fixed rate instruments and 3.7% in variable rate or LOBO instruments.

Interest rate effect

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

	31/03/19	31/03/18
	£000	£000
Increase in interest payable on variable rate borrowings	190	180
Increase in interest receivable on variable rate investments	(369)	(281)
Increase in government grant receivable for financing costs	0	0
Impact on Surplus or Deficit on the Provision of Services	**(179)**	**(101)**
Share of overall impact debited to the HRA	0	0
Decrease in fair value of fixed rate investment assets	0	0

Note 42 Prior Period Adjustment Note

The Council in completing its 2017/18 audited accounts made an estimated adjustment to a number of asset values as required by and agreed with the external auditors. A number of discrepancies were identified in relation to the Gross Internal Area (GIA) information which was available to the valuers. This information related to the internal size of a building and was used in the calculation of the associated building value. A selection of sizes where checked (re-measured in year) and the differences were included in the 2017/18 Statement of Accounts. When these adjustments were processed in detail through the Council's asset register the outputs were different to the figures as shown in the final 2017-18 Statement of Accounts. In net cost of services in the Comprehensive Income and Expenditure Statement there was a reduction in the decrease recognised in the Surplus/ Deficit on provision of Services of £12.560m but an increase in depreciation charged in year of £1.375m meaning expenditure reduced by £11.184m overall. Also as a result of theses changes there was a reduction in revaluation increases taken to the revaluation reserve of £7.221m, with corresponding adjustments in Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement respectively.

Subsequent to the finalising of the 2017-18 Statement of Accounts a verification exercise was undertaken to ensure the accuracy of the fixed asset register. This resulted in a number of assets being removed and values changing for 2017/18 and in previous periods. Assets totalling £12.704m was removed from the Fixed Assets Register, of which £4.808m related to 2017-18 and £7.896m relating to previous financial years. In order to correct this error, the Council has restated Other Operating Expenditure in the comprehensive income and expenditure statement, movement in reserves statement, balance sheet and associated notes. A third balance sheet is also shown for completeness.

The external audit of the 2018/19 accounts identified that the purchase of the Thames Valley University site in 2017/18 had not been reflected correctly in the previous year's accounts. The payment for the asset was phased over three financial years and only the 2017/18 payment had been included within the investment property balance sheet value in the accounts. This has now been amended to reflect the full purchase price of the asset, an increase of additions of £16.1m in 2017/18 partially offset by a revaluation loss of £8.5m in the year. The value of short and long term creditors has been increased in 2017/18 to account for the staged payments owed in the two following years.

Also in completing the preparation of the accounts an overaccrual of income was identified from one of the authority's companies. This reduced income by £4.309m in the financial year 2017/18 and £3.264 m in the financial year 2018/19

Effect on comprehensive income and expenditure statement

	2017/18		
	Originally Stated Net Expenditure	**Restated Net Expenditure**	**Amount of restatement**
	£000	**£000**	**£000**
Adults and Communities	56,400	56,400	0
Children, Learning and Skills	56,175	44,991	(11,184)
Place and Development	32,012	32,012	0
Regeneration	538	538	0
Finance and Resources	22,197	22,197	0
Chief Executive	1,630	1,630	0
Housing Revenue Account	(4,340)	(4,340)	0
Cost of Services	**164,612**	**153,428**	**(11,184)**
Other Operating Expenditure	14,245	19,053	4,808
Financing and Investment Income and Expenditure	10,035	21,658	11,623
Taxation and Non Specific Grant Income	(122,614)	(122,614)	0
Surplus or Deficit on Provision of Services	**66,278**	**71,525**	**5,247**
Surplus or deficit on revaluation of Property, Plant and Equipment	(36,338)	(29,117)	7,221
Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure	(448)	(448)	0
Remeasurement of the net defined benefit liability / asset	(20,630)	(20,630)	0
Other Comprehensive Income and Expenditure	**(57,416)**	**(50,195)**	**7,221**
Total Comprehensive Income and Expenditure	**8,862**	**21,330**	**12,468**

Effect on movement in reserves statement

	2017/18		
	Originally Stated Unusable Reserves	**Restated Unusable Reserves**	**Amount of restatement**
	£000	**£000**	**£000**
Balance at 31 March 2017 - Restated	**(285,803)**	(277,903)	**7,900**
Movement in reserves during 2017/18 - restated			
Surplus or deficit on the provision of services			0
Other Comprehensive Income / Expenditure	(57,416)	(50,195)	7,221
Total Comprehensive Income and Expenditure - restated	**(57,416)**	**(50,195)**	**7,221**
Adjustments between accounting basis and funding basis under regulations (restated) - Note 9	47,050	47,988	938
Net Increase or Decrease before Transfers to Earmarked Reserves	**(10,366)**	**(2,207)**	**8,159**
Transfers to / from Earmarked Reserves - Note 10	**0**	0	**0**
Increase or Decrease in 2017/18	**(10,366)**	**(2,207)**	**8,159**
Balance at 31 March 2018 - restated	**(296,169)**	**(280,110)**	**16,059**

Effect on Balance Sheet

	Originally Stated 31-Mar 2018 £000	Restated 31-Mar 2018 £000	Amount of Restatement £000
Property, Plant and Equipment	913,666	903,035	(10,631)
Investment Property	67,656	77,091	9,435
Intangible Assets	550	550	0
Long-Term Investments	22,930	22,930	0
Long-Term Debtors	8,161	8,161	0
Long Term Assets	**1,012,963**	**1,011,767**	**(1,196)**
Short-Term Investments	18,808	18,808	0
Assets Held for Sale	0	1,276	1,276
Inventories	6	6	0
Short-Term Debtors	32,945	47,835	14,890
Cash and Cash Equivalents	9,900	9,900	0
Current Assets	**61,659**	**77,825**	**16,166**
Short-Term Borrowing	(152,760)	(152,760)	0
Short-Term Creditors	(34,619)	(61,887)	(27,268)
Provisions	(2,447)	(2,447)	0
Grants Receipts in Advance - Capital	(2,100)	(2,100)	0
Current Liabilities	**(191,926)**	**(219,194)**	**(27,268)**
Long-Term Creditors	(393)	(8,462)	(8,069)
Provisions	(223)	(223)	0
Long-Term Borrowing	(170,341)	(170,341)	0
Other Long-Term Liabilities	(307,430)	(307,430)	0
Long Term Liabilities	**(478,387)**	**(486,456)**	**(8,069)**
Net Assets	**404,309**	**383,942**	**(20,367)**
Usable Reserves	(108,141)	(103,832)	(4,309)
Unusable Reserves	(296,168)	(280,110)	(16,058)
Total Reserves	**(404,309)**	**(383,942)**	**(20,367)**

Effect on Cash flow

	Originally Stated 31-Mar 2018 £000	Restated 31-Mar 2018 £000	Amount of Restatement £000
Net (surplus) or deficit on the provision of services	66,278	71,525	5,247
Adjustment to surplus or deficit on the provision of services for noncash movements	-86,747	-100,063	-13,316
Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	31,393	31,393	0
Net cash flows from operating activities	10,924	10,924	0
Net cash flows from investing activities	80,983	89,052	8,069
Net cash flows from financing activities	-82,007	-82,007	0
Net (increase) or decrease in cash and cash equivalents	9,900	9,900	0
Cash and cash equivalents at the beginning of the reporting period	19800	19,800	0
Cash and cash equivalents at the end of the reporting period	9,900	9,900	0

Housing Revenue Account (HRA)

Housing Revenue Account Income and Expenditure Statement

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

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

31 March 2018 £000		31 March 2019 £000
	Expenditure	
10,160	Repairs & Maintenance	8,492
9,793	Supervision & Management	9,471
378	Rents, Rates, Taxes and other charges	223
11,812	Depreciation, impairments and revaluation losses of non-current assets	18,135
32,143	**Total Expenditure**	**36,321**
	Income	
(32,351)	Dwelling rents	(32,060)
(1,421)	Non-dwelling rents	(1,346)
(2,559)	Charges for services and facilities	(2,382)
(152)	Contributions towards Expenditure	(264)
(36,483)	**Total Income**	**(36,052)**
(4,340)	**Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**	**269**
262	HRA Services Share of Corporate & Democratic Core	274
(4,078)	**Net Expenditure of HRA Services**	**543**
4,406	(Gains)/loss on sale of HRA Fixed Assets	6,703
5,073	Interest Payable and Similar Charges	5,489
(84)	HRA Interest and Investment Income	(71)
400	Net interest on the defined benefit liability/asset	175
5,717	**(Surplus) or Deficit for Year on HRA Services**	**12,839**

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

Movement on the HRA Statement

Restated 31 March 2018 £000	Movement on the HRA Statement	31 March 2019 £000
(23,710)	Balance on the HRA at the end of the previous year	(17,838)
10,850	(Surplus) or Deficit on the HRA Income and Expenditure Statement	13,129
(4,978)	Adjustments between accounting basis and funding basis under statute	(11,555)
5,872	**Net (increase) or decrease before transfers to or from reserves**	**1,574**
(17,838)	**Balance on the HRA at the end of the current year**	**(16,264)**

Restated 31 March 2018 £000	Adjustment between accounting basis	31 March 2019 £000
102	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	102
(11,812)	Transfers to/(from) the Capital Adjustment Account	(18,134)
(4,357)	Gain or (loss) on sale of non-current assets	(6,702)
(436)	Contributions to or (from) the Pension Reserve	(357)
(48)	Transfers to/(from) the Capital Receipts Reserve	(30)
11,708	Transfers to/(from) Major Repairs Reserve	13,066
5,000	Capital expenditure funded by the HRA	500
157	**Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year**	**(11,555)**

HRA Property, Plant and Equipment

Movements to 31 March 2019	Council Dwellings £000	Land and Buildings £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation						
at 1 April 2018	502,137	8,320	724	15,549	7,730	534,460
Adjustments to cost/value & depreciation/impairment	(8,768)	(173)	0	(3)	0	(8,944)
Additions	13,114	28	0	12	9,787	22,941
Revaluation increases/(decreases) recognised in the Revaluation Reserve	47,623	(347)	98	(10,958)	20	36,436
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,103)	(891)	0	(6,651)	(451)	(9,096)
Derecognition – disposals	(11,879)	0	0	0	0	(11,879)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0
Other movements in cost or valuation	3,572	0	0	5,918	(9,490)	0
at 31 March 2019	544,696	6,937	822	3,867	7,596	563,918
Accumulated Depreciation and Impairment						
at 1 April 2018	(6,453)	(180)	(9)	(1)	(1)	(6,644)
Adjustments to cost/value & depreciation/impairment	8,768	173	0	3	0	8,944
Depreciation charge	(8,699)	(72)	(1)	(3)	0	(8,775)
Derecognition – disposals	104	0	0	0	0	104
at 31 March 2019	(6,280)	(79)	(10)	(1)	(1)	(6,371)
						0
Net Book Value						
at 31 March 2019	538,416	6,858	812	3,866	7,595	557,547
at 31 March 2018	495,684	8,139	715	15,548	7,729	527,815

Restated Movements to 31 March 2018	Council Dwellings £000	Land and Buildings £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation						
at 1 April 2017	486,946	8,188	0	24,592	14,470	534,196
Opening Balance Restatement	(191)	0	0	(4,040)	0	(4,231)
Adjusted Opening Balance	486,755	8,188	0	20,552	14,470	529,965
Adjustments to cost/value & depreciation/impairment	(9,007)	(62)	0	(110)	0	(9,179)
Additions	8,989	13	0	991	10,525	20,518
Revaluation increases/(decreases) recognised in the Revaluation Reserve	19,165	(355)	0	400	(39)	19,171
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,614)	(114)	0	(114)	(212)	(3,054)
Derecognition – disposals	(13,988)	(186)	0	(4,308)	(2,928)	(21,410)
Reclassification and transfers	0	0	0	(301)	0	(301)
Other movements in cost or valuation	12,837	836	724	(1,561)	(14,086)	(1,250)
at 31 March 2018	502,137	8,320	724	15,549	7,730	534,460
Accumulated Depreciation and Impairment						
at 1 April 2017	(6,400)	(172)	0	(163)	(1)	(6,736)
Opening Balance Restatement	4	0	0	85	0	89
Adjusted Opening Balance	(6,396)	(172)	0	(78)	(1)	(6,647)
Accumulated depreciation written off to GCA	9,007	62	0	110	0	9,179
Depreciation charge	(9,185)	(81)	0	(45)	0	(9,311)
Derecognition – disposals	121	1	0	9	3	134
Other movements in depreciation and impairment	0	9	(9)	3	(3)	0
at 31 March 2018	(6,453)	(181)	(9)	(1)	(1)	(6,645)
Net Book Value						
at 31 March 2018	495,684	8,139	715	15,548	7,729	527,815
at 31 March 2017	480,546	8,016	0	20,474	14,469	523,005

HRA Investment Properties

31 March 2018 Non-Current Restated £000	Investment Property Movements in Year	31 March 2019 Non-Current £000
2,247	Balance at start of year	2,320
(209)	Disposal	0
(18)	Net gains/losses from fair value adjustments	(262)
300	Transfers from PPE	0
2,320	**Balance at the end of the year**	**2,058**

Notes to the HRA Account

Introduction

The Council is a major supplier of Social rented accommodation in Slough. It owns and is responsible for the management and maintenance of over 600 properties in the borough.

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

Vacant Possession Valuation

The dwellings within the HRA are valued in the Balance Sheet on an Existing Use Valuation for Social Housing (EUV-SH). This method is different than the Vacant Possession Valuation that would be obtained if the tenant was not present. The difference reflects the economic cost of providing social housing at less than open market rates. The adjustment factor applied in the Borough of Slough has been set at 33% of the vacant possession valuation (EUV).
The vacant possession value of council dwellings within the HRA at 31 March 2019 was
£1,631.6 million as valued by Wilkes, Head and Eve compared with a value of £538.4 million for its existing use as social housing. The difference of £1,093.2 million represents the economic cost to Government of providing housing at less than open market.

Housing Stock

The number of dwellings in the housing stock of the Authority as at 31st March 2019 is shown below

	31st March 2019 No.	31st March 2018 No.
Property Type		
Houses	2,775	2,749
Flats	2,783	2,822
Bungalows	523	529
Share Ownership	3	6
Awaiting Demolition	0	(14)
	6,084	**6,092**

Movements of Housing Stock in the Year

	31st March 2019 No.	31st March 2018 No.
Total Dwellings 1st April 18	6,092	6,094
Sold	(31)	(66)
New Build/Acquisition	23	78
Awaiting Demolition/Demolished	0	(14)
	6,084	**6,092**

Housing Stock

	Pre 1945	1945 to 1968	Post 1968	Total
	No.	**No.**	**No.**	**No.**
Low Rise Flats (blocks up to 2 storeys)				
0 Bed	5	26	27	58
1 Bed	18	436	747	1201
2 Bed	9	186	55	250
3 Bed		22	2	24
	32	670	831	1533
Medium Rise Flats (blocks of 3 - 5 storeys)				
0 Bed	0	21	7	28
1 Bed	0	186	262	448
2 Bed	0	254	301	555
3 Bed	0	92	30	122
	0	553	600	1153
High Rise Flats (blocks of 6 storeys or more)				
0 Bed	0	0	0	0
1 Bed	0	68	0	68
2 Bed	0	0	0	0
3 Bed	0	3	0	3
	0	71	0	71
Houses / Bungalows				
0 Bed	0	161	6	167
1 Bed	44	203	158	405
2 Bed	43	659	137	839
3 Bed	462	975	289	1726
4 or More	52	78	60	190
	601	2076	650	3327
Total Dwellings	**633**	**3370**	**2081**	**6084**

Housing Revenue Account Capital Expenditure

Restated 2017/18 £000		2018/19 £000
	Capital investment	
9,056	Operational assets	10,074
10,650	Non-operational assets	9,800
19,706	**Total capital investment**	**19,874**
	Sources of funding	
(3,470)	Capital Receipts	(2,707)
(10,626)	Major Repairs Reserve	(16,359)
(610)	Government grants and other contributions	(309)
(5,000)	Direct Revenue Financing	(499)
(19,706)	**Total funding**	**(19,874)**

Depreciation and Impairment (Reversals) of Non-Current Assets

2017/18			2018/19	
Depreciation	**Impairment/ (Reversals)**		**Depreciation**	**Impairment**
£000	**£000**		**£000**	**£000**
9,185	2,336	Council Dwellings	8,699	1,103
81	85	Other Land and Buildings	72	891
		Community Assets	1	
45	106	Surplus Assets Not Held for Sale	3	6,691
		Assets Under Construction		451
9,311	**2,527**	**Total**	**8,775**	**9,096**

Total Capital Receipts Generated during the year

31 March 2018 £000		31 March 2019 £000
(52)	Land	(60)
(6,123)	Council Houses	(4,596)
(1,920)	Other Property	(417)
(8,095)	**Total**	**(5,073)**

HRA Major Repair Reserve

The movement on the Major Repairs Reserve during the year ended 31st March 2019 is summarised below:

31 March 2018 £000		31 March 2019 £000
(14,025)	Balance at 1st April	(15,108)
(9,298)	Depreciation	(8,775)
(2,411)	Transfer to HRA Balance	(4,290)
10,626	Capital Expenditure on HRA Land, Houses and Other Property	15,717
(15,108)	**Total**	**(12,456)**

Provision for Bad Debt and Doubtful Debts

The provision for bad and doubtful debts relating to Housing Revenue Account is £2,032,027 (£1,807,776 in 2017/18)

Rent Arears

During 2018/19 the total rent arears increased by £282k and prepayments decreased by £28k providing an overall negative movement in arears. A summary of rent arrears and prepayments is shown in the following table

31 March 2018 £000		31 March 2019 £000
1,297	Current Tenant Arears	1,537
978	Former Tenant Arears	1,019
2,275	**Total rent Arears**	**2,556**
(770)	Prepayments	(742)
1,505	**Net Rent Arears**	**1,814**

Collection Fund

Collection Fund

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

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

31-Mar-18				31-Mar-19		
Business Rates £000	**Council Tax £000**	**Total £000**	**Collection Fund**	**Business Rates £000**	**Council Tax £000**	**Total £000**
			INCOME:			
	-62,328	-62,328	Council Tax Receivable		-67,258	-67,258
-103,885		-103,885	Business Rates Receivable	-105,655		-105,655
-103,885	**-62,328**	**-166,213**	**Total amounts to be credited**	**-105,655**	**-67,258**	**-172,913**
			EXPENDITURE:			
			Apportionment of Previous Year Surplus/Deficit:			
-361		-361	Central Government	-3,116		-3,116
-354	84	-270	Slough Borough Council	-3,054	0	-3,054
-7	4	-3	Berkshire Fire Authority	-62	0	-62
	12	12	Thames Valley police		0	0

Page 228

31-Mar-18				31-Mar-19		
Business Rates	**Council Tax**	**Total**	**Collection Fund**	**Business Rates**	**Council Tax**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Precepts, demands and shares:			
50,985		50,985	Central Government	5,125		5,125
49,965	52,675	102,640	Slough Borough Council	96,350	55,768	152,118
1,020	2,573	3,593	Berkshire Fire Authority	1,025	2,685	3,710
	7,011	7,011	Thames Valley police		7,605	7,605
			Charges to Collection Fund:			
802	480	1,282	Increase/(decrease) in allowance for impairment	1,015	318	1,332
1,461		1,461	Increase/(decrease) in allowance for appeals	28		28
1,576		1,576	Transitional Protection Payments Payable	2,317		2,317
208		208	Charge to General Fund for allowable collection costs for non-domestic rates	205		205
105,295	**62,839**	**168,134**	**Total amounts to be debited**	**99,833**	**66,376**	**166,208**
1,410	**511**	**1,921**	**(Surplus)/Deficit arising during the year**	**-5,822**	**-882**	**-6,705**
1,906	**210**	**2,116**	**(Surplus)/Deficit b/f at 1 April 2018**	**3,316**	**721**	**4,037**
3,316	**721**	**4,037**	**(Surplus)/Deficit c/f at 31 March 2019**	**-2,506**	**-161**	**-2,668**

Notes to the Collection Fund

Note 1 - Council Tax Income

2018/19

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	Council Tax payable
	£	No		No	£000
A	Upto and including - 40,000	531	6/9	796	1
B	40,001 - 52,000	4,168	7/9	5,359	1
C	52,001 - 68,000	14,911	8/9	16,775	1
D	68,001 - 88,000	11,421	9/9	11,421	1
E	88,001 - 120,000	6,301	11/9	5,155	2
F	120,001 - 160,000	3,401	13/9	2,354	2
G	160,001 - 320,000	889	15/9	534	2
H	More than - 320,001	16	18/9	8	3
			Adjustment	0	
			Council tax base	42,402	

2017/18

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	Council Tax payable
	£	No		No	£000
A	Upto and including - 40,000	1,098	6/9	732	1
B	40,001 - 52,000	6,711	7/9	5,220	1
C	52,001 - 68,000	18,681	8/9	16,606	1
D	68,001 - 88,000	11,307	9/9	11,307	1
E	88,001 - 120,000	4,161	11/9	5,086	2
F	120,001 - 160,000	1,624	13/9	2,347	2
G	160,001 - 320,000	323	15/9	538	2
H	More than - 320,001	4	18/9	8	3
			Adjustment	(670)	
			Council tax base	41,174	

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 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.)

Note 2 - Business Rates

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2018/19 the amount was 49.30p (47.90p = 2017/18). The small business rate multiplier was 48.0p for 2018/19 (46.60p 2017/18). 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 Collection Fund Statement and analysed at Note 13. The total rateable value @ 31 March 2019 was £242,436,288 (31 March 2018 = £244,947,038).

Group Accounts

Basis of preparation of the Group financial statements

The Group accounts have been prepared in accordance with the requirements of Chapter 9 of CIPFA's 2018/19 Code of Practice, by:

- Identifying entities within the Group accounting boundary
- Consolidating controlled entities on a line-by-line basis in the Group financial statements, eliminating intra-group balances and transactions in full.
- Consolidating joint ventures using the equity method, by including the Council's share of company profits and losses as a single line item in the Group Comprehensive Income and Expenditure Statement and Group Balance Sheet.
- For the consolidation of the joint venture Slough Urban Renewals year end is 31st December rather than 31st March. Review was done comparing the equity as at 31 December's audited accounts with that as at 31 March based on the management accounts. Based on this analysis the differences are below materiality, therefore the 31 December audited figures have been used for the purposes of the consolidation.
-

The following entities have been included in the Group financial statements:

Company	**Classification**	**Consolidation method**
James Elliman Homes	Subsidiary	line by line
Slough Urban Renewal	Joint Venture	equity method

Group Comprehensive Income and Expenditure Statement

Restated 2017/18				2018/19		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
80,873	-24,473	56,400	Adults and Communities	85,571	-26,936	58,635
130,110	-85,119	44,991	Children, Learning and Skills	136,678	-83,127	53,551
41,167	-9,200	31,967	Place and Development	20,657	-8,499	12,158
4,645	-4,107	538	Regeneration	17,786	-10,463	7,323
97,147	-74,950	22,197	Finance and Resources	85,823	-73,621	12,202
1,630	0	1,630	Chief Executive	16,523	-1,171	15,352
32,143	-36,483	-4,340	Housing Revenue Account	36,321	-36,052	269
387,715	**-234,332**	**153,384**	**Cost of Services**	**399,359**	**-239,869**	**159,490**
19,053	0	19,053	Other Operating Expenditure	35,074	0	35,074
23,844	-2,080	21,764	Financing and Investment Income and Expenditure	30,097	-4,799	25,298
0	-122,614	-122,614	Taxation and Non-Specific Grant Income	0	-111,690	-111,690
430,612	**-359,026**	**71,587**	**Surplus or Deficit on Provision of Services**	**464,530**	**-356,358**	**108,172**

Group Comprehensive Income and Expenditure Statement

Restated 2017/18 Expenditure £000	Restated 2017/18 Income £000	Restated 2017/18 Net £000		2018/19 Expenditure £000	2018/19 Income £000	2018/19 Net £000
	-10,763	**-10,763**	Share of the (surplus)/deficit on the provision of services by joint venture	**2,198**		**2,198**
430,612	**-369,789**	**60,823**	**Group Surplus or Deficit**	**466,728**	**-356,358**	**110,370**
		-28,958	Surplus or deficit on revaluation of Property, Plant and Equipment			-56,546
		-448	Surplus or deficit on revaluation of available for sale financial assets and			0
			financial instruments at fair value through other comprehensive income and expenditure			-139
		-20,630	Remeasurement of the net defined benefit liability / asset			-3,340
		-50,036	**Other Comprehensive Income and Expenditure**			**-60,025**
		10,787	**Total Comprehensive Income and Expenditure**			**50,345**

*The Comprehensive Income and Expenditure Statement has been corrected for the misstatement of an accrual for dividend income, which impacted on the deficit on the provision of services and the movement in debtors in Note 25 to the Cashflow Statement in the single entity accounts.

Group Movement in Reserves Statement

	General Fund £000	General Fund Earmarked Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Council Useable Reserves £000	Council's share of useable reserves of joint ventures and subsidiaries £000	Total Group Useable Reserves £000	Council Unusable Reserves £000	Council's share of unuseable reserves of joint ventures and subsidiaries £000	Total Group Unuseable Reserves £000	Total Group Reserves £000
Balance 31 3 2018	**(3,814)**	**(6,318)**	**(17,838)**	**(28,312)**	**(15,107)**	**(32,443)**	**(103,832)**	**(10,702)**	**(114,534)**	**(280,110)**	**159**	**(279,951)**	**(394,485)**
							0						
Movements in 2018/19							0						
Surplus/deficit on the provision of services	93,857		13,129				106,986	3,385	110,371			0	110,371
Other comprehensive income/expenditure							0		0	(59,886)	(139)	(60,025)	(60,025)
Total income/expenditure	**93,857**	**0**	**13,129**	**0**	**0**	**0**	**106,986**	**3,385**	**110,371**	**(59,886)**	**(139)**	**(60,025)**	**50,346**
Adjustments between funding and accounting	(89,054)	0	(11,557)	4,326	2,650	19,243	(74,392)	0	(74,392)	74,392	0	74,392	0
Net increase/decrease before transfers to/from reserves	**4,803**	**0**	**1,572**	**4,326**	**2,650**	**19,243**	**32,594**	**3,385**	**35,979**	**14,506**	**(139)**	**14,367**	**50,346**
Transfers to/from reserves	(1,538)	1,538					0		0			0	0
Net increase/decrease for year	3,265	1,538	1,572	4,326	2,650	19,243	32,594	3,385	35,979	14,506	(139)	14,367	50,346
							0		0				0
Balance 31 3 2019	**(549)**	**(4,780)**	**(16,266)**	**(23,986)**	**(12,457)**	**(13,200)**	**(71,238)**	**(7,317)**	**(78,555)**	**(265,604)**	**20**	**(265,584)**	**(344,139)**

	General Fund £000	General Fund Earmarked Reserves £000	Housing Revenue Account (HRA) £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Council Useable Reserves £000	Council's share of useable reserves of joint ventures and subsidiaries £000	Total Group Useable Reserves £000	Council Unusable Reserves £000	Council's share of unuseable reserves of joint ventures and subsidiaries £000	Total Group Unuseable Reserves £000	Total Group Reserves £000
Balance 31 3 2017	(8,123)	(7,156)	(23,710)	(23,675)	(14,025)	(50,680)	(127,369)	0	(127,369)	(285,802)	0	(285,802)	(413,171)
Restatement of opening balance										7,899		7,899	7,899
Restated balance at 1 April 2017	(8,123)	(7,156)	(23,710)	(23,675)	(14,025)	(50,680)	(127,369)	0	(127,369)	(277,903)	0	(277,903)	(405,272)
Movements in 2017/18													
Surplus/deficit on the provision of services	60,675		10,850				71,525	(10,702)	60,823			0	60,823
Other comprehensive income/expenditure							0		0	(50,195)	159	(50,036)	(50,036)
Total income/expenditure	**60,675**	**0**	**10,850**	**0**	**0**	**0**	**71,525**	**(10,702)**	**60,823**	**(50,195)**	**159**	**(50,036)**	**10,787**
Adjustments between funding and accounting	(55,528)		(4,978)	(4,637)	(1,082)	18,237	(47,988)		(47,988)	47,988		47,988	0
Net increase/decrease before transfers to/from reserves	**5,147**	**0**	**5,872**	**(4,637)**	**(1,082)**	**18,237**	**23,537**	**(10,702)**	**12,835**	**(2,207)**	**159**	**(2,048)**	**10,787**
Transfers to/from reserves	(838)	838					0		0			0	0
Net increase/decrease for year	4,309	838	5,872	(4,637)	(1,082)	18,237	23,537	(10,702)	12,835	(2,207)	159	(2,048)	10,787
									0				0
Balance 31 3 2018	(3,814)	(6,318)	(17,838)	(28,312)	(15,107)	(32,443)	(103,832)	(10,702)	(114,534)	(280,110)	159	(279,951)	(394,485)

Page 237

Group Balance Sheet

31 March 2018 (Original) £000s	31 March 2018 (Restated) £000s		31 March 2019 £000s
919,129	908,339	Property plant and equipment	996,169
67,656	77,091	Investment property	97,224
550	550	intangible assets	969
16,206	21,425	Long term investments	19,631
	10,763	Investment in Joint Venture	8,565
8,161	2,942	Long term debtors	8,720
1,011,702	**1,021,110**	**Long term assets**	**1,131,278**
18,808	18,808	Short-term investments	48,545
0	1,276	Assets held for sale	0
5	6	Inventories	1
33,434	48,324	Short-term debtors	36,765
10,701	10,701	Cash and cash equivalents	21,944
62,948	**79,115**	**Current assets**	**107,255**
(152,760)	(152,760)	Short term borrowing	(214,682)
(34,708)	(61,977)	Creditors and RIA	(57,815)
(2,447)	(2,447)	Provisions	(4,266)
(2,100)	(2,100)	Capital grants received in advance	0
(192,015)	**(219,284)**	**Current liabilities**	**(276,763)**
(393)	(8,462)	Long-term creditors	(498)
(223)	(223)	Provisions	(223)
(170,341)	(170,341)	Long-term Borrowing	(304,216)
(307,430)	(307,430)	Other long term liabilities	(312,685)
(478,387)	**(486,456)**	**Long term liabilities**	**(617,622)**
404,248	**394,485**	**NET ASSETS**	**344,148**
(108,080)	(114,534)	Useable reserves	(78,555)
(296,168)	(279,951)	Unuseable reserves	(265,593)
(404,248)	**(394,485)**	**Total reserves**	**(344,148)**

Cash Flow Statement

The cashflow statement has been corrected for the misstatement of an accrual for dividend income, which impacted on the deficit on the provision of services and the movement in debtors in Note 25 to the Cashflow Statement in the single entity accounts.

Group Restated 2017/18 £000s		Group 2018/19 £000s
60,823	Net (surplus) or deficit on the provision of services	110,371
(88,900)	Adjustment to surplus or deficit on the provision of services for noncash movements	(132,590)
31,393	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	25,159
3,316	**Net cash flows from operating activities**	**2,940**
94,515	Net cash flows from investing activities	199,671
(82,007)	Net cash flows from financing activities	(213,854)
9,101	**Net (increase) or decrease in cash and cash equivalents**	**(11,243)**
19,800	Cash and cash equivalents at the beginning of the reporting period	10,699
10,699	**Cash and cash equivalents at the end of the reporting period**	**21,942**

Note 1 - Property, Plant and Equipment

	Council dwellings £000s	Other land and buildings - SBC £000s	Other land and buildings - JEH £000s	Other land and buildings total £000s	Vehicles, furniture, plant and equipment £000s	Infrastructure £000s	Community assets £000s	Surplus assets £000s	Assets under construction £000s	Group Total £000s
Cost or valuation 2018/19										
at 1 4 2018	502,137	203,761	5,304	209,065	63,700	131,231	9,419	17,008	23,425	955,985
Additions	13,114	60,473	21,883	82,356	1,132	6,345	54	496	20,247	123,744
Revaluation adjustments recognised in the Revaluation Reserve	47,623	20,417	139	20,556	(1,808)	0	98	(10,030)	246	56,685
Revaluation adjustments recognised in the CIES	(1,103)	(16,581)			(3,495)	0	0	(6,651)	(1,732)	(12,981)
Derecognition and disposals	(11,879)	(28,281)		(28,281)	(5,276)	0	0	0	0	(45,436)
Reclassifications and transfers	0	0		0	0	0	0	1,281	0	1,281
Other movements in cost or valuation*	(5,196)	5,398		5,398	393	0	0	15,626	(28,274)	(12,053)
At 31 3 2019	544,696	245,187	27,326	272,513	54,646	137,576	9,571	17,730	13,912	1,050,644
Accumulated depreciation and impairment										
at 1 4 2018	(6,453)	(1,991)	0	(1,991)	(14,366)	(24,633)	(26)	(174)	(3)	(47,646)
Depreciation charge for year	(8,699)	(3,191)	(284)	(3,475)	(3,764)	(3,274)		(26)		(19,238)
Impairments recognised in the provision of services				0						0
Derecognition and disposals	104	149		149	109					362
Reclassifications and transfers				0				(4)		(4)
Other movements in depreciation and impairment	8,768	3,254		3,254	17			12		12,051
At 31 3 2019	**(6,280)**	**(1,779)**	**(284)**	**(2,063)**	**(18,004)**	**(27,907)**	**(26)**	**(192)**	**(3)**	**(54,475)**
Net book value 31 3 2019	**538,416**	**243,408**	**27,042**	**270,450**	**36,642**	**109,669**	**9,545**	**17,538**	**13,909**	**996,169**
Net book value 31 3 2018	**495,684**	**201,770**	**5,304**	**207,074**	**49,334**	**106,598**	**9,393**	**16,834**	**23,422**	**908,339**

	Council dwellings £000s	Other land and buildings - SBC £000s	Other land and buildings - JEH £000s	Other land and buildings total £000s	Vehicles, furniture, plant and equipment £000s	Infrastructure £000s	Community assets £000s	Surplus assets £000s	Assets under construction £000s	Group Total £000s
Cost or valuation 2017/18										
at 1 4 2017	486,946	190,681		190,681	54,580	118,933	8,200	27,421	29,128	915,889
prior period adjustment	(191)	(3,048)		(3,048)	(15,600)	0	0	(4,989)	(7)	(23,835)
	486,755	187,633	0	187,633	38,980	118,933	8,200	22,432	29,121	892,054
adjustment to opening valuation	(9,007)	(5,496)			(1,591)			(131)		(16,225)
Additions	8,989	38,609	5,304	43,913	6,567	12,298	308	1,335	24,281	97,691
Revaluation adjustments recognised in the Revaluation Reserve	19,165	8,259		8,259	411	0	0	1,322	(40)	29,117
Revaluation adjustments recognised in the CIES	(2,614)	(17,325)		(17,325)	3,553	0	0	(113)	(212)	(16,711)
Derecognition and disposals	(13,988)	(5,468)		(5,468)	(648)			(4,913)	(3,029)	(28,046)
Reclassifications and transfers		243		243				(2,109)	(29)	(1,895)
Other movements in cost or valuation*	12,837	(2,694)		(2,694)	16,428	0	911	(815)	(26,667)	0
At 31 3 2018	502,137	203,761	5,304	214,561	63,700	131,231	9,419	17,008	23,425	955,985
Accumulated depreciation and impairment										
at 1 4 2017	(6,400)	(3,271)		(3,271)	(29,031)	(21,618)	(16)	(558)	0	(60,894)
prior period adjustment	4	317		317	15,600			9		15,930
	(6,396)	(2,954)	0	(2,954)	(13,431)	(21,618)	(16)	(549)	0	(44,964)
Depreciation charge for year	(9,185)	(4,675)		(4,675)	(3,098)	(3,015)		(77)		(20,050)
Impairments rcognised in the provision of services				0						0
Derecognition and disposals	121	199		199	506			308		1,134
Reclassifications and transfers		(57)		(57)	66		(10)	8		7
Other movements in depreciation and impairment	9,007	5,496		5,496	1,591			136	(3)	16,227
At 31 3 2018	**(6,453)**	**(1,991)**	**0**	**(1,991)**	**(14,366)**	**(24,633)**	**(26)**	**(174)**	**(3)**	**(47,646)**
Net book value 31 3 2018	**495,684**	**201,770**	**5,304**	**207,074**	**49,334**	**106,598**	**9,393**	**16,834**	**23,422**	**908,339**
Net book value 31 3 2017	**480,546**	**187,410**	**0**	**187,410**	**25,549**	**97,315**	**8,184**	**26,863**	**29,128**	**854,995**

Note 2 - Cashflow Statement

2017/18		2018/19
£000s		£000s
(2,058)	Interest received	(4,876)
8,963	Interest paid	8,974
6,905	**Total**	**4,098**

2017/18		2018/19
£000s		£000s
(20,052)	Depreciation	(48,800)
(16,711)	Impairment and downward valuations	
(95)	Amortisation	
1,615	(Increase)/decrease in creditors	(23,891)
(5,023)	Increase/(decrease) in debtors	6,810
1	Increase/(decrease) in inventories	(5)
0	Increase/(decrease) in contract assets and liabilities	
(16,345)	Movement in pension liability	(10,772)
(31,602)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(45,076)
(11,451)	Other non-cash movements charged to the surplus or deficit on provision of services	(10,856)
(99,663)	**Total**	**(132,590)**

2017/18 £000s		2018/19 £000s
0	Proceeds from short term (not to be considered to be cash equivalents) and long term investments (includes investments in associats . joint ventus and subsidiaries)	12,573
13,307	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,783
18,086	Any other items for which the cash effects are investing or financing cash flows	3,803
31,393	**Total**	**25,159**

2017/18 £000s		2018/19 £000s
134,721	Purchase of property, plant and equipment, investment property and intangible assets	157,711
330,466	Purchase of short-term and long-term investments	75,700
0	Other payments for investing activities	0
(16,507)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14,337)
(339,252)	Proceeds from short-term and long-term investments	(12,573)
(14,913)	Other receipts from investing activities	(6,830)
94,515	**Net cash flows from investing activities**	**199,671**

2017/18 £000s		2018/19 £000s
(209,723)	Cash receipts of short-term and long-term borrowing	(557,700)
2,260	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	2,376
117,829	Repayments of short-term and long-term borrowing	339,542
904	Other payments for financing activities	1,928
(88,730)	**Net cash flows from financing activities**	**(213,854)**

Note 3 – Prior Period Adjustment

The Council has made five material adjustments to the Group Accounts to restate figures previously reported in 2017/18. Each of these is explained below.

Single entity prior period adjustment (PPA)

During the closedown of the 2018/19 single entity accounts, it was found that the asset values used for reporting property plant and equipment in 2017/18 and previous years had been misstated. In addition the purchase of a strategic investment asset in 2017/18 had been under-reported because the value originally recognised had only been the first tranche of a series of three capital payments to purchase the asset. For more details please refer to the Prior Period Adjustment Note in the single entity accounts.

Joint Venture equity

Preparation of the group accounts in 2018/19 highlighted that the Council's share of the equity in its joint venture with Morgan Sindall, Slough Urban Renewal LLP, had been omitted from period years' group balances. The adjustment of £10.8m is to recognise the accumulated value of the investment as at 31 March 2018.

Loan mis-classification

An increase in the investment in the Council's subsidiary in 2017/18 of £5.2m had been mis-classified as a long-term loan. The adjustment reclassifies this as an increase in long-term investments in 2017/18.

Omission of subsidiary net assets

Previous year's group accounts had omitted the net assets of the Council's subsidiary from the group balance sheet. The adjustment of £0.159m is to correct this omission.

Mis-statement of income accrual

There was an overstatement of income earned from the Council's joint venture, the net impact of which was to reduce the Group Usable reserves by £4.3m at 31 March 2018.

Group Balance Sheet at 31 March 2018

	As originally published £000s	Single entity PPA £000s	Joint Venture equity £000s	Loan mis-classification £000s	Subsidiary Net Assets £000s	Income Accrual £000s	Restated £000s
Property plant and equipment	919,129	(10,631)			(159)		908,339
Investment property	67,656	9,435					77,091
intangible assets	550						550
Long term investments	16,206			5,219			21,425
Investment in Joint Venture			10,763				10,763
Long term debtors	8,161			(5,219)			2,942
Long term assets	**1,011,702**	**(1,196)**	**10,763**	**0**	**(159)**	**0**	**1,021,110**
Short-term investments	18,808						18,808
Assets held for sale	0	1,276					1,276
Inventories	5					1	6
Short-term debtors	33,434					14,890	48,324
Cash and cash equivalents	10,701					0	10,701
Current assets	**62,948**	**1,276**	**0**	**0**	**0**	**14,891**	**79,115**
Short term borrowing	(152,760)						(152,760)
Creditors and RIA	(34,708)	(8,069)	0	0	0	(19,200)	(61,977)
Provisions	(2,447)						(2,447)
Capital grants received in advan	(2,100)						(2,100)
Current liabilities	**(192,015)**	**(8,069)**	**0**	**0**	**0**	**(19,200)**	**(219,284)**
Long-term creditors	(393)	(8,069)					(8,462)
Provisions	(223)						(223)
Long-term Borrowing	(170,341)						(170,341)
Other long term liabilities	(307,430)						(307,430)
Long term liabilities	**(478,387)**	**(8,069)**	**0**	**0**	**0**	**0**	**(486,456)**
NET ASSETS	**404,248**	**(16,058)**	**10,763**	**0**	**(159)**	**(4,309)**	**394,485**
Financed by:							
Useable reserves	(108,080)				(63)	4,311	(103,832)
P&L Reserve			(10,763)		61		(10,702)
Unuseable reserves	(296,168)	16,058	0		159		(279,951)
Total reserves	**(404,248)**	**16,058**	**(10,763)**	**0**	**157**	**4,311**	**(394,485)**

Glossary

Glossary

AAA FITCH RATING

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

AA FITCH RATING

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

A FITCH RATING

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

ACCOUNTING PERIOD

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current.

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority’s financial affairs.

BALANCE SHEET

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

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPT

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

CLAW-BACK

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

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

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

COMMUNITY ASSETS

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CONSISTENCY

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

CONTINGENT ASSET

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

CONTINGENT LIABILITY

A contingent liability is either:

· A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or

· A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

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

CREDITOR

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

CURRENT SERVICE COST (PENSIONS)

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

DEBTOR

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

DEFINED BENEFIT PENSION SCHEME

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

DEPRECIATION

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

DISCRETIONARY BENEFITS (PENSIONS)

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

EQUITY

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

EVENTS AFTER THE BALANCE SHEET DATE

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

EXPECTED RETURN ON PENSION ASSETS

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

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

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

GOING CONCERN

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

GOVERNMENT GRANTS

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

HOUSING BENEFITS

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

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTEREST COST (PENSIONS)

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

INVESTMENTS (PENSION FUND)

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

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

· A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.

· A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

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

· Traded in an active market.

LONG-TERM CONTRACT

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

MATERIALITY

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

MINIMUM REVENUE PROVISION (MRP)

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

NET BOOK VALUE

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

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

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

OPERATING LEASE

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

OPERATIONAL ASSETS

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

PAST SERVICE COST (PENSIONS)

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

PENSION SCHEME LIABILITIES

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

PRECEPT

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

PRIOR YEAR ADJUSTMENT

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

PROVISION

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

PUBLIC WORKS LOAN BOARD (PWLB)

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

RATEABLE VALUE

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

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

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

RESERVES

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

RESIDUAL VALUE

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

RETIREMENT BENEFITS

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

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

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

STOCKS

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

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

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

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.

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Grant Thornton

The Audit Findings for Slough Borough Council

Year ended 31 March 2019

9 May 2021

Contents

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Page 260

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Status of the audit and key headlines

This table summarises the key findings and other matters arising from the statutory audit of Slough Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:

- give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Status of the audit

This report provides a further update to the draft audit findings report issued to Audit Committee members at its committee meeting on 3 August 2020 and 4 March 2021. Since that report, the Council has been working with us to conclude the outstanding matters reported at that meeting. A key aspect of the outstanding areas was to provide us with an updated set of Council and Group financial statements that reflected the adjustments arising from the audit, as well as updating the accounts to address a number of disclosure corrections and omissions to ensure the accounts appropriately complied with the 2018-19 CIPFA Code of Local Authority accounting (the Code).

Following further discussions with Audit Committee at its meeting on 10 December 2020, we set out in a letter to the Chair of Audit Committee, dated 18 December 2020, our proposed roadmap and timetable for the receipt of updated financial statements from the Council and our review thereof. This was subsequently circulated to all Audit Committee members. Weekly meetings have been held with the S151 officer, the chair of Audit Committee and the Leader of the Council, to review and monitor progress with the preparation of the updated financial statements.

Whilst our work is nearing conclusion, this is subject to completion of audit procedures in relation to the following:

- review of the group consolidation working papers from Council officers;
- review of final financial statements with agreed adjustments and disclosure amendments processed;
- review of management's updated going concern assessment following 4 March 2021 audit committee;
- receipt of signed management representation letter;
- Completion of final internal review processes.

Key headlines

Our findings are summarised on pages 6 to 24. As previously reported, our audit work has identified a number of adjustments to the financial statements. Audit adjustments confirmed to date are detailed in Appendix C.

We have also raised a number of recommendations for management as a result of our audit work in Appendix A. We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Slough Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based review of the Council's value for money arrangements. On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, because of the significance of the matters described below and later in our report, we are not satisfied that, in all significant respects Slough Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019, this is due to: • Inadequate arrangements in place to understand and use appropriate and reliable financial and performance information to support informed decision making and performance management in relation to Slough Children's Services Trust • Significant weaknesses in processes for preparing both the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the arrangements to prepare the 2018-19 financial statements resulting in a number of material adjustments and disclosure corrections. • Since our last report, in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact of a recent business rate appeal and the ongoing discussions with Department for Education on the recoverability of financial support to Slough Children's Trust, the Council has recently sought further financial support through MHCLG and is awaiting final conclusions from this request. This coupled with further adjustments required to the Council's reserves arising from the audit, gives indication that general fund reserve levels (both earmarked and unearmarked) are at unsustainably low levels requiring action from the Council. We therefore anticipate issuing an adverse qualified value for money conclusion. Our findings are summarised on pages 27 to 35.
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit.	As a result of the significant challenges experienced to prepare Code compliant accounts for 2018-19, coupled with the wider findings of the audit and increasingly challenging financial position for the Council, we have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act. This is due to inadequate arrangements and insufficient skills and capacity at the Council to prepare reliable financial statements and supporting working papers. In addition, we identify concerns regarding the Council's financial sustainability and levels of reserves and weaknesses in the Council's financial governance, monitoring and controls in relation to its Group entities. Further details of these recommendations are set out in a separate accompanying report to the Council.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group and Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls; and
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have made updates to our risk assessment from our audit plan, as communicated to you on 24 April 2019, to reflect an additional risk identified in respect of our work for our Value for Money conclusion. Further details of the additional risks identified are set out on page 28.

We have reported separately on the IT review undertaken. The report included a number of recommendations relating to security vulnerabilities, penetration testing and account management. This review was undertaken whilst IT services were provided by an external provider and we understand that the service has since been brought in-house.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we will be able to conclude our audit work and issue the audit opinion. These outstanding items are listed on page 3.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Slough Borough Council.

	Council Amount (£)	Group Amount (£)	Qualitative factors considered
Materiality for the financial statements	5,980,000	5,982,000	This has been calculated based upon 1.5% of your prior year gross expenditure
Performance materiality	3,588,000	3,589,000	This has been calculated as 60% of headline materiality, based upon our assessment of the likelihood of a material misstatement in the financial statements
Trivial matters	299,000	299,000	This has been calculated based upon 5% of headline materiality.

Commercial in confidence

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Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. For Slough Borough Council, we have concluded that the greatest risk of material misstatement relates to Other Fees and Charges income. We have therefore identified the occurrence and accuracy of Other Fees and Charges, Grants, and Contract income as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter. We have rebutted this presumed risk for the other revenue streams of the group and Council because: • Other income streams are primarily derived from formula based income from central government and tax payers; and • opportunities to manipulate revenue recognition are very limited.	**Auditor commentary** We have: • evaluated the group's accounting policy for recognition of income from Other Fees and Charges, Grants, and Contracts for appropriateness; • gained an understanding of the Council's system for accounting for income from Other Fees and Charges, Grants, and Contracts and evaluate the design of the associated controls; • agreed, on a sample basis, amounts recognised as income from Other Fees and Charges, Grants and Contracts in the financial statements to supporting documents. **Our detailed testing is complete, however we are awaiting the Council's final assessment to demonstrate how they have adequately assessed the impact of IFRS 15 on the preparation of the Council and Group financial statements.**
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management over-ride of controls, in particular journals, management estimates and transactions outside the normal course of business as a significant risk requiring special audit consideration.	**Auditor commentary** We have performed the following work: • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. **Our testing has not identified any issues in relation to this risk.**

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary

Valuation of investment property (Annual valuation)

The group revalues its investment property on an annual basis to ensure that the carrying value is not materially different from the current value of fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the umbers involved and the sensitivity of this estimate to changes in key assumptions

Management have engaged the services of a valuer to estimate the current value as at 31 March 2019.

We therefore identified valuation of investment property, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

We have completed the following work:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- wrote to the valuer to confirm the basis on which the valuations were carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register;
- evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Our audit work identified an error in the accounting for an asset purchased in 2017/18 which has resulted in a material prior period adjustment to the 2018-19 financial statements. The Council acquired land located at Thames Valley University campus on 5 April 2017 for a total purchase price of £24.2 million. The terms of the purchase were that this purchase would be paid for by the Council in the following three instalments:

- £8.069 million on date of completion (5 April 2017)
- £8.069 million one year after completion
- £8.069 million two years after completion.

At initial recognition in 2017-18, the asset should have been recorded in the fixed asset records of the Council at its full purchase price of £24.2 million, with a corresponding creditor, split between short term and long term, to reflect the outstanding payments due in future periods. Our work has identified that only the value of the initial payment instalment had been recognised in the 2017-18 financial statements, therefore resulting in the need for a prior year restatement to correct the assets values and creditor balances recorded in the prior year accounts and remove the second instalment payment from additions in the 2018-19 accounts.

Furthermore, in accordance with LG Accounting Code, investment properties are held at fair value and should be reviewed on an annual basis to determine its fair value. Our work identified that the site acquired at Thames Valley University has been recorded in the fixed asset records of the Council at a fair value of £9.8m. Upon further investigation and enquiries with the council and the valuer, this was due to the valuer only being notified of the initial £8.069 acquisition payment and consequently has resulted in a material misstatement of the fair value recorded in the financial statements.

The Council received a revised valuation on 23 July 2020 and adjustments have been processed in the 2017-18 and 2018-19 accounts to correct this error.

We have made a recommendation in relation to this risk. Further details can be found on page 42.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Valuation of property, plant and equipment (rolling revaluation) The group revalues its land and buildings on an rolling five year basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Auditor commentary** We have completed the following work: • Reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluated the competence, expertise and objectivity of any management experts used. • Discussed with the valuer the basis on which the valuation is carried out and challenge the key assumptions. • Reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding. • Tested revaluations made during the year to ensure they are input correctly into the Council's asset register • Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value **We have made a recommendation in relation to this risk. Further details can be found on page 42.**

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Property Plant and Equipment - Incomplete or inaccurate Financial information transferred to the general ledger In January 2019, the Council implemented an opening balances exercise on the Property, Plant and Equipment balances for the 2018/19 financial year. When implementing this exercise, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of any data transfer from the previous ledger system. We therefore identified the completeness and accuracy of the transfer of revised financial information to the general ledger system as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Auditor commentary** We have completed the following work: • complete an information technology (IT) environment review by our IT audit specialists to document, evaluate and test the IT controls operating within the general ledger system; and • map the closing balances from the 2017/18 general ledger to the opening balance position in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information. During the audit the finance team notified us that a number of adjustments relating to 2018/19 had not been processed prior to the production of the year end financial statements. These included: • The removal of Arbour Vale School and associated land which became an academy in November 2018 • Reclassification of two tower blocks and a leisure centre which are scheduled for demolition to surplus assets • A leisure centre which became operational in year needed to be reclassified from assets under construction to operational assets Our audit work identified assets included in the fixed asset register which were fully depreciated and should be written out of the register and accounts. **We have made a recommendation in relation to this risk. Further details can be found on page 42.**

Page 267

Significant findings – audit risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Commentary

Auditor commentary

We have completed the following work:

- update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report;
- agree any advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures;
- obtain assurances from the auditor of Berkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

The net pension liability presented in the first draft of the financial statements did not include consideration of the impact of McCloud judgement.

The McCloud judgement, during the year The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. Additional detail can be found on page 17.

The Council commissioned a revised actuary report to include the impact of McCloud and this will be updated in the final version of the financial statements.

During the process of agreeing the disclosures to the information in the actuary's report it was noted that the disclosure was presenting some information on a net basis rather than the gross basis within the report. This was discussed with the finance team and the disclosure was agreed to be amended.

In addition, non-trivial adjustments have been made within the 2018/19 movements which related to the final prior position but which were not processed in the 2017/18 accounts. We have assessed the value of these adjustments and considered if a prior period adjustment is required. As these below materiality this is not required and we are satisfied that adjustment in 2018/19 is appropriate.

We have now received assurances from the auditor of Berkshire Pension Fund to enable us to conclude our work for this risk area.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Valuation, classification and ownership of investments Lender Option, Borrower Option (LOBO) loans are complex with terms that can be non standard, including inverse floating interest rates. Management need to consider the terms of the loan agreements of these loans and make judgements as to the appropriate accounting treatment. Last year, clarification was issued by CIPFA in relation to the accounting for LOBO loans. The Council holds LOBO loans (PY: fair value of £13m in 2017/18) and has made a critical judgement regarding the accounting treatment and valuation of these loans during the year. We therefore identified the valuation and accounting for these LOBO loans as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Auditor commentary** We have completed the following work: • assessed management's processes and assumptions for identifying critical judgements; • gained an understanding of the processes and the controls put in place by management to ensure that the loans were not materially misstated and evaluate the design of the associated controls; • evaluated the competence, capabilities and objectivity of management experts used in the valuation of the loans; • discussed with management the basis on which the valuation was carried out, including advice received from treasury management advisers; • evaluated and challenged the reasonableness of the critical judgements and significant assumptions used by management and their expert in valuing and accounting for the loans. **Our audit work has not identified any issues in respect of the treatment and valuation of LOBOs**

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Private Financial Initiatives (PFI) Scheme The Council entered into a PFI contract for the design, build and operation of three schools in 2006/07. The PFI assets are recognised as Property, Plant and Equipment within the Council's balance sheet. Accounting for PFI is complex and the transactions are significant. In addition, the monitoring of the contract is a key requirement for the Authority. There is a risk that Property, Plant and Equipment may be misstated due to improper valuations and accounting of PFI schemes in year. We therefore identified the accounting transactions associated with the PFI model as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Auditor commentary** We have completed the following work: • review the Council's PFI model and assumptions therein to inform our audit approach; • agree the balances in the financial statements to these models; • review the basis of the Council's accounting treatment and valuation for the PFI schemes; • discuss with key group personnel, the underlying substance of the transactions and the judgements made. **Our audit work has not identified any issues in respect of the treatment and valuation of PFIs**

Significant findings – audit risks

Risks identified in our Audit Plan

Presentation and Disclosure – Financial Statement Level Risk

In 2017/18 a significant number of weaknesses and misstatements were identified in respect of the group's arrangements for preparing the financial statements and working papers.

There is a financial statement level risk that the financial statements may be misstated due to weaknesses identified. We therefore identified the presentation and disclosure of the financial statements as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

Auditor commentary

We have completed the following work:

- considered the Council's arrangements for preparing the financial statements and working papers;
- discussed with key group personnel, the underlying substance of the transactions and judgements made;
- critically assessed the financial statements in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance;
- mapped the closing balances from the 2017/18 general ledger to the opening balance positions in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information;
- considered the action plan presented to Audit and Corporate Governance Committee and consider progress made by Officers against this plan in the preparation of the 2018-19 financial statements.

Our audit work in 2018/19 has identified a number of control deficiencies and misstatement in similar areas that were identified in the prior year issues were identified with lack of an audit trail between the notes in the accounts and the underlying trial balance in part due to the use of the CIPFA accounts production process (Big Red Button). In addition, the cashflow statement did not balance and due to the accounts production process the audit trail of movements was not easily determined.

There is still significant scope for improvement in the quality of the financial statements and in particular the underlying working papers.

Our audit has identified a number of misstatements in the same areas that were materially misstated in the prior year, including a material understatement of income and expenditure as a result of income being misclassified as HRA grant income when it was related to expenditure and misstatements in the PPE balances which impact the prior year.

The short term creditors listing was on a transactional basis which meant there is no year-end Short Term Creditor listing which can be reviewed for reasonableness.

The capital commitments note has been produced based on the Council's approved capital programme. This is not in line with the Code which requires that the disclosure represents the contractual commitments the Council has entered into at the year end. We have requested that management add disclosure to this effect in the note and review the process for its production for future years.

The Full Time Equivalent report requested had to be run more than once before it was accurate and complete.

The draft accounts did not include the third balance sheet required due to the prior period adjustment and this was not included in the draft until the third version was provided in January 2020.

We have made a number of recommendations in relation to this risk. Further details can be found in the action plan in Appendix A.

Significant findings arising from the group audit

Risks identified in our Audit Plan

Group Accounts

The Council is required to prepare group financial statements that consolidate the financial information of its wholly owned subsidiary undertaking, James Elliman Homes Limited (JEH).

The Council has a 50% interest in Slough Urban Renewal (SUR), a Limited Liability Partnership. Activity increased significantly in 2017/18; the Council will need to consider whether the entity will be consolidated into Group Accounts in 2018/19.

The Council has a wholly owned subsidiary, Development Initiative for Slough Housing Company Ltd. During 2017/18 the Council established Herschel Homes Limited which is currently dormant.

In 2017/18 Slough Urban Renewal was not consolidated due to the quantitative and qualitative aspects were not considered to be material by the Council. The Council will need to consider whether the subsidiary should be consolidated in the 2018/19 financial statements.

The consolidation of the subsidiary may give rise to a number of material accounting transactions in the financial statements for which the economic substance of the transactions needs to be considered.

We therefore identified the accounting transactions associated with the consolidation of Slough Urban Renewal as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

Auditor commentary

We have completed the following work:

- reviewed the key agreements to gain an understanding of the agreements put in place on the establishment of the company;
- discussed with key group personnel, the underlying substance of the transactions and the basis of the group's proposed accounting treatment of the arrangements;
- critically assessed the economic substance of the transactions to assess the appropriateness of the accounting treatment adopted by the group in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance;
- reviewed the Group structure of the Council;
- obtained an copy of the Group materiality assessment to be prepared by the Council; and
- reviewed the qualitative and quantitative materiality of the Council's subsidiaries in relation to the Council's operations.

We challenged management on the composition of the group and the basis for consolidation of the companies included in the group accounts and those omitted including the consideration of the impact of Slough Urban Renewal and James Elliman Homes' accounts being produced under different accounting frameworks. We requested that the disclosures relating to the group companies be amended to aid clarity to the user of the accounts.

During the course of our review and challenge of the Council's group consolidation process, it was identified that a substantial over accrual of anticipated profits from the Council's interests in Slough Urban Renewal in both 2017-18 and 2018-19, totalling £7.573m overstating general fund reserves of this amount in the 2018-19 accounts.

Our audit work is nearing completion in this area. Work outstanding includes review of the final group financial statements and confirmation of the consolidation adjustments.

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Land and Buildings – Other	Other land and buildings comprises specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilks Head and Eve to complete the valuation of properties as at 31 March 2019.	• We have assessed the Council's valuers, Wilks Head and Eve, to be competent, capable and objective. • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate . Our work is still ongoing in this area as we are awaiting evidence of indicated floor areas for a number of properties. • We have reviewed the consistency of the estimate against the report by the auditor's expert, Gerald Eve, and reasonableness of the increase in the estimate. • We have checked the General Fund valuation report to the Fixed Asset Register and to the Statement of Accounts with some differences being identified. In addition, in light of the valuation issues identified during the course of the 2017-18 audit, the Council commissioned a further review and revaluation of assets at 1 April 2018, and as a result, required a material restatement to the opening PPE balances in the financial statements.	●

Page 273

Assessment

- ● We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Net pension liability – £326.9m	The Council's total net pension liability at 31 March 2019 comprises £329.6m (PY £307.4m) in relation to the Local Government Pension Scheme as administered by Berkshire County Council. This encompasses the The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.	See below	

Page 274

Audit Comments

Our assessment of the estimate has considered:

- Assessment of management's expert
- Use of PWC as auditors expert to assess actuary and assumptions made by actuary. The assumptions employed by the actuary have been assessed as reasonable.

Assumption	Actuary Value	Assessment
Discount rate	2.5%	
Pension increase rate	2.5%	
Salary growth	4%	
Mortality assumptions – longevity at 65 for current male pensioners (years)	23.2	
Mortality assumptions – longevity at 65 for future male pensioners (years)	25.4	
Mortality assumptions – longevity at 65 for current female pensioners (years)	25.3	
Mortality assumptions – longevity at 65 for future female pensioners (years)	27.6	

- Completeness and accuracy of the underlying information used to determine the estimate
- Reasonableness of increase/decrease in estimate
- Adequacy of disclosure of estimate in the financial statements

We have now received our assurances from the auditor of the Berkshire Pension Fund, to enable us to conclude our work in this area.

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	
Significant events or transactions that occurred during the year	**McCloud judgement** The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy. The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds but also for other pension schemes where they have implemented transitional arrangements on changing benefits. The Council requested an updated net pension liability calculation from its actuary to include the impact of the McCloud ruling. This has been updated in the liability reflected in the final financial statements.	**Auditor view** We have reviewed the updated actuarial valuation and the assumptions underpinning it, and consider that the approach that has been taken to arrive at this estimate is reasonable.
Accounting for pooled investment funds	The new accounting standard, IFRS 9 Financial Instruments, was implemented from 1 April 2018. This required the Council to review the classifications and accounting treatment of its investments. The Council used its external advisor to provide support during this process. The review has resulted in the classification of pooled investment funds under IFRS 9 as 'fair value through other comprehensive income'. In our opinion IFRS 9 does not permit for these type of investments to be designated under this classification.	**Auditor view** Following an internal review by our technical team and discussions with management and their investment advisors, it was agreed that the initial classification would be amended to FVPL and the required adjustments made to the accounts. These adjustments impact the Comprehensive Income and Expenditure Statement however due to the available statutory override these do not impact the General Fund.

Page 275

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	
Dedicated Schools Grant earmarked reserve	The Council recognise a deficit reserve of £7,197k within their Earmarked General Fund Reserves balances in respect of their Dedicated Schools Grant deficit. From 2018/19, all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit of 1% or more at the end of the financial year must submit a recovery plan to the Education and Skills Funding Agency, showing how they will bring the deficit into balance in a three year time frame. A joint Department for Education and CIPFA statement released in June 2019 confirms that both parties are committed to working with other stakeholders to clarify the legal basis for, and accounting treatment of, DSG deficits in time for the 2020/21 budget round and 2019/20 accounts closure. The Joint Statement also confirms that the CIPFA Local Authority Accounting Panel (LAAP) considered the issue for 2018/19 and noted concerns regarding the presentation of an earmarked deficit DSG reserve, particularly given that there is not a clearly identified legislative basis for the ring-fencing of DSG deficits. Our view is that where overspends arise against Dedicated Schools Grant and are to be carried forward as a call against the schools budget in future years, these should form part of the un-earmarked general fund.	**Auditor view** • We discussed the Council's current accounting treatment with management. Whilst the use of a negative earmarked reserve is not good practice, the net Usable Reserves position is appropriately stated. We concluded on that basis that the Council's Usable Reserves are properly stated and that as such a user of the financial statements will be able to take an informed view of the Council's overall level of balances and reserves based on the information within the statements. • We also requested that management enhance the disclosure of the accounting treatment within their draft financial statements. • We have discussed with management a number of disclosure adjustments to reflect the nature of the balance within reserves

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	
Bank and cash	We have carried out a detailed review of the working papers provided to support the cash and cash equivalents balance in the financial statements, including analyses of all bank accounts and associated bank reconciliations. This involved a review of the process for inclusion and reconciliation of the school bank accounts as well as the main council accounts. The process for bank reconciliations applied by the Council is complex and utilises numerous account codes within the ledger. During our review of the reconciliations we identified a number of reconciling items which were several years old. The process makes oversight of the bank position and accurate and complete reconciling items. The use of balance sheet holding accounts which delay the posting process, weaken controls over cash and has inevitably led to the significant delays in clearing old items. The inconsistent use of ledger codes also adds to the confusion, e.g bank accounts that are not (Miscellaneous) and cash in transit which isn't cash in transit in the usual sense (Accounting Officers) but cash in transit through the ledger.	**Auditor view** • We have included a recommendation in relation to bank reconciliations on page 39.

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	
Loans to James Elliman Homes – accounting treatment and valuation	The Council has made a drawdown facility available to the subsidiary, James Elliman Homes (JEH), to help fund their capital programme with interest charged on part of the balance and the remainder was provided interest free. As at 31 March 2019, £29.9m had been provided in loans. The interest free loan element had been accounted for as 'deemed equity' and held at fair value. However, under Code requirements this should be treated as a soft loan and valued as based on the discounted cashflows over the life of the loan. The Council reviewed the basis of the accounting and this resulted in the amendment to the valuation and accounting of the loan. The Council used its external advisor to provide support during this process. The revised valuation for the JEH investment provided by management includes the adjusted value for the soft loans to JEH and an additional valuation for the holding at fair value which was not part of the original value in the draft accounts.	**Auditor view** • Following an internal review by our technical team and discussions with management and their investment advisors, it was agreed that the accounting treatment and basis of valuation would be amended and the required adjustments made to the accounts.

Page 278

Significant findings - Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process	Auditor commentary
The Council’s accounts have been prepared on the going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.	• As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570). • We have subjected the 2019/20 budget and high level revenue MTFP to 2020/21 to detailed scrutiny, and reviewed the planned savings proposals for 2019/20 and 2020/21 in our consideration of the appropriateness of management’s use of the going concern assumption.
Concluding comments	**Auditor commentary**
	• Whilst we are satisfied that the going concern assumption remains appropriate, our work is still ongoing in this area in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact of a recent business rate appeal and the ongoing discussions with Department for Education on the recoverability of financial support to Slough Children’s Trust. • In addition, the Council has recently sought further financial support through MHCLG and is awaiting final conclusions from this request. Management prepared a detailed going concern assessment discussed at the March 2021 Audit and Governance committee meeting and this has been revisited in light of further audit findings affecting the Council’s reported financial position and useable reserves. An updated position will be considered at the May 2021 Audit and Governance Committee.

Page 279

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1	**Matters in relation to fraud**	• We have previously discussed the risk of fraud with the Audit and Corporate Governance Committee. We have not been made aware of any other incidents affecting the financial statements in the period and no other issues have been identified during the course of our audit procedures.
2	**Matters in relation to related parties**	• We are not aware of any related parties or related party transactions which have not been disclosed
3	**Matters in relation to laws and regulations**	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	**Written representations**	• A letter of representation will be requested from the Council, at the conclusion of our work • Specific representations will be sought requested from management in respect of the following: – Confirmation of accuracy and completeness of group relationships – Assumptions for key PPE valuation estimates – Assumptions for Pension valuation estimates – Recoverability of debtors
5	**Confirmation requests from third parties**	• We requested from management permission to send confirmation requests to investment fund managers and the Council's banks and institutions they have borrowings from. This permission was granted and the requests were sent. All requests were returned with positive confirmation.
6	**Audit evidence and explanations/significant difficulties**	• Based on work carried out to date, all information and explanations requested from management has been provided.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
7	**Disclosures**	• Our review identified a number of adjustments which were required. These included: • Group disclosures were amended to provide additional clarity to a reader of the accounts • Capital Commitments disclosures included in the accounts are not in line with the Code requirements and we requested disclosure to this extent to be added to the accounts • In Note 30, the interim Director of Place & Development has received remuneration exceeding £150k but initially wasn't named as required by the Code • A third balance sheet and related disclosures was required to reflect the prior period adjustment for property, plant and equipment • the group notes for PPE did not agree to the Group balance sheet due to the omission of the consolidated values • The disclosures in relation to the fair value of surplus assets were not sufficient to meet the requirements of the Code • IFRS 15 disclosures were not adequately included in the financial statements

Other responsibilities under the Code

	Issue	Commentary
1	**Other information**	• We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
2	**Matters on which we report by exception**	We are required to report on a number of matters by exception in a numbers of areas: • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties We have nothing to report on these matters however we have yet to complete our final consistency checks on the final Annual Governance Statement.
3	**Specified procedures for Whole of Government Accounts**	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the Council exceeds the specified group reporting threshold of £500m we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. • Note that work is not yet completed and will be considered, once the audit of the financial statements has concluded.

Page 282

Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we disclose the following to you:

- In this context, in writing our 2018-19 Audit Plan we needed to bring a specific issue to those charged with governance attention. Gray's Inn Trading (GIT) Ltd is a group of companies based in the Slough area. A separate special purpose vehicle, Ground Rent Estates (GRE) 5 Ltd, held by GIT Ltd, was acquired by Slough Borough Council on 8 March 2018. At the time of purchase, Grant Thornton were responsible for the audit and tax services for GIT Ltd. Audit and tax compliance services had been provided by Grant Thornton during the 2016-17 financial year, including tax compliance work which commenced in January 2018, nearly three months prior to the 8 March 2018 acquisition date. In addition to the tax compliance work, GT provided tax advice relating to the GRE 5 Ltd company transfer. No work was performed in respect of the 2017-18 year - the firm proposed to continue as the auditor of GRE5 Ltd for 2017/18 but, in view of the acquisition by the Council of GRE5 Ltd, the firm ceased its tax and accounts preparation services for audit year 2017/18. There is therefore no ongoing threat to independence as the firm will not be undertaking accounts preparation or tax work in future years.

- For the 2016-17 audit, all fees relating to the audit and tax computation work for the group (including that for GRE 5 Ltd) have been and will continue to be billed to the GIT Group. No fees were billed to either GRE 5 Ltd or Slough Borough Council. The work is inconsequential to the Council (and is not consolidated within the financial statements of the Council) and Grant Thornton had substantially completed, and billed, the majority of the work before Slough Borough Council acquired GRE 5 Ltd in March 2018. The only element of work outstanding at the date of acquisition was the final sign off procedures, including the filing of year end accounts.

Page 283

- No members of the Slough Borough Council audit team had any involvement with the GIT Ltd or GRE 5 Ltd audit and tax services.

- Following the subsequent discussions with our Head of Ethics, it has been agreed that there is no ongoing conflict of interest and there is no impact upon our independence and objectivity of the audit of either the Council or the company as the firm ceased its tax and accounts preparation services for the audit year 2017-18. There is therefore no ongoing threat to independence as Grant Thornton will not be undertaking accounts preparation or tax work in 2018-19 or in future years. Grant Thornton has fully reported the circumstances to Slough Borough Council and consulted with PSAA on 12 July 2018. PSAA has confirmed that they support this conclusion.
- We are reporting this matter to those charged with governance as required under the Financial Reporting Council Ethical Standard to ensure that they are fully appraised of the situation.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

	Fees £	Threats identified	Safeguards
Audit related			
Teachers Pensions Return Certification work	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is not significant in comparison to the total fee for the audit and in particular is not significant relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Housing Benefit Subsidy certification work	95,000	Self-interest Self-review	This engagement is for the provision of a report of factual findings in respect of the local authority's form MPF720A. There is no direct impact on the Housing Benefit income and expenditure figures in the financial statements and there is a very low risk of the work leading to any need for future restatement of the accounts. The Housing Benefit subsidy engagement does not impact on our independence, objectivity or integrity in respect of the audit of the financial statements of the local authority.
Non Audit			
CFO insights subscription	10,000	Self interest	We have provided subscription services only; any decisions are made independently by the Council. The work is undertaken by a team independent to the audit team.

Value for Money

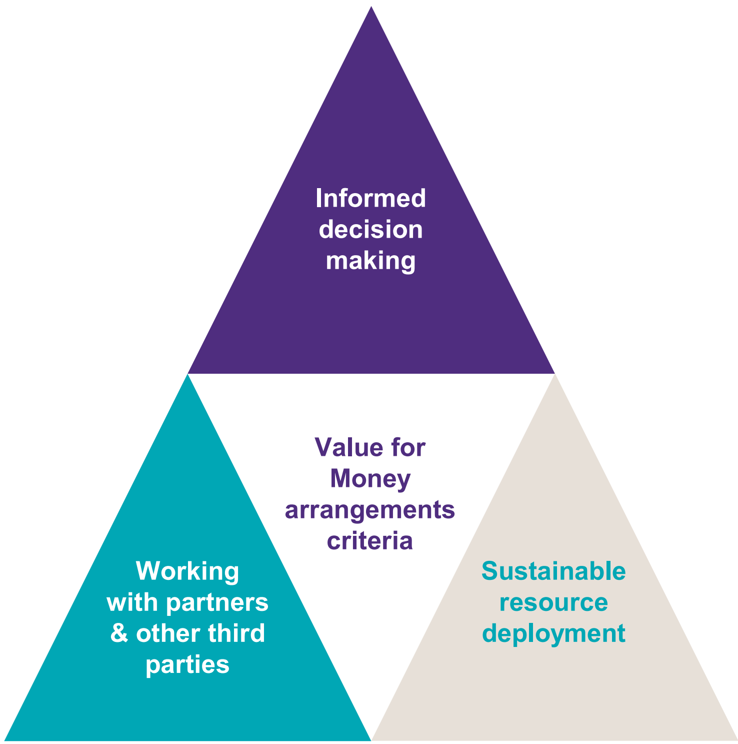
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception where we are not satisfied. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2019. AGN 03 identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in January 2020 and identified a three significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated January 2020.

Our risk assessment is a dynamic process and we have had regard to new information which emerged since we issued our Audit Plan, we identified the additional significant risk as a result:

- Slough Children’s Services Trust (SCST) provides the Council’s children’s social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The council has adequate arrangements in place to ensure financial sustainability, but arrangements could be strengthen to ensure robust and realistic savings plans are in place. Since our last report, in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact of a recent business rate appeal and the ongoing discussions with Department for Education on the recoverability of financial support to Slough Children's Trust, the Council has recently sought further financial support through MHCLG and is awaiting final conclusions from this request. This coupled with further adjustments required to the Council's reserves arising from the audit, gives indication that general fund reserve levels (both earmarked and unearmarked) are at unsustainably low levels requiring action from the Council.

  The recent Ofsted inspection in January 2019 identified an improvement in the arrangements for Children's Social Care services, they were no longer rated as 'inadequate', but rated as 'require improvement to be good'.
- The Council did not have adequate arrangements in place to ensure reliable and timely financial reporting that supports the delivery of strategic priorities due to weaknesses in processes for preparing the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the quality of working papers supporting the 2018-19 financial statements.
- Slough Children's Services Trust (SCST):-
  - inadequate arrangements were in place to deliver strategic priorities or understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.
  - during 2018/19 the Council did not demonstrate sound governance arrangements to ensure that elected members (Cabinet or the Education and Children's Scrutiny Committee) were updated on the progress of SCST through formal committee meetings.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 29 to 35.

Overall conclusion

Based on the work we performed to address the significant risks, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, because of the significance of the matters described below and later in our report, we are not satisfied that, in all significant respects Slough Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Commercial in confidence

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Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Financial Sustainability of the Council - Medium Term Financial Strategy (MFTS) The ongoing challenge of meeting the savings outlined by Central Government continue to put pressures on Local Government finances. Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22. In the short term, the Authority has one off reserves that can be used to mitigate these pressures but the longer term implications are challenging. The Authority expects an estimated £9m reduction in central funding per annum to 2024/25 which further enforces the need to identify alternative methods of achieving the Authority's financial position for the future. We will review the Authority's arrangements to prepare robust savings plans and how these have been challenged and consider the plans to identify further savings to address the future funding gap. We will review monitoring arrangements, including the robustness of the Council's Medium Term Financial Strategy, the delivery of the 2018/19 budget, and the action taken when plans are not being delivered.	**Medium Term Financial Strategy** The Council has an agreed Medium-Term Financial Strategy which was presented to Cabinet in December 2017 and subsequently updated and reported in July and October 2018. Reasonable assumptions have been made for CT, retained business rates and RSG. The MTFS included the savings required across the three years, 2018/19 to 2020/21 of £11.012m. The budget and savings identified in the MTFS are updated and approved within the budget setting process which was completed in February 2019, savings of £6.3m were agreed for 2018/19. **Savings Plans** In 2018/19 the Directorates were not given specific savings targets but asked to offer up what savings they could deliver. Those savings that were identified it was the Directorates responsibility to risk assess the savings plans, ensure they are deliverable and have action plans/business cases in place to ensure delivery. The Directorates identified a range of different savings, 34 in total which included savings as well as additional income to the value of £6.262m. These were agreed by CMT and reported to Cabinet as part of the budget setting process in February 2019. The Council does not have a corporate assurance or project management process in place to assess the savings schemes or to check the robustness of the action plans.	**Auditor view** The Council should take urgent action to develop a clear, sustainable financial plan to significantly replenish its levels of useable reserves in order to ensure financial resilience for the future. Further details are set out in our separate accompanying report, where we have set out recommendations under section 24 of the Local Audit and Accountability Act.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Financial Sustainability of the Council - Medium Term Financial Strategy (MFTS) The ongoing challenge of meeting the savings outlined by Central Government continue to put pressures on Local Government finances. Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22. In the short term, the Authority has one off reserves that can be used to mitigate these pressures but the longer term implications are challenging. The Authority expects an estimated £9m reduction in central funding per annum to 2024/25 which further enforces the need to identify alternative methods of achieving the Authority's financial position for the future. We will review the Authority's arrangements to prepare robust savings plans and how these have been challenged and consider the plans to identify further savings to address the future funding gap. We will review monitoring arrangements, including the robustness of the Council's Medium Term Financial Strategy, the delivery of the 2018/19 budget, and the action taken when plans are not being delivered.	**Savings Plans continued** Progress on delivery of the savings plans is reported quarterly to Cabinet in the Revenue Budget Monitor Reports. These reports include the financial position against budget for each Directorate. In 2018/19 the Council delivered a small overspend of £0.051m, although four of the five Directorates overspent, except for the Chief Executive Directorate, with £3m underspend in non-service areas. The Council reported achieving savings £6.42m, although these were not always as planned and included a high proportion of income. The savings plans were not supported with detailed savings plans and business cases. Arrangements could be strengthened by introducing corporate oversight and review of savings plans to ensure they are robust and realistic. **Update since August 2020 audit committee meeting** Since our last report, in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact of a recent business rate appeal and the ongoing discussions with Department for Education on the recoverability of financial support to Slough Children's Trust, the Council has recently sought further financial support through MHCLG and is awaiting final conclusions from this request. This coupled with further adjustments required to the Council's reserves arising from the audit, gives indication that general fund reserve levels (both earmarked and unearmarked) are at unsustainably low levels requiring action from the Council. A substantial over accrual of anticipated profits from the Council's interests in Slough Urban Renewal has resulted in a further reduction of general fund reserves of £7.573m in the 2018-19 accounts. Thus reducing current forecasted General Fund Reserves down to only £550k.	**See previous page**

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Principles and values of sound governance and internal control In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018. We will consider the Council's system of internal control and governance procedures and its progress in addressing the previously identified recommendations.	There remained weaknesses and material misstatements in the preparation of the 2017-18 Statement of Accounts that took place during the 2018-19 financial year. The Council set out a detailed action plan at the conclusion of the 2017-18 audit and we recognise that many of these actions will take time to implement and embed into the Council's financial processes and procedures. Action has been taken by the Council to address capacity issues in the finance team and seek additional external advice and support on a number of areas of the financial statements, but there is still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are free from material error. The Council has had difficulties producing supporting information for a number of areas in the financial statements resulting the 2018-19 audit not yet being completed. They have relied on the use of the CIPFA Big Red Button which has resulted in issues understanding the audit trail between the ledger and Trial Balance and how these reconcile to the Council's financial statements. Our 2018-19 audit work to date has identified a number of in year and prior period adjustments particularly in the area of PPE valuations and accounting for additions and disposals of assets. The valuation errors have resulted in the client commissioning external experts to produce a new valuation for the opening balances as at 1 April 2018, as well as the closing position at 31 March 2019. Our audit has identified a number of control deficiencies in internal controls in respect of: • Quality of working papers supporting the financial statements • Lack of critical review of the draft financial statements and supporting audit working papers prior to audit • Inadequacy of reconciliation and review of debtors and creditors • Lack of clarity around bank reconciliations, particularly in relation to School bank accounts • Inadequate maintenance of the fixed asset register, with examples identified where prior year transactions had not been correctly removed from the asset register or material transactions had been incorrectly accounted for during the year.	**Auditor view** We consider that adequate arrangements were not in place due to: weaknesses in processes for preparing the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the quality of working papers supporting the 2018-19 financial statements

Commercial in confidence

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Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Principles and values of sound governance and internal control In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018. We will consider the Council's system of internal control and governance procedures and its progress in addressing the previously identified recommendations.	In addition as part of our overall VFM work we reviewed the draft Annual Governance Statement (AGS) as published on the Council's website. The draft AGS sets out how the Council complied with the seven principals of good governance, however this document could be clearer on how the governance arrangements have been reviewed. Priority outcomes are discussed, as defined in the Council's 5 Year Plan, with a summary of progress against these outcomes but not how the governance arrangements support their delivery. An update is provided on the LGA peer review. In addition, an update is provided on the issues reported in 2017/18, the action taken in 2018/19 and if this is still an issue in 2019/20. Arrangements could be improved by developing the AGS and introducing: • assessment of the effectiveness of the framework • how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits • an action plan, that brings together and addresses all the significant issues faced by the Council • a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year.	**Auditor view** We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively.

Page 290

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Children's Social Care Services In the prior year, Ofsted identified weaknesses in Children's Social Care services, resulting in a modified opinion on the use of resources for the year ended 31 March 2018. We will consider the: • Council's progress against the previously identified recommendations • actions taken by the Authority to address the recommendations raised by Ofsted • Authority's processes for monitoring the progress against recommendations raised • results of any follow up inspections by external bodies.	The arrangements within Children's Social Care Services have been viewed as inadequate by Ofsted since 2011. In January 2019 Ofsted undertook a detailed inspection which concluded that services had improved, although the services 'require improvement to be good'. This change in rating occurred nine months into the year and the inspection report acknowledged that the pace of change had accelerated in the six months prior to the inspection. In addition, the monitoring report completed in May 2018 concluded that there continues to be positive improvement. Prior to this inspection Ofsted were making regular contact with the Council every two to three months. A Joint Improvement Board, a multi-agency non-public board was responsible for monitoring and ensuring progress. The Board met monthly during 2018/19. This Board was disbanded following the improved rating being awarded. Significant improvement is still required to improve the Ofsted rating in subsequent inspections and the Slough Children's Services Trust (SCST) has developed an action plan to address the recommendations raised by Ofsted. This is monitored by the Council through its Partnership Board meetings and in one to one meetings with the Director of Children's Services and the Chief Executive of SCST, as well as by the SCST Board.	**Auditor view** We consider that adequate arrangements are in place as indicated by the improvement in rating following the Ofsted inspection. Significant progress is still required to improve the Ofsted rating further.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Slough Children's Services Trust (SCST) SCST provides the Council's children's social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk. We will review the: • arrangements to monitor performance of SCST and action to address underperformance • the current financial position of SCST and what action the Council plans to undertake • understand the contract arrangements with regards to managing demand and if the Council is required provide additional funding.	In 2015 following two Ofsted judgements of 'inadequate' the Secretary of State exercised her powers under the Education Act 1996 to set up a separate organisation to carry out the Council's children's social care functions. In October 2015, SCST was established and took over the management of Council's children's social care services. The cost of establishing SCST was met by the DfE, whilst the Council provided a working capital loan to the value of £4.2m to be repaid after six years. The Council pay SCST in the region of £24m for the delivery of the children's social care services. SCST was the result of a Statutory Direction from the Secretary of State on the Council and to begin with this had a detrimental impact on the relationship between SCST and the Council. Following changes in personnel within both organisations this began to improve. The Council has a legally binding contract for the delivery of services with SCST and retains statutory responsibility. However, this is not a commercial contract, changes require agreement of the DfE and the Council does not have step in rights and cannot terminate the contract. In 2017 the contract was reviewed and all parties recognised the inadequacies of the contractual arrangements. However, due to a lack of capacity and so has not to detract from the improvement journey and the expected imminent Ofsted inspection a decision was made to complete a deed of variation (DoV). This decision included the Council, SCST and the DfE. The deed of variation DoV looked to improve governance and oversight of the contract by clarifying and strengthening the contract management arrangements. In 2018/19 the financial position of SCST began to deteriorate, SCST continued to report a deficit and growth monies were requested to reduce the risk of insolvency. As a result an LGA review of the financial situation facing SCST was commissioned by the Council. This review highlighted inadequacies in the governance arrangements and that SCST's position was not sustainable without additional funding.	**Auditor view** We consider that adequate arrangements were not in place: • to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
Slough Children's Services Trust (SCST) SCST provides the Council's children's social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk. We will review the: • arrangements to monitor performance of SCST and action to address underperformance • the current financial position of SCST and what action the Council plans to undertake • understand the contract arrangements with regards to managing demand and if the Council is required provide additional funding.	The Council agreed to provide additional growth funds in the region of £1.4m and the Council and SCST continued to work together to replay the working capital loan (£4.2m). Senior Officers of the Council maintained regular contact with SCST and elected members were informed through meeting with the Lead Member. However, neither Cabinet or the Education and Children's Scrutiny Committee received any formal updates. SCST's Annual Report was not received by the Council until August 2019. The 2019 LGA peer review also confirmed that governance arrangements were immature in both SCST and the Council and that line of accountability, contract monitoring and shared financial responsibility were unclear. Contract and performance monitoring were the responsibility of the Directorate and were predominately focused on the changes required to improve the Ofsted rating. Financial monitoring was limited and constrained by the quality of the financial information received by SCST. The Council did not fully recognise the dire financial position of SCST until August 2019 at which point the deficit had significantly increased. The Council and SCST then held additional discussions, information was requested and elected members were informed of the developing situation. The Council has devolved contract management arrangements and responsibility sits with the Directorates. It does not have a corporate commissioning/procurement function from which specialist knowledge or expertise can be sought. The Council has agreed contract procedure rules within its constitution for which each Directorate is responsible for ensuring compliance.	**Auditor view** We consider that adequate arrangements were not in place: • to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.

Action plan

We have identified recommendations for the Council's as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those issues that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● (Medium)	Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated.	The Council should: • ensure that savings are supported by robust savings plans and business cases • strengthen arrangements by introducing a corporate function, which could assess the likelihood of delivery, the robustness of proposed savings and their supporting plans as well as monitor delivery. **Management response** The Council has recently undertaken a number of actions that will address this and related issues The Council has amended its officer Strategic Finance Board (SFB) chaired by the Chief Executive to ensure that the Executive Board is fully aware of all pertinent financial matters within the Council and gains a holistic understanding of the Council's finances. This Board is receiving papers on financial standards, the accounts, the budgets and other matters As part of this the Council has: • Revised its revenue business case and process to ensure that the business case focuses on the case for change, value for money and affordability before moving into the technicalities of procurement etc. Thus assisting in ensuring that the Council's base budget is as robust as it can be and hence helping to provide a more informed base from which to generate any necessary savings • Related to savings, the Council has a separate business case for savings which has been supplemented by a Saving Action Plan to assist in the verification and tracking of saving plans going forward • The finance service is leading the process for the budget and will in the short term be working with service colleagues to review and challenge all budgeted and future savings, monitor delivery, identify pressures and seek from colleagues mitigations as necessary. It has also revised the equality impact documentation. Going forward a further revised process will be established that will bring into the assessment of savings plans colleagues from other disciplines such as legal, HR, ICT etc – all working closely with service officers • Supplementing this the Council is revising its officer budget process to accelerate the timeline for production of the budget to allow for full engagement and scrutiny by Members in all their roles and likewise for full consultation and communication with other stakeholders

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

We have identified recommendations for the Council's as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those issues that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
●	We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively.	The governance aarrangements could be improved by developing the AGS and introducing: • assessment of the effectiveness of the framework, it should be more than a description of what is in place • how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits • an action plan, that brings together and addresses all the significant issues faced by the Council • a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year. **Management response** The preparation of future AGS is under review and will be considered at a future meeting of the SFB. This will enhance the preparation and use of the AGS. The Chief Executive has also instigated a review of Governance across the Council which will see further enhancements to our Governance arrangements. The outcome of this work will incorporate these recommendations.
●	The Council consolidates a number of group entities into its financial statements, however the accounting year ends are not all consistent with the Council, being 31 March, which adds additional complexity and consolidation adjustments for the Group financial statements.	To facilitate a smooth and efficient group accounts preparation, the Council should work with its group entities to align all accounting year ends to 31 March. **Management response** This work will commence in June 2021.

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

Assessment	Issue and risk	Recommendations
●	Effective governance arrangements are not in place to ensure those charge with governance are able to make decisions in an open and transparent way	Cabinet and scrutiny should be regularly updated on the performance of their key services and be able to challenge this performance and have the opportunity to make informed decisions in formal committee meetings. **Management response** Agreed. We have recently begun the preparation of holistic financial briefings for Officers and Members and these will be further developed in the future. We have also as noted above revised the budget timeline which will allow for more informed Member consideration of the budget and have introduced quality guidance for finance and other officers on the production of budget monitoring reports and financial implications in reports. We will ensure that key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee.

●	Effective contract management arrangements are not in place to effectively manage statutory services that are delivered by third parties.	The Council should consider and ensure effective arrangements are in place in the following areas:
		• Role of elected members, including Members of the Board, as possible shareholder committees or monitoring committees such as the Commercial Sub-Committee, as well as the role of scrutiny committees
		    • Elected members who are Board Directors of the SCST need to understand their responsibilities and duties to SCST and ensure they effectively manage any conflicts of interest. All company directors have a duty to act in the best interests of the company rather than in the best interests of the body that has appointed the Director to the company (eg the Council)
		    • Elected members committee functions, this should include those charged with governance who would have oversight of the effectiveness of the SCST Board in line with Council's strategic objectives and statutory duties as well as scrutiny.
		    • The Council would benefit from applying consistent arrangements across the Council for dealing with all its third-party companies and ensure the role of the Commercial Sub-Committee is effective and understood
		
		• Those charged with Governance should receive updates and reports on a regular basis (quarterly as a minimum) to enable informed decision making.
		
		Management response
		The Council has begun reviews of its management of third-party organisations and will be implementing a series of changes which will include among other matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc.

Action plan

Assessment	Issue and risk	Recommendations
●	Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties.	• The Council should introduce contract management to ensure services are delivered as planned and any mitigating actions can be taken in a timely manner. • The Council should consider using its internal audit service to gain assurance that its contract procedures are being effectively applied across all Directorates. **Management response** The first recommendation is being dealt with as noted above. In respect of gaining assurance this will be undertaken in two ways – through internal audit as described and through reviews by the Finance and Commercial team. The S151 officer is liaising with internal audit to ensure that this requirement is picked up in their 2021/22 and onwards planning and will co-ordinate the work of those undertaking these reviews
●	**Quality of working papers and clarity of the audit trail** As noted on page 13, the audit process was hampered by issues with the clarity of the audit trail including: - insufficient audit trail to support the movements in the cashflow statement - Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature	We recommend that the Council: • Review the process used to produce the year end accounts and identify areas where further improvement needs to be made • Ensure that all disclosure have supporting working papers and there is a clear mapping between the general ledger and the financial statements **Management response** The Council has begun a review of the process and will be introducing: • a comprehensive accounts plan which will be linked to the auditors required by client schedule. This plan will include a comprehensive training plan, a communications plan and a resource plan • a three stage quality assurance process will be implemented covering financial standards papers and accounts templates and covering 1) preparation, 2) technical review and 3) sign off review • a whole team approach will be instigated through the involvement of the whole finance service to bring greater resilience and resource to this key requirement. • improved communication through the project plan which will include regular and early communication to all stakeholders. • comprehensive training and development for finance staff which will include how to prepare, and also regular reviews of, working papers that include evidence of the transactions in the ledger, an enhanced checklist of requirements, quality assurance review, links between the working papers and clear mapping to the ledger. • Quarterly reports to Strategic Finance Board, the Audit Committee and Cabinet starting in October 2021 on progress and issues identified.

Action plan

Assessment	Issue and risk	Recommendations
●	**Review of financial statements** A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.	We recommend that the Council: • Develop a year end timetable for the production of the accounts which include sufficient time for management review • Utilises the CIPFA checklist to ensure that disclosures are complete and produced in line with code requirements **Management response** This will be fully covered as noted above.
●	**Group Accounts** The basis of preparation of the Council's Group accounts was unclear and the working papers did not provide a comprehensive group consolidation schedule setting out how the group accounts and consolidation adjustments had been determined.	The Council should ensure it prepares a clear and comprehensive group consolidation schedule to support the preparation of its group accounts. **Management response** This will form part of the much revised and enhanced accounts plan as noted above.
●	**Bank reconciliation process** As noted on page 19, our review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.	We recommend that the Council: • Perform a review of the bank reconciliation process to simplify the bank reconciliation process and remove all old and out of date reconciling items and ensure that amounts included in the reconciliation and the ledger are valid cash items. **Management response** This is in the Council's financial action plan and will be begun in June and will be undertaken monthly thereafter once any issues have been resolved.

Page 298

Action plan

Assessment	Issue and risk	Recommendations
●	**Accounting treatments** The loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts. This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment had not been documented against Code requirements before inclusion in the financial statements.	We recommend that the Council • establish a process for significant transactions such as investments and loans, to be formally considered against the requirements of the Code and the consideration documented and reviewed before being applied.. **Management response** All transactions that require review will be considered against the requirements of the Code to ensure that the accounts going forward are fully Code compliant.
●	**Debtor and creditor reconciliations** During our testing of the debtor and creditor balance there were issues with the client producing reconciled balances which should represent the year end debtor and creditor positions excluding in year movements. Our sample testing of debtors and creditors has not identified any material balances that are not supported. We have discussed this with management and confirmed that a process has been undertaken in 2020 to review debtor and creditor codes and cleared down items which are no longer valid balances.	We recommend that the Council • Perform review of the debtor and creditor account codes to ensure that balances are appropriate and valid and clear those that are not. • Establish a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and valid debtors or creditors **Management response** This is in the Council's financial action plan and will be begun in June and will be undertaken monthly thereafter once any issues have been resolved.

Action plan

Assessment	Issue and risk	Recommendations
●	**Income and Debtors** There is no review process over invoices issued before they were sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However there is risk that if the invoice is undercharged and the customers may not raise error, and the Council may suffer a loss from undercharging.	**We recommend that the Council** • Review the internal processes over invoice raising to ensure there is sufficient review of invoices before they are sent to clients **Management response** This is in the Council’s financial action plan and will be begun in June and will be undertaken monthly thereafter once any issues have been resolved.
●	**Declarations of interest** Councillor and Senior Officer declaration forms are not dated. There is a risk that the declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed, but not dated. Signing / dating a declaration form should be standard practice, as it could lead to forms being misfiled, or new interests not being declared in a timely manner. Senior Officers that were working for SBC through a contracting company are not required to complete a Declaration of Interests form. Interim staff are not required to complete the Registers of Interests and Gifts and Hospitality.	We recommend that the Council: • ensure that all forms are signed and dated as part of their standard procedures • consider whether Officers, including interim staff, should complete declaration forms as they may be able to have a significant influence on the council's high level decisions. **Management response** The Council requires every entry to the members register of interests to be signed and dated, it is standard practice that this is always followed. In the past 12 months the Council has strengthened the process and a democratic services officer must always countersign each form received from a councillor to ensure completeness. Senior officers declaration forms are not part of this process, and are in fact part of the declaration process for all staff which uses an online HR process to gather the submissions. The Council will look to implement a process by July 2021 to ensure that any interim staff or those recruited through contracting companies are required to complete a declaration of interests form and where appropriate complete their Directorate gifts and hospitality register

Action plan

Assessment	Issue and risk	Recommendations
●	**Fixed asset register** The client informed us of a number of properties which had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements. We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts.	We recommend that the Council: • establish a process to perform and annual review of assets to ensure that all disposals and reclassifications are amended • establish an in-year process for capital movements to be notified on a timely basis to the finance team to ensure the fixed asset register is maintained accurately. This should be reconciled to the accounts as part of the year end closed own procedures. **Management response** The Council be moving to a quarterly closedown process once it has undertaken a through review of all accounts and budgets which will pick up the above on a much more timely basis.
●	**Capital accounting process** The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year.	We recommend that the Council • establish a process for reviewing and documenting the accounting treatment of significant transactions to ensure they are accounted for in line with the Code. This should be subject to internal review **Management response** All transactions that require review will be considered against the requirements of the Code to ensure that the accounts going forward are fully Code compliant. As noted above the Council will be introducing a three stage quality assurance process throughout its accounts preparation.
●	**HRA valuation records** Our testing identified inconsistencies in the accounting records between the categorisation of HRA properties held on the Capita Housing Rents system and the Council's fixed asset register. It is important that these two systems are reconciled on a regular basis to inform the Council's HRA valuation.	The Council should ensure that a regular reconciliation process is carried out between its Capita Housing Rents system and the Council's fixed asset register to ensure records are consistent and provide an accurate basis to inform the valuation of its HRA properties in the financial statements **Management response** All reconciliations across the whole of the Council's finances are being reviewed including this, bank accounts and debtor and creditor reconciliations accounts as noted above and will begin in June and be undertaken monthly thereafter once any issues have been resolved.

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

	Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
1	Plant, property and equipment: Grossing up of the opening cost and depreciation of assets with nil net book value. This has nil impact on the value in the Balance Sheet and is made in the disclosure note for Plant, Property and Equipment.			
	DR Opening cost		6,894	
	CR Opening accumulated depreciation		(6,894)	
2	Plant, property and equipment: Asset additions and disposals were adjusted following review of the fixed asset register. This also resulted in amendments to the depreciation and revaluation movements following the adjustment to asset holdings			
	DR Asset additions		1,514	
	CR Asset disposals		(32,147)	
	CR Asset revaluation		(46,525)	
	CR Revaluation movements	987		987
3	Investment property: an asset had been included in as an addition in the current prior year on the basis of the staged payments being made for the purchase whereas it should have been recognised in full in the prior year with a corresponding creditor. These adjustments impact the current year and prior year.			
	2017-18:			
	DR Investment property additions		16,139	
	CR Investment property valuation movement		(8,536)	
	DR CIES – valuation movement	8,536		8,536
	CR Creditors		(16,139)	
	2018-19:			
	DR Investment property valuation movement		9,130	
	CR Investment property additions		(8,069)	
	DR Creditors		8,069	
	CR CIES – valuation movement	(9,130)		(9,130)

Overall impact

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

	Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
4	The loan to JEH was accounted for as fair value equity investments when they were soft loans. Adjustment was required to the valuation which impacts the SOFP and valuation movements in the CIES			
	DR Long term debtors		23,282	
	CR Long term investments		(17,564)	
	CR Movement on valuation and interest	(5,718)		(5,718)
5	Adjustments to debtors, creditors and bank balances for amounts identified as unsupported following an internal review			
	DR Creditors		1,969	
	DR Cash at Bank		338	
	DR Debtors		(181)	
	CR Long term debtors		(5)	
	CR Inventory		(2,088)	
	CR Cost of services	(53)		(53)
6	Release of unapplied capital grant identified as having been applied in year			
	DR Reserves		4,366	
	CR Debtors		(4,366)	
7	It was identified that the Collection Fund debtor and adjustment had been double counted			
	DR Debtor		1,536	
	CR Cash at Bank		(1,536)	
	Overall impact			

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

	Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
8	Grossing up of credit balances on debtor accounts			
	DR Debtors		19,199	
	CR Creditors		(19,199)	
9	Amendments to net pension liability and associated movements due to revised actuary report			
			14,209	
	DR Long term liabilities	(16,870)		(16,870)
	CR Remeasurement of net benefit liability	2,674		2,674
	CR Cost of services	(13)		(13)
	CR Financing and investment income and expenditure			
10	Adjustments to initial draft accounts to incorporate the adjustments for miscoding and adjustment for income not reflected in Note 8			
	DR Creditors		2,411	
	DR Financing and investment income and expenditure	15,370		15,370
	CR Cost of Services	(9,260)		(9,260)
	CR Other operating expenditure	(1,166)		(1,166)
	CR Taxation and non-specific grant income	(389)		(389)
	CR Other comprehensive income and expenditure	(2,144)		(2,144)
11	The CCLA Property Fund was initially disclosed as FVOCI but the investment does not meet the definition of equity due to being puttable and so this designation is inappropriate. It was agreed that this would be reclassified as FVPL and then the statutory override applied to remove the impact upon the general fund.			
	Overall impact			

Page 304

Audit Adjustments

Impact of unadjusted misstatements

	Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
1	Adjustments made to debtors and creditors in 2019/20 which related to 2018/19 following internal review of unsupported balances			
	DR Cash		579	
	DR Creditors		1,255	
	CR Debtors		(795)	
	CR Inventory		(5)	
	CR CIES		(1,035)	(1,035)
	Overall impact			

In addition, at the conclusion of our work, we will need to assess the impact of any unadjusted misstatements arising from the previous year's audit for the 2018-18 financial year undertaken by BDO, where these have a continuing impact on our audit for 2018-19.

Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations

- Our review identified a number of adjustments which were required. These included:
  - Group disclosures were amended to provide additional clarity to a reader of the accounts
  - Capital Commitments disclosures included in the accounts are not in line with the Code requirements and we requested disclosure to this extent to be added to the accounts
  - In Note 30, the interim Director of Place & Development has received remuneration exceeding £150k but initially wasn't named as required by the Code
  - A third balance sheet and related disclosures was required to reflect the prior period adjustment for property, plant and equipment
  - the group notes for PPE did not agree to the Group balance sheet due to the omission of the consolidated values
  - The disclosures in relation to the fair value of surplus assets were not sufficient to meet the requirements of the Code
  - IFRS 15 disclosure were not adequately included in the financial statements
  - Leases disclosure required to be amended in line with working papers
  - Disclosure of the deficit Dedicated Schools Grant

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit Fees

	Scale fee	Final fee
Council Audit	£98,193	TBC
Additional fees in relation to additional work required for the following issues in 2018-19		
Interim fee variation (reflecting work completed to end Sept 2020 – approved by PSAA in January 2021)		£223,002
Final fee variation at conclusion of work		TBC
Total audit fees (excluding VAT)		**TBC**

Page 307

Non Audit Fees

In addition to those listed below which have been billed in 2018/19, we have performed the following work:.

Fees for other services	Fees £
Audit related services:	
• Housing Benefit subsidy certification	95,000
• Teachers pension Certification	5,000
Non Audit	
CFO insights subscription	10,000

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

9 May 2021

Dear Sirs

Slough Borough Council
Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Slough Borough Council and its Group for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the group and Council financial statements:

   a. there are no unrecorded liabilities, actual or contingent
   b. none of the assets of the group and Council has been assigned, pledged or mortgaged
   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. Herschel Homes Limited and Development Initiative for Slough Housing (DISH) Limited were dormant during the year ended 31 March 2019.

xv. We confirm that post-provision debtor balances recorded in the financial statements at 31 March 2019 are fully recoverable.

xvi. The prior period adjustments disclosed in Note 42 to the Council's financial statements and Note 3 to the Group Financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xvii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xviii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

xix. We have communicated to you all deficiencies in internal control of which management is aware.

xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxv. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council’s Audit and Governance Committee at its meeting on 18 May 2021.

Yours faithfully

Name……………………………

Position………………………….

Date…………………………….

Name……………………………

Position………………………….

Date…………………………….

Signed on behalf of the Council

Grant Thornton

Slough Borough Council

Section 24 Statutory recommendations

9 May 2021

Grant Thornton

Slough Borough Council
Observatory House
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9 May 2021

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Dear Sirs

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Our responsibilities

As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to inadequate arrangements and insufficient skills and capacity at the Council to prepare reliable financial statements and supporting working papers. In addition, we identify concerns regarding the Council's financial sustainability and levels of reserves and weaknesses in the Council's financial governance, monitoring and controls in relation to its Group entities. Further details are set out in the attached report.

What does the Council need to do next?

Schedule 7 of the Local Audit and Accountability Act 2014 requires the following actions:

The Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council.

At that public meeting the Council must decide

- whether the recommendations are to be accepted, and
- what, if any, action to take in response to these recommendations.

Schedule 7 specifies the meeting publication requirements that the Council must comply with.

Julie Masci

Key Audit Partner
Grant Thornton UK LLP

Background to the recommendations

We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to inadequate arrangements and insufficient skills and capacity at the Council to prepare reliable financial statements and supporting working papers. In addition, we identify concerns regarding the Council's financial sustainability and levels of reserves and weaknesses in the Council's financial governance, monitoring and controls in relation to its Group entities.

Preparation of the financial statements

Recruitment and retention of skilled and qualified finance staff in the locality has been an ongoing and longstanding issue for the Council with a number of interim appointments used in key finance roles during the course of the 2018-19 audit process. The Council has bought in skills and experience from professional advisors, but recognises this is not an ideal substitute for an internal fully staffed and skilled finance team which will be developed over the longer term.

The Council has had difficulties producing supporting information for a number of areas in the financial statements resulting the 2018-19 audit incurring a significant level of delay and additional audit resource to conclude. The Council has relied on the use of the CIPFA Big Red Button which has resulted in issues understanding the audit trail between the ledger and Trial Balance and how these reconcile to the Council's financial statements.

Our 2018-19 audit work has identified a number of in year and prior period adjustments particularly in the area of PPE valuations and accounting for additions and disposals of assets. The valuation errors have resulted in the Council commissioning external experts to produce a new valuation for the opening balances as at 1 April 2018, as well as the closing position at 31 March 2019. In addition, during the course of the audit, the Council identified a substantial over accrual of anticipated profits from its interests in Slough Urban Renewal, highlighting poor controls over the routine review of balances held within the Council's balance sheet and lack of quality assurance arrangements.

Our audit has identified a number of internal control deficiencies including:

- Poor quality and incomplete financial statements presented for audit in July 2019
- Poor quality of working papers supporting the financial statements
- Lack of audit trail to explain how aspects of the financial statements are supported by the Council's financial system and underlying supporting documentation
- Lack of critical review of the draft financial statements and supporting audit working papers prior to audit
- Inadequacy of routine reconciliation and review of debtors, creditors and other balance sheet line items
- Lack of clarity around bank reconciliations, particularly in relation to School bank accounts
- Inadequate maintenance of the fixed asset register, with examples identified where prior year transactions had not been correctly removed from the asset register or material transactions had been incorrectly accounted for during the year.
- Poor governance, oversight and financial reporting in relation to the Council's group accounts and group relationships

In conclusion, there remains significant weaknesses and material misstatements in the preparation of the Council's financial statements which have reoccurred over a number of years. There remains a significant need for improvement in key financial controls and processes and the quality of the underlying working papers to ensure that the financial statements are prepared to an appropriate quality, in line with CIPFA Code accounting requirements and free from material error.

Our statutory recommendations in relation to these matters are set out on page 6 of this report.

Background to the recommendations

Levels of Useable reserves

Levels of general fund reserves at the Council have remained stable over a number of years however the level of earmarked reserves has continued to decline with earmarked reserves reducing from £30.9m in 2012-13 to £4.780m in 2018-19, placing it as one of the lowest levels of all local authorities nationally. There is no evidence that the Council has properly understood the risks involved in running down reserves which are ultimately largely earmarked to support its revenue position.

In the 2021-22 budget report to Council, forecast reserves were £11.425m at the end of 2020-21. This assumed £8.173m of General Fund Balance and £3.252m of Earmarked Reserves. However due to findings arising from the 2018-19 financial statements audit, a substantial over accrual of anticipated profits from the Council's interests in Slough Urban Renewal has resulted in a further reduction of general fund reserves of £7.573m in the 2018-19 accounts. Thus reducing current forecasted General Fund Reserves down to only £550k.

There remains further risk in these reserve levels subject to the finalisation of the 2018-19 audit, confirmation of the final 2020-21 outturn position and completion of the 2019-20 and 2020-21 financial statements audits.

The Council has identified a significant savings programme of £15.576m for 2021/22., this being a bigger programme than we have seen delivered in recent years by the Council. This coupled with the adjustments required to the Council's reserves arising from the audit, gives indication that general fund reserve levels (both earmarked and unearmarked) are at unsustainably low levels requiring action from the Council.

In addition, in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact the business rate appeal of £5.3m and the ongoing discussions with Department for Education on the recoverability of financial support to Slough Children's Trust, the Council has recently sought further financial support through MHCLG.

In conclusion, maintaining sound reserves is absolutely vital and a key indicator of sound financial governance. It should be at the heart of the Council's medium-term financial plan. The Council should take urgent action to develop a clear, sustainable financial plan to significantly replenish its levels of useable reserves in order to ensure financial resilience for the future. Low levels of reserves would inhibit the Council's ability to respond to any significant unexpected events or manage its position where its savings programmes are not effectively delivered.

Our statutory recommendation in relation to this matter is set out on page 8 of this report.

Background to the recommendations

Financial governance, monitoring and control for Council Group entities

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

In addition, in 2017-18, the Council established two wholly owned housing subsidiaries (Herschel Homes Limited and James Elliman Homes Limited), to assist in the provision of affordable homes within the Borough. Herschel Homes Limited remains a dormant company, but operations within both SUR LLP and James Elliman Homes Ltd have continued to grow since its establishment. The Council's interests in both these entities have been consolidated into the group accounts of Slough Borough Council.

Our 2018-19 audit work on the Group accounts has identified a number of findings.

James Elliman Homes does not operate its own financial systems and records to record the company's financial transactions. All company transactions are currently being processed within Slough Borough Council's systems and day to day transactions. Whilst these are recorded on separate account codes, the accuracy and completeness of this is highly dependant on council officers reviewing and identifying the specific invoices and transactions that relate to the company and categorise these appropriately within the financial system. This presents a risk that financial records for the company have not been fully identified and these have been erroneously included in the council's own financial data.

As a commercial entity subject to separate legal, tax and accounting considerations, there should be clear separation of these transactions, in a separate financial ledger, with clear and distinct financial controls and monitoring in place for both the Council and the company.

From our enquiries with officers and review of the records held on Companies House website, we have established that a statutory audit was commenced on the 2017-18 financial statements of James Elliman Homes, however this audit was never finalised with its appointed auditors and the 2017-18 audit and the audit opinion was withdrawn from the accounts published on Companies House. The statutory audit process is a key source of assurance over the company's financial affairs. Council officers have indicated that the audit was not concluded as there was a risk of late filing of accounts with companies house following issues with the audit, however it remains unclear why the 2017-18 audit was not fully completed. New auditors were appointed in 2018-19.

There are two appointed company directors of Slough Urban Renewal, both of which are also officers of Slough Borough Council and so presents a risk of conflict. It is difficult for the Council to challenge the commercial operations of the company and ensure that this operates in the best interests for the Council when its officers fulfil a dual role and are an integral part of the company's decision making and operations.

In addition, as highlighted earlier in this report, a £7.573 million over accrual of anticipated profits from its interests in Slough Urban Renewal, highlighting poor controls over the routine review of financial interests arising from the Council's group relationships and lack of review and understanding of the full extent of financial risks and rewards to the Council.

In conclusion, these findings highlight significant weaknesses in the Council's financial governance, monitoring and control arrangements in relation to its group entities.

Our statutory recommendation in relation to these matters is set out on page 9 of this report.

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management Response/ Responsible Officer/ Due Date
Finance capacity and skills	The Council should put in place robust arrangements for the production of the 2019-20 and 2020-21 financial statements and going forward, which meet statutory requirements and international financial reporting standards. In order to achieve this the Council should: • ensure sufficient resources and specialist skills are available to support the accounts production • Ensure the finance team has the skills and capacity to enable effective financial management arrangements and support the production of technically sound financial statements, • Ensure finance officers are provided with additional training, to ensure all staff involved in the accounts production process have the necessary technical knowledge of the CIPFA Code • introduce appropriate project management skills to oversee the timely production of the financial statements and supporting working papers	The Council has already identified the necessary additional core resources and specialist skills it needs to lead the accounts process going forward and to ensure robust financial management. They commence with the Council in May 2021. Part of the work of this core team will be to train the Council's own staff to ensure that they have the necessary skills to carry out their work. Gaps in the Council's own team skills and capacity will be addressed in the short term by the appointment of interim staff to provide additional capacity. Longer term the Council will be reviewing its permanent finance team to ensure the Council has higher quality resources and appropriate capacity. There will be a focus on training and development for all staff, new and currently employed covering professional and technical, project management, business planning, leadership and management development among other matters. The responsible officer for this work is the S151 officer. The necessary additional core resources and specialist skills have been identified and secured and the necessary training and development is being designed. Training and development has already commenced on an individual basis and the programme will roll out across the whole team from June 2021. Additional interim resources will be brought in as and when necessary to provide additional capacity. The review of the permanent finance structure and the core leadership and technical resources will be undertaken in the Autumn of 2021.

Page 318

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management Response/ Responsible Officer/ Due Date
Preparation of the financial statements	The Council should develop a comprehensive project plan for the preparation of the accounts which ensures that: • the entries in the accounts are supported by good quality working papers which are available at the start of the audit • the financial statements and working papers have been subject to robust quality assurance prior to approval by the S151 officer • there is clear ownership and accountability for tasks across service areas to support the timely production of the financial statements.	The Council now has the necessary leadership and technical support, project and programme management skills to produce high quality accounts and will be introducing: • a comprehensive accounts plan which will be linked to the auditors required by client schedule. This plan will include a comprehensive training plan, a communications plan and a resource plan • a three stage quality assurance process will be implemented covering financial standards papers and accounts templates and covering 1) preparation, 2) technical review and 3) sign off review • a whole team approach will be instigated through the involvement of the whole finance service to bring greater resilience and resource to this key requirement. • improved communication through the project plan which will include regular and early communication to all stakeholders. • comprehensive training and development for finance and other staff which will include how to prepare, and also regular reviews of, working papers that include evidence of the transactions in the ledger, an enhanced checklist of requirements, quality assurance review, links between the working papers and clear mapping to the ledger. The responsible officer for this work is the S151 officer. The date for the production of the 2019/20 and beyond accounts cannot be established until the Council has completed a detailed review of all working papers, ledger balances etc that underpin the 2019/20 accounts. This will take upto a year and will be of the highest quality and pace. Thereafter much faster quality closure of accounts will be undertaken.

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management Response/ Responsible Officer/ Due Date
Levels of useable reserves	The Council should take urgent action to address its low levels of unearmarked and earmarked revenue reserves through: • developing a clear, sustainable medium term financial plan to significantly replenish reserves to a level that enable it to respond to any significant unexpected events or manage its position effectively where its savings programmes are not fully achieved. • Reviewing its medium term savings plans to ensure that clear proposals are developed to achieve savings requirements in line with the revised MTFP and reserves strategy • Ensuring agreed savings are owned across the Council by officers and lead members to ensure clear ownership and accountability for delivery • Ensuring it puts in place a clear and transparent savings monitoring and reporting process, in order to ensure that council departments are held to account for delivery of required savings	The Council has begun and agreed at officer level, a robust process for continued review of its base budgets including savings proposals, pressures, mitigations, monitoring etc. This will all lead into an improved MTFS that will contain full detailed savings proposals backed up by appropriate plans and working papers. All savings will be allocated to a named department, officer and Member and all will be subject to continuous review by the finance service reporting into the Executive Board, Strategic Finance Board and Members. As a consequence of this work and as part of the budget process a risk analysis will be completed to inform by how much the reserves should be built up over the coming 5 years. This will lead to an increase in the savings target to finance the necessary increase in reserves which will be formalised as noted during the budget process. The responsible officer for this work is the S151 officer. The work will be complete in sufficient time to inform a fully engaged Scrutiny, stakeholder and Lead Members process during 2021-22 for the 2022-23 budget process.

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management Response/ Responsible Officer/ Due Date
Financial governance. Monitoring and controls relating to Group entities	The Council should review and implement effective financial governance and monitoring arrangements for its group relationships to mitigate exposure to additional financial risk. • As a commercial entity subject to separate legal, tax and accounting considerations, there should be clear separation financial transactions of Slough Council and James Elliman Homes, in a separate financial ledger, with clear and distinct financial controls and monitoring in place for both the Council and the company. • The Council should review its overall approach to using council officers on the boards of its group companies and other similar organisations. This should be informed by a full understanding of the role of and legal requirements for company board members. • When allocating roles on Council-owned organisations to individual officers, the Council should ensure that the scope for conflicts of interest is minimised, with a clear divide between those in such roles and those responsible for holding them to account or overseeing them. • The Council should ensure it is actively and routinely monitoring the financial performance of its group entities to consider and protect any unintended financial exposure on the Council's financial position	The Council has begun reviews of its management of third party organisations and will be implementing a series of changes which will include among other matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc. This will include a clear separation of all financial transactions, a review of Council officers on all boards, a review of all financial performance information and actions for all boards and identification of any risks the Council is facing. The responsible officer for this work is the S151 officer. The work will be completed during 2021-22.

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