

Notice of Meeting

Governance and Audit Committee

Monday, 28th June, 2010 at 5.00 pm
in Council Chamber Council Offices
Market Street Newbury

Date of despatch of Agenda: Friday, 18 June 2010

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Moira Fraser on (01635) 519045
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www.westberks.gov.uk



**Agenda - Governance and Audit Committee to be held on
Monday, 28 June 2010 (continued)**

To: Councillors Jeff Beck (Chairman), Paul Bryant, David Holtby, Tony Linden, Julian Swift-Hook, Tony Vickers (Vice-Chairman) and Quentin Webb

Substitutes: Councillors Brian Bedwell, Adrian Edwards, Keith Lock and Keith Woodhams

Agenda

Part I	Page No.
1. Apologies To receive apologies for inability to attend the meeting (if any).	Verbal Report
2. Minutes To approve as a correct record the Minutes of the meetings of this Committee held on 27 April 2010 and 11 May 2010.	1 - 6
3. Declarations of Interest To receive any Declarations of Interest from Members.	Verbal Report
4. Internal Audit Annual Report (GAC1986) To provide the Committee with an opinion from the "Head of Internal Audit" on the Council's internal control framework, and to support the approval of the Annual Governance Statement.	7 - 12
5. West Berkshire Council Financial Statements 2009/10 (GAC2015) <ul style="list-style-type: none">• To provide Members with the financial statements for external audit for the financial year 2009-10.• To provide the Council's external auditors (KPMG) with approved financial statements to complete their statutory audit.	13 - 98
6. KPMG Report on progress being made with the implementation of the International Financial Reporting Standards (GAC2103) To inform those charged with governance on the Council's progress in implementing IFRS.	99 - 108
7. Heads of Service Assurance Statements (GAC1987) To outline the issues of concern highlighted by the Council's Heads of Service in their annual assurance statements.	109 - 134
8. Annual Governance Statement - Statement in Support by the Monitoring Officer (GAC1988)	135 - 140

**Agenda - Governance and Audit Committee to be held on
Monday, 28 June 2010 (continued)**

To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Monitoring Officer.

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|-----|---|-----------|
| 9. | Annual Governance Statement - Statement in Support by the S151 Officer (GAC1989)
To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Section151 Officer. | 141 - 146 |
| 10. | Annual Governance Statement (GAC1990)
To present the Annual Governance Statement for the Council for the year 2009-10. | 147 - 156 |
| 11. | Strategic Risk Register April 2010 (GAC1985)
To update the Committee on the Council's Strategic Risks. | 157 - 164 |

Andy Day
Head of Policy and Communication

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If you require this information in a different format, such as audio tape, or in another language, please ask an English speaker to contact Moira Fraser on telephone (01635) 519045, who will be able to help.



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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

GOVERNANCE AND AUDIT COMMITTEE

**MINUTES OF THE MEETING HELD ON
TUESDAY, 27 APRIL 2010**

Councillors: Jeff Beck (*Chairman*) (P), Paul Bryant (P), Tony Linden (P),
Irene Neill (AP), Julian Swift-Hook (P), Tony Vickers (*Vice-Chairman*) (P),
Quentin Webb (P)

Substitutes: Brian Bedwell, Adrian Edwards (SP), Roger Hunneman, Keith Lock

Also present: Andy Day (Head of Policy and Communication), Moira Fraser (Democratic Services Manager), Joseph Holmes (Accountancy Manager), Shannon Coleman-Slaughter (Group Auditor), Julie Gilhespey (Group Auditor), Ian Priestley (Assurance Manager), Susan Robbins (Service Manager Item 7), Emma Foy (Manager – KPMG Items 5 & 6)

PART I

43 Apologies

An apology for inability to attend the meeting was received on behalf of Councillor Irene Neill. Councillor Adrian Edwards substituted for Councillor Neill.

44 Minutes

The Minutes of the meeting held on 22 February 2010 were approved as a true and correct record and signed by the Chairman.

45 Declarations of Interest

Councillor Julian Swift-Hook declared an interest in Agenda Item 9 but reported that as his interest was personal and not prejudicial, he determined to remain to take part in the debate and vote on the matter.

46 Changing the Terms of Reference for the Personnel Committee (C2019)

The Committee considered a report (Agenda Item 4) concerning approval from full Council, to extend the remit of the Personnel Committee to include the approval of new and revised Health and Safety policies and procedures.

Andy Day in introducing the report reported that there was currently no mechanism in place to consider Health and Safety policies. As many of the policies were aligned to human resources issues, it was thought that the Personnel Committee would be the most appropriate Member body to consider these policies.

Members noted that although many of the policies related to employees, some Health and Safety policies would also pertain to members of the public and it was important that their wellbeing was also kept in mind.

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Members were reminded that the annual Health and Safety Strategy was signed off by Individual Decision each year.

Councillor Adrian Edwards was concerned that the Members of the Personnel Committee might not have the necessary expertise to consider and comment on the specialised information contained in the Health and Safety papers. Officers explained that there would be professionals on hand to guide Members through the policies and procedures, and it was felt that the Personnel Committee was better equipped to consider these policies and procedures than any other existing committee. Members were also reminded that reports put before the Personnel Committee, would be considered by Corporate Board before they were placed in the Member arena.

Councillor Tony Linden noted that the Personnel Committee had discussed the changes, and they had concluded that they were willing to have the terms of reference expanded to include health and safety policies and procedures. The Personnel Committee felt that it would be useful to have some Member involvement in the formulation and adoption of these policies.

RESOLVED that the Changed Terms of Reference for the Personnel Committee be recommended for approval when considered by full Council on 11 May 2010.

Councillor Adrian Edwards abstained from voting on this item.

47 KPMG Audit Plan (GA2014)

The Committee considered a report (Agenda Item 5) concerning the cost and activities that would be completed by KPMG during the coming year. Emma Foy in introducing the report explained that this was an annual report that the external auditors (KPMG) were required to produce, setting out areas they would be undertaking audit work on over the forthcoming year and the cost associated with these audits (audit fees).

KPMG would be following a similar approach to the previous year. Work was about to start on the year end audit of the budget . An opinion on the Use of Resources would be given later in the year at the September meeting.

It was anticipated that there would be a less vigorous approach in respect of Use of Resources, as the Council had been awarded a score of three during the previous year.

Emma Foy explained that a lot of the work the auditors had to undertake was mandated. The auditors also considered the key risks to the Council and tended to focus on the high risk areas. In addition, the auditors would be focussing on areas that had scored a two in the previous year's Use of Resources Assessment, with the intention of raising the scores to threes during the current year.

RESOLVED that the KPMG Audit Plan be noted.

48 KPMG Grants Audit Report (GA2040)

The Committee considered a report (Agenda Item 6) concerning the KPMG audit of grants in 2008/09. Emma Foy explained that this was a new report (but not a

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new process) required by the Audit Commission (previous audits of grants had looked at smaller grants, the new methodology only required audits of grants in excess of £150k). This reduction in the workload had resulted in a reduced audit fee. The auditors had been notified of the need to produce this revised report just before Christmas 2009.

There would always be a delay in reporting on this area, as the audit could only take place once the grants had been spent. The audits were not merely to ensure that unspent monies were returned to central government, but also sought to ensure that grants were spent on the 'right things.'

KPMG had focussed their audit on five grants (with a total value of £110m) and none had a qualified audit opinion. Small amendments had been made to the Housing Benefits and NNDR grants and a more significant adjustment of £275k had to be made to the SureStart grant (budget capital expenditure rather than actual expenditure figures had been used to complete the form, but the amendments did not result in a change in the funding).

RESOLVED that the KPMG Grants Audit be noted.

49 Internal Audit Report Q3 of 2009/10 (GAC1903)

The Committee considered a report (Agenda Item 7) concerning the outcomes of audits completed in the third quarter of 2008/09. Ian Priestley in introducing the item, explained that the report highlighted areas of concern identified by the Internal Audit team. He noted that at the end of the fourth quarter 88% of internal audit plan work had been completed.

The report set out the comments from the Head of Property in relation to the two audits rated as weak or very weak (Commercial Rents and Building Maintenance) undertaken during this quarter. The Head of Property would usually have six months to implement the actions to rectify the problems identified. A follow up audit would take place in six months time to establish progress, but it was not anticipated that all changes would have been implemented by then.

Officers explained that many of the actions to address the issues related to the two Property Audits were reliant on the recruitment of the Business Development Manager (BDM). The newly appointed Head of Property had been awaiting the outcome of the recent Senior Management Review before recruiting to this post. Members accepted this explanation and felt that it was necessary to give the new BDM time to deal with the issues identified.

Members were eager to see a report back on progress being made in respect of Building Maintenance. It was accepted that due to the time that would be required to progress the recommendations, it was unlikely that this would be achieved by quarter four. Ian Priestley was therefore asked to provide an update in twelve months time.

The third section of the report identified two audits where there had been insufficient progress made with implementing actions to address weak audits namely: Contract Letting and Home to School Transport. As was practice, the relevant Heads of Service (Finance and Education) had been invited to attend this meeting to discuss progress with Members. The Head of Finance had asked

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Joseph Holmes to attend on his behalf and the Head of Education had asked Susan Robins to attend on his behalf.

Before discussing the specific areas of concern, Members made the following general comments on the report:

- They would like to see some information under the financial implications section of the report. While they accepted that the exact sums would be difficult to quantify in many cases, the report should at least state that there would in some instances be some financial implications for the Council if action was not taken.
- Under the Equality Impact Assessment implication, the wording should be changed to say 'not required' rather than 'none' as was the current case.

Joseph Holmes on behalf of the Head of Finance explained that the implementation of the recommendations relating to Contract Letting had been delayed, due to the changes resulting from the Senior Management Review. The issue of compliance checks was now being dealt with and responsibility had been transferred to the Assurance Team. The Procurement Team had transferred to the Legal Service and the issues around conflicts of interest would therefore be picked up by the Head of Legal and Electoral Services.

Susan Robbins explained that she was not employed by the Council at the time the audit of Home to School Transport had taken place. However this was work in progress and progress was being made. Susan Robbins noted that one of the contributory factors to a perceived unsatisfactory response was some confusion over the roles and responsibilities of Education Access and Transport Services, which were being addressed. Some of the other recommendations would be raised with Members, at the next training session for Appeal Panel Members which was due to take place shortly.

RESOLVED that:

1. the outcomes of the audit work undertaken in the third quarter of 2008/09 be noted.
2. A report back on progress being made in respect of Building Maintenance be brought back to Governance and Audit meeting in twelve months time.

50 Internal Audit Strategy and Work Plan (GAC1904)

The Committee considered a report (Agenda Item 8) concerning approval of the internal audit strategy and plan 2010-13. Ian Priestley in introducing this item, explained that this was an annual report that Officers were required to produce, which set out the activities of the Internal Audit team for the forthcoming year. The report also had an Audit Charter attached to it, which was the protocol officers would follow in undertaking their work.

The work plan tended to focus on areas of high risk, to ensure that the control measures that were being put in place would effectively reduce the risk to the Council. The complexity of the audit was rated on a scale of 1 to 4 (with 4 being the most complex). The more Senior Auditors were then allocated the more complex pieces of work.

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The work plan was refreshed each year to reflect current priorities. Members felt that it would be useful if in future, any changes to the work programme be highlighted in the report, so that Members would easily be able to identify areas that had been elevated or demoted.

In response to a query, Ian Priestley explained that there had not been any significant changes to the Strategy. Members felt that it was important that this be articulated in the covering report to be considered by Full Council and that any areas of concern should also be referred to in this report.

RESOLVED that the Internal Audit Strategy and Plan for 2010-2013 be approved.

51 Protocol for Members on Outside Bodies (C1992)

(Councillor Julian Swift-Hook declared a personal interest in Agenda Item 9 by virtue of the fact that he was the Council's representative on MENCAP. As his interest was personal and not prejudicial he determined to take part in the debate and vote on the matter)

The Committee considered a report (Agenda Item 9) concerning agreement for a protocol for Members appointed to represent the Council on Outside Bodies. In introducing the report, Moira Fraser explained that she had been asked to draft the report at the behest of the Monitoring officer, to ensure that Members were provided with the necessary information before agreeing to represent the Council on an Outside Body. The protocol also set out a mechanism for reporting back to Council by Members on Outside Bodies on an annual basis.

Members felt that the protocol was a good idea in principle, as representation on outside bodies formed an integral part of a Councillor's role.

Members asked that the following amendments be made to the report prior to consideration at full Council on the 11 May 2010:

- Paragraph 4.3 third bullet point, delete the words 'which is outside the agreed Capital and Revenue budgets and delete the fourth bullet point;
- Paragraph 7.3 replace the word 'requested' with the word 'required';
- Due to the queries it would raise at the meeting, the database be excluded from the Council report.

Members felt that the reporting back form still required some work. It would be difficult to have a form that would suit all reporting back, given the wide range of organisations the Council appointed representatives to. Members felt that it would be useful to include a section for 'additional information' and a synopsis of the areas covered by the outside body during the year on the form, in an effort to address this issue, Members felt that due to the nature of some organisations reporting back would be more important in some cases than others.

Members felt that although this was a good and useful document, which set out clearly what Members appointed to outside bodies could expect it might require some further refinement especially to the reporting back form. The recommended action should therefore be amended to read 'To recommend to Council that the

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Protocol for Members in relation to representation on outside bodies be approved and kept under review by the Governance and Audit Committee’.

RESOLVED that the Protocol for Members on Outside Bodies be recommended for consideration and approval by full Council on 11 May 2010, subject to the inclusion of the minor amendments set out above.

(The meeting commenced at Time Not Specified and closed at Time Not Specified)

CHAIRMAN

Date of Signature

Agenda Item 4.

Title of Report:	Internal Audit Annual Report 09-10
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28th June 2010
Forward Plan Ref:	GAC1986

Purpose of Report: To provide the Committee with an opinion from the "Head of Internal Audit" on the Council's internal control framework, and to support the approval of the Annual Governance Statement.

Recommended Action: Note the opinion.

Reason for decision to be taken: To provide assurance to the Leader and Chief Executive on the Council's internal control framework and support the Annual Governance Statement.

Other options considered: None

Key background documentation: None

The proposals will also help achieve the following Council Plan Themes:

- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Supporting the Council's governance arrangements

Portfolio Member Details	
Name & Telephone No.:	Councillor Keith Chopping - (0118) 983 2057
E-mail Address:	kchopping@westberks.gov.uk
Date Portfolio Member agreed report:	Councillor Graham Jones approved on behalf of Councillor Chopping on 18 June 2010

Contact Officer Details	
Name:	Ian Priestley
Job Title:	Assurance Manager
Tel. No.:	01635 519253
E-mail Address:	ipriestley@westberks.gov.uk

Implications

Policy: none
Financial: none
Personnel: none
Legal/Procurement: none
Property: none
Risk Management: The internal audit work highlights weaknesses and risks in processes within the Council
Equalities Impact Assessment: not required

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 This report sets out the Annual Report on the work of Internal Audit as required by the CIPFA Code of Practice for Internal Audit in Local Government.

2. Proposals

- 2.1 This report is intended to provide evidence to support the Council's Annual Governance Statement by setting out the results of the work Internal Audit has done over the last year.
- 2.2 The report highlights the fact that no fundamental weaknesses were identified during the year and that where weaknesses were identified then management action has been taken to remedy those weaknesses.

3. Conclusion

- 3.1 The Council's internal control framework is very robust

Executive Report

1. Introduction

1.1 The CIPFA Code of Practice for Internal Audit in Local Government requires the “Head of Internal Audit” to make a formal report annually to the Council. The report should:

- include an opinion on the overall adequacy and effectiveness of the organisation’s risk management systems and internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the “Head of Internal Audit” judges particularly relevant to the preparation of the statement on internal control
- compare the work actually undertaken with the work that was planned and summarise the performance of the Internal Audit function against its performance measures and criteria

1.2 In addition to the formal annual report, the Head of Internal Audit should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the formal annual report. Quarterly reports are made to the Governance and Audit Committee

1.3 This annual report meets the requirements of the CIPFA Code of Practice.

2. Opinion on the “Internal Control Framework”

2.1 No fundamental weaknesses were identified in Council’s internal control framework through the work carried out by Internal Audit. Where audit work identified weaknesses then management action has been taken to resolve issues identified. Overall the internal control framework remains very robust.

2.2 The following summarises the results of the audit work where an opinion was given, and this table demonstrates that, in particular, the main financial systems of the Council are very robust. In addition it should be noted that the identification of weaknesses is an inevitable part of the auditing process. What is then key is that Management responds positively by implementing agreed recommendations.

Type	Very weak	Weak	Satisfactory	Well Controlled	Very Well Controlled
Key Financial System	0	1	3	5	1
Other systems	1	3	5	4	0

2.3 The issue of concern in respect of the weak “key financial system” (Ordering / Processing of payments) related to the Council not achieving its Performance Indicator for processing invoices within 30 days often because the invoice has to be returned from Exchequer to the relevant service area because a purchase order

has not been raised. As well as impacting on the PI for processing invoices, this issue could lead to ineffective budget management, as costs are not being committed against budgets at the time that goods/services are being requested. The Head of Finance has issued an instruction to all services to ensure that Purchase Orders are raised properly and this issue is being monitored by the Finance and Governance Group. Although the use of purchase orders is an important control this is not a fundamental weakness that might affect the overall internal control framework.

- 2.4 The following summarises the results of follow up work. This table demonstrates that the Council has responded effectively where weaknesses have been identified.

Type	Unsatisfactory	Satisfactory
Key Financial System	1	7
Other systems	2	9

- 2.5 The issue of concern in respect of the unsatisfactory result for the “key financial system” (Fixed Asset Register) was that the need to reconcile the asset data held by Property Services with the data recorded on Agresso’s fixed asset register had not been dealt with. The Accountancy Manager tasked the Team Leader – Systems Development to work in conjunction with Property Services to ensure that the data held within Property can be reconciled to the information on Agresso. This issue has now been resolved. Although this follow up was unsatisfactory, the issue is not a fundamental weakness that might affect the overall control framework.
- 2.6 The issue of concern in respect of the first unsatisfactory result for the “other systems” was (Contracts Letting) that the processes for carrying out the checks for compliance with the Contract Rules of Procedure needed to be documented. Also that at the time of the follow-up the proposed compliance checks had not commenced, which weakens the control framework. The procedure is presently being documented and testing will start once the documentation is complete.
- 2.7 The issue of concern in respect of the second unsatisfactory result for the “other systems” was (Home to School Transport) which needs more detail included in the documentation and also there is a need to establish a standard procedure for assessing off road routes. These issues are being dealt with through the revised Home to School Transport policy for 2010/11.
- 2.8 The fact that the Council has responded quickly and effectively to the items of concern identified above provides further evidence of the robust nature of the system of internal control within the Council.

3. Performance of Internal Audit

- 3.1 Delivery of the audit plan was within target in the current year, 88% against a target of 80%. This improvement reflects the growing experience of the internal auditors in the section.

Appendices

There are no appendices to this report

Consultees

Local Stakeholders: Not consulted

Officers Consulted: Corporate Board

Trade Union: Not consulted

Title of Report:	West Berkshire Council Financial Statements 2009-10
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28 June 2010
Forward Plan Ref:	GAC2015

Purpose of Report:

1. To provide members and the public with the Council's draft financial statements for the financial year 2009-10.
2. To provide the Council's external auditors (KPMG) with approved financial statements to complete their statutory audit.

Recommended Action:

To approve the financial statements to allow external audit by KPMG

Reason for decision to be taken:

None

Other options considered:

None

Key background documentation:

Draft financial statements 2009-10
Working Papers prepared in accordance with KPMG's 'prepared by client request'.

The proposals will also help achieve the following Council Plan Theme:	
<input checked="" type="checkbox"/>	CPT13 - Value for Money
The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:	

Portfolio Member Details	
Name & Telephone No.:	Councillor Keith Chopping - (0118) 983 2057
E-mail Address:	kchopping@westberks.gov.uk
Date Portfolio Member agreed report:	June 2010
Contact Officer Details	
Name:	Joseph Holmes
Job Title:	Accountancy Manager
Tel. No.:	01635 519474
E-mail Address:	jholmes@westberks.gov.uk

Implications

Policy: None
Financial: None
Personnel: None
Legal/Procurement: None
Property: None
Risk Management: None
Equalities Impact Assessment: Not required.

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	

Executive Summary

1. Introduction

- 1.1 The Council is required to produce financial statements annually for external audit (KPMG) to review and provide an opinion on. KPMG will audit the statements during the summer 2010 and provide an opinion to the Governance & Audit Committee in September.
- 1.2 These statements must be approved by the Governance & Audit Committee prior to their release to KPMG.

2. Proposals

- 2.1 For Governance and Audit Committee to comment on, and approve, the attached financial statements.

3. Conclusion

- 3.1 The financial statements will be audited (subject to approval by Governance & Audit Committee) by KPMG and the outcome of their findings will be reported back to the committee in September 2010.

Executive Report

1. Introduction

- 1.1 The Council is required to present its financial statements to the Governance & Audit Committee for approval by 30th June, and then to KPMG.
- 1.2 The financial statements have been completed in accordance with CIPFA's Statement of Recommended Practice (SORP). KPMG will review the statements to ensure compliance with the SORP and that they comply with generally accepted accounting principles.

2. 'Highlights' in the financial statements

- 2.1 Some of the key financial information is as follows:

Item	Amount / £m (2008-09 figure in brackets)
General Fund balance	7.1m (6.8m)
Total expenditure on services	377m (340m)
Total fixed assets	443m (419m)

3. Next stages

- 3.1 Subject to committee approval the statements, and accompanying working papers, will be reviewed by KPMG during the summer and financial transactions will be tested in accordance with their own audit quality arrangements.
- 3.2 KPMG will report back to the Governance & Audit Committee in September 2010 with their findings as part of their governance report the 'ISA 260+ report'.

Appendices

Appendix A – financial statements 2009-10

Consultees

Local Stakeholders:

Officers Consulted: Corporate Board, Management Board
Lesley Flannigan (Finance Manager – Technical and control)

Trade Union:

West Berkshire Council

Draft Financial Statement of Accounts 2009-10

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Introduction to West Berkshire

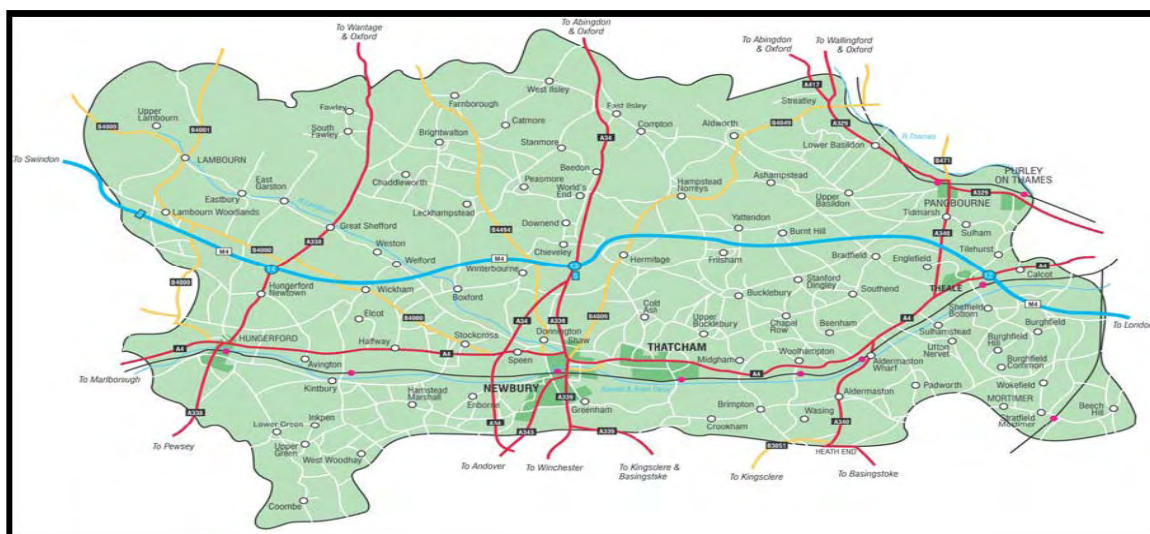
West Berkshire is an administrative area of 704 square kilometres containing extensive rural areas; 74% of the land area lies within the North Wessex Downs Area of Outstanding Natural Beauty (AONB). There are two main urban areas, the towns of Newbury and Thatcham and the urban areas of Tilehurst and Calcot to the west of Reading.

Rural West Berkshire is a large and diverse area which contains a number of larger towns and villages, including Hungerford, Lambourn and Kintbury in the west and Pangbourne, Burghfield Common and Mortimer to the east. There are a large number of smaller village communities throughout the area.

The District occupies a strategic position where the East-West M4 corridor intersects the North-South route of the A34. There are mainline railway services to London and good connections to nearby larger centres such as Reading, Oxford, Swindon and Basingstoke. These factors, combined with the high quality urban and rural environment within the district, have contributed to a thriving economy, making the area a popular place to live and work. People in West Berkshire enjoy better health and lower crime rates than the national average. Levels of educational attainment are high. House prices in West Berkshire are among the highest in the UK and the provision of affordable housing to meet local needs, particularly for young people and key workers is one of the Council's priorities.

There are 80 maintained schools in West Berkshire and the area is known for its high educational standards. Community Care, Children and Young People are high on the community agenda and the local Social Services have retained 3 star status from the Commission for Social Care Inspection.

West Berkshire has a strong industrial base, characterised by new technology industries with a strong service sector and several manufacturing and distribution firms. The strong industrial base is characterised by new technology industries such as Vodafone, which has its headquarters in Newbury. West Berkshire is home to a number of national and international companies, as well as defence establishments.



Explanatory Foreword

Financial position at WBC

Overview

The Council set a net budget of £104.7m for the 2009-10 financial year. The Council's gross expenditure on all services, including schools, and covering revenue and capital expenditure was £377m in 2009-10.

Outturn performance

For the 2009-10 financial year, the Council has under spent against the budget by £0.05m. As a percentage of budget, this represents 0.005%.

The Council faced a number of financial pressures in 2009/10, the two key issues were the poor weather in late 2009 and early 2010, and new pressures in Adult Social Care. These pressures combined totalled circa £2m. The Council has also seen an increased pressure on its income from planning, car parking and land charges.

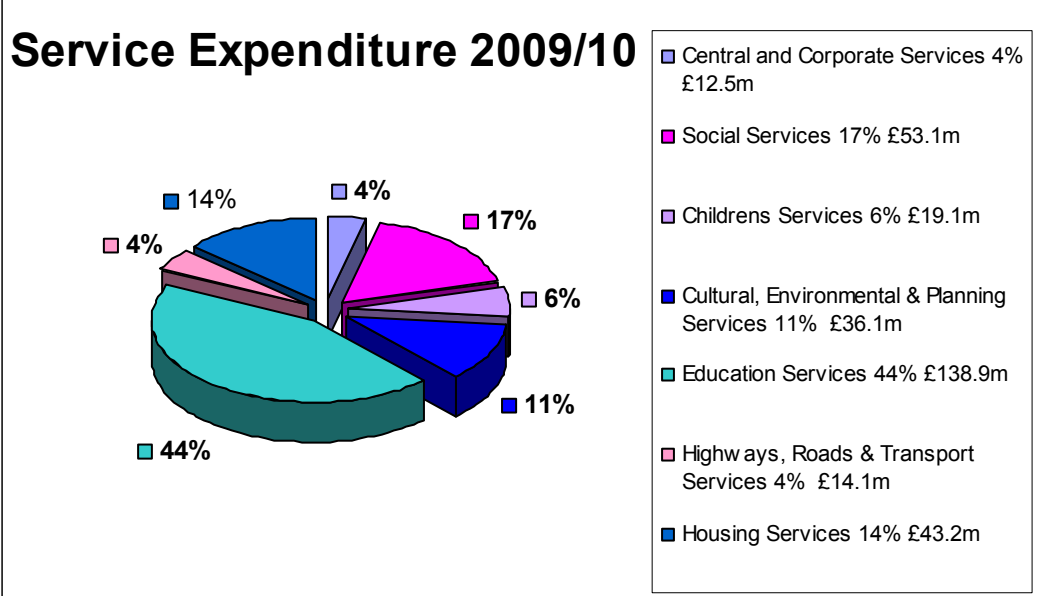
The Council has enacted a variety of measures to ensure that a year end position as close to financial balance as possible was achieved. Firstly, the Council took a corporate approach to ensure that directorates reduced expenditure by placing very rigid controls around recruitment activity. Secondly, the Council has changed the process on how it meets demand from clients for Adult Social Care. Thirdly, the Council did receive some one-off benefits to help manage the corporate position; there was a small difference between the increase in budget to cover the pay award and the final pay award announced, there has also been a reduction in the costs associated with delivering the children's service.

The detail of service and directorate outturn is presented in note 7 of the financial statements. This note also reconciles the outturn to the actual movement in the general reserve balance.

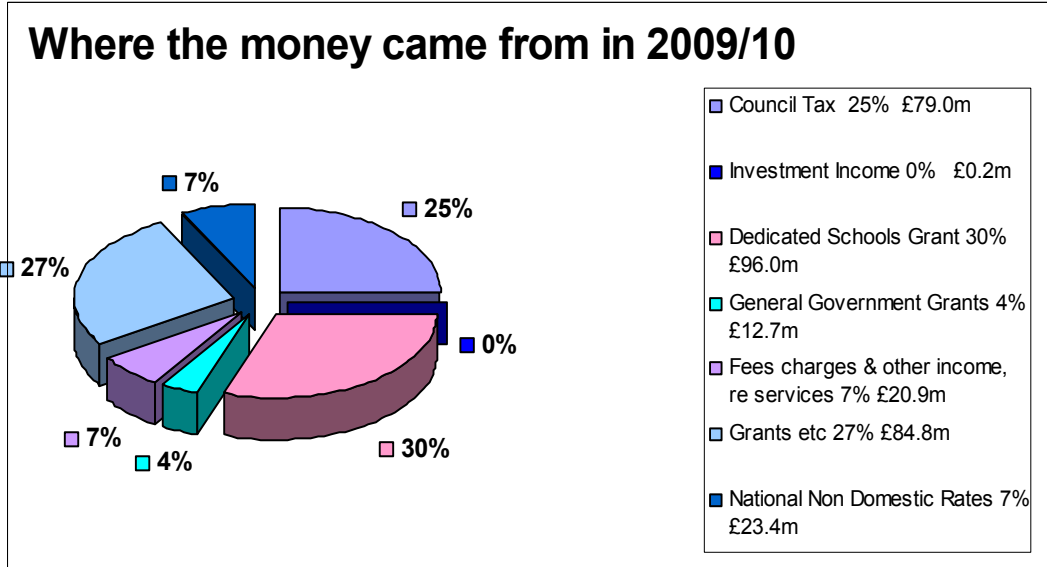
The Council funded capital expenditure of over £22.4m during the year, and this has improved the Council's value of fixed assets on the balance sheet. The Council has purchased new assets in the form of West Street House and West Point house for its corporate buildings, and has also enhanced a number of education establishments and the highways infrastructure. To assist with funding this expenditure, the Council has increased its long term borrowings with the Public Works Loan Board to over £27m. Further information on the Council's capital programme can be found in the Council papers from March 2010.

Where the Council spent and received money

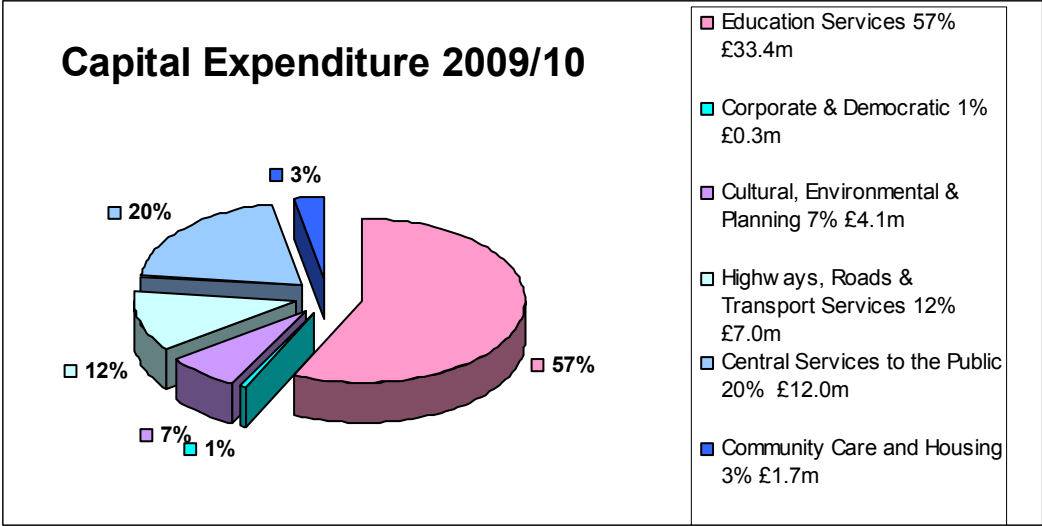
The Council spends money on a variety of services that it delivers to the residents of West Berkshire. Below is a chart outlining where these funds are spent, the expenditure of £317m does not include capital financing charges:



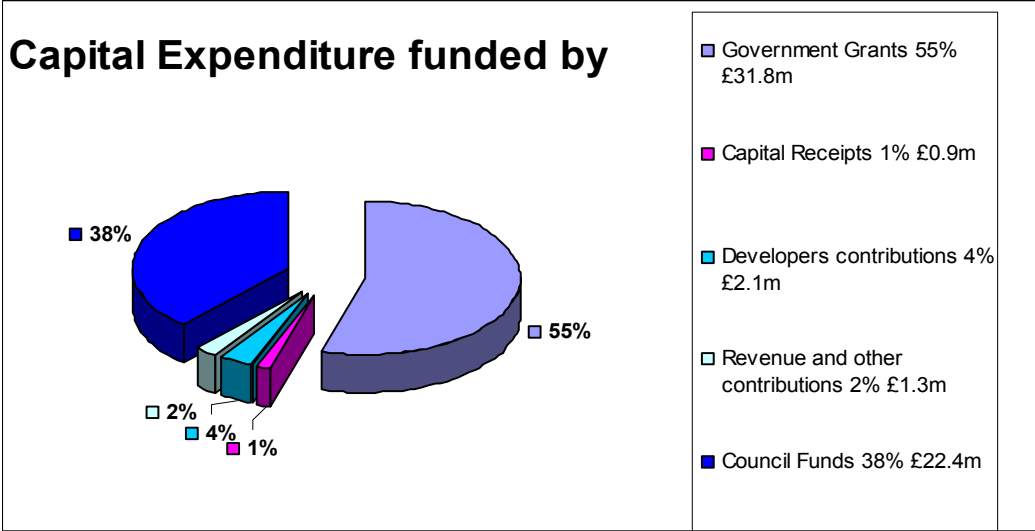
The Council also has a variety of income streams that funds its services. The Council’s key sources of income are from central government through specific and non-specific grants and from local residents in the form of Council Tax and fees and charges for services.



The total capital expenditure in 2009/10 was £58.5m. Capital expenditure helps procure and maintain the Council's longer term assets, such as school buildings, roads and Council buildings. The chart below shows the expenditure split over the different service areas.



The chart below shows how the Council's gross capital expenditure of £58.5m was funded. The various sources are illustrated below. As can be seen, the vast majority of the Council's investment in its infrastructure is funded either by central government grant, or by the Council financing expenditure itself.



Financial Standing

The Council's general reserve as at 31.3.2010 was £7.1m. The general reserve is used to cover future unknown events for which the council is liable. The balance represents 6.6% of the council's net budget for 2010-11. This level of reserve represents an appropriate level of reserve for an authority of West Berkshire Council's size and complexity.

The Council also holds a variety of other reserves. The Working Capital reserve is held for items that will be utilised in 2010-11, this can be because the Council has funds that relate to academic years that do not match the financial year; or where monies have been determined to be carried forward into the new financial year due to a liability existing in the previous financial year. Joint arrangement funds (where West Berkshire is part of a joint funding arrangement to provide services with other Berkshire Unitaries) are also included in working balances.

The remaining reserves are specific earmarked reserves for a variety of liabilities, or that are required statutorily. These include schools reserves and the Council's self insurance fund amongst a variety of other specific reserves.

It should be noted that the Council holds a variety of other reserves at the bottom of the balance sheet, such as the capital adjustment account, that are for technical accounting purposes and are not realisable for the benefits of the organisation.

A breakdown of the reserves and their purpose is included within note 39 of the financial statements.

Changes to the financial statements

There have been some minor changes to the presentation of the financial statements in 2009-10, primarily around accounting for the collection fund and further disclosure of PFI schemes.

This is the final year that the financial statements will be presented in their present format. From 2010-11, the financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS). This will see a notable change to how these accounts are presented. The purpose of accounting in accordance with IFRS is to ensure some comparability with other private and public sector financial statements, as well as to converge accounting practice from across the world.

Some of the changes required for IFRS already feature in this set of the financial statements. Disclosures for Financial Instruments, Private Financial Initiative (PFI) and remuneration reporting of senior officers are already accounted for under IFRS in these financial statements.

The main changes for the next financial statements will include:

- A different level of disclosure to the financial statements
- Significant amendments to the presentation of the primary financial statements (Balance Sheet and Income and Expenditure statement)

- Notional adjustments to the presentation of the statements and creation of new specific reserves.

Explanation of the statements

The statements included in the accounts are explained below:

The statement of responsibilities for the Statement of Accounts identifies the officer who is responsible for the proper administration of the Authority's financial affairs, including the communication that the accounts present fairly the financial position of the Authority.

The Statement of Accounting Policies details the legislation and principles on which the Statement of Accounts has been prepared. An understanding of the principles used to prepare the accounts is necessary to comprehend the information contained in the Statement of Accounts.

The Income and Expenditure Revenue Account shows concisely the true financial position of the authority by summarising all of the resources it has generated, used or set aside during the year. The account reports the net cost for the year of all the functions the authority is responsible for and demonstrates how that cost has been financed from general Government grants and income from local tax payers.

The Statement of Movement on the General Fund Balance the Income and Expenditure account uses the same accounting conventions as that of a large unlisted company, UK GAAP (Generally Accepted Accounting Practice). In determining a local authority's budget requirement and in turn its Council tax demand, the authority is obliged to follow statute and non-statutory proper practices which can differ from UK GAAP. This statement shows the amounts in addition to the Income and Expenditure account's surplus or deficit for the year that are required by statute and non statutory proper practices to be charged or credited to the General Fund.

The Statement of Total Recognised Gains and Losses an authority will have other gains and losses in its Balance Sheet which are not detailed in the Income and Expenditure account. This Statement brings these other gains and losses together with the Outturn on the Income and Expenditure account to show the total movement in an authority's net worth for the year.

The Balance Sheet sets out the financial position of the Council, detailing the assets, liabilities, balances and reserves held by the Council as at 31st March 2010. The Collection Fund is included in the Consolidated Balance Sheet.

The Cash Flow Statement summarises the cash inflows and cash outflows of cash arising from revenue and capital transactions with third parties. The statement excludes internal movements of funds between the Council's accounts.

The Collection Fund Revenue Account records the council tax and business rate transactions for the financial year. The Account also shows the distribution of

the council tax income to Thames Valley Police Authority and the Berkshire Fire Authority. There is a statutory requirement to maintain a Collection Fund and keep its activities separate from those of other Council Transactions.

Statement of Accounting Policies

The purpose of the Statement of Accounting Policies is to explain the accounting policies the Council has adopted to enable the closure of the accounts.

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year end 31st March 2010.

The Financial Statements for 2009/10 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: 2009, A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and where appropriate the Financial Reporting Standards (FRS). The Accounting convention adopted is historical cost modified by the revaluation of certain categories of tangible fixed assets.

There are no instances in the Statement of Accounts where the fundamental accounting concepts have not been followed.

(1) Employee Costs

The cost of salaries and wages has been included in the Accounts based on 12 months and 52 pay weeks. No accrual has been made in respect of pay-days falling outside of the current financial year. Except for payroll 9 (supply teachers).

(2) Retirement Benefits

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

- The Teacher's Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children, Schools and Families (DCSF).
- The Local Government Pensions Scheme is administered by The Royal Borough of Windsor and Maidenhead.

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

However, the arrangements for the teachers' 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 education service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the Berkshire pension scheme attributes to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current process 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 fund attributable to the council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account.
 - Expected return on assets – the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account.
 - gains/losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
- Contributions paid to the Berkshire pension fund – cash paid as employer’s contributions to the pension fund.

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

Under the 2008 SORP the Council has adopted the amendment to FRS17, retirement benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. Where bid values were not available an appropriate assumption was made.

Discretionary Benefits

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

(3) Accruals of Income and Expenditure

All revenue and capital 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:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- 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 stock on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress in 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 or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

An exception to this rule is the periodic costs such as gas and electricity, they are included in the accounts on a payments basis where appropriate payments have been made and are not considered material to the accounts.

(4) Stocks

Stocks are shown in the Balance Sheet on a cost basis, which is in compliance with SSAP9, which recommends valuation at the lower of cost or net realisable value.

(5) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice (BVACOP). The full cost of overheads and support services are shared between users in proportion to the benefits received.

The costs of Corporate Management and Democratic Representation have been separately identified and are not borne by the revenue services. These two categories are defined by the BVACOP and accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of services.

(6) Interest

Internal 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.

(7) Debtors and Bad Debts

Provisions for bad debts have been established in respect of general debtors in accordance with the SORP. The level of the provision has been set to provide adequate cover based upon an aged debt profile as at 31st March 2010.

(8) Investment

Investments are shown in the Balance Sheet at cost.

(9) Provisions

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 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 authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the

end of each financial year – 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 (eg 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.

(10) Reserves

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

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and that do not represent usable resources for the council – these reserves are explained in the relevant policies below.

(11) Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets are capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to service revenue accounts.

Fixed assets are initially valued at cost, comprising all expenditure that is directly attributable to that asset, on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

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

Fixed Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and shown in the Balance Sheet using the following headings:

Operational Assets:

- Land and Buildings, shown at current value
- Plant and Equipment, shown at current value

- Infrastructure Assets, shown at historical cost
- Community Assets, shown at historical cost

Non Operational Assets:

- Investment Properties, shown at current value

Assets included in the Balance Sheet at current value are revalued as a minimum every five years. From 2007/08 all increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

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

If an impairment loss was identified on a fixed asset it would be charged to the Income and Expenditure Account. If there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss would be transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is sold, the value of the asset in the Balance Sheet is written off to the Income and Expenditure account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure account as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the usable capital receipts reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the reserve from the Statement of Movement on the General Fund Balance.

Where grants and contributions are received that are identifiable to fixed assets, the amounts are credited to the Government Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the asset in the relevant service revenue account, in line with the depreciation policy applied to them.

(12) Depreciation

Depreciation is provided for on all fixed assets with a finite useful life in accordance with Financial Reporting Standard FRS15:

All 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 the valuer.
- Vehicles, plant and equipment - straight line allocation over the life of the asset, mainly 10 years.
- Infrastructure – straight line allocation, mainly over 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.

(13) 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 fixed assets 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 in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

(14) Charges to Revenue for fixed assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed 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 they can be written off.
- Amortisation of intangible fixed assets attributable to the service.

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 authority in accordance with statutory guidance).

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the capital adjustment account for the difference between the two.

(15) Capital Financing

The introduction of the new Prudential Code overseeing capital finance and borrowing introduced in April 2004, presented the opportunity for this Council and other Berkshire Authorities to take back the direct management of the remaining part of the ex Berkshire County Council debt. (see note 20).

2004/05 saw a significant change in the management of local authority capital finance. The Prudential Framework places the emphasis for capital expenditure on affordability. Local authorities themselves decide how much they can afford to borrow, the costs of this borrowing being met from the revenue budget. This marks a

significant shift away from the previous regime where local authority borrowing levels were set by Government which were then subsequently issued as either Basic or Supplementary credit approvals (BCA and SCA).

In establishing its Prudential Framework the Council has determined that it can support an annual Capital programme of approximately £14 million.

(16) Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

However the stock issues by the council in 2009/10 is carried at a lower amortised cost than the outstanding principal and interest is charged at a marginally higher effective rate of interest than the rate payable to stockholders as a material amount of costs incurred in its issue is being financed over the life of the stock.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

(17) Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account 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 Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairments losses have been incurred – these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a change made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

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 Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed.

(18) Deferred Capital Receipts

Deferred Capital Receipts are amounts derived from the sales of assets, which will be received in instalments over agreed periods of time. They arise principally from mortgages and sales of council houses.

(19) Capital Receipts

Capital receipts from the disposal of assets are held in the Capital Receipts Unapplied Account until such time as they are used to finance other capital expenditure or to repay debt.

Under the Local Government and Housing Act 1989 a Specific proportion of each capital receipt must be set aside or “reserved”; normally only the usable element is available to the Council.

(20) Borrowing

The loan debt held by Berkshire County Council (BCC) when it was abolished due to local government reorganisation as at the 31st 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 authorities that the total debt would be administered by Reading Borough Council as part of their role as Designated Authority overseeing the closure of the BCC accounts

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

(21) Trusts

The Authority has direct involvement with the Corn Exchange Theatre. The council acts as a major funding source and has a non controlling interest on the Board of Trustees.

The Corn Exchange is not a regulated Company as defined under the Local Authority's (Companies) Order 1995.

(22) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

(23) Redemption of Debt

See note 20.

(24) VAT

Income and expenditure in the Council's accounts excludes any amounts related to VAT. VAT is reconciled and accounted for to HM Revenues and Customs on a monthly basis.

(25) Leases

The Council has acquired a number of assets, mainly vehicles and equipment by means of operating leases. In accordance with current accounting procedures the leased assets are not stated in the Balance Sheet. Rentals are charged to revenue in accordance with the terms of the lease. The Council did not enter into any finance lease agreements during the year.

(26) Post Balance Sheet Events

Post Balance Sheet Events are included in the notes to the core Financial Statements as they occur and represent significant transactions / events which are known to have taken place since the balance sheet date.

(27) Contingent Liabilities

Contingent Liabilities are disclosed in the notes to the core Financial Statements and cover known liabilities where the actual cost of the liability is not known.

(28) Group Accounts

The SORP 2004 requires Councils 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, which necessitates the production of Group Accounts.

(29) 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 generally 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 authority 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 Statement of Movement on the General Fund Balance to remove any impact on council tax or rents.

Dowry payments, made at the start of the contract, which result in lower unitary payments over the life of the contract are accounted for by setting up the contribution (dowry) as a prepayment for services receivable and writing the balance down to revenue over the life of the contract as services are received to reflect their real cost.

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, over the life of the scheme, the discount will need to be unwound 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 nil) (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 unitary payment charged to the revenue.

PFI Credits

Government grants received for PFI schemes, in excess of current levels of expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

Changes to accounting policies for 2009-10

Officers Remuneration

In line with legislation there has been a change to the way in which Senior Officers Remunerations are disclosed. In the 2008/09 accounts remuneration was disclosed for those earning £50,000 (excluding payments to the pension fund) or more in bands of £10,000 and just giving the numbers of employees in each category, these bands have now changed to £5,000.

For the financial year 09/10 we are required for all senior employees, with a salary between £50,000 and £150,000, to be individually listed by way of their job title and show the total cost of their employment, Further those who receive a remuneration package in excess of £150,000 must be actually named.

Collection Fund

Under SORP 2009 there has been a change in policy for billing authorities who act as agents for major preceptors. As from 1 April 2009 both billing authorities and major preceptors must include the Council Tax income for the year, shown in the Income and Expenditure account, as accrued income for the year.

This means that major preceptors such as the Berkshire Fire Authority and Thames Valley Police will be treated as debtors or creditors in the final accounts as the amount paid to them in the year will not be their total share of the cash collected.

The 2008/09 accounts have been restated to include this policy change.

Annual Governance Statement

The Income and Expenditure Account

In accordance with the Accounting Code of Practice an Income and Expenditure account has been produced. The 2009/10 Income and Expenditure account has been produced in full compliance with the Statements of Recommended Practice. This statement collates all of the functions of the Council and summarises all of the resources the Council has generated, used or set aside in providing services during the year. The Income and Expenditure account uses the same accounting conventions as that of a large unlisted company, UK GAAP.

Restated 2008/09		2009/10	2009/10	2009/10
Net Expenditure £000's	note	Expenditure £000's	Income £000's	Net Expenditure £000's
Net Expenditure on Continuing Services				
43,225	Adult social care	55,173	(15,301)	39,872
2,620	Central Services to the Public	16,734	(9,162)	7,572
15,481	Children's services	5,593	(979)	4,614
4,742	Corporate & Democratic Core	178,489	(159,577)	18,912
84	Court & Probation services	19,106	(4,212)	14,894
34,355	Cultural, Environmental and Planning Services	102	0	102
22,219	Education Services	37,852	(8,367)	29,485
15,118	Highways, Roads and Transport Services	20,636	(4,148)	16,488
2,806	Housing Services	43,480	(41,002)	2,478
140,650	NET COST OF SERVICES	377,165	(242,748)	134,417
(552)	(Gain) / loss on the disposal of fixed assets			(585)
3,123	Precepts to Parishes			3,191
126	Precepts & Levies			126
67	(Surpluses)/deficits on trading undertakings			(176)
87	Contribution of Housing Capital receipts to government pool			55
(1,069)	Interest Receivable			(292)
1,765	Pension Interest cost and Expected return on Pension Assets			5,829
1,283	Interest Payable and similar charges			1,519
145,480	NET OPERATING EXPENDITURE			144,084
SOURCES OF FINANCE				
(75,740)	Income from Council Tax			(79,017)
(10,386)	General Government Grants			(12,710)
(24,918)	Contribution from Non-Domestic Rate Pool			(23,418)
(111,044)				(115,145)
34,436	DEFICIT/(SURPLUS) FOR THE YEAR			28,939

Statement of the Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources used and generated over the last twelve months. The Council though is required to raise Council Tax on a different accounting basis.

The main differences are:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are used.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance shows whether the Council has over or under spent against the Council Tax it raised for the year, taking into account the use of reserves and contributions to reserves earmarked for future expenditure.

The statement below summarises the differences between the outturn on the Income and Expenditure account and the General Fund Balance.

2008/09 £000's	notes	2009/10 £000's
34,436		28,939
(Surplus) / deficit for the year on the Income and Expenditure Account		
<u>(33,720)</u>	6	<u>(32,029)</u>
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year		
716		(3,090)
(Increase) / decrease in General Fund Balance for the year		
(12,396)		(11,680)
General Fund Balance brought forward		
<u>(11,680)</u>		<u>(14,770)</u>
General Fund Balance carried forward		
(4,839)		(7,654)
Amount of General Fund Balance held by Schools under local management schemes		
<u>(6,841)</u>		<u>(7,116)</u>
Amount of General Fund Balance generally available for new expenditure		
<u>(11,680)</u>		<u>(14,770)</u>

Statement of Total Recognised Gains and Losses

The Income and Expenditure Account collates all of the functions of the Council and summarises all of the resources that the Council generated, used or set aside in providing services during the year. However the Council will recognise other gains and losses in its Balance Sheet that are not debited or credited to the Income and Expenditure Account.

The Statement of Total Recognised Gains and Losses is the Statement that brings these other gains and losses together with the outturn on the Income and Expenditure Account to show the total movement in the Council's net worth for the year.

Restated 2008/09 £000's	notes	2009/10 £000's
34,436	(Surplus) or Deficit for the year on the Income and Expenditure Account	28,939
(10,144)	(Surplus) or Deficit arising on revaluation of Fixed Assets	(23,521)
32,656	Actuarial (gains) and losses on pension fund assets and liabilities	78,700
(695)	Restated collection fund 08/09	0
<u>56,253</u>	Total recognised gains and losses for the year	<u>84,118</u>

The Collection fund was restated for 2008/09 because of a change in the CIPFA SORP as explained on page 21, changes to accounting policies.

Balance Sheet

The Balance Sheet summarises the financial position of the Council as at 31st March 2010. It reflects the assets and liabilities of all the Council's activities.

Restated 2008/09 £000's	-	-	-	2009/10 £000's
		notes	£000's	
	Operational Assets:	21		
272,054	- Other land and Buildings		292,133	
14,237	- Vehicles, Plant, Furniture and Equipment		14,617	
108,143	- Infrastructure Assets		109,345	
6,494	- Community Assets		6,401	
	Non Operational Assets			
7,347	-Investment properties		10,481	
0	-Assets Held for Sale		795	
10,874	-Assets under construction		8,553	
419,149	Fixed Assets net book value	22		442,325
727	Long Term Debtors	24	552	552
419,876	TOTAL LONG TERM ASSETS			442,877
	Current Assets			
19	Stock and Work in progress	25	70	
19,666	Debtors	26	19,846	
1,178	Imprests		1,230	
6,170	Investments	27	14,879	
38	Cash and Bank		0	
27,071				36,025
446,947				478,902
	Current Liabilities			
(72,844)	Creditors and receipts in advance	28	(54,323)	
(4,125)	Short term borrowing	29	(20,975)	
0	Cash and Bank overdrawn		(3,949)	
(76,969)				(79,247)
369,978	TOTAL ASSETS LESS CURRENT LIABILITIES			399,655
(743)	Long term Liability	29	(564)	
(21,755)	Deferred Liability	31	(48,387)	
(79,361)	Pension Liability	15	(163,662)	
(41,134)	Government Grants Deferred	33	(45,752)	
(19,373)	Contributions Deferred Account		(17,807)	
(141)	Provisions	34	(130)	
(162,507)				(276,302)
207,471	TOTAL ASSETS LESS LIABILITIES			123,353
20,131	Revaluation Reserve	35	42,476	
241,009	Capital Adjustment Account	36	216,698	
39	Deferred Credits	37	26	
593	Usable Capital Receipts	38	606	
(79,361)	Pension Reserve	15	(163,662)	
(589)	Collection Fund adjustment Account		(681)	
2,256	Working Balances	39	1,213	
16,552	Earmarked Reserves	39	19,561	

The Cash Flow Statement

The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2008/09 £'000	notes	2009/10 £'000	2009/10 £'000
Cash (Outflows):			
(141,457)		(148,527)	
(83,353)		(92,088)	
(28,074)		(34,220)	
(15,472)		(16,073)	
(70,303)		(70,969)	
(338,659)		(361,877)	
Cash Inflows:			
104		107	
82,037		85,164	
77,632		71,640	
24,918		23,419	
10,386		12,710	
92,825		95,952	
28,074		34,220	
44,881	43	50,580	
(2,636)		(462)	
405		423	
358,626		373,753	
19,967	44		11,876
Revenue Activities Net Cash Received			
Returns on Investments and Servicing of Finance			
Cash (Outflows)/Inflows			
(1,179)		(1,446)	
1,202		310	
23			(1,136)
Capital Activities			
Cash (Outflows)			
(36,195)			(58,527)
Cash Inflows			
733		926	
13,747		34,785	
14,480			35,711
(1,725)			(12,076)
Net Cash Inflow/(Outflow) before Financing			
Management of Liquid Resources			
1,400	45	16,850	

13,562	(Increase)/Decrease in Temporary Investments	45	(8,709)	8,141
<u>13,237</u>	Net Increase/(Decrease) in Cash Equivalents	45		<u>(3,935)</u>

Notes to the Core Financial Statements

(1) Net Cost of Services

The net cost of services includes depreciation charges for the use of fixed assets, impairment costs associated with Fixed Assets, government grants deferred, FRS17 pension costs and movements in Reserves. These are subsequently reversed within the Statement of Movements on the General Fund Balance, so that the net effect on the amount to be met from Government Grants and local taxation is zero.

(2) Parish Council Precepts

Parish councils are required to precept on the District, who in turn precept on the collection fund. The total precept is £3,190,664

(3) 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 (surplus) / deficit are shown below

<u>Trading Operations</u>	Expenditure £000's	Income £000's	Surplus (-deficit) £000's
External Trading Accounts	204	(235)	(31)
Internal Trading Accounts	3,741	(3,917)	(145)
Net deficit	3,945	(4,152)	(176)

(4) Income from Council Tax

For the 2009/10 closedown SORP has revised the way in which the collection fund is maintained. The Council can no longer show the Fire and Police Authorities part of the surplus or deficit to the Collection Fund in their accounts. The 2008/09 figures have been restated to remove their proportion of the deficit.

The table below shows the reconciliation of the restated figures for 2008/09 and only includes those amounts referring to West Berkshire Council.

	2008/09 £000's
Precept demanded from the Collection fund	(76,088)
Share of surplus on the CF at 31/03/08 as estimated for 15th January purposes	(253)
Share of outturn surplus at 31/3/08 per 07/08 accounts	12
Share of the outturn deficit at 31/03/09 per 08/09 accounts	589
	<u>(75,740)</u>

(5) Government Grants / Area Based Grant

The table below shows the funding from Central government.

	2008/09 £ 000's	2009/10 £ 000's
Revenue Support Grant	3,469	5,405
Area Based Grant	6,917	7,305
Total Funding	<u>10,386</u>	<u>12,710</u>

(6) Movement on the General Fund Balance

The table below shows the reconciling items for the Statement of Movements on the General Fund Balance.

2008/09 £000's	notes	2009/10 £000's
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.		
(35,372)	Depreciation and impairment of Fixed Assets	(28,294)
2,442	Government Grants Deferred Account	2,839
(2,077)	Write down of REFCUS to be financed from Capital resources	(2,727)
552	Net gain / loss on sales of Fixed Assets	585
(87)	Contribution of Housing capital receipts to Government pool	(55)
(4,476)	Net changes made for retirement benefits in accordance with FRS17	(5,601)
<u>(39,018)</u>		<u>(33,253)</u>
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year.		
558	Capital expenditure charged in year to the General Fund	61
590	Minimum revenue provision for Capital Financing	405
<u>1,148</u>		<u>466</u>
Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year		
(33)	Reversal of Accrual 2008/09	(149)
(601)	ammendment to Collection fund 08/09	0
1,125	Repayment of BCC debt	1,477
648	Internal funding of capital programme	(210)
3,011	Transfer of movements through reserves	(360)
<u>4,150</u>		<u>758</u>
<u>(33,720)</u>	Net additional amount required to be credited to the General Fund Balance for the year	<u>(32,029)</u>

(7) Reconciliation of the provisional outturn position to the financial statements

On 17th June the provisional outturn position for the Council was taken to the Executive. In summary, the report summarised the variances to budget for the 2009-10 financial year, and the reasons for this. The report can be found at <http://www.westberks.gov.uk/index.aspx?articleid=1344>

	Actual Variance to Date £
Dedicated Schools Grants	(16)
Corporate Director - CYP	(65,624)
Youth Services & Commissioning	(17,210)
Education Services	(42,260)
Children's Services	(532,545)
Customer Services	6,023
Children & Young People Directorate	(651,632)
Corporate Director - CS	(267,033)
Housing & Performance	(31,442)
Older Peoples Services	1,281,148
Community Care & Wellbeing	204,364
Cultural Services	(72,961)
System Transformation	0
Community Services Directorate	1,114,076
Corporate Director - ENV	(11,302)
Countryside & Environment	(146,493)
Highways and Transport	467,448
Planning and Trading standards	105,382
Environment Directorate	415,035
Chief Executive	(22,159)
Human resources	(42,904)
ICT	(49,412)
Legal & Electoral	21,394
Policy and Communication	(220,237)
Property	(1,980)
Benefits and Exchequer	(25,723)
Finance	(44,962)
Special Projects	(30,310)
Chief Executives Department	(416,293)
Below the Line Items	(466,620)
Provisional Outturn	(5,436)
Utilisation of Flooding Grant	80,000
Change to General Reserve	74,564

This report anticipated that the actual reduction to the general reserve would be £74,564.

As can be seen from the bottom of the balance sheet, the actual change to the general reserve was £75k

General Reserve as at 31.3.2009	£6,841k
Reduction in general reserve reported to Executive	(£75k)
Increase to the risk fund approved by Council for the 2009-10 budget	£350k
General reserve as at 31.3.2010	£7,116k

(8) Special Expenses

Separate Revenue Accounts are maintained for Hungerford Town Council, Shaw Cum Donnington Parish Council, Kintbury Parish Council and Theale Parish Council. They account for items of expenditure specific to these areas for which a special precept is levied. The entry in the Income and Expenditure account reflects the transfer of Council Tax income to the special expenses account. Details of the special expense areas are as follows:

Special expenses Revenue Account	Hungerford Footway Lighting £000's	Kintbury St Mary's Churchyard £000's	Shaw St Mary's Churchyard £000's	Theale Holy Trinity Churchyard £000's
Gross Expenditure	4.5	0.3	0.8	1.0
Gross Income	0.0	0.0	0.0	0.0
Net Expenditure	4.5	0.3	0.8	1.0
Council Tax Income	(4.2)	(0.9)	(1.1)	(1.0)
Appropriation to balances	0.3	(0.6)	(0.3)	0.0
Balance from 2008/09	(4.1)	(4.4)	0.0	(0.3)
Balance carried forward to 2009/10	(3.8)	(5.0)	(0.3)	(0.3)

(9) Prior Year Adjustment

The SORP was amended in respect of the collection fund 2009/10 and as such the 2008/09 accounts had to be restated to include this policy. As from 1 April major preceptors such as the Police and Fire Authorities must include the Council Tax income for the year, shown in the Income and Expenditure account, as accrued income for the year. They therefore become a debtor or creditor to this Council.

(10) Movement through Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans.

Statement of Movement in Reserves					
	Balance	Net	Balance	Purpose	Further
	31st March	Movement	1st April	of Reserve	Detail of
	2009	in year	2010		Movements
	£000's	£000's	£000's	£000's	£000's
Revaluation Reserve	20,131	22,345	42,476	Store of gains on revaluation of Fixed Assets not yet realised through sales	see note 35 to the Core Financial Statements see note 36 to the Core Financial Statements
Capital Adjustment Account	241,009	(24,311)	216,698	Store of Capital resources set aside to meet past expenditure	see note 37 to the core Financial Statements
Useable Capital Receipts	593	13	606	Proceeds of Fixed Asset sales available to meet future Capital expenditure	see note 16 to the core Financial Statements
Pensions Reserve	(79,361)	(84,301)	(163,662)	Balancing account to allow inclusion of Pension liability in the Balance Sheet	see note 4 to the core financial statements
Collection Fund Adjustment	(589)	(92)	(681)	Changes to the way the collection fund is operated has resulted in this new account	see note 39 to the core financial statements
General Fund	6,841	275	7,116	Resources available to meet future running costs for non- housing services	see note 39 to the core Financial Statements
Other Reserves	18,847	2,636	21,483	Includes capital reserves, Deferred credits, revenue reserves, Fund balances less General	see note 39 to the core Financial Statements
Total	207,471	(83,435)	124,036		

(11) Discretionary Expenditure

Under Part 1 of the Local Government Act 2000 Local Authorities were given a new discretionary power to promote or improve the economic, social or environmental well being of their area. This power came into force on 1st October 2000 and replaced the powers previously supported by section 137 of the Local Government Act 1972 (as amended by the Local Government and Housing Act 1989).

Where the new power differs from the previous provisions under section 137 is that there is no longer a restriction on the sum of money which can be spent in the promotion of well being.

The Authority incurred expenditure amounting to £554,853 in 2009/10 under the provisions of The Local Government Act 2000 as shown below. These costs are part of the Council's Net Cost of Services.

<u>Discretionary Expenditure</u>	2008/09	2009/10
	£000's	£000's
Readibus	41	44
Handybus	92	133
Grants to voluntary organisations	418	378
Total Expenditure	551	555

(12) Publicity

Set out below, under the requirements of section 5(1) of the Local Government Act 1986, is the Council's spending on publicity. Publicity covers all forms of communication with the public for example it includes advertisements for job vacancies as well as press notices. The expenditure is included in the Income and Expenditure Account as part of the Net Cost of Services.

<u>Publicity</u>	2008/09	2009/10
	£000's	£000's
Marketing and Public Relations	376	436
Recruitment Advertising	688	440
Total Expenditure	1,064	876

The expenditure on Recruitment advertising has reduced due to a change of policy within the Council, the Council web site is being used effectively and published adverts are being procured more efficiently.

(13) Pooled Accounts

Memorandum Account

Pooled Budget: Community Equipment Services

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 agreement life is five years. The pooled budget is administered by the lead authority Slough Borough Council.

The aim of the partnership is to improve the integration of health and social care community equipment services to meet the needs of users.

A summary of income and expenditure is given below:

	Gross Expenditure	Gross Income	WBC contribution
	£ 000's	£ 000's	£ 000's
Financial year 2008/09	2,753	(2,753)	246
Financial year 2009/10	2,808	(2,808)	244

(14) Disclosure of Remuneration

New legislation has been introduced for the disclosure of Officers remuneration. This amends the previous regulations that local government followed, as well as introducing a new requirement to list by way of job title, members of the senior board who are earning a salary of less than £150K and list by name those persons earning a salary of above £150k.

Detailed below are the number of employees whose remuneration including redundancy costs but excluding pension contributions, was £50,000 or more in bands of £5,000:

<u>Disclosure of Remuneration</u>			
Remuneration Band	Number of Employees		Left during year
	2008/09	2009/10	
£50,000 - £54,999	68	74	1
£55,000 - £59,999	43	49	0
£60,000 - £64,999	20	25	0
£65,000 - £69,999	16	13	0
£70,000 - £74,999	5	5	0
£75,000 - £79,999	7	6	0
£80,000 - £84,999	5	9	1
£85,000 - £89,999	0	2	1
£90,000 - £94,999	2	0	0
£95,000 - £99,999	1	2	0
£100,000 - £104,999	0	0	0
£105,000 - £109,999	0	1	1
£110,000 - £114,999	0	0	0
£115,000 - £119,999	1	0	0
£120,000 - £124,999	1	1	1
£125,000 - £129,999	0	0	0
£130,000 - £134,999	0	0	0
£135,000 - £139,999	0	0	0
£140,000 - £144,999	0	0	0
£145,000 - £149,999	0	0	0
£150,000 - £154,999	0	1	1
£155,000 - £159,999	0	0	0
£160,000 - £164,999	0	1	1
Total	169	189	7

	2008/09	2009/10
	£	£
Expenses paid to the elected Members	568,038	573,295

The tables below disclose the salary information of those individuals who are on the Council's Corporate Board, as well as those individuals whose salary is over £150,000.

The Following posts have been excluded from the table above detailing officers remuneration in bands of £5,000.

In respect of the financial year 2008-09

Post holder information	Salary (Including fees & allowances)	Benefits in Kind	Total Remuneration excluding pension contributions 2008/09	Pension contributions	Total Remuneration including pension contributions 2008/09
Chief Executive	138,418	0	138,418	19,746	158,164
Corporate Director - Children and Young People	104,175	0	104,175	14,826	119,001
Corporate Director - Environment	100,175	4,062	104,237	14,826	119,063
Corporate Director - Community Services	90,121	0	90,121	12,746	102,867
Head of Legal & Electoral Services	80,053	0	80,053	11,330	91,383
Head of Finance	76,553	2,399	78,952	11,330	90,282
	589,495	6,461	595,956	84,804	680,760

In respect of the financial year 2009-10

Post holder information	Salary (Including fees & allowances)	Benefits in Kind	Total Remuneration excluding pension contributions 2009/10	Pension contributions	Total Remuneration including pension contributions 2009/10
Chief Executive	138,418	0	138,418	20,013	158,431
Corporate Director - Children and Young People	105,177	0	105,177	15,177	120,354
Corporate Director - Environment	101,177	3,621	104,798	15,177	119,975
Corporate Director - Community Services	93,353	0	93,353	13,403	106,756
Head of Legal & Electoral Services	80,819	0	80,819	11,598	92,417
Head of Finance	77,319	2,450	79,769	11,598	91,367
	596,262	6,071	602,333	86,966	689,299

Post holder information	Salary (Including fees & allowances)	Benefits in Kind	Total Remuneration excluding pension contributions 2009/10	Pension contributions	Total Remuneration including pension contributions 2009/10
Executive Headteacher - P Dick	153,829	0	153,829	21,535	175,364

(15) Superannuation Costs

In 2009/10 the Council paid an employer's contribution of £7.958m. This provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary, it is based on triennial actuarial valuations. Under the Scheme Regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. In addition, the Council is responsible for all early releases of benefit payments, in 2009/10 these amounted to £0.51m.

Teachers Pension Scheme

In 2009/10 the Council paid an employer's contribution of £7.508m representing 14.1% of Teachers pensionable pay into the Teachers Pension Agency. In addition, the Council is responsible for all pension payments relating to added year's benefits awarded, together with the related increases.

(16) Retirement Benefits

Under Financial Reporting Standard (FRS) 17 Retirement Benefits, certain disclosures are required in the Authority's accounts. The reporting standard requires specific entries to the Balance Sheet and Income and Expenditure Account relating to the net asset / liability recognised in relation to the Authority'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 Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme 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 date of the last actuarial report received by the Council was the 31st March 2010.

The FRS17 requires the Authority 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 Authority 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 Statement of movements on the General

Fund Balance. The following Transactions have been made to the Income and Expenditure Account and the Movement on the General Fund Balance account.

Local Government Pension Scheme	2008/09 £000's	2009/10 £000's
Income and Expenditure account		
Current Service Cost	9,301	7,490
Past Service Cost / curtailment / Unfunded costs	734	237
Net Cost of Service	10,035	7,727
Interest Cost	14,360	13,706
Expected return on assets in the scheme	(12,595)	(7,874)
Net Operating Expenditure	1,765	5,832
Net Charge to the Income and Expenditure Account	11,800	13,559
Statement of Movement on the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	(11,800)	(13,559)
Actual amount charged against the General fund balance for pensions in the year	7,326	7,958

In addition to the recognised gains and losses included in the Income and Expenditure account, actuarial losses of £78,699k (£32,656k for 08/09) were included in the Statement of Total Recognised Gains and Losses.

Assets and Liabilities in relation to retirement benefits

Following the adoption of FRS17 the net pensions to be recognised are made up of two main elements:

Liabilities, the retirement benefits that have been promised under the formal terms of a pension scheme. These liabilities are measured on an actuarial basis, estimating the future cash flows that will arise from the liabilities discounted to present values.

Funded Liabilities: Local Government Pension scheme	2008/09 £000's	2009/10 £000's
Opening balance 1st April	214,886	203,324
Current service cost	9,301	7,490
Interest cost	14,360	13,706
Contributions by scheme participants	3,209	3,414
Actuarial (gains) and losses	(32,124)	112,134
Benefits paid	(6,742)	(8,040)
Past service costs	734	237
Unfunded pension payments	(300)	(344)
Closing balance 31st March	203,324	331,921

Assets, the Authority's attributable share of the investments held in the pension scheme to cover the liabilities, these assets are valued on a 'bid value'.

Fair Value of Scheme Assets : Local Government Pension Scheme	2008/09 £000's	2009/10 £000's
Opening balance 1st April	172,656	123,964
Expected rate of return	12,595	7,874
Actuarial gains and losses	(64,780)	33,435
Employer contributions including unfunded	7,326	7,958
Contributions by scheme participants	3,209	3,414
Benefits paid	(7,042)	(8,384)
Closing balance 31st March	123,964	168,260

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £41,307k (for 2008/09 (£52,185k)).

Scheme History

The underlying assets and liabilities for retirement benefits attributable to the Authority (including a percentage of the Berkshire County Council pension fund) at 31 March 2010 are as follows,

Local Government Pension Scheme	Restated	Restated	Restated	2008/09 £000's	2009/10 £000's
	2005/06 £000's	2006/07 £000's	2007/08 £000's		
Present value of Liabilities:	(215,860)	(218,351)	(214,886)	(203,325)	(331,922)
Fair value of Assets	166,871	181,105	172,656	123,964	168,260
Surplus / (deficit) in the scheme	(48,989)	(37,247)	(42,229)	(79,361)	(163,662)
Experience adjustments on scheme assets	0	0	2715	0	0
Experience adjustments on Scheme liabilities	0	0	(9,296)	0	0

For consistency the assets have been shown at bid price (estimated where necessary) for the periods prior to 31st March 2009.

The liabilities show the underlying commitments that the Authority has in the long run to pay in respect of retirement benefits. However statutory arrangements for funding the deficit, allow that the deficit on the Scheme will be corrected by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary.

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

The main assumptions used in their calculations are listed below:

Principal Assumptions used by the Actuary		
	2008/09	2009/10
	£000's	£000's
Equity Investments	7.4%	7.9%
Bonds	6.5%	5.5%
Gilts	4.0%	4.5%
Property	5.5%	6.0%
Cash	3.0%	3.0%
Alternative assets	n/a	5.0%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	21.27%	21.27%
Women	24.33%	24.33%
Longevity at 65 for future pensioners:		
Men	22.21%	22.21%
Women	25.26%	25.26%
Rate of Inflation	3.0%	3.9%
Rate of increase in Salaries	4.5%	5.4%
Rate of increase in Pensions	3.0%	3.9%
Rate of discounting scheme liabilities	6.7%	5.5%
Take-up of option to convert annual pension into retirement lump sum	50.0%	50.0%

Assets held by the whole fund and analysed in terms of the investments in which they are held as at 31st March 2010 can be summarised as:

	31 March 2009	31 March 2009	31 March 2010	31 March 2010
	£000's	%	£000's	%
Equities	67,281	62%	66,285	44%
Gilts	10,168	9%	0	0%
Other Bonds	15,793	15%	43,688	29%
Property	11,682	11%	10,545	7%
Cash	3,245	3%	3,013	2%
Alternative assets	0	0%	27,117	18%
Total	108,169	100%	150,648	100%

The actuarial gains identified as movements on the Pensions reserve can be analysed into the following categories, measured as a percentage of assets or liabilities.

Local Government Pension Scheme	Restated		Restated		
	2005/06 %	2006/07 %	2007/08 %	2008/09 %	2009/10 %
Differences between the expected and actual return on assets	13.80	0.10	(6.24)	(75.86)	80.94
Experience gains and losses on liabilities	(2.80)	0.20	(4.30)	0.00	(1.10)

(17) Related Party Transactions

The Council is required to disclose any material transactions that have taken place with related parties, bodies or individuals that could affect the decision making process within the Council. 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 Income and Expenditure Account and the Cash Flow Statement.

The list below represents the Council's material transactions over £100k with related parties during the financial year.

<u>Related Party Transactions</u>	2009/10 £000's
Corn Exchange Theatre Trust	480
Environment Agency	131
Vodafone Ltd	269
West Berkshire Mencap	469
Greenham Common Trust	553
Newbury Town Council	156
	<hr/>
	2,058

Central Government has a direct influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, it provides a large amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of the main transactions are shown below.

Analysis of Government Grants	2008/09	2009/10
	£000's	£000's
Dedicated Schools Grant	92,825	95,953
Standards Fund Grant	11,715	13,340
Housing Benefits Grant	28,074	34,220
Learning and Skills Council	13,333	13,858
Other Specific Government Grants	19,833	23,381
Total	165,780	180,752

Council Members declared an interest in one of the following Organisations:

- The Corn Exchange Trust,
- The Greenham Common Community Trust,
- The Sovereign Housing Association,
- The Thames Valley Police Authority,
- Vodafone Ltd,
- West Berkshire Mencap,
- The Royal Berkshire Fire and Rescue Authority.

The Council has had dealings with these Organisations over £100,000.

No Chief Officers nor their close relations or members of the same household have disclosed any declarable transactions with the Council.

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 FRS8 and its applicability to the public sector utilising current advice and guidance.

(18) Auditors Fees

In 2009/10 the following fees were incurred by West Berkshire Council and relate to external audit.

Auditors Fee	2008/09	2009/10
	£000's	£000's
Fees payable to KPMG with regard to external audit services	223	241
Fees payable to Audit Commission with regard to external audit services	27	20
Fees payable to Audit Commission with regard to grants audit	40	35
	290	296

(19) Private Finance Initiative

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. The total cost of the contract is estimated at approximately £520 million over its life and is due to run for 25 years until 2033.

The contract will include the provision of an integrated waste management facility on land owned by West Berkshire Council. This facility will be treated as an asset on the council's balance sheet, but it is not due to be completed until 2013, so the asset will not be recognised until 2012/13 and capital payments will not commence until the financial year 2013/14. All payments made to Veolia in 2009/10 therefore related to the provision of waste collection and disposal services

The cash value of future payments due under the PFI contract are estimated as follows:

	Apr 2010- Mar 2011	Apr 2011- Mar 2015	Apr 2015- Mar 2020	Apr 2020- Mar 2020	Apr 2020- Mar 2030	Apr 2030-Oct 2033
	£000's	£000's	£000's	£000's	£000's	£000's
Repayment of Liability	0	1,395	4,350	5,932	8,089	6,204
Interest	0	3,281	7,432	5,760	3,603	811
Service Charges	16,261	68,764	88,630	99,693	111,890	59,833
Total	16,261	73,440	100,412	111,385	123,582	66,848

The accounting treatment of the contract under FRS5 has been assessed by the Council and independently verified by Ernst and Young LLP. Payments made under the contract for 09/10 have been included in the net cost of services, because the capital element has not been built yet. Once it is we will account for these costs on the balance sheet per SORP 2009.

At the end of the contract the integrated waste management facility will revert back to the Council at no residual cost. It is not therefore considered necessary to make any provision for the residual cost of the asset.

(20) Building Control Account

The Council has adopted the Local Government Association's Model Scheme as the basis of its Scheme of Charges under the Building (Local Authority) Regulations 1998. These regulations require the disclosure of information regarding the setting of charges for the administration of the Building control function.

Certain activities performed by the building control unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building regulation's function, divided between chargeable and non-chargeable activities.

Building Control Account

	Chargeable Activities 2009/10 £000's	Non Chargeable Activities 2009/10 £000's	Total Building Control 2009/10 £000's
Expenditure			
Employees	481,159	144,863	626,023
Supplies & Services	32,910	519	33,429
Central and Support Charges	92,446	18,189	110,634
Total Expenditure	<u>606,515</u>	<u>163,571</u>	<u>770,086</u>
Income			
Building Regulation Charges	564,551	0	564,551
Miscellaneous Income	0	21,030	21,030
Total Income	<u>564,551</u>	<u>21,030</u>	<u>585,581</u>
Surplus / (Deficit) for year	<u>(41,964)</u>	<u>(142,541)</u>	<u>(184,505)</u>

(21) Fixed Assets

Fixed Asset Valuation

All expenditure on the acquisition, creation or enhancement of fixed assets is accounted for on an accruals basis and capitalised in the Balance Sheet. All fixed assets are included in the Balance Sheet at their current value except for infrastructure assets and community assets, which are included at historical cost. All assets included at current value are revalued at intervals of not more than five years.

A proportion of these properties have been revalued as at 1st April 2009 by Amanda Dennis Member of the Royal Institution of Chartered Surveyors, (the Asset Development Officer), in accordance with the Statement of Recommended Practice (SORP) issued by CIPFA and the Statement of Asset Valuation Principles & Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Capital Expenditure

The total capital expenditure for the year was £58,527,114.

This was financed as follows:

Capital Expenditure Financing	General Fund	General Fund
	2008/09	2009/10
Source	£000's	£000's
Government Grants	9,042	31,805
Other Grants	53	25
Capital receipts	1,190	859
Other internal balances and funds	471	300
Financing requirement for the year	19,716	22,430
Revenue funding	648	154
Developers/other contributions	5,088	2,954
	36,208	58,527

The main items of capital expenditure in the year were as follows:

Main Items of Capital Expenditure	
Project Title	£000's
West Street House - Acquisition	4,446
Direct Capital Grants for School	4,191
Waste Management Site Provision	2,897
West Street House	1,945
Education - Planned maintenance programme	1,589
Disabled Facilities Grant	1,161
Fire Risk Remedial Works	1,104
West Point House - Acquisition	921
Ngfl Part C Broadband	903
Timelord - Phase 2	876
Adventure Dolphin Replacement	833
Childcare Capital	605
Broadway Northbrook Street	530
Flood Prevention Projects	442
Tilehurst Learning Campus	432
Seed Challenge	410
Playbuilder Capital	403
Essential Maintenance - Bridges	381
A4/ Harts Hill Road Junction	251
A4 Chapel Street	240
Chieveley Primary School	239
Speenhamland Primary School Remodelling & Expansion	238
West Point House - Fit out	228
A4/Newbury - Speen Lane, B4494 roundabout	228
John O'Gaunt School	221
Thatcham Park - Children's Centre	205
Market Street/ Cheap Street Junction.	200
Total	26,119
(Note - spend over £200k shown)	

Capital Assets

During the year a proportion of the Assets were revalued in line with the five year rolling programme. The main adjustments were a number of DYSO properties were sold and three office buildings were acquired, one East of the District and two in Newbury.

The three Foundation schools in the district are not included in the Council's asset register but the Council is required to disclose their valuation. The schools were last valued at the 1st April 2005 and were valued at £31.5m.

	31-Mar-09	31-Mar-10
	Nos	Nos
Public Conveniences	11	9
Car Parks	24	22
Industrial Units	2	2
Farms (approx. size 45 hectares)	3	3
Civic Amenity Sites	2	3
Leisure Centres	8	8
Social Services	14	12
Libraries	9	9
Schools and associated properties	59	59
Commercial Premises	9	9
Public Open Spaces	311	313
Offices	7	10
Community Centres / Facilities	21	21
Highways Depots	3	3
Housing operational properties	51	47
Total	534	530

Budgets for the following Capital schemes have been slipped into 2010/11.

Capital Commitments on Existing Schemes Included	
Project Title	£000's
Office Accommodation Provision	296
Members Bids	282
Downs School New Accommodation	220
South Thatcham - Children's Centre	233
The Porch PRU	442
Disabled Facilities Grant	332
Core Sites Essential Investment	549
Total	<u>2,354</u>

(Note - slippage over 200k shown.)

(22) Analysis of Movement in Fixed Assets

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.

MOVEMENT OF FIXED ASSETS 2009/2010						
	Other				Non - Operational	
	Land & Buildings	Plant & Equipment	Infrastructure Assets	Community Assets	Assets	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's
Valued at Current value						
Gross Book Value @ 31/03/09	307,177	23,370	139,512	7,170	7,404	484,633
Merged Assets	557	(13)	0	(544)	0	0
Revaluations	7,561	0	0	4	4,257	11,822
Impairments re revaluations	(7,450)	0	0	(326)	(332)	(8,108)
Value @ 01/04/09	307,845	23,357	139,512	6,304	11,329	488,347
Reclassifications	(605)				605	0
Additions	19,204	3,131	5,768	1,102	35	29,240
Disposals	(28)				(232)	(260)
Impairments re Disposals	(1,507)				(448)	(1,955)
Gross Book Value @ 31/03/10	324,909	26,488	145,280	7,406	11,289	515,372
Depreciation @ 31/03/09	(35,123)	(9,134)	(31,368)	(676)	(57)	(76,358)
Depreciation charged to services	(10,813)	(2,746)	(4,567)	(399)	(5)	(18,530)
Merged Assets	(8)	8	0	0	0	0
Depreciation on revalued assets	11,655	0	0	8	36	11,699
Impairments re revalued assets	1,296	0	0	62	0	1,358
Reclassifications	211	0	0	0	13	224
Depreciation on disposal	6	0	0	0	0	6
Balance @ 31/03/10	(32,776)	(11,872)	(35,935)	(1,005)	(13)	(81,601)
Net Book Value @ 31/03/10	292,133	14,616	109,345	6,401	11,276	433,771
Revaluation reserve	(38,068)	0	0	(18)	(4,390)	(42,476)
Assets under Construction						
Opening Balance 31/03/09	10,608	0	266	0	0	10,874
Movement in year	(2,601)	0	266	0	14	(2,321)
Assets under construction	8,007	0	532	0	14	8,553

The revaluation reserve records the unrealised revaluation gains arising since 1st April 2007.

Non Operational Assets are made up of investment properties, Assets held for sale and Assets under construction.

Assets Held for Sale, are those assets which the Council is actively trying to sell and currently totals £0.8m.

Assets under construction total £8.6m and will be included in the asset register once the schemes are complete.

Leased Assets

The Authority leases certain items of vehicles, Office equipment and Leisure equipment under the terms of an operating lease. These items are not the property of the Council and consequently are not recorded in the Balance Sheet.

The amount paid under these arrangements in 2009/10 was £832k (2008/09 £1,452k).

The Authority was committed at 31st March 2010 to making payments of £818k under operating leases in 2010/11, comprising the following elements.

The table below analyses potential leasing commitments over the required annual expiry periods.

Operating Leases	Other Land and Buildings £000's	Vehicles, Plant and Equipment £000's
Leases expiring in 2010/11	7	66
Leases expiring between 2011/12 & 2014/15	0	679
Leases expiring after 2014/15	70	10

The Authority as Lessor – with regard to the Authority's activity as a lessor, the gross value of assets held for use in operating leases was £10,151k. £8,500k is for Industrial Estates, £819k for properties (of which £499k is shared ownership), £81K for a dept and £751k for agricultural. These assets were subject to £80k depreciation in year.

(23) Long Term Investments

As at 31 March 2010 there were no Long Term Investments.

(24) Long Term Debtors

Long term debtors are those debtors in excess of one year.

	Balance at 31/03/09	Movement In the Year	Balance at 31/03/10
	£000's	£000's	£000's
Long term debtors analysis :			
Property Charges	48	0	48
Employees Car Loans	14	9	23
Sale of Council Houses	39	(12)	27
School loans	620	(171)	449
Other Loans and Advances	6	(1)	5
Total Long Term Debtors	727	(175)	552

(25) Stock and Work in Progress

Stock is goods and materials charged to revenue, which has not been used by the end of year. The stock therefore is carried forward to be charged in the year it is used.

The stock shown in the table below is for the Nature Discovery Centre, the Museum, the Tourist Information centre and Shaw House.

	Opening Balance at 31/03/09	Closing Balance at 31/03/10
	£'000	£'000
Stocks	19	70
	19	70

(26) Debtors

Debtors represents an income due to the Authority within one year.

	Restated	
	31/03/09	31/03/10
	£000's	£000's
-		
Amounts falling due in one year:-		
Government Departments	7,901	7,143
Other Local Authorities	2,570	3,182
Collection Fund	2,457	1,573
Payments in Advance	2,207	2,450
Other Debtors	5,538	6,679
Total Debtors	20,673	21,027
less provision	(1,004)	(1,181)
Total Debtors	19,669	19,846

(27) Investments

	Nominal	Market		Nominal	Market	
	Holding	Value at		Holding	Value at	
	at	at	Cost	at	at	Cost
	31/03/09	31/03/09	£000's	31/03/10	31/03/10	£000's
	£000's	£000's	£000's	£000's	£000's	£000's
Temporary	6,170	6,170	6,170	14,879	14,879	14,879
Total Investments	6,170	6,170	6,170	14,879	14,879	14,879

Temporary Investments (to be repaid within 365 days) held as at 31.03.10 were as follows

	Amount	Interest Rate
	£000's	%
-		
Fixed Loans	8,000	0.71%
Money Market Funds	1,869	0.41%
Deposit Account	5,010	0.80%
	<u>14,879</u>	

In accordance with the Authority's Treasury Management policy the maximum amount that can be lent to any one body is £5.0m.

(28) Creditors

Creditors are payments the Authority owes and are due to be paid in the short term.

	31/03/09	31/03/10
	£000's	£000's
Government departments	9,544	1,250
Sundry creditors	18,769	16,453
Receipts in advance	44,531	36,620
Total Creditors	72,844	54,323

Receipts in advance include capital grants, these are mainly for a major capital project within Education which has not yet started.

(29) Short Term Borrowing

At 31 March 2010 short term borrowing amounted to £20,975m:

- £1m is with the Staffordshire Moorlands District Council,
- £2m is with the Wakefield Metropolitan District Council,
- £2.5m is with the West Yorkshire Police Authority,
- £5m is with the London Borough of Barnet,
- £3.85m is with the Greater Manchester Pension Fund,
- £5.5m is with the London Borough of Newham,
- £1.125 is with Public Works Loan Board.

(30) Long Term Liability

This authority currently has long term liabilities of £564k.

(31) Deferred Liability

This liability is currently £48.4m, of which £20.6m is to do with the former Royal County of Berkshire loan debt and £27.8 is new PWLB loan money.

See note 20 to the Statement of Accounting Policies re former Royal County of Berkshire loan debt.

(32) Government Grants Deferred

Where expenditure on Fixed Assets is financed either wholly or partly by a government grant (or other monies received as contributions towards the purchase of Fixed Assets) the amount of the grant is credited to the government grants deferred account. Amounts are released to the Net Cost of Services over the useful life of the asset to match the period depreciation is charged on the asset to which it relates.

Government grants for capital expenditure are accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with, and there is reasonable assurance that the grant will be received.

Capital grants are credited initially to the Government Grants Deferred account and the balance is effectively treated as a Receipt's in Advance balance, pending credit to the net cost of services in future years. The balance for Government Grants Deferred is held under Current Liabilities on the Balance Sheet.

The amounts of Government Grants Deferred remaining at the end of the year are shown in the unapplied capital grants and contributions table in note 33.

(33) Unapplied Capital Grants and Contributions

Unapplied capital grants and contributions represents income that has been received but has not yet been used to finance specific capital schemes.

	Restated Balance as at 31/03/2009 £ 000's	New Grants and Contributions £ 000's	Amount applied to fund Capital Expenditure £ 000's	Balance as at 31/03/2010 £ 000's
DEFRA LATS Grant	0	5	0	5
Capital Grants and other Contributions Unapplied	36,842	25,257	(32,768)	29,331
Section 106 and SPG Contributions	18,274	2,884	(5,488)	15,670
Other Deferred Contributions	2,275	0	(177)	2,098
Government Grants Deferred	41,134	34,785	(30,167)	45,752
Total Unapplied Grants and Contributions	98,525	62,931	(68,600)	92,856

The difference between the closing balance 08/09 and the opening 09/10 balance for capital grants, of £473K, is due to the Local Transport Plan Grant(LTP) being applied direct to the capital programme and not allocated to a cost centre as has happened in the past.

(34) Provisions

Provisions represent the best estimate at the Balance sheet date of expenditure required to settle a known obligation.

Provisions for Liabilities have been disclosed as per the requirement of FRS (Financial Reporting Standards) 12.

	Balance	Receipts In	Payments in	Balance
	31/03/09	Year	Year	31/03/10
	£000's	£000's	£000's	£000's
-				
-				
-				
Crookham (extraction of minerals)	48	6	0	54
Provision for liabilities	83	0	(7)	76
Other Provisions	10	0	(10)	0
Total Provisions	141	6	(17)	130

(35) Revaluation Reserve

	2009/10
	£000's
Opening Balance	20,131
Upward revaluations of assets	23,521
Sold Assets	(36)
Impaired assets	(126)
Depreciation in year	(1,014)
Closing Balance	42,476

(36) Capital Adjustment Account

	2009/10
	£000's
Opening Balance	241,009
Revenue contribution to capital	62
Capital receipts	859
Internally funded cap programme	(1,164)
Minimum Revenue Provision for loan repayment	405
Capital financing of deferred charges	28,940
Deferred Assets charged	(31,666)
Depreciation	(18,523)
Depreciation on revaluation reserve and impaired properties	2,480
Sold assets	(274)
Revaluation reserve re sold assets	25
Impaired assets	(9,771)
BCC Principal payments	1,477
Government Grants Deferred	2,839
Closing Balance	216,698

(37) Deferred Credits

Deferred Credits are amounts from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of Council Houses.

	Balance 31/03/09 £000's	Credit £000's	Balance 31/03/10 £000's
Sale of Council Houses	39	(13)	26

(38) Capital Receipts Unapplied

These are capital receipts, which have not been used to finance Capital expenditure or to repay debts. The Council is required to split all capital receipts into reserved and usable amounts. The reserved amounts are shown in note 32.

Usable Amounts

	General Fund £000's 2008/09	General Fund £000's 2009/10
-		
-		
Opening Balance	1,137	593
Capital receipts received in year	733	927
Capital receipts used for financing	(1,190)	(859)
Pooling of Capital receipts	(87)	(55)
Balance as at 31 March 2009	593	606
Net Movement in year	544	13

(39) Reserves and Balances

	Restated 31st March 2009 £000's	Receipts £000's	Payments £000's	31st March 2010 £000's
Total Working Balances	2,256	0	(1,043)	1,213
General Fund	6,591	0	(75)	6,516
Risk Fund	250	350	0	600
Total General Reserve	6,841	350	(75)	7,116
Schools Balances	4,839	2,816	0	7,655
Special Expenses	9	0	0	9
Supporting People Reserve	1,520	0	(551)	969
Self Insurance Fund	1,409	0	(226)	1,183
Long term commitment	2,722	1,694	0	4,416
Ex BCC Liabilities	907	0	0	907
VAT Reserve	1,171	0	(690)	481
Specific Earmarked Reserves	1,651	0	(61)	1,590
Concessionary fares unrepresented tokens	356	0	(356)	0
Waste Management Strategy	1,968	383	0	2,351
Total Earmarked Reserves	16,552	4,893	(1,884)	19,561
Total General Fund	25,649	5,243	(3,002)	27,890

Per the CIPFA LAAP (Local authority Accounting Panel) Bulletin 77 and the SORP 2008, WBC has changed its description of reserves to comply with the latest professional guidance. A summary of each of the major reserves (excluding statutory reserves such as the revaluation reserve and capital adjustment account) has been detailed below.

Working Balances: This balance represents resources used for cash flow purposes that are held for consumption in the following financial year.

General reserve: 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.

Schools Balances: If schools under spend their delegated budgets during the year they must be allowed to carry forward the balance for use in future years. At 31st March 2010 Schools held total balances of £7.655m, of which £4.497m was revenue and £3.157m was capital.

The £7.655m is an amalgamation of unspent and overspent balances of which £5.091m is re the unspent revenue and -£0.594m is the overspent revenue. 5 schools closed with a deficit revenue balance compared to 10 schools last year.

This figure does not include balances held by former grant maintained (GM) schools (3 secondary and 2 primary), which are not held in the Council's bank account and therefore not shown on the balance sheet.

West Berkshire's Schools Forum has set a recommended maximum limit for balances on schools' delegated budgets of 8% Primary, Special, Nursery and 5% Secondary of the annual budget or £20,000 (whichever is the greater). In line with the Scheme for Financing Schools, schools with balances in excess of these limits, have been asked to explain the purposes for which their balances have been earmarked. 31 schools have closed with an excess balance (totalling £0.848m) compared to 21 schools the previous year (totalling £0.310m). The Schools forum will consider explanations from schools at their July 2010 meeting and any schools retaining an excess balance outside permitted uses will have the excess balance clawed back.

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 accounts.

Supporting People Reserve: was established to meet potential future reductions in Supporting People Grant from Central Government. This balance will be drawn upon over the coming financial years.

Self Insurance Fund: 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 £250,000 of any property claim and the first £100,000 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.

VAT Reserve: this reserve is held pending the outcome of an HM Customs and Excise appeal.

Specific Earmarked Reserves: Reserves held for specific corporate projects; for example Planning Delivery Grant, future elections and corporate system development.

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.

(40) Contingent Liabilities

There is a contingent liability resulting from ex Berkshire County Council business concerning the dilapidations at Ufton Court.

Environmental Health

There are a number of prosecutions which were started by the Environmental Health service in 2009/10 and there is a risk that the cost of these cases may not be fully recovered by the Council.

At the time of preparing the Statements the Legal Service are aware of a judicial review which is ongoing.

The majority if not all of the Council's contract arrangements are supported by bonds and it is not foreseen that these will cause a liability to the Council in the near future. The Council as a prosecuting authority takes a large number of cases to the Magistrates and Crown Courts during the financial year and there is always a risk that costs may be awarded against the Council.

(41) Contingent Assets

There are some contingent assets resulting from ex Berkshire County Council business, one concerning VAT claims and another regarding the sale of a property. West Berkshire Council will be given a percentage of the proceeds once the items have been finalised.

(42) Post Balance Sheet Events

There are no known post balance sheet events.

(43) Other Government Grants

These Government Grants form part of the Cash Flow Statement.

	2009/2010 £000's
Learning and Skills Council	13,858
Standards Fund Grant	13,340
Concessionary Fares	342
Housing Planning Delivery Grant	841
Private Finance Initiative	2,312
Council Tax Benefit	7,674
Social Care Reform	390
Drug Action	96
Contact Point	140
Under Fives Free Milk	137
Education Grants	951
Sure Start	3,161
Asylum Seekers	230
Youth Offending	220
Teacher Recruitment	179
Supporting People	4,881
Flood Relief	50
Think Family	216
Other	1,562
Total Other Government Grants	50,580

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

	£000's	£000's
-		
General Fund deficit		(275)
Non Cash Transactions		
Contribution to/(from) Reserves		30,723
Items on an accruals basis		
(Increase)/Decrease in Stock	(51)	
(Increase)/Decrease in Debtors	0	
Increase/(Decrease) in Creditors	(18,521)	
		<u>(18,572)</u>
Items classified outside Revenue Activities		<u>11,876</u>
Revenue Activities Net Cash Inflow		<u><u>11,876</u></u>

(45) Cash flow Reconciliation to Balance Sheet

	Balance at 31/03/09 £000's	Cash Movement £000's	Balance at 31/03/10 £000's
-			
Temporary Borrowing	4,125	16,850	20,975
Temporary Investments	(6,170)	(8,709)	(14,879)
Cash Overdrawn	38	(3,987)	(3,949)
Imprests	1,178	52	1,230
	1,216	(3,935)	(2,719)

(46) Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Children, Schools and Families, known as the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The DSG allocation is based on the number of pupils recorded in the January scholl census.

The Schools Budget is split between central expenditure and individual schools budgets. Central expenditure and individual schools budgets. Central expenditure consists of large range of educational services provided on an authority-wide basis, mainly for children educated out of maintaied school settings including special needs placements (in both private establishments and in other local authorities), pupil referal units and nursery education in the private voluntary and independent sector. The Individual Schools Budget is divided into a budget share for each of the 80 mainained schools, based on a formula largely dependent on pupil numbers.

About 80-85% of spending by schools is on staffing, the remainder spent on building costs (utilities, rates, maintenance), contracts for support services (such as ICT, payroll), and curriculum/classroom resources.

Details of the deployment of DSG receivable for 2009/10 are as follows:

	Schools Budget Funded by Dedicated Schools Grant		
	Central Expenditure	Individual Schools Budget	Total
	£000's	£000's	£000's
Final DSG for 2009/10	0	0	95,953
Brought forward from 2008/09	0	0	2722
Carry forward to 2010/11 agreed in advance	0	0	0
Agreed budgeted distribution in 2009/10	13,720	84,955	98,675
Actual Capital expenditure	(12,753)	0	(12,753)
Actual ISB deployed to schools	0	(84,982)	(84,982)
Local Authority contribution for 2009/10	92	0	92
Carry forward to 2010/11	1,059	(27)	1,032

(47) Trust Funds

The Council acts as Trustee for the Buller Trust. The funds do not represent assets of the Council, and they have not been included in the Balance sheet.

	Value of Fund	Value of Fund
	£ 000'S	£ 000'S
	2008/09	2009/10
Buller Trust - Monies held on behalf of dependents	40	40

(48) Financial Instruments

With effect from 1st April 2007, all local authorities must adopt a major change of accounting policy in order to comply with the requirements of the SORP 2007. This has been re-affirmed in SORP 2008 and has been based on major changes in international accounting standards which have resulted in the introduction of new U.K. accounting standards for financial instruments - FRS25, 26 and 29.

These changes have been designed to present a higher quality of information, in line with the private sector. In order to help identify, quantify and inform on the exposure to and management of risk, new "fair value" disclosure requirements have been introduced. The need for this has arisen in recent years through the high profile failure of a number of financial institutions.

Amortised Cost

This change in accounting standards has meant that most financial instruments (whether borrowing or investment) have, in 2009/10, to be valued on an amortised costs basis using the effective interest rate (EIR) method.

Fair Value

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

Compliance

This authority has complied with the following: -

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

TYPES OF FINANCIAL INSTRUMENTS

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending & borrowing disclosed in the Balance Sheet are made up of the following categories of "financial instruments".

TABLE 1 – FINANCIAL INSTRUMENT BALANCES

	Long-Term		Current	
	31st March 2010 £000's	31st March 2009 £000's	31 st March 2010 £000's	31st March 2009 £000's
Borrowings				
Financial liabilities at amortised cost	49,512	22,880	14,350	3,000
Financial liabilities at fair value through profit and loss	-	-	-	-
Other borrowing (Finance lease)	-	-	-	-
Total borrowings	49,512	22,880	14,350	3,000
Investments				
Loans and receivables	-	-	14,879	6,170
Available-for-sale financial assets	-	-	-	-
Fair value through Profit and Loss	-	-	-	-
Unquoted equity under available for sale	-	-	-	-
Total investments	-	-	14,879	6,170

GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

TABLE 2 – FINANCIAL INSTRUMENTS GAINS/LOSSES

2009/10	Financial Liabilities		Financial Assets		Total £000's
	Liabilities measured at amortised cost £000's	Loans and receivables £000's	Available- for-sale assets £000's	Fair value through P&L £000's	
Interest expense	(1,442)	(4)	-	-	(1,446)
Losses on derecognition	-	-	-	-	-
Impairment losses	-	-	-	-	-
Interest payable and similar charges	(1,442)	(4)	0	0	(1,446)
Interest income	0	310	0	0	310
Gains on derecognition	-	-	-	-	-
Interest and investment income	0	310	0	0	310
Gains on revaluation	-	-	-	-	-
Losses on revaluation	-	-	-	-	-
Amounts recycled to the I&E account after impairment	-	-	-	-	-
Surplus arising on revaluation of financial assets	(1,442)	306	0	0	(1,136)
Net gain/(loss) for the year					

FAIR VALUE OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The fair value of each class of financial assets and liabilities which are carried in the Balance Sheet at amortised cost is disclosed below.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling

the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31st March, using bid prices where applicable.

The calculations are made with the following assumptions:

- For PWLB debt, the fair value is as advised in the PWLB Residual Maturity Analysis statement as at 31st March 2010.
- For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender.
- We have used interpolation techniques between available rates where the exact maturity period was not available.
- No early repayment or impairment is recognised.
- We have calculated fair values for all instruments in the portfolio.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

TABLE 3 – FAIR VALUE OF LIABILITIES CARRIED AT AMORTISED COST

Client to expand rows as appropriate

	31 st March 2010		31 st March 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000's	£000's	£000's	£000's
PWLB - maturity	49,512	52,657	22,880	27,426
LOBOs	-	-	-	-
Finance Lease	-	-	-	-
Bank overdraft	-	-	-	-
Short term borrowing	14,350	14,350	3,000	3,000
Financial liabilities	63,862	67,007	25,880	30,045

Fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

TABLE 4 – FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST*Client to expand rows as appropriate*

	31 st March 2010		31 st March 2009	
	Carrying amount £000's	Fair value £000's	Carrying amount £000's	Fair value £000's
Cash	287	287	116	116
Deposits with banks and building societies	14,879	14,879	6,170	6,170
Eurosterling Bonds	-	-	-	-
Other	-	-	-	-
Financial assets	15,166	15,166	6,286	6,286

The fair value is **equal to** the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate is receivable is not materially different from the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above/below current market rates increases the amount that the authority would receive if it agreed to early repayment of loans.

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

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;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

- **Overall Procedures for Managing Risk**

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by a designated treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

This Council's treasury portfolio is not of a significant size to provide significant treasury risk.

Credit Risk

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. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently

assessed as sufficiently secure by the Council’s treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council also has a policy of limiting deposits with institutions to a maximum of **£5,000,000** and a limit on the maximum size of one transaction in placing a deposit of **£5,000,000**.

The following analysis summarises the Council’s potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

TABLE 5 – CREDIT RISK (A)

	Amounts at 31st March 2010	Historical experience of default	Historical experience adjusted for market conditions as at 31st March 2010	Estimated maximum exposure to default and uncollectability
	£000’s	%	%	£000’s
Deposits with banks and other financial institutions	14,879	0.001	0.001	0
Bonds and other securities	-	-	-	-
Customers	4,838	0.75	1.0	48
Total	19,717			48

All deposits are short term (<13 months) and all counterparties are rated ‘F1’ or ‘F1+’ by Fitch* for short-term credit rating. All deposits are held with UK based institutions.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

* F1 – Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.

Debtors

The Council does not generally allow credit for customers. The past due amount can be analysed by age as follows:

TABLE 6 – CREDIT RISK (B)

	31st March 2010 £000's
30 Days	1,320
60 Days	294
90 Days	56
120 plus Days	730
Total	<u>2,400</u>

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 (PWLB) for any purpose relevant to its functions under any enactment 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 under financial instruments. 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 Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters.

The maturity structure of financial liabilities and assets is as follows (at nominal value):

TABLE 7 – LIQUIDITY & RE-FINANCING RISK

On 31 st March 2010 £000's	Loans outstanding	On 31 st March 2009 £000's
	Public Works Loans	
49,512	Board	22,880
14,350	Temporary borrowing	3,000
0	Local bonds	0
0	Deferred purchase	0
0	Other	0
63,862	Total	25,880
16,036	Less than 1 year	4,125
710	Between 1 and 2 years	1,125
1,864	Between 2 and 5 years	1,25
7,452	Between 5 and 15 years	0
37,800	More than 15 years	20,505
63,862	Total	25,880
On 31st March 2010	Investments outstanding	On 31st March 2009
14,879	Temporary lending	6,170
14,879		6,170
14,879	Less than 1 year	6,170
14,879		6,170

Market Risk

Interest rate 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 affect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the authority is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Income and Expenditure Account.
- Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Income and Expenditure Account.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at

amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in the STRGL.

- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of **50%** of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the authority's cost of borrowing and provides compensation for a proportion of any higher costs.

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. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

During the Financial Year and at 31st March 2010, the Council had no financial loan instruments with variable rates of interest.

Price risk

The Council does not generally invest in instruments with this type of risk.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

The Collection Fund Income and Expenditure Account

As collection authority West Berkshire Council is responsible for the billing and recovery of Council Tax and Non Domestic Rates. Such transactions are required to be shown separately from the provision of services by the District Council.

2008/09 £000's		notes	£000's	2009/10 £000's
	Income			
(87,467)	Council Tax	(1)	(91,558)	
(71,793)	National Non-domestic rates	(2)	(68,884)	
(405)	Government Grants	(3)	(423)	
(159,665)	Total Income			(160,865)
	Expenditure			
	Precepts & Demands:	(4)		
76,088	West Berkshire Council		79,403	
9,035	Thames Valley Police Authority		9,488	
3,279	Royal Berkshire Fire Authority		3,456	
88,402				92,347
294	Transfer to General Fund in respect of estimated Distribution of surplus in respect of Council Tax	(5)		(441)
	Non-Domestic Rates:			
71,451	payments to the pool	(2)	68,311	
257	costs of collection		264	
71,708				68,575
(125)	Provision for non-payment of Council Tax	(6)		185
84	Provision for non-payment of NNDR	(7)		308
160,363	Total Expenditure			160,974
698	(Surplus)/Deficit			109
(15)	(Surplus)/deficit brought forward			684
699	(Surplus)/deficit for year			109
684	(Surplus)/deficit carried forward			793

Notes to the Collection Fund

(1) Council Tax

A system of charging revenue called Council Tax (based on property) was introduced on 1st April 1993 and replaced the Community charge (based on people).

31 March 2009 £000's		£000's	31 March 2010 £000's
95,687	Opening Debit :	100,686	
11,214	plus additional debit	12,065	
<u>106,901</u>			112,751
(10,467)	less reduced debit	(11,640)	
(2,722)	exemptions	(2,872)	
(6,160)	discounts	(6,596)	
(85)	disabled relief	(85)	
<u>(19,434)</u>			<u>(21,193)</u>
<u>87,467</u>	NET DEBIT		<u>91,558</u>

(2) National Non-Domestic Rates

As from 1st April 1994 each Authority received its National Non-Domestic rates (NNDR) income direct from the central pool rather than it passing through the collection fund. The entry in the Collection fund relates to the collection fund contribution to the pool.

31 March 2009 £000's		£000's	31 March 2010 £000's
75,891	Opening Debit	72,903	
75,891			72,903
(1,683)	less empty and revalued properties	(1,814)	
(53)	Interest payments to the pool	(260)	
(15)	transitional relief	393	
(2,281)	mandatory relief	(2,279)	
(66)	discretionary relief	(59)	
(4,098)			(4,019)
71,793	NET DEBIT		68,884
257	Costs of Collection	264	
85	Contribution to Bad Debt Provision	308	
71,451	Net Contribution to pool	68,312	
71,793			68,884

The opening debit is arrived at by multiplying the total rateable value by the rate poundage (45.8 pence in the pound).

(3) Government Grants

The following grants have been credited to the collection fund:

2008/09 £000's		2009/10 £000's
(405)	Ministry of Defence Properties	(423)

(4) Precepts & Demands

Under Council Tax, Parishes are required to precept on the district who in turn precept on the Collection Fund. Thames Valley Police and Royal Berkshire Fire Authority precept directly on to the Collection Fund.

(5) Transfer to the General Fund

This represents a transfer to the general fund in respect of the estimated surplus on the collection fund as at 31st March 2010. The deficit is shared between the precepting bodies, West Berkshire Council received £253,176, the Thames Valley Police £30,040 and the Fire Authority £10,782.

(6) Provision For Non Payment of Council Tax

A provision has been established to allow for the non-payment of Council Tax.

2008/09 £000's		2009/10 £000's
500	Opening Balance	316
(125)	Transfer from Income & Expenditure Account	185
(59)	Write Offs in the Year	(149)
<u>316</u>	Closing Balance	<u>352</u>

(7) Provision for non-payment of NNDR

2008/09 £000's		2009/10 £000's
564	Opening Balance	550
84	Transfer from the Income and Expenditure Account	308
(98)	Write Offs in the Year	(315)
<u>550</u>	Closing Balance	<u>543</u>

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.

Range of Property Values		Band	Net Dwellings		Multiplier	Band D Equivalent £
	Disabled	A		3.75	5/9	2.08
	up to £40,000	A		1,840.85	6/9	1,227.23
over £40,000	up to £52,000	B		5,173.65	7/9	4,023.95
over £52,000	up to £68,000	C		16,793.70	8/9	14,927.73
over £68,000	up to £88,000	D		15,556.85	9/9	15,556.85
over £88,000	up to £120,000	E		9,473.00	11/9	11,578.11
over £120,000	up to £160,000	F		6,057.40	13/9	8,749.58
over £160,000	up to £320,000	G		3,939.70	15/9	6,566.17
over £320,000		H		611.55	18/9	1,223.10
						<u>63,854.81</u>
				Adjustment for Losses on Collection x		<u>0.993</u>
						<u><u>63,407.82</u></u>

Auditors Report

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- ◆ to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, for the purposes of this requirement for the 2009/10 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.
- ◆ To approve the Statement of Accounts.

The Head of Finance Responsibilities

The Head of Finance is responsible for the preparation of the authority's statement of accounts. This is required by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year (ended 31st March 2010).

In preparing this statement of accounts, the Head of Finance has: -

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent;
- ◆ complied with the local authority SORP.

The Head of Finance has also:

- ◆ kept proper accounting records which were up to date;
- ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities.

The statements of accounts present a true and fair view of the financial position of West Berkshire Council as at 31st March 2010.



Andy Walker; Head of Finance

Jeff Beck; Chair, Governance and Audit Committee

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Title of Report:	KPMG Report on the Implementation of International Financial Reporting Standards (IFRS)
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28 June 2010
Forward Plan Ref:	GAC2103

Purpose of Report: To inform those charged with governance on the Council's progress in implementing IFRS.

Recommended Action: To note the report.

Reason for decision to be taken: Governance & audit requested that KPMG update the committee.

Other options considered: n/a

Key background documentation: KPMG IFRS questionnaire
Audit Commission report: Countdown to IFRS

The proposals will also help achieve the following Council Plan Theme:
 CPT13 - Value for Money

Portfolio Member Details	
Name & Telephone No.:	Councillor Keith Chopping - (0118) 983 2057
E-mail Address:	kchopping@westberks.gov.uk
Date Portfolio Member agreed report:	

Contact Officer Details	
Name:	Joseph Holmes
Job Title:	Accountancy Manager
Tel. No.:	01635 519474
E-mail Address:	jholmes@westberks.gov.uk

Implications

Policy: n/a
Financial: n/a
Personnel: n/a
Legal/Procurement: n/a
Property: n/a
Risk Management: The implementation of IFRS is being risk managed throughout.
Equalities Impact Assessment: n/a
Corporate Board's Recommendation: -

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	

Executive Summary

1. Introduction

- 1.1 At its March 2010 meeting, the Governance and Audit Committee received an update on the Council's progress in implementing International Financial Reporting Standards (IFRS). The committee then asked that KPMG, the Council's external auditors, return to provide their opinion on the Council's progress in implementing IFRS.
- 1.2 The Audit Commission asked all their appointed auditors to complete a questionnaire with audited bodies to form a view as to the preparedness of Local Government to implement IFRS. The overall picture was that 15% of Councils were assessed as Green 'on track', 65% as amber 'minor issues' and 20% as red 'serious difficulties'.

2. Proposals

- 2.1 For the Committee to note KPMG's report

3. Conclusion

- 3.1 West Berkshire Council has been assessed as being on track for IFRS implementation, along with only one in seven Councils. The Council will continue to review its financial processes to mitigate the risks associated with implementing IFRS.

Appendices

Appendix A – KMPG report

Consultees

Local Stakeholders:

Officers Consulted: Lesley Flannigan (Finance Manager – Technical & Control), Val Bettcher (Financial Accountant)

Trade Union:

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INFRASTRUCTURE, GOVERNMENT AND
HEALTHCARE

IFRS Transition

West Berkshire Council 2010/11

10 May 2010

AUDIT

Contents

The contacts at KPMG in connection with this report are:

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Executive Summary	2
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Section one – Transitional Arrangements	3
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Section two – Technical Issues	4
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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Greg McIntosh, who is the engagement director to the Council, telephone 020 7311 6430, email greg.mcintosh@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 236 4000, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Investigation Officer, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SU or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0117 975 3131

Executive Summary

The purpose of this document is to summarise the Council's progress in transitioning to International Financial Reporting Standards (IFRS).

The Council will be required to prepare its statutory accounts in accordance with IFRS from the year ended 31 March 2011. Due to the changes required in accounting treatment and accounting policies it is vital that the Council proactively implements processes to ensure that IFRS accounts can be produced accurately and in line with Audit Commission deadlines.

In November 2009, we were required to carry out an IFRS survey on behalf of the Audit Commission. This survey required to assess the performance of the Council to ensure that the Council was on track with IFRS transition. The conclusion of our responses to this survey was that the Council was on track with its IFRS transition.

Our detailed responses from this survey are summarised in Section One and Section Two of this report.

Assessment criteria	Performance description	Performance
Having completed this survey, would you say that the authority is on track with its IFRS transition?	Red (Not on track/major issues)	
	Amber (Minor issues)	
	Green (On track)	✓

The results of our report are split as follows:

Section One - A review of the Council's overall readiness for IFRS transition

Section Two – A review of the Council's progress in respect of the specific accounting standards that will require a change in accounting treatment or disclosure under IFRS.

Section One

Transition Arrangements

We have outlined the Council's overall readiness for IFRS transition against key criteria determined by the Audit Commission survey. The results of our assessment are detailed in the table below:

Area	Commentary
Governance and oversight	<ul style="list-style-type: none"> ✓ A detailed project plan is in place for transition to IFRS. This includes the key milestones, and the resources required to achieve these milestones; ✓ To date all key milestones have been met; ✓ The Cabinet, Audit Committee, Senior Officers, and Finance Department have all been formally briefed on the transition to IFRS; and ✓ The first IFRS paper was presented to Audit Committee on 1 June 2008, and they are updated quarterly on progress with transition; • The project plan does not cover "communications", e.g. to engage non-finance staff, members, other stakeholders.
Costs and budget	<ul style="list-style-type: none"> ✓ The potential impact of IFRS on budgeting, as well as the potential impact of IFRS on General Fund balances have both been considered. • The Council has not established a budget for IFRS transition
People, team and support	<ul style="list-style-type: none"> ✓ The Council has established an IFRS working group/project team which has been in place since 1 June 2008. The working group includes officers from Finance, HR, IT, Property and Service departments, and is led by the Chief Accountant. ✓ Over half of the members of the team have received IFRS training; and ✓ The IFRS transition plans were shared with KPMG on 1 June 2008.
Timetable	<ul style="list-style-type: none"> ✓ The Council has established a timetable for implementing IFRS that is in line with the LAAP bulletin 80 (March 2009) guidance, and has completed an exercise to restate the opening balance sheet, and is anticipating restating the 2009/10 accounts by the end of 2010. ✓ The Council has drafted a model set of skeleton IFRS compliant financial statements, including accounting policies and notes. • An impact assessment has not been completed by the Council.
Technical	<ul style="list-style-type: none"> ✓ The Council responded to the CIPFA Code consultation; and ✓ The Council is confident it has put in place sufficient data capture measures to capture the information required to meet the increased disclosure requirements of IFRS.

Section Two

Technical issues

In this section we have outlined the Council's readiness for IFRS transition against the key accounting standards which will require a change in accounting treatment under IFRS.

As part of this assessment we have provided an overall conclusion on each area based on the significance of the area, and the readiness of the Council.

Red: Not on track, major issues

Amber: Minor issues

Green: On track

The results of our assessment are as follows:

Area	Progress assessment	Commentary
Property, plant and equipment	● (Green)	<ul style="list-style-type: none"> ✓ The Council has systems in place for doing component accounting, however, they will not be able to apply retrospective component accounting should CIPFA require this (ie pre 1 April 2010); and ✓ Valuers been engaged by the Council to assess the possible change in basis of valuation.
PFI and IFRIC 12	● (Green)	<ul style="list-style-type: none"> ✓ The Council has one service concession and the it has all the original models and records it requires; and ✓ There are no other arrangements falling under the scope of IFRIC 12 in place at the Council.
Leases	● (Green)	<ul style="list-style-type: none"> ✓ The Council has 92 leases on which it is a lessee, and 72 where it is a lessor. The relevant data has been captured in respect of lease arrangements; ✓ A de-minimus of £5k is in place for assessing leases; ✓ An exercise has been performed to obtain the necessary split of land and buildings; ✓ The Council's project plan includes methodology/timings to identify embedded leases and other contractual arrangements. None have been identified to date; ✓ A contract register is in place, and the Council have engaged operational/service line managers where an asset is linked to the provision of their service;
Employee benefits	● (Green)	<ul style="list-style-type: none"> ✓ The Council has appropriate systems in place, and has captured data in respect of holiday pay accrual. Furthermore, the potential impact has been assessed on a sample basis (£623k). The Council estimate that Maternity Leave and flexi-time will be the most significant elements of this balance.

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Agenda Item 7.

Title of Report:	Heads of Service Assurance Statements
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28 June 2010
Forward Plan Ref:	GAC1987

Purpose of Report: To outline the issues of concern highlighted by the Council's Heads of Service in their annual assurance statements.

Recommended Action: Review the risks identified by Heads of Service and consider the implications they have for the Annual Governance Statement.

Reason for decision to be taken: To support the Annual Governance Statement.

Other options considered: None

Key background documentation: None

The proposals will also help achieve the following Council Plan Themes:

- CPT13 - Value for Money**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Ensuring effective governance of the Council

Portfolio Member Details	
Name & Telephone No.:	Councillor Anthony Stansfeld
E-mail Address:	Astansfeld@westberks.gov.uk
Date Portfolio Member agreed report:	

Contact Officer Details	
Name:	Ian Priestley
Job Title:	Assurance Manager
Tel. No.:	01635 519253
E-mail Address:	ipriestley@westberks.gov.uk

Implications

Policy:	none
Financial:	none
Personnel:	none
Legal/Procurement:	none
Property:	none
Risk Management:	The report outlines key areas of risk as identified by Heads of Service
Equalities Impact Assessment:	Not required
Corporate Board's Recommendation:	Corporate Board have reviewed the red risks that have been highlighted, commented and identified additional actions where appropriate

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	

Executive Summary

1. Introduction

- 1.1. This report summarises the issues raised by Heads of Service in their Annual Assurance Statements.

2. Proposals

- 2.1. Management Board need to review the areas of concern, highlighted in the main report, and consider the comments made by Corporate Board.
- 2.2. Governance and Audit Committee and Management Board need to consider the risks identified by Heads of Service to determine whether they have any impact on the Annual Governance Statement.
- 2.3. With the change of Government priorities and resources available will change and so many of these risks will change or be removed.

3. Conclusion

- 3.1. The Council's Risk Management framework is robust.
- 3.2. Corporate Directors to ensure that Action Plans are reviewed with their Heads of Service on a quarterly basis.

Executive Report

1. Introduction

- 1.1. The purpose of this report is to update Corporate Board on the evidence supplied by Heads of Service in their Assurance Statements for 09-10 and associated risk registers.

2. Annual Governance Statement

- 2.1. The Accounts and Audit Regulations 2006 require the Council to publish an Annual Governance Statement (AGS). The AGS is prepared annually by the "Governance Group" and is signed by the Leader and Chief Executive.
- 2.2. Each Head of Service is responsible for delivering the objectives set out in their service plan. Heads of Service are responsible for identifying and managing the risks that may affect delivery of service objectives. This work includes monitoring the effectiveness of controls put in place to mitigate the risks and carrying out remedial action where controls are weak or not in place.

3. Assurance Statements

- 3.1. Each Head of Service is required to assist in the preparation of the AGS for the Council by providing an Assurance Statement for the internal control framework within their service. Taken together the Assurance Statements from the Heads of Service form a key part of the evidence that supports the AGS.
- 3.2. All Heads of Service have completed an Assurance Statement which has been reviewed and agreed by their Director and Portfolio Holder. Any areas of concern that they may have, (ie Red Risks) are highlighted on the associated service risk register.
- 3.3. Corporate Board have reviewed, and commented upon, the areas of concern, highlighted below, and will bring these issues into consideration at the next quarterly review of the Strategic Risk Register.
- 3.4. A copy of the template that the Heads of Service complete is attached as appendix A.

4. Assurance Manager's Review of Red Risks

- 4.1. Risk Registers and Action Plans are reviewed by Heads of Service on a quarterly basis and are available to Corporate Board if required. All services completed their Assurance Statements.
- 4.2. Risks identified by Heads of Service range from general IT issues and insufficient funding to meet service objectives. Service delivery seems to be a concern for most Heads of Service through budget concerns which also have direct impact in recruiting to vacant posts.

- 4.3. Highways and Transport continue to highlight the risks associated with Highways Maintenance two bad winters have caused significant problems, with greatly increased numbers of for insurance claims against WBC which are largely self-funded following incidents on the highway.
- 4.4. In addition the main area for concern remains risk 13 in Systems Transformation, around the delivery of savings. This has the potential to have a significant impact on the Council and is noted in the Council's Strategic Risk Register.
- 4.5. The table below summarises, by service, the number of red risks and compares 08-09 with 09-10. The number of red risks has dropped significantly. The main changes are in ICT where a considerable amount of work has significantly reduced the Council's exposure. A detailed listing comparing last years red risks with this years is set out in appendix B.

Service Area	Number of Red Risks for 08-09	Number of Red Risks for 09-10
Legal	1	0
Benefits & Exchequer	0	0
Finance	0	0
Policy & Communication	0	0
Property	0	1
Special Projects	0	0
Human Resources	2	0
ICT	8	1
Highways & Transport	2	2
Planning & Trading Standards	0	0
Children's Commissioning and Quality	2	2
Children's Services	0	0
Customer Services	0	0
Education Services	3	2
Cultural Services	1	0
Housing & Performance	2	2
Adults Services	4	3
System Transformation	2	2
Total	27	15

5 Areas of concern highlighted by Heads of Service

- 5.1 The areas highlighted below have been taken from Service Risk Registers prepared by Heads of Service and reviewed by Directors. New risks are identified in the table
- 5.2 Corporate Board have reviewed the red risks highlighted by Heads of Service and have commented / raised actions where felt appropriate.

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action	Corporate Board review
21	Property	New To achieve quality projects delivered on time. Poor performance of suppliers, economic downturn. Risk of Contractors entering Administration	To have in place framework agreements for suppliers. In addition pre-check other contractors	16	8	Not stated	This is an important risk for the service in terms of service delivery to the client, but it is not a strategic issue.
1.2	ICT	Internet connectivity long term loss circuit failure, ≥ 24 hrs [router failure isp issue]	Strong SLA with Supplier, Highly reliable BT Equipment, Continual Monitoring; Low Bandwidth Resilience	8	8	2nd internet link being installed into WSH	The risk is noted, appropriate action is being taken.
10	Highways & Transport	Highway Maintenance Adverse weather including flooding. Potential major incident; Damaged reputation; Traffic congestion; Damaged highways and	Winter Plan; Flood Plan; Experienced staff; Targeted improvements; Additional capital allocation for 2008/09-2010/11; Highway Duty Officer;	16	9	Although capital funding was increased for the period 2008/09-2010/11 to fund an extensive programme of improvement schemes a significant risk of flooding still exists and will continue to do so whilst the climate change	This issue is already included in the Strategic Risk Register. The Council has reserve risk funding set aside for this issue. Insurers are now offering cover for this sort of issue, and this will be considered.

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action	Corporate Board review
		private property; Increased risk of accidents and injury for staff and public	Proactive traffic management; Government Gant.			issues still prevail. An increase in revenue funded resources is required to ensure optimum levels of drainage maintenance.	Also the Belwin scheme may provide support.
12	Highways & Transport	New Injury to highway users. Death/serious injury; Third Party Claims; Damaged reputation; Financial Loss.	Flexible budgets; Appropriately trained staff; Routine safety inspections; Street care/public reporting; Emergency response team.	12	9	Following the winter conditions of December 2009 and February 2010 the road network suffered considerable damage. Some 2 months later there is still a backlog of outstanding permanent repairs to temporarily plugged potholes. We are still receiving 3rd party claims, Freedom of Information requests and service requests for pothole repairs suggesting that the problem is not yet abating. However the second phase of 'post snow' reports is in progress and with the annual highway improvement programme scheduled to commence in summer 2010, the situation should improve. A Bellwin claim has also been submitted (decision pending). However there still remains a slightly higher risk of incidents on the highway and third party claims and so the risk rating has been increased from Amber to Red.	Corporate Board have asked the relevant Heads of Service (Finance and Highways and Transport) to put in place additional temporary resources in good time in future to handle the additional workload and reduce the likelihood of claims succeeding.

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action	Corporate Board review
4.3	Children's Comm & Quality	Non Delivery of Capital Programme PCP / BSF	New service structure in property Regular meetings Performance monitoring Service level agreement with property	12	9	Put in place remedial measures Retention of project Working protocol with colleagues in property On-going reviews of project progress Appointing additional staff to education assets team	This item is noted and is included in the Strategic Risk Register.
4	Education Services	Potential understaffing as fixed term contract holders seek alternative employment prior to contracts ending leaving teams under pressure	Managers balancing staff between teams and tasks and overseeing accelerated downsizing	9	9	Individual discussions around end of contract plans, seeking alternative posts and redeployment. Further work ongoing on managing expectations of schools/clients and planned redeployment. Working closely with HR	This risk needs to be considered at Strategic level as it is likely to be affecting most parts of the Council and get worse.
14	Education Services	New Efficient and timely delivery of data and information reports	Requests for data and information are limited and prioritised	8	8	Review being undertaken of data requests and processes to ensure most efficient delivery and coordination across teams. It is proposed that a review and potential restructuring of the Education Data Team will assist the process and may at the same time reduce costs.	This is a service related issue
9	Housing & Performance	To manage the ongoing reduction in Supporting People Grant	Re tendering of SP contracts to realise economies of SP core group Inclusion of NI 141 and 142 in	12	9	Agree retraction plan with LD for those services identified as ineligible under the revised grant conditions	Risk score agreed by CD. Review is underway but risks remain high in terms of impact on services to people and to core LD budgets.

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action	Corporate Board review
			LAA Agree joint retraction plan with LD for those services identified as ineligible under the revised grant conditions SP Core Group to oversee development of Strategic Framework to manage impact Strategic review of all services leading to re-tendering of services			Re tendering of SP contracts jointly with Community Services Strategic review of all SP services Re-tendering of services	This is a Strategic issue and needs to be considered as part of a wider review of the financial risks facing the Council (ABG, Formula Funding Capital / Tax Base etc). This will be carried out as part of an update of the risk register for the MTFS.
10	Housing & Performance	Delivery of Supported Living development Programme	Project Board set up to monitor progress - lead officers have been identified to be involved Regular reporting through the TEB will monitor progress against MTFS assumptions Additional resource in place to support System Transformation Programme Board Close working with Members	16	12	Regular reporting through TEB monitoring of SLDP and System Transformation Board	Risk score agreed by CD. This programme encompasses a number of large building developments to be delivered in partnership. Achievement of the programme is also key to the Council's MTFS. There are risks associated with capacity of both the Directorate and the support services (Legal, Finance, HR) to deliver the programme, as well as those inherent risks associated with planning and build projects. This issue will be added to the Strategic Risk Register as a project risk.
A.3	Adults Services	Financial Management	Commitment accounting staffing spreadsheets for	12	9	Robust budget build 10/11 Clear understanding of	Risk score agreed by CD. We hope that this risk can be reduced

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action	Corporate Board review
			Teams Demand Management Resource Panel - challenging requests Monthly monitoring meetings with HOS. Appropriate levels of accountancy support and skills.			demographics and impact on service HOS involvement in budget management Additional Agresso training All budget managers trained to appropriate levels Demand Management measures Budget management a key objective in appraisal	by mitigating activity underway including a monthly monitoring panel with members and the CX and once a substantive Financial Manager is in place for the Directorate (July 2010). This issue will also be picked up in the MTFS risk register.
A.5.1	Adults Services	New Failure to achieve Service Plan objectives; Carers Assessment Response Times	Rigorous performance budget management systems in place Operational management of workload and through put Dedicated carers support	12	8	SLA with Princess Royal Trust Appointment of OP Carers Support Worker with PRT. Additional reviews of carers.	Red rating no longer necessary. On track to achieve – change to amber
B.1	Adults Services	Provision of High quality Services Lack of contract compliance. Failure to predict changes in service demand	Robust contract monitoring. Cessation of contracts if poor service. Demographic modelling	12	8	Appointment of Contracts Manager	Red rating could be reduced now as Contracts Manager has been appointed (May 2010). Change to amber
B.2	Adults Services	Provision of High quality Services. Insufficient service provision in market Care Homes and Dom	Accreditation and commissioning and CSCI closely liaising. Changes in monitoring and enforcement role	12	8	Review of Safeguarding Adults Services and establishment of new service Market development with new providers	Risk rating agreed by CD as market capacity remains problematic

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action	Corporate Board review
		Care not meeting CQC requirements. Changes in CQC role				Robust service specification for contract tendering with external agencies	
13	System Transformation	May fail to realise the efficiency savings commitments made in the MTFS	Clear overall financial framework at Programme level. Project management disciplines for each project. Accountability and monitoring via PPF Board. Finance/accountancy specialist support. Clear methodology in place for measuring and monitoring savings delivery.	12	9	Agree and action finance resources on programme	Risk rating agreed by CD. Capacity to deliver the large scale change – now at an increased pace - may be further compromised by reduced resources as result of CSR. This issue is picked up in the Strategic Risk Register.
15	System Transformation	Higher priority corporate initiatives, or a lack of understanding of the priority of PPF, may impact on support services' ability to support the programme (e.g. Finance, HR, Property, Legal)	HR, Finance and Legal on Board. Strategic corporate support via Board and Comms Plan and capacity. Project planning and governance. Capacity within Grant to fund some additional support.	9	9	Continuing discussions re: budget and roles/responsibilities. Plan for finance and HR support for 2010. Recruitment to Comms role.	Risk rating could be reduced to amber : Legal Services and HR consistently represented at PPF Board. Finance support should be improved once substantive Finance Manager in place (July 2010).

6. Recommendation

- 6.1 Management Board and Governance and Audit Committee should review the issues raised by the Heads of Service in their risk registers and the comments made by Corporate Board and consider whether there is any impact on the Annual Governance Statement or whether any of these issues pose a strategic risk to the Council.

Appendices

Appendix A – Head of Service Assurance Statement
Appendix B - Changes in Red risks 08-09 and 09-10

Consultees

Local Stakeholders: Not consulted
Officers Consulted: Corporate Board
Trade Union: Not consulted

	Assurance Statement forService	
1	<p>Statutory obligations & Local Code of Corporate Governance</p> <p>The Head ofService has identified all principal statutory obligations and these are identified in theService Plan. The Service Plan clearly sets out how the statutory obligations will be delivered. The principles of Corporate Governance outlined in the Council’s Local Code of Corporate Governance have been consistently applied in the delivery ofServices. In particular all managers within the service are aware of and follow the Council’s Contracts Rules of Procedure and Financial Rules of Procedure.</p>	
2	<p>Service Risk Register</p> <p>The Head ofService has identified all risks that may affect the delivery of the service plan objectives. A formal annual review of the risk register was carried out, in conjunction with the Council’s Risk Manager. In addition the Service Management Team reviewed the register each quarter. A copy of the Risk Register is attached</p>	
3	<p>Internal Controls</p> <p>The Head of Service has identified controls that are designed to mitigate the risks identified in 2 above. The Head ofService has assigned responsibility for the effective operation of each control to a nominated officer. The Head ofService has, through the 1.2.1 process, obtained assurance and evidence from each nominated officer that the controls have been tested and are operating effectively.</p>	
4	<p>Control Weaknesses</p> <p>The Head ofService has identified risks that are considered to be significant (Red) and that do not at present have effective controls to mitigate the level of risk. The Head ofService has put in place action plans to provide effective controls going forwards where resources allow.</p> <p>The Head ofService has through 1.2.1’s and the Service Management Team, ensured continuous review of the progress of action plans. Where action plans have fallen behind schedule the Corporate Director has been informed.</p> <p>Where resources are not available to deliver the required controls the Corporate Director has been informed.</p>	
5	<p>Major Projects</p> <p>All projects within the service have been undertaken in accordance with the Council’s approved Project Management Methodology. A risk register and action plan has been prepared for all major projects. The Corporate Board has been kept up to date on all issues relating to the risks to the delivery of each project</p>	

<p>6</p>	<p>Overall Assurance from Head of Service</p> <p>In my opinion the internal control framework of theservice is soundly based. All significant risks to the service objectives have been identified and controls are in place to mitigate those risks. The exceptions to this are listed in the Action plan to the Service Risk Register which also outlines progress towards implementing outstanding controls.</p> <p>Signed byHead of.....Service</p> <p>Date</p>	
<p>7</p>	<p>Corporate Director Review</p> <p>I have reviewed the processes set out above and the Service Risk Register and Action Plan, copy attached, with the Head of on an ongoing basis during the year both at 1.2.1's and at Service Group Management Team meetings.</p> <p>I agree with the opinion of the Head ofService set out in 6 above.</p> <p>Where actions to remedy weaknesses have fallen behind schedule, or resources available to deliver effective controls are inadequate I have drawn this to the attention of Corporate Board and the relevant portfolio holder.</p> <p>Signed byCorporate Director</p> <p>Date.....</p>	
<p>8</p>	<p>Portfolio Holder Review</p> <p>I have reviewed the statements contained above and the copy of the Service Risk Register and Action Plan which is attached.</p> <p>Signed byPortfolio Holder</p> <p>Date</p>	

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
9 08-09	Legal & Electoral	Land Charges	Register being held electronically with backup on a daily basis. Process of electronic capture needs to progress. System to be activated asap. Recruitment of project /technical manager from May 2008 to move project forward.	12	8	Implementation of electronically held records. Total Land Charges System approved by ICT Strategy Board in March 2007. Original operational date 1st June 2007 (to coincide with introduction of HIPS). Delayed due to loss of manager and other staff and delay in introduction of HIPS.
9 09-10	Legal & Electoral	Land Charges	Register being held electronically with backup on a daily basis. Process of electronic capture needs to progress. System to be activated asap. (until such time service is vulnerable). Support from WCC implemented but technical requirements from ICT need to be pursued. Moving to operation of system by 1st June 2010 subject cross checks on data capture and switch to 'live' mode by IDOX	6	4	-Monitoring of output searches by Manager -Review of current data capture status by Team -Progress reports on monthly basis to HoS
8 08-09	Human Resources	IT systems too slow or inadequate for demand; poor productivity leads to staff complaints and customer complaints.	Corporate refresh plan in place	8	8	As a service we need to map and document the IT hardware and software required for each post and provide to IT to build into HR's IT plan.
8 09-10	Human Resources	Systems too slow. Low productivity. Unable to deliver to service standards, especially in recruitment and issue of contractual documentation.	Delivery of corporate ICT not in HOS control.	4	4	Actions completed

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Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
		Customer & staff complaints as standards not met for service delivery. Unable to progress e-learning.				
3 08-09	Human Resources	Vacancy in the post of HR Manager (Recruitment and Information); service delivery affected, especially in longer term recruitment projects.	Monitor impact of vacancy closely. Head of HR to take over management of team in interim. Head of HR to take over management of team on interim	12	8	Make decision about recruitment to post taking into account MVF and savings targets
3 09-10	Human Resources	Loss of key staff with particular skills, experience and knowledge	Ensure that key staff are effectively managed; have an effective total reward package; and opportunities for development. Plan for knowledge transfer for known retirements	4	2	Service Restructured post SMR
1.2 08-09	ICT	Internet connectivity long term loss circuit failure, ≥ 24 hrs [router failure isp issue]	Strong SLA with Supplier, Highly reliable BT Equipment, Continual Monitoring, Strong SLA with Supplier Highly reliable BT Equipment Continual Monitoring	8	8	Reviewing Redstone proposal for resilience
1.2 09-10	ICT	Internet connectivity long term loss circuit failure, ≥ 24 hrs [router failure isp issue]	Strong SLA with Supplier, Highly reliable BT Equipment, Continual Monitoring; Low Bandwidth Resilience	8	8	2nd internet link being installed into WSH
1.9 08-09	ICT	Software failure, security incident; Citrix Secure Gateway or Access Gateway issues; Complete loss of Active Directory, IBM Blade Centre	Active Directory & Domain Controllers replicated to other Domain Controllers. Regular backups; Dual power supplies to blade centres; Key resources have static	8	8	Gary Blackall looking into this on back of Timelord

Appendix B

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
		functionality; hardware failure, configuration error. Hardware SPF	IP addresses			
1.9 09-10	ICT	software failure, security incident; CSG or AG issues; Complete loss of AD, hardware failure, configuration error. Hardware SPF	resilient systems throughout citrix infrastructure	8	4	Actions implemented
1.11 08-09	ICT	Loss of device (theft or otherwise). Inappropriate access by unauthorised third party.	Kensington Locks available to all Encrypted Memory Sticks available to all Enforced passwords /policies on some devices	12	9	Consider encrypting hard disc of mobile PCs Develop user policies and guidance and raise staff awareness of issues
1.11 09-10	ICT	Loss of device (theft or otherwise). Inappropriate access by unauthorised third party.	Kensington Locks available to all Encrypted Memory Sticks available to all Enforced passwords /policies on some devices Timelord 'build' has improved situation Hard disk encryption project almost completed	12	4	Actions implemented
1.15 08-09	ICT	Hardware/software failure	Multiple paths to storage resources in most cases. Monitoring in place. Automatic fail over in place Extensive manual monitoring and maintenance	12	8	Continue manual monitoring/maintenance Replace in 2010
1.15 09-19	ICT	Hardware/software failure	Multiple paths to storage resources in most cases. Monitoring in place Automatic fail over in place Extensive manual monitoring and maintenance	12	4	Actions implemented

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Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
3.7 08-09	ICT	Failure of 3rd party /system / connectivity	Where ICT has been involved in the system procurement, the capability of the provider to provide a 24/7 system has been assessed and proactively managed.	12	8	Develop RACIs for each system (List separately as sub items)
3.7 09-10	ICT	Failure of 3rd party/system/connectivity	Where ICT has been involved in the system procurement, the capability of the provider to provide a 24/7 system has been assessed and proactively managed. May be necessary to get Supplier buy on a RACI as part of procurement process.	9	5	Actions implemented
3.8 08-09	ICT	Implementation of a Change causes system outage	Change awareness group implemented. Change advisory board implemented.	12	8	Consider implementing forward schedule of change
3.8 09-10	ICT	Implementation of a Change causes system outage	Change awareness group implemented. Change advisory board implemented. Robust/Formal test processes introduced	12	6	Actions implemented
4.5 08-09	ICT	Inability to keep pace with demand for upgrades Procedure too rigid/inflexible No in-house skills for delivery	Zane!	12	12	Review Process/Resourcing
4.5 09-10	ICT	Inability to keep pace with demand for upgrades Procedure too rigid/inflexible No inhouse skills for delivery	Need to develop in-house skills. Alternative temporary solutions developed to lessen immediate impact	9	6	Actions implemented
5.2	ICT	Partial /Total Loss of Power	Emergency generator installed UPSs in use in critical areas	12	9	Continue to monitor local risks as part of Business Continuity Planning

Appendix B

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
08-09			Remote access facilities available (if Computer Room still operable)			Implement additional controls where available
5.2 09-10	ICT	Partial /Total Loss of Power leading to Data Centre overheating	Emergency generator installed UPSs in use in critical areas Standby mobile air-conditioning units in place Remote access facilities available (if Computer Room still operable)	12	6	Actions implemented
8 08-09	Highways & Transport	Highway Maintenance Insufficient funding to meet objective.	Flexible works programmes and budgets, although highway maintenance spend is considerably less than the average UA.	16	9	Despite a good VFM rating, further investment in the highway network is still required if road conditions and satisfaction targets are to be met.
8 09-10	Highways & Transport	Highway Maintenance Insufficient funding to meet objective.	Flexible works programmes and budgets, although highway maintenance spend is considerably less than the average UA. Capital increase for 2009/10 will help.	16	6	Actions completed
10 08-09	Highways & Transport	Highway Maintenance Adverse weather including flooding.	Experienced staff; Targeted improvements; Increased capital budget in 2008/09; Winter Plan; Flood Plan; Highway Duty Officer; Proactive Traffic Management.	16	9	Although capital funding was increased in 2008/09 to fund an extensive programme of improvement schemes a high risk of flooding still exists and will continue to do so whilst the climate change issues still prevail. An increase in revenue funded resources is required to ensure optimum levels of drainage maintenance. This will help reducing insurance claims
10 09-10	Highways & Transport	Highway Maintenance Adverse weather including flooding. Potential major incident;	Winter Plan; Flood Plan; Experienced staff; Targeted improvements;	16	9	Although capital funding was increased for the period 2008/09-2010/11 to fund an extensive programme of improvement schemes a significant risk of flooding still

Appendix B

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
		Damaged reputation; Traffic congestion; Damaged highways and private property; Increased risk of accidents and injury for staff and public	Additional capital allocation for 2008/09-2010/11; Highway Duty Officer; Proactive traffic management; Government Gant.			exists and will continue to do so whilst the climate change issues still prevail. An increase in revenue funded resources is required to ensure optimum levels of drainage maintenance.
4.1 08-09	Children's Comm & Quality	Economic recession	Good Management Maximising external funding	9	9	Stringent budget monitoring Potential renegotiation of targets Maximise working with partnerships
4.1 09-10	Children's Comm & Quality	Economic recession	Budget Process Management external funding	9	9	Stringent budget monitoring Potential renegotiation of targets Maximise working with partnerships Including reviewing contractual relationships
4.3 08-09	Children's Comm & Quality	Non Delivery of Capital Programme PCP / BSF	New service structure in property Regular meetings Performance monitoring Service level agreement with property	12	9	Put in place remedial measures Retention of project Working protocol with colleagues in property
4.3 09-10	Children's Comm & Quality	Non Delivery of Capital Programme PCP / BSF	New service structure in property Regular meetings Performance monitoring Service level agreement with property	12	9	Put in place remedial measures Retention of project Working protocol with colleagues in property On-going reviews of project progress Appointing additional staff to education assets team
4 08-09	Education Services	The recruitment process presents a risk to ensuring sufficient staffing to cover all tasks	Managers balancing staff and tasks	9	9	Flag recruitment problems as early as possible

Appendix B

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
4 09-10	Education Services	Potential understaffing as fixed term contract holders seek alternative employment prior to contracts ending leaving teams under pressure	Managers balancing staff between teams and tasks and overseeing accelerated downsizing	9	9	Individual discussions around end of contract plans, seeking alternative posts and redeployment. Further work ongoing on managing expectations of schools/clients and planned redeployment. Working closely with HR
11 08-09	Education Services	Will not remove 4 secondary schools from Persistent Absence list if parents not committed to improving attendance and LA cannot deploy sufficient staff	Attendance monitoring. Active and proportional staff deployment plan. National Strategies monitoring.	12	9	Review deployment of resources
11 09-10	Education Services	Removal of 3 secondary schools from Persistent Absence list	Attendance monitoring. Active and proportional staff deployment plan. National Strategies monitoring.	12	6	Actions completed
17 08-09	Education Services	Recruitment of head teachers at risk as unable to fill vacancies with good calibre candidates	Leadership training; coaching; succession planning with heads to enable internal recruitment.	12	9	Increase federative working between schools
17 09-10	Education Services	Recruitment of head teachers at risk as unable to fill vacancies with good calibre candidates	Leadership training, coaching, succession planning with heads to enable internal recruitment.	12	6	Actions completed
CS 1 08-09	Cultural Services	Permanent closure of a public facility caused by the failure of the structure, or the mechanical and electrical plant and equipment, of the outdoor swimming pool at	Comprehensive condition survey and options analysis has now been produced and will be considered by Executive later this year.	12	12	Essential maintenance works for 2009 summer season completed. Pool opening on schedule on Whit Bank Holiday weekend. Daily monitoring of pool water standards to be undertaken as part of

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
		Northcroft Leisure Centre.				Parkwood contract. Weekly visits by client monitoring team.
CS1 09-10	Cultural Services	Permanent closure of a public facility caused by the failure of the structure, or the mechanical and electrical plant and equipment, of the outdoor swimming pool at Northcroft Leisure Centre.	Pool has opened successfully for the 2009 summer season. Options from the 2008 feasibility study will be incorporated into a Cultural Services Asset Strategy and Asset Management Plan that will be considered by WBC before the 2010 summer season	12	3	Action Completed
9 08-09	Housing & Performance	To manage the ongoing reduction in Supporting People Grant	Re tendering of Supporting People contracts to realise economies of Supporting People core group Inclusion of NI 141 and 142 in LAA Agree joint retraction plan with LD for those services identified as ineligible under the revised grant conditions supporting People Core Group to oversee development of Strategic Framework to manage impact Strategic review of all services leading to re-tendering of services	12	9	Agree retraction plan with LD for those services identified as ineligible under the revised grant conditions Re tendering of SP contracts jointly with Community Services Strategic review of all SP services Re-tendering of services
9 09-10	Housing & Performance	To manage the ongoing reduction in Supporting People Grant	Re tendering of SP contracts to realise economies of SP core group Inclusion of NI 141 and 142 in LAA Agree joint retraction plan with LD for those services identified as ineligible under the revised grant conditions SP Core Group to oversee development of Strategic Framework to manage impact Strategic review of all services leading to re-tendering of services	12	9	Agree retraction plan with LD for those services identified as ineligible under the revised grant conditions Re tendering of SP contracts jointly with Community Services Strategic review of all SP services Re-tendering of services

Appendix B

Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
10 08-09	Housing & Performance	Delivery of Supported Living development Programme	Project Board set up to monitor progress - lead officers have been identified to be involved Regular reporting through the TEB will monitor progress against MTFS assumptions Additional resource in place to support System Transformation Programme Board Close working with Members	16	12	Regular reporting through TEB monitoring of SLDP and System Transformation Board
10 09-10	Housing & Performance	Delivery of Supported Living development Programme	Project Board set up to monitor progress - lead officers have been identified to be involved Regular reporting through the TEB will monitor progress against MTFS assumptions Additional resource in place to support System Transformation Programme Board Close working with Members	16	12	Regular reporting through TEB monitoring of SLDP and System Transformation Board
A 1.1 08-09	Older People Services	Recruitment and retention	Use of agency & Locum Flexible working Recruitment process	12	8	Appropriate advertising Delegated recruitment budgets to provide services with autonomy HR SLA to ensure streamlined process Career pathways – equal access for all staff New recruitment initiative supported by HR
A 1.1 09-10	Older People Services	Recruitment and retention	Current economic climate Recruitment of casual staff lose links with HR	12	4	Actions implemented plus changed economic circumstances

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Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
			Use of Locum & Agencies. New recruitment initiatives. Career pathways.			
A.3 08-09	Older People Services	Financial Management	Joint strategic planning with NHS Resource Panel Accountancy Support Monthly budget meetings with HOS Income generation – fees and charges	12	9	Robust budget build Clear understanding of demographics and impact on services HOS involvement with budget management All budget managers trained to appropriate levels Budget management a key objective in appraisal
A.3 09-10	Adults Services	Financial Management	Commitment accounting staffing spreadsheets for Teams Demand Management Resource Panel - challenging requests Monthly monitoring meetings with HOS. Appropriate levels of accountancy support and skills.	12	9	Robust budget build 10/11 Clear understanding of demographics and impact on service HOS involvement in budget management Additional Agresso training All budget managers trained to appropriate levels Demand Management measures Budget management a key objective in appraisal
B.1 08-09	Older People Services	Commissioning of High Quality Services	Contracting monitoring Accreditation and Monitoring Team Local Authority Market Analysis data from Care Quality Commission	12	8	Appointment of Contracts Manager Review of Safeguarding Adults Services and establishment of new service Market development with new providers Robust service specification for contract tendering with external agencies
B.1	Adults Services	Provision of High quality Services Lack of contract compliance. Failure to predict changes in	Robust contract monitoring. Cessation of contracts if poor service. Demographic modelling	12	8	Appointment of Contracts Manager Review of Safeguarding Adults Services and establishment of new service

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Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gros risk Score	Net Risk Score	Required Controls or Action
09-10		service demand				Market development with new providers Robust service specification for contract tendering with external agencies
B.2 08-09	Older People Services	Provision of High quality Services	Implementation of absence management procedures Recruitment initiatives Options appraisal for development of Home Care Services being drafted	12	8	Targets to reduce agency usage in care homes Lead manager to monitor and implement absence management – home care Locality working to reduce travel time – Home Care Implement preferred option for Home Care Service development.
B.2 09-10	Adults Services	Provision of High quality Services. Insufficient service provision in market Care Homes and Dom Care not meeting CQC requirements. Changes in CQC role	Accreditation and commissioning and CSCI closely liaising. Changes in monitoring and enforcement role	12	8	Review of Safeguarding Adults Services and establishment of new service Market development with new providers Robust service specification for contract tendering with external agencies
1 08-09	System Transformation	Insufficient skills or capacity to deliver programme or projects within it	Programme governance, management and outline plan in place. Project governance and management in place for 1st wave projects. PMs trained or booked on training. Social Care Reform Grant prioritised on PM capacity. Recruitment in progress. Paths for escalation of issues established.	12	9	PM recruitment to complete (2 of 3 appointed). Ongoing peer support for PMs. Project estimates of other resources required - to be progressed with project managers. Consider backfill from SCR Grant.
1 09-10		We may have insufficient skills or capacity to deliver the programme or projects within it.	Programme governance. Programme management. Project governance. Project management. Funding of capacity via Social Care Reform Grant. Project	6	3	Action implemented

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Risk Register ref	Service	Area of Concern/ Risk Scenario	Existing Controls	Gross risk Score	Net Risk Score	Required Controls or Action
			estimates of other resources required. Paths for escalation of issues.			
13 08-09	System Transformation	May fail to realise the efficiency savings commitments made in the MTFS	Collective responsibility in ToR for Board. Process of sign-off for project business cases in place.	12	9	Completion of entire financial framework for Programme (bringing in and clarifying. Preparing for the Future projects). Completion of business case and brief for all projects delivering MTFS savings. Signoff of all project modelling by finance, and an agreed method for measuring savings delivery. Project managers embed in project planning/delivery.
13 09-10	System Transformation	May fail to realise the efficiency savings commitments made in the MTFS	Clear overall financial framework at Programme level. Project management disciplines for each project. Accountability and monitoring via PPF Board. Finance/accountancy specialist support. Clear methodology in place for measuring and monitoring savings delivery.	12	9	Agree and action finance resources on programme
15 08-09	System Transformation	Higher priority corporate initiatives, or a lack of understanding of the priority of PPF, may impact on support services' ability to support the programme (e.g. Finance, HR, Property, Legal)	Strategic support via Board and Communication and Engagement Plan. Projects via appropriate governance and signoff of project plans. Escalation of issues through Programme Sponsor to Corporate Board.	9	6	
15 09-10	System Transformation	Higher priority corporate initiatives, or a lack of understanding of the priority of PPF, may impact on support services' ability to support the programme (e.g. Finance, HR, Property, Legal)	HR, Finance and Legal on Board. Strategic corporate support via Board and Comms Plan and capacity. Project planning and governance. Capacity within Grant to fund some additional support.	9	9	Continuing discussions re: budget and roles/responsibilities. Plan for finance and HR support for 2010. Recruitment to Comms role.

Title of Report:	Annual Governance Statement - Statement in Support by the Monitoring Officer
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28 June 2010
Forward Plan Ref:	GAC1988

Purpose of Report: To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Monitoring Officer.

Recommended Action: To note the report.

Reason for decision to be taken: In accordance with CIPFA Guidance and current policy of the Council.

Key background documentation:

- Reports to Standards Committee on the review of ethics and probity during 2008/2009.
- Action plans relating to risk
- Update to the constitution

The proposals will also help achieve the following Council Plan Theme:
X CPT16 - Excellent Performance Management

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:
 Reviewing and providing assurance on the effectiveness of the Council's governance and other arrangements which may impact on the Annual Governance Statement

Contact Officer Details	
Name:	David Holling
Job Title:	Head of Legal & Electoral Services/ Monitoring Officer
Tel. No.:	01635 519422
E-mail Address:	dholling@westberks.gov.uk

Implications

- Policy:** Established as part of CIPFA guidance and reporting arrangements adopted by Council in connection with the Annual Governance Statement.
- Financial:** No financial implication associated with this report
- Personnel:** N/a
- Legal:** In accordance with the provisions of the Local Government Acts 1972 and 2000 and the Local Government and Housing Act 1985 together with any amendments thereto. In addition the Local Government & Public Involvement in Health Act 2007 is applicable.
- Risk Management:** Insofar as is possible any risks have been assessed in accordance with the Risk Strategy

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
<p>If not subject to call-in please put a cross in the appropriate box (double-click on the box & click next to 'checked'):</p>		
The item is due to be referred to Council for final approval		
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by OSC or associated Task Groups within preceding 6 months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 As part of the Annual Governance statement, CIPFA guidance recommends that the S151 and Monitoring Officers give assurance that the Council's systems and procedures for which they have responsibility regarding internal controls are effective and being complied with. The Monitoring Officer looks at the legality of actions by bodies within the Council as part of duties under Section 5 of the Local Government and Housing Act 1989 (the 1989 Act)

2. Proposals

- 2.1 Throughout the year the Committee is referred to amendments to the Council's constitution and its rules of procedures where amendment is necessary. This ensures that administrative processes remain effective, efficient and pertinent.
- 2.2 Ethics and matters of probity are covered by Standards Committee. The development the complaints regime as regards complaints about District and Parish Members has been reviewed.
- 2.3 Reviews of risk registers have been carried out by the Monitoring Officer and S151 Officer in their roles as members of the Council's Corporate Board. In addition, liabilities likely to impact upon the Council's operations from a legal perspective where appropriate have been identified.

3. Conclusion

- 3.1 The Monitoring Officer's view of the Council's governance arrangements are that they are robust and effective. There has been no necessity to report formally to Council under Section 5 of the 1989 Act. Ethical matters are managed by the Standards Committee. The report is to be noted.

Supporting Information

1. Background

- 1.1 As part of the Annual Governance Statement, CIPFA guidance recommends that the Monitoring Officer and Section 151 Officer provide "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". In essence this requires the Monitoring Officer, as the Officer charged with ensuring that the Council, and every part of it, acts legally and is not acting in a manner thought to constitute maladministration or injustice. In addition, the Chief Financial Officer/S151 Officer similarly ensures that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.
- 1.2 This report reviews the Annual Governance Statement and its requirements, in particular relating to ethical and probity matters, any changes to the Constitution regarding regulation and guidance, together with an assessment of risks and liabilities.

2. The Role of the Monitoring Officer

- 2.1 Section 5 of the Local Government and Housing Act 1989 requires the Monitoring Officer to prepare a formal report to full Council where it appears that the Council, a committee or an Officer has acted or is likely to act illegally, or in a manner such as to constitute maladministration or injustice. The Monitoring Officer's role in essence is to ensure the legality of local governance arrangements based upon statutory requirements and guidance from Government and other outside bodies. As mentioned above, this role complements that of the Section 151 Officer and the Head of Paid Service (the Chief Executive) whose roles are also established by statute. The Monitoring Officer is part of the Council's Corporate Board and attends meetings of the Finance and Governance Group which looks at use of resources and has taken on the role of reviewing the constitution.
- 2.2 The formal report process under Section 5 is one which should be approached with extreme caution and should not be undertaken lightly. If such action is proposed it is generally the view that outside advice from Counsel should be sought by the Monitoring Officer. During 2009/10 there have been no reports or investigations necessary which fall within the requirements of Section 5 of the 1989 Act.
- 2.3 The Monitoring Officer's advice has been sought in connection with a number of day-to-day administrative matters and in particular advice in connection with the Code of Conduct for Members and Officers. Training has been provided for Members and Officers on the Council's Code of Conduct and Officer Code. In addition there have been sessions arranged for Town and Parish Councils.

3. Robustness of corporate governance arrangements

- 3.1 As Members will be aware, this Committee considers reports throughout the year regarding certain amendments which have been required in connection with changes to the Constitution. The most significant review in 2009/10 related to the

Contract Rules of Procedure changed here were required as a result of the changes to the EU Procurement Directive.

- 3.2 These changes ensure that the Council's administration of procurement remains efficient.

4. Ethics & Probity

- 4.1 As in previous years, ethics and probity matters were considered by the Council's Standards Committee. Training sessions for Members of West Berkshire Council and Parish and Town Councils have been held in order that the Council fulfilled its role as "Responsible Authority" under the Local Government Act 2000.

- 4.2 Whilst there were complaints and references to the Standards Committee throughout 2009/10 none of them required full investigation either by an Ethical Standards Officer on behalf of standards for England or by reference to an Adjudication Panel.

- 4.3 There has been a rise in complaints as a result of the introduction of the new regime. The Council's website provides a complaints form which is initially referred to an Assessment Sub-Committee. It determines if there is any breach of the Code and if so can refer matters for investigation by the Monitoring Officer or his representative or take no further action. If an investigator is appointed the individual reports back to a separate Hearing Sub-Committee to determine the matter. The expertise is developing and a review of practice has occurred through the year.

5. Implementation of Action Plans from Strategic Risk Register

- 5.1 All strategic risks were placed on a risk register and reviewed by Corporate Board and Management Board on a quarterly basis throughout the year. They were then referred to the Governance & Audit Committee. All major risks were considered by individuals groups of Officers dealing with particular projects and actions arising from the "red risks" on service risk registers have been reviewed to ensure that the council's risks items are considered at the highest level. Both the Monitoring Officer and S151 Officer sit on the Corporate Board and attend Management Board.

- 5.2 Governance arrangements in respect of partnerships have been reviewed during the year and Officer Groups have looked at risk registers for the local strategic partnership and its sub-groups.

6. Potential Liabilities

- 6.1 Whilst there have been cases considered by various courts during the year, none of these were of significance to warrant particular risks being identified. There have been major cases in the Crown Court and judicial reviews of certain decisions. These cases will be closely monitored by Legal staff and where appropriate referred to the relevant Risk Register.

7. Conclusion

- 7.1 Overall it is the Monitoring Officer's assessment that the Council's governance arrangements are robust and effective. Due to regular reviews of legislation, from Government which are covered off either by Governance and Audit Committee or

the Standards Committee, the Constitution and its associated rules are pertinent and up to date. There have been no formal reports required by either the Monitoring Officer or S151 Officer to Council under the relevant legislation. Ethical matters relating to probity are being managed on a day to day basis by the Monitoring Officer and the Standards Committee. The Risk Register does not highlight any specific legal or procedural matters which require investigation.

Appendices

There are no appendices to this report.

Consultation Responses

Local Stakeholders: N/a
Officers Consulted: Andy Day, Ian Priestley, Andy Walker
Trade Union: N/a

Title of Report:	Annual Governance Statement - Statement in Support by the Section 151 Officer
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28 June 2010
Forward Plan Ref:	GAC1989

Purpose of Report: To provide evidence and independent verification of governance matters which may impact on the Annual Governance Statement from the viewpoint of the Section 151 Officer.

Recommended Action: To note the report.

Reason for decision to be taken: In accordance with CIPFA Guidance and current policy of the Council.

Other options considered:

Key background documentation: Action plans relating to risk.

The proposals will also help achieve the following Council Plan Theme:	
<input checked="" type="checkbox"/>	CPT16 - Excellent Performance Management
The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by: Reviewing and providing assurance on the effectiveness of the Council's governance and other arrangements which may impact on the Annual Governance Statement.	

Contact Officer Details	
Name:	Andy Walker
Job Title:	Head of Finance / Section 151 Officer
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E-mail Address:	awalker@westberks.gov.uk

Implications

- Policy:** Established as part of CIPFA guidance and reporting arrangements adopted by Council in connection with the Annual Governance Statement.
- Financial:** No financial implication associated with this report.
- Personnel:** N/A
- Legal/Procurement:** In accordance with the provisions of the Local Government Acts 1972 and 2000 and the Local Government and Housing Act 1985 together with any amendments thereto.
- Property:**
- Risk Management:** Insofar as is possible any risks have been assessed in accordance with the Risk Strategy.
- Equalities Impact Assessment:**
- Corporate Board's Recommendation:**

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 As part of the Annual Governance Statement, CIPFA guidance recommends that the Section 151 Officer provides "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". The Chief Financial Officer/ s151 Officer is to ensure that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.

2. Proposals

- 2.1 The definitive Statement on the Role of the Finance Director in Local Government is set out in a CIPFA publication of 2003. This identifies 5 key roles:

- Maintaining strong financial management underpinned by effective financial controls;
- Contributing to corporate management and leadership;
- Supporting and advising democratically elected representatives;
- Supporting and advising officers in their operational roles; and
- Leading and managing an effective and responsive financial service.

- 2.2 The s151 Officer is required to report to all the local authority's Members, in consultation with the Head of Paid Service and the Monitoring Officer if there is, or there is likely to be, unlawful expenditure or an unbalanced budget. Such a report known as a Section 114 report derives from the Local Government Finance Act 1998 as updated by the 2000 Act and Members of the Council are required to have regard to the s151 Officer's advice. Not to do so would be a breach of the Code of Conduct for Members which is enforceable by the Standards Board for England. Specified and explicit provision is now included in the Revised Code.

3. Conclusion

- 3.1 Overall it is the s151 Officer's assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the s151 Officer to Council under the relevant legislation. The report is to be noted.

Supporting Information

1. Background

- 1.1 As part of the Annual Governance Statement, CIPFA guidance recommends that the Section 151 Officer provides "a key source of assurance that the Council's systems and procedures of internal control which are in operation are effective, efficient and being complied with". The Chief Financial Officer/ s151 Officer is to ensure that all parts of the Council act in accordance with the budgetary and policy requirements in connection with the setting of the budget and financial administration standards within the Council.

2. Role of the Section 151 Officer

- 2.1 The definitive Statement on the Role of the Finance Director in Local Government is set out in a CIPFA publication of 2003. This identifies 5 key roles:
- Maintaining strong financial management underpinned by effective financial controls;
 - Contributing to corporate management and leadership;
 - Supporting and advising democratically elected representatives;
 - Supporting and advising officers in their operational roles; and
 - Leading and managing an effective and responsive financial service.
- 2.2 The s151 Officer is required to report to all the local authority's Members, in consultation with the Head of Paid Service and the Monitoring Officer if there is, or there is likely to be, unlawful expenditure or an unbalanced budget. Such a report known as a Section 114 report derives from the Local Government Finance Act 1998 as updated by the 2000 Act and Members of the Council are required to have regard to the s151 Officer's advice. Not to do so would be a breach of the Code of Conduct for Members which is enforceable by the Standards Board for England. Specified and explicit provision is now included in the Revised Code.
- 2.3 Each year the s151 Officer reports as part of the budget decision making process his opinion on the adequacy of reserves and robustness of the budget estimates.
- 2.4 The s151 Officer is consulted about a wide range of discretions under the Council's constitution, in particular exemptions to standing orders and contract rules of procedures. The s151 Officer maintains a file of all such exemptions given and discretions sought and granted. From a legal perspective the Monitoring Officer is also involved in certain decisions and records such involvement.
- 2.5 Throughout the year expenditure monitoring ensures that any budget overspends or income shortfalls are identified and corrective measures can be put in place to ensure that the overall council revenue budget keeps within the policy and budgetary framework agreed at the annual budget setting process. In 2009/10 the out-turn has delivered an underspend against the budget which had been previously been forecast to overspend for most of the budget reporting periods. However, this improved position is within reasonable tolerance limits in terms of swing.

- 2.6 All Executive or other decision making body reports have clearly set out financial recommendations. It is the responsibility of the s151 Officer to ensure that the financial implications of all such decisions are adequately considered and that recommendations are based upon prudent financial advice. The s151 Officer is a member of Corporate Board and involved in all significant resource decisions of the authority.
- 2.7 The Council has a Medium Term Financial Strategy in place and has set up a Transformation and Efficiency Programme to assist the delivery of the Strategy. During the year the Council maintained its Use of Resources assessment at an improved 3 score which was a very good result when a new harder test was being applied for this year. There is also a Finance and Governance Group of Officers whose membership includes both the s151 Officer and Monitoring Officer overseeing and monitoring all aspects of financial governance and escalating where necessary any issues that need Corporate Board action and support.
- 2.8 There has been no necessity to implement the Section 114 process during 2007/08 and the s151 Officer confirms the robustness of the financial and budgetary frameworks.

3. Conclusion

- 3.1 Overall it is the s151 Officer's assessment that all parts of the Council acts in accordance with the budgetary and policy requirements in connection with the setting of the budget and meets financial administration standards as set out in legislation. There have been no formal reports required by the s151 Officer to Council under the relevant legislation.

Appendices

There are no Appendices to this report.

Consultees

Local Stakeholders: N/A
Officers Consulted: Ian Priestley and David Holling
Trade Union: N/A

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Agenda Item 10.

Title of Report:	Annual Governance Statement
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28 June 2010
Forward Plan Ref:	GAC1990

Purpose of Report: To present the Annual Governance Statement for the Council for the year 2009-10.

Recommended Action: To review the Annual Governance Statement

Reason for decision to be taken: To allow the Chief Executive and Leader of the Council to sign the Annual Governance Statement

Other options considered: None

Key background documentation: None

The proposals will also help achieve the following Council Plan Themes:

- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Ensuring the Council has strong and effective governance arrangements

Portfolio Member Details	
Name & Telephone No.:	Councillor Anthony Stansfeld - Tel (01488) 658238
E-mail Address:	astansfeld@westberks.gov.uk
Date Portfolio Member agreed report:	17 June 2010

Contact Officer Details	
Name:	Ian Priestley
Job Title:	Assurance Manager
Tel. No.:	01635 519253
E-mail Address:	ipriestley@westberks.gov.uk

Implications

Policy: none
Financial: none
Personnel: none
Legal/Procurement: none
Property: none
Risk Management: none
Equalities Impact Assessment: not required
Corporate Board's Recommendation: to be completed after the Corporate Board meeting

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 This report sets out the Annual Governance Statement of the Council for year 2009-10

2. Proposals

- 2.1 The Council needs to continue to build on the work undertaken in 2009-10 in respect to Health and Safety and Partnership Risk.

3. Conclusion

- 3.1 The Council's internal control framework is robust.
- 3.2 The Annual Governance Statement for 2008-09 outlined two areas where action was required. These were:
 - (1) Partnerships
 - (2) Health and Safety
- 3.3 In both the above cases a number of initiatives have been undertaken in 2009-10 to move these issues forwards.

Executive Report

1. Introduction

- 1.1 The purpose of this report is to outline the purpose of the Annual Governance Statement (AGS) and explain how the necessary assurance to support the AGS has been obtained. This will enable the Committee to make an informed judgement as to the effectiveness of the process that the Council has followed in conducting the annual review of the system of internal control within the Council.

2. Purpose of the AGS

- 2.1 The AGS is designed to provide stakeholders of the Council with assurance that the Council has operated within the law and that the Council has met the requirements of the Accounts and Audit Regulations 2003:

“The Council shall conduct a review at least once in a year of the effectiveness of its system of internal control”.

A copy of the AGS for 2009-10 is attached to this report for review, at Appendix A.

- 2.2 The approach taken by the Council to carrying out the review of the system of internal control was set out in the report to Corporate Board in December 05. This report identified the sources of assurance that underpin the review. These are:

- The Risk Management framework of the Council
- Head of Service Assurance Statements and service risk registers
- The “Head of Internal Audit” annual report
- The Monitoring Officer’s annual report
- The s151 Officer’s annual report

This evidence provides the assurance that enables the Leader and Chief Executive to sign the AGS with confidence.

- 2.3 The Annual Governance Statement was prepared by the Finance and Governance Group and reviewed by Corporate Board.

3 Role of Governance and Audit Committee re the AGS for 2009-10

- 3.1 A key function of the Governance and Audit Committee is to review and approve the AGS for 09-10 prior to it being signed off by the Chief Executive and Leader of the Council.
- 3.2 In order to be able to review the AGS the Committee needs to examine the evidence, noted in 2.2 above, that supports the AGS.

Appendices

Appendix A – Annual Governance Statement

Consultees

Local Stakeholders: Not consulted

Officers Consulted: Corporate Board

Trade Union: Not consulted

Annual Governance Statement for the year 2009-2010

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 regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

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 2010 and up to the date of approval of the annual report and statement of accounts.

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 vision of its purpose and intended outcomes for citizens and service users
- reviewing West Berkshire Council's vision 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 objectives and ensuring that they represent the best use of resources
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- reviewing and updating the Constitution including 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
- the Governance and Audit 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
- whistle-blowing and for receiving and investigating complaints from the public
- identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in West Berkshire Council's overall governance arrangements.

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

- The work of the Finance and Governance Group
- The work of the Risk Strategy Group and the Risk Management framework.
- The annual assurance statements produced by all Heads of Service
- The work of the Governance and Audit Committee
- The work of the Standards Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Commission.

4.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance and Audit 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 2008-09

5.1 The following is an outline of the significant governance issues that were identified in the 2008-09 AGS.

- Further work is required to embed risk management within Partnership working
- The governance of Health and Safety needs to be strengthened.

5.2 The following measures were implemented during 2009-10:

- The Risk and Insurance Manager and Partnerships Manager reviewed the work undertaken by key Partners to set up and maintain risk registers.
- The Health and Safety Strategy was reviewed and approved and the role of “Responsible Person” was developed for each Council building, with a toolkit and training, to promote effective management of, and accountability for, Health and Safety risk.

6 Significant Governance Issues identified in 2009-10

6.1 The following is an outline of the significant governance issues that have been identified in preparing the 2009-10 AGS

- Further work remains to be done on the governance of Health and Safety.
- Work needs to be done to tighten the management of sensitive information

6.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps

will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

- The reporting arrangements from Responsible Persons will be embedded and improvements made to the risk assessment process and incident investigation process. Quarterly monitoring reports will be provided to Corporate Board.
- Improved procedures will be implemented and mandatory training will be put in place to ensure staff are aware of the issues. Quarterly monitoring reports will be made to Corporate Board.

Signed:

Nick Carter – Chief Executive

Graham Jones – Leader of the Council

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Title of Report:	Strategic Risk Register April 2010
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	28 June 2010
Forward Plan Ref:	GAC1985

Purpose of Report: To update the Committee on the Council's Strategic Risks.

Recommended Action: To comment on the work being done to manage the risks to the Council.

Reason for decision to be taken: To ensure that the Council's Risk Management Framework remains robust

Other options considered: None

Key background documentation: None

The proposals will also help achieve the following Council Plan Themes:

- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Improving the Governance of the Council

Portfolio Member Details	
Name & Telephone No.:	Councillor Anthony Stansfeld - Tel (01488) 658238
E-mail Address:	astansfeld@westberks.gov.uk
Date Portfolio Member agreed report:	

Contact Officer Details	
Name:	Ian Priestley
Job Title:	Assurance Manager
Tel. No.:	01635 519253
E-mail Address:	ipriestley@westberks.gov.uk

Implications

Policy:	none
Financial:	none
Personnel:	none
Legal/Procurement:	none
Property:	none
Risk Management:	The report highlights a number of changes to the strategic risks facing the Council
Equalities Impact Assessment:	none
Corporate Board's Recommendation:	Corporate Board have amended the Strategic Risk Register and their comments are summarised in the report. Corporate Board recommend that the Action Plan for the Strategic Risk Register should be included as an item for information on all future Management Board Agend's

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	

Executive Summary

1. Introduction

- 1.1. This report sets out the strategic risks facing the Council. The report highlights the changes made by Corporate Board to the register and includes an outline of the reasons for the changes that have been made

2. Proposals

- 2.1. Management Board are asked to consider the implications / vulnerabilities of the revised Strategic Risk Register and consider whether there are any amendments, additions or deletions that they wish to make.
- 2.2. Management Board should note that each risk has been assigned owners, a senior officer and a Portfolio Holder. Portfolio Holders should therefore give particular consideration to those risks that they own. (Appendix A)
- 2.3. Management Board should focus on risks where the net score is red (Action Plan appendix B) and consider whether the proposed actions are adequate. The intention is that in future Management Board will receive an update on the action plan at each meeting. A copy of the update is at Appendix E.
- 2.4. To assist the process of evaluating risk the Council has a "Risk Appetite". This is set out in appendix D. Management Board may wish to review the register in the light of the Risk Appetite.
- 2.5. Management Board are also asked to consider and review those risks where the gross risk score is 12 or more and net risk score 6 or less. Corporate Board and the risk owners have been asked to give some attention to reviewing controls in place for these risks and obtain assurance that these are working. Control failure on one of these risks would have significant implications for the Council. (Appendix C)
- 2.6. A copy of the Strategic Risk Register will be discussed with the Governance and Audit Committee. The aim of this will be to demonstrate to the Committee that the Council has a robust process in place to the management of risk.

3. Conclusion

- 3.1. The Council's Risk Management framework is robust.

Executive Report

1. Background

1.1. The Council's Risk Management Strategy requires a quarterly review of the Council's Strategic Risk Register (SRR) by Corporate Board. This report provides an updated SRR, based on the last review by Corporate Board. The Strategic Risk Register will be reviewed annually with Management Board.

2. Strategic Risk Register 2010 / 2011

2.1. The SRR for 2010 / 2011 has been revised and is attached as appendix A.

2.2. A number of risks have been amended and added in this quarter. The main changes are summarised below.

ref	risk	Change (net)	Corporate Board view as at 13 th April 2010
1.2	Increased demand for Council services	Reduced	The expected increase in demand for Council services, such as benefits seems to have stabilised at a manageable level.
1.3	Voluntary Organisations closing	New risk	With the recession there is a concern that VOs may struggle to remain operating. Initial indications are that the risk is low, but this will need to be monitored
1.4	Cuts in wider public sector funding	New risk	Post the election there are likely to be significant cuts. The Council has effective processes for responding to any such cuts, however, if the cuts are severe then it will be difficult to manage the impact of the cuts.
1.5	Reduced income for the Council	New risk	The recession is impacting on income generation across a number of services, eg Planning fees and car parking. This is likely to cause budget pressure. The MTFs and the TEB process will help to minimise the impact.
1.7	Increasing levels of crime in the district	New risk	The district has suffered increased levels of crime, from a very low base. This appears to have been managed through effective responses from the various agencies, and crime levels are now falling. This issue will need to continue to be monitored.
1.9	Flu Pandemic	Reduced	The imminent risk of a flu pandemic does not seem to have materialised. Clearly the risk remains and the Council has effective systems in place to minimise the impact.
1.15	Change of Government	New risk	The probability of significant change post the coming general election appears to be high. The

ref	risk	Change (net)	Corporate Board view as at 13 th April 2010
	Policy		Council has effective controls in place to monitor and respond to the changes, but the Council's ability to influence the changes and reduce the impact is likely to be limited
2.3	Inaccurate or unreliable financial planning	Reduced	The Council's budgetary control systems, combined with the TEP process are very effective. The Council's governance processes are also strong
2.5	Tax base not rising in line with expectations	Reduced	There has been some impact with new build slowing with the recession, but not so much as was feared.
2.11	Changes in service demand, eg social care	Increased	Increasing demand for services for the elderly is likely to have a significant impact on the Council's financial position
3.9	Legionella	Reduced	The Council has put in place a number of controls that should reduce the likelihood of an out break occurring
3.10	Asbestos	Reduced	The Council has put in place a number of controls that should reduce the likelihood of exposure occurring
4.3	Obsolescence of ICT hardware	Reduced	The 5 year capital programme with the ICT Strategy Board, and ICT Strategy mean that the likelihood is reduced
5.2	Failure to deliver Carbon Reduction Targets	New risk	Carbon reduction is a key government target and so this issue needs to be monitored
5.3	Increasing numbers of poorly performing schools	New risk	This is a key Council priority and so this issue needs to be monitored.
	PROJECTS		
6.1	Shaw House	Reduced	The project is nearing completion
6.2	Park way	Reduced	The project is now well advanced.
6.3	Market St	Increased	There are a number of technical issues that are impacting on this project
6.4	Padworth	Reduced	The project is well advanced and much of the risk, (construction risk) now rests with the contractor
6.6	Brookfield and	New project	This is a major project that will need to be

ref	risk	Change (net)	Corporate Board view as at 13 th April 2010
	Denefield		monitored

2.3. The main areas that have been taken out of the register are:

ref	risk	Change (net)	Corporate Board view as at 13 th April 2010
2.9	Council Tax setting	Removed	Of itself this was not felt to be a significant issue. The wider issues of funding are picked up elsewhere in the register
2.10	Specific grants cut	Removed	Of itself this was not felt to be a significant issue. The wider issues of funding are picked up elsewhere in the register
2.12	Reduced income from s106	Removed	Of itself this was not felt to be a significant issue. The wider issues of income are picked up elsewhere in the register

2.4. Management Board are asked to consider the implications / vulnerabilities of the revised Strategic Risk Register and make any amendments in the light of the views of Corporate Board.

2.5. There is an Action Plan for all net red risks at Appendix B. This provides an update on the Actions being taken to improve controls and reduce the net risk.

2.6. In addition to net red risks there are a number of issues where the gross risks are assessed as 12 or above but with net scores of 6 or less. Corporate Board has been asked to give some attention to reviewing controls in place and obtain assurance that these are working. Control failure on one of these risks would have significant implications for the Council. (Appendix C)

2.7. The Council applies a standard "Risk Appetite" to assessing levels of risk. A copy of this is attached at Appendix D. One of the key aims of the Risk Appetite is to provide some consistency in the evaluation of risk.

2.8. The Action Plan has been reproduced in a format that will allow it to be appended to the agenda for Management Board. Appendix E

3. Future Work

3.1. This report will continue to be produced for Corporate Board on a quarterly basis. However, it is intended that this report will only go to Management Board and G&A once each year in future.

3.2. However, the Action Plan, as reformatted at Appendix E, will be included on all Management Board agenda's in future. Prior to each meeting the responsible

officer will update the action plan. This will ensure that Management Board have up to date information at every meeting.

3.3. Risk Management workshops are taking place for the following key projects and these are reviewed on a regular on-going basis. Summary information is included in the Risk Management quarterly reports.

- The Waste PFI
- Parkway
- Market Street Redevelopment
- St Bartholomew's School

4. Conclusion

4.1. The Council's Risk Management framework is robust.

5. Recommendations

5.1 Management Board review the Strategic Risk Register and consider whether any amendments / additions or deletions need to be made. In particular Portfolio Holders are asked to consider those risks that they have ownership of.

5.2 Management Board review the required controls or actions on the action plans for net red risks. (Appendix B)

5.3 Management Board to consider whether Appendix E should be included as part of the agenda front sheet for all future Management Board meetings.

Appendices

Appendix A - Strategic Risk Register

Appendix B - Strategic Action Plan

Appendix C - High Gross Risks 12 and above

Appendix D - Risk Appetite for West Berkshire Council

Appendix E - Strategic Action Plan formatted for inclusion on the Management Board Agenda's

Consultees

Local Stakeholders: Not consulted

Officers Consulted: Corporate Board

Trade Union: Not consulted

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