Slough Borough Council

Draft
Statement of Accounts
2018/19

www.slough.gov.uk

CONTENTS

SECTION – 1	**ANNUAL GOVERNANCE STATEMENT**	**Page**	**003**
SECTION – 2	**REVIEW AND STATUTORY CERTIFICATIONS**	**Page**	**010**
SECTION – 3	**CORE FINANCIAL STATEMENTS**	**Page**	**030**
	• *Comprehensive Income and Expenditure Statement*	*Page*	*031*
	• *Movement in Reserves Statement*	*Page*	*032*
	• *Balance Sheet*	*Page*	*034*
	• *Cash Flow Statement*	*Page*	*035*
SECTION – 4	**NOTES TO THE CORE FINANCIAL STATEMENTS**	**Page**	**036**
SECTION – 5	**SUPPLEMENTARY FINANCIAL STATEMENTS**	**Page**	**122**
	• *Housing Revenue Account (HRA) - Income and Expenditure Statement*	*Page*	*123*
	• *Statement on The Movement on The Housing Revenue Account*	*Page*	*124*
	• *Housing Revenue Account Notes*	*Page*	*125*
	• *Collection Fund Statement*	*Page*	*129*
	• *Notes to the Collection Fund*	*Page*	*130*
SECTION – 6	**GROUP ACCOUNTS AND EXPLANATORY NOTES**	**Page**	**132**
SECTION – 7	**GLOSSARY OF FINANCIAL TERMS**	**Page**	**143**

SECTION – 1

ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019

Addendum to 2018-19 Annual Governance Statement

Background

The Accounts & Audit (England) Regulations 2015 requires all local authorities to complete a number of key governance processes each financial year:

- carry out an annual governance review
- prepare and publish an annual governance statement, and
- include this statement (or a summary version) in the annual statement of accounts.

The Annual Governance Statement for 2018-19 was produced and approved by the Audit and Corporate Governance Committee in July 2019. At that time and since then the Annual Accounts for the years 2018-19, 2019-20 and 2020-21 had yet to be completed and audited. Consequently, the Annual Governance Statements (AGS) have not been published. At this point in time the 2018/19 accounts have now been completed and consequently this addendum to the previously approved AGS has been produced to reflect the current position at the Council at the time of approving the accounts. The Council is required to report significant events or developments relating to the governance system, which have occurred between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer. This document adds to that approved by the Audit and Corporate Governance Committee in July 2019 and is designed to update for the material changes that have impacted the governance of the Council since that date and up to the date of signing the accounts for 2018-19. This is being scheduled for February 2023.

Improving the Governance process

Notwithstanding the events that have taken place there remains a need to improve the governance process. Most importantly:

- assurance statements provided by Departmental Directors have not been routinely completed and reviewed in recent years
- published Annual Governance Statements do not include all the statutory requirements and have lacked detailed improvement action plans
- previous statements have not recognised significant weaknesses in our Governance Framework.

A revised process will be put in place for the 2022-23 AGS process to ensure the statutory requirements and best practice is met in the future.

Key Issues and Events since July 2019

Since the approval of the AGS in July 2019 the Council and the environment in which it, and the rest of society, is operating has changed massively. This has included the economic impact and changes following Brexit, the increasing demands for children's and adults services, the on-going restrictions on financial resources, the need to develop the local economy and housing provision, but, perhaps most significantly as a result of the COVID-19 Pandemic.

On top of these challenges, in early 2021, the Council found itself with unprecedented financial difficulties resulting in an application to Government for a capitalisation direction. The scale of the financial problems resulted in the Section 151 Officer issuing a s114 notice in July 2021. During the remainder of 2021 and into early 2022 the scale and depth of these issues have been subject to further analysis and have resulted in the largest ever application for support to government from a Council in the region of a base case of £478m. Without this support the Council will be unable to set a balanced budget or sustainable medium term financial plan. During 2022 the financial strategy that was agreed in 2021 has begun to reap benefits with the sale of a significant amount of assets with a value of up to £208m forecast by 31 March 2023. Whislt these sales impact the debt position in a positive manner there still remains a need to make substantial savings on an annual basis to achieve overall long term financial sustainability. This remains a challenge despite good progress in respect of identifying savings for 2023-24 and 2024-25.

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

Government Intervention

On 30 June 2021 the Secretary of State announced an external assurance review of Slough Borough Council's financial position and the strength of its wider governance arrangements. The two elements of the external assurance review were published on 25 October 2021. They provided evidence that Slough Borough Council had failed in numerous ways to comply with its Best Value Duty. Also on 25 October 2021, Minister Kemi Badenoch confirmed in a Written Ministerial Statement that after due consideration, the Secretary of State was minded to use his powers under the Local Government Act 1999 to intervene at the council.

In light of the conclusions and evidence in the Governance Report and the Finance Review the Secretary of State put in place an intervention package with a particular focus on the areas of weakness identified. The Secretary of State's proposals reflect the main findings of the Report: that there have been "years of inadequate corporate governance and action" and "sustained and systematic failure across some functional processes, governance and certain services".

The Secretary of State's intervention is designed to make sure that the Authority has made sufficient improvement within the next three years to be able to comply with its best value duty on a sustainable basis. The Secretary of State is mindful of the scale of the financial challenge facing the Authority and considers it likely that financial sustainability will not be possible without more fundamental changes.

The intervention package involves putting in place Commissioners who between them will have experience to work closely with the Authority on the functions within scope of the Report's recommendations. The Secretary of State will also seek advice from the Commissioners to help determine whether financial sustainability is possible or if more fundamental changes will need to be considered. The Secretary of State proposes that his Directions to the Authority should be in place for an initial period of 3 years. The Commissioners began work at the Council on 1 December 2021 and report publicly on progress on a quarterly basis. The Commissioners received additional powers in September 2022 most notably the power to recruit senior employees. The Commissioners issued their first report in December 2022.

The 2018-19 ANNUAL GOVERNANCE STATEMENT

This Annual Governance Statement has been updated in the light of the increased public scrutiny of the Council following the outcomes of the Government's Review. Its content reflects the material issues identified and the failure to resolve historical governance and financial challenges. The five-year plan which set out the corporate objectives for the Council has since been replaced by an Improvement and Recovery Plan, whilst the underpinning objectives remain important there is a crucial requirement to ensure financial sustainability in order to ensure the Council remains viable. The AGS for 2020/21 sets out in detail the recommendations made in the Governments review, external and internal audit recommendations and reports from any other sources. These are not repeated here but are stated in broad terms below:

Governance (17 recommendations)

Culture and Leadership (3 recommendations)

Financial Governance (7 recommendations)

Service Reform (2 recommendations)

Capacity and Capability (1 recommendation)

Other Governance Matters Not Specifically Referenced in the Government Report

- Brexit
- COVID -19 Impact
- Information Governance
- Integrated Care Services

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

The table below gives an updated position on the improvement actions identified in the original 2018/19 AGS.

IMPROVEMENT ACTION PLAN 2018-19 GOVERNANCE ISSUES

What the issue was?	Updated Position January 2023
Inadequate rating for the safeguarding services and safeguarding outcomes for children and young people.	**Issue Remains** – although an improved rating was received from OFTSED in January 2019 and further improvements have continued to be made circumstances remain challenging as demand continues to increase and financial capacity becomes stretched. Slough Children First has: • introduced new ways of delivering social work underpinned by its Safe, Secure and Successful model; • appointed a new Board of Directors in August 2021; • reviewed and updated its Business plan in October 2021; and • is developing a new Children's Plan to take forward to 2025. The service has seen a significant and sustained increase in demand for its services which is placing further signficant pressure on its finances.
Weaknesses in the Council's Contract management and procurement arrangements.	**Issue Remains but is being worked on** - The Council has started to improve the Council's business acumen and obtain better value for money. Procurement function and contract management functions being brought in-house. Recruitment has begun with the appointment to the Head of Commercial post in October 2022. Recruitment to the remainder of the team is currently underway. Improvements have been made to data and business cases as part of improved reporting to the Procurement Board. The Council's Procurement Strategy and Procurement Operating Procedures have been reviewed and revised. The Council's Contract Procedure Rules have been updated and simplified to make them more effective. In addition work has commenced on development of a comprehensive contracts register.
Internal audit raised concerns about the adequacy of the governance and financial arrangements relating to major partnerships.	**Issue Remains** – As a response to the Government's reports the Council has put in place a fundamental review of its key partnerships and company relationships. This reported in March 2022 and remains an ongoing piece of work. Six of the ten companies previously owned by Slough BC have been closed and the remaining four are under review with a view to optimising the value from them during 2023 and beyond.
Business Continuity arrangements are weak and in need of improvement.	**Issue Remains but work is ongoing** - An interim Emergency Planning and Business Contiuity Manager has developed the approach during 2022. Business Impact Analyses for service areas have been completed and have been followed up by detailed Business Recovery Plans for all areas to provide robust arrangements to secure business continuity following any disruptive events. The testing of these arrangements remains an area for further development.
Voids Management impacting service standards and ability to re-let properties.	**Issue Remains** - The Council entered into a new long-term contract with Osborne in December 2017 for the management and development of its housing stock and this service is now in place. The procurement specifically sought to deal with this issue and its now being managed by the new contractor although issues remain with the quality and standards currently being provided.

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

What the issue was?	Updated Position January 2022
Health and Safety – weaknesses identified in the scope and completeness of health and safety compliance.	**Issue Remains but work is ongoing** - 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. A follow-up IA review in 2022 showed some improvement but still identfied areas for improvement that are currently being addresssed in response to the recommendations made.
Failure to implement IA Recommendations	**Issue Remains but work is ongoing** – significant progress has been made in implementation rates, with additional short-term resource being recruited to accelerate progress in 2022. This continues to be monitored closely. Progress has been made in closing down pre 2021/22 recommendations and responding to audit reports but further improvement is on-going.
Significant deficiencies in the Annual Accounts preparation and working papers: -Quality of Working Papers -Critical review of the draft financial statements -Mapping of debtors and creditors. -Bank reconciliations -Maintenance of the fixed asset register -Password Security -Review of source data provided to the valuers	**Issue Remains but work is ongoing** - External Audit deficiencies are being responded to in the Finance Action Plan as part of the delivery of quality financial statements for 2018-19, 2019-20 and 2020-21.
Significant Deficiencies highlighted by Internal Audit reports: -Debtors -Council Buy Backs -Contract Procedure rules -Temporary Accommodation strategy -Creditors -Conflicts of interest	**Issue Remains but work is ongoing** -Internal Audit deficiencies are being addressed through the Finance Action Plan and the project to get recommendations implemented. Progress is being made but there is still work to do to improve controls in all the areas identified by Internal Audit. Further system control weaknesses have been highlighted in subsequent years. It should be noted that the Head of Internal Audit Opinion for 2018/19 was postive and stated that the Council had an adequate framework for risk management, governance and internal control.
Continued Economic Instability and Turbulence at a national level impacting the Council's ability to balance its budget.	**Issue Remains but work is ongoing** - Failure to deliver a balanced budget remains a key risk for the Council, as recognised by the issuing of a s114 notice by the Director of Finance in July 2021. A capitalisation direction was agreed by Government in March 2022 in order to enable the council to remove its historical deficit and approve a balanced budget for 2022/23 and a MTFS for the future. Further capitalisation directions will be required in 2023/24 and future years to enable a balanced budget to be achieved.
Weaknesses in governance identified in the Local Government Peer Challenge undertaken in February 2019 and again in February 2020. These included: - Gaps in the governance framework - Lack of understanding of good governance - Lack of opportunities for members to engage in briefings and agenda setting - External audit not completed - Importance of the Audit Committee not understood - Need for a member training programme - Scrutiny is not enabled and supported to address the key issues facing the authority	**Issue Remains but work is ongoing** – these items have been highlighted in the reports undertaken by the Secretary of State following the issue of a s114 notice in July 2021. They are picked up in more detail in the analysis in the main body of the 2020/21 AGS report. However the Council has now put in place a new senior management team including a new Chief Executive who are driving forward responses to the various Government reports and Directions in a positive and holistic manner. The process is now subject to strong programme and project management allwoing the improvements that are being made to be captured and shared in a comprehensive manner.

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

Other Matters

Following a review by the executive directors in May 2022 it has been identified that there are a range of other matters that should have been included in the 2018/19 Annual Governance Statement that have either been omitted or not described accurately in the version of the AGS approved by the Audit and Corporate Governance Committee. These matters are shown below and also need consideration as part of the on-going improvement agenda:

Page 6 – there is reference to a policy statement on corporate governance. The Council's policy statement on corporate governance did not in 2018/19 reflect the CIPFA guidance from 2016 and had not been reviewed or updated since that date. It has since been considered and approved by the Audit and Corporate Governance Committee on 14 September 2021 and approved by full council on 23 September 2021.

Page 7 - Principle B - "all meetings are open to the public ...". This is factually incorrect as a number of significant decisions around companies and commercial deals were made at meetings that were held in private with reports that were wholly exempt. In addition, decisions were made by a "Strategic Acquisition Board" that included officers and members but which was not a properly constituted decision-making body. During 2018/19 this Board also started making disposal decisions as well as acquisition decisions.

Page 15/16 Principle D - transformation programme. There is reference to "governance of the programme will be reviewed as required to ensure effective oversight" – the AGS could be improved by including a clearer statement about the governance process, including the role for scrutiny, for such a significant programme.

Principle D - LGA peer review - whilst it was reasonable to refer to a future action plan, the report should have set out in more detail where the responsibility for the action plan and recommendations lay i.e. role of cabinet, scrutiny and A&CG Committee. Whilst the report went to A&CG Committee, it did not go to full council or cabinet who were responsible for some of the recommendations.

Page 18/19 Company subsidiaries – there is no mention of Development Initiatives for Slough Housing Ltd. There is reference to the Strategic Acquisition Board having "control" of the new entity Slough Asset Management Limited. This is a wholly inappropriate governance arrangement without more explanation as to what "control" meant. There is reference to terms of appointment agreements for directors, but no reference to skills audit or training for directors or arrangements for managing conflicts of interest, which would be standard assurance considerations.

Insourcing of Arvato services – there is no mention of the early termination process or how the assurance for managing he transition will be managed to ensure success. There should have been a comment about the Council's governance processes to assure a successful transition of such critical services when a decision had been taken to terminate the contract early.

The narrative under "Council subsidiaries and other entities" is a confused collection of issues. There should be a separate section on connected entities with a clear list, then separate references to significant partnerships and possibly major contractors.

There is no reference to shared service arrangements despite the arrangement with Harrow Council for delivery of legal services being in place. Other arrangements for sharing public health services across East Berks was in place then and Reading BC continued to provide some legal services to the Council (and the Children's Trust) under a delegation of function. There should be a clear list of all shared service/inter-authority arrangements where there is a host authority and formal partnership arrangement in place.

Page 22 - risk management - this is a significant area of weakness and the narrative is very brief bearing in mind the diagram indicating the potential risks. The diagram in the original AGS shows high needs block, termination of Arvato contract, school transport budget, procurement processes as significant risks, but no detail on how these are being managed.

Conclusion

Slough Borough Council acknowledges its responsibility for ensuring that there is a sound system of governance. The council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be accessed on the Council's website at :

https://democracy.slough.gov.uk/documents/s65523/5.9%20-%20Policy%20Statement%20on%20Corporate%20Governance.pdf

or can be obtained by writing to the Council's Monitoring Officer.

The principles upon which it is based are summarised in this Statement. The Council also recognise that the system of governance hasn't operated as it should have in 2018/19 and significant weaknesses have subsequently been identified since the approval of the original 2018/19 Annual Governance Statement. The Council is committed to resolving the issues but recognises it is not a 'quick fix' and the Council is realistic that it faces continuing challenges but is determined to meet and resolve these in the best interests of its customers and all residents across the borough.

Good governance ensures that an organisation is doing the right things, in the right way and for the right people. With the significant challenges arising from the Government's Review, the Council's financial position, continued significant reductions in funding, coupled with increasing demand on critical services this has never been more important. The need to recognise governance weaknesses is an essential element of responding effectively. This governance statement along with the issues raised in the 2019-20 and 2020-21 Annual Governance Statements will provide a focus for improvement across the spectrum of Council services and operations.

The Leader and Chief Executive have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework and have wholeheartedly accepted the analysis and the scale of the actions needed to improve the governance of the Council in the coming years alongside the Commissioners put in place by Government.

Signed on behalf of Slough Borough Council:

Cllr James Swindlehurst

Leader of Slough Borough Council

Date:

Stephen Brown

Chief Executive of Slough Borough Council

Date:

SECTION – 2

REVIEW AND STATUTORY CERTIFICATIONS

Director's Narrative Report

1. SLOUGH AS A PLACE

Since the 1930s people from around the UK and across the world have made Slough their home, drawn by the town's industry and location. The town is excellently served by road and rail links to London and is less than 10 miles away from Heathrow International Airport.

Slough has a growing reputation as a regional economic centre with high productivity and one of the largest trading estates in Europe. A lack of available land for development, combined with Slough's growing population, has led to a significant demand for housing.

Educational attainment in Slough is good but the Borough has pockets of deprivation and demands on children's and adults' social services are growing in scale and complexity. Some families remain under pressure and the town has high rates of preventable ill health amongst both children and adults.

Overall employment levels are good, but some groups are under-represented in the labour market, and the average wage of some residents remains low.

About the town

- Population of 149,000
- One of the most ethnically diverse towns in the UK
- Third smallest local authority in England
- Rated as best place to work in the UK for two years running
- On the Elizabeth Line and Western Rail Link to Heathrow (due to open 24 May 2022)

Steven Mair, Executive Director of Finance and Corporate Operations (Section 151 Officer)

Director's Narrative Report (continued)

2. ACHIEVEMENTS IN 2018/19

During 2018/19 the Council has:

- Reduced the attainment gap between disadvantaged children and others at Key Stage Two
- Opened a new Special Educational Needs and Disabilities (SEND) resource base
- Refurbished and expanded its pre-school 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 new leisure facilities and held the town's first half marathon for over 18 years
- 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 and invested £18 million in affordable housing for Slough residents
- In partnership with others, the Council has 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
- Supported the regeneration of Slough High Street

Director's Narrative Report (continued)

3. THE CURRENT FINANCIAL POSITION

Since the original preparation of these financial statements in 2019 the Borough has experienced unprecedented financial challenges. Slough Council was one of a small number of local authorities to request exceptional financial support during the COVID-19 pandemic. The Government agreed to this in principle but on 30 June 2021 announced that an external assurance review would take place, examining both the Council's financial position and the strength of its wider governance arrangements. These two reports were published on 25 October 2021 and led to the appointment of independent Commissioners for a period of three years, to:

- ensure that the Council responded to the criticisms in the various reports, and
- help to put the Council on a more sustainable financial footing

During 2021 the Council responded to these findings by appointing a new Finance team and recruiting additional interim support from staff with experience of dealing with similar issues at other local authorities. Work undertaken by this new team identified significant financial challenges that could only be resolved through a combination of:

- substantial ongoing financial support from central government
- scaling-back ambitious regeneration and capital investment plans
- disposing of surplus assets to save revenue costs and generate capital receipts
- efficiency savings, and
- improved budget management

After a detailed and comprehensive process of engagement with the Government, in March 2022 the Council received agreement, in principle to a Capitalisation Direction totalling £307m. This Direction will allow the Council to use capital resources to finance revenue costs, thereby reducing pressure on General Fund balances and budgets. The Council has also put plans in place to sell up to £600m of assets and has significantly curtailed ambitious capital investment plans. Since July 2021, all non-essential expenditure is subject to detailed scrutiny.

A revised corporate plan and medium-term financial strategy are being developed which will outline revised, more sustainable, ambitions for the future. These plans will be underpinned by evidence-based and more transparent decision-making. The Council is making rapid improvements in financial management and is committed to achieving value for money for residents but there are still significant challenges to overcome:

- revenue savings of £20m per annum will be required in each of the next five years
- a further Capitalisation Direction of £178m has been requested to cover new spending pressures up to 2027/28, and
- the importance of Council Tax and Business Rate growth and collection rates will continue to escalate.

Going forward, the Council will focus on delivering core services in a cost-effective manner and on successfully managing key financial risks.

Director's Narrative Report (continued)

Since the 2018/19 Statement of Accounts was initially presented to members, issues identified by both the Council's external auditors and the new Finance team have required a substantial re-draft of these financial statements. Some of these changes relate to 2018/19 transactions and balances but others relate to previous financial years. Note 39 sets out all of these adjustments in detail, but key issues arising have been summarised below:

Prior period adjustments:

- misstatement of Property, Plant and Equipment balances due to multiple inaccuracies in the Fixed Asset Register
- failure to adequately recognise all creditors and accruals at 31 March
- inadequate set aside for General Fund debt charges relating to unsupported borrowing (MRP)
- misclassification of capital receipts as revenue income
- misclassification of loans and equity investments on the Balance Sheet
- dividend income recognised in the incorrect financial year
- infrastructure assets not depreciated and de-recognised correctly
- unsubstantiated debtors/creditors migrated from the previous financial system

In-year adjustments:

- Increased provisions for Business Rate appeals, bad debts, refunds and impairments
- Incorrect capitalisation of staff costs
- Incorrect classification of investment property
- Incorrect identification and disclosure of grant income
- unsubstantiated debtors/creditors relating to the collection fund

The total impact of these adjustments has been to reduce the net value of the Council's assets in the Balance Sheet by £96m and £174m at 31 March 2018 and 31 March 2019 respectively.

As well as errors in the financial statements themselves, the new Finance team has identified significant weaknesses in financial management, financial processes and systems of internal control. The Annual Governance Statement, on pages 03 to 09 of the Statement of Accounts, has been revised and updated to reflect these shortcomings in more detail. However, the most significant issues relate to the accounts audit are:

- Inadequate processes and controls over journals posted by the old finance team , i.e. lack of supporting evidence and explanations for journal entries posted in the general ledger or adjusting entries on the trial balance.
- Inadequate record keeping and audit trails, lack of good working papers and appropriate reconciliations, mapping issues within the financial statements.

Director's Narrative Report (continued)

Action plans are now in place to tackle these weaknesses so that the Council can manage its finances more effectively in future. Key areas covered by these action plans, and steps taken since they were introduced in 2021, are summarised below:

FINANCE ACTION PLANS 2021/22	
Area	**Actions taken to date**
Decision-making	The format of reports to members has been reviewed and all decisions now require s151 and Monitoring Officer input. This supports transparent and evidence-based decision making which does not expose the Council to undue financial risks.
Financial management	Improved financial modelling ensures that financial decisions are based on accurate and up to date information. New budget management processes ensure that actual spend against budget is accurately monitored, managed and reported.
Direct Schools Grant (DSG) deficits	Spending on High Needs Block services has exceeded grant funding for several years. New arrangements are now in place to manage demand for these services and to improve value for money.
Limited company investments	Work is ongoing to wind up or dissolve all dormant companies, and to develop appropriate exit strategies for the Council's investments in James Elliman Homes and Slough Urban Renewal LLP.
Statement of accounts and working papers	The format of the Statement of Accounts has been amended, new closedown processes have been implemented and the quality of supporting information has been improved. Regular liaison with the Council's local audit team now helps to identify and resolve material issues. Comprehensive technical training has been provided to all staff involved in closedown work.
Financial systems	Controls over journal postings have been improved and all feeder systems are now reconciled to ledger balances at least once a month. Suspense and holding accounts are cleared out regularly and improved processing controls are being put in place.
Fixed Asset Registers and asset valuations	A major data cleansing exercise has been completed to ensure that all entries on the fixed asset register are accurate and up-to-date with evidence of Council ownership. Training on how to use the system has been provided to relevant members of staff and assets are being re-valued in line with Code requirements.
Treasury Management	New Treasury Management policies have been put in place which fully comply with statutory and professional guidance. Bank reconciliation processes are being improved and work is underway to close bank accounts not in regular use.
Debtors and Creditors	All year-end debtor and creditor balances are being reviewed so that uncollectable debtors and out-of-date creditors can be written off. Bad debt provisions have been realistically re-assessed and year-end closedown processes have been improved to ensure that all material accruals and prepayments are identified and reflected in the accounts.
Revenue Recognition (IFRS15)	IFRS 15 requirements have now been properly implemented, for example to differentiate between revenue and capital income and to correctly identify and account for conditional grant income or funding received in advance.
Provisions and Contingencies	An exercise has been undertaken to ensure that all provisions and contingent liabilities have been identified and that these are correctly reflected in accounting records and in the Council's future financial plans.
Leases	Work has been initiated across all spending departments to identify all leases and lease type arrangements across the Council and to replace the current spreadsheet-based records with asset management software.

Director's Narrative Report (continued)

4. FINANCIAL PERFORMANCE 2018/19

This section of the Narrative Report provides a summary of the Council's financial performance and the costs of delivering Council services.

Key performance indicators

The key indicators for financial performance are set out in the table below:

Key performance indicator	Outcome
Maintain General Fund (GF) spending within approved budget levels overall	Net overspend of only £50,000 (0.5%) on budgets in excess of £100m (see below)
Maintain Housing Revenue Account (HRA) in balance each year	The HRA balance as at 31st March 2019 is £16.3m; a planned reduction of £1.6m in the year.
Maintain adequate levels of GF working balances and reserves	The General Fund working balance at 31st March 2019 is £0.6m. In addition, earmarked reserves have been set aside to cover identified financial risks, or for particular purposes. These total £4.8m.
Deliver savings targets set out in approved budget reports each year	91.2% of the £6.4m savings programme was either successfully delivered or alternative efficiencies were found during the year.
Deliver the approved Capital Budget within available resources	74% of the approved Capital Programme was delivered, with a total of £177.4m spent during 2018/19 compared to a budget of £240m.
Maintain 95% collection rates for Council Tax and Business Rates	The in-year collection rate for both Council Tax (96%) and Business Rates (97%) exceeded 95% in 2018/19.

Non-financial performance indicators were not routinely collected and measured during 2018/19, however improved performance management arrangements are now being put in place with a clearer focus on efficiency, risk management and value for money.

Director's Narrative Report (continued)

4. FINANCIAL PERFORMANCE 2018/19

This section of the Narrative Report provides a summary of the Council's financial performance and the costs of delivering Council services.

General Fund balances

Key financial requirements for local authorities are to maintain General Fund spending within approved budget levels, and to maintain adequate levels of working balances and reserves. Financial statements initially prepared for the financial year ended 31 March 2019 indicated that these objectives had been achieved, reporting a net overspend of only 0.5% (£40,000) against revenue budgets and General Fund working balances of £8.2m at 31 March 2019.

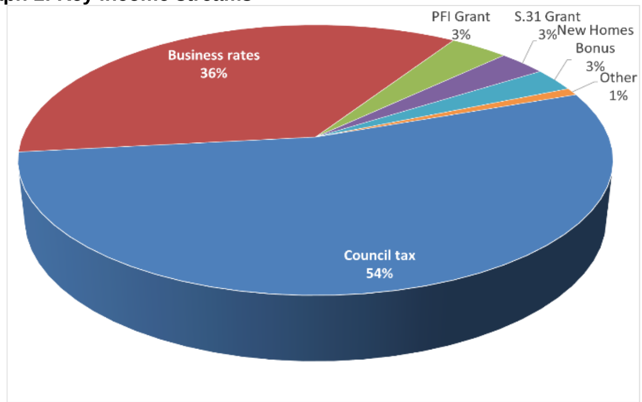
However, the errors subsequently identified and set out above have had a significant impact on the Council's financial position, and without a Capitalisation Direction the impact of correcting these errors would have resulted in a General Fund deficit of £28m at 31 March 2017, increasing to a £64m deficit by 31 March 2019. Using part of the Government's in principle Capitalisation Direction retrospectively has enabled the Council to reinstate General Fund balances as shown below:

	General Fund balances as originally reported (£m)	General Fund balances currently reported (with CD) (£m)	General Fund balances currently reported (without CD) (£m)
31 March 2017	8	7	(29)
31 March 2018	8	2	(48)
31 March 2019	8	1	(77)

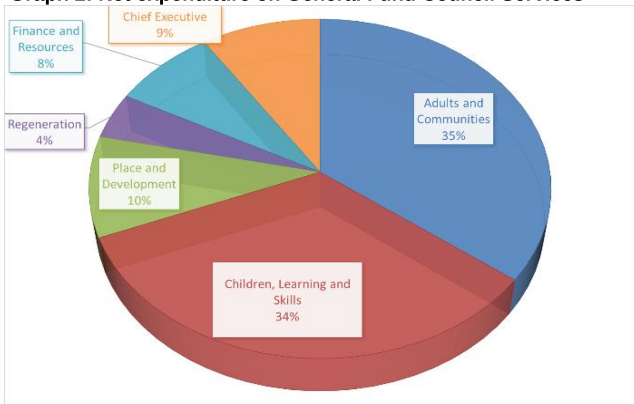
Spending on revenue services

The graphs below highlight where the Council received its revenue income from in 2018-19 and how this has been allocated to service areas. Graph 1 demonstrates the reduction in government grant funding over recent years and the reliance on local taxation to deliver core services.

Graph 1: Key income streams



Graph 2: Net expenditure on General Fund Council Services



Director's Narrative Report (continued)

Capital expenditure and financing

Capital investment in property, plant and equipment was £99m in 2018/19. Major items of expenditure included the purchase of new Council accommodation at Observatory House and the acquisition of the Thames Valley university site for regeneration purposes as well as improvements to Council dwellings, leisure facilities and schools.

In addition, the Council spent £27m on new investment properties and advanced new loans totaling £23m to its subsidiary company, James Elliman Homes.

The Council has funded this expenditure through a combination of grant funding, section 106 contributions from developers and short-term borrowing. Resources currently available to fund future investment are limited, therefore in future years capital spending will be limited to essential items only. In future years significant asset disposals are anticipated and these capital receipts will be used to repay external borrowing.

Assets and Liabilities

A comparison of 2018/19 and previous years' Balance Sheets is set out below:

BALANCE SHEET SUMMARY			
Directorate	**At 31 March 2019 (£m)**	**At 31 March 2018 (£m)**	**At 31 March 2017 (£m)**
Property Plant and Equipment and other long term assets	1,057	963	874
Current assets (short term investments, debtors, cash)	87	67	72
Current liabilities (creditors, borrowing and receipts in advance)	(276)	(214)	(110)
Long term liabilities (borrowing, PFI liabilities, provisions and pensions)	(636)	(508)	(500)
Net assets	**231**	**308**	**337**

Over recent years the Council has significantly increased its asset base by investing in operational land and buildings, limited companies and commercial property. These changes are matched however by significant increases in short and long-term borrowing.

The Council's other financial liabilities relate mainly to leasing contracts (£7m), school PFI schemes (£35m) and pension liabilities (£273m). Provisions totalling £11m relate mainly to insurance claims and Business Rates appeals. No significant contingent liabilities have been identified at 31 March 2019.

Treasury Management

The overall objective of Treasury Management is to:

- ensure that the Council has sufficient money to pay staff and suppliers, and to meet its other costs and liabilities as they fall due
- borrow at a competitive rate when necessary to finance capital spending plans, and
- investment surplus funds in a way that realizes the best possible low-risk returns.

During 2018/19 the Council's total of cash balances and short-term investments increased from £29m to £68m. However, current levels of short and long-term borrowing are amongst the highest, per head of population, of all unitary councils in the UK. This level of borrowing is unsustainable and reducing external borrowing by at least £200m over the next 2-3 years is a key component of the Council's recovery plan. It will be achieved through a combination of asset sales, efficiency savings and managing accumulated cash balances and short-term investments down to the level of working balances held by the Council.

Director's Narrative Report (continued)

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 was £11m, a reduction of £4.2m in the year. This planned use of balances helped to finance £11m of improvements to existing council dwellings and a further £9m of new housing acquisitions. 31 units of housing were sold under the national Right to Buy scheme in 2018/19, but 23 new dwellings were brought into the Council's housing stock.

Collection Fund

The Collection Fund is another ring-fenced account which shows the amount of Council Tax and Business Rates collected and the redistribution back to Slough Borough Council, local police and fire services, and (for Business Rates only) back to central government. The Collection Fund shows an overall deficit of £6.538m for 2018/19, which will be recovered from participating authorities in future years.

Group Accounts

Group accounts consolidate the Council's single entity financial statements with those of its wholly-owned subsidiary, James Elliman Homes, and its 50% share of Slough Urban Renewal LLP. Accumulated trading profits attributable to these entities at 31 March 2019 was £102,000, compared to £367,000 at 31 March 2018. To limit its financial exposure in this respect, the Council is developing exit strategies which should enable it to wind up these two companies over the course of the next two years, and in the meantime has significantly improved its governance and oversight arrangements.

Director's Narrative Report (continued)

5.EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts set out on pages xx to xx sets out the Council's Income and Expenditure for the 2018/19 financial year and its financial position 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 reserves and working balances over the course of the year. Useable reserves can be invested capital projects or service initiatives, unusable reserves must be set aside for specific legal or accounting purposes.
- The Comprehensive Income and Expenditure Statement (CIES) records the Council's revenue income and expenditure for the year. The top half of the statement provides an analysis of income and expenditure by service area and the bottom half deals with corporate transactions and funding.
- 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 sets out the movements in 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 sets out the governance structures of the Council and its key internal controls.
- The Housing Revenue Account (HRA) identifies income and expenditure relating to the Council's landlord function as a provider of social housing
- The Collection Fund summarises the income collected from Council Tax and Business rates, and the redistribution of that money to the Council, local fire and police services, and central government.
- Group Accounts report the full extent of the transactions, assets and liabilities of the Council together with the transactions, assets and liabilities of limited companies and similar entities under Council control.

Notes to the Financial Statements provide more detail about the Council's accounting policies and individual transactions and balances. Note 7 (the Council's Expenditure and Funding Analysis) compares the CIES to outturn reports presented to elected members and senior management prior to the preparation of financial statements at the year end.

A Glossary of technical terms and abbreviations used in the financial statements has been provided on pages 143 to 150

Note 39 sets out the changes made to these financial statements since they were initially prepared and published, as explained in section 4.

Director's Narrative Report (continued)

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 was during 2018/19 the Director of Finance and Resources, Neil Wilcox. Mr Wilcox was replaced during 2021 by Executive Director Finance and Commercial, Steven Mair, who has taken on responsibility for completing the 2018/19 financial statements.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the statement of accounts.

The Executive Director Finance and Commercial's Responsibilities

1) As Section 151 Officer, the Executive Director Finance and Commercial is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

2) I became the Section 151 officer on 20 May 2021. The auditors had previously made a number of statutory recommendations concerning the preparation of and evidence to support the Statement of Accounts for 2018/19 which was published by my predecessor. In response I engaged a completely new Finance team who identified significant weaknesses in financial management, financial processes and systems of internal control.

3) Based on the detailed work undertaken since my appointment, the statement of accounts has been completely re-written with material transactions and balances either confirmed or restated as necessary. Whilst I cannot comment on the quality of the financial processes in operation prior to my appointment, I am satisfied that sufficient evidence has been obtained to support the overall Balance Sheet and the overall year-end position on General Fund balances and reserves. Within this overall position there may be material errors on a line by line basis.

4) In preparing the revised statement of accounts, I have:
    - selected suitable accounting policies and applied them consistently;
    - made judgements and estimates that were reasonable and prudent; and
    - complied with the Code.

Certification by the the Section 151 Officer

5) Within the context of paragraph 3) above I therefore certify that to the best of my knowledge and belief so far as is possible in the circumstances, that this statement of accounts presents a true and fair view of the overall financial position of the authority and the income and expenditure for the year ended 31 March 2019. Within this overall position there may be material errors on a line by line basis.

Steven Mair

Executive Director of Finance and Corporate Operations (Section 151 Officer)

Date

Approval of the Statement of Accounts

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

Cllr Paul Kelly

Chair of the Audit and Corporate Governance Committee

Date

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's report to the members of Slough Borough Council Opinion on the financial statements

Opinion

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

SECTION – 3

CORE FINANCIAL STATEMENTS

Core Financial Statements	Page Number
• *Comprehensive Income and Expenditure Statement*	*31*
• *Movement in Reserves Statement*	*32*
• *Balance Sheet*	*34*
• *Cash Flow Statement*	*35*

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focussed on local priorities and needs.

2017/18 Restated*				2018/19			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	*Note*
80,873	(23,693)	57,180	Adults and Communities	85,800	(26,546)	59,254	
130,110	(85,119)	44,991	Children, Learning and Skills	139,242	(83,127)	56,115	
46,262	(8,671)	37,591	Place and Development	24,506	(7,588)	16,918	
4,645	(4,107)	538	Regeneration	17,857	(10,463)	7,394	
103,102	(74,950)	28,152	Finance and Resources	88,681	(73,621)	15,060	
1,630	-	1,630	Chief Executive	16,539	(1,171)	15,368	
24,928	(36,483)	(11,555)	Housing Revenue Account	29,370	(36,052)	(6,682)	
391,550	**(233,023)**	**158,527**	**Cost of Services**	**401,995**	**(238,568)**	**163,427**	
		24,838	Other operating expenditure			41,617	*6*
		13,387	Financing and investment income and expenditure			36,444	*7*
		(121,294)	Taxation and non-specific grant income and expenditure			(103,850)	*8*
		75,458	**(Surplus)/deficit on provision of services**			**137,638**	
		(448)	(Surplus) or deficit on financial assets measured at FVOCI			-	
		-	Impairment losses of non-current assets charged to Revaluation Reserve			1,271	
		(24,744)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(54,900)	*30a*
		(20,630)	Remeasurement of the net defined benefit liability			(7,875)	*32*
		(45,822)	**Other Comprehensive income and expenditure**			**(61,504)**	
		29,636	**Total Comprehensive income and expenditure**			**76,134**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
Balance at 1 April 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(210,474)**	**(307,501)**	
Restatement of opening balances*	-	-	-	-	-	-	-	(17)	(17)	
Restated balance 1 April 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(210,491)**	**(307,518)**	
Movement in reserves during 2018/19										
(Surplus)/deficit on provision of services	120,446	-	17,193	-	-	-	137,639	-	137,639	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	(61,504)	(61,504)	
Total Comprehensive Income and Expenditure	**120,446**	**-**	**17,193**	**-**	**-**	**-**	**137,639**	**(61,504)**	**76,135**	
Adjustments between accounting basis and funding basis	(85,357)	-	(17,281)	(2,229)	2,650	14,130	(88,087)	88,087	-	15
Capitalisation Direction	(28,200)	-	-	-	-	-	(28,200)	28,200	-	
Increase or (decrease) before transfers to earmarked reserves	**6,889**	**-**	**(88)**	**(2,229)**	**2,650**	**14,130**	**21,352**	**54,783**	**76,135**	
Transfer to/(from) reserves	(5,899)	5,899	-	-	-	-	-	-	-	
Balance at 31 March 2019	**(1,460)**	**(419)**	**(15,280)**	**(40,920)**	**(12,457)**	**(5,139)**	**(75,675)**	**(155,708)**	**(231,383)**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	*Note*
Balance at 1 April 2017	**(8,123)**	**(7,156)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**(285,802)**	**(413,171)**	
Restatement of opening balances*	36,646	-	2,646	(4,132)	-	11,854	47,014	29,020	76,034	
Capitalisation Direction	(35,933)	-	-	-	-	-	(35,933)	35,933	-	
Restated balance 1 April 2017	**(7,410)**	**(7,156)**	**(21,064)**	**(27,807)**	**(14,025)**	**(38,826)**	**(116,288)**	**(220,849)**	**(337,137)**	
Movement in reserves during 2017/18										
(Surplus)/deficit on provision of services	63,288	-	10,850	-	-	1,320	75,458	-	75,458	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	(45,822)	(45,822)	
Total Comprehensive Income and Expenditure	**63,288**	**-**	**10,850**	**-**	**-**	**1,320**	**75,458**	**(45,822)**	**29,636**	
Adjustments between accounting basis and funding basis	(43,609)	-	(4,978)	(10,884)	(1,082)	18,237	(42,316)	42,316	-	*15*
Capitalisation Direction	(13,881)	-	-	-	-	-	(13,881)	13,881	-	
Increase or (decrease) before transfers to earmarked reserves	**5,798**	**-**	**5,872**	**(10,884)**	**(1,082)**	**19,557**	**19,261**	**10,375**	**29,636**	
Transfer to/(from) reserves	(838)	838	-	-	-	-	-	-	-	
Balance at 31 March 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(210,474)**	**(307,501)**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Balance Sheet

The **Balance Sheet** is fundamental to the understanding of the Council's financial position at the year end. It shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council.

01/04/2017 Restated*	31 March 2018 Restated*		31 March 2019	
£'000	£'000		£'000	Note
802,648	874,869	Property, Plant and Equipment	933,361	17
35,998	55,835	Investment Property	66,124	19
457	550	Intangible Assets	969	
26,470	17,670	Long-term Investments	25,057	23
8,628	13,893	Long-term Debtors	31,208	27
874,201	**962,817**	**Total Long-term Assets**	**1,056,719**	
24,053	18,808	Short Term Investments	48,545	23
-	1,276	Assets Held for Sale	-	
3	6	Inventories	1	
28,549	36,949	Short term debtors	18,425	27
19,800	9,900	Cash and Cash Equivalents	19,879	26
72,405	**66,939**	**Current Assets**	**86,850**	
(67,559)	(152,760)	Short-term Borrowing	(214,682)	23
(38,754)	(56,622)	Short-term Creditors	(58,850)	28
(1,508)	(2,447)	Short-term Provisions	(2,165)	29
(2,100)	(2,100)	Grants Receipts in Advance – Capital	-	14
(109,921)	**(213,929)**	**Current Liabilities**	**(275,697)**	
(11,854)	(21,636)	Long-term Creditors	(6,060)	
(4,157)	(4,157)	Deferred Capital Receipts	(4,157)	
(223)	(223)	Long-term Provisions	(9,372)	29
(170,370)	(170,341)	Long-term Borrowing	(304,216)	
(312,944)	(311,969)	Other Long-Term Liabilities	(312,684)	
(499,548)	**(508,326)**	**Long-term Liabilities**	**(636,489)**	
337,137	**307,501**	**Net Assets**	**231,383**	
(116,288)	(97,027)	Usable Reserves	(75,675)	
(220,849)	(210,474)	Unusable Reserves	(155,708)	30
(337,137)	**(307,501)**	**Total Reserves**	**(231,383)**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Certification by the Chief Financial Officer

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Steven Mair

Executive Director of Finance and Corporate Operations (Section 151 Officer)

xxth xxx 2022

Cash Flow Statement

The ***Cash Flow Statement*** shows the changes in cash and cash equivalents of the Council during the reporting period.

The Statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

2017/18 Restated*		2018/19	
£'000		£'000	Note
75,458	Net (surplus) or deficit on the provision of services	137,638	
(100,307)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(160,263)	33
31,393	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	25,159	33
6,544	**Net cash flows from operating activities**	**2,534**	
85,363	Investing Activities	178,140	34
(82,007)	Financing Activities	(190,654)	35
9,900	**Net (increase) or decrease in cash and cash equivalents**	**(9,980)**	
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**	**19,880**	26

** The 2017/18 comparators were restated, see Note 39 for more details.*

SECTION – 4

NOTES TO THE CORE FINANCIAL STATEMENTS

Note Reference	Description	Page Number
Note 1:	*Accounting Policies (continued)*	*039*
Note 2:	*Accounting Standards that have been Issued but Not Yet Adopted*	*048*
Note 3:	*Critical Judgements in Applying Accounting Policies*	*049*
Note 4:	*Assumptions made about the future and other sources of estimation uncertainty*	*050*
Note 5:	*Material Items of Income and Expense*	*051*
Note 6:	*Other Operating Expenditure*	*052*
Note 7:	*Financing and Investment Income and Expenditure*	*052*
Note 8:	*Taxation and Non-Specific Grant Income*	*052*
Note 9:	*Expenditure and Funding Analysis*	*053*
Note 10:	*Partnership Arrangements*	*056*
Note 11:	*Members' Allowances*	*057*
Note 11a:	*Exit packages and termination benefits*	*057*
Note 11b:	*Officers' Remuneration*	*057*
Note 12:	*External Audit Fees*	*060*
Note 13:	*Dedicated Schools Grant (DSG)*	*060*
Note 14:	*Grant Income*	*061*
Note 15:	*Adjustments Between Accounting Basis and Funding Basis Under Regulations*	*062*
Note 16:	*Transfers to/from Earmarked Reserves*	*064*
Note 17:	*Property, Plant and Equipment*	*065*
Note 18:	*Capital Commitments*	*069*
Note 19:	*Investment Property*	*070*
Note 20:	*Leases*	*071*
Note 21:	*Service Concession Arrangements*	*073*
Note 22:	*Capital Expenditure and Financing*	*076*
Note 23:	*Financial Instruments*	*077*
Note 24:	*Nature and Extent of Risks Arising from Financial Instruments*	*083*
Note 25:	*Fair value of assets and liabilities*	*088*
Note 26:	*Cash and Cash Equivalents*	*091*
Note 27:	*Debtors*	*091*
Note 28:	*Creditors*	*092*
Note 29:	*Provisions*	*092*
Note 30:	*Unusable Reserves*	*093*

SECTION – 4

NOTES TO THE CORE FINANCIAL STATEMENTS

Note Reference	Description	Page Number
Note 30a:	*Revaluation Reserve*	*094*
Note 30b:	*Available for Sale Financial Instruments Reserve*	*094*
Note 30c:	*Pooled Investment Funds Adjustment Account*	*095*
Note 30d:	*Capital Adjustment Account*	*096*
Note 30e:	*Financial Instruments Adjustment Account*	*097*
Note 30f:	*Pensions Reserve*	*097*
Note 30g:	*Deferred Capital Receipts Reserve*	*098*
Note 30h:	*Collection Fund Adjustment Account*	*098*
Note 30i:	*Accumulated Absences Account*	*098*
Note 31:	*Pension Schemes Accounted for as Defined Contribution Schemes*	*099*
Note 32:	*Defined Benefit Pension Schemes*	*099*
Note 33:	*Cash Flow Statement - Operating Activities*	*105*
Note 34:	*Cash Flow Statement - Investing Activities*	*106*
Note 35:	*Cash Flow Statement - Financing Activities*	*106*
Note 36:	*Related Party Transactions*	*107*
Note 37:	*Contingent Liabilities*	*109*
Note 38:	*Events After the Balance Sheet Date*	*109*
Note 39:	*Prior Period Adjustment*	*111*

Notes to the Core Financial Statements

Note 1: Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 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 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS).

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

1.2 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.

- The Authority adopted IFRS15 Revenue Recognition from Contracts with Customers from 1 April 2018, such that 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. Revenue recognition is now based on the transfer of control over goods and services to a customer rather than the risks and rewards, which may result in changes to the pattern of revenue recognition. In local government the generation of revenues from, charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within the year.

- 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.
- 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.
- Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

1.3 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.

Note 1: Accounting Policies (continued)

1.4 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid monthly and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement (CIES).

Termination Benefits

Termination benefits are payable following a decision by the Authority to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Costs are recognised as a charge to the respective Service line in the CIES at the earlier of when the Authority can no longer withdraw the offer of redundancy or when the Authority recognises costs of restructuring.

Where termination benefits include the enhancement of pensions benefits, regulations require the General Fund to be charged with the amount payable to the pension fund or pensioner in the year, rather than the amount calculated under accounting standards. Entries are made in the Movement in Reserves Statement (MiRS) to transfer the accounting standards based entries to the Pension Reserve and replace these with the amount payable to the pension fund.

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 Pension Scheme, administered by Royal Borough of Windsor and Maidenhead.

Both schemes provide defined benefits to members (e.g. retirement lump sums and pensions), earned as employees worked for the Authority or related parties.

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 using the projected unit method
- 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

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

Note 1: Accounting Policies (continued)

Service cost comprising:

- current service cost and past service cost are recognised as charges to the CIES to the services for which the employees worked
- net interest on the net defined benefit liability is charged to the Financing and Investment Income and Expenditure line of the CIES. 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) are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

The Authority's contributions to the Berkshire pension fund are charged to the General Fund by a transfer to the Pension Reserve via the MiRS in accordance with statutory requirements

Discretionary Benefits

The Authority provides discretionary post-employment benefits which arise from additional service for early retirements. These benefits are unfunded, with costs met directly from the General Fund.

1.5 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. They are classified based on the business model for holding the instruments and their cashflow characteristics.

For the Authority's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the CIES is the amount payable for the year according to the loan agreement.

The fair value of Public Works Loans Board (PWLB) loans is calculated using the certainty rate published by the PWLB on 31 March 2019.

For non-PWLB loans the fair value is deemed to be the standard new loan rate also published by the PWLB on 31 March 2019.

Financial Assets

The Authority has reviewed the classification of all its financial assets based on the business model for holding the assets and concluded that they are either:

- assets at amortised cost;
- fair value through other comprehensive income (FVOCI);or
- fair value through profit or loss (FVPL).

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 (i.e. where the cash flows do not take the form of a basic debt instrument).

Note 1: Accounting Policies (continued)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are initially measured at fair value and subsequently carried at amortised cost. For the Authority this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the CIES is the amount receivable for the year under the loan agreement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve) and the balance debited or credited to the CIES when the asset is disposed of.

Income from FVOCI assets is recognised when the right to receive the payment is unconditional. Income is reported in the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit of Loss (FVTPL)

Financial assets that are measured at FVTPL are initially measured and subsequently carried at fair value. All movements in the fair value of the instrument (both realised and unrealised) are recognised as they occur in the Surplus or Deficit on the Provision of Services.

Impairment Losses

Allowances for impairment losses have been calculated for assets at amortised costs and FVOCI, applying the expected credit losses model.

The Authority recognises expected credit losses 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.

1.6 Government Grants and Contributions

Government grants and third party contributions and donations are recognised when there is reasonable assurance that:

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

Where conditions attached grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied.

Ringfenced grants and contributions are credited to the relevant service within the CIES. Non-ringfenced grants are credited to the Taxation and Non-specific Grant Income line within the CIES.

Capital grants credited to the CIES, are transferred out of the General Fund Balance via the MiRS. 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.

Note 1: Accounting Policies (continued)

1.7 Interests in Companies and Other Entities

The authority has material interests in one subsidiary (James Elliman Homes Ltd) and one joint venture (Slough Urban Renewal LLP), which have been consolidated into the Council's Group Accounts:

- on a line by line basis for the subsidiary; and
- the equity method for the joint venture, after first re-aligning accounting policies with the Authority where appropriate and eliminating intra-group transactions.

In the Authority's single entity accounts, interests in the above companies are classified as long-term investments and measured at cost less provision for any losses.

All other interests in subsidiaries and an associate are not material to the Authority and are thus reported as financial instruments. As the business model is to hold for the long-term rather than trade such interests, they are classified as FVOCI subject to any impairment allowance.

1.8 Investment Property

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.

Revaluation gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised or realised gains and losses to impact the General Fund balance. Therefore, gains and losses are transferred to the Capital Adjustment Account via an entry in the MiRS.

Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the CIES.

1.9 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

<u>*Finance Leases*</u>

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at 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.

Note 1: Accounting Policies (continued)

Lease payments are apportioned between:

- the principal element which applied to write down the lease liability, and
- the interest element which is charged to the Financing and Investment Income and Expenditure line in the CIES.

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).

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased assets. 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 or a premium payable at the commencement of the lease).

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

1.10 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.

1.11 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.

Property, plant and equipment is recognised where the initial cost or value exceeds £10,000.

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 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.

Note 1: Accounting Policies (continued)

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

Asset type	Measurement basis
Vehicles, plant and equipment, infrastructure, community assets	Depreciated historical cost
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV–SH)
Assets under construction	Cost
Surplus assets	Fair value
School buildings and other specialised assets	Depreciated replacement cost which is used as an estimate of current value
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 non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

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 as follows:

- 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 subsequently reversed, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Note 1: Accounting Policies (continued)

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 10-40 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. This will only be applied where the omission to recognise and depreciate a separate component may result in a material difference to the depreciation charge.

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

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 CIES as part of the gain or loss on disposal. Gains and losses on disposal comprise the following:

- The capital receipt from the proceeds of the sale. Only receipts over £10,000 are classed as capital receipts. The capital receipt element of the gain/loss on disposal is transferred to the Capital Receipts Reserve via the MiRS;
- The carrying value of the asset disposed of or decommissioned, which is transferred to the Capital Adjustment Account via the MiRS;
- Any costs of administering the disposal.

Any revaluation gains accumulated for the asset in the Revaluation Reserve are written out to the Capital Adjustment Account.

A proportion of capital receipts relating to housing disposals is payable to the Government.

1.12 Service Concessions

Service concessions (also known as 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 contractor. The Authority recognises the assets used under the contracts in the Balance Sheet within Property, Plant and Equipment, because it both controls the services provided under these contracts 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 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.

Note 1: Accounting Policies (continued)

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 services received during the year – debited to the relevant service in the CIES;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the FIIE line in the CIES;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the FIIE line in the CIES;
- 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); and
- Lifecycle replacement costs – a 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.

1.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised where the Authority has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES 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 (VOA) 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

No liability is recognised is an outflow of economic resources as a result of present obligations is not probable. Instead, such situations are recognised as contingent liabilities in a note to the accounts, unless the outflow of resources is remote.

Contingent Assets

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

Note 1: Accounting Policies (continued)

1.14 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 MiRS. 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.

1.15 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. All such expenditure is transferred from the General Fund Balance to the Capital Adjustment Account via the MiRS and is included in the Capital Expenditure and Financing disclosure.

1.16 Schools

Under the Code, local authority maintained schools are considered to be separate entities with the balance of control lying with the Authority. The Code requires that the income, expenditure, assets and liabilities of maintained schools be accounted for within the single entity accounts of the Authority.

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

- Community – 12 schools
- Nursery – 5 schools

Academies, Voluntary Aided, Voluntary Controlled and Free Schools are outside the Council's control.

1.17 VAT

The CIES excludes amounts relating to VAT. VAT is only recognised as an expense if it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

1.18 Minimum Revenue Provision (MRP)

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance. MRP has been charged in line with the Council's MRP Policy.

1.19 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.

Note 1: Accounting Policies (continued)

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.

1.20 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 that have been Issued but Not Yet Adopted

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United

- **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 2021.
- ***Amendments to IAS40 Investment Property – Transfers of Investment Property*** , which restricts transfers to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The Council already follows this approach therefore the change in the standard would have no effect on the accounts;
- ***Annual Improvements to IFRS Standards 2014-2016 cycle*** , which make changes to IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures. These amendments have not impact on the Council
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** does not apply to the Council as it does not engage in foreign currency transactions;
- **IFRIC 23 Uncertainty over Income Tax Treatments** does not apply to the Council because it does not have taxable profits or losses in its accounts;
- **Amendments to IFRS 9 Financial Instruments: Prepayment features with Negative Compensation**, which requires prospective remeasurement of gains and losses arising from debt restructuring exercises undertaken in previous years where they met the modification test. The Council does not hold any such instruments.

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.

- **Future funding** – there is currently a high level of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be materially impaired as a result of a need to close facilities and substantially reduce levels of service provision.

- **School service concession** – the Council is deemed to control the services and the residual assets created under the contract for Penn Wood School, which is recognised on the Balance Sheet at £14.3m. The remaining two schools under the service concession contract, Beechwood School and Arbour Vale Special School have converted to academies and are therefore not under the control of the Council. Consequently the assets for these two schools have been derecognised from the Balance Sheet. However, contractual liability remains with the Council and is reported in the Other Long-Term Liability balance on the Balance Sheet. Under the terms of the academisation, both schools make annual contributions to the Council for their shares of the unitary charge payable.
- **Recognition of schools** – the Council has completed a school by school assessment across the different schools operated within the Borough in order to determine the individual accounting treatments. Judgements have been made to determine the arrangements in place and the accounting treatment of the Non-Current Assets. As a result, the Council recognises school assets for Community schools and Voluntary Aided Schools on the Balance Sheet. The Council does not recognise assets relating to Academies or Free Schools as the view has been adopted that these entities were deemed to be owned by the relevant Dioceses or Trust following consultation and review.

- **Interests in Council-owned companies** – the Council has a number of interests in other entities which fall within the group accounting boundary on the grounds of control and significant influence in line with the Code. However, only the interests in James Elliman Homes Ltd and Slough Urban Renewal LLP are material in aggregate and thus warrant consolidation into the Council's Group Accounts. The remaining interests are not material and have been treated as financial instruments in the Balance Sheet.

- **Business Rates Pooling** – Slough Borough Council (SBC) participated in the Berkshire-wide business rate pooling pilot for 2018/19 [and 2019/20] which allowed for 100% retention of growth. The participating authorities have set out arrangements to share the rewards and risks of this pooling arrangement. This includes clauses for a "local no detriment" policy that:
    - Prevents any single authority benefiting from gains until all authorities realise the level of resources that they would have received under 50% retention
    - Sets a safety net mechanism (97% of Baseline funding level) to cover risks associated with the pilot
    - Prioritises use of the strategic economic investment funds to manage individual authority losses before anything else.

- **Infrastructure assets** – The Council has revised the accounting for infrastructure assets compared with previous years. The Council has amended its accounting policy for depreciating infrastructure assets from a blanket 40 years to a policy reflecting the differing asset lives of the components of infrastructure. Ordinarily this would be treated as a change in estimation procedure in the year of account (i.e. 2018/19). However there were material errors in previous years' accounts arising from the failure to write out accumulated depreciation at 1 April 2007 in line with paragraph 4.1.2.12 of the Code of Practice on Local Authority Accounting in the United Kingdom. Therefore the Council has taken the view that as this is a material error, the appropriate accounting approach is to correct via a prior period adjustment rather than an in-year adjustment.

- **Provisions for business rates appeals and bad debts –**The Council made refunds for business rates appeals totalling £4.5m in 2019/20 and 2020/21 against the 2010 valuation list. The Council has used this information as after year-end evidence to support increasing the business rates appeals provision in 2018/19 by £4.5m. In addition, the Council engaged external consultancy advice to review the adequacy of the bad debt provision for business rates and council tax resulting in an increase to the provision of £4.7m, of which the Council's share is £4.1m.

Note 4: Assumptions made about the future and other sources of estimation uncertainty

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment - depreciation	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate the value of it non-current assets.	A reduction in the estimated valuation would result in reduction the Revaluation Reserve and/or an impairment loss charged to the Comprehensive Income and Expenditure Statement (CIES). If the value of the Council's operational properties were to reduce by 10% this would result in a valuation loss of £88m.
	The Council's external valuers, Wilks, Head and Eve LLP, provided valuations as at 31 March 2019 for all the Council's investment property portfolio and approximately 20% of its operational portfolio. The remaining balance of operational properties was also reviewed to ensure values reflect current values.	An increase in estimated valuations would result in increased revaluation gains to the Revaluation Reserve and/or reversals of impairments charged to the CIES in previous years.
	The estimated remaining useful lives of all operational assets was reported by the Council's external valuers as part of the above valuation exercise.	If estimated useful lives increase by one year this would reduce the depreciation charge of £22m by £0.5m.
		If estimated useful lives decrease by one year this would increase depreciation by £0.6m.
Fair value	The Council's external valuers use valuation techniques to determine the fair value of investment property and surplus property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available, in which case, the valuers use the best information available.	Estimated fair values may differ from the actual prices that could be achieved in an arms-length transaction at the reporting date.
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.	Variations in the key assumptions will have the following impact on the net pension liability:
		(a) a 1% reduction in the discount rate will increase the net liability by £103m
		(b) an 1% increase in life expectancy will increase the liabiity by £20m.
	The Council has engaged Barnett Waddingham, as its consulting actuaries, to provide the Council with expert advice about the assumptions to be applied.	
Valuation of council dwellings	Council dwellings are valued on a beacon methodology. This uses comparable sales evidence from the local area for the relevant property adjusted for floor area, local house price movement and regional indices.	A 10% reduction in the estimated value of HRA dwellings would be a revaluation loss of £54m.
		If estimated useful lives are overstated by 5% this would increase depreciation by £0.5m
Impairment allowance for doubtful debts	At 31 March 2019, the Council had an impairment allowance of £17m against gross short-term debtor balances totalling £41m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	If collection rates deteriorate by 5%, this would require an increase in the impairment allowance of £2m.
Provisions	The Council has made a number of provisions for the estimated cost of settling liabilities in respect of insurance claims, legal disputes and business rates appeals. The provisions are based on the Council's best estimate of the amount required to settle the obligations.	If provisions were valued at a more conservative outcome, this would increase provisions by £5m.

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 has two material items of expenditure which relate to service contracts in 2018/19:

1. £10.62m (2017/18 £10.59m) to Arvato for running the Council's IT, Customer Services and Transaction Finance functions. The expenditure was charged to Finance and Resources within the Comprehensive Income and Expenditure Statement (CIES).

2. £24.59m (2017/18 £24.41m) to Slough Children's Services Trust for children's and young people services. The expenditure was charged to Children and learning Skills within the CIES.

In March 2022 the Department for Levelling Up, Housing and Communities (DLUHC) provided an "in principle" Capitalisation Direction of the £307m to the Council under the Department's Extraordinary Financial Support programme. The Capitalisation Direction was issued in response to the S.114 Notice issued by the s.151 officer to the Council in July 2021. The s.114 Notice highlighted that the Council faced a significant unfunded financial deficit arising from financial challenges which have arisen over a number of years.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue expenditure from capital resources, namely by applying usable capital receipts and in the short-term setting aside minimum revenue provision.

The Capitalisation Direction covers the period to 31 March 2023. It has been used as follows:

	pre 1 April 2017	2017/18	2018/19	Total
	£'000	£'000	£'000	£'000
To correct incorrect capitalisation of staff costs for Agresso Support	477	1,416	1,125	3,018
To address expenditure incurred by Slough Children's Service Trust Ltd incorrectly classed as Transformation Funding	3,123	3,300	2,558	8,981
To address expenditure incurred by the Council incorrectly classed as Transformation Funding	1,009	1,517	3,997	6,523
Understatement of Minimum Revenue Provision	21,661	5,136	6,074	32,871
To correct the incorrrect treatment of Overage Income as revenue income to the General Fund	2,203	1,430	-	3,633
Additional costs in relation to the revenue outturn	4,128	-	12,690	16,818
To correct incorrect capitalisation of Property Staff	3,332	1,082	1,756	6,170
Total	**35,933**	**13,881**	**28,200**	**78,014**

Note 6: Other Operating Expenditure

2017/18 Restated*		2018/19
£'000		£'000
223	Precepts	224
1,072	Payments to the Government Housing Capital Receipts Pool	874
23,543	Gains/Losses on the Disposal of Non-Current Assets	43,050
-	Other	(2,531)
24,838	**Total**	**41,617**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 7: Financing and Investment Income and Expenditure

2017/18 Restated*		2018/19
£'000		£'000
9,532	Interest payable and similar charges	11,735
7,656	Net interest on the net defined benefit liability (asset)	6,678
(2,609)	Interest receivable and similar income	(2,208)
(1,192)	Income and expenditure in relation to investment properties and charges in their fair value	16,908
-	Movements in fair value of financial instruments	74
-	Other investment income and expenditure	3,258
13,387	**Total**	**36,445**

Note 8: Taxation and Non-Specific Grant Income

2017/18 Restated*		2018/19
£'000		£'000
(52,328)	Council tax income	(53,343)
(31,320)	Non-domestic rates income and expenditure	(35,484)
(21,870)	Non-ringfenced government grants	(10,319)
(15,776)	Capital grants and contributions	(4,555)
-	Other tax or non-specific grant income / expenditure	(150)
(121,294)	**Total**	**(103,851)**

Note 9: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the Council has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices. It also shows how the Council has allocated this expenditure for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18 Restated*					2018/19			
Net Expenditure in the Comprehensive Income and Expenditure Statement	Capitalisation Direction	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances		Net Expenditure in the Comprehensive Income and Expenditure Statement	Capitalisation Direction	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund and HRA Balances
57,180		(12,689)	44,491	Adults and Communities	59,254		(21,338)	37,916
44,991		(22,072)	22,919	Children, Learning and Skills	56,115		(34,557)	21,558
37,591		(6,472)	31,119	Place and Development	16,918		(5,929)	10,989
538		(729)	(191)	Regeneration	7,394		(4,440)	2,954
28,152		(15,296)	12,856	Finance and Resources	15,060		(21,969)	(6,909)
1,630		(256)	1,374	Chief Executive	15,368		(4,114)	11,254
(11,555)		(4,978)	(16,533)	Housing Revenue Account	(6,682)		(17,280)	(23,962)
158,527	**-**	**(62,492)**	**96,035**	**Net Cost of Services**	**163,427**	**-**	**(109,627)**	**53,800**
(83,069)	(13,881)	13,905	(83,045)	Other Income and Expenditure	(25,789)	(28,201)	6,970	(47,020)
75,458	**(13,881)**	**(48,587)**	**12,990**	**(Surplus)/Deficit**	**137,638**	**(28,201)**	**(102,657)**	**6,780**
			(28,474)	General Fund and HRA balance brought forward**				(17,642)
			(2,158)	Plus Transfers to / from Earmarked Reserves**				(5,899)
			(17,642)	**General Fund and HRA balances carried forward****				**(16,761)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

*** For analysis of split between General Fund and by HRA, see Movement in Reserves Statement.*

Note 9a: Expenditure and Funding Analysis (continued)

2017/18 Restated*					2018/19			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(8,178)	(4,511)	-	(12,689)	Adults and Communities	(18,532)	(2,463)	(343)	(21,338)
(14,329)	(7,743)	-	(22,072)	Children, Learning and Skills	(30,075)	(3,935)	(547)	(34,557)
(4,122)	(2,350)	-	(6,472)	Place and Development	(5,293)	(558)	(78)	(5,929)
(470)	(259)	-	(729)	Regeneration	(3,857)	(512)	(71)	(4,440)
(9,803)	(5,493)	-	(15,296)	Finance and Resources	(19,154)	(2,471)	(344)	(21,969)
(165)	(91)	-	(256)	Chief Executive	(3,572)	(476)	(66)	(4,114)
(4,644)	(436)	102	(4,978)	Housing Revenue Account	(17,025)	(357)	102	(17,280)
(41,711)	**(20,883)**	**102**	**(62,492)**	**Net Cost of Services**	**(97,508)**	**(10,772)**	**(1,347)**	**(109,627)**
13,201	-	704	13,905	Other income and expenditure from the Funding Analysis	12,192	-	(5,222)	6,970
(28,510)	**(20,883)**	**806**	**(48,587)**	**Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services**	**(85,316)**	**(10,772)**	**(6,569)**	**(102,657)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 9b: Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes

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

- **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 i.e. 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 Change for the Pensions Adjustments

This column adjusts for the 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 Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

Note 9b: Expenditure and Funding Analysis (continued)

- For **Financing and investment income and expenditure** the other statutory adjustments 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.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the ‘Other income and expenditure from the Expenditure and Funding Analysis’ line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

Note 9c: Expenditure and Funding Analysis (continued)

Expenditure and income analysed by nature

2017/18 Restated*		2018/19
£'000		£'000
	Expenditure	
95,805	Employee Benefit Expenses	102,624
240,706	Other Service Expenses	246,797
51,238	Depreciation, Amortisation, Impairment	50,727
17,188	Interest Payments	18,413
223	Precepts and Levies	224
1,072	Payments to the Housing Capital Receipts Pool	874
23,543	Losses on disposals	43,050
429,775	**Total expenditure**	**462,709**
	Income	
(74,319)	Fees, charges and other service income	(67,496)
(3,801)	Interest and investment income	(2,208)
(83,648)	Income from council tax, non-domestic rates	(88,827)
(192,549)	Government grants and contributions	(166,540)
-	Other income	-
-	Gains on Disposals	-
(354,317)	**Total income**	**(325,071)**
75,458	**(Surplus) or Deficit on the Provision of Services**	**137,638**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 10: Partnership Arrangements

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

Better Care Fund (BCF)

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 thefollowing headings:

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

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			2018/19	
BCF	BCES		BCF	BCES
£'000	£'000		£'000	£'000
(3,494)	(305)	Authority Funding	(4,232)	(431)
(8,407)	(7,001)	Partner Funding	(8,567)	(8,946)
(11,901)	**(7,306)**	**Total Funding**	**(12,799)**	**(9,377)**
3,494	415	Authority Expenditure	4,232	431
7,756	7,141	Partner Expenditure	8,203	8,946
11,250	**7,556**	**Total Expenditure**	**12,435**	**9,377**
(651)	**250**	**Net (Surplus)/Deficit on the Pooled Budget**	**(364)**	-
(191)	**10**	**Authority Share of the Net (Surplus) / Deficit**	**(364)**	**-**

Note 11: Members' Allowances

The Council paid allowances to its members in 2018/19 of £0.490 million (£0.482 million in 2017/18).

Note 11a: Exit packages and termination benefits

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	2	**10**	4	**3**	6	**13**	84	**125**
£20,001 - £40,000	1	**5**	1	**3**	2	**8**	58	**215**
£40,001 - £60,000	-	**-**	2	**-**	2	**-**	102	**-**
£60,001 - £80,000	-	**2**	-	**-**	-	**2**	-	**129**
£80,001 - £100,000	-	**-**	1	**-**	1	**-**	99	**-**
£100,001 - £150,000	-	**-**	-	**1**	-	**1**	-	**101**
£150,001 - £200,000	-	**1**	-	**-**	-	**1**	-	**160**
£350,001 and over	1	**-**	-	**-**	1	**-**	466	**-**
Total	**4**	**18**	**8**	**7**	**12**	**25**	**809**	**730**

Note 11b: Officers' Remuneration

The remuneration of senior employees, defined as those who are members of Management Board, or those holding statutory posts is as follows:

2018/19	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension	
	£'000	£'000	£'000	£'000	£'000	*Note*
Post holder information						
Chief Executive - J Wagg	68	-	68	9	78	*1*
Interim Chief Executive - N Pallace	214	-	214	-	214	*2*
Director of Children,Learning and Skills Services	131	-	131	18	149	*4*
Interim Director of Place and Development - M England	154	-	154	-	154	*4*
Director of Finance and Resources (S151 Officer)	118	-	118	15	134	*4*
Director of Adults and Communities	131	-	131	17	148	*4*
Director of Regeneration	118	-	118	16	134	*4*
Director of Public Health	32	-	32	-	32	*6*

Note 11b: Officers' Remuneration (continued)

2017/18	Salary including fees and allowances	Compensation for loss of office	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	Note
	£	£	£	£	£	
Post holder information						
Interim Chief Executive - N Palace	30	-	30	-	30	2
Interim Chief Executive - R Parkin	113	142	255	340	595	3
Director of Children,Learning and Skills Services	61	-	61	8	69	4
Interim Director of Place and Development - M England	87	-	87	-	87	4
Director of Finance and Resources (S151 Officer)	55	-	55	7	63	4
Director of Adults and Communities	63	-	63	8	71	4
Director of Regeneration	55	-	55	7	63	4
Strategic Director of Regeneration, Hsg & Resources	75	-	75	-	75	5
Assistant Director Finance and Audit (S151 Officer)	42	-	42	6	48	5
Interim Director of Childrens Services	57	-	57	8	65	5
Assistant Director-Adult Social Care	56	-	56	8	64	5
Director of Public Health	35	-	35	-	35	6

Notes

1. 2018/19 Not full year. Start date 01/10/2018
2. 2018/19 and 2017/18 Not full years costs
3. Postholder left 19/12/17. The pension contribution amount above includes a capital payment as compensation for loss of office
4. 2017/2018 Posts created as a result of the senior management restructure implemented 02/10/2017
5. Not full year costs for 2017/18. Posts deleted as a result of the senior management restructure implemented 02/10/2017
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

Note 11b: Officers' Remuneration (continued)

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

Remuneration band	2017/18 Number of employees			2018/19 Number of employees		
	Schools	Non Schools	Total	Schools	Non Schools	Total
£50,000 - £55,000	16	19	35	23	15	38
£55,000 - £60,000	16	10	26	14	20	34
£60,000 - £65,000	10	11	21	8	4	12
£65,000 - £70,000	8	5	13	6	10	16
£70,000 - £75,000	-	2	2	3	4	7
£75,000 - £80,000	4	3	7	3	6	9
£80,000 - £85,000	2	-	2	1	1	2
£85,000 - £90,000	2	-	2	2	1	3
£90,000 - £95,000	2	1	3	-	1	1
£95,000 - £100,000	2	-	2	4	1	5
£100,000 - £105,000	-	-	-	1	-	1
£105,000 - £110,000	-	-	-	-	1	1
£110,000 - £115,000	-	-	-	-	-	-
£115,000 - £120,000	-	1	1	-	-	-
£120,000 - £125,000	-	-	-	-	-	-
£125,000 - £130,000	-	-	-	-	-	-
£130,001 - £135,000	-	-	-	-	-	-
£135,001 - £140,000	1	-	1	-	-	-
£140,001 - £145,000	-	1	1	-	-	-
Total	**63**	**53**	**116**	**65**	**64**	**129**

The figures do not include staff employed by academies.

Note 12: External Audit Fees

The Council's external auditors for the audit of the Statement of Account in 2018/19 are Grant Thornton LLP (BDO LLP in 2017/18). The Council's external auditors for the certification of grant claims are Grant Thornton LLP (BDO LLP in 2017/18). The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

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	516
35	Fees payable to external auditors for the certification of grant claims and returns for the year	108
-	Fees payable in respect of other services provided by external auditors during the year	13
163		**637**

** The 2018/19 fee noted above is an estimate provided by Grant Thornton. Due to ongoing work, the final fee is subject to change.*

Note 13: Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools and Early Years Finance (England) Regulations 2017. Schools Budget includes elements for a range of educational services provided on an authority-wide basis and the Individual Schools Budget, which is divided into a budget share for each maintained school, funding for early years providers, and high-needs payments to providers.

2017/18			Schools budget funded by Dedicated Schools Grant	2018/19		
Central expenditure £'000	Individual Schools budget (ISB) £'000	Total £'000		Central expenditure £'000	Individual Schools budget (ISB) £'000	Total £'000
		160,419	Final DSG before Academy recoupment			165,744
		(92,468)	Academy figure recouped			(97,835)
		67,951	**Total DSG after recoupment**			**67,909**
		2,387	Brought forward DSG			(5,388)
		-	Less carry forward agreed in advance			-
31,378	**38,960**	**70,338**	**Agreed Initial budgeted distribution**	**27,686**	**34,835**	**62,521**
(329)	-	(329)	In year adjustments	(368)	-	(368)
31,049	**38,960**	**70,009**	**Final Budgeted Distribution**	**27,318**	**34,835**	**62,153**
(36,437)		(36,437)	less Actual central expenditure	(34,651)	-	(34,651)
-	(38,960)	(38,960)	less Actual ISB deployed to schools	-	(34,700)	(34,700)
-	-	-	plus local authority contributions for the year	-	-	-
(5,388)	**-**	**(5,388)**	**Carry Forward**	**(7,333)**	**135**	**(7,198)**

Note 14: Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

2017/18 Restated* £'000		2018/19 £'000
	Credited to Taxation and non-specific grant income	
	Non-ringfenced government grants	
(13,181)	Revenue Support Grant	-
(3,678)	PFI Grant	(3,678)
(989)	Section 31 Grant	(3,020)
(3,195)	New Homes Bonus Grant	(2,749)
(827)	Other grants	(872)
(21,870)	**Total of Non-ringfenced government grants**	**(10,319)**
(15,776)	Capital grant and contributions	(3,346)
(37,646)	**Total credited to Taxation and non-specific grant income**	**(13,665)**
	Credited to services	
(62,460)	Dedicated Schools Grant	(67,541)
(69,301)	DWP Subsidy	(63,852)
(7,763)	Public Health Grant	(7,563)
(2,360)	Pupil Premium	(1,926)
(1,899)	YPLA Post 16 Funding	(1,714)
(1,018)	Schools grant	(1,312)
(648)	Children Services Grant	(795)
(603)	DWP Subsidy - Administration	(549)
(500)	Access Fund Grant (DFT)	(499)
(299)	Flexible Homelessness Grant	(476)
(1,082)	Skills Funding Agency	(463)
(6,970)	Other grants	(6,185)
(154,903)	**Total of Government Grant credited to Net Cost of Services**	**(152,875)**
(192,549)	**Total of grants and contributions to the Comprehensive Income and Expenditure Statement**	**(166,540)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 15: 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 Council 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.

2018/19	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:						
Pensions costs (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 Collection Fund Adjustment Account)	(5,367)		-	-	-	5,367
Holiday pay (transferred to the Accumulated Absences Reserve)	297		-	-	-	(297)
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):	(80,483)	(31,344)	-	-	(7,730)	119,557
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 Reserves	(371)	(30)	401	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(874)		874	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve		8,776		(8,776)	-	-
Capital receipts applied to repayment of debt				-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	8,173			-	-	(8,173)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,554	500	-	-	-	(2,054)
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	10,192	-	-	(10,192)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,069	-	(12,069)
Application of capital grants to finance capital expenditure	-	-	-	-	13,133	(13,133)
Cash payments in relation to deferred capital receipts	-		(5,554)	-	-	5,554
Other adjustments	(1,746)	(1)	641	(643)	8,727	(6,978)
Total Adjustments	**(85,357)**	**(17,281)**	**(2,229)**	**2,650**	**14,130**	**88,087**

Note 15: Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council 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.

2017/18 Restated*	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	(20,448)	(436)	-	-	-	20,884
Financial instruments (transferred to the Financial Instruments Adjustments Account)	170	102	-	-	-	(272)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	534	-	-	-	-	(534)
Holiday pay (transferred to the Accumulated Absences Reserve)			-	-	-	-
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):	(37,330)	(29,399)	-	-	(13,782)	80,511
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	6,642	8,095	(14,737)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves	(308)	(48)	356	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,072)		1,072	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	11,708		(11,708)	-	-
Capital receipts applied to repayment of debt	-			-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,503			-	-	(6,503)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,700	5,000		-	-	(6,700)
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	5,625	-	-	(5,625)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	10,626	-	(10,626)
Application of capital grants to finance capital expenditure	-	-	-	-	32,019	(32,019)
Cash payments in relation to deferred capital receipts	-		(3,200)	-	-	3,200
Total Adjustments	**(43,609)**	**(4,978)**	**(10,884)**	**(1,082)**	**18,237**	**42,316**

Note 16: 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.

Movement in Earmarked reserves	1st April 2017	Transfers Out	Transfers In	Balance at 31st March 2018 Restated*	Transfers Out	Transfers In	Balance at 31st March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Fund	(352)	-	352	**-**	(527)	506	(21)
Building Control	(24)		**-**	**(24)**	(98)	**-**	(122)
Specific Grants (Revenue)	(167)		-	**(167)**	-	-	(167)
MTFS Reserve	(4,266)	(1,901)	1,421	**(4,746)**	(456)	1,335	(3,867)
Housing Renewals Reserve	(89)		-	**(89)**	(2)	-	(91)
General Fund earmarked reserves	**(4,898)**	**(1,901)**	**1,773**	**(5,026)**	**(1,083)**	**1,841**	**(4,268)**
Dedicated Schools Grant	-		3,226	**3,226**		3,970	7,196
Schools - Other	(2,258)	(3,405)	1,145	**(4,518)**	(3,568)	4,739	(3,347)
Schools total	**(2,258)**	**(3,405)**	**4,371**	**(1,292)**	**(3,568)**	**8,709**	**3,849**
Total Earmarked reserves	**(7,156)**	**(5,306)**	**6,144**	**(6,318)**	**(4,651)**	**10,550**	**(419)**

Name	**Purpose**
Capital Fund	To provide funding for the capital programme.
Building Control	To hold any (surpluses)/deficits arising from the separate rolling trading account as required under statutory requirements.
Specific Grants	To hold revenue grant income received for which there are no conditions but which are earmarked for specific projects.
MTFS Reserve	To assist with the future sustainability of the Council.
Dedicated Schools Grant	To hold the ring-fenced Dedicated Schools Grant balance which is currently in deficit.
Schools resefves	To hold unused balances of budgets delegated to individual schools, which are not available to the Council for general use.

Note 17: Property, Plant and Equipment

Values as at 31 March 2019

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2018/19	Operational assets					Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2018	**499,657**	**193,955**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**938,431**
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)	(15)	-	-	(12)	-	(12,051)
Additions	12,798	56,759	1,132	6,345	54	496	19,498	97,082
Revaluation increases/(decreases) recognised in the revaluation reserve	47,474	18,924	(1,808)	-	-	(10,030)	189	54,749
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(11,805)	(16,619)	(3,495)	-	-	(6,651)	(1,280)	(39,850)
Derecognition – disposals	(2,862)	(24,345)	(5,276)	-	-	(570)	(173)	(33,226)
Other transfers/movements	3,572	8,288	408	482	-	16,919	(28,274)	1,395
At 31 March 2019	**540,066**	**233,706**	**54,646**	**112,289**	**9,473**	**17,160**	**39,190**	**1,006,530**
Accumulated depreciation and impairment								
At 1 April 2018	**(6,459)**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Adjustments to cost/value & depreciation/impairment	8,768	3,256	15	-	-	12	-	12,051
Depreciation charge	(8,696)	(3,142)	(3,764)	(6,614)	-	(16)	-	(22,232)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-
Derecognition – disposal	108	352	109	-	-	2	-	571
Other transfers/movements	6	(1)	-	-	-	(2)	-	3
At 31 March 2019	**(6,273)**	**(1,526)**	**(18,006)**	**(47,157)**	**(26)**	**(178)**	**(3)**	**(73,169)**
Net book value at 31 March 2018	**493,198**	**191,964**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**874,869**
Net book value at 31 March 2019	**533,793**	**232,180**	**36,640**	**65,132**	**9,447**	**16,982**	**39,187**	**933,361**

Note 17: Property, Plant and Equipment (continued)

Values as at 31 March 2018

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2017/18	Operational assets					Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	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**
Prior period adjustment	(2,072)	(6,362)	(15,600)	(25,769)	-	(4,989)	(771)	(55,563)
Restated at 1 April 2017	**484,874**	**184,319**	**38,980**	**93,164**	**8,200**	**22,432**	**28,357**	**860,326**
Adjustments to cost/value & depreciation/impairment	(9,007)	(5,496)	(1,591)	-	-	(131)	-	(16,225)
Additions	8,390	36,490	6,567	12,298	308	1,335	50,850	116,238
Revaluation increases/(decreases) recognised in the revaluation reserve	19,165	3,886	411	-	-	1,322	(40)	24,744
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(9,829)	(17,325)	3,553	-	-	(113)	(212)	(23,926)
Derecognition – disposals	(6,773)	(5,463)	(648)	-	-	(4,913)	(3,029)	(20,826)
Other transfers/movements	12,837	(2,456)	16,428	-	911	(2,924)	(26,696)	(1,900)
At 31 March 2018	**499,657**	**193,955**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**938,431**
Accumulated depreciation and impairment								
At 1 April 2017	**(6,400)**	**(3,271)**	**(29,031)**	**(21,618)**	**(16)**	**(558)**	**-**	**(60,894)**
Prior period adjustment	4	317	15,600	(12,714)	**-**	9	**-**	3,216
Restated at 1 April 2017	**(6,396)**	**(2,954)**	**(13,431)**	**(34,332)**	**(16)**	**(549)**	**-**	**(57,678)**
Adjustments to cost/value & depreciation/impairment	9,007	5,496	1,591	-	-	131	-	16,225
Depreciation charge	(9,185)	(4,675)	(3,098)	(6,211)	-	(77)	-	(23,246)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Derecognition – disposal	121	199	506	-	-	308	-	1,134
Other transfers/movements	(6)	(57)	66	-	(10)	13	(3)	3
At 31 March 2018	**(6,459)**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Net book value at 31 March 2017	**478,478**	**181,365**	**25,549**	**58,832**	**8,184**	**21,883**	**28,357**	**802,648**
Net book value at 31 March 2018	**493,198**	**191,964**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**874,869**

Note 17: Property, Plant and Equipment (continued)

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:

	2018/19
	£'000
Council Dwellings	533,793
Land and Buildings	232,180
Surplus	16,982
Assets subject to valuation	**782,955**
Infrastructure	65,132
Community	9,447
Vehicles, Plant and Equipment	36,640
Assets under Construction	39,187
Assets not subject to valuation	**150,406**
Total value of assets	**933,361**

Note 17: Property, Plant and Equipment (continued)

Assets that are Revalued – by Category

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
Carried at historical cost Valued at current value as at:	2,746	44,834	-	47,580
31/03/2019	535,670	184,899	16,425	736,994
31/03/2018	-	1,533	1,115	2,648
31/03/2017	-	2,682	-	2,682
31/03/2016	-	-	-	-
31/03/2015	-	1,405	-	1,405
31/03/2014	-	-	-	-
Total Cost or valuation	**538,416**	**235,353**	**17,540**	**791,309**

- Council dwellings - the assumption is that the Beacon assets are typical of their asset class and that all properties will continue to be let for social housing purposes.
- Surplus assets - Are valued and assumed that they are comparable to similar assets in the local market with planning permission. This is a level 2 valuation under the Fair Value Hierarchy.
- For other property, plant and equipment it is assumed that local market conditions provide an accurate guide as to the appropriate valuations.

Note 18: 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:

	Commitments in 2019-20	Commitments in Future Years	Total Commitments
	£'000	£'000	£'000
SEN Resources Expansion	3,955	1,750	5,705
Special School Expansion- Primary,Secondary & Post 16	10,877	0	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	0	7,591
Capital Works following stock condition	3,799	7,200	10,999
Strategic Acquisitions	26,303	0	26,303
TVU development	9,031	0	9,031
Hotel development	17,271	10,000	27,271
Nova House Capital Loan	6,045	0	6,045
Affordable Housing	24,384	11,017	35,401
Fire Risk Assessment Works	5,000	0	5,000
Stoke Road LEP Scheme	4,349	6,540	10,889
MRT Phase 2 LEP Scheme	13,270	0	13,270
Total	**164,198**	**86,207**	**250,405**

Note 19: Investment Property

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

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

2017/18 Restated*		2018/19
£'000		£'000
38,141	**Balance at 1 April**	**55,835**
(2,407)	Restatement of opening balance	-
35,734	**Restated balance at 1 April**	**55,835**
22,240	Additions	17,143
187	Enhancement	10,168
(4,693)	Disposals	-
612	Transfers (to)/from PPE	(113)
1,755	Gains/(losses) in fair value	(16,908)
55,835	**Balance at 31 March**	**66,125**

** The 2017/18 comparators were restated, see Note 39 for more details.*

2017/18	As originally stated	Restatement	Restated
	£'000	£'000	£'000
Balance at 1 April	**38,141**	**-**	**38,141**
Additions	33,485	(11,245)	22,240
Other movement	-	-	-
Enhancement	186	1	187
Disposals	(3,800)	(893)	(4,693)
Gains/(losses) in fair value	(356)	2,111	1,755
Transfers (to)/from PPE	-	612	612
Balance at 31 March	**67,656**	**(9,414)**	**58,242**

The following items have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

2017/18		2018/19
£'000		£'000
(1,307)	Rental income from investment property	-
717	Direct operating expenses arising from investment property	-
(590)	**Total**	**-**

Note 20: Leases

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

Council 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:

2017/18		2018/19
£'000		£'000
7,443	Other Land and Buildings	5,362
364	Vehicles, Plant, Furniture, Equipment and Other	287
7,807		**5,649**

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

2017/18		2018/19
£'000		£'000
	Finance lease liabilities (net present value of minimum lease payments):	
998	- current (not later than one year)	1,009
6,604	- non-current (later than one year)	6,017
411	Finance costs payable in future years	321
8,013		**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.

2017/18			2018/19	
Minimum lease payments	Finance lease liabilities		Minimum lease payments	Finance lease liabilities
£'000	£'000		£'000	£'000
1,090	998	Not later than 1 year	1,090	1,009
3,066	3,217	Later than 1 year and not later than 5 years	2,771	2,592
3,857	3,593	Later than 5 years	3,486	3,419
8,013	**7,808**		**7,347**	**7,020**

Note 20: Leases (continued)

Operating Leases

The Council enters into operating lease agreements to acquire the use of plants, vehicles and equipment. The future minimum lease payments are made up of the following amounts:

2017/18		2018/19
£'000		£'000
757	Not later than 1 year	578
1,026	Later than 1 year and not later than 5 years	578
1,228	Later than 5 years	1,099
3,011		**2,255**

Council as lessor

Operating Leases

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

2017/18		2018/19
£'000		£'000
3,399	- current (not later than one year)	3,123
11,886	- non-current (later than one year)	11,534
29,333	Finance costs payable in future years	26,455
44,618		**41,112**

Note 21: 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 theprivate 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

PFI Schools		PFI Schools
£'000		£'000
34,637	**Opening balance**	**41,090**
-	Adjustments to cost/value & depreciation/impairment	-
182	Additions	4
-	Revaluation increases/(decreases) recognised in the revaluation reserve	3,279
(714)	Depreciation charge	(234)
6,985	Derecognition - disposals	(32,148)
41,090		**11,991**

Note 21: Service Concession Arrangements (continued)

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

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)

Payments

The Council makes payments to the PFI operators which cover the charge for services provided, repayment of the liability in respect of each contract and interest on those liabilities. Payments remaining to be made under the three contracts at the year-end are set out below.

2017/18					2018/19			
Service cost	**Repayment of liability**	**Interest**	**Total**		**Service cost**	**Repayment of liability**	**Interest**	**Total**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
(2,264)	(1,262)	(2,794)	(6,320)	within 1 year	(2,316)	(1,379)	(2,696)	(6,391)
(12,085)	(4,603)	(10,175)	(26,863)	within 2-5 years	(12,730)	(4,809)	(9,818)	(27,357)
(16,307)	(8,441)	(10,347)	(35,095)	within 6-10 years	(16,896)	(9,080)	(9,691)	(35,667)
(16,597)	(13,141)	(6,499)	(36,237)	within 11-15 years	(17,043)	(14,233)	(5,478)	(36,754)
(8,463)	(8,516)	(1,118)	(18,097)	within 16-20 years	(5,063)	(5,200)	(456)	(10,719)
(55,716)	**(35,963)**	**(30,933)**	**(122,612)**	**Closing balance**	**(54,048)**	**(34,701)**	**(28,139)**	**(116,888)**

Note 21: Service Concession Arrangements (continued)

Movement on the value of the liabilities

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

2017/18		2018/19
£'000		£'000
(35,816)	**Balance at 1 April**	**(35,963)**
847	Repayment	1,262
(994)	Other movements	-
(35,963)	**Balance at 31 March**	**(34,701)**

Note 22: Capital Expenditure and Financing

The capital financing requirement (CFR) is a Prudential Code indicator which shows the underlying need for the Council to borrow to fund its non current assets. The requirement is increased by capital expenditure financed from borrowing and decreased by revenue or capital resources put aside for the repayment of debt. An explanation of the movement in the year ended 31 March 2019 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2018/19 was £166.252m (£168.580m in 2017/18). This is made up of £150.103m of capital expenditure and £16.149m of REFCUS expenditure. The financing sources used are shown below and include amounts used to finance REFCUS expenditure.

2017/18 Restated*		2018/19
£'000		£'000
356,313	**Opening capital financing requirement**	**484,213**
18,530	Restatement of opening balance*	-
374,843	**Restated opening capital financing requirement**	**484,213**
	Capital investment	
117,273	Property, plant and equipment	97,082
22,427	Investment Properties	27,311
188	Intangible Assets	419
14,654	Revenue expenditure funded from capital under statute	9,676
6,724	Loans to James Elliman Homes Ltd	23,200
13,881	Capitalisation Direction	28,201
175,147	**Total capital investment**	**185,889**
	Sources of finance	
(5,625)	- Capital receipts	(10,192)
(36,323)	- Government grants and other contributions	(18,686)
(10,626)	- Major repairs reserve	(12,069)
	Sums set aside from revenue	
(6,700)	- Direct revenue financing	(2,054)
(6,503)	- Minimum revenue provision	(8,173)
(65,777)	**Total sources of finance**	**(51,174)**
484,213	**Closing capital financing requirement**	**618,928**
	Explanation of movements in year:	
(6,503)	Minimum revenue provision	(8,173)
13,881	Capitalisation Direction	28,201
101,992	Increase/decrease in underlying need to borrow	114,687
109,370	**Increase/(decrease) in CFR for the year**	**134,715**

** The opening balance was restated to reflect changes to the balance sheet at 1 April 2017, and the expenditure on property, plant and equipment was oncreased by £16.138m to reflect the creditor for the purchase of the Thames Valley University site, which had been omitted from te 2017/18 accounts. For more details see Note 39 Prior Period Adjustments*

Note 23: Financial Instruments

Following the adoption of IFRS 9 Financial Instruments with effect from 1 April 2018, financial assets have been reclassified into the new classifications based on IFRS 9

	Balance at 1 April 2018						New classifications at 1 April 2018		
	Carrying amount brought forward	Correction to exclude equity and loans to James Elliman Homes Ltd	Correction to exclude loan notes to SUR	Correction to reclassify trade debtors	Restatement	Restated balance brought forward	Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		Note 1	Note 2		Note 3				
Previous classification									
Long-term									
Loans and receivables									
Investments									
Debtors	12,196	(4,034)			471	8,633	8,633		
Cash and cash equivalents									
Available for sale assets									
Investments	18,895	(2,689)				16,206			16,206
Short-term									
Loans and receivables									
Investments	16,113	(47)	(10,986)			5,080	5,080		
Debtors	19,422			(10,762)		8,660	8,660		
Cash and cash equivalents	9,900					9,900	9,900		
Available for sale assets									
Investments	2,695					2,695			2,695
Original amounts at 1 April 2018	**79,221**	**(6,770)**	**(10,986)**	**(10,762)**	**471**	**51,174**			
Reclassified amounts at 1 April 2018							**32,273**	**-**	**18,901**

There were no gains or losses arising from remeasurement as a result of reclassification.

Notes

The opening balances at 1 April 2018 have been restated for the following reasons:

1. the equity in and loans to James Elliman Homes Ltd have been excluded from the financial instrument disclosures as the Council's interests in the company are consolidated in the Group Accounts.
2. the loan notes to SUR LLP have been excluded from the financial instrument disclosures as the Council's interests in SUR LLP are consolidated in the Group Accounts.
3. the balance of long-term debtors was restated as part of the Prior Period Adjustment in relation to overage.

Note 23: Financial Instruments (continued)

Analysed by Category

2017/18				2018/19		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
			Loans and receivables			
-	5,080	5,080	Investments	-	-	-
8,633	8,660	17,293	Finance lease	-	-	-
-	9,900	9,900	Cash and cash equivalents	-	-	-
			Available for Sale assets			
16,206	2,695	18,901	Investments	-	-	-
24,839	**26,335**	**51,174**		**-**	**-**	**-**
			Amortised cost			
-	-	-	Investments	-	44,019	44,019
-	-	-	Trade Debtors	7,277	10,633	17,910
-	-	-	Cash and cash equivalents	-	19,879	19,879
24,839	**26,335**	**51,174**		**7,277**	**74,531**	**81,808**
			Fair Value Through Profit and Loss			
-	-	-	Investments	19,684	163	19,847
49,678	**52,670**	**102,348**	**Total financial assets**	**26,961**	**74,694**	**101,655**
			Financial Liabilities			
			Amortised cost			
(170,341)	(152,760)	(323,101)	Loans outstanding	(304,216)	(214,682)	(518,898)
(34,701)	(1,262)	(35,963)	PFI contracts	(33,322)	(1,379)	(34,701)
(6,810)	(998)	(7,808)	Finance leases	(6,011)	(1,009)	(7,020)
(21,636)	(48,936)	(70,572)	Trade creditors	(6,060)	(39,197)	(45,257)
(233,488)	**(203,956)**	**(437,444)**	**Total financial liabilities**	**(349,609)**	**(256,267)**	**(605,876)**

Classification of financial assets

The classification of financial assets in 2017/18 follows the IAS39 classification, while the classification in 2018/19 follows the IFRS9 classification which the Code adopted prospectively with effect from 1 April 2018

Note 23: Financial Instruments (continued)

Out of scope assets

In addition to the above financial instruments, the Council has:

a. an equity interest in James Elliman Homes Ltd;

b. advanced loans to James Elliman Homes Ltd; and

c. advanced loan notes to SUR LLP

These have been excluded from the financial instrument disclosures as they are scoped out of the Code's financial instrument reporting requirements, because the Council consolidates both James Elliman Homes Ltd and SUR LLP into its group accounts.

The sums involved are:

2017/18 £'000	Long-term debtors	2018/19 £'000
13,893	Long-term debtors balance per the Balance Sheet	31,209
	LESS out of scope assets	
(5,260)	Loan to James Elliman Homes Ltd	(23,932)
8,633	**Remaining long-term debtors classified as financial instruments:**	**7,277**
8,633	Loans and receivables in 2017/18	-
-	Assets at amortised cost in 2018/19	7,277
8,633		**7,277**

2017/18 £'000	Short-term investments	2018/19 £'000
18,808	Short-term investments balance per the Balance Sheet	48,545
	LESS out of scope assets	
(10,986)	Loan to SUR	(4,363)
(47)	Interest accrual on loan to James Elliman Homes Ltd	
7,775	**Remaining short-term investments classified as financial instruments:**	**44,182**
5,080	Loans and receivables in 2017/18	-
2,695	Available for sale assets in 2017/18	-
-	Assets at amortised cost in 2018/19	44,019
-	Fair value through profit and loss in 2018/19	163
7,775		**44,182**

Note 23: Financial Instruments (continued)

2017/18 £'000	Long-term investments	2018/19 £'000
17,670	Long-term investments balance per the Balance Sheet	25,056
	LESS out of scope assets	
(1,464)	Equity in James Elliman Homes Ltd	(5,372)
16,206	**Remaining long-term investments classified as financial instruments:**	**19,684**
16,206	Available for sale assets in 2017/18	-
-	Fair value through profit and loss in 2018/19	19,684
16,206		**19,684**

Income, Expense, Gains and Losses

2017/18				2018/19		
Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets	
Liabilities at amortised cost	Loans and Receivables	Available for Sale		Liabilities at amortised cost	Loans and Receivables	Fair value through profit and loss
£'000	£'000	£'000		£'000	£'000	£'000
			Expense:			
9,532	-	-	Interest expense	11,735	-	-
-	-	-	Loss on financial assets at FVTPL	-	-	46
9,532	**-**	**-**	**Net expense in (Surplus)/Deficit on the Provision of Services**	**11,735**	**-**	**46**
			Revenue:			
-	(1,166)	-	Interest income	-	(1,089)	-
-	-	-	(Gain) on financial assets at FVTPL	-	-	(24)
-	-	(607)	Distributions from Available for Sale assets	-	-	-
-	-	-	Distributions from FVTPL assets	-	-	(701)
-	**(1,166)**	**(607)**	**Total income in (Surplus)/Deficit on the Provision of Services**	**-**	**(1,089)**	**(725)**
			Unrealised (gains) and losses			
-	-	(488)	Gains on revaluation	-	-	-
-	**-**	**(488)**	**(Surplus)/Deficit arising from revaluation of financial assets in Other Comprehensive Income and Expenditure**	**-**	**-**	**-**

Note 23: Financial Instruments (continued)

Fair value through Other Comprehensive Income instruments

The Council has two wholly owned subsidiaries which are not consolidated into the Group Accounts, namely Ground Rent Estates 5 Ltd and Development Initiative for Slough Housing Ltd.

Because the business model is to hold the companies for the long-term rather than to trade, they are classed as fair value through other comprehensive income.

However the carrying values of the two companies are negligible at £11,000 combined. Therefore no further disclosure is made.

Out of scope assets

In addition to the above financial instruments, the Council has:

a. an equity interest in James Elliman Homes Ltd; and

b. advanced loans to James Elliman Homes Ltd; and

c. advanced loan notes to SUR LLP

Both of which generate interest receivable to the Council.

These have been excluded from the financial instrument disclosures above as they are scoped out of the Code's financial instrument reporting requirements, because the Council consolidates both James Elliman Homes Ltd and SUR LLP into its group accounts, but is disclosed below:

2017/18		2018/19
£'000		£'000
(2,609)	Interest income per Note 12	(2,126)
	LESS income from out of scope assets:	
105	Interest on Loan to James Elliman Homes Ltd	(423)
731	Interest on Loans to Slough Urban Renewal LLP	759
(1,773)	**Income from financial instruments analysed:**	**(1,790)**
(1,166)	Interest income	(1,089)
(607)	Distributions from Available for Sale Assets in 2017/18	-
-	Distributions from Fair Value through Profit and Loss Assets in 2018/19	(701)
(1,773)		**(1,790)**

Note 23: Financial Instruments (continued)

Material soft loans made by the Authority

Loan to James Elliman Homes Ltd

The loan to James Elliman Homes Ltd to acquire and redevelop housing in the borough is deemed to be a material soft loan.

Interest is charged at 3%.

	2017/18	2018-19
	£	£
Opening balance	**-**	**5,259,896**
Nominal value of new loans granted in the year	6,723,610	23,200,000
Fair value adjustment on initial recognition	(1,558,066)	(4,892,202)
Loans repaid	(63,875)	(486,051)
Impairment losses	-	-
Increase in discounted amount	158,226	850,408
Other changes	-	-
Closing balance	**5,259,895**	**23,932,051**
Nominal value of loans	6,723,610	29,923,610

Valuation assumptions

The interest rate at which the fair value of the soft loan has been made is arrived at by taking the PWLB rate prevailing at the date of each loan drawdown and adding an allowance for credit risk based on advice from the Council's treasury advisors.

Note 24: Nature and Extent of Risks Arising from Financial Instruments

General procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and seeks to minimise potential adverse risks on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy and the annual investemnt strategy. The Council provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council.

Credit risk arises from deposits placed with banks and other institution, as well as credit exposures to Council customers. This risk is minimised through the annual investment strategy available on the Council website.

Key controls are:

a. Investments are only placed with commercial entities with a minmimum long-term credit rating of A-, and with other local authorities without credit ratings. Recognising that credit ratings are imperfect predictions of default, the Council has regard to ther measures including credit default swap and equity prices when selecting commercial organisations for investment.

b. placing a limit on the amount of money which can be invested with a single counterparty; and

c. placing an overall limit of £40m which can be invested for more than one year.

The table below summarise the credit exposures of the Council's treasury investment portfolio by credit rating:

2017/18		Fitch Rating	2018/19	
Non-current	Current		Non-current	Current
£'000	£'000		£'000	£'000
-	4,754	AAA MMF	-	7,262
-	-	AA-	-	10,031
-	5,060	Unrated local authorities	-	44,019
16,206	2,695	Unrated pooled funds	19,684	163
8,633	8,660	Unrated debtors	7,277	10,633
-	326	Unrated investments	-	-
-	4,840	Unrated cash and cash equivalents	-	2,586
24,839	**26,335**		**26,961**	**74,694**

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. The estimated loss is negligible as the majority of investments mature within 12 months. There has been no history of default on the pooled funds, therefore no loss allowance is deemed necessary.

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Council will have insufficient funds in its bank account to make the payments necessary to meet its financial obligations.

The Council operates a cashflow forecasting system which seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowing at favourable rates from the Public Worlks Loans Board, the and other local authorities, and at higher rates from banks and building societies. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of high interest rates, as it has a substantial amount of money borrowed temporarily from other local authorities. This risk also extends to market lender option borrower option loans (LOBOs) where the lender can exrcise its option to vary the rate of interest payable, thereby triggering the Council's option to either accept the new rate or re-finance from elsewhere. The LOBOs have remaining terms of up to 47 years and interest rates of 3.75% to 3.99%.

Risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 30% of the Council's fixed term borrowing matures in any one financial year.

2017/18		2018/19
£'000		£'000
152,760	less than one year	214,682
-	between 1 and 2 years	5,083
14,000	between 3 and 5 years	29,250
29,000	between 6 and 10 years	54,417
25,500	between 11 and 15 years	50,916
28,000	between 16 and 20 years	57,792
60,841	between 21 and 25 years	70,008
-	between 26 and 30 years	3,750
13,000	more than 30 years	33,000
323,101	**Total**	**518,898**

Interest rate risk

Interest rate risk is the possibility that financial loss might arise as a result of changes in interest rates.

The Council is exposed to to interest movements on its borrowings and investments. Movements on interest rates have a complex effect on the Council depending on how variable and fixed interest rates move across differing financial instruments. For instance, a rise in interest rates would have the following effects:

Borrowings at variable rates	The interest expense charged to the Comprehensive Income and Expenditure Statement will rise
Borrowings at fixed rates	The fair value of the borrowing will fall (no impact on revenue balances)
Investments at variable rates	The interest income credited to the Comprehensive Income and Expenditure Statement will rise
Investments at fixed rates	The fair value of the assets will fall (no impact on revenue balances)

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

Investments measured at amortised cost and loans borrowed are not carried at fair value on the Balance Sheet, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

The Treasury Management Strategy aims to itigate these risks by setting upper limts of 50% on external debt than can be subject to variable interest rates. At 31 March 2019 96% of the debt portfolio was held in fixed rate instruments and 4% in variable rate LOBOs.

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

2017/18 £'000		2018/19 £'000
100	Increase in interest payable on variable rate borrowings	50
(209)	Increase in interest receivable on receivable rate investments	(258)
(109)	**Impact on surplus/deficit on the provision of services**	**(208)**

2017/18 £'000	Impact on other comprehensive income and expenditure	2018/19 £'000
-	Decrease in fair value of fixed rate investment assets	-
20,904	Decrease in fair value of fixed rate borrowings liabilities	37,263

Price risk

The Council holds some financial instruments in pooled property funds of which the capital value may fluctuate as a result of market conditions. While fluctuations in the capital value are a charge to the Comprehensive Income and Expenditure Statement, all such movements are transferred to the Pooled Instruments Adjustment Account in reliance on the statutory override provided by Regulation 30K of The Local Authorities (Capital FInance and Accounting) (England) Regulations 2003, as amended. Consequently any temporary fluctuations in price have no impact on the Council's finances.

Market risk

The Council recognises an allowance for expected credit losses on financial assets measured at amortised cost, lease receivables and trade debtors. The amount of expected credit losses is update at each reporting date to reflect chnages in credit risk since initial recognition of the respective financial instruments.

Trade receivables

For trade receivables the Council applies a simplified approach permitted under IFRS9 and recognises a loss allowance equal to to lifetime expected losses. The expected credit losses on these financial assets are estimated using a provision matrix based on historical credit loss experience, adjusted for general economic conditions and an assessment of both current and forecast diection of conditions at the reporting date. A loss allowance for expected credit losses is not recognised on a financial asset where the counterpartry is central governmnet or a local authority for which relevant statutory provisions prevent default.

In measuring the expected credit losses, significant trade receivable balances are assessed individually for impairment where specific information regarding recoverability of the debt is available. Trade receivables not assessed individually have been assessed on a collective basis based on shared risk characteristics and days past due.

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

At 31 March 2019	Not past due 0-29 Days	30-59 days	60 - 89 Days	90 - 119 Days	120 - 365 Days	More than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debtors individually assessed	-	-	-	-	-	-	-
Expected credit loss (individually assessed)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtors collectively assessed	3,409	97	58	22	325	774	4,685
Loss rate	0%	5%	25%	25%	50%	100%	
Expected credit loss (collectively assessed)	**-**	**5**	**15**	**6**	**163**	**774**	**961**
Total Lifetime Expected Credit Losses	**-**	**5**	**15**	**6**	**163**	**774**	**961**

At 31 March 2018	Not past due 0-29 Days	30-59 days	60 - 89 Days	90 - 119 Days	120 - 365 Days	More than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debtors individually assessed	-	-	-	-	-	-	-
Expected credit loss (individually assessed)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtors collectively assessed	6,891	173	62	120	399	395	8,040
Loss rate	0%	5%	25%	25%	50%	100%	
Expected credit loss (collectively assessed)	**-**	**9**	**16**	**30**	**200**	**395**	**649**
Total Lifetime Expected Credit Losses	**-**	**9**	**16**	**30**	**200**	**395**	**649**

The closing balance of the trade receivables loss allowance at 31 March 2019 reconciles with trade receivables loss allowance opening balance as follows:

2017/18		2018/19
£'000		£'000
511	Loss allowance at 31 March calculated under IAS 39	649
-	Amounts adjusted through opening reserves	-
511	**Opening loss allowance at 1 April**	**649**
138	Loss allowance recognised during the year	312
-	Receivables written off during the year	-
-	Loss allowance unused and reversed during the year	-
649	**Loss allowance at 31 March**	**961**

Other receivables measured at amortised cost (Long-term debtors)

For long-term debtor balances, recognition of 12-month expected crdit losses or lifetime expected credit losses is dependent on whether there has been a significant increase in credit risk of these items since initial recognition.

At 31 March 2019 the gross carrying amount of long-term debtors measured at amortised cost was £7.277m (£8.633m at 31 March 2018)

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

The balance due from Slough Children's Services Trust of £5.983m at 31 March 2019 (£4.182m at 31 March 2018) has been impaired by £2.4m following agreement in February 2021 with the Department fo Education for a new loan to the Trust.

The closing balance of the loss allowance for other other receivables at 31 March 2019 reconciles with the opening balance as follows:

2017/18		2018/19
£'000		£'000
-	Loss allowance at 31 March calculated under IAS 39	-
-	Amounts adjusted through opening reserves	-
-	**Opening loss allowance at 1 April**	**-**
-	Loss allowance recognised during the year	2,400
-	Receivables written off during the year	-
-	Loss allowance unused and reversed during the year	-
-	**Loss allowance at 31 March**	**2,400**

Non-IFRS9 financial assets that are either past due or impaired

An analysis of the age of non-IFRS9 financial assets, comprising Council Tax, business rates and housing rents that were either past due at the balance sheet date or imapired is set out in the following table

2017/18					2018/19			
Council Tax	Business Rates	Housing Rents	Total		Council tax	Business Rates	Housing Rents	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
1,946	2,179	532	4,657	Past due less than 12 months	2,227	2,560	577	5,364
10,904	1,556	1,743	14,203	Past due more than 12months	11,482	1,701	1,979	15,162
12,850	**3,735**	**2,275**	**18,860**		**13,709**	**4,261**	**2,556**	**20,526**

A summary of the loss allowance at the balance sheet date analysed by class of debtor is shown below - all have been assessed on a collective basis.

2017/18		2018/19
£'000		£'000
(5,735)	Council Tax	(10,426)
(2,004)	Business Rates	(3,122)
(1,808)	Housing Rents	(2,032)
(8,761)	Housing Benefits Overpayments	(11,220)
(18,308)		**(26,800)**

Note 25: Fair value of assets and liabilities

The following tables combine information about:

(a) classes of financial instruments and non-financial assets based on their nature and characteristics;

(b) the carrying amounts of financial instruments and non-financial assets;

(c) fair values of financial instruments and non-financial assets; and

(d) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 - measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - measurement is based on inputs other than quoted prices included in Level 3 that are observable for the asset lor liability, either directly or indirectly

Level 3 - measurement is based on unobservable inputs for the asset or liability.

The basis of valuation of each class of financial instrument and non-financial asset is set out below. There has been no change in the valuation techniques used during the year. All items have been valued using fair value techniques based on the characteristics of the financial instrument or non-financial asset, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and cash equivalents, trade debtors, trade creditor and cash-based investments (long and short-term)	Level 1	Carrying value is deemed to be fair value, because of the short-term nature of the instruments	Not Required	Not required
Non-current debtors	Level 2	Discounted cashflows for the instrument using an equivalent market rate	Council accounting records	Not required
Finance leases and PFI liabilities	Level 2	The fair values have been estimated by discounting the contractual cashflows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.	Observable inputs are the bond yields. Unobservable inputs are the remaining cashflows.	Not required
Loans outstanding	Level 2	The fair values have been estimated by discounting the remaining cashflows of the borrowing using the appropriate rate for local authority loans	Observable inputs are the PWLB rates. Unobservable inputs are the remaining cashflows.	Not required
Investments in pooled funds	Level 2	Forward pricing	NAV-based pricing set on a forward pricing basis	Not required
Investment property	Level 2	Investment method of valuation.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	Not required

Note 25: Fair value of assets and liabilities (continued)

2018/19	Carrying value				Fair value			
	Financial and non-financial assets		Financial liabilities	Total	Level			Total
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
Loans and receivables								
Investments	-	44,019	-	44,019	44,019	-	-	44,019
Debtors	-	19,837	-	19,837	8,660	7,045	-	15,705
Cash and cash equivalents	-	19,879	-	19,879	19,879	-	-	19,879
Fair value through profit and loss	-	-	-	-	-	-	-	-
Investments	19,847	-	-	19,847	-	19,847	-	19,847
Total financial assets	**19,847**	**83,735**	**-**	**103,582**	**72,558**	**26,892**	**-**	**99,450**
Non-financial assets								
Investment property	69,246	-	-	69,246	-	69,246	-	69,246
Surplus assets	17,540	-	-	17,540	-	17,540	-	17,540
Assets held for Sale	-	-	-	-	-	-	-	-
Total Financial and non-financial assets	**106,633**	**83,735**	**-**	**190,368**	**72,558**	**113,678**	**-**	**186,236**
Financial Liabilities								
Liabilities at amortised cost								
Loans outstanding	-	-	(518,898)	(518,898)	(214,682)	(353,189)	-	(567,871)
PFI contracts	-	-	(34,701)	(34,701)	-	(53,559)	-	(53,559)
Finance leases	-	-	(7,020)	(7,020)	-	(6,342)	-	(6,342)
Trade creditors	-	-	(35,953)	(35,953)	(35,953)		-	(35,953)
Total financial liabilities	**-**	**-**	**(596,572)**	**(596,572)**	**(250,635)**	**(413,090)**	**-**	**(663,725)**

Note 25: Fair value of assets and liabilities (continued)

2017/18	Carrying value					Fair value			
	Financial and non-financial assets			Financial liabilities	Total	Level			Total
	Fair value through profit and loss	Available for Sale	Loans and Receivables	Liabilities at amortised cost		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets									
Loans and receivables									
Investments	-	-	5,080	-	5,080	-	5,080	-	5,080
Debtors	-	-	17,293	-	17,293	8,660	8,169	-	16,829
Cash and cash equivalents	-	-	9,900	-	9,900	9,900	-	-	9,900
Fair value through profit and loss	-	-	-	-	-	-	-	-	-
Investments	-	18,901	-	-	18,901	-	18,901	-	18,901
Total financial assets	**-**	**18,901**	**32,273**	**-**	**51,174**	**18,560**	**32,150**	**-**	**50,710**
Non-financial assets									
Investment property	58,242	-	-	-	58,242	-	58,242	-	58,242
Surplus assets	16,834	-	-	-	16,834	-	16,834	-	16,834
Assets held for Sale	1,276	-	-	-	1,276	-	1,276	-	1,276
Total Financial and non-financial assets	**76,352**	**18,901**	**32,273**	**-**	**127,526**	**18,560**	**108,502**	**-**	**127,062**
Financial Liabilities									
Liabilities at amortised cost									
Loans outstanding	-	-	-	(323,861)	(323,861)	(153,520)	(205,566)	-	(359,086)
PFI contracts	-	-	-	(35,963)	(35,963)	-	(54,309)	-	(54,309)
Finance leases	-	-	-	(7,808)	(7,808)	-	(5,691)	-	(5,691)
Trade creditors	-	-	-	(70,572)	(70,572)	(70,572)	-	-	(70,572)
Total financial liabilities	**-**	**-**	**-**	**(438,204)**	**(438,204)**	**(224,092)**	**(265,566)**	**-**	**(489,658)**

Note 26: Cash and Cash Equivalents

2017/18		2018/19
£'000		£'000
5,146	Cash and bank balances	2,587
4,754	Short-term deposits	17,292
9,900	**Total**	**19,879**

Note 27: Debtors

These balances represent the amount of money owed to the Council at year end. Debtors include individuals, central government departments, other local authorities, NHS and other bodies. An analysis is given below.

2017/18*	Short-term debtors	2018/19
£'000		£'000
2,167	Prepayments	1,469
19,791	Central Government bodies	-
2,863	Trade debtors	9,150
3,755	VAT	5,059
6,303	Council Tax	10,929
1,517	NNDR receivable	4,671
3,477	Housing Benefit receivable	12,393
227	Other debtors	2,979
(3,151)	Impairment Allowance for Doubtful Debts	(28,225)
36,949	**Total**	**18,425**

** The 2017/18 comparators were restated, see Note 39 for more details.*

2017/18*	Long-term debtors	2018/19
£'000		£'000
9,508	Loans to third parties	26,916
4,157	Overage	4,157
47	Deferred liabilities	47
181	Other	89
13,893	**Total**	**31,209**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 28: Creditors

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2019.

2017/18 Restated*		2018/19
£'000		£'000
(5,118)	Trade creditors	(5,341)
(1,325)	PAYE & NI	(1,180)
-	Central Government Bodies	(3,379)
(29,516)	Other Creditor	(41,146)
(1,252)	PFI Finance Lease Liability	(1,379)
(4,847)	Receipts in Advance	(5,675)
(10,628)	Payroll Creditor	(177)
(3,936)	Collection Fund Account Balance – Council Tax	(573)
(56,622)	**Total**	**(58,850)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 29: Provisions

The Council makes provision in compliance with IAS37 where there is an obligation as a result of a past event, when it is probable that the Council will incur expenditure and where a reasonable estimate can be made of the amount involved. Provisions are split into short term (less than one year) and long term (more than one year). In addition to the provisions shown below, there are provisions for bad debts which have been netted off against the debtors figure on the balance sheet.

Short-term provisions	Insurance claims	Business rates appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2018	(716)	(1,506)	(225)	(2,447)
Amounts used	-	4,173	225	4,398
Additional provisions	-	(4,116)	-	(4,116)
Balance at 31 March 2019	**(716)**	**(1,449)**	**-**	**(2,165)**

Long-term provisions	Water rates	Business rates appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2018	-	-	(223)	(223)
Amounts used	-	-	-	-
Additional provisions	(2,630)	(6,519)	-	(9,149)
Balance at 31 March 2019	**(2,630)**	**(6,519)**	**(223)**	**(9,372)**

Note 29: Provisions (continued)

Insurance claims

The provision covers claims which have been lodged and for which there is reasonable probability that the Council is liable and for which a reaonable estimate can be made of theamount required to settle

Business rates appeals

Following the localisation of business rates from 1 April 2013, the Council has set aside a provision for any potential liabilities arising from appeals by business ratepayers against rateable valuations. The amount set aside reflects the Council's 94% share of the liability.

Water rates

A provision has been set up for the possible repayment of water rate to tenants following the case of Jones v London Borough of Southwark in the High Court in 2016. The provision is a charge against the HRA as the water rates were originally collected with housing rents and reported in the HRA.

Other

Other provision include contractual claims that arise in respect of disputes arising in the ordinary course of business.

Note 30: Unusable Reserves

2017/18 Restated*		2018/19
£'000		£'000
(284,567)	Revaluation Reserve	(311,349)
(1,209)	Available for Sale Financial Instruments Reserve	-
-	Pooled Investment Funds Adjustment Account	(1,135)
(188,319)	Capital Adjustment Account	(120,162)
1,362	Financial Instruments Adjustment Account	1,095
270,460	Pension Reserve	273,357
(9,791)	Deferred Capital Receipts Reserve	(4,237)
577	Collection Fund Adjustment Account	5,944
1,014	Accumulated Absences Account	717
(210,473)	**Balance 31 March**	**(155,770)**

Note 30a: Revaluation Reserve

The reserve is credited with gains on the revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve. The depreciation adjustment ensures that only the depreciation on the historic cost of assets impacts on the capital adjustment account.

The balance on the reserve reflects the difference between the value of the Council's assets at depreciated historical cost and their current value.

2017/18 Restated*		2018/19
£'000		£'000
(277,336)	**Balance at 1 April**	**(284,567)**
9,675	Restatement	-
(267,661)	**Restated balance at 1 April**	**(284,567)**
(54,598)	Upward revaluation of assets	(97,497)
29,854	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	43,868
(24,744)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(53,629)**
4,890	Difference between fair value depreciation and historical cost depreciation	5,209
2,948	Accumulated gains on assets sold or scrapped	21,638
7,838	**Amount written off to the Capital Adjustment Account**	**26,847**
(284,567)	**Balance 31 March**	**(311,349)**

Note 30b: Available for Sale Financial Instruments Reserve

This reserve is (credited)/debited with (gains)/losses arising from the the change in fair value of available for sale financial assets.

2017/18		2018/19
£'000		£'000
(761)	**Balance 1 April**	**(1,209)**
-	Opening balance adjustments on adoption of IFRS9	1,209
(761)	**Restated balance at 1 April**	**-**
(518)	Upward revaluation of investments	-
70	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	-
(1,209)	**Balance 31 March**	**-**

Note 30c: Pooled Investment Funds Adjustment Account

This reserve is (credited)/debited with (gains)/losses arising from the revaluation of financial instruments held at fair value through other comprehensive income (FVOCI).

2017/18 £'000		2018/19 £'000
-	**Balance 1 April**	**-**
-	Opening balance adjustments on adoption of IFRS9	(1,209)
-	**Restated balance at 1 April**	**(1,209)**
-	Upward revaluation of investments	(44)
-	Downward revaluation of investments	118
-	**Total Changes in revaluation and impairment**	**74**
-	**Balance 31 March**	**(1,135)**

Note 30d: Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account also contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2017/18 Restated*		2018/19
£'000		£'000
(268,679)	**Balance at 1 April**	**(188,319)**
55,278	Restatement	(15)
(213,401)	**Restated balance at 1 April**	**(188,334)**
23,247	Charges for depreciation and impairment of non- current assets	22,232
16,711	Revaluation losses on non-current assets	31,691
95	Amortisation of intangible assets	-
14,654	Revenue expenditure funded from capital under statute	9,676
13,881	Capitalisation Direction	28,201
-	Revaluation and impairment of capital financial assets	546
31,600	Current value of asset disposals	38,553
100,188	**Reversal of Items relating to capital expenditure debited or credited to the CIES**	**130,899**
(7,838)	Adjusting amounts written out of the Revaluation Reserve	(25,173)
92,350	**Net written out amount of the cost of non- current assets consumed in the year**	**105,726**
(5,625)	Capital receipts	(10,192)
(10,626)	Major repairs reserve	(12,069)
(36,323)	Capital grants and contributions	(18,686)
(6,503)	Minimum revenue provision	(8,173)
(6,700)	Direct revenue financing	(2,054)
(65,777)	**Capital financing applied in year:**	**(51,174)**
(1,491)	Increase/(decrease) in value of investment properties	16,307
-	Other movements	(2,687)
(188,319)	**Balance at 31 March**	**(120,162)**

Note 30e: Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2017/18		2018/19
£'000		£'000
1,634	**Balance at 1 April**	**1,362**
-	Opening balance adjustments on adoption of IFRS9	-
1,634	**Restated balance at 1 April**	**1,362**
(272)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements Premiums incurred in the year and charged to the CIES	(267)
1,362	**Balance 31 March**	**1,095**

Note 30f: Pensions Reserve

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

2017/18		2018/19
£'000		£'000
270,205	**Balance at 1 April**	**270,460**
(16,229)	Actuarial gains/(losses) on pensions assets & liabilities	(7,875)
25,380	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	20,417
(8,896)	Employer's pensions contributions & direct payments to pensioners payable in the year	(9,645)
270,460	**Balance at 31 March**	**273,357**

Note 30g: Deferred Capital Receipts Reserve

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

2017/18 £'000		2018/19 £'000
(12,991)	**Balance at 1 April**	**(9,791)**
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	-
3,200	Transfer to the Capital Receipts Reserve upon receipt of cash	5,554
(9,791)	**Balance at 31 March**	**(4,237)**

Note 30h: Collection Fund Adjustment Account

The Collection Fund adjustment account manages the differences arising from the recognition of Council Tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18 Restated* £'000		2018/19 £'000
1,111	**Balance at 1 April**	**577**
(534)	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	3,709
-	Other movements	1,658
577	**Balance at 31 March**	**5,944**

Note 30i: Accumulated Absences Account

2017/18 £'000		2018/19 £'000
1,014	**Balance at 1 April**	**1,014**
-	Settlement or cancellation of accrual made at the end of preceding year	(1,014)
-	Amounts accrued at the end of the current year	717
1,014	**Balance at 31 March**	**717**

Note 31: 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 32: Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Council 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 and therefore they need to be disclosed at the time the employee earns 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.

Note 32: Defined Benefit Pension Schemes (continued)

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.

2017/18		2018/19
LGPS		LGPS
£'000		£'000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
14,155	Current service cost	15,388
702	Past service cost	3,266
2,728	Losses/(gains) on curtailments and settlements	(5,078)
	Other operating expenditure:	
-	Pension Administration expenses	163
	Financing and investment income and expenditure:	
7,656	Interest cost	6,678
25,241	**Total post employment benefit charged to the (surplus)/deficit on provision of services**	**20,417**
	Other Post employment benefit charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(1,083)	- Return on plan assets, excluding the amount included in the net interest expense	(3,220)
(19,681)	- Actuarial gains/(losses) arising from changes in financial assumptions	24,282
-	- Actuarial gains(losses) arising from changes in demographic assumptions	(28,937)
134	- Other movements in the liability / (asset)	-
(20,630)	**Total Post employment benefit charged to Other Comprehensive Income and Expenditure**	**(7,875)**
4,611	**Total Post employment benefit charged to the Comprehensive Income and Expenditure Statement**	**12,542**

Note 32: Defined Benefit Pension Schemes (continued)

Pensions Assets and Liabilities recognised in the Balance Sheet

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

2017/18 LGPS £'000		2018/19 LGPS £'000
(496,297)	Present value of the defined obligation	(511,755)
225,837	Fair value of plan assets	238,398
(270,460)	**Net (liability) / asset arising from the defined benefit obligation**	**(273,357)**

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
	Remeasurement gains/losses:	
1,083	- The return on plan assets, excluding the amount included in the net interest expense	3,220
-	- Other gains/(losses)	-
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**

Note 32: Defined Benefit Pension Schemes (continued)

Movements in the Fair Value of Scheme Liabilities

2017/18		2018/19
LGPS		LGPS
£'000		£'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)
	Remeasurement gains/losses:	
-	- Actuarial gains(losses) arising from changes in demographic assumptions	28,937
19,681	- Actuarial gains/(losses) arising from changes in financial assumptions	(28,817)
(134)	- Other gains/(losses)	-
(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)**

Note 32: Defined Benefit Pension Schemes (continued)

LGPS - Pension Scheme - Assets comprised of:

Fair value of scheme assets

2017/18				2018/19		
Quoted	Unquoted	Total		Quoted	Unquoted	Total
£'000	£'000	£'000		£'000	£'000	£'000
34,531	**-**	**34,531**	**Cash and cash equivalents**	**19,971**	**-**	**19,971**
94,515	-	94,515	Overseas	96,314	-	96,314
17,874	-	17,874	UK	2,528	-	2,528
112,389	**-**	**112,389**	**Subtotal Equities**	**98,842**	**-**	**98,842**
-	-	-	Government Gilts	-	-	-
11,726	-	11,726	Overseas Unit Trusts	-	-	-
-	-	-	Overseas Private Equity	-	-	-
-	23,490	23,490	Private Fixed Interest	-	25,785	25,785
-	-	-	Unit Trusts	12,134	-	12,134
11,726	**23,490**	**35,216**	**Subtotal Bonds**	**12,134**	**25,785**	**37,919**
-	-	-	UK	-	25,279	25,279
-	-	-	Overseas	-	4,297	4,297
-	**-**	**-**	**Subtotal Private Equity**	**-**	**29,576**	**29,576**
-	12,091	12,091	Infrastructure	-	23,762	23,762
25,206	4,947	30,153	Property	28,313	7,078	35,391
10,183	-	10,183	Target returns	-	-	-
2,438	1,707	4,145	Commodities	-	2,022	2,022
37,827	**18,745**	**56,572**	**Subtotal other investment funds**	**28,313**	**32,862**	**61,175**
-	(4,180)	(4,180)	Longevity insurance	-	5,308	5,308
-	-	-	Futures	-	-	-
-	**(4,180)**	**(4,180)**	**Subtotal Derivatives**	**-**	**5,308**	**5,308**
196,473	**38,055**	**234,528**	**Total Assets**	**159,260**	**93,531**	**252,791**

Note 32: Defined Benefit Pension Schemes (continued)

The principal assumptions used by the actuary have been:

2017/18		2018/19
LGPS		LGPS
%		%
3.3	Rate of inflation	2.5
3.8	Rate of increase in salaries	4.0
2.3	Rate of increase in pensions	2.5
2.6	Rate for discounting scheme liabilities	2.5

2017/18		Mortality assumptions	2018/19	
Males	Females		Males	Females
23.1	25.2	Longevity at retirement for current pensioners	23.2	25.3
25.3	27.5	Longevity at retirement for future pensioners	25.4	27.6

Impact of assumptions on the obligation:

Assumption	Increase by 1% £'000	Decrease by 1% £'000
Longevity	20,195	(19,446)
Rate of inflation	-	-
Rate of increase in salaries	6,290	(6,153)
Rate of increase in pensions	96,590	(94,792)
Rate for discounting scheme liabilities	(100,853)	102,889

Impact on the Council'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 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 Authority anticipates to pay £8,955k expected contributions to the scheme in2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (20 years 2018/19).

Note 33: Cash Flow Statement - Operating Activities

2017/18 Restated*		2018/19
£'000		£'000
75,458	**Net (surplus) or deficit on the provision of services**	**137,638**
	Adjustments for non-cash movements:	
(23,246)	Depreciation	(22,198)
(8,176)	Impairments and downward revaluation	(38,691)
(95)	Amortisation	-
(4,588)	Net increase/decrease in creditors, debtors and inventories	(29,549)
(20,884)	Pensions liability	(10,772)
(31,600)	Carrying amount of non-current assets sold	(48,376)
(11,718)	Other non-cash items	(10,677)
(100,307)	**Subtotal**	**(160,263)**
	Adjustments for items that are investing or financing activities:	
-	Proceeds from short-term (not 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	**Subtotal**	**25,159**
6,544	**Net cash flows from operating activities**	**2,534**

** The 2017/18 comparators were restated, see Note 39 for more details.*

The cash flows for operating activities include the following items:

2017/18		2018/19
£'000		£'000
(2,058)	Interest received	(4,876)
8,963	Interest paid	8,416
6,905	**Total**	**3,540**

Note 34: Cash Flow Statement - Investing Activities

2017/18 Restated* £'000		2018/19 £'000
125,725	Purchase of property, plant and equipment, investment property and intangible assets	131,050
330,466	Purchase of short-term and long-term investments	73,218
-	Other payments for investing activities	-
(15,343)	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)
(16,233)	Other receipts from investing activities	782
85,363	**Net cash flows from investing activities**	**178,140**

** The 2017/18 comparators were restated, see Note 38 for more details.*

Note 35: Cash Flow Statement - Financing Activities

2017/18 Restated* £'000		2018/19 £'000
(203,000)	Cash receipts of short-term and long-term borrowings	(534,500)
	Other receipts from financing activities	-
-	Council Tax and NNDR adjustments	-
2,260	Cash payments for the reduction of the 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 from financing activities	1,928
(82,007)	**Net cash flows from financing activities**	**(190,654)**

** The 2017/18 comparators were restated, see Note 38 for more details.*

Note 36: Related Party Transactions

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.

Central government

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

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members Allowances is reported at Note 11.

The following Members held positions of control or significant influence in related parties to the Council during 2018/19:

Councillors Mann, Nazir and Swindlehurst were directors of Development Initiative for Slough Housing Ltd

Entities controlled or significantly influenced by the Council

			2018/19					
Entity name	Structure	Officers on the Board	Shareholding	Loan	Expenditure	Income	Income outstanding to SBC	Balance outstanding from SBC
			£'000	£'000	£'000	£'000	£'000	£'000
Development Initiative for Slough Housing (DISH)	Wholly owned subsidiary		-	-	400	400	-	725
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Mike England Stephen Gibson Colin Moone	5,992	23,932	-	(550)	29,924	151
Slough Urban Renewal	Joint Venture	Joe Carter Neale Cooper Stephen Gibson	N/A	(5,554)	20,662	(3,939)	.	453
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Joe Carter Neale Cooper Mike England Stephen Gibson Nigel Pallace	455,001	-	955	-	955	-
Slough Children First Ltd	Company limited by guarantee - controlled by Department for Education	Lisa Jane Lyons Paul M G Mcdonald Eleni C Ioannides	N/A	2,983	25,941	-	-	-

Note 36: Related Party Transactions (continued)

2017/18								
Entity name	Structure	Officers on the Board	Shareholding	Loan	Expenditure	Income	Income outstanding to SBC	Balance outstanding from SBC
			£'000	£'000	£'000	£'000	£'000	£'000
Development Initiative for Slough Housing (DISH)	Wholly owned subsidiary		-	-	386	386	-	676
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Mike England Stephen Gibson Colin Moone John P Thomas	1,464	5,260	-	(64)	6,724	79
Slough Urban Renewal	Joint Venture	SBL	N/A	(3,200)	44,597	(6,028)	5,203	8,300
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Neale Cooper John P Thomas Mike England Stephen Gibson Colin Moone	455,001	-	512	-	512	-
Slough Children First Ltd	Company limited by guarantee - controlled by Department for Education	Matthew John Marsden John Derek Petit Elizabeth Jane Railton	N/A	2,983	25,514	-	-	-

Other entities

Other management entities were paid the following sums for services provided for the following interim chief officers:

2017/18		2018/19
£'000		£'000
87	Interim Director of Place and Development	154
30	Interim Chief Executive	195

Note 37: 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 23

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 38: Events After the Balance Sheet Date

Authorised for issue date

The Statement of Accounts was originally authorised for issue by the then section 151 officer, Neil Wilcox on 31 May 2019.

During 2021/22, the Statement of Accounts has been completely re-drafted to address issues:

1. raised by the external auditors regarding the original draft accounts, and
2. subsequent work to address issues highlighted by the Section 114 Notice and the Capitalisation Direction (see below).

The revised Statement of Accounts was authorised for issue by the Section 151 officer, Steven Mair, on 31 May 2022.

Covid-19 Pandemic

On 23 March 2020, the Prime Minister announced that to limit the spread of the coronavirus (Covid-19) he would be asking people to stay at home and where possible work from home and only essential journays should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were "furloughed" on 80% of their salary paid by central government.

The "lockdown" was finally lifted in stages in mid-2021 in the UK. The Covid-19 pandemic has undoubtedly had a significant impact the UK and global economy.

As the condition did not exist at 31 March 2019, it is therefore a non-adjusting event for which a limited estimate of its financial effect on the Council can be made as at 31 March 2019. It is noted that the future financial impact for 2019/20 and subsequent year has been greater, and that consequently there will be further implications and consierations for the Council's Balance Sheet in relation to asset values, pension fund liabilities and revenue income at the future year-ends.

Note 38: Events After the Balance Sheet Date (continued)

Any implications for valuation movements would be recognised within the Comprehensive Income and Expenditure Statement in the year when they occurred, in accordance with proper accounting practice. They would then be adjusted for within the Movement in Reserves Statement to negate any impact on the General Fund in line with regulatory requirements.

Income shortfalls have been mitigated by a range of Covid-19 grant support measures issued by central government throughout 2020/21 and 2021/22.

Section 114 Notice and Capitalisation Direction

On 2 July 2021, the Council's Section 151 officer, Steven Mair, issued a section 114 Notice to the Council, which highlighted that the Council faced a significant unfunded financial deficit arising from financial challenges which have arisen over a number of years, and required the Council to take action to address these issues as a matter of urgency.

The s.114 Notice has led to intervention from the Secretary of State for Levelling UP, Housing and Communities who issued an "in principle" Capitalisation Direction in March 2022.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue expenditure from capital resources, namely by applying usable capital receipts and in the short-term setting aside minimum revenue provision.

Whilst the Capitalisation Direction was issued in March 2022 it covers transactions and balances for the years preceding 1 April 2017 to 31 March 2023. Therefore at the balance sheet date of 31 March 2019, the Capitalisation Direction is an adjusting event. The items which have been adjusted under the Capitalisation Direction are set out in Note 5 to these accounts.

Valuation of pension liabilities

The McCloud and Sargeant cases are two national legal cases which impact on the transitional provisions of the 2014 Local Government Pension Scheme on age discrimination grounds. In December 2018 the Court of Appela ruled against the Government on the two cases. The Government attempted to appeal the two cases on 27 June 2019, but the appeal was refused by the Supreme Court requiring remedy to the two underlying public service pension schemes - the judical and firefighters pension schemes respectively. Subsequently, on 13 July 2019 the Chief Secretary to the Treasury announced that the remdies would apply to all public service pension schemes, which will result in an increase in benefits.

In addition, the Royal Berkshire Pension Fund, of which Slough Borough Council is a member, revalued a convertible bond which had a material impact on the valuation of the net assets of the pension fund.

In light of the above, the IAS 19 valuation of the Council's pension liabilities disclosed at Note 32 has been updated to reflect the estimated impact of the proposed remedy and the revised valuation of the net assets of the pension fund. The combined effect has been to reduce the net overall pension liabilities by £15m from £288m (as originally reported at 31 March 2019) to £273m.

This has no impact on the General Fund, because all IAS 19 charges are transferred to the Pension Reserve and replaced by the employers contributions payable to the pension fund in line with statutory requirements.

Note 39: Prior Period Adjustment

During the preparation of the 2018/19 Statement of Accounts the Council identified the following issues requiring restatement of prior periods:

1. A detailed review of the Council's fixed asset register identified a number of properties which had been disposed of but were still on the fixed asset register and that valuations for a number of properties had been misstated because of discrepancies in the gross internal areas used by the valuers as part of the valuation. The combination of the two issues has resulted in a reduction of the net book value of assets of £7.9m at 1 April 2017 and £1.45m at 31 March 2018, and a reduction of £11m in depreciation in 2017/18.

2. Review of the fixed asset register highlighted that a number of assets classified as surplus assets should have been reclassified to Assets held for Sale. The total value of assets reclassified is £1.278m.

3. The value and the classification of the purchase of the Thames Valley University site in 2017/18 had been understated because the 2017/18 accounts had only reflected the first of three annual payments for the purchase price. A creditor of £16.1m has been recognised to reflect the full purchase price of the asset in 2017/18. The asset had been misclassified as an investment property and had been revalued downwards in 2017/18 and 2019/20 by £8 and £9m respectively. Corrections have been made to reverse the downward revaluations and to reclassify the asset to Assets under Construction.

4. The distribution of the Council's share of profits from Slough Urban Renewal LLP in 2019/20 had been accrued for in 2017/18 and 2018/19, before the distribution was declared by the company. Therefore the accrual has had to be reversed reducing income by £4.309m in 2017/18 and £3.264m in 2018/19.

5. Credit balances on debtors and debit balances on creditors had been incorrectly netted off each other in 2017/18. The balances have been grossed up by £14.89m to correct in 2017/18.

6. Income from overage agreements had been incorrectly classified as revenue income when it should have been classed as deferred capital receipts pending receipt of the cash payments. The impact was to overstate income credited to the General Fund by £2.203m and to the HRA by £2.646m in 2016/17. In addition a further £1.43m was incorrectly treated as General Fund income in 2017/18 and has been transferred to usable capital receipts to correct.

7. The Council had understated the Minimum Revenue Provision (MRP) charge in previous years by not following either the Council's own MRP policy nor the Statutory Guidance on MRP issued by the then Department for Communities and Local Government in 2018. Consequently, MRP was understated by £21.661m in the years to 31 March 2017, £5.136m in 2017/18 and £6.036m in 2018/19

8. Review of the accounting for s.106 agreements highlighted that all such income had been recognised as income and credited to the Capital Grants Unapplied Account. As s.106 income has conditions attached to the funding, it should have been classified as a long-term creditor and only recognised as income when the conditions attached to the individual s.106 agreements had been met. To correct £11.854m has been transferred from Capital Grants Unapplied to Long-Term Creditors at 1 April 2017, a further net transfer of £1.43m was made to Long-term Creditors in 2017/18 and net deployment of £3.904m from Long-term Creditors made in 2018/19.

9. The carrying value of infrastructure assets has been overstated for a number of years because accumulated depreciation had not been written out when assets were fully depreciated and all expenditure on infrastructure had been classed as single asset each year and depreciated over a standard asset life of 40 years, when the various components of infrastructure have asset lives ranging from 10 to 40 years. Recalculating depreciation of the revised asset lives has resulted in a reduction in the net book value of the assets of £38.343m at 1 April 2017 and an increase in depreciation charges of £3.196m in 2017/18 and £3.340m in 2018/19.

10. Loans advanced to James Elliman Homes in 2017/18 had been misclassified as Long-Term Investments and the carrying amount misstated by not accounting for the advance being a "soft loan" (i.e. advanced at below commercial rates).

11. Debtors had been misstated as follows:

    (a) a debtor balance in respect of the Council's share of the Collection Fund raised in 2014/15 had not been reversed the following year. Consequently the debtors balance was overstated by £6.301m as at 1 April 2017. The debtor has been written out to the General Fund at 1 April 2017; and

    (b) a debtor had been recognised in respect of a legal dispute with Essex CC for £1.17m, when there was insufficient evidence to recognise any income. The dispute was subsequently settled in 2020/21 for £0.3m.

Note 39: Prior Period Adjustment (continued)

12. The Council had capitalised costs totalling £4.2m relating to support for the Agresso ledger system in the years after implementation which should have been charged to revenue. The costs have been reversed to revenue.

13. The Council had operated an oncost recharge system to recover costs of officers engaged on capital projects, but this overcharged directly attributable costs to capital projects by £3.5m. The overcharge has been reversed to revenue.

14. £9.4m of revenue costs incurred by Slough Children First and classed as transformation funding did not meet the criteria to be classed as transformation and have had to be reversed to revenue.

15. £4.7m of revenue costs incurred by the Council on projects classed as transformation did not meet the criteria to be classed as transformation and have been reversed to revenue.

16. The Department for Levelling Up, Housing and Communities has awarded a Capitalisation Direction to the Council to permit the Council to capitalise a range of costs which would otherwise be a charge to the General Fund. The purpose of the Capitalisation Direction is primarily allow the Council to correct the understatement of MRP in previous years. This allows the Council to transfer to the Capital Adjustment Account the following understatements of MRP:

    (a) £21.661m to 1 April 2017;
    (b) £5.136m in 2017/18; and
    (c) £6.036m in 2018/19.

17. Beechwood School became an academy in 2016/17. The land relating to Beechwood should have been derecognised in 2016/17. A PPA is required to amend the accounts and to fully derecognise the asset from 2017/18.

18. The Town Hall Development Site (Investment Property) was included in the accounts as a duplicate asset. The duplicate asset needs to be derecognised and any associated fair value movements need to be reversed.

19. IAS19 entries relating to 2017-18 pension costs were understated on the CIES and Balance Sheet by £4.5m. The PPA makes the necessary adjustments to the CIES, LT Liabilities, and the Pensions Reserve.

20. Net £4.8m of historical balances were written-off in 2016-17. These were legacy balances arising from the migration of the old finance system to Agresso.

21. Council dwellings totalling £7.2m which were previously incorrectly derecognised were correctly recognised as a valuation movement.

The following tables set out the detailed impact on each of the primary statements.

Note 39: Prior Period Adjustment (continued)

The restatements are summarised below

Effect on the opening balance sheet at 1 April 2017

	Opening balances at 1 April 2017	Restatements: Write out old assets and restate valuations	Restatements: Correct misposting of overage income	Restatements: Correct understatement of MRP	Restatements: Restate s.106 receipts	Restatements: Restate infrastructure	Restatements: Incorrect capitalisation*	Restatements: Apply Capitalisation Direction	Restatements: Derecognise Academy	Restatements: Derecognise Investment Property	Restatements: Write-off historical balances	Restated balances at 1 April 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	480,546	(187)					(1,881)					478,478
Other land and buildings	187,410	(2,731)					(1,164)		(2,150)			181,365
Vehicles, Plant & Equipment	25,549											25,549
Infrastructure assets	97,315					(38,483)						58,832
Community assets	8,184											8,184
Surplus Assets	26,863	(4,980)										21,883
Assets Under construction	29,128	(7)					(764)					28,357
Property, plant and equipment	**854,995**	**(7,905)**	**-**	**-**	**-**	**(38,483)**	**(3,809)**	**-**	**(2,150)**	**-**	**-**	**802,648**
Other non-current assets	**74,388**		**(692)**							**(2,143)**		**71,553**
NON CURRENT ASSETS	**929,383**	**(7,905)**	**(692)**	**-**	**-**	**(38,483)**	**(3,809)**	**-**	**(2,150)**	**(2,143)**	**-**	**874,201**
Current assets	**78,202**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,797)**	**72,405**
Current liabilities	**(110,877)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**956**	**(109,921)**
Long-term creditors	-	-	-	-	(11,854)	-	-	-				(11,854)
Deferred capital receipts	-	-	(4,157)	-	-	-	-	-				(4,157)
Total long-term liabilities	**(483,537)**	**-**	**(4,157)**	**-**	**(11,854)**	**-**	**-**	**-**	**-**	**-**	**-**	**(499,548)**
TOTAL NET ASSETS	**413,171**	**(7,905)**	**(4,849)**	**-**	**(11,854)**	**(38,483)**	**(3,809)**	**-**	**(2,150)**	**(2,143)**	**(4,841)**	**337,137**

**includes items 12, 13, 14 and 15 from list of prior period adjustments noted above*

Note 39: Prior Period Adjustment (continued)

	Opening balances at 1 April 2017	Restatements											Restated balances at 1 April 2017
		Write out old assets and restate valuations	Correct misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Derecognise Academy	Derecognise Investment Property	Write-off historical balances	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	(8,123)		2,203	21,661			6,301	7,941	(35,933)			4,841	(1,109)
HRA	(23,710)		2,646										(21,064)
Capital Receipts Reserve	(23,675)							(4,132)					(27,807)
Capital Grants Unapplied	(50,680)				11,854								(38,826)
TOTAL USABLE RESERVES	**(127,369)**	**-**	**4,849**	**21,661**	**11,854**	**-**	**6,301**	**3,809**	**(35,933)**	**-**	**-**	**4,841**	**(109,987)**
Revaluation Reserve	(277,336)	7,525								2,150			(267,661)
Capital Adjustment Account	(268,678)	380		(21,661)		38,483			35,933		2,143		(213,400)
TOTAL UNUSABLE RESERVES	**(285,802)**	**7,905**	**-**	**(21,661)**	**-**	**38,483**	**-**	**-**	**35,933**	**2,150**	**2,143**	**-**	**(220,849)**
TOTAL RESERVES	**(413,171)**	**7,905**	**4,849**	**-**	**11,854**	**38,483**	**6,301**	**3,809**	**-**	**2,150**	**2,143**	**4,841**	**(330,836)**

Note 39: Prior Period Adjustment (continued)

Effect on the Comprehensive Income and Expenditure Statement for 2017/18

	Net Amounts as originally stated	Write out old assets and restate valuations	Over accrual of income from SUR LLP	Misposting of overage income	Restate s.106 receipts	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation of IT staff costs	Incorrect capitalisation of property staff costs	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Council Dwellings Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Communities	56,400						780							57,180
Children, Learning and Skills	56,175	(11,184)												44,991
Place and Development	32,012			266		3,196			2,117					37,591
Regeneration	538													538
Finance and Resources	22,197							1,416				4,539		28,152
Chief Executive	1,630													1,630
Housing Revenue Account	(4,340)												(7,215)	(11,555)
Cost of services	**164,612**	**(11,184)**	**-**	**266**	**-**	**3,196**	**780**	**1,416**	**2,117**	**-**	**-**	**4,539**	**(7,215)**	**158,527**
Other operating expenditure	14,245	4,808		(1,430)									7,215	24,838
Financing & investment I&E	10,035	(1,221)	4,309								264			13,387
Taxation & non-specific grant	(122,614)				1,320									(121,294)
(Surplus)/deficit on provision of service	**66,278**	**(7,597)**	**4,309**	**(1,164)**	**1,320**	**3,196**	**780**	**1,416**	**2,117**	**-**	**264**	**4,539**	**-**	**75,458**
(Surplus)/deficit on reval of assets	(36,338)	7,221								4,373				(24,744)
(Surplus)/deficit on reval of AFS assets	(448)													(448)
Remeasurement of pension liability	(20,630)													(20,630)
Other comprehensive I&E	**(57,416)**	**7,221**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,373**	**-**	**-**	**-**	**(45,822)**
Total Comprehensive I&E	**8,862**	**(376)**	**4,309**	**(1,164)**	**1,320**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**-**	**29,636**

Note 39: Prior Period Adjustment (continued)

Effect on the Movement in Reserves Statement - Usable Reserves

	Net Amounts as originally stated	Restatement of opening balances	Write out old assets and restate valuations	Over accrual of income from SUR LLP	Misposting of overage income	Correct understatement of MRP	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation of IT staff costs	Incorrect capitalisation of property staff costs	Apply Capitalisation Direction	Derecognise Investment Property	IAS19 Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(127,369)													(127,369)
Restatement of opening balance		11,081												11,081
Restated balance at 1 April 2017	**(127,369)**	**11,081**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**(116,288)**
Movement in Reserves in 2017/18														
(Surplus)/Deficit on Provision of Services	66,278		(7,597)	4,309	156		3,196	780	1,416	2,117		264	4,539	75,458
Other Comprehensive Income and Expend														-
Total Comprehensive Income and Expe	**66,278**	**-**	**(7,597)**	**4,309**	**156**	**-**	**3,196**	**780**	**1,416**	**2,117**	**-**	**264**	**4,539**	**75,458**
Adjustments between accounting basis and funding basis under regulations	(47,050)		7,597			5,136	(3,196)					(264)	(4,539)	(42,316)
Capitalisation Direction											(13,881)			(13,881)
Net (increase)/decrease before transfers to/from reserves	**19,228**	**-**	**-**	**4,309**	**156**	**5,136**	**-**	**780**	**1,416**	**2,117**	**(13,881)**	**-**	**-**	**19,261**
Increase/decrease in the year	19,228	-	-	4,309	156	5,136	-	780	1,416	2,117	(13,881)	-	-	19,261
Balance at 31 March 2018	**(108,141)**	**11,081**	**-**	**4,309**	**156**	**5,136**	**-**	**780**	**1,416**	**2,117**	**(13,881)**	**-**	**-**	**(97,027)**

Note 39: Prior Period Adjustment (continued)

Effect on the Movement in Reserves Statement - Unusable Reserves

	Net Amounts as originally stated	Restatement of opening balances	Write out old assets and restate valuations	Restatement of TVU site	Over accrual of income from SUR LLP	Misposting of overage income	Correct understatement of MRP	Restate infrastructure	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Apply Capitalisation Direction	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(285,802)												(285,802)
Restatement of opening balance		64,953											64,953
Restated balance at 1 April 2017	**(285,802)**	**64,953**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(220,849)**
Movement in Reserves in 2017/18													
(Surplus)/Deficit on Provision of Services													-
Other Comprehensive Income and Expenditure	(57,416)			7,221					4,373				(45,822)
Total Comprehensive Income and Expenditure	**(57,416)**	**-**	**-**	**7,221**	**-**	**-**	**-**	**-**	**4,373**	**-**	**-**	**-**	**(45,822)**
Adjustments between accounting basis and funding basis under regulations	47,050		(7,597)				(5,136)	3,196		264	4,539		42,316
Capitalisation Direction												13,881	13,881
Net (increase)/decrease before transfers to/from reserves	**(10,366)**	**-**	**(7,597)**	**7,221**	**-**	**-**	**(5,136)**	**3,196**	**4,373**	**264**	**4,539**	**13,881**	**10,375**
Increase/decrease in the year	(10,366)	-	(7,597)	7,221	-	-	(5,136)	3,196	4,373	264	4,539	13,881	10,375
Balance at 31 March 2018	**(296,168)**	**64,953**	**(7,597)**	**7,221**	**-**	**-**	**(5,136)**	**3,196**	**4,373**	**264**	**4,539**	**13,881**	**(210,474)**

Note 39: Prior Period Adjustment (continued)

Effect on the Movement in Reserves Statement - Total Reserves

	Net Amounts as originally stated	Write out old assets and restate valuations	Restatement of TVU site	Over accrual of income from SUR LLP	Misposting of overage income	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation of IT staff costs	Incorrect capitalisation of property staff costs	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(413,171)												(413,171)
Restatement of opening balance													76,034
Restated balance at 1 April 2017	**(413,171)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**-**	**(337,137)**
Movement in Reserves in 2017/18													
(Surplus)/Deficit on Provision of Services	66,278	(7,597)		4,309	156	3,196	780	1,416	2,117		264	4,539	75,458
Other Comprehensive Income and Expenditure	(57,416)		7,221							4,373			(45,822)
Total Comprehensive Income and Expenditure	**8,862**	**(7,597)**	**7,221**	**4,309**	**156**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**29,636**
Adjustments between accounting basis and funding basis under regulations													-
Capitalisation Direction													-
Net (increase)/decrease before transfers to/from reserves	**8,862**	**(7,597)**	**7,221**	**4,309**	**156**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**29,636**
Increase/decrease in the year	8,862	(7,597)	7,221	4,309	156	3,196	780	1,416	2,117	4,373	264	4,539	29,636
Balance at 31 March 2018	**(404,309)**	**(7,597)**	**7,221**	**4,309**	**156**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**(307,501)**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Net Amounts as originally stated	Restatement of opening balances	PPE corrections	Over accrual of income from SUR LLP	Gross up debtors and creditors	Misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Mis-classification of loan	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Restated net amounts (cont'd >)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	495,548	(2,068)	317									(599)		493,198
Other land and buildings	219,949	(6,045)	(15,448)									(2,119)		196,337
Vehicles, Plant & Equipment	30,566		18,768											49,334
Infrastructure assets	106,598	(38,483)							(3,196)					64,919
Community assets	8,464		929											9,393
Surplus Assets	23,636	(4,980)	(1,822)											16,834
Assets Under construction	28,905	(771)	21,908									(815)		49,227
Property plant and equipment	**913,666**	**(52,347)**	**24,652**	**-**	**-**	**-**	**-**	**-**	**(3,196)**	**-**	**-**	**(3,533)**	**-**	**879,242**
Investment Property	67,656	(2,143)	(9,414)											56,099
Intangible Assets	550													550
Long-Term Investments	22,930									(5,260)				17,670
Long-term Debtors	8,161	(692)				1,164				5,260				13,893
NON CURRENT ASSETS	**1,012,963**	**(55,182)**	**15,238**	**-**	**-**	**1,164**	**-**	**-**	**(3,196)**	**-**	**-**	**(3,533)**	**-**	**967,454**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Restated net amounts (cont'd <)	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000
Council dwellings	493,198				493,198
Other land and buildings	196,337	(4,373)			191,964
Vehicles, Plant & Equipment	49,334				49,334
Infrastructure assets	64,919				64,919
Community assets	9,393				9,393
Surplus Assets	16,834				16,834
Assets Under construction	49,227				49,227
Property plant and equipment	**879,242**	**(4,373)**	**-**	**-**	**874,869**
Investment Property	56,099		(264)		55,835
Intangible Assets	550				550
Long-Term Investments	17,670				17,670
Long-term Debtors	13,893				13,893
NON CURRENT ASSETS	**967,454**	**(4,373)**	**(264)**	**-**	**962,817**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Net Amounts as originally stated	Restatement of opening balances	PPE corrections	Over accrual of income from SUR LLP	Gross up debtors and creditors	Misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Mis-classification of loan	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Restated net amounts (cont'd >)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Short-term investments	18,808													18,808
Assets held for sale	-		1,276											1,276
Inventories	6													6
Short-term debtors	32,945	(5,797)		(4,309)	14,890						(780)			36,949
Cash and cash equivalents	9,900													9,900
Current assets	**61,659**	**(5,797)**	**1,276**	**(4,309)**	**14,890**	**-**	**-**	**-**	**-**	**-**	**(780)**	**-**	**-**	**66,939**
Short-term borrowing	(152,760)													(152,760)
Short-term creditors	(34,619)	956	(8,069)		(14,890)									(56,622)
Provisions	(2,447)													(2,447)
Grants Received in Advance - Capital	(2,100)													(2,100)
Current liabilities	**(191,926)**	**956**	**(8,069)**	**-**	**(14,890)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(213,929)**
Long-term creditors	(393)	(11,854)	(8,069)					(1,320)						(21,636)
Deferred capital receipts	-	(4,157)												(4,157)
Provisions	(223)													(223)
Long-term borrowing	(170,341)													(170,341)
Other Long-term Liabilities	(307,430)													(307,430)
Long-term liabilities	**(478,387)**	**(16,011)**	**(8,069)**	**-**	**-**	**-**	**-**	**(1,320)**	**-**	**-**	**-**	**-**	**-**	**(503,787)**
TOTAL NET ASSETS	**404,309**	**(76,034)**	**376**	**(4,309)**	**-**	**1,164**	**-**	**(1,320)**	**(3,196)**	**-**	**(780)**	**(3,533)**	**-**	**316,677**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Restated net amounts (cont'd <)	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Write-off historical balances	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000
Short-term investments	18,808					18,808
Assets held for sale	1,276					1,276
Inventories	6					6
Short-term debtors	36,949					36,949
Cash and cash equivalents	9,900					9,900
Current assets	**66,939**	**-**	**-**	**-**	**-**	**66,939**
Short-term borrowing	(152,760)					(152,760)
Short-term creditors	(56,622)					(56,622)
Provisions	(2,447)					(2,447)
Grants Received in Advance - Capital	(2,100)					(2,100)
Current liabilities	**(213,929)**	**-**	**-**	**-**	**-**	**(213,929)**
Long-term creditors	(21,636)					(21,636)
Deferred capital receipts	(4,157)					(4,157)
Provisions	(223)					(223)
Long-term borrowing	(170,341)					(170,341)
Other Long-term Liabilities	(307,430)			(4,539)		(311,969)
Long-term liabilities	**(503,787)**	**-**	**-**	**(4,539)**	**-**	**(508,326)**
TOTAL NET ASSETS	**316,677**	**(4,373)**	**(264)**	**(4,539)**	**962,817**	**307,501**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Net Amounts as originally stated	Restatement of opening balances	PPE corrections	Over accrual of income from SUR LLP	Gross up debtors and creditors	Misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Mis-classification of loan	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Restated net amounts (cont'd >)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	(8,123)	713		4,309		266	5,136				780	8,350	(13,881)	(2,450)
Earmarked GF Reserves	(6,318)													(6,318)
HRA	(17,838)	2,646												(15,192)
Capital Receipts Reserve	(28,312)	(4,132)				(1,430)						(4,817)		(38,691)
Major Repairs Reserve	(15,107)													(15,107)
Capital Grants Unapplied Account	(32,443)	11,854						1,320						(19,269)
TOTAL USABLE RESERVES	**(108,141)**	**11,081**	**-**	**4,309**	**-**	**(1,164)**	**5,136**	**1,320**	**-**	**-**	**780**	**3,533**	**(13,881)**	**(97,027)**
Revaluation Reserve	(306,010)	9,675	7,395											(288,940)
Capital Adjustment Account	(248,031)	55,278	(7,771)				(5,136)		3,196				13,881	(188,583)
Available for Sale Reserve	(1,209)													(1,209)
Financial Instruments Adjustment Account	1,362													1,362
Pension Reserve	265,920													265,920
Deferred Capital Receipts Reserve	(9,791)													(9,791)
Collection Fund Adjustment Account	577													577
Accumulated Absences Adjustment Account	1,014													1,014
TOTAL UNUSABLE RESERVES	**(296,168)**	**64,953**	**(376)**	**-**	**-**	**-**	**(5,136)**	**-**	**3,196**	**-**	**-**	**-**	**13,881**	**(219,650)**
TOTAL RESERVES	**(404,309)**	**76,034**	**(376)**	**4,309**	**-**	**(1,164)**	**-**	**1,320**	**3,196**	**-**	**780**	**3,533**	**-**	**(316,677)**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Restated net amounts (cont'd >)	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Write-off historical balances	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	(2,450)					(2,450)
Earmarked GF Reserves	(6,318)					(6,318)
HRA	(15,192)					(15,192)
Capital Receipts Reserve	(38,691)					(38,691)
Major Repairs Reserve	(15,107)					(15,107)
Capital Grants Unapplied Account	(19,269)					(19,269)
TOTAL USABLE RESERVES	**(97,027)**	**-**	**-**	**-**	**-**	**(97,027)**
Revaluation Reserve	(288,940)	4,373				(284,567)
Capital Adjustment Account	(188,583)		264			(188,319)
Available for Sale Reserve	(1,209)					(1,209)
Financial Instruments Adjustment Account	1,362					1,362
Pension Reserve	265,920			4,539		270,459
Deferred Capital Receipts Reserve	(9,791)					(9,791)
Collection Fund Adjustment Account	577					577
Accumulated Absences Adjustment Account	1,014					1,014
TOTAL UNUSABLE RESERVES	**(219,650)**	**4,373**	**264**	**4,539**	**-**	**(210,474)**
TOTAL RESERVES	**(316,677)**	**4,373**	**264**	**4,539**	**-**	**(307,501)**

SECTION – 5

SUPPLEMENTARY FINANCIAL STATEMENTS

Supplementary Financial Statements	Page Number
• *Housing Revenue Account (HRA) - Income and Expenditure Statement*	*123*
• *Statement on The Movement on The Housing Revenue Account*	*124*
• *Housing Revenue Account Notes*	*125*
• *Collection Fund Statement*	*129*
• *Notes to the Collection Fund*	*130*

Housing Revenue Account (HRA) - Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the 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 expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2017/18 Original	2017/18 Restated*		2018/19	
£'000	£'000		£'000	Note
		Expenditure		
10,160	10,160	Repairs and maintenance	8,782	
9,793	9,793	Supervision and management	9,471	
378	378	Rents, rates, taxes and other charges	223	
11,812	11,812	Depreciation and impairment of non current assets	18,135	6
		Transfer to/from Provision	2,630	
32,143	**32,143**	**Total expenditure**	**39,241**	
		Income		
(32,351)	(32,351)	Dwelling rents	(32,060)	
(1,421)	(1,421)	Non-dwelling rents	(1,346)	
(2,559)	(2,559)	Charges for service and facilities	(2,382)	
(152)	(152)	Contributions towards expenditure	(264)	
(36,483)	**(36,483)**	**Total income**	**(36,052)**	
(4,340)	**(4,340)**	**Net cost or (income) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement**	**3,189**	
262	262	HRA services share of Corporate and Democratic Core	274	
(4,078)	**(4,078)**	**Net cost of HRA Services**	**3,463**	
		HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
4,406	9,539	(Gain) or loss on sale of HRA non current assets	8,137	
5,073	5,073	Interest payable and similar charges	5,489	
(84)	(84)	HRA interest and investment income	(71)	
400	400	Net interest on the defined benefit net liability	175	
5,717	**10,850**	**(Surplus) or deficit for the year on HRA Services**	**17,193**	

** see Prior Period Adjustment at Note 1 for an explanation of the restatement of the 2017/18 figures*

Statement on The Movement on The Housing Revenue Account

The objective of this statement is to reconcile the outturn from the HRA Income and Expenditure Statement to the surplus or deficit on the HRA Balance calculated in accordance with statutory requirements.

2017/18 Original	2017/18 Restated*	Expenditure	2018/19
£'000	£'000		£'000
(23,711)	**(21,064)**	**Balance on the HRA as at 1 April**	**(15,192)**
5,717	10,850	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	17,193
		Adjustments between accounting basis and funding basis:	
102	101	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements	102
(11,812)	(11,812)	Depreciation and impairments	(18,135)
(4,406)	(9,539)	(Gains)/losses on sale of HRA non-current assets	(8,137)
(436)	(436)	Net charges for pensions	(357)
		Transfers to/(from) the Capital Receipts Reserve	(30)
5,000	5,000	Capital expenditure charged to HRA balance	500
		Accumulated absences adjustment	
11,708	11,708	Transfers to/(from) the Major Repairs Reserve	8,776
5,873	**5,872**	**Net (increase)/decrease before transfers to/(from) reserves**	**(88)**
		Transfers to/(from) earmarked reserves	
5,873	**5,872**	**(Increase)/decrease in year on the HRA balance**	**(88)**
(17,838)	**(15,192)**	**HRA Balance at 31 March**	**(15,280)**

** see Prior Period Adjustment at Note 1 for an explanation of the restatement of the 2017/18 figures*

Housing Revenue Account Notes

Note 1: Prior Period Adjustment

The HRA Income and Expenditure Statement has been restated for 2017/18 to reflect the decreased value of assets disposed of in the year. This increased the loss on disposal reported in the HRA Income and Expenditure Statement by £5.133m from £4.406m to £9.539m.

This is matched by an increase in the loss transferred out of the HRA Balance in the Statement of Movement on the HRA Balance.

Note 2: Housing Stock

As at 31 March 2019, the Council was responsible for managing a housing stock of 6,084 dwellings comprising:

2017/18	Type of accommodation	2018/19
No.		No.
2,749	Houses	2,776
2,822	Flats	2,784
529	Bungalows	522
6	Shared ownership	4
(14)	Awaiting demolition	-
6,092	**Total**	**6,086**

The change in stock can be summarised as follows:

2017/18	Type of accommodation	2018/19
No.		No.
6,094	Stock at 1 April	6,092
(66)	Sold	(23)
78	New Build/Acquisitions	15
(12)	Awaiting demolition	-
(2)	Demolished	-
6,092	**Stock at 31 March**	**6,084**

Note 2: Housing Stock (continued)

The total balance sheet value of the Council's HRA assets at 1 April 2018 was £535m (restated) and at 31 March 2019 was £557m, analysed as follows:

2017/18 Original	2017/18 Restated*	Expenditure	2018/19
£'000	£'000		£'000
		Operational assets	
495,546	495,684	Council dwellings	538,416
7,451	8,139	Other land and buildings	6,858
-	715	Community assets	812
12,012	7,729	Assets under construction	7,595
515,009	**512,267**		**553,681**
		Non-operational assets	
2,260	2,320	Investment property	2,058
20,473	15,548	Surplus assets	3,866
22,733	**17,868**		**5,924**
537,742	**530,135**	**Total asset value**	**559,605**

Note 3: Vacant Possession Value

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £1,632m (£1,454m at 31 March 2018). This is the existing use value (EUV). The difference between the vacant possession value the Balance Sheet value of the dwellings within the HRA reflects that tenancies are held on a secure basis without vacant possession.

The Balance Sheet value of the dwellings is determined by applying the Government prescribed discount factor (the vacant possession discount factor) to the vacant possession value of the stock. The discount factor is 33%. The resultant valuation is the EXisting Use Value - Social Housing (EUV-SH)

The difference of £1,094m between the EUV of £1,632m and the EUV-SH of £538m represents the economic costof providing housing at less than open market

Note 4: Capital Expenditure and financing

During 2018/19, the Council incurred £19.9m capital expenditure on land, houses and other properties within the HRA (2017/18: £19.7m). The detail of expenditure and the methods of financing are detailed below:

2017/18 £'000		2018/19 £'000
	Capital expenditure	
9,056	Operational assets	10,074
10,650	Non-operational assets	9,800
19,706		**19,874**
	Sources of funding	
(3,470)	Capital receipts	(2,707)
(10,626)	Major repairs reserve	(16,359)
(610)	Government grants and contributions	(309)
(5,000)	Direct revenue financing	(499)
(19,706)		**(19,874)**

Note 5: Capital receipts

Capital receipts from disposals of land, houses and other property within the HRA were as follows:

2017/18 £'000		2018/19 £'000
(52)	Land	(60)
(6,123)	Council dwellings	(4,596)
(1,920)	Other property	(417)
(8,095)		**(5,073)**

Note 6: Depreciation and impairment

2017/18				2018/19		
Depreciation	Impairment / Reversals	Total		Depreciation	Impairment / Reversals	Total
£'000	£'000	£'000		£'000	£'000	£'000
9,185	2,614	11,799	Council dwellings	8,699	1,103	9,802
81	114	195	Other land and buildings	72	891	963
		-	Community assets	1		1
45	114	159	Surplus assets	3	6,691	6,694
	212	212	Assets under construction		451	451
9,311	**3,054**	**12,365**		**8,775**	**9,136**	**17,911**

Note 7: Rent Arrears

2017/18		2018/19
	Rent arrears comprise:	
1,297	Current tenant arrears	1,537
978	Former tenant arrears	1,019
2,275		**2,556**
(1,808)	Less: Bad debts provisions	(2,032)
467		**524**

Collection Fund Statement

The Collection Fund shows the transactions of the Council in its capacity as the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a separate Collection Fund balance sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the major preceptors, the billing authority and the Government.

The Council's share of council tax and non-domestic rates income is included in the Comprehensive Income and Expenditure Statement (CIES) on an accruals basis in line with the Code. However, the amount to be recognised in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and to the Collection Fund Adjustment Account.

2017/18				2018/19			
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total	
£'000	£'000	£'000		£'000	£'000	£'000	Note
			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 income**	**(105,655)**	**(67,258)**	**(172,913)**	
			Expenditure				
			Apportionment of prior year surplus/deficit				
(361)	-	(361)	Central Government	(3,116)	-	(3,116)	
(354)	84	(270)	Slough Borough Council	(3,054)	-	(3,054)	
(7)	4	(3)	Berkshire Fire Authority	(62)	-	(62)	
-	12	12	Thames Valley police	-	-	-	
			Precepts				
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	1,959	4,116	6,075	
1,461	-	1,461	Increase/(decrease) in allowance for appeals	4,528	-	4,528	
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 expenditure**	**105,277**	**70,174**	**175,451**	
1,410	511	1,921	(Surplus)/Deficit arising during the year	(378)	2,916	2,538	
1,906	210	2,116	(Surplus)/Deficit brought forward	3,316	721	4,037	
3,316	**721**	**4,037**	**(Surplus)/Deficit carried forward**	**2,938**	**3,637**	**6,575**	

Notes to the Collection Fund

Note 1: Council tax income

The Council's tax base for 2018/19 - i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings - calculated as follows:

Band	Valuation band limits	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
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
Total		**41,638**		**42,402**	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year				-	
Council Tax Base				**42,402**	

The Council's tax base for 2017/18 - i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings - calculated as follows:

Band	Valuation band limits	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
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
Total		**43,909**		**41,844**	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year				(670)	
Council Tax Base				**41,174**	

Note 2: Business Rates income

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).

SECTION – 6

GROUP ACCOUNTS

Group Accounts	Page Number
• *Group Comprehensive Income and Expenditure Statement*	*133*
• *Group Movement in Reserves Statement*	*134*
• *Group Balance Sheet*	*135*
• *Group Cash Flow Statement*	*136*
• *Notes to the Group Financial Statements*	*137*

Group Comprehensive Income and Expenditure Statement

2017/18 Restated*				2018/19			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	*Note*
80,873	(23,693)	57,180	Adults and Communities	85,800	(26,546)	59,254	
130,110	(85,119)	44,991	Children, Learning and Skills	139,242	(83,127)	56,115	
46,480	(8,934)	37,546	Place and Development	25,770	(8,222)	17,548	
4,645	(4,107)	538	Regeneration	17,857	(10,463)	7,394	
103,102	(74,950)	28,152	Finance and Resources	88,680	(73,621)	15,059	
1,630	-	1,630	Chief Executive	16,539	(1,171)	15,368	
32,143	(43,698)	(11,555)	Housing Revenue Account	29,370	(36,052)	(6,682)	
398,983	**(240,501)**	**158,482**	**Cost of Services**	**403,258**	**(239,202)**	**164,056**	
		24,838	Other operating expenditure			41,617	
		13,493	Financing and investment income and expenditure			37,001	
		-	Tax due for the year (current and deferred tax)			-	
		(121,294)	Taxation and non-specific grant income and expenditure			(103,850)	
		75,519	**(Surplus)/deficit on provision of services**			**138,824**	
		(588)	Share of the (surplus)/deficit on the provision of services by joint venture			(784)	
		-	Tax expenses of joint venture			-	
		74,931	**Group (Surplus)/deficit on provision of services**			**138,040**	
		(448)	(Surplus) or deficit on financial assets measured at FVOCI			-	
		(24,584)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(55,040)	
		(20,630)	Remeasurement of the net defined benefit liability			(7,875)	
		(45,662)	**Other Comprehensive income and expenditure**			**(62,915)**	
		29,269	**Total Comprehensive income and expenditure**			**75,125**	

** The 2017/18 comparators were restated, see Note 6 for more details.*

Group Movement in Reserves Statement

	General Fund	General Fund Earmarked Reserves	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Council Usable Reserves	Share of Usable Reserves from JVs and Subsidiaries	Total Group Usable Reserves	Council Unusable Reserves	Share of Unusable Reserves from JVs and Subsidiaries	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	**(8,123)**	**(7,156)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**-**	**(127,369)**	**(285,802)**	**-**	**(285,802)**	**(413,171)**
Restatement of opening balances	713	-	2,646	(4,132)	-	11,854	11,081	-	11,081	64,953	-	64,953	76,034
Restated opening balances	**(7,410)**	**(7,156)**	**(21,064)**	**(27,807)**	**(14,025)**	**(38,826)**	**(116,288)**	**-**	**(116,288)**	**(220,849)**	**-**	**(220,849)**	**(337,137)**
Movement in Reserves in 2017/18													
(Surplus)/Deficit on Provision of Services	63,288	-	10,850	-	-	1,320	75,458	61	75,519	-	-	-	75,519
Other Comprehensive Income and Expenditure	-	-		-		-	-	(588)	(588)	(45,822)	160	(45,662)	(46,250)
Total Comprehensive Income and Expenditure	**63,288**	**-**	**10,850**	**-**	**-**	**1,320**	**75,458**	**(527)**	**74,931**	**(45,822)**	**160**	**(45,662)**	**29,269**
Adjustments between accounting and funding basis	(43,609)		(4,978)	(10,884)	(1,082)	18,237	(42,316)	-	(42,316)	42,316	-	42,316	-
Capitalisation Direction	(13,881)						(13,881)	-	(13,881)	13,881	-	13,881	-
Net (increase)/decrease before transfers to/from reserves	**5,798**	**-**	**5,872**	**(10,884)**	**(1,082)**	**19,557**	**19,261**	**(527)**	**18,734**	**10,375**	**160**	**10,535**	**29,269**
Transfer to/(from) - reserves	(838)	838	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(527)**	**(97,554)**	**(210,474)**	**160**	**(210,314)**	**(307,868)**
Restatement of opening balances	-	-	-	-	-	-	-	-	-	(15)	-	(15)	(15)
Restated opening balances	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(527)**	**(97,554)**	**(210,489)**	**160**	**(210,329)**	**(307,883)**
Movement in Reserves in 2018/19													
(Surplus)/Deficit on Provision of Services	120,446	-	17,193	-	-	-	137,639	1,187	138,826	-	-	-	138,826
Other Comprehensive Income and Expenditure	-	-		-	-	-	-	(784)	(784)	(61,504)	(140)	(61,644)	(62,428)
Total Comprehensive Income and Expenditure	**120,446**	**-**	**17,193**	**-**	**-**	**-**	**137,639**	**403**	**138,042**	**(61,504)**	**(140)**	**(61,644)**	**76,398**
Adjustments between accounting and funding basis	(85,357)	-	(17,281)	(2,229)	2,650	14,130	(88,087)	-	(88,087)	88,087	-	88,087	-
Capitalisation Direction	(28,201)	-	-	-	-	-	(28,201)	-	(28,201)	28,201	-	28,201	-
Net (increase)/decrease before transfers to/from reserves	**6,888**	**-**	**(88)**	**(2,229)**	**2,650**	**14,130**	**21,351**	**403**	**21,754**	**54,784**	**(140)**	**54,644**	**76,398**
Transfer to/(from) - reserves	(5,899)	5,899	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2019	**(1,461)**	**(419)**	**(15,280)**	**(40,920)**	**(12,457)**	**(5,139)**	**(75,676)**	**(124)**	**(75,800)**	**(155,705)**	**20**	**(155,685)**	**(231,485)**

** The 2017/18 comparators were restated, see Note 6 for more details.*

Group Balance Sheet

** The 2017/18 comparators were restated, see Note 6 for more details.*

01/04/2017 Restated*	31 March 2018 Restated*		31 March 2019	
£'000	£'000		£'000	Note
802,648	880,173	Property, Plant and Equipment	960,407	2
35,998	55,835	Investment Property	66,125	
457	550	Intangible Assets	969	
26,470	16,206	Long-term Investments	19,064	
-	588	Long-term Investments	1,372	
8,628	8,633	Long-term Debtors	7,277	
874,201	**961,985**	**Total Long-term Assets**	**1,055,214**	
24,053	18,808	Short Term Investments	48,545	
-	1,276	Assets Held for Sale	-	
3	6	Inventories	1	
28,549	37,438	Short term debtors	19,198	
19,800	10,700	Cash and Cash Equivalents	21,944	
72,405	**68,228**	**Current Assets**	**89,688**	
(67,559)	(152,760)	Short-term Borrowing	(214,682)	
(38,754)	(56,712)	Short-term Creditors	(60,076)	
(1,508)	(2,447)	Short-term Provisions	(2,165)	
(2,100)	(2,100)	Grants Receipts in Advance – Capital	-	
(109,921)	**(214,019)**	**Current Liabilities**	**(276,923)**	
(11,854)	(21,636)	Long-term Creditors	(6,060)	
(4,157)	(4,157)	Deferred Capital Receipts	(4,157)	
(223)	(223)	Long-term Provisions	(9,373)	
(170,370)	(170,341)	Long-term Borrowing	(304,216)	
(312,944)	(311,969)	Other Long-Term Liabilities	(312,687)	
(499,548)	**(508,326)**	**Long-term Liabilities**	**(636,493)**	
337,137	**307,868**	**Net Assets**	**231,486**	
-	(588)	Share of joint venture (profits)/losses	(1,372)	
(116,288)	(97,027)	Usable Reserves	(75,674)	
-	61	P&L Reserve	1,248	
(220,849)	(210,314)	Unusable Reserves	(155,688)	
(337,137)	**(307,868)**	**Total Reserves**	**(231,486)**	

Group Cash Flow Statement

2017/18 Restated* £'000		2018/19 £'000	Note
64,650	Net (surplus) or deficit on the provision of services	138,825	
(89,144)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(161,377)	3
31,393	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	25,159	3
6,899	**Net cash flows from operating activities**	**2,607**	
90,826	Investing Activities	176,822	4
(88,730)	Financing Activities	(190,654)	5
8,995	**Net (increase) or decrease in cash and cash equivalents**	**(11,225)**	
19,800	Cash and cash equivalents at the beginning of the reporting period	10,700	
10,805	**Cash and cash equivalents at the end of the reporting period**	**21,925**	

** The 2017/18 comparators were restated, see Note 6 for more details.*

Notes to the Group Financial Statements

Note 1: Basis of Preparation

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 (JEH)	Subsidiary	line by line
Slough Urban Renewal (SUR)	Joint Venture (JV)	equity method

Note 2: Group Property, Plant and Equipment

Movements in 2018/19	Operational assets							Non-operational assets		
	Council dwellings	Other land and buildings - SBC	Other land and buildings - JEH	Other land and buildings total	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2018	**499,657**	**193,955**	**5,304**	**199,259**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**943,735**
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)		(3,256)	(15)	-	-	(12)	-	(12,051)
Additions	12,798	56,759	21,883	78,642	1,132	6,345	54	496	19,498	118,965
Revaluation increases/(decreases) recognised in the revaluation reserve	47,474	18,924	139	19,063	(1,808)	-	-	(10,030)	189	54,888
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(11,805)	(16,619)		(16,619)	(3,495)	-	-	(6,651)	(1,280)	(39,850)
Derecognition – disposals	(2,862)	(24,345)		(24,345)	(5,276)	-	-	(570)	(173)	(33,226)
Other transfers/movements	3,572	8,288		8,288	408	482	-	16,919	(28,274)	1,395
At 31 March 2019	**540,066**	**233,706**	**27,326**	**261,032**	**54,646**	**112,289**	**9,473**	**17,160**	**39,190**	**1,033,856**
Accumulated depreciation and impairment										
At 1 April 2018	**(6,459)**	**(1,991)**	**-**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Adjustments to cost/value & depreciation/impairment	8,768	3,256		3,256	15	-	-	12	-	12,051
Depreciation charge	(8,696)	(3,142)	(284)	(3,426)	(3,764)	(6,614)	-	(16)	-	(22,516)
Depreciation written out to the revaluation reserve	-	-		-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-		-	-	-	-	-	-	-
Derecognition – disposal	108	352		352	109	-	-	2	-	571
Other transfers/movements	6	(1)		(1)	-	-	-	(2)	-	3
At 31 March 2019	**(6,273)**	**(1,526)**	**(284)**	**(1,810)**	**(18,006)**	**(47,157)**	**(26)**	**(178)**	**(3)**	**(73,453)**
Net book value at 31 March 2018	**493,198**	**191,964**	**5,304**	**197,268**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**880,173**
Net book value at 31 March 2019	**533,793**	**232,180**	**27,042**	**259,222**	**36,640**	**65,132**	**9,447**	**16,982**	**39,187**	**960,403**

Note 2: Group Property, Plant and Equipment (continued)

Movements in 2017/18	Operational assets							Non-operational assets		Group Total
	Council dwellings	Other land and buildings - SBC	Other land and buildings - JEH	Other land and buildings total	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2017	**486,946**	**190,681**	**-**	**190,681**	**54,580**	**118,933**	**8,200**	**27,421**	**29,128**	**915,889**
Prior period adjustment	(2,072)	(6,362)	-	(6,362)	(15,600)	(25,769)	-	(4,989)	(771)	(55,563)
Restated balance at 1 April 2017	**484,874**	**184,319**	**-**	**184,319**	**38,980**	**93,164**	**8,200**	**22,432**	**28,357**	**860,326**
Adjustments to cost/value & depreciation/impairment	(9,007)	(5,496)	-	(5,496)	(1,591)	-	-	(131)	-	(16,225)
Additions	8,390	36,490	5,304	41,794	6,567	12,298	308	1,335	50,850	121,542
Revaluation increases/(decreases) recognised in the revaluation reserve	19,165	3,886	-	3,886	411	-	-	1,322	(40)	24,744
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(9,829)	(17,325)		(17,325)	3,553	-	-	(113)	(212)	(23,926)
Derecognition – disposals	(6,773)	(5,463)	-	(5,463)	(648)	-	-	(4,913)	(3,029)	(20,826)
Other transfers/movements	12,837	(2,456)	-	(2,456)	16,428	-	911	(2,924)	(26,696)	(1,900)
At 31 March 2018	**499,657**	**193,955**	**5,304**	**199,259**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**943,735**
Accumulated depreciation and impairment										
At 1 April 2017	**(6,400)**	**(3,271)**	**-**	**(3,271)**	**(29,031)**	**(21,618)**	**(16)**	**(558)**	**-**	**(60,894)**
Prior period adjustment	4	317	-	317	15,600	(12,714)	-	9	-	3,216
Restated balance at 1 April 2017	**(6,396)**	**(2,954)**	**-**	**(2,954)**	**(13,431)**	**(34,332)**	**(16)**	**(549)**	**-**	**(57,678)**
Adjustments to cost/value & depreciation/impairment	9,007	5,496	-	5,496	1,591	-	-	131	-	16,225
Depreciation charge	(9,185)	(4,675)	-	(4,675)	(3,098)	(6,211)	-	(77)	-	(23,246)
Depreciation written out to the revaluation reserve	-	-		-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-		-	-	-	-	-	-	-
Derecognition – disposal	121	199		199	506	-	-	308	-	1,134
Other transfers/movements	(6)	(57)		(57)	66	-	(10)	13	(3)	3
At 31 March 2018	**(6,459)**	**(1,991)**	**-**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Net book value at 31 March 2017	**478,478**	**181,365**	**-**	**181,365**	**25,549**	**58,832**	**8,184**	**21,883**	**28,357**	**802,648**
Net book value at 31 March 2018	**493,198**	**191,964**	**5,304**	**197,268**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**880,173**

Note 3: Group Cash Flow Statement - Operating Activities

2017/18 Restated* £'000		2018/19 £'000
75,518	**Net (surplus) or deficit on the provision of services**	**138,825**
	Adjustments for non-cash movements:	
(23,246)	Depreciation	(22,481)
(8,176)	Impairments and downward revaluation	(38,691)
(95)	Amortisation	-
(4,188)	Net increase/decrease in creditors, debtors and inventories	(30,400)
(20,884)	Pensions liability	(10,772)
(31,600)	Carrying amount of non-current assets sold	(48,376)
(11,718)	Other non-cash items	(10,677)
(99,907)	**Subtotal**	**(161,397)**
	Adjustments for items that are investing or financing activities:	
-	Proceeds from short-term (not 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	**Subtotal**	**25,159**
7,004	**Net cash flows from operating activities**	**2,587**

** The 2017/18 comparators were restated, see Note 39 for more details.*

The cash flows for operating activities include the following items:

2017/18 £'000		2018/19 £'000
(1,952)	Interest received	(4,319)
8,963	Interest paid	8,416
7,011	**Total**	**4,097**

Note 4: Group Cash Flow Statement - Investing Activities

2017/18 Restated* £'000		2018/19 £'000
131,188	Purchase of property, plant and equipment, investment property and intangible assets	152,932
330,466	Purchase of short-term and long-term investments	73,218
(6,723)	Other payments for investing activities	-
(15,343)	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)
(16,233)	Other receipts from investing activities	(22,418)
84,103	**Net cash flows from investing activities**	**176,822**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 5: Group Cash Flow Statement - Financing Activities

2017/18 Restated* £'000		2018/19 £'000
(203,000)	Cash receipts of short-term and long-term borrowings	(534,500)
-	Other receipts from financing activities	-
-	Council Tax and NNDR adjustments	-
2,260	Cash payments for the reduction of the 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 from financing activities	1,928
(82,007)	**Net cash flows from financing activities**	**(190,654)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 6: Group Prior Period Adjustment

Numerous adjustments have been made in the Council's own accounts to restate figures previously reported in 2017/18. These are set out in Note 39 to the single entity financial statements (pages 107 to 117)

In addition, the Council has made the following adjustments to figures previously reported in the Group Accounts for 2017/18:

1. Previous year's group accounts had omitted the subsidiary company's revaluation reserve from the Group Balance Sheet. The adjustment of £0.16m corrects this omission

2. Previous year's group accounts had omitted the Council's share of the equity in its joint venture company. The adjustment of £0.588m recognises the value of this investment at 31 March 2018

	At 31 March 2018
	£'000
Authority share of Subsidiary Reserves as originally stated	**61**
Prior Period adjustments	
Movement on Revaluation Reserve of subsidiary (see 1 above)	160
Authority share of surpluses and deficits on joint venture company (see 2 above)	(588)
Authority share of Subsidiary Reserves - restated	**(367)**

SECTION – 7

GLOSSARY OF FINANCIAL TERMS

GLOSSARY OF FINANCIAL TERMS

ACCRUALS

The concept that income and expenditure are recognised as earned or incurred, not as money that is received or paid.

ACTUARY

An independent consultant who advises on the financial position of the Pension Fund.

ACTUARIAL VALUATION

A review is carried out by the actuary on the Pension Fund's assets and liabilities on the Fund's financial position and recommended employers' contribution rates every 3 years reporting to the Council.

AMORTISATION

The writing off of a loan balance over a period of time to revenue.

BAD DEBT PROVISION

An amount set aside to cover money owed to the Council where payment is considered doubtful.

BAND PROPORTIONS

(Also known as VALUATION BANDS)

This is the relation that a Council Tax property bears to the 'standard' Band D Council Tax. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the 'standard', and so on.

BILLING AUTHORITY

A district, unitary or London Borough Council or the Council of the Scilly Isles. The billing authority is responsible for levying and collecting Council Tax in its area, both on its own behalf and that of its precepting authorities.

BUDGET

The budget represents a statement of the Council's planned expenditure and income.

BUSINESS RATE RETENTION

The NNDR pool was replaced in 2013/14 by the Business Rates Retention scheme, whereby authorities retain a percentage of the Business Rates collected. In Berkshire, 99% collected goes and 1% to the Berkshire Fire Authority as part of the Berkshire Business Rates Retention Pilot for 2018/19.

CAPITAL EXPENDITURE

Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

CARRYING AMOUNT/CARRYING VALUE

These terms refer to the capitalised cost of a non-current asset, less accumulated depreciation and impairment.

GLOSSARY OF FINANCIAL TERM (continued)

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

CODE

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

COLLECTION FUND

A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities. The fund must be maintained separately from the authority's General Fund.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal, such as parks and historic buildings.

COMPONENTISATION

The recognition of distinct parts of an asset (components) as separate assets for depreciation purposes.

CONSUMER PRICE INDEX (CPI)

The measure of inflation used for the indexation of benefits, tax credits and public service pensions. The CPI is an internationally comparable measure of inflation and is used to compare inflation across the European Union.

CONTINGENT ASSET

A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITY

Sums of money that the Council will be liable to pay in certain circumstances. e.g. as a result of losing a court case.

COUNCIL TAX

A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

COUNCIL TAX BASE

An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to calculate the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

CREDITORS

Amounts of money owed by the Council for goods or services received.

GLOSSARY OF FINANCIAL TERM (continued)

DEBTORS

Amounts of money owed to the Council for goods or services provided.

DEDICATED SCHOOLS GRANT (DSG)

A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

DEPRECIATION

A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the ‘capital charges’ made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

DIRECT REVENUE FINANCING

Funding of capital expenditure directly from revenue budgets.

EARMARKED RESERVES

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

EXIT PACKAGES

The cost to the Council of early termination of staff employment before normal retirement age.

EXTERNAL AUDITOR

The Public Sector Audit Appointments Limited (**PSAA**) appoints the external auditor. The current auditor is Grant Thornton LLP.

FAIR VALUE

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

FINANCE LEASE

A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

FINANCIAL YEAR

The local authority financial year starts on 1 April and ends the following 31 March.

GENERAL FUND

This is the main revenue account of the Council. It includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and borough’s share of Council Tax. It excludes the HRA. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

GLOSSARY OF FINANCIAL TERM (continued)

HERITAGE ASSETS

Assets held and maintained principally for their contribution to knowledge and culture. e.g. War memorials and museum stocks.

HOUSING REVENUE ACCOUNT (HRA)

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA. No costs may be charged to Council Tax nor can Housing Rent income be used to support General Fund expenditure.

IMPAIRMENT

This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

INFRASTRUCTURE ASSETS

Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

INTANGIBLE ASSETS

Assets which do not have a physical form but provide an economic benefit for a period of more than one year; e.g. software licences.

INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)

The body which set financial reporting guidelines based on International Financial Reporting Standards. Since 2009/10, the treatment of PFI was based on the adoption of IFRIC standard 12. IFRIC standard 4 is followed in determining whether an arrangement contains a lease

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Local authorities are required to adopt the International Financial Reporting Standards (IFRS); a code of practice based on an internationally agreed set of financial rules. These dictate a level of analysis and disclosure that allows readers of the Statement of Accounts to gain a clearer understanding of the Council's financial position and activities.

INVENTORIES

Materials or supplies to be used in the production process or in providing services; for this Council, the fuel transport store.

LEVIES

The Council is statutorily required to pay levies to a number of national, London-wide and local bodies. Examples are the North London Waste Authority and the Lee Valley Regional Park Authority.

MINIMUM REVENUE PROVISION (MRP)

A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

NATIONAL NON-DOMESTIC RATE (NNDR)

More commonly known as 'business rates', these are collected by billing authorities from all non-residential buildings. The poundage level is set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

GLOSSARY OF FINANCIAL TERM (continued)

NEW HOMES BONUS

New Homes Bonus is a Government scheme aimed at encouraging local authorities to grant planning permissions for building new houses and bringing long-term empty properties back into use. The non ring-fenced grant is based on the number of properties.

NET BOOK VALUE

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

NON-CURRENT ASSETS

Assets which yield a benefit to the Council for a period of more than one year.

OPERATIONAL ASSETS

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

NON-OPERATIONAL ASSETS

Fixed assets held by a Council, but not directly occupied, used or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

OUTTURN

This is the actual level of expenditure and income for the financial year.

PENSION FUNDS

For the Local Government Pension Scheme, the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of an employee.

PENSION STRAIN

The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

PRIVATE FINANCE INITIATIVE (PFI)

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

PRECEPT

This is the method by which a precepting authority (Greater London Authority in London) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

PROPERTY, PLANT AND EQUIPMENT (PPE)

Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

GLOSSARY OF FINANCIAL TERM (continued)

PROVISION

Amount set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment is uncertain.

PRUDENTIAL CODE

The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. In order to demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate 'Prudential Indicators'.

PUBLIC WORKS LOAN BOARD (PWLB)

A government agency, part of the Debt Management Office which lends money to public bodies for capital purposes. The majority of borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

PUPIL PREMIUM GRANT

This is based on Free School Meals (FSM) eligibility data as at January each year. It is ring-fenced to schools in the same way as DSG.

RATEABLE VALUE

The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic properties. Business rate bills are set by multiplying the rateable value by the NNDR poundage set by the Government for the year. Domestic properties do not have rateable values; instead they are assigned to one of the eight valuation bands for Council Tax.

RELEVANT POPULATION

The population of Slough Borough Council, as determined by the Secretary of State, is used to determine the Council's share of Revenue Support Grant.

RETAIL PRICE INDEX (RPI)

The measure of inflation used prior to the adoption of CPI by the Government.

REVALUATION

Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

REVENUE EXPENDITURE

The regular day to day running costs a Council incurs to provide services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

REVENUE SUPPORT GRANT (RSG)

The general grant paid by the Government to local authorities to help finance their services.

GLOSSARY OF FINANCIAL TERM (continued)

SURPLUS ASSETS

Assets not being used in the delivery of services that do not qualify as being 'held for sale' under accounting guidance.

SOFT LOANS

Funds received and advanced at less than market rates.

UNSUPPORTED BORROWING

Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

USABLE CAPITAL RECEIPTS

This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

ABBREVIATIONS USED IN THE ACCOUNTS:

BRS – Business Rate Supplement
CCG – Clinical Commissioning Group
CIPFA – Chartered Institute of Public Finance and Accountancy
CIES – Comprehensive Income and Expenditure Statement
CPI – Consumer Price Index
DSG – Dedicated Schools Grant
EIP – Equal Interest and Principal
EIR – Effective Interest Rate
FRS – Financial Reporting Standard
HRA – Housing Revenue Account
IAS – International Accounting Standards
ISB – Individual Schools Budget
IFRS – International Financial Reporting Standards
MiRS – Movement in Reserves Statement
MRR – Major Repairs Reserve
NNDR – National Non-Domestic Rates
PFI – Private Finance Initiative
PPE – Property, Plant and Equipment
PWLB – Public Works Loan Board
REFCUS – Revenue Expenditure Funded From Capital Under Statute
RICS – Royal Institution of Chartered Surveyors
RPI – Retail Price Index
RSG – Revenue Support Grant
RTB – Right to Buy