

Financial Statements 2016/17



West Berkshire
COUNCIL

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Introducing West Berkshire

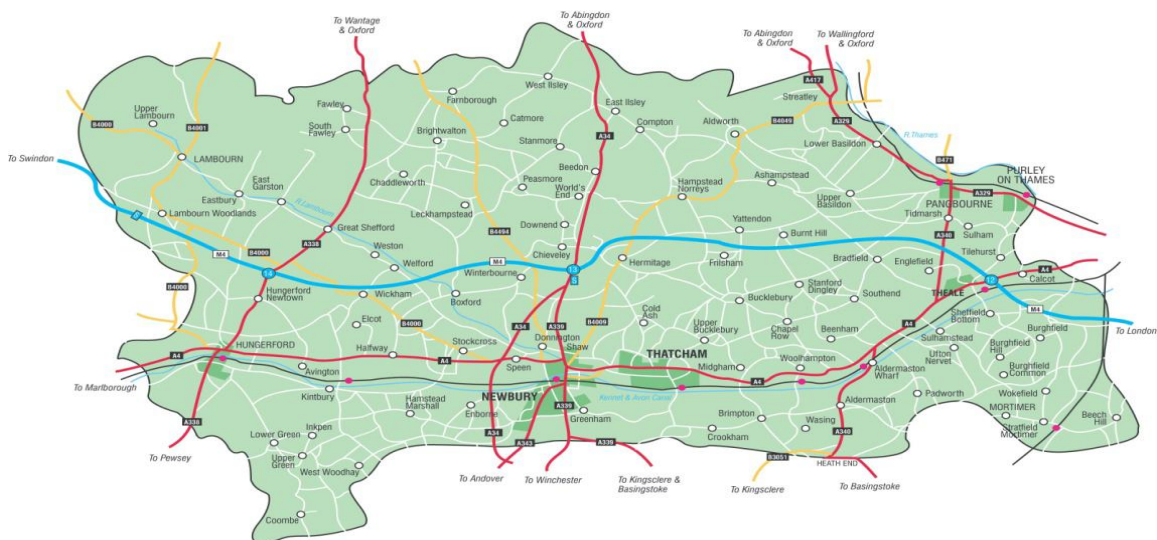
West Berkshire makes up over half of the geographical area of the county of Berkshire - covering an area of 272 square miles. It lies on the western fringe of the South East region, centrally located, at a crossroads where the South East meets the South West and where the south coast comes up to meet the southern Midlands.

The district lies at the convergence of two key roads – the M4 and the A34. Both provide direct road links in all directions, with all the key urban centres in southern England (London, Reading, Southampton, Portsmouth, Bristol, Oxford, and Swindon) within an hour's drive.

The district has good rail links, with London less than an hour by train and further connections, via Reading, to all the mainline routes throughout the country. The area also has very good links to international transport hubs: Heathrow and Southampton Airport are 40 miles away, as are the ferry terminals in Southampton and Portsmouth, providing links with the continent.

The district is primarily made up of chalk Downlands, loosely centred along the lower reaches of the River Kennet, which rises in Wiltshire and flows through to join the Thames at Reading. The flat floodplain of this river is bordered by fairly steep slopes on each side. Most people within the district live within this valley. To the south, the land rises steeply to a line of scarps which form the border with Hampshire. The majority of the district however, lies to the north of the Kennet where the land rises to the Berkshire and Marlborough Downs. This is an area of gently rolling chalk Downlands, classified as part of the North Wessex Downs Area of Outstanding Natural Beauty (AONB). This area is famous for its involvement in horse racing.

The district is administered by West Berkshire Council. The council was created as a single tier (unitary) authority after the dissolution of Berkshire County Council in 1998. The boundary of the district corresponds with that of the former Newbury District Council.



Narrative Report

Introduction

The Accounts and Audit (England) Regulations 2015 require the Council to produce financial statements for each financial year giving certain specified information. The Narrative Report accompanies the accounts and sets out to explain the most significant matters. To assist readers, a glossary of accounting terms is included on pages 100 to 103.

This Narrative Report is followed by:

- **The Annual Governance Statement** which explains the arrangements the Council has for the governance of its affairs and for ensuring that there is a sound system of internal control;
- **The Independent Auditor's Report** which gives the auditor's opinion on the financial statements and gives a conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- **The Statement of Responsibilities** which sets out the respective responsibilities of the Council and the Head of Finance.

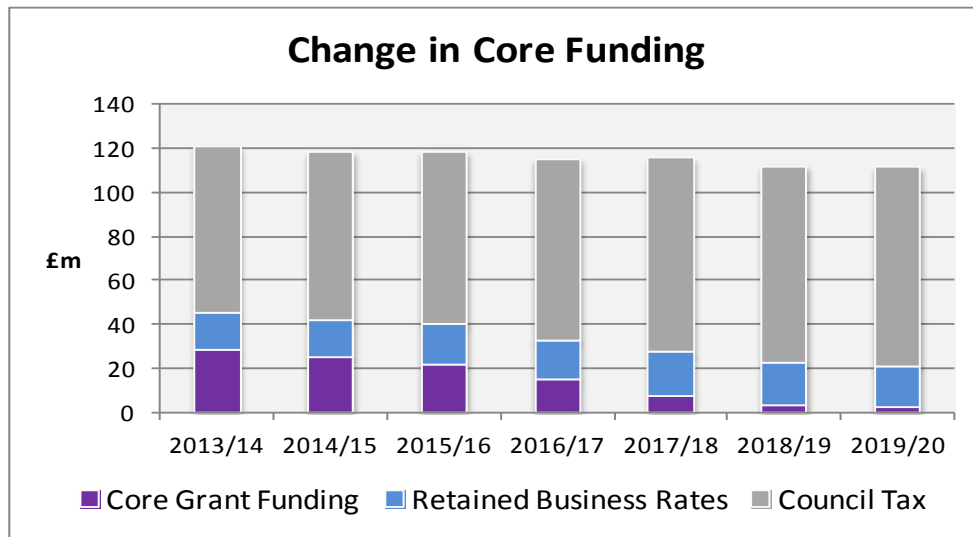
The Financial statements incorporate the following:

- **The Comprehensive Income & Expenditure Account** which records all the Council's income and expenditure within the year. The statement provides an analysis of income and expenditure by directorate level and also shows details of corporate transactions and funding. Expenditure represents a combination of services and activities that the Council is required to carry out by law (statutory duties) and discretionary expenditure focused on local priorities and needs.
- **The Balance Sheet** which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (total assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. Usable reserves may be used by the Council to provide services or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Unusable reserves cannot be used by the Council to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments required due to statutory accounting policies'.
- **The Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the Council, analysed into usable reserves which can be invested into capital projects or service improvements and unusable reserves which must be set aside for specific purposes.
- **The Cash Flow Statement** which 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 council tax and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

- **The Collection Fund Income and Expenditure Account**, which records the council tax and business rates transactions for the financial year and how they are subsequently distributed.

Financial Performance 2016/17

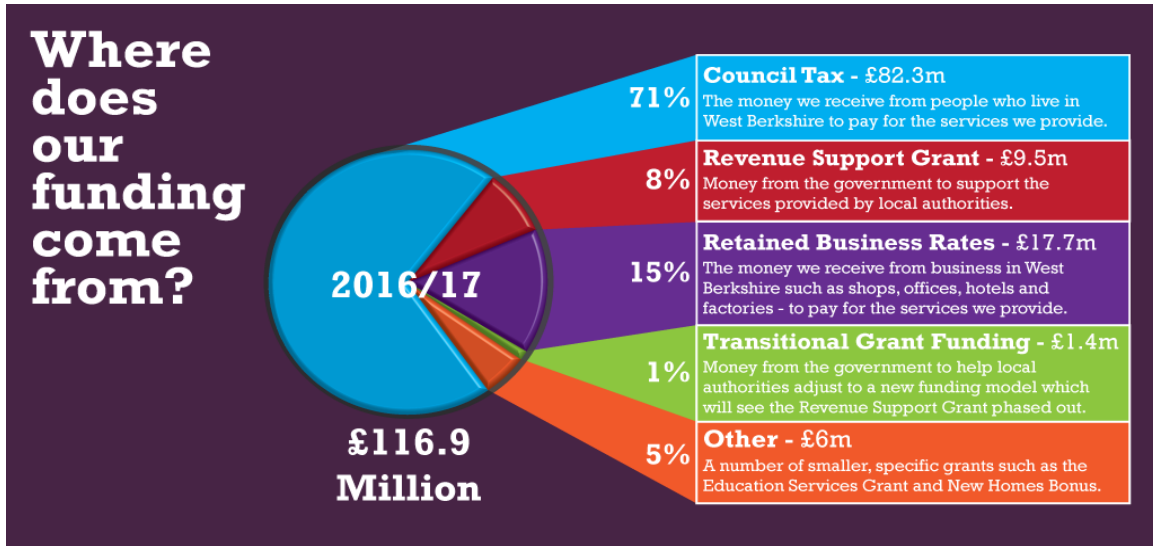
The Council has continued to face significant reductions in its core grant funding and seen greater volatility in financing from local business rate generation, putting pressure on Council tax. 2016/17 saw a 44% cut in Revenue Support Grant (RSG) for West Berkshire from the previous year. The reduction in core grant funding will continue until 2019/20 when it will have reduced to just 2% of available funding.



The Council has faced significant demand led pressure on its social care budgets and needed to make additional budget investment of nearly £4m. Investment was made in children’s social care, which has seen increased demand from children accessing support from the placement budget, and to implement the Ofsted improvements required. Adult Social Care required investment to fund the costs associated with the Deprivation of Liberty Safeguarding (DOLS) and to transition children with learning disabilities into adult support packages. Education Services has seen increased demand for support services for children with disabilities and special educational needs Home to School Transport requirements. The Council has been left to cover an annual funding gap of £3m as a result of the introduction of the Care Act 2014 despite the Government stating they would meet the costs in full.

In 2016/17 West Berkshire Council increased Council tax by 1.99% raising £1.6m and raised a 2% precept on Council tax to fund adult social care pressures which raised an additional £1.6m.

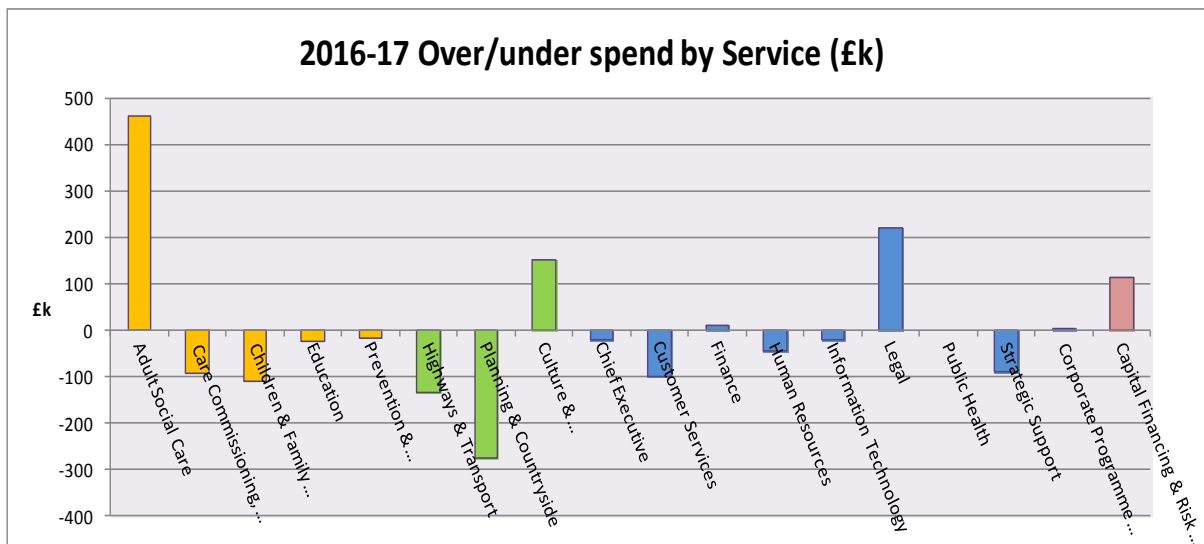
The Council set a net revenue budget of £121.2m for the 2016/17 financial year, funded from non ring-fenced funds comprising Council tax, Revenue Support Grant (RSG), retained business rates, and other amounts including various smaller grants. Ring-fenced funding forms part of the individual service budgets to which it relates. A decision was taken at the start of the year to reclassify the Department of Health funding as ring-fenced funding. As a result the funding was moved to form part of the Adult Social Care Service budget and the net Council budget reduced to £116.9m.



Savings and income generation plans were put in place to address the funding gap. The 2016/17 savings programme at £13.9m, was the largest the Council has faced. During the year, progress against savings is monitored and by year-end over 95% of this target was met with plans to achieve the ongoing target in full from 2017/18. Despite the economic and financial challenges, the Council has continued to deliver on the tasks that it set itself.

The overall revenue outturn for 2016/17 was an overspend of £7k, which represents 0.006% of the net revenue budget. This demonstrates the sound financial management and budgetary control in place across the Council and our efficiency and effectiveness in the use of resources available to the Council.

The final outturn was an excellent result in the context of having to manage significant pressures during 2016/17 within its “demand led” services, most notably in the area of adult social care. At quarter three, the Council faced the prospect of a £1m overspend, of which £800k was in the Adult Social Care Service. By year-end, the Adult Social Care overspend had reduced to £460k and underspends across the other services brought the overspend down to just £7k. The final outturn by Service is shown in the following graph and table.



Narrative Report

2016/17 Budget Outturn by Service Table 2	Current Net Budget 2016/17	Annual Net Expenditure 2016/17	Over/(under) spend 2016/17
	£000	£000	£000
Communities Directorate			
Dedicated Schools Grant (DSG)	(721)	(721)	0
Corporate Director - Communities	196	198	2
Adult Social Care	37,073	37,533	460
Care Commissioning, Housing & Safeguarding	3,930	3,837	(93)
Children and Family Services	14,313	14,202	(111)
Education	10,957	10,933	(23)
Prevention and Developing Community Resilience	744	728	(17)
Total Communities	66,493	66,709	217
Environment Directorate			
Corporate Director	171	162	(9)
Highways & Transport	5,437	5,301	(136)
Planning & Countryside	3,829	3,552	(277)
Culture & Environmental Protection	21,377	21,527	150
Total Environment	30,813	30,542	(271)
Resources Directorate			
Chief Executive	511	489	(22)
Customer Services	2,044	1,944	(100)
Finance	2,296	2,305	9
Human Resources	959	912	(47)
Information Technology	2,567	2,546	(22)
Legal	952	1,173	221
Public Health & Wellbeing	(98)	(98)	0
Strategic Support	2,961	2,870	(91)
Corporate Programme Management	133	133	0
Total Resources	12,326	12,275	(51)
Capital Financing & Risk Management			
Movement through Reserves	(1,869)	(1,869)	0
Capital Financing & Risk Management	9,053	9,166	113
Total Capital Financing & Risk Management	7,184	7,297	113
Total Outturn 2016/17	116,816	116,823	7

Communities Directorate

The Communities Directorate year-end revenue position was an overspend of £217k which is 0.3% against a budget of £66m. The overspend arose from a £460k overspend in Adult Social Care with savings in other services bringing the overall overspend down. Adult Social Care has seen increased complexity of client needs and upward cost pressures in commissioning services. Overall client numbers have not increased significantly during the year which is in part attributable to the success of preventative and demand management strategies.

Environment Directorate

The Environment Directorate year-end revenue position was an underspend of £271k, which is 0.9% of the total net budget of £31m. Culture and Environmental Protection overspent by £150k largely as a result of income pressures. Highways and Transport generated underspends from salaries and insurance and over achieved income targets in car parking. Planning and Countryside over achieved income targets in development control.

Resources Directorate

The Resources Directorate year-end revenue position was an underspend of £51k, which is 0.4% of the total net budget of £12m. Legal Services overspent by £221k due to increased costs as a result of some high profile cases and Judicial Reviews. All other services across the directorate generated underspends or a break even position.

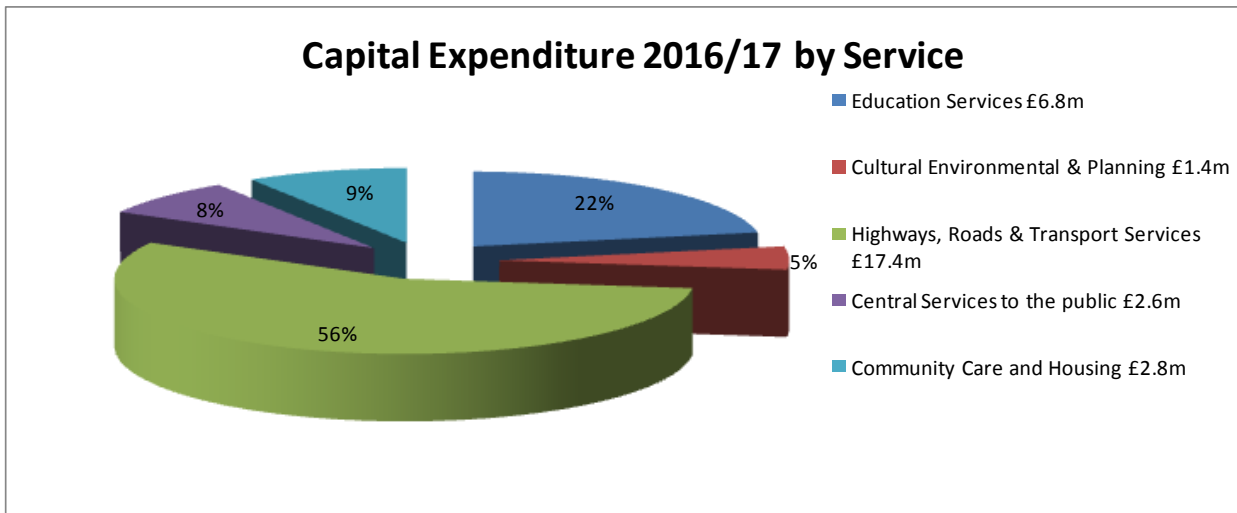
Capital Financing and Risk Management

Investment income was £113k below target due to the low level of interest rates available in the market during the year.

The information presented in the Comprehensive Income and Expenditure Statement for 2015/16 has been restated as CIPFA regulations 2016/17 now require the Council’s income and expenditure to be reported along management lines. The new headings are by Directorate and reflect the Council’s budget monitoring during the year. Reconciliation between the management accounts and the financial accounting at year-end is presented in Table 13 on page 53.

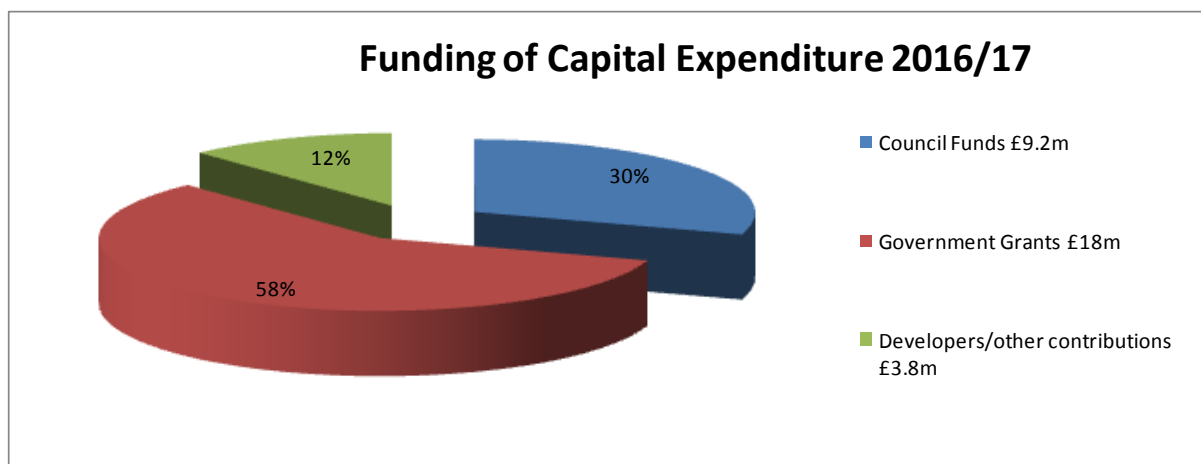
Capital Performance 2016/17

The Council needs to invest a certain amount of capital each year to make sure that its assets (e.g. school buildings, roads, leisure centres) remain fit for purpose and in a good state of repair. The chart below shows the areas on which £31m capital was spent in 2016/17.



Wherever possible the investment in capital is funded from government grants, developers’ contributions, or through the sale of assets which the Council no longer needs. However, when there is not enough funding from these sources the Council needs to take out long term loans to help fund its capital investment.

The chart below shows how the Council’s gross capital expenditure of £31m was funded. This shows that the majority of the Council’s capital investment was funded from central government grants and the Council’s own funds. (No capital receipts were available to fund capital spend in 2016/17).



Plans for future Capital Investment

In March 2017 the Council approved a Capital Programme for the period 2017 to 2021 which allows for future investment in the following key areas:

- £66.7 million for new school places and improvements to school buildings;
- £50.0 million for maintenance and improvement of highways
- £1.5 million to facilitate the delivery of superfast broadband across West Berkshire;
- £11.8 million for occupational health equipment, home adaptations and supported living for vulnerable adults and looked after children and £1.9m to improve the supply of temporary accommodation for people at risk of becoming homeless;
- £3.8 million for maintenance and improvement of parks, open spaces, sporting and cultural facilities and £0.5m for grants to support community projects.

Borrowing in 2016/17

In 2016/17 the Council took out new long term loans of £10.7m from the Public Works and Loans Board (PWLB) to fund capital expenditure and made principal repayments to the PWLB of £4.2m, bringing its total PWLB loans balance to £132.6m. Payments of £0.57m were made which reduced the level of debt embedded in the Private Finance Initiative (PFI) contract. This brought the Council's total level of long term loans to £141.3m as at 31 March 2017 (including PFI debt but excluding repayments of PWLB and PFI debt due in 2017/18).

The Council also needs to take out short term loans to cover its cash flow needs due to a number of peaks and troughs in cash balances throughout the year. The short term loans are normally taken out for periods of less than one month. The cost of this borrowing is more than offset by the interest earned by the investment of the Council's surplus cash in peak periods. The Council had short term loans of £13m outstanding at the 31 March 2017. Together with £6.1m repayments of PWLB and PFI debt which are due to be made in the financial year 2017/18, this makes a total short term borrowing balance of £19.1m.

The Council had a revenue budget of approximately £9.8m in 2016/17 for repayment of borrowing to fund capital expenditure. This amount will grow as a percentage of the Council's revenue budget in the coming years, though at a relatively slow level, as the amount of capital spend planned to be funded from borrowing will decrease over the next five years.

One outcome of the national economic position is low rates of interest on borrowing from the PWLB. This has enabled the Council to borrow to fund for the capital strategy at a very low rate. This also means that return on short term investments is also comparatively low. However, as this Council does not hold any long term investments, this is not a great significance compared to some other Council's which hold larger investments and cash balances.

Changes in Capital Assets and Liabilities

The Council has not acquired any new assets or incurred any new liabilities (other than PWLB loans as referred to above) which are unusual in scale.

Cash Flow

The amount of cash held by the Council fluctuates throughout the year and within each month, depending on the dates on which major government grants are received and when large payments are made - in particular, weekly creditors payments and monthly salaries. In general terms, funds are high on the first working day of the month when a large proportion of council tax and government grant is received and low on the last working day of the month when the majority of staff salaries are paid. The Council's overall funds are lower at the end of the financial year, because most council tax is paid over ten months from April to January. The average level of cash balances held by the Council in 2016/17 (excluding schools' balances) was £7.8 million.

The amount of cash held by the Council does not equate to the total usable reserves shown on the Council's balance sheet. This is because we have chosen to minimise the amount borrowed to fund capital expenditure, by offsetting our borrowing needs against our reserves. This is in order to minimise the revenue cost of borrowing and to avoid the risks associated with investing large balances.

Each year we prepare a detailed short term cash flow forecast for the year ahead which takes account of all forecast expenditure in line with the revenue and capital budgets, revenue and capital related grants and other sources of income including future borrowing to fund capital expenditure. We also maintain a longer term (25 year) forecast of future borrowing to fund capital expenditure and the revenue costs of debt repayment. This takes into account the need to borrow in the future to fund capital expenditure incurred in previous years, which was offset against reserves (i.e. to repay internal borrowing) and the need to repay maturity loans when they fall due.

Performance Measurement within the Council

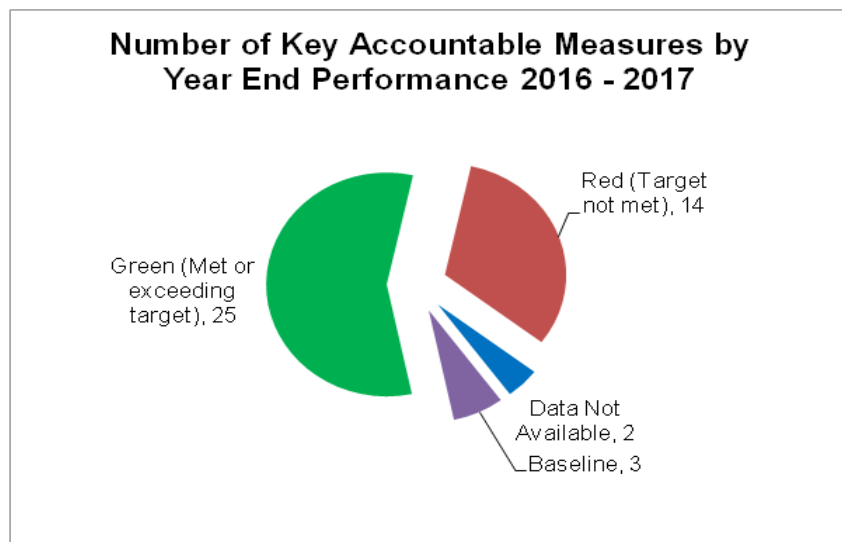
The Council's Performance Framework describes the approach used to monitor progress against the strategic and operational plans of the Council. At the most strategic level key accountable measures are used to monitor progress against the overarching aim to 'Become an even more effective council' and each of the priorities for improvement included in the Council Strategy 2015-2019:

- Improve educational attainment
- Close the educational attainment gap
- Enable completion of more affordable housing
- Deliver or enable key infrastructure projects
- Good at safeguarding children and vulnerable adults
- Support communities to do more to help themselves

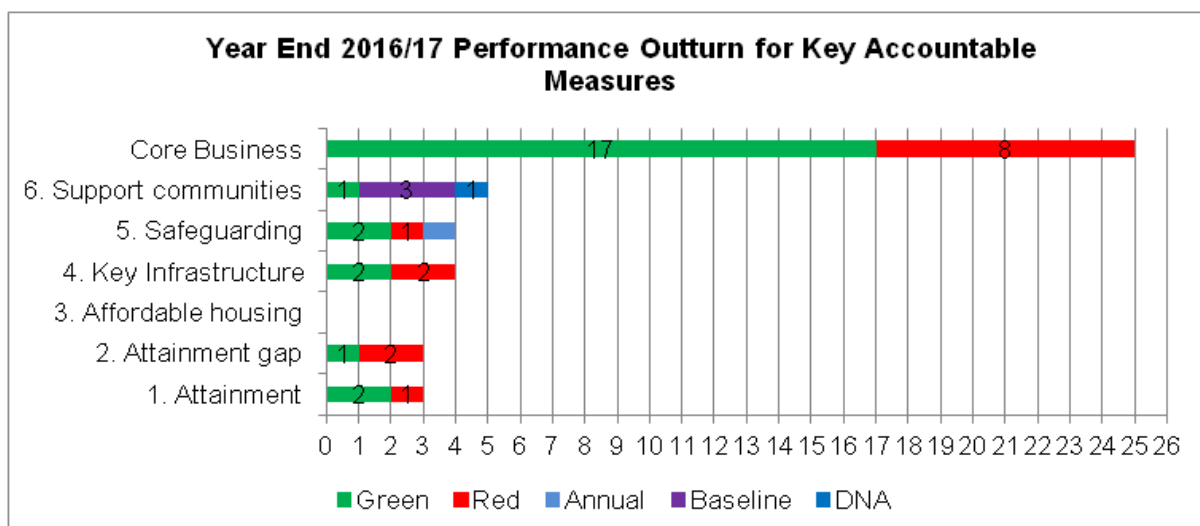
The Council has a formal quarterly process for measuring its performance against its strategic objectives. Further details are provided in the section below on KPIs. This is coupled with a solid track record of financial management and delivery of its strategy against a backdrop of significant financial savings being achieved to Council services over recent years.

Key Performance Indicators of Progress in Achieving the Council's Strategic Objectives

At the end of March 2017 a total of 44 key accountable measures formed part of the reporting framework which monitors the Council's progress against the high level strategic priorities in the Council Strategy. At the time of producing this report data was available for 39 measures and milestones. Of the remaining five measures, three were recorded as baseline for targets setting next year and for two, data was not available or not due for reporting.



Provisional end of year results were better than the expected targets for 25 measures (64%) and were (RAG) rated 'Green'. The remaining 14 measures (36%) have not achieved the end of year targets or deadlines and were RAG Rated 'Red'. This is below the previous year's overall result (81% of measures rated 'Green'). The following table highlights the performance achieved against each priority of the Council Strategy:



Final performance results, including the exception reports for the measures that have not achieved their targets, will be available as part of the End of Year Performance reports for the Executive.

Main Changes to the Core Statements and Significant Transactions in 2016/17

Fixed Assets

There were no material assets acquired during the year by the Council.

The freehold of the Starting Gate Public House was sold to the tenant for £0.2m and the Council's interest in a shared ownership former Council house was also sold for £0.13m. The Starting Gate was fully depreciated in the asset register and the Shared ownership property had a net book value of £4,000. Together with an overage payment of £0.19m received in respect of land sold in a prior year at Greenham Park, this amounts to a gain of £0.52m. The loss on disposal showing in the Comprehensive Income and Expenditure Statement was the result of two schools becoming Academies and their value being removed from our asset register.

Collection Fund

The Collection Fund deficit was £2,417k for the 2016/17 financial year (council tax £208k and non domestic rates £2,209k). The deficit is recovered as part of the council tax and non domestic rates setting process during the following financial year.

Pensions Liability

The pension fund deficit is currently £317m. This reflects the value of pension liabilities which the Council is required to pay in the future as they fall due, offset by the value of assets invested in the pension fund. This amount is written out through the accounts so has no meaningful impact on the Council's current operation, though it has reduced the Council's 'net worth' on the Balance Sheet. The Council's pension fund has to be revalued every three years to set future contribution rates. The next review will be on the 31st March 2019.

Unusual charges or credits in the financial statements

There were no unusual charges or credits in the financial statements.

Significant changes in accounting policies

There were no significant changes in accounting policies in the year 2016/17.

Change to the Consolidated Income and Expenditure Statement.

Following a change in the Code of Practice on Local Authority Accounting in 2016/17 the Consolidated Income and Expenditure Statement for the net cost of services has followed the Council's internal budget monitoring process. Showing the income and expenditure split over the different directorates, rather than split over the Service Reporting Code of Practice. 2015/16 figures have been restated for a comparison.

Change in statutory functions

There were no significant changes in statutory functions in the year 2016/17.

Significant revenue contingencies or provisions including material write offs

There were no significant contingencies, provisions or write offs during the year 2016/17.

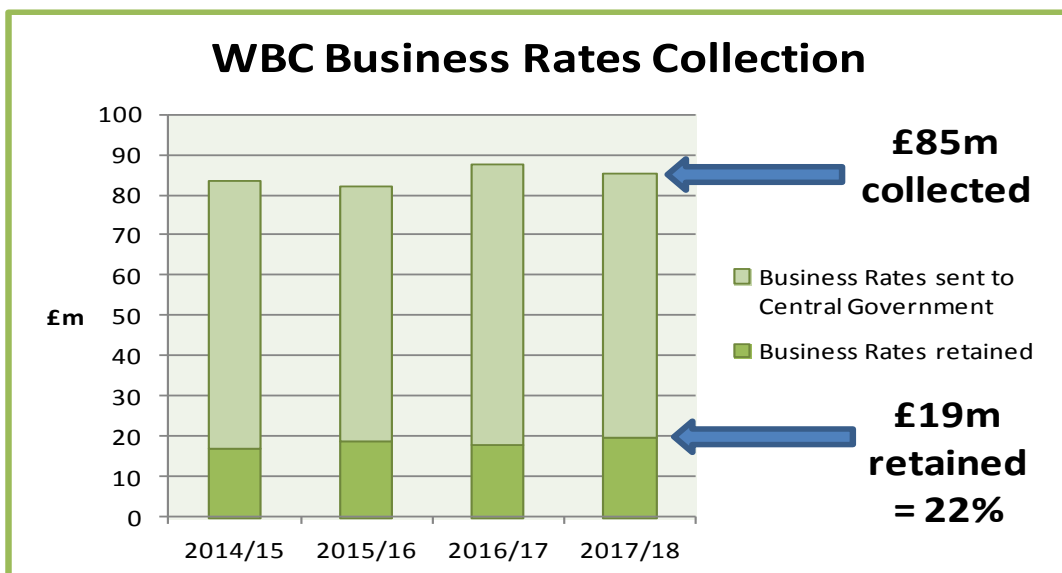
Material events after the Balance Sheet Date 2016/17

There have been no material events after the balance sheet date.

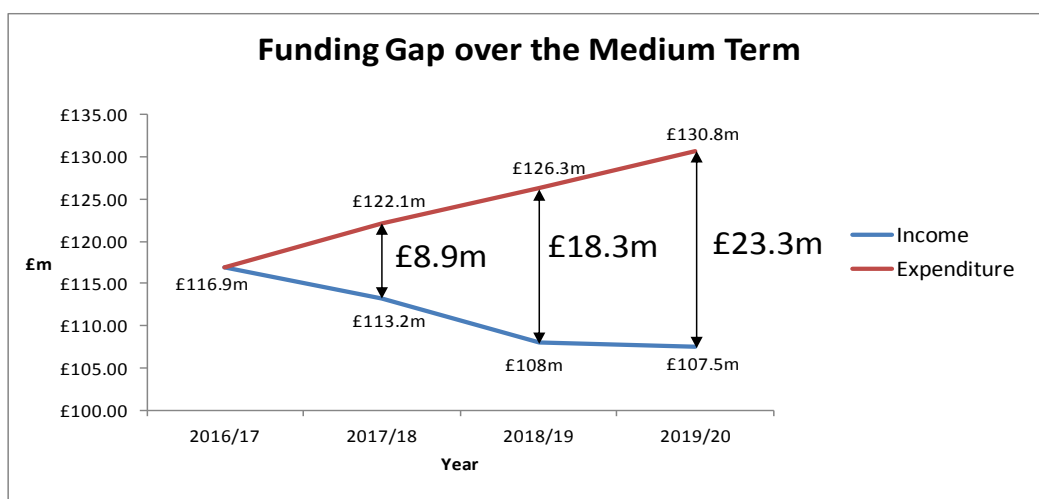
Economic climate and its impact on council services and future developments in service delivery

In October 2016, West Berkshire Council accepted a four year financial settlement offered by Government. Whilst this settlement commits the Council to a continued reduction in Government funding, it provides financial stability from 2016/17 to 2019/20 on which the Council can plan ahead and build other sources of income.

The Local Government Settlement announced the move to 100% retention of business rates by local authorities by 2019-20. However, the Local Government Finance Bill was dropped from the legislative programme ahead of the General Election. It is understood that there are no current plans to re-introduce the provisions of the Bill, which means that the 100% retention is effectively suspended with no current plans for its introduction. West Berkshire Council collects £85m in business rates, of which we retain £19m.



The Council's costs grow each year as a result of inflation, salary increases, changes to National Insurance and pension contributions, and service pressures arising from increased demand and new responsibilities. The forecast levels of funding available over the medium term, together with provision for budgetary increases, means that West Berkshire Council is facing a funding gap of £23.3m over the next three years. Council tax has been increased by 1.99% in 2017-18 raising £1.7m, with an additional 3% precept ring-fenced for adult social care raising £2.5m, leaving £4.7m to be met from savings or income generation. If there are no Council tax increases in 2018-19 and 2019-20, a further £14m of savings or income will need to be generated in those two years.



The savings plans have impacted on our priorities and difficult decisions have had to be made. There is now less money and as a result there have been reductions to the library service, children's centres, home to school transport, public transport subsidy, highway maintenance, provision of care services and many others. The key financial strategy to close the funding gap over the medium term will focus on innovation around service transformation and income generation. To drive this change, the Council has created a Corporate Programme containing a number of projects which will identify opportunities to transform services and implement changes that will deliver new income streams. Alongside this, Directors are looking at a range of solutions which will be presented to a Budget Board every six weeks. The areas of focus include digitisation, benchmarking, workforce redesign, demand management, exploring a range of alternative models for delivering services and working with partners and communities to deliver services in a different way. We are investing in commercial and residential property to generate new income streams and meet our statutory housing duties in a more cost effective way. Resources and staffing have been allocated in order to move this forward.

The Council needs to ensure that it has a robust financial structure on which to base its long term decisions and to prioritise available resources. Planned Capital investment of £30.7m per year over the next five years will continue to ensure that core assets are maintained and protected. This includes approximately £22m per year expected to be funded from government grants and developers' contributions. The average level of the Council funded capital programme is planned to be £12.1m per year in 2017/18 and 2018/19, which includes investment in additional primary school places, temporary accommodation and superfast broadband for rural areas. Average Council funded capital spending is expected to reduce to approximately £5.8m from 2019/20 onwards.

There needs to be sufficient levels of reserves for the Council to deliver services and take appropriate risks in amending service delivery models without impacting on the financial viability of the organisation. The level of usable reserves the Council holds is reviewed as

part of the medium term financial planning. Consideration is given to the current financial standing of the Council, the funding outlook into the medium term and the financial risk environment we are operating in. The use of reserves is a one off solution and must be used prudently to ensure it does not undermine longer term budget sustainability. Usable reserves have been called on in 2016/17 to fund exit costs and to facilitate the transfer of John O'Gaunt School to an Academy. The Council has in the 2017-18 budget put £1.98m back into reserves, to mitigate against service specific risks and to ensure that the Council has the resources to pursue transformation plans outlined in the MTFS and to invest in strategies that will bring future benefits to the organisation.

Conclusion

The Council has managed to achieve a low overspend which has been achieved through the effective management of its finances over the past twelve months against a backdrop of continued local and national financial volatility. The Council has a track record of strong financial management. Historically budgets have been delivered without significant over or underspends. The Council's ability to manage within significant financial challenge is vital to its continuing success in delivering the Council Strategy. The forecast levels of funding available over the medium term, together with provision for budgetary increases and growing pressures mean that the Council will need to continue to find savings and increase income to close the funding gap. The Council will focus on innovation in service transformation and income generation in order to bring financial stability for the future. Capital investment will continue to ensure that core assets are maintained and protected. Reserves have been reviewed to ensure they are sufficient for the Council to deliver services and take appropriate risks in amending service delivery models without impacting on the financial viability of the organisation.

Further information

If you have any questions or require further information on these accounts please contact:

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Annual Governance Statement

1 Scope of responsibility

- 1.1 West Berkshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. West Berkshire Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, West Berkshire Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 West Berkshire Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.
- 1.4 This statement explains how West Berkshire Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations.

2 The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which West Berkshire Council is directed and controlled and its activities through which it engages with, leads and accounts to the community. It enables West Berkshire Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Berkshire Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at West Berkshire Council for the year-ended 31 March 2017 and up to the date of approval of the annual report and financial statements.

3 The governance framework

- 3.1 The key elements of the systems and processes that comprise West Berkshire Council's governance arrangements are set out below and include arrangements for:
 - Identifying and communicating West Berkshire Council's Strategy that sets out its purpose and intended outcomes for citizens and service users;
 - Reviewing West Berkshire Council's Strategy and its implications for West Berkshire Council's governance arrangements;

- Measuring the quality of services for users, ensuring they are delivered in accordance with West Berkshire Council's Strategy and ensuring that they represent the best use of resources;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Ensuring that consultation on the budget and any proposed budget reductions are planned in good time and adhere to the Council's own consultation policy. As part of any consultation on the budget the Council is cognisant of the "Gunning" principles that require the Council to consult at the formative stage, which would mean potential options being available for the residents to comment on. Clearly as the Council's budget reduces and the pressure on further reductions increases this approach becomes more difficult. However, where options are available the Council will seek the views of the residents. The Council will also continue to ensure that the requirements of an Equality Impact Assessment are met and ask our residents how a proposed reduction in service might impact on them and how they could help to mitigate the impact;
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating the Constitution including Contracts Rules of Procedure and Financial Rules of Procedure, The Scheme of Delegation, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)";
- The Governance and Ethics Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities";
- The Finance and Governance Group, which helps to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Conducting a regular review of the effectiveness of Internal Audit;
- Whistle blowing procedures for receiving and investigating complaints from staff or the public;
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training;

4 Review of effectiveness

- 4.1 West Berkshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of all managers within West Berkshire Council who have responsibility for the development and maintenance of the governance environment.
- 4.2 The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework, and include:
- The work of the Finance and Governance Group reviewing the Constitution on annual basis and referring changes to the Governance and Ethics Committee and Council;
 - The work of the Risk Management Group and the Risk Management framework;
 - The annual assurance statements produced by Heads of Service;

- The work of the Governance and Ethics Committee;
- The work of Internal Audit;
- The work of the Overview and Scrutiny Management Commission;
- Responding positively to external regulators such as OFSTED, the Information Commissioner, the Local Government Ombudsman and external auditor KPMG; and
- Commissioning regular external peer reviews by the Local Government Association.

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

5 Significant governance issues identified in the AGS for 2015/16

5.1 The following is an outline of the significant governance issues that were identified in preparing the 2015/16 AGS.

- Council is facing a number of Judicial Reviews in connection with the delivery of planned savings. If the outcome of these is adverse this will impact on the Council's ability to deliver the 16/17 savings programme.
- The Council's financial position remains very challenging.

5.2 The following measures were implemented during 2016/17:

- The Council has a good record of defending Judicial Reviews, and will seek to continue to do so.
- The Council will monitor the delivery of savings that have already been approved, and will work to ensure a balanced budget can be set for 2017/18.

6 Significant Governance Issues identified in 2016/17

6.1 The following is an outline of the significant governance issues identified in 2016/17.

- The Council's proposals to invest significant sums in property to generate revenue present an opportunity to mitigate the ongoing financial pressures faced by the Council. Given the proposed scale of the investment the Council will need to ensure that there are effective governance arrangements in place around investments decisions and ongoing management of the investments.
- The Council's transformation programme aims to help the Council continue to deliver services within reducing resources. Given the potential scale of change arising from transformation, the Council will need to ensure that there are effective governance arrangements around proposed changes.

6.2 The following measures will be implemented during 2017/18:

- The Finance and Governance Group will review the Council's governance arrangements to ensure they are fit for purpose in the increasingly complex and challenging environment that the Council is working within.

Signed:

Nick Carter – Chief Executive

Graham Jones – Leader of the Council

Independent auditor's report to the members of West Berkshire Council

Ian Pennington
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
United Kingdom
CF10 4AX

28th September 2017

Statement of Responsibilities for the financial statements

The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Authority, for the purposes of this requirement for the 2016/17 financial year, that officer is the Head of Finance;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Financial statements

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Council's financial statements. This is required by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the code'), to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year (ended 31 March 2017).

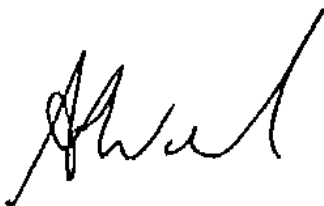
In preparing these financial statements, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code

The Head of Finance has also:

- Kept proper accounting records which were up to date; and
- Took reasonable steps for the prevention and detection of fraud and other irregularities

The Financial statements present a true and fair view of the financial position of West Berkshire Council as at 31 March 2017.



Andy Walker
Head of Finance 31 May 2017

Expenditure and Funding Analysis Statement

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

2015/16			Table 05A	2016/17		
Net Expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
71,463	26,372	97,835	Communities Directorate	66,709	22,830	89,539
32,442	14,056	46,498	Environment Directorate	30,541	15,764	46,305
12,729	1,457	14,186	Resources Directorate (including Support Services)	12,275	1,773	14,048
8,412	(8,400)	12	Capital Financing and Risk Management	7,298	(7,290)	8
125,046	33,486	158,532	Net Cost of Services	116,823	33,077	149,900
0	(135,038)	(135,038)	Other Income and Expenditure from the Expenditure and Funding Analysis	0	(124,458)	(124,458)
			Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services			
125,046	(101,552)	23,494		116,823	(91,381)	25,442

Comprehensive Income and Expenditure Statement

2015/16 restated			Comprehensive			2016/17		
Expenditure	Income	Net Expenditure	Income & Expenditure Statement		Expenditure	Income	Net Expenditure	
£000	£000	£000	Table 05B	Note	£000	£000	£000	
Net Expenditure on Continuing Services								
217,675	(119,840)	97,835	Communities Directorate		221,267	(131,729)	89,538	
71,639	(25,141)	46,498	Environment Directorate		72,758	(26,452)	46,306	
63,366	(49,180)	14,186	Resources Directorate including Support Services		63,915	(49,867)	14,048	
12	0	12	Capital Financing and Risk Management		8	0	8	
352,692	(194,161)	158,531	Net Cost of Services	7	357,948	(208,048)	149,900	
		270	(Gain) / loss on the disposal of non current assets	23c			6,180	
		3,710	Precepts to Parishes	41			3,865	
		142	Levies Payable				142	
		659	(Surpluses)/deficits on trading undertakings	26/27			482	
		4,781	Other Operating Expenditure				10,669	
	(432)		Interest Receivable	15a			(291)	
	1,272		(Surpluses) / deficits on investment properties	14a			(140)	
	8,116		Remeasurement of net defined benefit liability	38a			8,427	
	5,767		Interest Payable and similar charges	15a			6,008	
		14,723	Financing and Investment Income and Expenditure				14,004	
		178,035	Net Operating Expenditure				174,573	
	(81,133)		Income from Council Tax				(86,056)	
	(18,305)		Income from Business Rates				(19,272)	
	(25,914)		Non Ring Fenced Government Grants	34a			(17,111)	
	(29,189)		Capital Grants and Contributions	34a			(26,692)	
	(154,541)		Taxation and Non Specific Grant Income				(149,131)	
		23,494	Surplus or Deficit on Provision of Services				25,442	
	(18,092)		(Surplus) / deficit on revaluation of Fixed Assets	23b			(11,218)	
	(24,045)		Remeasurement of the net defined benefit liability/ (asset)	38a			64,940	
	(42,137)		Other Comprehensive Income & Expenditure				53,722	
	(18,643)		Total Comprehensive Income & Expenditure				79,164	

The 15/16 figures have been restated due to a change in the code of practice, this now states that Local Authorities in the net cost of services, can from 16/17 report in the same format as their reports to management. Previously the net cost of services followed the Service Reporting Code of Practice. 15/16 figures have been restated to help with compar

Balance Sheet

2015/16 £000	Balance Sheet Table 06	Note	2016/17	
			£000	£000
Property, Plant and Equipment				
205,486	Buildings	11a	190,572	
64,325	Land	11a	67,837	
151,067	Other	11a	161,705	
420,878				420,114
7,590	Investment properties	14b		7,412
428,468	Total Property, Plant and Equipment			427,526
122	Long Term Debtors			94
428,590	TOTAL LONG TERM ASSETS			427,620
Current Assets				
500	Short term investments	15a	6,500	
24	Inventories	17a	15	
17,998	Short term debtors	18	22,065	
3,218	Assets held for sale	11a	3,209	
994	Cash and cash equivalents	19	3,475	
22,734	TOTAL CURRENT ASSETS			35,264
451,324	TOTAL ASSETS			462,884
Current Liabilities				
(15,813)	Short term borrowing	15a	(19,108)	
(26,924)	Short term creditors	20	(32,823)	
(42,737)	TOTAL CURRENT LIABILITIES			(51,931)
	TOTAL ASSETS LESS CURRENT LIABILITIES			410,953
408,587				
Long term Liabilities				
(350)	Provisions	21	(153)	
(452)	Contributions deferred account		(236)	
(239,935)	Pension liability	38a	(317,317)	
(121,882)	Borrowings PWLB	16c	(127,048)	
(14,898)	PFI liability	37b	(14,293)	
(377,517)				(459,047)
31,070	TOTAL ASSETS LESS LIABILITIES			(48,094)
6,352	General Fund	10c	6,345	
2,780	Working Balances	10c	2,066	
12,018	Earmarked Reserves	10c	10,890	
25,838	Capital Reserves	12d	29,386	
46,988	Usable Reserves			48,687
224,017	Unusable reserves, exc Pensions	23		220,536
(239,935)	Pension Reserve			(317,317)
(15,918)	Total Unusable Reserves			(96,781)
31,070	TOTAL DEFICIT ON RESERVES			(48,094)

Movement in Reserves Statement

Movement in Reserves Statement 2016/17 Table 07A		General Fund Balance £000	Capital Receipts Reserve £000	Capital Reserves £000	Reserves Usable £000 Unusable £000		Total Authority Reserves £000
	Note						
Balance as at 31 March 2016		21,221	169	25,598	46,988	(15,918)	31,070
Total Comprehensive Expenditure & Income		(25,442)	0	0	(25,442)	(53,722)	(79,164)
Adjustments required due to statutory accounting policies	9c	23,522	40	3,579	27,141	(27,141)	0
Increase / (Decrease) in Year		(1,920)	40	3,579	1,699	(80,863)	(79,164)
Balance as at 31 March 2017	10c / 12d / 23	19,301	209	29,177	48,687	(96,781)	(48,094)

Movement in Reserves Statement 2015/16 Table 07b		General Fund Balance £000	Capital Receipts Reserve £000	Capital Reserves £000	Reserves Usable £000 Unusable £000		Total Authority Reserves £000
	Note						
Balance as at 31 March 2015		22,236	0	21,258	43,494	(31,067)	12,427
Total Comprehensive Expenditure & Income		(23,494)	0	0	(23,494)	42,137	18,643
Adjustments required due to statutory accounting policies	9/c	22,479	169	4,340	26,988	(26,988)	0
Increase / (Decrease) in Year		(1,015)	169	4,340	3,494	15,149	18,643
Balance as at 31 March 2016	10c / 23	21,221	169	25,598	46,988	(15,918)	31,070

The General Fund Balance includes Earmarked Reserves and Working Balances

Cash Flow Statement

2015/16 £000	Cash Flow Statement Table 08	Note	2016/17	
			£000	£000
	Operating Activities			
124,581	Taxation		125,478	
206,036	Grants		193,648	
941	Rents		1,005	
25,081	Sale of goods and rendering of service		31,766	
432	Interest received		291	
408	Other receipts from operating activities		(3)	
<u>357,479</u>	Cash inflows generated from operating activities			352,185
(145,420)	Cash paid to and on behalf of employees		(148,831)	
(40,024)	Housing benefit paid out		(39,906)	
(3,710)	Precepts paid		(3,861)	
(138,647)	Cash paid to suppliers of goods and services		(121,164)	
(5,767)	Interest paid		(6,008)	
(21,244)	Other payments for operating activities		0	
<u>(354,812)</u>	Cash outflows from operating activities			(319,770)
<u>2,667</u>	Net cash flows from operating activities	24		<u>32,415</u>
	Investing Activities			
(38,561)	Purchase of property plant and equipment		(31,035)	
(10,000)	Purchase of short and long term investments		(12,500)	
(41,964)	Other payments for investing activities		(154,600)	
169	Proceeds from sale of PPE and investment properties		532	
13,500	Proceeds from the short and long term investments		6,500	
42,334	Other receipts from investing activities		155,100	
<u>(34,522)</u>	Net cash flows from investing activities			(36,003)
	Financing Activities			
86,404	Cash receipts of short and long term borrowing		102,370	
263	Other receipts from financing activities		(262)	
(53,060)	Repayments of short and long term borrowing		(94,513)	
(758)	Other payments for financing activities		(532)	
<u>32,849</u>				7,063
<u>(1,673)</u>	Net cash flows from financing activities			<u>(28,940)</u>
<u>994</u>	Total			<u>3,475</u>
	Net increase/(decrease) in cash and cash equivalents			2,481
	Cash and cash equivalents at the beginning of the reporting period			994
2,939				
<u>994</u>	Cash and cash equivalents at the end of the reporting period	19 / 25		<u>3,475</u>

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(1) Statement of Accounting Policies

I. General principles

The purpose of the Statement of Accounting Policies is to explain the basis of measurement that has been used in the preparation of the Financial Statements which summarise the Council's transactions for the 2016/17 financial year and its position at the year-end, 31 March 2017.

The Financial Statements for 2016/17 are prepared in accordance with the code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The code) issued by The Chartered Institute of Public Finance and Accountancy (CIPFA), Financial Reporting Standards (FRS) and where appropriate the International Accounting Standards (IAS). The Accounting convention adopted is principally historical cost modified by the revaluation of certain categories of non-current assets and financial instruments. The Financial statements have been prepared on a 'going concern' basis.

There are no instances in the financial statements where the fundamental accounting concepts have not been followed. The Financial statements can contain estimated figures, where the actual figure is not known. Estimates are made taking into account historical experience, current trends and other relevant factors. There are no items in the Balance Sheet at 31 March 2017 for which there is believed to be a significant risk of material adjustment in the forthcoming financial year.

The Council has to consider all their interests and to prepare a full set of Group Accounts where they have material interests in subsidiaries, associates or joint ventures. West Berkshire Council currently has no interests that necessitate the production of Group Accounts.

II. Events after the Reporting Period

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

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

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

III. Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to understanding the Council's financial performance.

IV. Accruals of Income and Expenditure

All revenue income and expenditure relating to the financial year is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Notes to the Core Financial Statements

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services
- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption; they are carried as inventory on the Balance Sheet
- Interest payable on borrowing and receivable on investment is accounted for 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 income and expenditure have been recognised in the accounts but cash has not been received nor paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of the debtors is written down and a charge made to revenue for the income that might not be collected.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

An exception to this rule is the periodic costs such as gas and electricity, which are included in the accounts on a payments basis and are not considered material to the accounts.

Accruals are not made for capital expenditure, but unspent capital funds are carried forward to the next financial year to cover any commitments which are outstanding at year-end. This does not follow CIPFA guidance as the recommended practice expects the use of accruals based accounting that is recognising items as assets, liabilities, income and expenses when they satisfy the definitions and recognition criteria for those elements in the code. The Council is of the opinion that the time required to produce these accruals is not cost effective. The capital expenditure is written out through the accounts so has no meaningful impact on the Council's current operation or on the Comprehensive Income and Expenditure Statement, although it will have a minor impact on the Council's 'net worth' on the Balance Sheet. The level of the accrual has been estimated to be about £2 million which is 0.46% of the total value of Fixed Assets on the Balance Sheet.

V. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 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.

The Authority's policy is to include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. In the balance sheet, cash and cash equivalents are shown net of bank overdrafts that are payable on demand and form an integral part of the Authority's cash management strategy.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form part of the Authority's cash management.

VI. Government Grants and Contributions

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

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

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

Where capital grants have been credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund through the Movement in Reserves Statement. Capital grants are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

A Business Improvement District (BID) scheme applies across the whole of the authority. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as principal under the scheme and accounts for income and expenditure incurred within the relevant services within the Comprehensive Income and Expenditure Statement.

The authority charges a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Council charges for and collects the levy, which is a planning consent. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions. It is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement. CIL charges are largely used to fund capital expenditure. However a small proportion of the charges may be used to fund revenue expenditure.

VII. Charges to Revenue for Non – Current Assets

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

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the revaluation reserve against which the losses can be written-off.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account.

VIII. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a fixed asset has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged to the General Fund balance on the Statement of Movement in Reserves, so there is no impact on the level of council tax.

IX. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the authority. The cost of salaries and wages has been included in the accounts based on 12 months and 52 pay weeks.

In line with IAS 19, an accrual has been made for leave and flexible hours owing at year-end. The accrual is based on a three year historic sample of leave owing and then averaged out to give a total for the whole Council. No adjustment has been made for other employee costs. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement.

Termination Benefits

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

It is the Council's policy to minimise the impact of organisational change on its employees and to redeploy employees whenever possible. Therefore redundancies and redundancy payments only occur when absolutely necessary and in consultation with the Trade Unions. It is the Council's policy not to offer enhanced pension payments on termination of employment.

Post Employment Benefits

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

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

All schemes provide defined benefits to members (retirement lump sums and pension), earned as employees working for the Council.

Notes to the Core Financial Statements

The arrangements for the Teachers' Pension Scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Communities Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contribution payable to the Teachers' Pension Scheme in the year.

The NHS Pension Scheme is also accounted for as if it were a defined contributions scheme, likewise the liabilities for these benefits cannot be identified to the Authority. No liability for future payments of benefits is recognised in the Balance Sheet and the Resources Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contribution payable to the NHS Pension Scheme in the year.

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

The liabilities of the Berkshire Pension Scheme attributed to the Council are included in the Balance Sheet on an actuarial basis using the Projected Unit Method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings of current employees.

Liabilities are discounted to their value at current prices using a discount rate. (The discount rate is the yield on the Merrill Lynch Non Gilt Sterling AA over 15 year Corporate Bond index, with an adjustment to reflect the liabilities relative to the duration of the index.)

The assets of the Berkshire Pension Scheme attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year; allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the change in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years or from plan curtailments; credited or debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Gains or losses on settlements - transactions that eliminate all further legal or constructive obligations for part or all of the benefits provided under the plan.
- Administration expenses are those that are directly related to the management of plan assets. These have been charged to the Comprehensive Income and Expenditure Statement.

Notes to the Core Financial Statements

- Net interest on the net defined benefit liability i.e. net interest expense for the Council - 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 at the beginning of the period and adjusted for contribution and benefit payments during the year. This is charged to the Financing and Investment income and Expenditure Line of the Comprehensive Income and Expenditure Statement.
- Re-measurements comprising:
 - Differences between the return on plan assets and interest income on plan assets calculated as part of the net interest on the net defined benefit liability.
 - Actuarial gains and losses which result from events not coinciding with assumptions made at the last actuarial valuation or the actuaries updating the assumptions.

These charges are charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid into the Berkshire Pension Scheme, cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Berkshire Pension Scheme in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension scheme and any amounts payable to the pension scheme but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

X. Overheads and Support Services

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

XI. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be sold. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on

revaluation are posted to the Financing and Investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rental income received in relation to investment properties is credited to the Financing and Investment Income line and results in a gain for the General Fund Balance. Revaluation gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

XII. Heritage Assets

FRS 30, Heritage Assets, has been adopted by the Council. Heritage Assets are those assets held by the Council for cultural, environmental or historical reasons in relation principally to their contribution to knowledge and culture. The Council has two main Heritage Assets: the Berkshire Record Office Archives and the West Berkshire Museum Collections. Neither of these assets are disclosed in the Balance Sheet since the cost of obtaining reasonable valuations would not be commensurate with the benefits to users of these statements.

XIII. Property, Plant and Equipment (PPE) / Other information re Fixed Assets

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 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 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 (ie repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Fixed assets are initially valued at cost, comprising:

- The purchase price,
- Any costs attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management.

CIPFA guidance allows Councils to choose whether to depreciate its assets at either the mid-point through the year or at the end of the year. West Berkshire Council's assets have been depreciated at the end of the year.

Fixed assets are classified under the following headings:

- Land and Buildings, shown at fair value
- Plant and Equipment, shown at depreciated historical cost
- Infrastructure Assets, shown at depreciated historical cost
- Community Assets, shown at depreciated historical cost
- Investment Properties, shown at market value
- Assets Under Construction, shown at historical cost
- Assets Held for Sale, shown at fair value.

Revaluation

Assets included in the Balance Sheet at fair value are re-valued, as a minimum, every five years, except for Investment Properties which are re-valued annually. All increases in valuations for PPE are matched by credits to the Revaluation Reserve as unrealised gains. Exceptional increases might be credited to the Comprehensive Income and Expenditure Statement 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.

When decreases in value 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 gain);
- When there is not a balance within the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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 gain);
- When there is not a balance within the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement;
- Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

Componentisation

The code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately and componentised. Within the Council's asset portfolio there are a number of asset classes where componentisation will not be considered;

- Equipment as this is considered immaterial
- Infrastructure
- Asset classes which are not depreciated such as Land, Investment properties, Heritage assets, Community Assets, Surplus Assets and Assets Held for Sale.

The remaining assets which are contained within the operational portfolio are often of a specialised nature such as schools, leisure centres and libraries. The Council requires the valuers to provide component information for each asset which is then reviewed to assess if inclusion of different components will have a material impact on depreciation.

Where an item of Property Plant or Equipment is made up from components that have different asset lives, International Accounting Standard 16 (IAS 16) requires the components

to be recognised as separate assets. West Berkshire Council splits PPE into components where components are either 10% of the asset's value or have value of more than £250k. These assets are recognised either at the time of purchase or on revaluation.

Depreciation

In accordance with IAS 16, depreciation is provided for on all Fixed Assets with a finite useful life by the systematic allocation of their depreciable amounts over their useful lives.

All Fixed Assets, with the exception of Freehold Land, Community Assets, Investment Properties and Assets under Construction are depreciated.

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight line allocation over the life of the property as estimated by a qualified valuer, between 10 and 60 years
- Vehicles, Plant and Equipment - straight line allocation over the life of the asset, mainly 10 years
- IT Assets are depreciated over 5 years
- Infrastructure – straight line allocation, between 10 and 40 years

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.

Where assets have been componentised, components can be depreciated over different asset lives, but they will always be in the same asset class.

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is classified as an Asset Held for Sale. The asset is revalued immediately before reclassification. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to a non - current asset and valued at the lower of:

- Its carrying amount before they were classified as Held for Sale. The asset is adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, or
- Its recoverable amount at the date of the decision not to sell.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land, net of statutory deductions and allowances) is payable to the Government up to a maximum ceiling. The balance of receipts is required to be credited to the Capital Receipts Reserve and can

only be used for new capital investments or set aside to reduce the underlying need to borrow.

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

XIV. Inventories and Work in Progress

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

XV. Provisions, Contingent Liabilities and Contingent Assets

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing or amount of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the Comprehensive Income and Expenditure Statement and the relevant provision released from the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of economic benefits will be required or the amount of the obligation cannot be measured reliably.

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

XVI. Financial Instruments

The term 'Financial Instrument' covers both financial assets and liabilities and includes debtors, creditors, the Council's borrowings, PFI liabilities and investment transactions. It broadly covers the instruments used in the treasury management activity of the Council, including the borrowing and lending of funds and the making of investments.

As part of its interest and debt management, on occasion the Council may repay loans before their maturity date; usually receiving a discount or incurring a premium. Such gains and losses on premature repayment of debt are recognised in the Comprehensive Income

and Expenditure Statement in the year they occur, unless they meet the modification test in the code (i.e. if the present values of the debt restructured has not changed significantly).

Where PWLB borrowing is repaid and replaced on the same day, gains and losses are amortised using the effective interest rate method, provided the modification test criteria set out in the code are met. For financial assets and liabilities carried at fair value, the fair value has been determined using discounted cash flow analysis. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the General Fund Balance.

Provisions for Bad Debts have been established in respect of general debtors in accordance with the CIPFA code of practice. The level of the provision has been set to provide adequate cover based upon an aged debt profile as at 31 March 2017.

Borrowings The loan debt held by Berkshire County Council (BCC) when it was abolished due to local government reorganisation as at the 31 March 1998 amounted to approximately £220m. The portfolio of debt consisted entirely of Public Works Loans Board (PWLB) loans, of which some £40m was deemed to be West Berkshire's liability as part of the disaggregation process. At that time it was agreed by all the Berkshire councils that the total debt would be administered by Reading Borough Council as part of their role as Designated Council overseeing the closure of the BCC accounts.

The Prudential Code presented the opportunity for this Council and other Berkshire councils to take back the direct management of the remaining part of the ex BCC loan debt. The transfer took place with effect from 1 December 2005 and at that time £28.92m of PWLB debt was transferred to West Berkshire Council.

The level of Investment required to fund the Capital Programme currently over and above the level of external funding available is borrowed from the Public Works Loans Board.

Investments are shown in the Balance Sheet at cost.

Interest has been credited to certain reserves at the year-end based on the average level of balances during the year. The balance of the interest received (after the amount credited to reserves) has been credited to the General Fund.

Financial Liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

For most borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Financial Assets: Loans and Receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Fair Value estimations: With the exception of its long term loans from the Public Works and Loans Board (PWLB), the fair value of all the Council's financial assets and liabilities is deemed to be equal to their carrying value. This is because these assets and liabilities are, for the most part, short term in nature (i.e. < one year). The fair value of the Council's long term PWLB loans as shown in the statement of accounts is calculated by the PWLB.

Capital Financing: The Prudential Code Framework places the emphasis for capital expenditure on affordability. Local councils themselves decide how much they can afford to borrow, the costs of this borrowing being met from the revenue budget.

Every year, a borrowing limit and annual investment strategy is produced, which is approved by full Council.

Instruments Entered into Before 1 April 2006: The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the financial statements to the extent that provisions might be required or a contingent liability note is needed.

XVII. Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the Fixed Assets needed to provide the services passes to the PFI contractor. Payments made by the Council under a contract are charged to revenue to reflect the value of services received in each financial year.

Prepayments: A prepayment for services receivable under the contract arises when assets are transferred to the control of the PFI contractor, usually at the start of the scheme. The difference between the value of the asset at the date of transfer and any residual value that might accrue to the Council at the end of the contract is treated as a contribution made to the contractor and is accounted for as a prepayment. The prepayment is written down (charged) to the respective revenue account over the life of the contract to show the full value of services received in each year. However, as the charge is a notional one, it is reversed out in the General Fund to remove any impact on council tax or rents.

Reversionary Interests: The Council has passed control of certain land and buildings over to the PFI contractor, but this property will return to the Council at the end of the scheme (reversionary interests). An assessment has been made of the net present value that these assets will have at the end of the scheme (unenhanced) and a Reversionary Interest Asset has been created in the Council's Balance Sheet. As the asset is stated initially at net present value, the discount will need to be unwound over the life of the scheme by earmarking (decreasing) part of the unitary payment to ensure the reversionary interest is recorded at current prices when the interests revert to the Council.

Residual Interests: Where assets created or enhanced under the PFI scheme are to pass to the Council at the end of the scheme at a cost less than fair value (including residual interests), an amount equal to the difference between the fair value and the payment to be made at the end of the contract is built up as a long-term debtor over the contract life by reducing the amount of the payment charged to the revenue account.

PFI Credits: Government grants received for PFI schemes, in excess of current levels of expenditure.

XVIII. Leases

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

Where a lease covers both land and buildings, the land and buildings element 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 the specific assets.

The Council has not entered into any finance lease agreements, all the Council's leases are operating leases.

The Council as Lessee;

The Council has acquired some land, buildings, vehicles and equipment by means of operating leases. In accordance with current accounting procedures the operating leases are not stated in the Balance Sheet. Rentals are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment; charges are made on a straight line basis over the life of the lease and in accordance with the terms of the lease.

The Council as Lessor;

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

XIX. Reserves

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

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, retirement and employee benefits. These do not represent usable resources for the Council.

XX. VAT

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT. VAT is reconciled and accounted for to HM Revenues and Customs on a monthly basis.

XXI. Collection Fund

The Collection Fund Statement is an agent's statement which reflects the statutory obligation in accordance with section 89 of the Local Government Finance Act 1988 for billing authorities to maintain a separate Collection Fund. The Collection Fund shows the

transactions of 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 bodies (i.e. major preceptors, the billing authority and the government).

XXII. Accounting for Council tax

While the council tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out from the Collection Fund to the major preceptors.

The council tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. Revenue related to council tax shall be measured at the full amount receivable as they are non contractual, non exchange, transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from council tax payers belongs to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

XXIII. National Non-Domestic Rates (NNDR)

The NNDR income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NNDR for the year from the National Non-Domestic Rates (NNDR) 1 return.

The NNDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the collection fund's accrued income for the year from the NNDR 3 return. Revenue relating to non-domestic rates shall be measured at the full amount receivable as they are non contractual, non exchange transactions and there can be no difference between the delivery and payment dates.

XXIV. Schools

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

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

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

Notes to the Core Financial Statements

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

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

(2) Accounting Standards issued not adopted

Under the code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by The code.

This applies to the adoption of the new or amended standards within the 2017/18 Code. There are no new standards in the 2017/18 Code which are likely to have a material impact on these accounts.

(3) Critical judgements

In applying the accounting policies set out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events:

- The Council anticipates that the pressures on public expenditure will continue to be severe. These pressures will be mitigated by further service area and corporate savings, and a limited use of reserves where necessary. An assessment of the ongoing pressures and means of mitigation has been made by way of the Council's Medium Term Financial Planning process.
- In 2014/15 in order to comply with appropriate accounting standards the Council undertook a review of schools' assets. As a result the Council recognises school assets for Community Schools on its balance sheet. The Council has not recognised assets relating to Academies, Voluntary Aided (VA), Voluntary Controlled (VC) or Foundation schools as it is of the opinion that these assets are not controlled by the Council. In the case of VA and VC schools these were deemed to be owned by the relevant dioceses after consultation and review. The transfer of schools to Academies is recognised as a disposal from the Council's balance sheet on the date the school converts to Academy status.

(4) Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

4a Asset Valuations

These are based on market prices and are periodically reviewed to ensure that the Council does not misstate its non-current assets and investment properties. The Council's external valuer provided valuations as at 1st April 2016 for all the Council's investment portfolio and circa 20% of its operational portfolio. The remaining balance of Operational properties was also reviewed to ensure values were reflective of current appropriate values. Investment properties were valued in line with new requirements.

The consequences if the actual results differ from the assumption:

A reduction in the estimated valuations would result in reductions in the Revaluation Reserve and or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's investment properties was to reduce by 10%, this

would result in a circa £1,200k charge to the Comprehensive Income and Expenditure Statement.

An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

Depreciation charges for operational buildings will change in direct relation to changes in estimated fair value. The net book value of non-current assets subject to potential revaluation is over £250m.

4b Pensions Liability

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounted rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments.

The Council is part of the Berkshire Pension Scheme, which is administered by the Royal Borough of Windsor and Maidenhead, who provide advice about the assumptions to be applied.

The consequences if the actual results differ from the assumption:

The effect of changes in these estimates on the net pension liability of the Council are reviewed on an ongoing basis. Although the pension liability is written out through the accounts so has no meaningful impact on the Council's current operation, it clearly reduces the Council's 'net worth' on the Balance Sheet.

4c Business Rates (NNDR) – safety net

Following the 2010 revaluation of business hereditaments and more recent legislation changes relating to the timing of appeals, we have seen an increased level of appeals.

Successful appeals will negatively impact on the yield, especially with the majority being back dated to 2010 when determined. This is particularly so with larger hereditaments, where the appeals process requires the use of specialist valuers and protracted negotiations.

As at the end of March 2017, 620 appeals in respect of 440 properties remain outstanding with the Valuation Office. There has been a significant increase in the numbers of appeals, following the National Revaluation. A provision has been made for the estimated successes of future appeals for losses for the period to the end of March 2017, based on the success rate of appeals by class of property and the average percentage reduction obtained.

In 2013 when the Government introduced the Business Rates Retention Scheme, a safety net system was put in place to protect the Council from losses below 92.5% of the baseline funding level. The safety net level for West Berkshire Council is set at £1.2m below the funding baseline of £16.6m

The consequences if the actual results differ from the assumption:

The Council's overall financial losses, beyond an initial amount, are protected by the safety net. Any variance to our assumptions affects the scale of the provisions for both bad debts and appeals. This however is offset by a movement in the levy payable to the Government for growth in business rates or safety net entitlement. (This is accrued for at year-end).

4d Fair Value estimations – of Land and Buildings

The Council's Investment Properties include industrial units, offices and farms. These properties (and any surplus properties and properties held for sale, but not yet under offer) are valued annually by RICS qualified valuers taking into account:

- Market values of similar properties
- Yields
- Void and letting periods
- Size
- Configuration
- Location
- Condition
- Lease Covenants
- And obsolescence.

Properties which are considered to have unobservable inputs, where market evidence is not available, include community centres, sports centres and libraries. 20% of these properties are revalued each year, as part of a rolling programme, on the basis of depreciated replacement value.

The firm of Wilkes, Head & Eve were employed as valuers in 2016/17. All valuations are carried out in accordance with the professional standards of the Royal Institute of Chartered Surveyors (the RICS Red Book); International Reporting Standards (IFRS) and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Local Authority Accounting. All the valuations submitted by the external valuers are reviewed by the Council's valuation expert, who regularly consults with accountants reporting directly to the Chief financial officer on all valuation matters.

The consequences if the actual results differ from the assumption:

The Council uses a combination of techniques, to measure the fair value of its Investment Properties, surplus Assets and Assets Held for Sale under IFRS13 depending on which technique it considers most appropriate.

Some of the significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, floor area, and repairs backlogs. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.

4e Provision for Doubtful Debts

As at the 31 March 2017 the Council had an outstanding balance of short term debtors totalling £22.1m. A review of the major areas of debt has led to an updated provision against doubtful debts. It is not certain that this provision would be sufficient as the Council cannot assess with certainty which debts will be collected or not.

The consequences if the actual results differ from the assumption:

An understatement of doubtful debts would lead to a future adjustment in the accounts. The provisions held are based on policies adapted to the nature of the debt and service area, past experience and success rates experienced in collection. If collection rates were to deteriorate by 5% then the Council would need to review its policies on the calculation of its doubtful debt provisions.

(5) Prior Year Adjustments

There are no prior year adjustments.

(6) Events after the Reporting Period

There were no material events after the end of the financial year which need to be reported.

(7) Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The adjustments required due to statutory accounting policies are explained in Table 13 with the total showing in the Movement in Reserves Statement.

Notes to the Core Financial Statements

7a Adjustments between Funding and Accounting Basis

Adjustments between Funding and Accounting Basis 2016/17
Table 9

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Communities Directorate	14,495	2,410	5,925	22,830
Environment Directorate	16,541	1,302	(2,079)	15,764
Resources Directorate (including Support Services)	1,382	303	88	1,773
Capital Financing and Risk Management	0	0	(7,290)	(7,290)
Net Cost of Services	32,418	4,015	(3,356)	33,077
Other Income and Expenditure from the Expenditure and Funding Analysis	6,180	8,427	(139,065)	(124,458)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	38,598	12,442	(142,421)	(91,381)

Adjustments between Funding and Accounting Basis 2015/16
Table 10

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Communities Directorate	22,179	3,308	885	26,372
Environment Directorate	12,393	1,653	10	14,056
Resources Directorate (including Support Services)	710	768	(21)	1,457
Capital Financing and Risk Management	0	0	(8,399)	(8,399)
Net Cost of Services	35,282	5,729	(7,525)	33,486
Other Income and Expenditure from the Expenditure and Funding Analysis	270	8,116	(143,424)	(135,038)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	35,552	13,845	(150,949)	(101,552)

The adjustment for Capital Purposes column includes:

- Depreciation, impairment and revaluation gains and losses

Notes to the Core Financial Statements

- Other operating expenditure: 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. the Minimum Revenue Provision are deducted from other expenditure as this is not chargeable under generally accepted accounting practice
- 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 to the Pensions Adjustments column includes the net change for the removal of pension contributions and the addition of IAS 19 Employee benefits pension related expenditure and income.

- For the 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.

The Other Differences column shows the other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute

- For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council tax and NNDR 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.

Notes to the Core Financial Statements

7b Segmental Income

Income received on a segmental basis is analysed below:

Income received on a segmental basis: Table 11					
Services	2015/16		2016/17		
	Income from Services		Income from Services		
	£000	Total	£000	Total	
Communities Directorate					
Fees & Charges	(8,484)		(8,958)		
Grants	(101,616)		(102,271)		
Contributions & reimbursements	(2,747)		(12,939)		
Other income	(168)		(1)		
Financial account adjustments	(6,825)		(7,560)		
Total		(119,840)		(131,729)	
Environment Directorate					
Fees & Charges	(7,776)		(7,951)		
Grants	(2,637)		(2,557)		
Contributions & reimbursements	(1,645)		(2,595)		
Other income	(66)		0		
Financial account adjustments	(13,017)		(13,349)		
Total		(25,141)		(26,452)	
Resources Directorate					
Fees & Charges	(1,312)		(1,447)		
Grants	(46,709)		(46,287)		
Contributions & reimbursements	(755)		(874)		
Other income	(36)		(107)		
Financial account adjustments	(368)		(1,152)		
Total Income Analysed on a segmental basis		(49,180)		(49,867)	
Total of all Segments		(194,161)		(208,048)	

(8) Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

Table 12	2015/16	2016/17
Expenditure / Income	£000	£000
Expenditure		
Employee Benefits Expenses	63,762	66,794
Other Services Expenses	236,481	251,078
Support Services Expenses	12,298	9,879
Depreciation, Amortisation, Impairment	42,082	30,539
Interest Payments	5,767	6,008
Precepts and Levies	3,853	4,007
Remeasurement of net defined benefit liability	8,116	8,427
Gain on Disposal of Assets	270	6,180
Total Expenditure	372,628	382,912
Income		
Fees Charges and Other Service Income	(194,161)	(208,048)
Interest and Investment Income	(432)	(291)
Income from Council Tax, Non-Domestic Rates, District Rate Income	(99,438)	(105,328)
Government Grants and Contributions	(55,103)	(43,803)
Total Income	(349,134)	(357,470)
Surplus or Deficit on the Provision of Services	23,494	25,442

(9) Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

- 9a The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year. The General Fund Balance includes earmarked reserves and Working Balances which have been set aside for specific items.
- 9b The Capital Receipts Reserve holds the proceeds from the disposal of land and other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year-end.
- 9c The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions but which have yet to be applied

Notes to the Core Financial Statements

to meet the expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2016/17				
Table 13	General Fund Balance £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from Revenue for the year calculated in accordance with statutory requirements.				
Pension Costs transferred to (or from) the Pensions reserve	12,442	0	0	12,442
Council tax and NNDR (transfers to or from Collection Fund Adjustment Account)	2,216	0	0	2,216
Holiday Pay (transferred to the Accumulated Absences Reserve)	(800)	0	0	(800)
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)	41,838	0	0	41,838
Total adjustments to Revenue Resources	55,696	0	0	55,696
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(539)	604	0	65
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,342)	0	0	(5,342)
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(206)	0	0	(206)
Total Adjustments between Revenue and Capital Resources	(6,087)	604	0	(5,483)
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance Capital Expenditure	676	(564)	0	112
Application of Capital Grants to finance Capital Expenditure	(26,763)	0	3,579	(23,184)
Total Adjustments to Capital Resources	(26,087)	(564)	3,579	(23,072)
Total Adjustments	23,522	40	3,579	27,141

Notes to the Core Financial Statements

2015/16				
Table 14	General Fund Balance £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from Revenue for the year calculated in accordance with statutory requirements.				
Pension Costs transferred to (or from) the Pensions Reserve	13,845	0	0	13,845
Council tax and NNDR (transfers to or from Collection Fund Adjustment Account)	120	0	0	120
Holiday Pay (transferred to the Accumulated Absences Reserve)	325	0	0	325
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)	42,403	0	0	42,403
Total adjustments to Revenue Resources	56,693	0	0	56,693
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	169	0	169
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,910)	0	0	(4,910)
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	0	0	0	
Total Adjustments between Revenue and Capital Resources	(4,910)	169	0	(4,741)
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance Capital	0	0	0	0
Application of Capital Grants to finance Capital Expenditure	(29,304)	0	4,340	(24,964)
Total Adjustments to Capital Resources	(29,304)	0	4,340	(24,964)
Total Adjustments	22,479	169	4,340	26,988

(10) Movements in Usable Reserves:

- 10a General Fund:** This balance represents the total general reserve that the Council holds for non-specific items and represents the total of the General Fund and the Risk Fund.
- 10b Working Balances:** This balance represents resources used for cash flow purposes that are held for consumption in the following financial year.
- 10c Earmarked Reserves:** The amount shown for Earmarked reserves is a number of funds and balances where the amounts are held for specific future projects.

Notes to the Core Financial Statements

Movements in Earmarked Reserves

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

Earmarked Reserves Table 15	Balance at 1 April 2015 £000	Transfers in 2015/16 £000	Transfers out 2015/16 £000	Balance at 31 March 2016 £000	Transfers in 2016/17 £000	Transfers out 2016/17 £000	Balance at 31 March 2017 £000
General Fund	6,437	0	(1,115)	5,322		(7)	5,315
Risk Fund	1,530	550	(1,050)	1,030			1,030
Total General Reserve	<u>7,967</u>	<u>550</u>	<u>(2,165)</u>	<u>6,352</u>	<u>0</u>	<u>(7)</u>	<u>6,345</u>
Total Working Balances	<u>2,233</u>	<u>2,424</u>	<u>(1,877)</u>	<u>2,780</u>	<u>1,967</u>	<u>(2,681)</u>	<u>2,066</u>
Schools Balances	5,120	5,452	(6,037)	4,535	5,486	(5,950)	4,071
Special Expenses	6	12	(8)	10	46	(45)	11
Self Insurance Fund	802	471	(323)	950	89	(331)	708
Long term commitment	1,133	25	(237)	921	26	(103)	844
Ex BCC Liabilities	273	0	(273)	0	0	0	0
Specific Earmarked Reserves	3,725	5,614	(4,129)	5,210	2,787	(3,271)	4,726
Waste Management Strategy	977	36	(550)	463	67	0	530
Total Earmarked Reserves	<u>12,036</u>	<u>11,610</u>	<u>(11,557)</u>	<u>12,089</u>	<u>8,501</u>	<u>(9,700)</u>	<u>10,890</u>
Total General Fund	<u>22,236</u>	<u>14,584</u>	<u>(15,599)</u>	<u>21,221</u>	<u>10,468</u>	<u>(12,388)</u>	<u>19,301</u>

Notes to the Core Financial Statements

School Balances

School Balances 2016/17					
Table 16	Nursery	Primary	Secondary	Special	Totals
	£000	£000	£000	£000	£000
Opening balances	193	2,808	32	1,502	4,535
Transfers to Academies	0	(110)	850	0	740
Restated balances	193	2,698	882	1,502	5,275
Movement	30	(565)	(278)	(391)	(1,204)
Closing balances	223	2,133	604	1,111	4,071
Representing					
Underspent	223	2,341	604	1,111	4,279
Overspent	0	(208)			(208)
Net balance	223	2,133	604	1,111	4,071

School Balances 2015/16					
Table 17	Nursery	Primary	Secondary	Special	Totals
	£000	£000	£000	£000	£000
Opening balances	170	3,480	(24)	1,494	5,120
Transfers to Academies	0	0	0	0	0
Restated balances	170	3,480	(24)	1,494	5,120
Movement	23	(671)	56	7	(585)
Closing balances	193	2,809	32	1,501	4,535
Representing					
Underspent	193	3,058	882	1,501	5,634
Overspent	0	(249)	(850)	0	(1,099)
Net balance	193	2,809	32	1,501	4,535

These tables include all school balances for each sector - revenue and capital. Special schools also include the balances of the two pupil referral units.

If schools underspend their delegated budgets during the year they must be allowed to carry forward the balance for use in future years. At 31 March 2017 Schools held total balances of £4,071k (2015/16 restated: £5,275k).

Notes to the Core Financial Statements

The £4,071k (2015/16 restated: £5,275k) is an amalgamation of unspent and overspent balances, of which £4,279k is the unspent (surplus) and £ (208) k is the overspent (deficit) (2015/16 restated: £5,525k and £ (250) k respectively). Eleven schools closed with an overall deficit balance (2015/16 restated: four).

From 2015/16 West Berkshire no longer operate a balance control mechanism, but the Schools' Forum may review the financial management at any school which has a surplus of greater than 10% of the actual funding received in year - this is in line with the 2016 Scheme for Financing Schools. Six schools have a year-end surplus of greater than 10%.

Special Expenses: holds the balances for the closed church yards and Hungerford town footway lighting accounts. Precepts are raised to offset the costs of maintaining these services.

Self Insurance Fund: this Fund has been established to ensure that costs to the Council in relation to claims can be met whilst limiting the impact of higher premiums on the Council's revenue budget. The Fund is used to pay the first £250k of any property claim and the first £100k of other claims. External insurance covers the balance of claims.

Long Term Commitment: these reserves are mainly to do with commuted sums given to the Council from developers to maintain open spaces and playgrounds over a period of time. Also included are reserves for planning development and building maintenance.

Ex BCC liabilities: represents the allocation to West Berkshire Council of ex Berkshire County Council (BCC) provisions, mainly relating to insurance matters.

Specific Earmarked Reserves: the main items included within this are items provided for in the current financial year to support the future budget requirements, funds are set aside for future restructuring costs and items for specific future liabilities.

Waste Management Strategy: the fund will be used to help meet the revenue and capital costs associated with the Council's PFI arrangement for the provision of waste collection and disposal services over the twenty five year life of the contract.

(11) Property, Plant and Equipment

- 11a** The following table shows the current value of the Council's fixed asset register including the movement in the fixed assets due to depreciation, revaluations, disposals, impairments and additions from the capital programme.

Notes to the Core Financial Statements

Movements in Property, Plant & Equipment & Investment Properties								
2016/17	Land & Buildings	Plant & Equipment	Infrastructure Assets	Community Assets	Investment properties Assets	Sub Total	Assets held for sale	TOTAL
Table 18	£000	£000	£000	£000	£000	£000	£000	£000
Valued at Current value								
Book Value @ start of year	307,214	25,314	207,440	13	7,590	547,571	3,218	550,789
Revaluations	10,551	0	0	0	0	10,551	0	10,551
Revaluation Investment Properties	0	0	0	0	(214)	(214)	0	(214)
Impairments	(3,841)	0	0	0	0	(3,841)	0	(3,841)
Reclassifications	(9)	0	0	0	9	0	0	0
Additions	5,871	2,920	17,288	0	27	26,106	0	26,106
Disposals re transfer to Academies	(9,454)	0	0	0	0	(9,454)	0	(9,454)
Disposals	(55)	0	0	0	0	(55)	(9)	(64)
Book Value @ end of year	310,277	28,234	224,728	13	7,412	570,664	3,209	573,873
Depreciation @ start of year	(37,416)	(16,972)	(64,715)	0	0	(119,103)	0	(119,103)
Charged to services	(17,416)	(2,889)	(6,682)	0	0	(26,987)	0	(26,987)
On revalued assets	666	0	0	0	0	666	0	666
Depreciation on impaired assets	839	0	0	0	0	839	0	839
Disposals re transfer to Academies	1,447	0	0	0	0	1,447	0	1,447
On disposal	0	0	0	0	0	0	0	0
Balance @ end of year	(51,880)	(19,861)	(71,397)	0	0	(143,138)	0	(143,138)
Net Book Value @ 31/03/17	258,397	8,373	153,331	13	7,412	427,526	3,209	430,735
Net Book Value @ 31/03/16	269,798	8,342	142,725	13	7,590	428,468	3,218	431,686
Revaluation reserve								
Opening	(92,482)	0	0	(16)	(1,123)	(93,621)	(2,046)	(95,667)
Movement	(3,356)	0	0	9	0	(3,347)	0	(3,347)
Closing Balance 31/03/16	0	0	0	0	0	0	0	0
Assets under Construction								
Opening Balance @ start of year	0	0	0	0	0	0	0	0
Movement in year	0	0	0	0	0	0	0	0
Closing Balance @ end of year	0	0	0	0	0	0	0	0

Note

The land & buildings figure on the balance sheet (table 08) comprises L&B as well as community assets totals.

The balance listed as 'other' (table 08) includes the plant & equipment and infrastructure totals

The Authority carries out a rolling programme that ensures all property, plant and equipment required to be measured at current value is revalued at least every five years. A proportion of these properties have been revalued during the year by Wilks Head & Eve a London-based firm of chartered surveyors in accordance with the code of Practice issued by CIPFA and the RICS Red Book.

Investment properties are assets held solely to earn rentals or for capital appreciation or both, they cannot be used for operational purposes.

Assets held for sale are those assets the Council is actively trying to sell. This Council has two assets held for sale which are:

- the former Pound Lane Depot (expecting to complete sale in 2017/18);
- and the former Newbury Day centre land (expecting to sell in 2018/19).

Notes to the Core Financial Statements

Movements in Property, Plant & Equipment & Investment Properties								
2015/16 Table 19	Land & Buildings	Plant & Equipment	Infrastructure Assets	Community Assets	Investment properties	Assets held		TOTAL
	£000	£000	£000	£000	£000	Sub Total	for sale	£000
Valued at Current value								
Book Value @ start of year	300,772	22,567	192,086	9	8,223	523,657	4,559	528,216
Revaluations	4,081	0	0	0	0	4,081	0	4,081
Investment Properties Revaluation								
Impairments	(8,246)	0	0	0	(558)	(8,804)	0	(8,804)
Reclassifications	0	0	0	0	(709)	(709)	709	0
Other Movements	(587)	0	0	0	634	47	0	47
Additions	11,194	2,747	15,354	4	0	29,299	0	29,299
Disposals	0	0	0	0	0	0	(2,050)	(2,050)
Book Value @ end of year	307,214	25,314	207,440	13	7,590	547,571	3,218	550,789
Depreciation @ start of year	(37,508)	(14,669)	(58,152)	0	0	(110,329)	(513)	(110,842)
Charged to services	(15,130)	(2,303)	(6,563)	0	(19)	(24,015)	0	(24,015)
On revalued assets	15,289	0	0	0	0	15,289	0	15,289
Depreciation on impaired assets	0	0	0	0	0	0	0	0
Other Movements	(67)	0	0	0	19	(48)	0	(48)
On disposal	0	0	0	0	0	0	513	513
Balance @ end of year	(37,416)	(16,972)	(64,715)	0	0	(119,103)	0	(119,103)
Net Book Value @ 31/03/16	269,798	8,342	142,725	13	7,590	428,468	3,218	431,686
Net Book Value @ 31/03/15	263,264	7,898	133,934	9	8,223	413,328	4,046	417,374
Revaluation reserve								
Opening	(77,564)	0	0	(17)	(1,299)	(78,880)	(3,289)	(82,169)
Movement	(14,918)	0	0	1	176	(14,741)	1,243	(13,498)
Closing	(50,668)	0	0	(16)	(4,595)	(93,621)	(183)	(95,667)
Assets under Construction								
Opening Balance @ start of year	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Closing Balance @ end of year	0	0	0	0	0	0	0	0

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PPE) that belongs to this Council, is capitalised in the Balance Sheet. All PPE are included in the Balance Sheet at their fair value except for investment property (held solely to generate rental income or capital appreciation) which is held at market value. Infrastructure assets and community assets are included at depreciated historical cost.

Investment properties are revalued annually whilst all other assets are included at current value and revalued at intervals of not more than five years.

11b Capital Assets: During the year a proportion of the Assets were revalued in line with the five year rolling programme. The one Foundation School in the district is not included in the Council's asset register but the Council is required to disclose the valuation. The fixed assets of this school are £13.1m being £10.5m for building and £2.6m for land.

11c Non-operational Property, Plant and Equipment (surplus assets):
The Council does not have any surplus assets.

Notes to the Core Financial Statements

(12) Capital Expenditure:

The total capital expenditure for the year was £31,035k (2015/16: £38,562k).

12a Where ever possible the Council aims to fund any necessary capital investment from external sources of funding i.e. grants, developers contributions and capital receipts. The level of investment required over and above the level of external funding available must then be weighed up against the revenue cost of repaying loans to fund capital expenditure from external sources. In establishing its Prudential framework, the Council determined that it could support a capital programme of £10,542 k (2015/16: £12,975k).

12b Capital Expenditure Financing

2015/16 £000	Capital Expenditure Financing Table 20	2016/17 £000
163,747	Opening Capital Financing Requirement	172,580
	Capital Investment	
29,300	Property, Plant and Equipment	26,106
0	Investment Properties	0
0	Assets under construction	0
9,262	Revenue Expenditure Funded from capital under statute	4,929
	Sources of Finance	
0	Capital receipts	0
(19,601)	Government Grants	(17,990)
0	Other Grants	0
(76)	Revenue funding	(206)
(317)	Other internal balances and funds	(424)
(5,095)	Developers/other contributions	(3,859)
(4,640)	MRP/Loans Principal Repaid	(5,342)
<u>172,580</u>	Closing Capital Financing Requirement	<u>175,794</u>
	Explanation of Movements in Year	
0	Increase in underlying need to borrowing (supported by government financial assistance)	0
8,563	Increase in underlying need to borrowing (unsupported by government financial assistance)	3,214
0	Assets acquired under finance leases	0
0	Assets acquired under PFI/PPP contracts	0
<u>8,563</u>	Increase/ (decrease) in capital financing requirement	<u>3,214</u>

12c Accounting Treatment of Borrowing Costs

All the Council's borrowing costs are met from its annual revenue budget (i.e. they are not capitalised). Interest paid on outstanding borrowing is charged to the Income and Expenditure account. Principal repayments are offset against the balance of borrowing shown on the balance sheet.

12d Capital Grants, Contributions and Receipts

The Council is required to split capital grants and contributions into those which have been used to finance Capital expenditure, and those which are still unapplied. The following table shows the amounts which were unapplied at the start of the year, how much has been used during the year and the amount left unapplied at the end of the year.

Capital Grants and Contributions	Opening Balance 31/03/16 £000	New Capital Grants and Contributions Received £000	Capital Grants repaid to funding body & Contributions Written off £000	Capital Grants and Contributions passed to other organisations £000	Amount applied to fund Capital Expenditure £000	Closing Balance 31/03/17 £000
Table 21						
Section 106, CIL & Other Contributions	(16,964)	(4,778)	4	1,009	3,867	(16,862)
Capital Grants (not including grants with conditions)	(8,705)	(21,914)	0	418	17,886	(12,315)
Total Grants & Contributions	(25,669)	(26,692)	4	1,427	21,753	(29,177)
Capital Grants with Conditions	(985)	(2,330)	0	0	960	(2,355)

The opening balance of S106,CIL and Other Contributions has been amended from the figure published for 2015/16 to include £71k contributions from internal balances included in Usable Capital Reserves.

CIL (Community Infrastructure Levy) is a levy on development projects, this helps to fund the cost of infrastructure resulting from the development.

In addition the Council received capital receipts of £532k in 2016/17 (£169k in 2015/16). A capital receipt of £216k from a property sold in a prior year which was previously held as deferred income was reclassified as a useable capital receipt, because the conditions applying to the use of this sum have now expired. However £144k of receipts from 2015/17 has been reclassified as deferred income as this is a deposit paid on the sale of an asset which has not yet been completed.

No capital receipts were used to fund capital expenditure in 2016/17, but £8k was set against the cost of disposal of assets and £556k was used to fund the cost of transforming services under the flexibility over use of capital receipts announced by HM Treasury in December 2015. This leaves a balance of £209k useable capital receipts as at 31 March 2017 and total capital reserves of £29.386m

(13) Heritage Assets

The Council has two heritage assets. Neither of these assets are disclosed in the Balance Sheet since the cost of obtaining reasonable valuations would not be commensurate with the benefits to users of these statements.

13a The Berkshire Record Office (archives of the Royal County of Berkshire)

In 1998, Berkshire County Council was abolished and succeeded by six unitary authorities. Under the terms of the Order dissolving the County Council and creating Unitary Authorities in Berkshire, the Record Office remained a county-wide service, with West Berkshire Council

acting as the Archive Council whilst due to the location of the Record Office location, Reading Borough Council was deemed, under a service level agreement, the Host Council. All six authorities entered into a joint agreement for the funding and management of the service; the current agreement runs until 31 March 2028.

The Berkshire Record Office holds archives representing 900 years of the Royal County of Berkshire's history, including records of county, district, unitary authority and parish councils, the church, magistrates' courts, schools, charities, businesses, local voluntary associations, families and individuals. Records are available for study in the Record Office search room for administrative, legal, educational and recreational purposes, and any interested member of the public is welcome to register as a reader.

The Record Office continues to acquire documents that contribute to our knowledge of the county's past. Recent acquisitions include the records of Yattendon Church of England School, Pangbourne and District Volunteer Centre, and Berkshire County Cricket Club. Recent projects have included the conservation of the records of Broadmoor Hospital (generously funded by The Wellcome Trust), the publication of a new index to the important collection of probate records (1480-1857), and a collaboration with Reading University to bring fresh perspective to the story of 'Oscar Wilde and Reading Gaol'. Members of staff also regularly give talks to local organisations about the work of the Record Office, and are happy to arrange visits for local groups.

13b West Berkshire Museum Collections

There has been a public museum in Newbury since 1843 but the current museum and its collections were established in 1904 when the Cloth Hall had been refurbished in memory of Queen Victoria. The current collections cover Natural Sciences, Geology, Archaeology, Social & Local History, Fine Art, Decorative Art, Costume, Photographs and Local Studies Resources.

The majority of the collections are of local or regional significance but there are some items of national significance such as the Bronze Age material within archaeology; Civil War material within archaeology; Egyptology from the Earl of Carnarvon; some of the local history material, particularly the Kennet & Avon Canal material; the world collections material is also of national significance because it was assembled by Harold Peake, one of the Museum's first curators, to illustrate his theory of comparative archaeology. The collections of international significance include: Mesolithic material in archaeology and material relating to the Greenham Common peace camps.

The Museum is supported by 46 volunteers who have given over six and a half thousand hours helping conserve and log the collection at our collection store as well as helping with new exhibitions and the day to day operations in the Museum

The Museum collects material that supports the Sense of Place theme for audience development, exhibitions, outreach, and collection development; enabling community engagement and dialogue to reflect local communities in displays and explore individual and community identities. During 2016/17 the museum welcomed 22,342 visitors. The collections were used to work with community groups such as Berkshire, Buckinghamshire and Oxfordshire Wildlife Trust (BBOWT), West Berkshire Ethnic Minority Forum, Newbury Camera Club, The Rotary club and Kennet District Scouts to produce 13 new exhibitions, most notably the new permanent exhibition "Lives and Landscape, which tells the story of West Berkshire, from the rocks under our feet to the stories of the people who have lived here, Our early unnamed ancestors, well known characters like Jack of Newbury and our most recent families, together they have created the towns and villages, roads and canals,

Notes to the Core Financial Statements

fields and farms, industries, pastimes and organizations that we know today. The exhibition looks at historic local events which have had international resonance such as the Greenham common protests and national events such as the battles of Newbury which are featured alongside quieter pursuits such as horse racing and theatre. The collections were also utilised in working with local schools throughout West Berkshire and to inspire Family Friendly and adult workshops at the museum.

(14) Investment Properties

14a Rental income from Investment Properties

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

2015/16 £000	Surpluses / deficits on Investment Properties Table 22	2016/17 £000
(408)	Rental income from Investment Properties	(405)
1,671	(Upward) / downward revaluations	257
9	Direct operating expenses arising from investment properties	8
<u>1,272</u>	Net Income	<u>(140)</u>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct, develop, maintain, repair or enhance investment properties.

14b Investment Properties Fair Value

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

2015/16 £000	Investment Properties Table 23	2016/17 £000
8,811	Balance at start of year	7,590
0	Additions	27
	Other changes	
(567)	Net gains/losses from fair value adjustments	(214)
(709)	To/(from) Property, Plant & Equipment	9
55	Other changes	0
<u>(1,221)</u>	Total other changes	<u>(205)</u>
<u>7,590</u>	Balance at end of year	<u>7,412</u>

14c Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out externally by Wilks Head & Eve a London based firm of Chartered Surveyors, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

(15) Financial Instruments

The Council has adopted the CIPFA's Treasury Management in the Public Services: Code of Practice and set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code

15a Financial Instrument balances

The investments, lending & borrowing disclosed on the Balance Sheet are made up as follows:

Financial Instrument Balances	Long Term		Short Term	
	31/03/16 £000	31/03/17 £000	31/03/16 £000	31/03/17 £000
Table 24				
Cash and Investments				
Loans and receivables	0	0	500	6,500
Available-for-sale financial assets	0	0	0	0
Unquoted equity under available for sale	0	0	0	0
Cash and cash equivalents	0	0	994	3,475
Total Investments	0	0	1,494	9,975
Debtors				
Financial assets carried at contract amount	0	0	11,403	14,098
Borrowings				
Financial Liabilities at amortised cost	136,780	141,341	15,813	19,108
Financial Liabilities at fair value through profit and loss	0	0	0	0
Cash and cash equivalents	0	0	0	0
Other Borrowing	0	0	0	0
Total Borrowings	136,780	141,341	15,813	19,108
Creditors				
Financial Liabilities carried at Contract Price	0	0	20,522	23,901

Notes:

Interest paid on long term borrowing was £5,042k (2015/16: £4,767k)

Interest paid on the credit arrangement within the PFI contract was £944k (2015/16: £977k)

Interest paid on short term borrowing was £22k (2015/16: £23k)

Total interest paid £6,008k (2015/16: £5,767k)

Interest earned on investment was £290k (2015/16: £432k)

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15b Fair value of each class of financial assets and liabilities which are carried in the Balance Sheet at amortised cost is:

31/03/16		Fair value of liabilities and assets Table 25	31/03/17	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
Fair value of liabilities carried at amortised cost				
20,505	32,964	PWLB Maturity Loans	20,505	35,341
101,377	130,841	Other PWLB Loans > 1 Year	106,543	142,608
14,898	14,898	Other Long term Borrowing	14,293	14,293
15,813	15,813	Short term borrowing	19,108	19,108
152,593	194,516	Total Financial Liabilities	160,449	211,350
Fair value of assets carried at amortised cost				
994	994	Cash and cash equivalents	3,475	3,475
500	500	Banks and building society deposits > 3 month:	6,500	6,500
1,494	1,494	Total Financial assets	9,975	9,975

Notes

Short Term Borrowing

Short term borrowing at the 31 March 2017 consisted of £13m cashflow loans of less than 1 year (2015/16: £11m); £5.5m principal due to be repaid on PWLB annuity loans within one year (2015/16: £4.2m), plus £605k principal due to be repaid within one year on the credit arrangement within the PFI waste management contract (2015/16: £570k).

Long Term Borrowing

All PWLB maturity loans were inherited from the former Royal County of Berkshire in December 2006.

Other long term borrowing consists of the principal outstanding on the credit arrangement within the PFI contract which is due to be repaid over more than one year.

Cash and Cash Equivalents

The balance at 31 March 2017 consists of external investments due within three months, cash and deposits in bank call accounts and money market funds

(16) Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Notes to the Core Financial Statements

The authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Credit Risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

16a Investments

The table below summarises the nominal value of the Council's investment portfolio as at 31 March 2017 and shows that all deposits outstanding as at 31 March 2017 met the Council's credit rating criteria at that date:

Investments Table 26 Counter party	Credit rating criteria met		Balances invested as at 31/03/17				Total £000
	When placed	On 31/03/17	< 1 mth	>1 mths <3	>3 mths <6	>6 mths <12	
	Yes/No	Yes/No	£000	£000	£000	£000	
Other Local Authorities	N/A	N/A	0	0	0	500	500
Building Societies	N/A	N/A	0	2,000	2,000	2,000	6,000
Call Accounts and Money Market Funds	Yes	Yes	296	0	0	0	296
Total			296	2,000	2,000	2,500	6,796

Note

£296k held in call accounts and money market funds at 31 March 2017 is included in Table 32 cash and cash equivalents.

Investments Table 27 Counter party	Credit rating criteria met		Balances invested as at 31/03/16				Total £000
	When placed	On 31/03/16	< 1 mth	>1 mths <3	>3 mths <6	>6 mths <12	
	Yes/No	Yes/No	£000	£000	£000	£000	
Other Local Authorities	N/A	N/A	0	0	0	500	500
Building Societies	N/A	N/A	0	0	0	0	0
Call Accounts and Money Market Funds	Yes	Yes	781	0	0	0	781
Total			781	0	0	500	1,281

Note

£781k held in call accounts at 31 March 2016 is included in Table 32 cash and cash equivalents.

16b Doubtful receivables

The invoiced debt has been reviewed by age to determine an appropriate provision for debts not likely to be collectable.

Balance 31/03/16 £000	Bad Debt Provision £000	Invoiced Receivables Doubtful Debt Provision Table 28	Bad Debt Provision %	Balance 31/03/17 £000	Bad Debt Provision £000
3,234	32	Current	1%	3,993	40
1,527	92	Over 30 days	6%	2,330	140
190	19	Over 60 days	10%	525	53
92	23	Over 90 days	25%	209	52
265	133	Between 120 to 365 days	50%	509	255
177	159	Between 1 and 2 years	90%	357	321
133	120	Between 2 and 3 years	90%	202	182
190	190	Earlier years	100%	375	375
<u>5,808</u>	<u>768</u>			<u>8,500</u>	<u>1,418</u>

Deferred Payment Agreements of £1,200k (2015/16: £1,195k) are excluded from the above debt provision as they are secured on property

Housing Benefit aged debt assumed recovery is 50% for those under some form of payment scheme, otherwise 100% provision is made for those with no payment scheme and where the debt is over one year.

16c Liquidity Risk: The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need and the Public Works Loans Board (PWL) for any purpose relevant to its statutory functions or for the purpose of the prudent management of its financial affairs. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The approved prudential indicator limits for the maturity structure of debt and the limits on investments greater than one year in duration are the key parameters used to address this liquidity risk. The Council does not normally invest for more than one year. The maturity structure of financial liabilities and assets are as follows (at nominal value):

Notes to the Core Financial Statements

31/03/16 £000	Liquidity Risk Table 29	31/03/17 £000
Loans outstanding		
121,882	PWLB loans for more than one year	127,048
14,898	Other Long Term PFI Borrowing	14,293
15,813	Temporary Borrowing	19,108
<u>152,593</u>	Total	<u>160,449</u>
15,813	Less than 1 year	19,108
0	Between 1 & 2 years	67
2,680	Between 2 & 5 years	5,264
10,130	Between 5 & 15 years	12,428
123,970	More than 15 Years	123,582
<u>152,593</u>	Total	<u>160,449</u>

16d Market Risk: The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the effect of fluctuations in interest rates on the fair value of an instrument.

The Council's policy is to aim to keep a maximum of 50% of its borrowings in variable rate loans. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. During the Financial Year and at 31 March 2017, the Council had no financial loan instruments with variable rates of interest.

(17) Inventory and Work in Progress

17a Inventory: goods and materials charged to revenue, which have not been used by the end of year, totaled £15k (2015/16: £24k). This stock is carried forward to be charged in the year it is used.

Notes to the Core Financial Statements

17b Contractual commitments: on major capital schemes at the 31 March 2017 were:

Estimated commitments at 31/03/16 £000	Capital commitments Table 30	Estimated contract cost at 31/03/17 £000	Contract payments		Estimated commitments at 31/03/17 £000
			prior to 01/04/16 £000	within 2016/17 £000	
74	Little Heath School	2,962	2,888	0	74
22	Lambourn Primary School	897	871	26	0
1,161	The Willows School	2,563	1,350	1,213	0
43	Kenet Valley Primary School	1,234	1,174	60	0
716	Spurcroft Primary School Expansion	2,550	1,615	903	32
30	John Rankin Junior School Extension	1,170	1,141	25	4
71	Purley Infants	640	569	40	31
15	John O'Gaunt School Modernisation	619	604	15	0
11	Brookfields Special School Post 16 Expansion	709	698	11	0
522	ASD Secondary Unit at Trinity School	644	128	516	0
44	Newbury Museum Redevelopment	1,728	1,685	43	0
1,500	Superfast Berkshire Phase 1	4,610	3,110	0	1,500
2,950	Superfast Berkshire phase 2 Lot 5	3,734	0	0	3,734
0	Superfast Berkshire phase 2 Lot 7	415	0	378	37
<u>7,159</u>		<u>24,475</u>	<u>15,833</u>	<u>3,230</u>	<u>5,412</u>

(18) Debtors

These represent income due within one year:

31/03/16 £000	Debtors Table 31	31/03/17 £000
2,592	Central Government	3,373
1,301	Local Government	1,280
483	NHS	210
22	Academy Schools	56
4,625	Collection Fund	5,052
2,243	Payments in Advance	1,811
9,597	Other Debtors	12,552
20,863	Total Debtors	24,334
(2,865)	less provision	(2,269)
17,998	Total Debtors	22,065
9	Local Government	3
1	NHS	0
10	Academy Schools	13
2,223	Other Payments in Advance	1,795
2,243	Total Payments in Advance	1,811

(19) Cash and cash equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31/03/16 £000	Cash & Cash Equivalents Table 32	31/03/17 £000
2,066	Cash held by the Authority	1,798
(1,853)	Bank current accounts	1,381
781	Short Term Deposits	296
994	Total	3,475

Bank current account figures for 31 March 2016 and 31 March 2017 represent the current account balance less the value of cheques issued by the Council which were unrepresented at that date. Short term deposits at 31 March 2017 are in the Goldman Sachs Money Market Fund £128k (2015/16: £370k), HBOS Deposit Account £112k (2015/16: £257k) and Santander Deposit Account £56k (2015/16: £154k).

Notes to the Core Financial Statements

(20) Creditors

Creditors are payments the Council owes and are due to be paid in the short term:

31/03/16 £000	Creditors Table 33	31/03/17 £000
2,125	Central Government	2,503
441	Local Government	469
436	NHS	234
40	Academy Schools	36
807	Collection Fund	1,160
3,470	Receipts in Advance	5,259
19,605	Other creditors	23,162
26,924	Total Creditors	32,823
Receipts in Advance		
1,556	Central Government	1,686
84	Local Government	92
106	NHS	438
19	Academy Schools	17
1,705	Other Receipts in Advance	3,026
3,470	Total Receipts in Advance	5,259

(21) Provisions

Provisions Table 34	Balance 31/03/16 £000	Arising in Year £000	Payments in Year £000	Balance 31/03/17 £000
Crookham (extraction of minerals)	9	0	0	9
Provision for liabilities	341	10	(207)	144
Total Provisions	350	10	(207)	153

(22) Usable Reserves

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

Notes to the Core Financial Statements

(23) Unusable Reserves

31/03/16 £000	Unusable Reserves Table 35	31/03/17 £000
(2,705)	Accumulated Absences Account	(3,506)
95,667	Revaluation reserve	99,014
134,530	Capital Adjustment Account	126,287
(239,935)	Pension Reserve	(317,317)
(3,475)	Collection Fund	(1,259)
<u>(15,918)</u>	Total Unusable Reserves	<u>(96,781)</u>

23a Accumulated Absence Account: This account shows the differences that would arise on the General Fund Balance from accruing compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The amounts will change year on year depending on how much leave employees still have to take.

23b Revaluation Reserve: This reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised

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

2015/16 £000	Revaluation Reserve Table 36	2016/17 £000
<u>82,169</u>	Opening Balance	<u>95,667</u>
22,673	Upward revaluations of assets	13,262
(4,581)	Impaired assets	(2,044)
18,092	Surplus or (deficit) on revaluation of Fixed Assets	11,218
0	Transfer between Reserves	298
(1,244)	Sold assets	(42)
0	Academy Schools removed	(1,325)
(3,350)	Depreciation in year	(6,802)
(4,594)		(7,871)
<u>95,667</u>	Closing Balance	<u>99,014</u>

23c Capital Adjustment Account: This account holds 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 assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as

Notes to the Core Financial Statements

depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

The account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. The Account also contains accumulated gains and losses on investment properties.

2015/16 £000	Capital Adjustment Account Table 37	2016/17 £000
143,525	Opening Balance	134,530
0	Transfer between Reserves	(298)
76	Revenue contribution to capital	206
19,803	External funding of new capital assets	18,364
4,910	Minimum Revenue Provision / Loans Principal	5,342
5,208	External funding of REFCUS	3,178
(9,262)	REFCUS Assets charged	(4,929)
(24,015)	Depreciation	(26,987)
3,350	Historic cost depreciation adjustment	6,802
(1,538)	Write out asset values on disposal	(8,071)
1,243	Revaluation reserve re sold assets	1,367
34	Sale Adjustment	0
(8,246)	Impaired assets	(3,003)
(558)	Revaluations Investment Properties	(214)
134,530	Closing Balance	126,287

23d Pension Reserve: The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provision. Post employment benefits are accounted for in the Comprehensive Income and Expenditure Statement as 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 pay 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.

23e Collection Fund Adjustment Account: This account shows the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Notes to the Core Financial Statements

2015/16 £000	Council Tax Adjustment Account Table 38	2016/17 £000
227	Opening Balance	1,121
894	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(944)
1,121	Closing Balance	177

2015/16 £000	NNDR Adjustment Account Table 39	2016/17 £000
3,368	Opening Balance	2,354
(1,014)	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(1,272)
2,354	Closing Balance	1,082

(24) General Fund Deficit Reconciliation to Revenue Activities Net Cash Inflow

2015/16 £000	Net Cashflow Table 40	2016/17 £000
1,615	General Fund (Surplus) / Deficit	7
	Non Cash Transactions	
12,949	Contribution to/(from) Reserves	30,567
	Items on an accruals basis	
(8)	(Increase)/Decrease in Stock	9
(3,205)	(Increase)/Decrease in Debtors	(4,462)
(8,684)	Increase/(Decrease) in Creditors	6,294
2,667	Items classified outside Revenue Activities	32,415
2,667	Net cashflows from operating activities	32,415

Notes to the Core Financial Statements

(25) Cash flow Reconciliation to Balance Sheet

Cash flow reconciliation Table 41	31/03/16 £000	Movement £000	31/03/17 £000
Short Term Borrowing	(15,813)	(3,295)	(19,108)
Borrowings PWLB	(121,882)	(5,166)	(127,048)
PFI Liability	(14,898)	605	(14,293)
Total	(152,593)	(7,856)	(160,449)
Temporary Investments	500	6,000	6,500
Cash and cash equivalents	994	2,482	3,475

(26) Trading operations

West Berkshire Council operates a 'buy-back' scheme for schools in West Berkshire. Schools are able to procure services from the open market; some schools chose to buy services from the Council. The services provided by the Council include property, payroll, HR, finance, ICT, health & safety, insurance and tree management. These are classified as internal trading accounts.

The Council also has some external trading accounts primarily to do with leased car insurance and commercial properties. The total income, expenditure and deficit are:

2015/16			Trading Operations	2016/17		
Expenditure £000	Income £000	(Surplus)/ Deficit £000	Table 42	Expenditure £000	Income £000	(Surplus)/ Deficit £000
8,992	(8,739)	253	External Trading Accounts	1,582	(1,574)	8
10,023	(10,388)	(365)	Internal Trading Accounts	9,374	(9,751)	(377)
19,015	(19,127)	(112)	Net (surplus) / deficit	10,956	(11,325)	(369)

(27) Surpluses / Deficits on Trading Undertakings

Other Operating Expenditure Trading		
Table 43	2015/16 £000	2016/17 £000
External Trading Accounts		
Net Deficit on Trading Operations	253	8
Support Services charged to Trading Operations	232	86
Capital charges (depreciation, impairment)	40	419
Net deficit charged to Other Operating Expenditure	525	513
Internal Trading Accounts		
Net Surplus on Trading Operations	(365)	(377)
Support Services charged to Trading Operations	392	282
Capital charges (depreciation, impairment)	107	64
Net deficit charged to Other Operating Expenditure	134	(31)
Net deficit	659	482

(28) Agency Services

The Authority provides payroll services for a number of after school clubs and Thatcham Town Council.

Agency Services		
Table 44	2015/16 £000	2016/17 £000
Expenditure incurred in providing payroll services	7	5
Management fee payable	7	5
Net surplus arising on the agency arrangement	0	0

Notes to the Core Financial Statements

(29) Pooled Budgets

The pooled budget for Community Equipment was established 1 April 2004 under Section 31 of the Health Act 1999. The agreement exists between the six Unitary Authorities in Berkshire and the Primary Care Trusts covering the same geographical area. The pooled budget is administered by the lead authority, West Berkshire Council. The aim of the partnership is to improve the integration of health and social care community equipment services to meet user need.

2015/16 £000	Berkshire Community Equipment Service Table 45	2016/17 £000
Funding provided to the pooled budget		
(661)	West Berkshire	(726)
(4,533)	Berkshire clinical commissioning groups	(4,876)
(2,070)	Other unitary authorities	(2,063)
<u>(7,264)</u>	Total income	<u>(7,665)</u>
Expenditure met from the pooled budget		
661	West Berkshire	726
4,533	Berkshire clinical commissioning groups	4,876
2,070	Other unitary authorities	2,063
<u>7,264</u>	Total expenditure	<u>7,665</u>

(30) Members' Allowances

The following amounts were paid to members of the Council during the year.

2015/16 £000	Members' Allowances Table 46	2016/17 £000
510	Salaries	517
17	National Insurance	18
1	Pensions	0
2	Training	2
0	Employee Expenses	0
22	Car Allowance	15
2	Members' Expenses	4
<u>554</u>		<u>556</u>

Notes to the Core Financial Statements

(31) Officers' Remuneration

31a Exit packages

The Council terminated the contracts of a number of employees in 2016/17. These officers were from all areas in the Council and were made redundant as part of the Council's restructuring of its services.

Exit package banding Table 47	2015/16				2016/17			
	Compulsory redundancies	Other departures	Total exit packages	Total cost £000	Compulsory redundancies	Other departures	Total exit packages	Total cost £000
COUNCIL								
Up to £19,999	16	1	17	125	28	4	32	198
£20,000 - £39,999	2	0	2	53	11	0	11	288
£40,000 - £59,999	0	0	0	0	1	0	1	40
£60,000 - £79,999	0	0	0	0	1	0	1	67
	<u>18</u>	<u>1</u>	<u>19</u>	<u>178</u>	<u>41</u>	<u>4</u>	<u>45</u>	<u>593</u>
SCHOOLS								
Up to £19,999	25	3	28	178	14	9	23	142
£20,000 - £39,999	2	1	3	82	0	1	1	38
	<u>27</u>	<u>4</u>	<u>31</u>	<u>260</u>	<u>14</u>	<u>10</u>	<u>24</u>	<u>180</u>

31b Remuneration Benefits

The number of employees whose remuneration including redundancy costs but excluding pension contributions was £50k or more in bands of £5k: This table also includes the senior officers detailed in Table 49 below.

BANDINGS Table 48	Remuneration Bandings	Schools				Council Staff				TOTALS			
		Number of employees		Left during year		Number of employees		Left during year		Number of employees		Left during year	
		2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
1	£50k-£54k	29	32	1	1	42	39	0	4	71	71	1	5
2	£55k-£59k	27	18	0	0	8	15	0	1	35	33	0	1
3	£60k-£64k	17	20	0	0	17	14	0	1	34	34	0	1
4	£65k-£69k	9	8	0	0	8	6	0	0	17	14	0	0
5	£70k-£74k	3	6	0	0	3	5	0	1	6	11	0	1
6	£75k-£79k	2	2	0	0	3	2	0	1	5	4	0	1
7	£80k-£84k	0	3	0	0	10	8	0	0	10	11	0	0
8	£85k-£89k	6	0	1	0	1	2	0	0	7	2	1	0
9	£90k-£94k	1	3	0	0	0	0	0	0	1	3	0	0
10	£95k-£99k	0	1	0	0	1	1	0	0	1	2	0	0
11	£100k-£104k	1	1	0	0	1	0	0	0	2	1	0	0
12	£105k-£109k	0	0	0	0	1	2	0	0	1	2	0	0
17	£130k-£134k	0	0	0	0	0	0	0	0	0	0	0	0
18	£135k-£139k	0	0	0	0	1	1	0	0	1	1	0	0
		<u>95</u>	<u>94</u>	<u>2</u>	<u>1</u>	<u>96</u>	<u>95</u>	<u>0</u>	<u>8</u>	<u>191</u>	<u>189</u>	<u>2</u>	<u>9</u>

Notes to the Core Financial Statements

The table below discloses the salary information of those individuals who are on the Council's Corporate Board, as well as those individuals whose salary is over £150k.

Executive Remuneration		Salary (Including fees & allowances)	Benefits in Kind	Remuneration excluding pension contributions	Pension contributions	Remuneration including pension contributions
Table 49		£	£	£	£	£
Chief Executive - Nick Carter						
Resources	2016/17	139,753	0	139,753	23,447	163,200
	2015/16	138,418	0	138,418	22,414	160,832
Corporate Directors						
Environment	2016/17	109,482	0	109,482	18,354	127,836
	2015/16	108,438	0	108,438	17,545	125,983
Communities	2016/17	105,482	0	105,482	18,354	123,836
	2015/16	104,438	0	104,438	17,545	121,983
Senior Council Personnel						
Head of Education	2016/17	84,108	0	84,108	14,026	98,134
	2015/16	85,185	0	85,185	13,723	98,908
Head of Legal Services	2016/17	76,809	1,755	78,564	13,600	92,164
	2015/16	83,310	0	83,310	13,408	96,718
Head of Human Resources	2016/17	80,608	4,379	84,987	14,026	99,013
	2015/16	81,900	1,861	83,761	13,408	97,169
Head of Finance	2016/17	80,608	3,442	84,050	14,026	98,076
	2015/16	79,810	3,062	82,872	13,408	96,280
TOTAL	2016/17	676,850	9,576	686,426	115,833	804,717
TOTAL	2015/16	681,499	4,923	686,422	111,451	797,873

(32) External Auditor's Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts.

2015/16 £000	Audit fees Table 50	2016/17 £000
97	Fees payable to KPMG with regard to external audit services	97
11	Fees payable to KPMG with regard to grants audit	11
108	Total	108

(33) Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The DSG allocation is based on the number of pupils recorded in the previous October school census. 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 School Finance (England) Regulations 2015.

The Schools Budget includes elements for a range of educational services provided on an authority-wide basis (mainly for children educated out of maintained school settings including special needs placements) and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2016/17 are as follows:

Deployment of Dedicated School Grant	Central Expenditure £000	Individual Schools Budget £000	Total £000
Table 51			
Final DSG for 2016/17 before Academy recoupment			119,686
Final Academy figure recouped for 2016/17			<u>(31,162)</u>
Total DSG after Academy recoupment for 2016/17			88,524
Plus: Brought forward from 2015/16			253
Less: Claw back of early years funding for 2015/16			(91)
Less: Carry forward to 2017/18 agreed in advance			0
Total DSG Funds Available			<u>88,686</u>
Agreed initial budgeted distribution in 2016/17	14,856	75,601	90,457
In year adjustments:			
In year academy transfers		(1,143)	(1,143)
Final allocation of brought forward from 2015/16	373		373
Planned overspend in 2016/17 to be met in 2017/18	<u>(794)</u>	<u>(207)</u>	<u>(1,001)</u>
Final budgeted distribution for 2016/17	<u>14,435</u>	<u>74,251</u>	<u>88,686</u>
Less Actual central expenditure	(14,319)		(14,319)
Less Actual ISB deployed to schools		(74,712)	(74,712)
Plus Local Authority contribution for 2016/17	<u>0</u>	<u>0</u>	<u>0</u>
Carry forward to 2017/18	<u>116</u>	<u>(461)</u>	<u>(345)</u>

(34) Grant income

34a The Authority credited the following grants to the Comprehensive Income and Expenditure Statement in 2016/17.

Notes to the Core Financial Statements

2015/16		Grant Income	2016/17	
£000	RSG element £000	Table 52	£000	RSG element £000
Credited to taxation and non specific grant income				
2,739	2,739	Revenue Support Grant	9,529	9,529
2,816	1,980	Council Tax Freeze Grant	0	0
6,653	6,653	Council Tax Support Funding	0	0
72	72	Lead Local Flood Authority Funding	1	0
73	73	Homelessness Prevention Funding	0	0
1,880	1,880	Early Intervention Grant	0	0
105	0	Local Services Support Grant	0	0
4,339	0	Better Care Fund	0	0
149	149	Local Welfare Provision	0	0
1,922	1,922	Learning Disability Health Reform Grant	0	0
3,062	0	New Homes Bonus	3,992	0
2,031	0	Education Services Grant	1,847	0
0	0	Transition Grant	1,390	0
0	0	HTST	66	0
0	0	BRR RSG - Other	85	0
0	0	High Needs Strategy	71	0
73	0	Community Safety Grant	71	0
0	0	Other	58	0
25,914	15,468	Total Non Ring Fenced Government Grants	17,110	9,529
4,705	0	Section 106 Contributions	4,778	0
24,484	0	Capital Grants	21,914	0
29,189	0		26,692	0
Credited to services				
88,483	0	Dedicated Schools Grant	88,433	0
40,159	0	Housing Benefit Grant	39,406	0
11,172	0	Learning Support Council, Skills & Educ Funding Agencies	11,079	0
5,410	0	Public Health	6,159	0
2,312	0	Private Finance Initiative	2,312	0
456	0	Housing Benefit Administration	408	0
371	0	Troubled Families	308	0
351	0	Independent Living Fund	444	0
290	0	Unaccompanied Asylum Seekers	294	0
242	0	Youth Offending	221	0
171	0	Discretionary Housing Payments	103	0
140	0	Council Tax Admin & Support	130	0
95	95	BRR RSG - Other	0	0
0	0	Syrian Vulnerable Persons Relocations Scheme Grant	83	0
0	0	Elevate Project	158	0
0	0	Family Safeguard Innovation Prog project fund	866	0
1,281	0	Other Specific Government Grants	723	0
150,933	95	Total	151,127	0

Notes to the Core Financial Statements

- 34b** The Authority has received a number of grants that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are shown in the Balance Sheet as receipts in advance and will show in the Comprehensive Income and Expenditure Statement once the condition has been met. The balances at year-end are as follows:

Grants Receipts in Advance (capital grants)	2016/17
Table 53	£000

DEFRA	(2,355)
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Grants Receipts in Advance (capital grants)	2015/16
Table 54	£000

DEFRA	(985)
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Grants Receipts in Advance (revenue grants)	2016/17
Table 55	£000

Adult Skills Contracts	(82)
Adult and Community Learning	(56)
Discretionary Housing Payment	(112)
Total	(250)

Grants Receipts in Advance (revenue grants)	2015/16
Table 56	£000

Adult Skills Contracts	(82)
Adult and Community Learning	(99)
DSG	(253)
Total	(434)

(35) Related Party Transactions

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

Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefit). Grants received from government departments are set out in note 34.

Transactions with Precepting Authorities, payments to the pension fund, levies to other bodies and Government departments are shown in the Collection Fund, notes to the Comprehensive Income and Expenditure Statement and the Cash Flow Statement. The list below represents the Council's material expenditure over £100k with other related parties during the financial year.

2015/16 £000	Related Parties Table 57	2016/17 £000
320	Corn Exchange Theatre Trust	242
278	Vodafone Ltd	220
161	Sovereign Housing Association	0
739	Berkshire Healthcare	1,443
136	Volunteer Centre West Berkshire	120
0	John O'Gaunt School - Academy	417
0	Kennet School - Academy	306
0	Theale Green School - Academy	253
<u>1,634</u>	Total	<u>3,001</u>

Council members have a direct control over the Council's financial and operating policies and have declared an interest in the following organisations, other than those with material expenditure (as above):

- Greenham Common Community Trust
- Thames Valley Police Authority
- Royal Berkshire Fire and Rescue Authority
- Watermill Theatre Ltd
- Thatcham Pre-school
- Empowering West Berkshire
- Home Start West Berkshire

Various suppliers where expenditure is less than £20k

Notes to the Core Financial Statements

The Chief Executive has declared an interest in Thames Valley Local Enterprise Partnership (ceased 14 June 2016), from which the Council receives funding for infrastructure (roads) and broadband. He is also Chairman of Newbury College and Newbury College Corporation, although this is not a related party, as he was appointed by the Council. Two other Chief Officers/ their close relations have disclosed declarable transactions with the Council – not material expenditure values.

This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest. The Council has prepared this disclosure in accordance with its current interpretation and understanding of IAS 24 and its applicability to the public sector utilising current advice and guidance.

(36) Leased Assets

Council as Lessor

The Council has not entered into any finance leases as a lessor.

Operating leases: The Council lets a number of properties on operating leases for the following purposes:

- Sporting and community facilities which are hired out to organisations such as parish councils and charities which help support the council's priorities
- Industrial and other commercial premises which help support the economic development of the area
- Other properties including farms and shared ownership dwellings.

31 March 2016			Table 58	31 March 2017		
Sporting & Community facilities	Industrial & Commercial Premises	Other	Council as lessor Operating Leases	Sporting & Community facilities	Industrial & Commercial Premises	Other
£000	£000	£000	Leases expiring:	£000	£000	£000
57	443	104	Not later than 1 year	52	445	103
125	1,087	273	Between 1 and 5 years	115	1,117	263
164	4,690	781	Between 5 and 25 years	149	4,690	695
88	4,893	83	Over 25 years	86	4,841	76
434	11,113	1,241		402	11,093	1,137

Being the future minimum lease payments receivable under non cancellable leases.

The rental income credited to the income statement was £663k (2015/16: £667k)

Council as Lessee: The Council has not entered into any finance leases as a lessee.

Operating leases: The Council has a number of leases relating to land, buildings, vehicles and office equipment. Land and buildings include social care facilities, schools and playing fields. These items are not the property of the Council and consequently are not recorded in the Balance Sheet.

Notes to the Core Financial Statements

31 March 2016		Table 59	31 March 2017	
Land & Buildings £000	Vehicles Plant & Equipment £000	Council as lessee Operating Leases Leases expiring:	Land & Buildings £000	Vehicles Plant & Equipment £000
383	378	Not later than 1 year	359	212
934	268	Between 1 and 5 years	918	155
3,083	2	Between 5 and 25 years	2,859	0
4	0	Over 25 years	5	0
<u>4,404</u>	<u>648</u>		<u>4,141</u>	<u>367</u>

Being the minimum lease payments payable

The lessee charge to the Income and Expenditure Statement for both Land & Building and Vehicles, Plant & Equipment was £712k (2015/16: £655k) and £435k (2015/16: £363k) respectively.

(37) Private Finance Initiative – Integrated Waste Management Facility (IWMF) Padworth

The Council entered into a PFI contract with Veolia ES West Berkshire Ltd in March 2008 for the provision of waste collection and disposal services.

37a The contract included provision of an Integrated Waste Management Facility (IWMF), built on Council owned land at Padworth Sidings. This £25.97m facility opened on 19 October 2011, and is recognised as both an asset and liability in the Balance Sheet. However, whilst capital repayments actually commenced from 1 April 2013 notional capital payments have been spread over the 21 years from the month of opening to the end of the PFI contract on 30 September 2032.

The future payment stream is estimated as follows:

Padworth PFI Payments		Table 60			
2015/16 £000	Due within	Repayment of Liability £000	Interest £000	Service Charges £000	Total 2016/17 £000
17,861	Repayment in year	570	944	16,692	18,206
	<u>Deferred liability</u>				
18,228	Within 1 year	605	909	17,313	18,827
75,918	2 to 5 years	2,811	3,245	71,081	77,137
104,138	6 to 10 years	4,593	2,977	99,242	106,812
115,859	11 to 15 years	6,176	1,394	112,180	119,750
36,519	16 to 20 years	713	44	10,595	11,352
<u>368,523</u>	Total of all payments	<u>15,468</u>	<u>9,513</u>	<u>327,103</u>	<u>352,084</u>

37b These payments have been calculated to compensate Veolia for the fair value of the services provided, the capital expenditure incurred and interest payable. The capital asset movement recognised by WBC with and the associated outstanding PFI liability for capital expenditure incurred by Veolia is:

Notes to the Core Financial Statements

31/03/16 £000	Padworth PFI Asset movements & Liabilities	Table 61	31/03/17 £000
Movement in asset value:			
27,954	Gross Book Value at start of year		27,954
0	Additions		0
0	Revaluation		0
<u>27,954</u>	Gross Book Value at year end		<u>27,954</u>
(1,400)	Depreciation at the start of year		(2,101)
(701)	Depreciation		(700)
0	Revaluation		0
<u>(2,101)</u>	Depreciation at year-end		<u>(2,801)</u>
<u>25,853</u>	Net Book Value at year end		<u>25,153</u>
(16,005)	Balance outstanding at the start of year		(15,468)
537	Principal repayment in year		570
<u>(15,468)</u>	Balance outstanding at year end		<u>(14,898)</u>
(570)	Within 1 year		(605)
<u>(14,898)</u>	Deferred liability		<u>(14,293)</u>
<u>(15,468)</u>	Balance outstanding at year end		<u>(14,898)</u>

At the end of the contract the IWMF will revert, at no residual cost, back to the Council.

(38) Retirement Benefits

Under International Accounting Standards IAS 19 Employee Benefits, certain disclosures are required in the Council's accounts. The Reporting Standard requires specific entries to the Balance Sheet and the Comprehensive Income and Expenditure Account relating to the net asset / liability recognised in relation to the Council's share and demands (actual and future) of the Berkshire Pension Fund.

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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) administered by The Royal Borough of Windsor and Maidenhead for the Royal County of Berkshire Pension Fund. This is a defined benefit scheme, where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The LGPS is now a career average scheme for benefits built up from 1st April 2014 meaning that the employer and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. Policy is determined in accordance with the LGPS Regulations.

The date of the last actuarial report received by the Council was the 31 March 2017. IAS 19 requires the Council to recognise the cost of retirement benefits in the Net Cost of Services

when employees earn them, rather than when the benefits are eventually paid as pensions. However the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

38a Transactions relating to post – employment Benefits

The Council recognises 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. 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 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:-

Notes to the Core Financial Statements

2015/16 £000	Local Government Pension Scheme Table 62	2016/17 £000
	Comprehensive Income and Expenditure account	
15,038	Current service cost	13,387
51	Past service cost, including curtailments	217
<u>15,089</u>	Total Service Cost	<u>13,604</u>
	Financing and investment income and expenditure	
15,503	Interest cost	16,354
(7,387)	Interest on scheme assets	(7,927)
<u>8,116</u>	Total post employment benefit charged to the surplus or deficit on the provisions of services	<u>8,427</u>
	Other post employment benefit charged to the comprehensive income and expenditure statement	
	Remeasurement of the net defined benefit liability comprising:	
10,977	Return on assets less interest	(25,318)
0	Actuarial (gains) and losses arising on change in demographic assumptions	(6,303)
(34,815)	Actuarial (gains) and losses arising on change in financial assumptions	107,899
(361)	Experienced loss / (gain) on defined benefit obligations	(4,514)
0	Other actuarial gains / (losses)	(6,226)
0	Liabilities assumed	(897)
0	Settlement prices...	140
154	Administrative expenses	159
<u>(24,045)</u>	Total post employment benefit charged to the comprehensive income and expenditure statement	<u>64,940</u>
<u>(840)</u>	Net Charge / Net surplus to the Comprehensive Income and Expenditure Account	<u>86,971</u>
	Movement in Reserves Statement	
840	Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits	(86,971)
9,360	Actual amount charged against the General Fund balance for pensions in the year	9,589
<u>10,200</u>	Net liability arising from the defined benefit obligation	<u>(77,382)</u>

The re-measurements on defined liabilities required by the revised IAS19 standard are a loss of £64,940k in 2016/17 (2015/16 they were a gain of £24,045k) and are included within the 'Other Comprehensive Income and Expenditure' line on the Comprehensive Income and Expenditure Statement.

Notes to the Core Financial Statements

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Present value of Scheme Liabilities Table 63	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Present value of Liabilities	(356,471)	(383,520)	(468,117)	(454,651)	(571,533)
Fair value of Scheme Assets	194,575	199,457	217,982	214,715	254,216
Net liability arising from defined benefit obligation	(161,896)	(184,063)	(250,135)	(239,935)	(317,317)
Experience loss/(gain) on defined benefit obligation	(559)	(16,523)	(238)	(361)	(4,514)
Return on scheme assets in excess of interest	9,135	(3,162)	9,654	(10,978)	25,317

2015/16 £000	Fair Value of Scheme Assets Table 64	2016/17 £000
217,982	Opening fair value of scheme assets	214,715
7,387	Interest income	7,927
(10,978)	Return on scheme assets (excluding the amount included in the net interest expense)	25,317
0	Other actuarial gains and (losses)	6,226
(154)	Administrative expenses	(157)
9,360	Contributions from employer	9,589
3,436	Contributions from employees into the scheme	3,450
(12,318)	Estimated benefits paid plus net transfers in	(12,711)
0	Settlement prices received and (paid)	(140)
214,715	Closing balance	254,216

Notes to the Core Financial Statements

Local Government Pension Scheme assets comprised:

31/03/16		Pension fund assets Table 65	31/03/17	
£000	%		£000	%
97,080	46%	Equities	124,018	49%
3,057	1%	Gilts	0	0%
28,781	14%	Other Bonds	37,891	15%
24,535	12%	Property	35,049	14%
10,586	5%	Cash	26,668	10%
		Alternative assets		
39,500	18%	Target Return	26,256	10%
6,918	3%	Commodities	4,214	2%
10,032	5%	Infrastructure	12,907	5%
(8,415)	-4%	Longevity Insurance	(12,787)	-5%
212,074	100%	Total	254,216	100%

2015/16 £000	Funded Liabilities Table 66	2016/17 £000
468,117	Opening balance	454,651
15,038	Current service cost	13,387
15,503	Interest cost	16,354
(34,815)	Actuarial (gains) and losses arising on changes in financial assumptions	107,899
0	Actuarial (gains) and losses arising on changes in demographic assumptions	(6,303)
3,436	Contributions from scheme participants	3,450
(361)	Actuarial (gains) and losses	(4,514)
0	Liabilities extinguished on settlements	(897)
(11,758)	Estimated benefits paid net of transfers in	(12,167)
51	Past service costs, including curtailments	217
(560)	Unfunded pension payments	(544)
454,651	Closing balance	571,533

Basis for Estimating Assets and Liabilities and Assets

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Council's liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2016.

Notes to the Core Financial Statements

The main assumptions used by the actuary are:

2015/16	Basis for Estimating Assets and Liabilities	Table 67	2016/17
Mortality assumptions			
Longevity at 65 for current pensioners:			
22.9	Men		23.0
26.2	Women		25.0
Longevity at 65 for future pensioners:			
25.2	Men		25.2
28.6	Women		27.4
3.3%	Rate of inflation (RPI)		3.6%
2.4%	Rate of inflation (CPI)		2.7%
4.2%	Rate of increase in Salaries		4.2%
2.4%	Rate of increase in Pensions		2.7%
3.7%	Rate of discounting scheme liabilities		2.8%

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

Impact On The Defined Benefit Obligation In The Scheme: Table 68	WBC Pension scheme increase in assumption £'000	WBC Pension scheme decrease in assumption £'000
Longevity (increase or decrease in 1 year)	(21,127)	20,349
Rate of increase in salaries (increase or decrease by 0.1%)	(1,455)	1,444
Rate of increase in pensions (increase or decrease by 0.1%)	(9,597)	9,403
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	10,829	(10,447)

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next three years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

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

The Council anticipated paying £8.4m (2015/16: £8.1m) in employer contributions to the scheme in 2016/17. The weighted average duration of the defined benefit obligation for the scheme members is 20 years, 2016/17 (20 years 2015/16).

In addition, the Council is responsible for all early releases of benefit payments, these amounted to £82.7k (2015/16: £133k).

38b Teachers' Pension Scheme

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 contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of these financial statements, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council paid employers' contributions of £6.1 m (2015/16: £5.9m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.48% of pensionable pay.

The Council is also responsible for all pension payments relating to added years benefits awarded together with the related increases.

38c NHS Pension Scheme

The NHS Pension Scheme is also accounted for as if it were a defined contributions scheme. The Council paid employers' contributions of £17.3 k (2015/16: £16.7k) to the NHS Pension Scheme.

(39) Contingent Liabilities

The Council was successful in defending the Judicial Review of a development agreement at the High Court. Since then the claimants have sought to appeal the High Court decision at the Court of Appeal. The decision to grant permission to appeal is pending. If permission is granted the likely costs are not known at this time.

(40) Contingent Assets

The Council has no known Contingent Assets.

(41) Parish Council Precepts

Parish Councils are required to precept on the Council, which in turn precepts on the collection fund. The total precept is £3,865k (2015/16: £3,710k), of which -£24k (2015/16 - £12k) represents special expenses for the maintenance of closed church yards.

The Collection Fund Income and Expenditure Account

As a collection authority West Berkshire Council is responsible for the billing and recovery of council tax and non domestic rates. The Council has a statutory requirement to operate the Collection Fund as a separate account to the General Fund and as such, transactions are required to be shown separately from the provision of services by the District Council. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to precepting bodies and the Government of council tax and non-domestic rates.

Council Tax 2015/16 £000	Business Rates 2015/16 £000	Collection Fund Income & Expenditure Account Table 69	notes	Council Tax 2016/17 £000	Business Rates 2016/17 £000
		Income			
(94,572)	0	Council Tax Receivable	1	(99,946)	0
0	(86,498)	Business Rates Receivable	2	0	(87,590)
(408)	0	Government Grants	3	(463)	0
(94,980)	(86,498)	Total Income		(100,409)	(87,590)
		Expenditure			
		Precepts & Demands:	4		
0	40,896	Central Government		0	43,704
82,067	40,077	West Berkshire Council		86,142	42,830
10,163	0	Thames Valley Police Authority		10,456	0
3,766	818	Royal Berkshire Fire Authority		3,837	874
95,996	81,791			100,435	87,408
(77)	383	Transfer to General Fund in respect of distribution of previous year's estimated deficit	5	(1,176)	(3,313)
		Charges to the Collection Fund			
0	95	Transitional Relief Payment		0	142
0	259	Costs of collection		0	259
107	0	Increase (-) decrease in Bad Debt Provision	6	47	0
0	1,900	Increase (-) decrease in Provision for Appeals	7	0	500
107	2,254			47	901
96,026	84,428	Total Expenditure		99,306	84,996
1,046	(2,070)	(Surplus)/Deficit for the year		(1,103)	(2,594)
265	6,873	(Surplus)/deficit brought forward at 1st April		1,311	4,803
1,311	4,803	(Surplus)/deficit carried forward at 31st March		208	2,209

Notes to the Core Financial Statements

(1) Council tax

A system of charging revenue called Council tax, based on residential property values, was introduced on 1st April 1993 and replaced the Community Charge, which was based on people.

2015/16 £000	Council tax Table 70	2016/17	
		£000	£000
110,091	Opening Debit	115,257	
<u>0</u>		<u>0</u>	
110,091			115,257
(1,534)	Exemptions	(1,639)	
(7,251)	Discounts	(7,200)	
(81)	Disabled relief	(103)	
<u>(6,653)</u>	Council tax Support	<u>(6,369)</u>	
<u>(15,519)</u>			<u>(15,311)</u>
<u>94,572</u>	Net Closing Debit		<u>99,946</u>

(2) National Non-Domestic Rates

From 1st April 1994 until 31st March 2012 each Council received its Non-Domestic Rates (NDR) income direct from the central pool rather than passing it through the Collection Fund. From 1st April 2013 following the introduction of the new Business Rates Retention Scheme 49% of business rates collected by the Council are now retained with the remainder being shared between Central Government (50%) and the Royal Berkshire Fire and Rescue Authority (1%). The aim of the scheme is to give councils greater incentive to grow the businesses in their area and allows West Berkshire Council to retain its proportionate share of the business rates growth. It does, however increase the volatility of the income received from NDR due to the risks of non payment and volatility in the tax base.

2015/16 £000	National Non-Domestic Rates Table 71	2016/17	
		£000	£000
89,059	Opening Debit	93,326	
89,059			93,326
(2,715)	Less empty and revalued properties	(2,591)	
0	New funded relief	0	
95	Transitional relief	142	
(6,906)	Mandatory relief	(5,025)	
(714)	Discretionary relief	(162)	
7,679	RV List amendments	1,900	
			<u>(5,736)</u>
<u>86,498</u>	Net Business Rates Receivable		<u>87,590</u>

The opening debit is arrived at by multiplying the total rateable value by the rate poundage (48.4 pence in the pound).

Notes to the Core Financial Statements

(3) Government Grants

The following grants have been credited to the Collection Fund

2015/16 £000	Grants credited to Collection Fund Table 72	2016/17 £000
<u>(408)</u>	Ministry of Defence Properties	<u>(463)</u>

(4) Precepts & Demands

Under council tax, parishes are required to precept on the district who in turn precept on the Collection Fund, whilst Thames Valley Police and Royal Berkshire Fire and Rescue Service precept directly on the Collection Fund. Under the new Business Rates Retention Scheme West Berkshire, Central Government and Royal Berkshire Fire Authority all precept directly on the Collection Fund.

(5) Transfer to the General Fund

In January the Council is required to prepare an estimate of its surplus or deficit which is expected to arise at the end of the financial year. This estimate is then shared between the Council and the precepting bodies in the following year. In January 2016 it was estimated that the Collection Fund would have a Business Rates deficit of £3,313k and a Council tax deficit of £1,176k. The following amounts were therefore due to/from preceptors:

Council Tax 2015/16 £000	Business Rates 2015/16 £000	Contributions to Collection Fund Surplus and Deficit Table 73	Council Tax 2016/17 £000	Business Rates 2016/17 £000
67	(188)	West Berkshire Council	1,006	1,657
0	(191)	Central Government	0	1,623
8	0	Thames Valley Police	46	0
3	(4)	Royal Berkshire Fire and Rescue Authority	124	33
<u>78</u>	<u>(383)</u>		<u>1,176</u>	<u>3,313</u>

Notes to the Core Financial Statements

(6) Provision for Non-payment of Council tax / NNDR

The following provisions have been established to allow for the non-payment of council tax / NNDR

2015/16 £000	Provision for non-payment of Council tax Table 74	2016/17 £000
150	Opening Balance	150
107	Transfer from/to Income and Expenditure Account	47
-107	Write offs in the year	-47
150	Closing Balance	150

2015/16 £000	Provision for non payment of NNDR Table 75	2016/17 £000
500	Opening Balance	544
486	Change to the Provision	0
-236	Write offs in the year	-347
750	Closing Balance	197

(7) Provision for Appeals

A provision has been made for appeals against rateable value set by the Valuation Office not yet settled at the end of the financial year.

2015/16 £000	Business Rate Appeals Table 76	2016/17 £000
7,679	Opening balance	1,900
1,900	Transfer from Income & Expenditure Account	500
(7,679)	Write off in the year	(1,900)
1,900	Closing Balance	500

(8) Council tax Base

The Council's tax base is calculated by reference to the number of properties in particular value bands within the District. The number of properties is adjusted for single person occupancy, empty properties, disabled use etc to arrive at a total for each band. Each band is then converted to a band D equivalent to determine the tax base.

Notes to the Core Financial Statements

Council tax Base Table 77		Band	Net Dwellings	Multiplier	Band D Equivalent
	Disabled	A	3.00	5/9	1.71
	up to £40,000	A	1,802.19	6/9	1,201.80
over £40,000	up to £52,000	B	4,311.23	7/9	3,353.35
over £52,000	up to £68,000	C	15,626.02	8/9	13,889.68
over £68,000	up to £88,000	D	15,189.58	9/9	15,189.48
over £88,000	up to £120,000	E	9,621.50	11/9	11,759.79
over £120,000	up to £160,000	F	6,282.76	13/9	9,075.08
over £160,000	up to £320,000	G	4,227.56	15/9	7,045.90
over £320,000		H	648.89	18/9	1,297.78
					62,814.57
	Adjustment for losses on collection			x	0.996
					62,563.31

Glossary

Academy (School) – A type of school that is independent of Local Education Authority control but remains publicly funded.

Accruals basis - Accounting for income and expenditure during the financial year in which they are earned or incurred, not when money is received or paid.

Actuary - A person or firm who analyses the assets and future liabilities of a pension fund and calculates the level of employers' contributions needed to keep it solvent.

Amortised cost – Most financial instruments (whether borrowing or investment) are valued in 2014/15 on an amortised costs basis using the effective interest rate (EIR) method.

Audit Commission - The independent public body responsible for ensuring that public money is spent economically, efficiently, and effectively in the areas of local government, housing, health, criminal justice, and fire and rescue services.

Best value - Delivering economy, efficiency and effectiveness to secure continuous service improvement – 'providing the quality services you want at a price you are willing to pay'.

Book value - The value of a fixed asset, such as a building or machine, as recorded in an organisation's books. It is the lower of the depreciated cost and the recoverable amount. The recoverable amount is the higher of the value in use and the net realisable amount.

Capital Adjustment Account - An account that reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital expenditure - Expenditure on the acquisition or creation of a fixed asset or expenditure that adds to and does not merely maintain the value of an existing fixed asset.

Capital programme - A list of capital projects approved to start in a specified financial year.

Capital receipt - Proceeds from the sale of capital assets (e.g. land, buildings and equipment).

Capitalisation - Treatment of expenditure as capital rather than as revenue (see also capital expenditure).

CIPFA - Chartered Institute of Public Finance and Accountancy

Collection fund - An account maintained by a district council recording the amounts collected in council tax.

Community asset - An asset that the Council intends to hold forever, that has no determinable useful life, and that may have restrictions on its disposal. Examples of community assets are parks and historic buildings.

Contingency provision - A sum included usually as a central provision within the budget to meet expenditure where timing and scale are uncertain.

Contingent liabilities - A potential liability that is uncertain because it depends on the outcome of a future event.

Contracts Rules of Procedure – These rules apply in every case where the Council enters into an agreement with another party for the supply of goods, materials or services to, or the execution of work for, the Council.

Corporate and Democratic Core - Has two elements: the costs of corporate management are the infrastructure overheads which allow services to be provided and information required for public accountability and the democratic representation costs relating to all aspects of members' activities.

Council tax - A domestic property tax based on capital values with a personal element (a 25% discount for single-adult households). Each property is allocated to one of eight tax bands according to its capital value.

Creditor - An individual or body to which the Council owes money at the Balance Sheet date.

Current asset - An asset that is realisable or disposable within less than one year without disruption to services.

Current liability - A liability that is due to be settled within one year.

Debtor - An individual or body that owes money to the Council at the Balance Sheet date.

Dedicated Schools Grant (DSG) - A Government grant that can only be used to fund expenditure within the schools' budget.

Deferred contributions and Government grant accounts - Accounts that reflect the value of fixed assets in the Balance Sheet that are financed by specific Government grants or external contributions.

Defined benefit pension scheme - A pension scheme in which a pensioner's benefits are specified, usually relating to their length of service and final salary.

Deposit - Receipt held that is repayable in prescribed circumstances.

Depreciated replacement cost - Relating to fixed assets, the current replacement costs adjusted for depreciation. This method of valuation is used when it is not practical to estimate the open market value for the existing use of a specialised property.

Depreciation - The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, the passage of time or obsolescence through technological or other changes.

Developers' contribution - If a development derives special benefit from highway works, developers can be required to contribute towards the costs. They arise mainly as a result of agreements under section 278 of the Highways Act 1980.

Discretionary increase in pension payments - This increase arises when an employer agrees to the early retirement of an employee other than for reasons of ill health and agrees to pay pension benefits based on more years than he or she actually worked.

Dividends - Income to the Pension Fund on its holdings of UK and overseas shares.

Earmarked reserve - See Reserve.

Fair value - 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 other motive in their negotiations other than to secure a fair price.

Finance lease - Under this type of lease, the risks and rewards of ownership of the leased goods transfer to the lessee (the organisation paying the lease).

Financial instruments - Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Reporting Standard (FRS) - Accounting standards that govern the treatment and reporting of income and expenditure in an organisation's accounts.

Financial Rules of Procedure - Outlines how West Berkshire should transact business

Fixed asset - An asset that yields benefits to the local authority and the services it provides for a period of more than one year.

Foundation Schools - A category of school that receives its funding from the Council but owns its land and buildings and employs its own staff.

General Fund - The accumulated credit balance of general reserves. It is the excess of income over expenditure in the Income and Expenditure Account after adjusting for movements to and from reserves and other non-cash items. This balance is needed as a cushion against unforeseen expenditure.

Government grant released - The reduction in the value of a Government grant deferred when the corresponding fixed asset is depreciated or disposed of.

Historical cost - The amount originally paid for a fixed asset.

Impairment loss - A loss arising from an event that significantly reduces an asset's value. An example is physical damage or a fall in market value.

Infrastructure asset - Fixed assets that cannot be taken away or transferred, and whose benefits can only be obtained by continued use of the asset created. Examples of infrastructure assets are carriageways and footpaths.

Internal trading account - A service within the Council that operates on a trading basis with other parts of the Council.

International Financial Reporting Standards (IFRS) - International accounting standards that govern the treatment and reporting of income and expenditure in an organisation's accounts, which came fully into effect from 1 April 2010.

Local Government Pension Scheme (LGPS) - The LGPS is a nationwide scheme for employees working in local government or working for other employers participating in the Scheme and for councillors.

Glossary and Abbreviations

Long-term borrowing - A loan repayable in more than one year from the Balance Sheet date.

Long-term debtor - An individual or body that owes money to the Council that is not due for payment within one year from the Balance Sheet date.

National Business Rates - Charges collected by district councils from non-domestic properties, at a national rate in the assets set by the Government.

Net assets - The amount by which assets exceed liabilities (same as net worth).

Net book value - The original cost of the item less accumulated depreciation for the item.

Net operating expenditure - Gross expenditure less fees and charges for services and specific grants but before the deduction of Revenue Support Grant, National Business Rates and Council tax income.

Non-current assets - An asset which is not easily convertible to cash or not expected to become cash within the next year.

Non-distributed costs - Overheads for which no user directly benefits and which are therefore not split between services.

Non-operational asset - A fixed asset held by the Council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, heritage assets or assets that are surplus to requirements, pending sale or development.

Operational asset - A fixed asset held and occupied, used or consumed by the Council in the direct delivery of services.

Operational lease - Under this type of lease, the risks and rewards of ownership of the leased goods stay with the lessor (the company leasing out the goods).

Past service cost - For a defined benefit pension scheme, the increase in the present value of the scheme's liabilities related to employee service prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pooled budget - Partners contribute a set amount of money to form a separate budget. The purpose and scope of the budget is agreed at the outset and then used to pay for relevant services and activities.

Post Balance Sheet event - Events that occur between the Balance Sheet date and the date when the financial statements are authorised for issue.

Precept - The demand made by the preceptor on the Collection fund maintained by the billing authority for council taxpayers' contribution to its services.

Private equity - Mainly specialist pooled partnerships that invest in private companies not normally traded on public stock markets – these are often illiquid (i.e. not easily turned into cash) and higher-risk investments that should provide high returns over the long term.

Private Finance Initiative (PFI) - Contracts typically involving a private sector entity (the operator) constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time. The operator is paid for its services over the period of the arrangement.

Projected unit actuarial method - One of the common methods used by actuaries to calculate a contribution rate to the LGPS, which is usually expressed as a percentage of the members' pensionable pay.

Provisions - An estimated figure within the accounts for liabilities that are known to exist but cannot be measured accurately.

Realised capital resources - Usable capital resources arising mainly from the disposal of fixed assets.

Related party during the financial period - Two or more parties are related when:

- one party has direct or indirect control over the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to the extent that the other party may not be able to pursue its own interests at all times
- influence from the same source results in one of the parties entering into a transaction that is against its own separate interests.

Glossary and Abbreviations

Reserve - The Council's reserves fall into two categories. The 'unearmarked' reserve is the balance on the General Fund. An 'earmarked' reserve is an amount set aside in the Council's accounts for specific purposes.

Residual life - The assumed remaining life of a fixed asset used in calculating depreciation.

Revaluation reserve - Records unrealised net gains from asset revaluations after 1 April 2007.

Revenue contributions to capital - The use of revenue funds to finance capital expenditure.

Revenue expenditure - The operating costs incurred by the Council during the financial year in providing its day-to-day services. It is distinct from capital expenditure on projects that benefit the Council over a period of more than one financial year.

Revenue Support Grant (RSG) - Government financial support that does not have to be spent on a particular service. It is based on the Government's assessment of the Council's spending need, its receipt from national business rates and its ability to generate income from the council tax.

RICS Red Book - Contains the valuation standards, mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations.

Scheme for Financing Schools - Sets out the financial relationship between the Authority and the maintained schools which it funds.

Service Reporting Code of Practice for Local Authorities (SeRCOP) - The code of practice containing a standard definition of services and total cost so that spending comparisons can be consistent between local authorities; was formally known as the Best Value Accounting Code of Practice (BVACOP).

Short-term investments - An investment that is readily realisable.

SOLACE - Society of Local Authority Chief Executives

Specific grants - Central Government grants to finance a particular service.

Stocks - Goods that are acquired in advance of their use in providing services or their resale.

Straight-line basis - Dividing a sum equally between several years.

Useful life - Period over which the Council will benefit from the use of a fixed asset.

Work in progress - A product or service that is incomplete at the end of the year and is due to be recharged to an external body.

Write-off - Elimination of an asset or liability over a defined period, usually by means of charging or crediting the revenue account.

Abbreviations

AGS	Annual Governance Statement
AONB	Area of Outstanding Nature Beauty
CIPFA	Chartered Institute of Public Finance and Accountancy
DSG	Dedicated Schools Grant
FIAA	Financial Instruments Adjustment Account
FRICS	Fellow of The Royal Institute Of Chartered Surveyors
FRS	Financial Reporting Standard
HRA	Housing Revenue Account
IAS	International Accounting Standards
IAS 16	Accounting for Property, Plant and Equipment
IAS 19	Accounting for Employee Benefits
IFRS	International Financial Reporting Standards
IT	Information Technology
NBV	Net Book Value
NNDR	National Non-Domestic Rate
PFI	Private Finance Initiative
PWLB	Public Works Loans Board
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
SORP	Statement of Recommended Practice
SeRCOP	Service Reporting Code of Practice, formally the Best Value Accounting Code of Practice
VAT	Value Added Tax
WBC	West Berkshire Council