



West Berkshire
C O U N C I L



Financial Statements

West Berkshire Council 2018/19

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Introduction to West Berkshire

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

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

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



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

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

Narrative Report

Introduction

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

This Narrative Report is followed by:

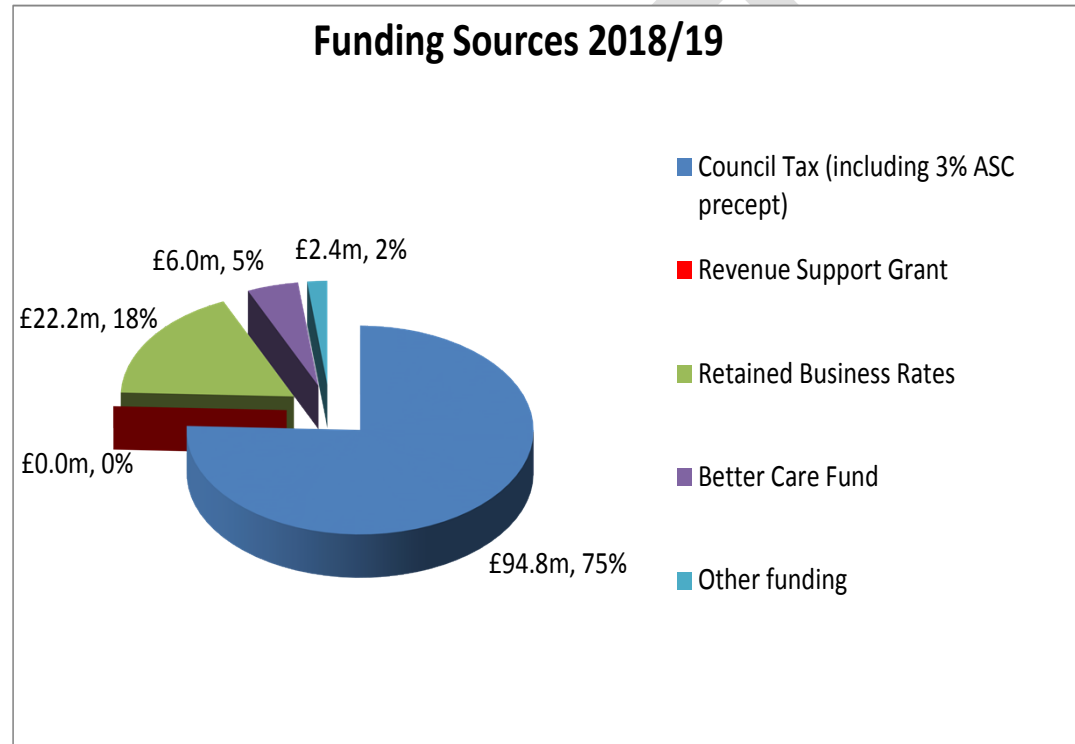
- **The Annual Governance Statement** which explains the arrangements the Council has for the governance of its affairs and for ensuring that there is a sound system of internal control;
- **The Independent Auditor's Report** which gives the auditor's opinion on the financial statements and gives a conclusion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

The Financial statements incorporate the following:

- **The Comprehensive Income & Expenditure Account** which records all the Council's income and expenditure within the year. The statement provides an analysis of income and expenditure by directorate and also shows details of corporate transactions and funding. Expenditure represents a combination of services and activities that the Council is required to carry out by law (statutory duties) and discretionary expenditure focused on local priorities and needs.
- **The Balance Sheet** which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (total assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. Usable reserves may be used by the Council to provide services or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves cannot be used by the Council to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments required due to statutory accounting policies'.
- **The Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the Council, analysed into usable and unusable reserves (as defined above).
- **The Cash Flow Statement** which explains the change in the level of cash and cash equivalents held by the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as arising from operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by council tax and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.
- **The Collection Fund Income and Expenditure Account**, which records council tax and business rates transactions for the financial year and how they are subsequently distributed.

Revenue Financial Performance 2018/19

The Council has faced significant reductions in its core grant funding, leading to greater reliance on funding from council tax and local business rates. In 2018/19 the Council increased council tax by 2.99%, raising £2.7m and also added a 3% precept on council tax to fund adult social care pressures raising an additional £2.7m.



For 2018/19, after taking account of increases in council tax, a funding gap of £5.2m was to be met from savings and income. During the year, progress against savings was monitored and by year-end over 83% of the target was achieved.

The Council set a net revenue budget of £119.4m for the 2018/19 financial year, funded from non- ring-fenced funds comprising council tax, retained business rates, and other amounts including various smaller grants. Ring-fenced funding forms part of the individual service budgets to which it relates.

Revenue Outturn

At Quarter One it became evident that a significant overspend was emerging in the Communities Directorate and most notably in Adult Social Care. An in depth review was undertaken of the modelling used to set the budget, which concluded that the modelled budget should have been £1.4m higher and that the remainder of the overspend arose from increased demand, unmet savings, transfers of care and the embargo of Birchwood care home. All Council services were tasked with putting in place mitigation strategies to bring the forecast over spend down by year end and a decision was taken to slow expenditure in the remainder of the current financial year.

By year end, mitigation savings of £1.7million were achieved, alongside £850k of capitalisation and £812k of risk reserves released to offset realised risks. The provisional management accounting outturn for 2018/19 was an under spend of £81k, which represents -0.1% of the net revenue budget. If these actions had not been taken the Council could have faced an overspend of £3.3million.

Table 1 – showing potential overspend in £k

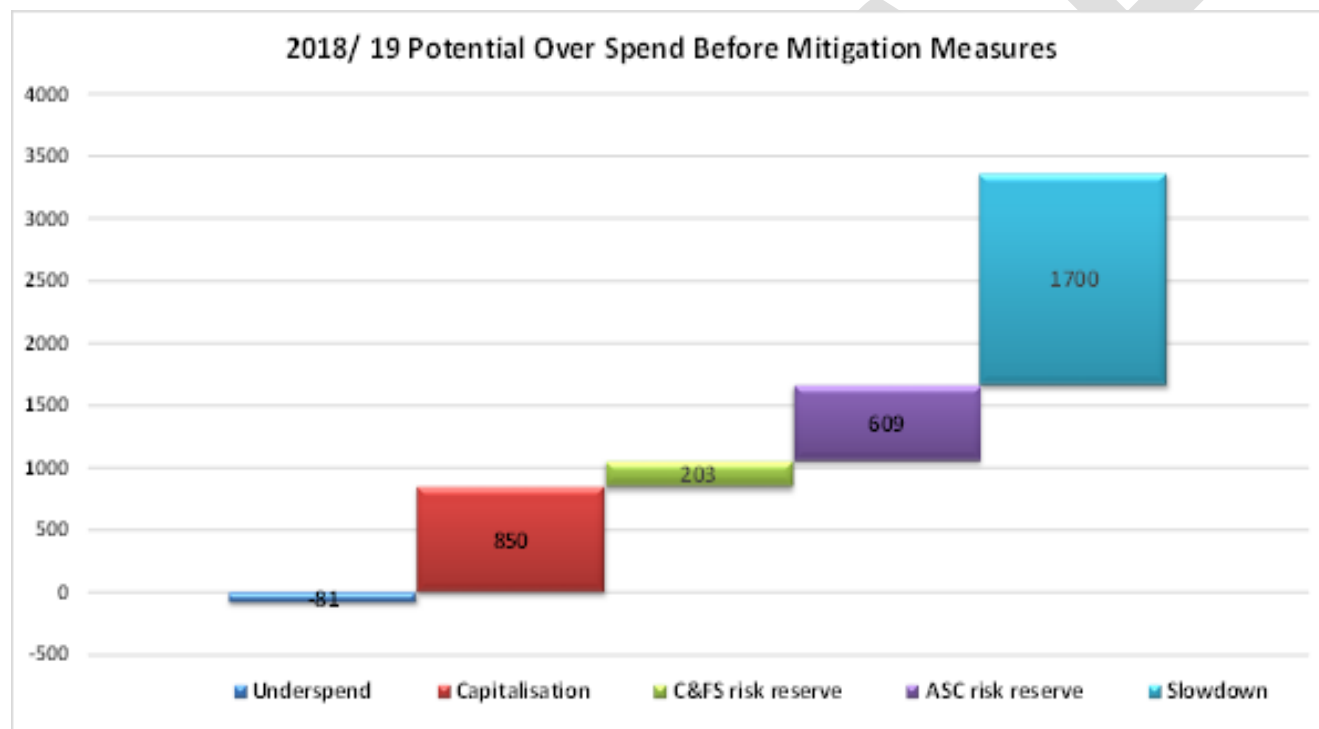


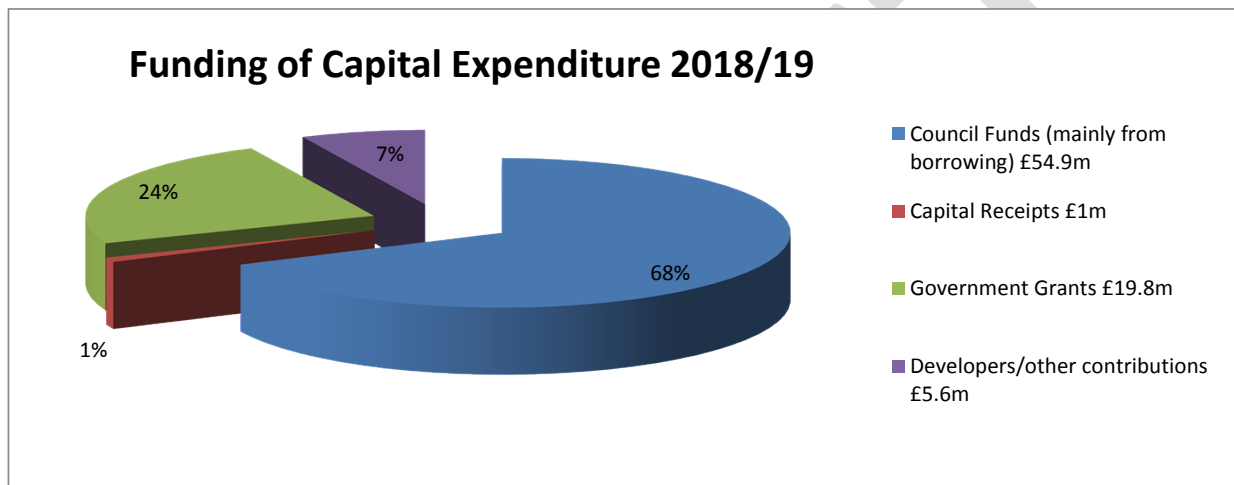
Table 2 - The final Council position by directorate and service is shown in the table below.

	Current Net Budget	Actual spend	Forecast (under)/over spend					Change from Last Month	Outturn (under)/over spend as % of Net Budget
			Quarter One	Quarter Two	Quarter Three	Month Eleven	Year End		
	£000	£000	£000	£000	£000	£000	£000	£000	%
Adult Social Care	43,181	44,019	2,388	1,640	1,136	1,153	838	(315)	2%
Children & Family Services	15,047	15,679	220	657	755	812	632	(180)	4%
Corporate Director	152	144	8	8	(1)	(5)	(8)	(3)	-5%
Education DSG funded	(444)	(444)	0	0	0	0	0	0	0%
Education	8,636	8,416	152	(1)	(51)	(95)	(220)	(125)	-3%
Public Health & Wellbeing	86	86	0	0	0	0	0	0	0%
Communities	66,658	67,900	2,768	2,304	1,839	1,865	1,242	(623)	2.00%
Corporate Director	170	170	0	0	0	0	0	0	0%
Development & Planning	2,701	2,545	(114)	(232)	(236)	(116)	(156)	(40)	-6%
Public Protection & Culture	4,086	4,005	47	70	(11)	(47)	(81)	(34)	-2%
Transport & Countryside	23,138	22,924	70	(171)	(120)	(122)	(213)	(91)	-1%
Economy and Environment	30,095	29,644	3	(333)	(367)	(285)	(450)	(165)	-1.00%
Chief Executive	787	709	0	(75)	(77)	(77)	(78)	(1)	-10%
Commissioning	1,016	985	0	(46)	(46)	(46)	(31)	15	-3%
Customer Services & ICT	3,027	2,848	(3)	(104)	(98)	(109)	(179)	(70)	-6%
Finance & Property	1,070	777	(260)	(314)	(303)	(349)	(293)	56	-27%
Human Resources	1,478	1,439	0	(52)	(33)	(24)	(39)	(15)	-3%
Legal Services	1,047	949	0	(36)	(16)	(90)	(98)	(8)	-9%
Strategic Support	2,317	2,278	(17)	(40)	(40)	(45)	(39)	6	-2%
Resources	10,742	9,985	(280)	(667)	(613)	(740)	(757)	(17)	-7.00%
Capital Financing	10,015	9,900	0	0	(110)	(110)	(116)	(6)	-1%
Movement through Reserves	1,917	1,917	0	0	0	0	0	0	0%
Risk Management	0	0	(1,200)	0	(500)	(500)	0	500	0%
Capital Financing & Risk Management	11,932	11,817	(1,200)	0	(610)	(610)	(116)	494	-1.00%
Total	119,427	119,346	1,291	1,304	249	230	(81)	(311)	0%

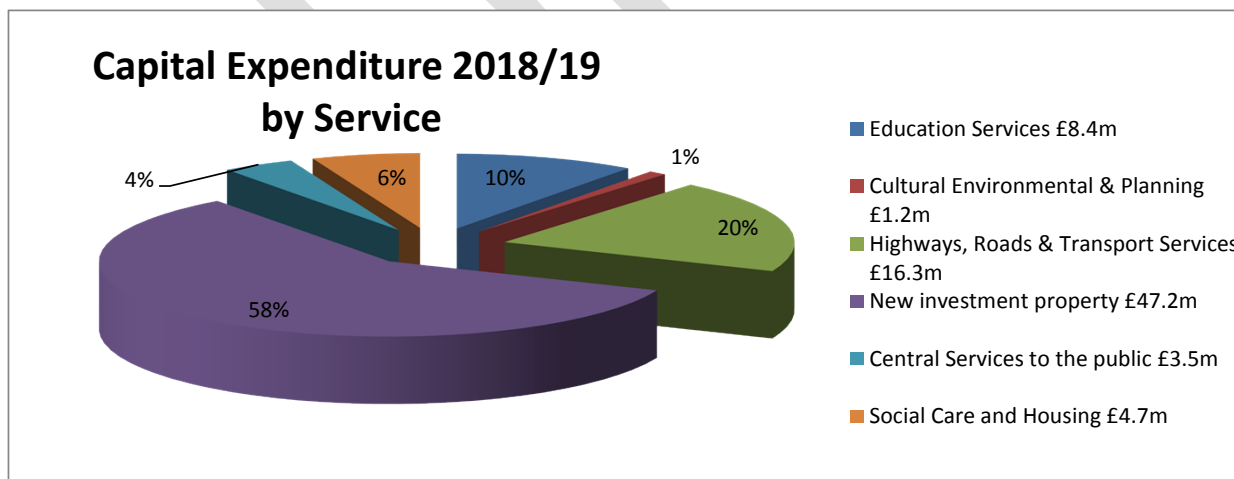
Capital Financial Performance 2018/19

The Council needs to invest a certain amount of capital each year to make sure that its assets (e.g. school buildings, roads, leisure centres) remain fit for purpose and in a good state of repair. In addition, in 2017/18 the Council commenced a strategy of investing in commercial property to generate additional income streams in support of the revenue budget.

The agreed capital programme is funded through a combination of grants, section 106 (s106), Community Infrastructure Levy (CIL), borrowing from the Public Works Loan Board (PWLB) and capital receipts from the sale of assets. The chart below shows the funding split for the capital programme in 2018/19.



The chart below shows the deployment of £81.3m of capital expenditure in 2018/19.



During 2018/19 £47.2million was invested in support of the Council's Property Investment Strategy. Moving forward, given the political and economic uncertainty at present, the property investment strategy will be reviewed to ensure investments are appropriately safeguarded.

Borrowing in 2018/19

In 2018/19 the Council took out new long term loans of £46.1m from the Public Works and Loans Board (PWLB) to fund capital expenditure and made principal repayments to the PWLB of £5.4m, bringing its total PWLB loans balance to £200.4m.

The Council's Operational Boundary for debt, which was set at £223m at the start of the year, was increased to £283m by Council on the 3rd July 2018 to accommodate the updated Property Investment Strategy. The Council's total debt at 31 March 2019 stood at £222.6m, including debt embedded in the Waste PFI contract of £13.7m and temporary borrowing to manage cash flow (for less than 60 days) of £8.5m. The cost of temporary borrowing to cover troughs in the Council's cash flow is more than offset by the interest earned by the investment of the Council's surplus cash in peak periods.

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

Cash Flow

The amount of cash held by the Council fluctuates throughout the year and within each month, depending on the dates on which major government grants are received and when large payments are made - in particular, weekly creditors payments and monthly salaries. In general terms, funds are high on the first working day of the month when a large proportion of council tax and government grant is received and low on the last working day of the month when the majority of staff salaries are paid. The Council's overall funds are lower at the end of the financial year, because most council tax is paid over ten months from April to January. The average level of cash balances held by the Council in 2017/18 was £37.9m.

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

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

Main changes to the Core Statements and significant transactions in 2018/19

Fixed Assets

In 2018/19 the Council sold the former Newbury Bus Station, five houses in Highfield Avenue, Newbury, previously used for temporary accommodation and the site of an electricity substation in Prospect Place, Newbury. Minor consideration was also received for release of covenants on a number of properties which had been sold in previous years. The total received for these properties was of £1.36 million. The net loss on disposal of assets in 2018/19 of £529k (after taking into account their book values and the costs of disposal) is reflected in the comprehensive income and expenditure account.

Capital investment in improvements to the Council's existing operational assets (including schools, highways, leisure centres, care homes and IT infrastructure) was broadly in line with previous years. However in 2018/19 the Council also acquired new commercial property with a value of £47.2 million (compared with £14.9m in 2017/18), in line with the property investment strategy which was reviewed and revised by the Council in July 2018.

Long Term Liabilities

The level of borrowing to fund capital spending was significantly increased in 2018/19 in support of the Council's Property Investment Strategy. Investment in the strategy (£100m portfolio when fully invested) is expected to be completed in 2019/20. Rental income from these properties is expected to cover the borrowing and management costs and to generate surplus income to help fund Council services.

Collection Fund

The Collection Fund deficit was £8.683m for the 2018/19 financial year (council tax £2.163m and non-domestic rates £6.520m). The deficit is recovered as part of the council tax and non-domestic rates setting process during the following financial year.

Pensions Liability

The pension fund deficit is currently £317m. This reflects the value of pension liabilities which the Council is required to pay in the future as they fall due, offset by the value of assets invested in the pension fund. This amount is written out through the accounts, so has no meaningful impact on the Council's current operation, although it has reduced the Council's 'net worth' on the Balance Sheet. The Council's pension fund has to be revalued every three years to set future contribution rates. The next review will be on the 31st March 2020.

Unusual charges or credits in the financial statements

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

Significant changes in accounting policies

There were no significant changes in accounting policies in the year 2018/19.

Change in statutory functions

There were no significant changes in statutory functions in the year 2018/19.

Significant revenue contingencies or provisions including material write offs

There were no significant contingencies, provisions or write offs during the year 2018/19.

Material events after the Balance Sheet Date 2018/19.

There have been no material events after the Balance Sheet date. The Balance Sheet has been restated to include revised IAS19 figures following the McCloud ruling.

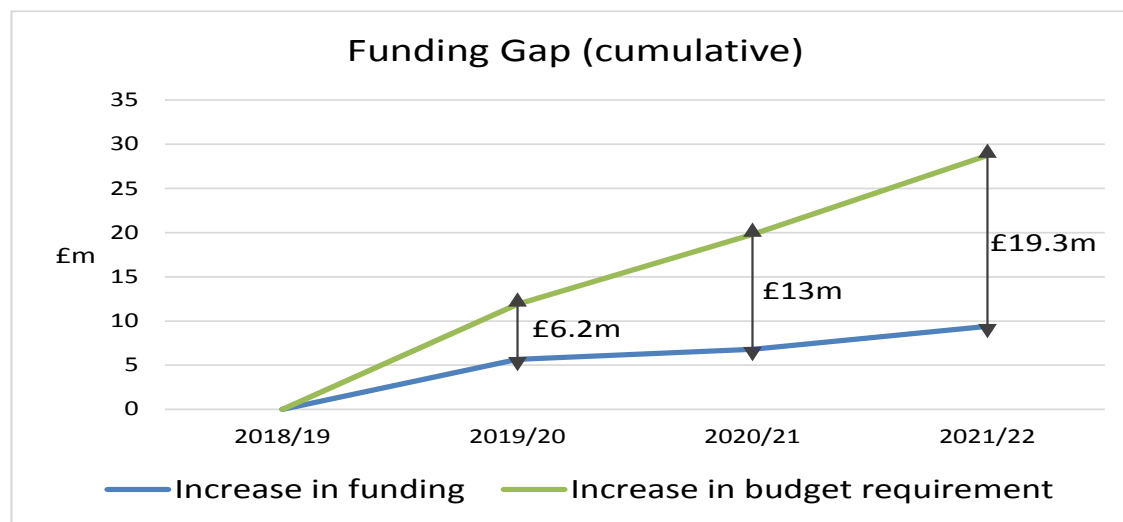
Economic climate and its impact on Council services and future developments in service delivery

In October 2016, West Berkshire Council accepted the Government's offer of a four year funding settlement from 2016/17 to 2019/20. The Government made a clear commitment to provide minimum allocations for each year of the Spending Review period. Whilst this settlement committed the Council to a continued reduction in the Revenue Support Grant (RSG), it has provided some financial certainty on which the Council has planned ahead and built other sources of income. Since 2016/17, West Berkshire Council has seen the RSG reduce from £15m to zero.

In 2019/20, West Berkshire Council will continue as part of the Berkshire business rates pilot, under a 75% retention scheme. As a pilot, additional business rates income collected in Berkshire is retained within the county, rather than being returned to Central Government. The Berkshire authorities committed to set aside 50% of the additional funding to make improvements to transport infrastructure in the Reading – Wokingham and Slough – Heathrow corridors, with the works being taken forward by the Thames Valley Berkshire Local Enterprise Partnership (LEP), an organisation with both private and public sector representation. The remaining 50% of additional funding was distributed to the individual local authorities in Berkshire, in proportion to their respective contribution to the overall growth.

The Council's costs grow each year as a result of inflation, salary increases, and changes to National Insurance and pension contributions, alongside service pressures arising from increased demand and new responsibilities. The forecast levels of revenue funding over the period of the Medium Term Financial Strategy (MTFS), together with provision for forecast budgetary increases, mean that West Berkshire Council faces a funding gap of just over £6m each year. This is at an assumed Council Tax increase of 2.99% in 2019/20 followed by 1.99% thereafter.

Table 3



Over the past few years, the Council's savings programmes have focussed largely on becoming more efficient at what we do and reducing the Council's administrative functions. Whilst the Council will continue to maximise efficiencies from across its service areas, the key financial strategy to close the funding gap over the medium term will focus on innovation around service transformation, strategic transformation and commercialisation. £1.6m has been allocated into a Transformation Reserve, in order to facilitate the delivery of the financial strategy. The areas of focus that will contribute to closing the funding gap include the following:

Investing in digitisation to both improve services and reduce costs

This agenda is driven through the Customer First Programme Board and there are a number of digitisation projects underway focusing on online booking, pre-planning validation service and digitisation of the Revenues and Benefits system.

Continuing to improve our systems and processes

One of the most successful processes undertaken in 2017 was the Financial Challenge Review (FCR), where each service within the Council was reviewed in detail from their budgets through to the activity undertaken and their staffing structures. The process identified £1.9m of savings and income in 2017 and £1.3m in 2018. FCR will continue to challenge services.

Linked to this piece of work and enabling the Council to keep pace with the constant demand on budgets, is the New Ways of Working, project. This is designed to review how and why we deliver the services and to look at how we might deliver them in a more effective and efficient way. As part of this projects, we are reviewing our services where benchmarking against other Councils suggest they may be above average cost. As part of our benchmarking work, we are reviewing income generating sources and fees and charges, comparing ourselves nationally and with similar authorities. This large project has a target of three years to deliver changes.

Demand management

One of the key projects underway is to review where the demand on our services actually comes from, who the key users are, what their requirements are and how might we better manage demand or anticipate needs. This will naturally feed into the New Ways of Working, piece of work as it will inform the direction of travel the Council needs to take, in order to meet continuing demand on its services.

Commercialisation

The Council is investing in residential and commercial property with the aim of meeting our statutory housing duties in a more cost effective way and generating a new income stream. The Council will deliver housing using a Joint Venture with Sovereign Housing Association. Commercial property investment is overseen by the Council's Property Investment Board to deliver against the agreed strategy in this area. Property investment has so far generated £812k of income and is anticipated to increase to £1.5m in 2019/20 and to £2m by 2020/21.

Sharing services

We are continuing to join our services with those of other local authorities where it makes sense to do so. One of the most successful examples of this has been in Public Protection and Culture, where we now have a shared service with Bracknell Forest and Wokingham Councils. There are other projects underway to identify where we may replicate this arrangement.

The One Public Estate programme is a Berkshire wide programme of activity looking at how to make the best use of our collective buildings estate. This is already working well via joint working with the Thames Valley Police who now share the Market Street ground floor premises with West Berkshire Council.

Working with partners and communities to deliver services differently and devolution to parish and town councils.

We have been working with town and parish councils to identify opportunities for devolving services to them. The launch of the Parish Portal and the devolution agenda has proven successful and positive feedback has been received from Parishes. Many of the more proactive parish councils are contacting us about services on which West Berkshire Council has had to cut spending, with a view to taking them on and running either with or for the communities. Communities themselves are taking positive action to request assistance around volunteering for library services and other services where the Council has withdrawn its funding.

Capital

The Council needs to ensure that it has a robust financial structure on which to base its long term decisions and to prioritise available resources. In March 2018 the Council approved a Capital Programme for the period 2019 to 2022 which allows for future investment in the following key areas:

- £38.7m for new school places and improvements to school buildings;
- £34m for maintenance and improvement of highways;
- £8.7m for occupational health equipment, home adaptations and supported living for vulnerable adults and looked after children;

- £2.9m for maintenance and improvement of parks, open spaces sporting and cultural facilities and £320k for grants to support community projects;
- £35m for investment in commercial property in order to generate revenue income to help meet the running costs of Council services.

Planned Capital investment over the next three years will continue to ensure that core assets are maintained and protected.

Reserves

There need to be sufficient levels of reserves for the Council to deliver services and take appropriate risks in amending service delivery models without impacting on the financial viability of the organisation. The level of usable reserves which the Council holds is reviewed as part of the medium term financial planning. Consideration is given to the current financial standing of the Council, the funding outlook into the medium term and the financial risk environment in which we are operating. The use of reserves is a one off solution and must be used prudently to ensure it does not undermine longer term budget sustainability.

Usable reserves have been called on in 2018/19 to fund previously identified service risks that were realised in year and facilitate transformation projects. The Council has budgeted to put £1.6m back into reserves in 2019/20, to mitigate against service specific risks and to ensure that the Council has the resources to pursue transformation plans outlined in the MTFS and to invest in strategies that will bring future benefits to the organisation.

Performance Measurement within the Council

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

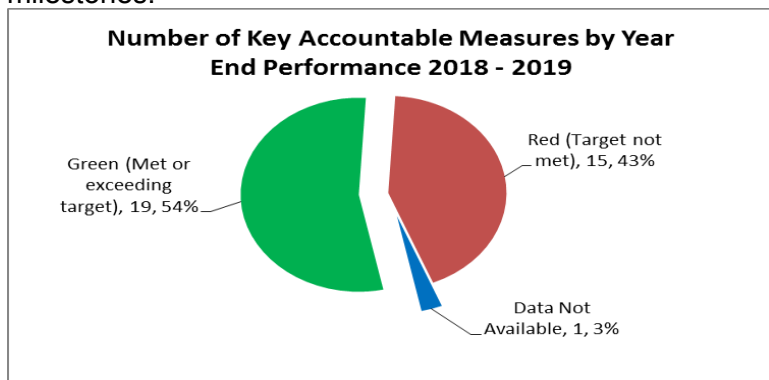
- Improve educational attainment
- Close the educational attainment gap
- Enable completion of more affordable housing
- Deliver or enable key infrastructure projects
- Good at safeguarding children and vulnerable adults
- Support communities to do more to help themselves

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

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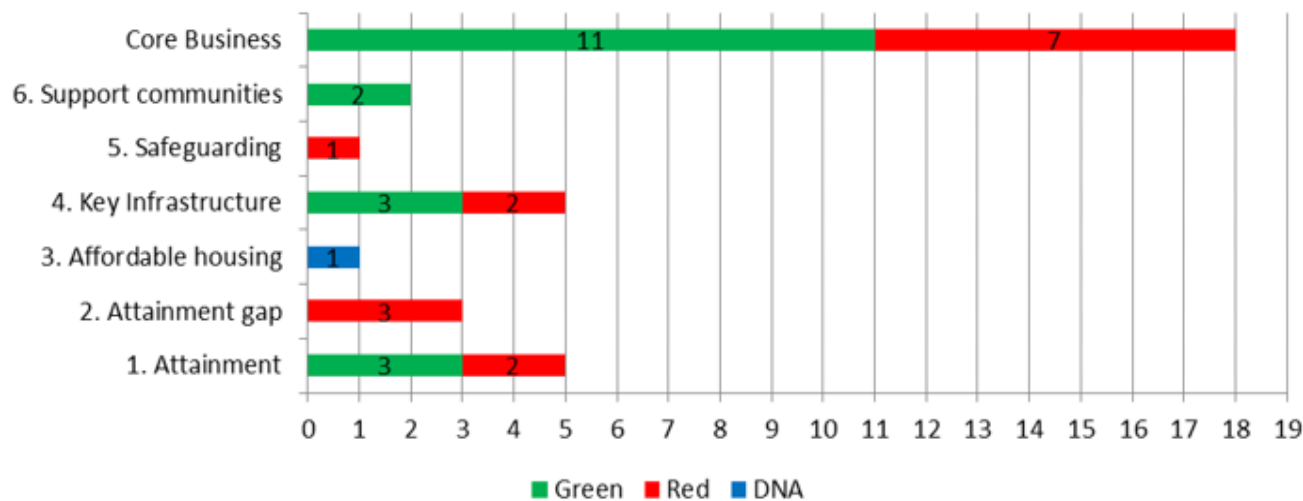
Key Performance Indicators of Progress in Achieving the Council’s Strategic Objectives

At the end of March 2019 a total of 35 key accountable measures formed part of the reporting framework which monitors the Council’s progress against the high level strategic priorities in the Council Strategy. At the time of producing this report data was available for 34 measures and milestones.



Provisional end of year results were better than the expected targets for 19 measures (54%) and were (RAG) rated ‘Green’. In addition, 15 measures (43%) have not achieved the end of year targets or deadlines and were RAG Rated ‘Red’. This is below the previous year’s overall result (62.5% of measures rated ‘Green’). The following table highlights the performance achieved against the measures used during 2018/19 against each priority of the Council Strategy:

Table 4



Final performance results, including the exception reports for the measures that have not achieved their targets, will be available as part of the Quarter 4 Performance reports for the Executive.

Conclusion

The Council's ability to manage significant financial challenge is vital to its continuing success in delivering the Council Strategy. The Council has a track record of strong financial management. The forecast levels of funding available over the medium term, together with provision for budgetary increases and growing pressures mean that the Council will need to continue to find savings and increase income to close the funding gap. The Council will focus on innovation in service transformation and income generation in order to bring financial stability for the future. Capital investment will continue to ensure that core assets are maintained and protected. Reserves have been reviewed to ensure they are sufficient for the Council to deliver services and take appropriate risks in amending service delivery models without impacting on the financial viability of the organisation.

Further information

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

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Annual Governance Statement

1 Scope of responsibility

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

2 The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which West Berkshire Council is directed and controlled and its activities through which it engages with, leads and accounts to the community. It enables West Berkshire Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Berkshire Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at West Berkshire Council for the year ended 31 March 2019 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 Strategy that sets out its purpose and intended outcomes for citizens and service users;

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

4 Review of effectiveness

- 4.1 West Berkshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of all managers within West Berkshire Council who have responsibility for the development and maintenance of the governance environment.

4.2 The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework, and includes:

- The work of the Finance and Governance Group reviewing the Constitution on annual basis and referring changes to the Governance and Ethics Committee and Council;
- The Risk Management framework;
- The work of the Governance and Ethics Committee;
- The work of Internal Audit;
- The work of the Overview and Scrutiny Management Commission,
- Responding positively to external regulators such as OFSTED, the Information Commissioner, the Local Government Ombudsman and external auditor Grant Thornton.
- Commissioning regular external peer reviews by the Local Government Association.

4.3 Having regard to the governance framework considered at paragraph 3.1 above, the following should be noted:

Identifying and communicating West Berkshire Council's Strategy that sets out its purpose and intended outcomes for citizens and service users	The Council Strategy 15-19 was reviewed and refreshed by Council in March 2018, in order to note the progress that had been made in the delivery of the priorities for improvement. This also provided clarification of any new or amended actions and projects identified to deliver against the priorities of the Strategy.
Reviewing West Berkshire Council's Strategy and its implications for West Berkshire Council's governance arrangements	A new Council Strategy for the period 2019 to 2023 was approved at Council on the 23 rd May 2019, following public consultation and engagement.
Measuring the quality of services for users, ensuring they are delivered in accordance with West Berkshire Council's Strategy and ensuring that they represent the best use of resources	Quarterly reports detailing performance against targets, which are linked to the Council Strategy priorities, are considered and reviewed by Executive.
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	The Council has a published Consultation Policy, which was last updated in January 2019. The Council also has a Community Panel which is a small group of residents, who are e-mailed directly

	<p>when the Council has specific consultations that are relevant district wide.</p> <p>Consultation exercises are promoted through the usual media channels including the Council’s social media accounts. Individual Council Services will send targeted e-mails inviting specific users to respond to specific consultations where it is appropriate to do so.</p> <p>Consultation questionnaires are usually available online but also as hard copy if required</p>
<p>Consultation on the budget and proposed budget reductions which affect service users are planned in good time and adhere to the Council’s own consultation policy. As part of any consultation on the budget the Council is cognisant of the “Gunning” principles that require the Council to consult at the formative stage which would mean potential options being available for the residents to comment on. Clearly as the Council’s budget reduces and the pressure on further reductions increases this approach becomes more difficult. However, where options are available the Council will seek the views of the residents. The Council will also continue to ensure that the requirements of an Equality Impact Assessment are met and ask our residents how a proposed reduction in service might impact on them or others, and how any impact arising out of the proposal could be mitigated</p>	<p>The Budget Consultation ran from the 12 November until the 23rd December 2018.</p> <p>A number of proposals consulted upon were not implemented as a result of consultation feedback. It is considered that this is good evidence that the Council consults at a formative stage in the decision making process.</p> <p>As noted above, the Council has a Community Panel which are consulted on proposals which have a district wide implication. Targeted consultation will take place with service users whenever appropriate.</p>
<p>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</p>	<p>The Articles of the Constitution summarises the roles and responsibilities of the Executive, Council, OSMC and other committees, together with the role of a number of statutory officers.</p>

	Further detailed guidance is found in the relevant sections of the Constitution.
Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff	The officers and members codes of conduct, were updated in March and December 2018 respectively, to provide updated guidance on the use of social media.
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	<p><u>The Constitution is regularly reviewed, with updates being made in the 2018/19 financial year to the following:</u></p> <ul style="list-style-type: none"> • <u>Part 2 (Articles of the Constitution)</u> • <u>Part 3 (Scheme of Delegation)</u> • <u>Part 10 (Finance Rules of Procedure)</u> • <u>Part 11 (Contract Rules of Procedure)</u> • <u>Social Media Protocols for both Officers and Members as set out in Part 13 (Codes & Protocols)</u>
Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government (2010)"	The Council's financial management arrangements are regularly reviewed by the Finance and Governance Group to ensure compliance with this CIPFA Statement.
The Governance and Ethics Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities"	<p>The Terms of Reference covering the 'Audit Committee' responsibilities of the Governance and Ethics Committee were set up to meet the requirements of the CIPFA good practice guidance.</p> <p>It is good practice to review the actual effectiveness of an Audit Committee, this has been scheduled in for this financial year.</p>

<p>The Finance and Governance Group which helps to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful</p>	<p>The Finance and Governance Group meets on a monthly basis and is chaired by the Council's s151 Officer.</p>
<p>Conducting a regular review of the effectiveness of Internal Audit</p>	<p>Internal Audit were subject to an external assessment during 2018 as required by the Public Sector Internal Audit Standards (PSIAS). The conclusion of that review was that Internal Audit 'generally conforms' with the PSIAS requirements, which is the highest compliance category used for this assessment.</p>
<p>Whistle blowing procedures for receiving and investigating complaints from staff or the public</p>	<p>The Council has policies in place, which are currently being reviewed by the Council's Audit Manager to ensure that they remain fit for purpose.</p>
<p>Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.</p>	<p>The Member Induction and Development Plan was approved by Council in December 2018. This recognised the fact that the elections in May 2019 may result in the election of members who were new to West Berkshire Council.</p> <p>The training needs and development of senior officers is dealt with via the appraisal system.</p>

- 4.4 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.
- 4.4 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.

- 4.5 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.
- 4.6 The Monitoring Officer's view of the Council's governance arrangements are that they are robust and effective. The governance of the Council through the systematic review of the Constitution and the relatively low level of complaints against district councillors indicates that there is little that needs attention if the current arrangements are followed. There has been no necessity for the Monitoring Officer to report formally to Council under Section 5 of the 1989 Act.
- 4.7 Ethical matters are managed by the Governance and Ethics Committee.
- 4.8 The Chief Executive will be reviewing governance arrangements in 2019/20 to ensure that this aligns with the new Council Strategy.

5 Significant governance issues identified in the AGS for 2017/18

- 5.1 The following is an outline of the significant governance issues that were identified in preparing the 2017/18 AGS.
- The Council's significant investment in commercial property, transformation programme and pursuing commercialisation opportunities will require effective governance arrangements around proposed changes.
 - Council's preparation for General Data Protection Regulations (GDPR) coming into force on 25th May 2018.
 - Planned regular review of Council's constitution to ensure effective governance arrangements. This included an overhaul of Council's Scheme of Delegation and a stronger Contract Rules of Procedure and a supporting governance framework, together with changes to the Officers Code of Conduct.
- 5.2 The following measures were implemented during 2018/19:
- GDPR was successfully implemented by the deadline.
 - Council's constitution was reviewed by Finance and Governance Group in accordance with the agreed plan.

6 Significant Governance Issues identified in 2018/19

6.1 The following is an outline of the significant governance issues identified in 2018/19.

- The Council's significant investment in commercial property, transformation programme and pursuing commercialisation opportunities will continue to require effective governance arrangements around any proposed changes.
- Financial management arrangements in demand led social care areas need to be strengthened to mitigate the chances of unplanned budget overspends occurring.
- Overview and governance of school funding needs to be strengthened particularly in light of a significant overspend within the High Needs Dedicated Schools Grant Block.

6.2 The following measures will be implemented during 2019/20:

- A review of the ASC forecast overspend position was undertaken by the Chief Executive and Audit Manager during 2018/19, and made a number of recommendations to strengthen the financial management arrangements within ASC and across the Council. These recommendations are being implemented according to an agreed plan and will be closely monitored for their effectiveness.
- Regular reporting of School DSG funding performance to be embedded within existing financial performance arrangements.

Signed:



Nick Carter – Chief Executive



Lynne Doherty – Leader of the Council

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST BERKSHIRE COUNCIL
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Financial Statements.

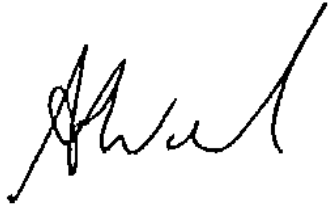
The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Financial Statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Financial Statements, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

I certify that the Financial Statements gives a true and fair view of the financial position of the Authority at 31 March 2019 and of its income and expenditure for the year then ended



Andy Walker
Head of Finance

31/07/2019

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Comprehensive Income and Expenditure Statement

2017/18 Restated			Comprehensive		2018/19		
Expenditure	Income	Net Expenditure	Income & Expenditure Statement		Expenditure	Income	Net Expenditure
£000	£000	£000	Table 05B	Note	£000	£000	£000
Net Expenditure on Continuing Services							
211,760	(127,109)	84,651	Communities Directorate		217,481	(133,097)	84,384
59,669	(15,892)	43,777	Environment Directorate		60,688	(17,588)	43,100
64,236	(46,594)	17,642	Resources Directorate including Support Services		64,134	(43,764)	20,370
0	(166)	(166)	Capital Financing and Risk Management		1,796	(1,925)	(129)
335,665	(189,761)	145,904	Net Cost of Services	6	344,099	(196,374)	147,725
		4,710	(Gain) / loss on the disposal of non current assets				529
		4,064	Precepts to Parishes				4,150
		145	Levies Payable				147
		834	(Surpluses)/deficits on trading undertakings	17			431
		9,753	Other Operating Expenditure				5,257
	(367)		Interest Receivable	25			(700)
	(4,407)		(Surpluses) / deficits on investment properties	21			(4,801)
	8,435		Net Interest on the net defined benefit liability	36			7,873
	6,022		Interest Payable and similar charges	25			6,827
		9,683	Financing and Investment Income and Expenditure				9,199
		165,340	Net Operating Expenditure				162,181
	(91,324)		Income from Council Tax				(97,606)
	(18,874)		Income from Business Rates				(25,307)
	(9,936)		Non Ring Fenced Government Grants	15			(3,165)
	(25,869)		Capital Grants and Contributions	15			(31,590)
	(146,003)		Taxation and Non Specific Grant Income				(157,668)
		19,337	Surplus or Deficit on Provision of Services				4,513
	(3,413)		(Surplus) / deficit on revaluation of Fixed Assets	32			(75,089)
	(19,093)		Remeasurement of the net defined benefit liability/ (asset)	36			(22,800)
	(22,506)		Other Comprehensive Income & Expenditure				(97,889)
	(3,169)		Total Comprehensive Income & Expenditure				(93,376)

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

Movement in Reserves Statement

Movement in Reserves Statement 2018/19 Table 6a		General Fund	Capital Receipts Reserve	Capital Reserves	Reserves		Total Authority Reserves
Note	£000	£000	£000	£000	Usable £000	Unusable £000	£000
Balance as at 31 March 2018		20,029	3,013	37,448	60,490	(105,415)	(44,925)
Total Comprehensive Expenditure & Income		(4,513)	0	0	(4,513)	97,889	93,376
Adjustments between accounting basis and funding basis under regulations	18	14,439	(2,268)	2,965	15,136	(15,136)	0
Increase / (Decrease) in Year		9,926	(2,268)	2,965	10,623	82,753	93,376
Balance as at 31 March 2019	19/32	29,955	745	40,413	71,113	(22,662)	48,451

Movement in Reserves Statement 2017/18 Restated Table 6b		General Fund	Capital Receipts Reserve	Capital Reserves	Reserves		Total Authority Reserves
Note	£000	£000	£000	£000	Usable £000	Unusable £000	£000
Balance as at 31 March 2017		19,301	209	29,177	48,687	(96,781)	(48,094)
Total Comprehensive Expenditure & Income		(19,337)	0	0	(19,337)	22,506	3,169
Adjustments between accounting basis and funding basis under regulations	18	20,065	2,804	8,271	31,140	(31,140)	0
		728	2,804	8,271	11,803	(8,634)	3,169
Increase / (Decrease) in Year							
Balance as at 31 March 2018	19/32	20,029	3,013	37,448	60,490	(105,415)	(44,925)

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

Balance Sheet

1 April 2017	31 March 2018	Balance Sheet			31 March 2019	1 April 2017	31 March 2018	Balance Sheet			31 March 2019
£000	£000	Table 7	Note	£000	£000	£000	£000	Table 07	Note	£000	£000
		Non-Current Assets					Long term Liabilities				
420,114	411,416	Property, Plant and Equipment	20	494,488	(153)	(2,345)	Provisions	31	(1,759)		
7,412	26,023	Investment properties	21	75,950	(236)	(236)	Contributions deferred account		(236)		
		Total Property, Plant and Equipment			(317,317)	(317,292)	Pension liability	36	(316,509)		
427,526	437,439			570,438	(127,749)	(154,308)	Borrowings PWLB	26	(194,746)		
94	103	Long Term Debtors		83	(14,293)	(13,652)	PFI liability	35	(12,971)		
427,620	437,542	TOTAL LONG TERM ASSETS		570,521	(459,748)	(487,833)					(526,221)
		Current Assets					TOTAL ASSETS LESS LIABILITIES				
					(48,094)	(44,925)					48,451
6,500	18,000	Short term investments	25	26,000	6,345	6,069	General Fund	19	6,151		
15	9	Inventories		5	2,066	2,603	Working Balances	19	2,070		
22,065	21,365	Short term debtors	29	29,871	10,890	11,357	Earmarked Reserves	19	21,734		
3,209	2,500	Assets held for sale	22	1,712	29,386	40,461	Capital Reserves	24	41,158		
0	623	Surplus assets	20	89	48,687	60,490	Usable Reserves				71,113
3,475	6,194	Cash and cash equivalents	27	8,314			Unusable reserves, excl Pensions	32	293,847		
		TOTAL CURRENT ASSETS		65,991	220,536	211,877	Pension Reserve	36	(316,509)		
35,264	48,691				(96,781)	(105,415)	Total Unusable Reserves	32			(22,662)
462,884	486,233	TOTAL ASSETS		636,512	(48,094)	(44,925)	TOTAL DEFICIT ON RESERVES				48,451
		Current Liabilities									
(18,407)	(6,026)	Short term borrowing	25	(14,872)							
(32,823)	(37,299)	Short term creditors	30	(46,968)							
(51,230)	(43,325)	TOTAL CURRENT LIABILITIES		(61,840)							
		TOTAL ASSETS LESS CURRENT LIABILITIES									
411,654	442,908			574,672							

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

Cash Flow Statement

2017/18 £000	Cash Flow Statement Table 8	Note	2018/19	
			£000 00	£000
	Operating Activities			
133,842	Taxation		132,959	
186,043	Grants		185,664	
850	Rents		3,330	
28,378	Sale of goods and rendering of service		34,176	
367	Interest received		700	
488	Other receipts from operating activities		500	
349,968	Cash inflows generated from operating activities			357,329
(149,721)	Cash paid to and on behalf of employees		(154,107)	
(36,971)	Housing benefit paid out		(32,040)	
(4,064)	Precepts paid		(4,150)	
(108,920)	Cash paid to suppliers of goods and services		(118,496)	
(6,022)	Interest paid		(6,827)	
(305,698)	Cash outflows from operating activities			(315,620)
44,270	Net cashflows from operating activities	37		41,709
	Investing Activities			
(33,512)	Purchase of property plant and equipment		(74,247)	
(22,000)	Purchase of short and long term investments		(39,000)	
(227,055)	Other payments for investing activities		(212,844)	
2,847	Proceeds from sale of PPE and investment properties		1,379	
10,500	Proceeds from the short and long term investments		26,000	
221,621	Other receipts from investing activities		214,871	
(47,599)	Net cash flows from investing activities			(83,841)
	Financing Activities			
51,645	Cash receipts of short and long term borrowing		80,630	
439	Other receipts from financing activities		436	
(45,408)	Repayments of short and long term borrowing		(31,999)	
2,847	Other payments for financing activities		1,379	
9,523				50,446
(38,076)	Net cashflows from financing activities			(33,395)
6,194	Total			8,314
	Net increase/(decrease) in cash and cash equivalents			2,120
2,719	Cash and cash equivalents at the beginning of the reporting period			6,194
3,475	Cash and cash equivalents at the end of the reporting period	27		8,314
6,194				

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NOTE 1 Statement of Accounting Policies

I. General principles

The purpose of the Statement of Accounting Policies is to explain the basis of measurement that has been used in the preparation of the Financial Statements which summarise the Council's transactions for the 2018/19 financial year and the state of affairs (i.e. the Balance Sheet) at 31 March 2019.

The Financial Statements for 2018/19 are prepared in accordance with the code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the code) issued by The Chartered Institute of Public Finance and Accountancy (CIPFA), International Financial Reporting Standards (IFRS) and, where appropriate, the International Accounting Standards (IAS). The Accounting convention adopted is principally historical cost modified by the revaluation of certain categories of non-current assets and financial instruments. The Financial statements have been prepared on a 'going concern' basis even though the Council's Balance Sheet shows that the total liabilities exceed our asset base. This is principally due to IAS 19 requiring the Council to recognise the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions.

There are no instances in the Financial Statements where the fundamental accounting concepts have not been followed. The Financial Statements can contain estimated figures, where the actual figure is not known. Estimates are made taking into account historical experience, current trends and other relevant factors. There are no items in the Balance Sheet as at 31 March 2019 for which there is believed to be a significant risk of material adjustment in the forthcoming financial year.

II. Events after the reporting period

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

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

Events taking place after the date when the Financial Statements are authorised for issue are not reflected in the Financial Statements.

III. Accruals of income and expenditure

All 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:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- The Council has undertaken an exercise to determine the impact of IFRS15 Revenue from Contracts with Customers on the Financial Statements. It is felt that any impact would not be material, therefore no adjustments have been made for this.

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption; they are carried as inventory on the Balance Sheet
- Interest payable on borrowing and receivable on investment is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised in the accounts but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts may not be settled, the balance of the debtors is written down and a charge made to revenue for the income that might not be collected.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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

IV. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The Council's policy is to include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

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

V. Prior Period Adjustments

Prior Period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are implemented when required by proper accounting practices or the change provides more relevant information to the users of the accounts. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always existed.

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

VI. Government grants and contributions

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

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

Some grants and contributions have conditions attached by the funding body, which must be met before the Council is entitled to make use of the funding. Grants with conditions are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. This is because grants may have to be returned to the funding body if the conditions are not met.

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

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

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

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

VII. Employee benefits

Benefits payable during employment

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

In line with IAS 19, an accrual has been made for leave and flexible hours owing at year-end. The accrual is based on 2018/19 leave owing as at 31 March 2019 for Support Services and then averaged out to give a total for the whole Council. The accrual re schools is calculated separately. No adjustment has been made for other employee costs. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement.

Termination benefits

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

It is the Council's policy to minimise the impact of organisational change on its employees and to redeploy employees whenever possible. Therefore redundancies and redundancy payments only occur when absolutely necessary and in consultation with the Trade Unions.

It is the Council's policy not to offer enhanced pension payments on termination of employment.

Post - employment benefits

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

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

All schemes provide defined benefits to members (retirement lump sums and pension), earned as employees working for the Council. The arrangements for the Teachers' Pension Scheme means 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 i.e. no liability for future payments of benefits is recognised in the Balance Sheet and the Communities Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contribution payable to the Teachers' Pension Scheme in the year.

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

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

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

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

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

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

- Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year: allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the change in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years or from plan curtailments; credited or debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Gains or losses on settlements - transactions that eliminate all further legal or constructive obligations for part or all of the benefits provided under the plan; Administration expenses that are directly related to the management of plan assets., which are charged to the Comprehensive Income and Expenditure Statement;
- Net interest on the net defined benefit liability i.e. net interest expense for the Council - is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period and `adjusted for contribution and benefit payments during the year. This is charged to the Financing and Investment income and Expenditure Line of the Comprehensive Income and Expenditure Statement;
- Re-measurements comprising:
 - Differences between the return on plan assets and interest income on plan assets calculated as part of the net interest on the net defined benefit liability;
 - Actuarial gains and losses which result from events not coinciding with assumptions made at the last actuarial valuation or the actuaries updating the assumptions.

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

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

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

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

VIII. Overheads and support services

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

IX. Investment properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be sold. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

X. Heritage assets

IFRS102 disclosure for Heritage Assets, has been adopted by the Council. Heritage Assets are those assets held by the Council for cultural, environmental or historical reasons in relation principally to their contribution to knowledge and culture. The Council has two main Heritage Assets: the Berkshire Record Office Archives and the West Berkshire Museum Collections. Neither of these asset contents are disclosed in the Balance Sheet since the cost of obtaining reasonable valuations would not be commensurate with the benefits to users of these statements.

XI. Property, plant and equipment (PPE) / other information re fixed assets

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified as Property, Plant and Equipment.

Recognition

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

Measurement

Fixed assets are initially valued at cost, comprising:

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

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

Property Plant and Equipment fixed assets are classified under the following headings:

- Land and Buildings, including plant and equipment, shown at Current value;
- Plant and Equipment with a less than 10 year life, shown at depreciated historical cost;
- Infrastructure Assets, shown at depreciated historical cost;
- Community Assets, shown at depreciated historical cost;

Non- operational assets

- Assets under construction, shown at historical cost;
- Assets Held for Sale, shown at Current Value.

Investment properties

- Investment Properties, shown at market value.

Revaluation

Assets included in the Balance Sheet at current value are re-valued, as a minimum, every five years, except for Investment Properties which are re-valued annually. All increases in valuations for PPE are matched by credits to the Revaluation Reserve as unrealised gains. Exceptional increases might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

When decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain);
- When there is not a balance within the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Impairment

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

Where impairment losses are identified they are accounted for as follows:

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

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

Depreciation

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

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

Depreciation is calculated on the following basis:

- Dwellings and other buildings – Reducing balance over the remaining life of the property as estimated by our property department or external valuer, between 10 and 60 years
- Vehicles, Plant and Equipment – Reducing balance over the life of the asset, mainly 10 years
- IT Assets are depreciated over five years
- Infrastructure – Reducing balance, between 10 and 40 years

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

Disposals and assets held for sale

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

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

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

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

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. As part of the 2015 Local Government Spending Review, the Government provided Councils with the flexibility to use Capital Receipts received in the financial years 2016/17, 2017/18 and 2018/19 to fund transformation and restructuring of services in order to achieve efficiencies and revenue cost savings. The 2018/19 settlement extended this flexibility for a further three years to 2021/22.

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

XII. Financial instruments

Financial liabilities

A financial liability is defined as a contractual obligation to transfer economic benefits to another entity, normally in the form of cash. All West Berkshire Council's financial liabilities consist of:

- long term loans (more than 365 days) to finance the acquisition of capital assets, including debt embedded in the Waste PFI contract;
- short term loans for the purpose of managing cash flow (no more than 364 days);
- and trade creditors.

Under both IAS39 (which applied to the 2017/18 accounts) and IFRS9 (which applies to the 2018/19 accounts, long and short term loans are classified as "Borrowings Held at Amortised Cost". Trade creditors, however, which under IAS39 were classified as "Carried at Contract Cost", are shown in the 2018/19 accounts as "Creditors Held at Amortised Cost".

In accordance with IFRS9, financial liabilities are recognised on the Balance Sheet when the loan is advanced or in the case of trade creditors when payment for the service provided becomes due.

All West Berkshire's financial liabilities are initially recognised on the Balance Sheet at the amount of the original transaction i.e. the principal amount of the loan or the amount owed for services provided. The liability held on the Balance Sheet is reduced by repayments of principal or payments of trade creditors made during the financial year. This means that the amount shown in the Balance Sheet represents the amount of principal repayable at the end of the accounting period.

Annual payments of interest in respect of any loans or outstanding trade creditors are charged to the Comprehensive Income and Expenditure Statement. Interest charges are calculated as the carrying amount of the liability, multiplied by the effective rate of interest.

No circumstances have arisen in the financial year 2018/19 which would require the amounts of financial liabilities held to be amortised and no penalties for early repayment of loans have been incurred.

Financial assets

A financial asset is defined as a contractual right for future economic benefits to be transferred to the Council from another entity. West Berkshire Council's financial assets consist of:

- cash;
- deposits in instant access bank accounts and money market funds;
- amounts loaned to other individuals or entities for a fixed period, mainly fixed term deposits with building societies (short term investments);
- and other sums owed to the Council e.g. for services provided (debtors).

These assets are all held for the purpose of receiving cashflows on specified dates (mainly in the form of repayment of principal and interest). In the 2017/18 Statement of Accounts short term investments were classified in accordance with IAS39 as "Loans and Receivables" and debtors as "Debtors Carried at Contract Amount". The basis of reporting for the financial year 2018/19 has changed from IAS39 to IFRS9. In 2018/19, therefore short term investments are classified as "Investments Held at Amortised Cost and debtors as "Debtors Held at Amortised Cost".

In accordance with IFRS 9 Financial assets are recognised on the Balance Sheet when the Council makes a cash deposit or enters into a loan or investment agreement or when payment for services provided becomes due. The amount shown in the Balance Sheet therefore represents the outstanding amount payable at the end of the accounting period. This does not represent any change to the value of financial assets from the IAS39 basis.

Interest received on the amounts lent or invested by the Council are credited to the Comprehensive Income and Expenditure Statement. Interest is calculated as the carrying amount of loan, investment or debt, multiplied by the rate of interest stated in the relevant agreement.

No circumstances have arisen in the financial year 2018/19 which would require the values of financial assets to be amortised.

The Council does not currently hold any financial assets for sale or for any other purposes than to collect contractual cashflows. Neither does the Council currently hold any equity instruments.

Fair value of financial liabilities and assets

Although all the Council's financial liabilities and assets are held on the Balance Sheet at their original value (or amortised value, if applicable), the notes to the accounts also show, for comparison purposes, the fair value of financial assets and liabilities, taking into account the time scale of the asset or liability and potential future changes in interest rates.

The fair value of the Council's long term loans from the Public Works Loans Board (PWLB) is calculated by the PWLB, as the aggregate net present value of future cash flows, discounted using the appropriate discount rate taken from the PWLB's premature repayment rates as at the 31st March.

The fair value of all the Council's other financial assets and liabilities is deemed to be equal to their carrying value. This is because these assets and liabilities are planned to be held for no more and one year, or in the case of debt embedded in the PFI contract, because it is a notional figure derived from the original assumptions in the PFI contract.

XIII. Private Finance Initiative (PFI)

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

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

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

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

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

XIV. Leases

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

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

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

The Council as lessee;

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

The Council as lessor;

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

XV. Reserves

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

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

XVI. Collection Fund

The Collection Fund Statement is an agent's statement, which reflects the statutory obligation in accordance with section 89 of the Local Government Finance Act 1988 for billing authorities to maintain a separate Collection Fund. The Collection Fund shows the transactions of the billing Council in relation to the collection from taxpayers and the distribution to local authorities and the government of council tax and non-domestic rates. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing Council and the government).

XVII. Accounting for Council Tax`

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

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

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

XVIII. National Non-Domestic Rates (NNDR)

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

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

XIX. Schools

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

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Note 2 Accounting Standards issued not adopted

Under the code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (The code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code.

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

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

- IAS 40 Investment Property: Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.
- IFRIC 23 Uncertainty over Income Tax Treatments provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts.
- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.

Note 3 Critical judgements in applying accounting policies:

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

The critical judgements made in the Statement of Accounts are:

- The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied.
- The Council has considered its accounting classification for each school and as a result the Council recognises school assets for Community Schools on its Balance Sheet.
- The Council has not recognised assets relating to Academies, Voluntary Aided (VA), Voluntary Controlled (VC) or Foundation schools as it is of the opinion that these assets are not controlled by the Council. In the case of VA and VC schools these were deemed to be owned by the relevant dioceses after consultation and review.
- The transfer of schools to Academies is recognised as a disposal from the Council's Balance Sheet on the date the school converts to Academy status. No impairment is recognised by the Council prior to the transfer.

Note 4 Prior Period Adjustment:

Fixed Asset Prior Period Adjustment

In consultation with the Council's External Auditors Grant Thornton, it was agreed that the majority of the disposals in 2018/19 related to a prior period.

A number of Modular buildings no longer existed on the school sites, some caretakers houses had been revalued as part of the school valuation, and a number of Properties were now on long term leases with the Town or Parish Councils.

In Assets Held for Sale there was a depreciation charge in 2018/19 carry forward from 2017/18.

The total of the disposals came to £4,764k and the depreciation written back was £426k, a figure of £4,338 has been removed as a prior period adjustment in 2017/18.

2017/18: In the balance sheet the Property, Plant and Equipment amount reduced by £4,764k and Surplus Assets increased from £2,074k to £2,500k, the Capital Adjustment Account in the unusable reserves was also amended by £4,338k.

This resulted in the closing balance in 2017/18 being £4,338k lower.

In the Comprehensive Income and Expenditure statement: the gain or loss on the disposal of non-current assets changed from a gain of £54k to a loss of £4,710k.

2018/19: In the balance sheet the opening balance was £4,338k lower than originally stated.

In the Comprehensive Income and Expenditure Statement the gain or loss on the disposal of non-current assets changed from a loss of £5,293k to a loss of £529k.

In the Environment Directorate the expenditure in the net cost of services reduced by £426k.

Both years there was a change to the surplus or deficit on the provision of services.

The Movement through reserves statement and the tables that feed from the main statements have been restated for 2017/18 to reflect the changes.

Balance Sheet		31 March	31 March	Amount of
		2018	2018	Restatement
			Restated	
Table 7	Note	£000	£000	
Non-Current Assets				
Property, Plant and Equipment	19	416,180	411,416	4,764
Investment properties	20	26,023	26,023	0
Total Property, Plant and Equipment		442,203	437,439	4,764
Long Term Debtors		103	103	0
TOTAL LONG TERM ASSETS		442,306	437,542	4,764
Current Assets				
Short term investments	24	18,000	18,000	0
Inventories		9	9	0
Short term debtors	28	21,365	21,365	0
Assets held for sale	21	2,074	2,500	(426)
Surplus assets	19	623	623	0
Cash and cash equivalents	26	6,194	6,194	0
TOTAL CURRENT ASSETS		48,265	48,691	(426)
TOTAL ASSETS		490,571	486,233	4,338
TOTAL CURRENT LIABILITIES		(43,325)	(43,325)	0
TOTAL ASSETS LESS CURRENT LIABILITIES		447,246	442,908	4,338
Long term Liabilities		(487,833)	(487,833)	0
TOTAL ASSETS LESS LIABILITIES		(40,587)	(44,925)	4,338
Usable Reserves		60,490	60,490	0
Unusable reserves, excl Pensions	31	216,215	211,877	4,338
Pension Reserve	35	(317,292)	(317,292)	0
Total Unusable Reserves	31	(101,077)	(105,415)	4,338
TOTAL DEFICIT ON RESERVES		(40,587)	(44,925)	4,338

Comprehensive Income & Expenditure Statement Table 05B		31 March 2018 £000	31 March 2018 Restated £000	Amount of Restatement
	Note			
Net Expenditure on Continuing Services				
Communities Directorate		84,651	84,651	0
Environment Directorate		44,203	43,777	426
Resources Directorate including Support Services		17,642	17,642	0
Capital Financing and Risk Management		(166)	(166)	0
Net Cost of Services	6	146,330	145,904	426
(Gain) / loss on the disposal of non current assets		(54)	4,710	(4,764)
Precepts to Parishes		4,064	4,064	0
Levies Payable		145	145	0
(Surpluses)/deficits on trading undertakings	17	834	834	0
Other Operating Expenditure		4,989	9,753	(4,764)
Financing and Investment Income and Expenditure		9,683	9,683	0
Net Operating Expenditure		161,002	165,340	(4,338)
Taxation and Non Specific Grant Income		(146,003)	(146,003)	0
Surplus or Deficit on Provision of Services		14,999	19,337	(4,338)
Total Comprehensive Income & Expenditure		(7,507)	(3,169)	(4,338)

Movement in Reserves Statement 2017/18 Restated Table 6b		31 March 2018 £000	31 March 2018 Restated £000	Amount of Restatement £000
	Note			
Balance as at 31 March 2017		19,301	19,301	0
Surplus or Deficit on the Provision of Services		(14,999)	(19,337)	4,338
Adjustments between accounting basis and funding basis under regulations	18	15,727	20,065	(4,338)
Increase / (Decrease) in Year		728	728	0
Balance as at 31 March 2018	19/32	20,029	20,029	0

Note 5 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Asset Valuations

These are based on market prices and are periodically reviewed to ensure that the Council does not misstate its non-current assets and investment properties. The Council's external valuer provided valuations as at 1st April 2018 for all the Council's investment portfolio and circa 20% of its operational portfolio. The remaining balance of Operational properties was also reviewed to ensure values were reflective of current appropriate values. Investment properties were valued in line with new requirements.

The consequences if the actual results differ from the assumption:

A reduction in the estimated valuations would result in reductions in the Revaluation Reserve and or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.

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

Depreciation charges for operational buildings will change in direct relation to changes in estimated fair value.

Fair Value estimations – of Land and Buildings

The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible.

Estimated fair values may differ from the actual prices that could be achieved.

The consequences if the actual results differ from the assumption:

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

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

Pensions Liability

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

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

The consequences if the actual results differ from the assumption:

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

Business Rates (NNDR) – safety net

Following the 2017 revaluation of business hereditaments a new way of appealing was introduced. The 'Check Challenge Appeal' process means that we are unable to determine how many properties have proceeded to appeal stage. A provision has been made for future losses on appeals and recent advice suggested a figure of 5% of business rates.

In 2013 when the Government introduced the Business Rates Retention Scheme, a safety net system was put in place to protect the Council from losses below 92.5% of the baseline funding level.

The consequences if the actual results differ from the assumption:

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

Provision for Doubtful Debts

As at the 31 March 2018 the Council had an outstanding balance of short term debtors totalling £29.9m. A review of the major areas of debt has led to an updated provision against doubtful debts. It is not certain that this provision would be sufficient or too large as the Council cannot assess with certainty which debts will be collected or not.

The consequences if the actual results differ from the assumption:

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



Notes Supporting the Comprehensive Income and Expenditure Account

NOTE 6 Expenditure and Funding Analysis

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

2017/18 Restated			Table 9	2018/19		
Net Expenditure chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
62,170	22,481	84,651	Communities Directorate	67,900	16,484	84,384
30,222	13,555	43,777	Environment Directorate	29,644	13,456	43,100
12,505	5,137	17,642	Resources Directorate (including Support Services)	9,985	10,385	20,370
12,789	(12,955)	(166)	Capital Financing and Risk Management	11,817	(11,946)	(129)
117,686	28,218	145,904	Net Cost of Services	119,346	28,379	147,725
(118,414)	(8,153)	(126,567)	Other Income and Expenditure from the Expenditure and Funding Analysis	(129,272)	(13,940)	(143,212)
(728)	20,065	19,337	Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(9,926)	14,439	4,513
(19,301)			Opening General Fund	(20,029)		
(728)			Less / Plus surplus or (deficit) on General Fund	(9,926)		
(20,029)			Closing General Fund as at 31st March 2018	(29,955)		

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

NOTE 7 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments between Funding and Accounting Basis

2017/18 Restated				Adjustments between Funding and Accounting Basis Table 10				2018/19			
Adj for Capital Purposes £000	Net Change for the Pension Adj £000	Other Diff £000	Total Adj £000		Adj for Capital Purposes £000	Net Change for the Pension Adj £000	Other Diff £000	Total Adj £000			
15,425	5,991	1,065	22,481	Communities Directorate	13,590	4,568	(1,674)	16,484			
12,544	3,343	(2,332)	13,555	Environment Directorate	12,283	2,651	(1,478)	13,456			
(2,143)	2,789	4,491	5,137	Resources Directorate (including Support Services)	1,482	6,624	2,279	10,385			
0	(1,491)	(11,464)	(12,955)	Capital Financing and Risk Management	0	0	(11,946)	(11,946)			
25,826	10,632	(8,240)	28,218	Net Cost of Services	27,355	13,843	(12,819)	28,379			
(25,566)	8,435	8,978	(8,153)	Other Income and Expenditure from the Expenditure and Funding Analysis	(31,061)	7,873	9,248	(13,940)			
260	19,067	738	20,065	Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(3,706)	21,716	(3,571)	14,439			

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

The adjustment for Capital Purposes column includes:

- Depreciation, impairment and revaluation gains and losses are added into the service line;
- Included in the other income and expenditure line are capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Also adjustments for the statutory charges for capital financing and investments, for example minimum revenue provision and other revenue contributions are deducted because these are not chargeable under generally accepted accounting practices. This line is also credited with capital grants without conditions received with in the year and those where by the conditions have been satisfied.

Net Change to the Pensions Adjustments column includes the net change for the removal of pension contributions and the addition of IAS 19 Employee benefits pension related expenditure and income.

- For the services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For the other income and expenditure line this adjusts for the net interest on the defined benefit liability which is charged to the Comprehensive Income and Expenditure Statement.

The Other Differences column shows the other adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

- For services, this represents removal of the annual leave accrual adjustment.
- For the other income and expenditure line the other differences column recognises adjustments to the General Fund for the timing differences for premiums, discounts and financial instruments. Also included is the difference between what is chargeable under statutory regulations for council tax and NNDR and what was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 8 Segmental Income

Income received on a segmental basis is analysed below:

Income received on a segmental basis: Table 11		
2017/18 Income from Services £000	Services	2018/19 Income from Services £000
Communities Directorate		
(9,260)	Fees & Charges	(10,848)
(110,695)	Grants	(113,844)
(7,066)	Contributions & reimbursements	(6,627)
(5)	Other income	(1)
(83)	Financial account adjustments	(1,777)
<u>(127,109)</u>	Total	<u>(133,097)</u>
Environment Directorate		
(9,079)	Fees & Charges	(10,148)
(2,873)	Grants	(3,159)
(3,929)	Contributions & reimbursements	(4,280)
0	Other income	(1)
(11)	Financial account adjustments	0
<u>(15,892)</u>	Total	<u>(17,588)</u>
Resources Directorate		
(930)	Fees & Charges	(1,621)
(37,885)	Grants	(33,195)
(7,595)	Contributions & reimbursements	(8,828)
(1)	Other income	(1)
(183)	Financial account adjustments	(119)
<u>(46,594)</u>	Total Income Analysed on a segmental basis	<u>(43,764)</u>
Capital Financing & Risk Management Directorate		
(166)	Fees & Charges	(137)
0	Other income	(1,628)
0	Financial account adjustments	(160)
<u>(166)</u>	Total Income Analysed on a segmental basis	<u>(1,925)</u>
<u>(189,761)</u>	Total of all Segments	<u>(196,374)</u>

Note 9 Expenditure and Income Analysed by Nature

2017/18 Restated	The Authority's expenditure and income is analysed as follows: Table 12	2018/19
£000	Expenditure / Income	£000
	Expenditure	
138,043	Employee Benefits Expenses	144,572
183,560	Other Services Expenses	185,819
1,842	Trading Expenditure (exc employee and capital costs)	2,017
19,521	Depreciation, Amortisation, Impairment	15,777
6,022	Interest Payments	6,827
4,209	Precepts and Levies	4,297
8,435	Remeasurement of Net Defined Benefit	7,873
4,710	Loss on Disposal of Assets	529
366,342	Total Expenditure	367,711
	Income	
(189,761)	Fees Charges and Other Service Income	(196,374)
(10,873)	Trading Income	(8,456)
(367)	Interest and Investment Income	(700)
(110,198)	Income from Council Tax, Non-Domestic Rates, District Rate Income	(122,913)
(35,806)	Government Grants and Contributions	(34,755)
0	Gain on Disposal of Assets	0
(347,005)	Total Income	(363,198)
19,337	Surplus or Deficit on the Provision of Services	4,513

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

Note 10 Pooled Budgets

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

The Better Care Fund (BCF) was established in 2015 as a pooled budget under Section 75 of the 2006 National Health Service Act. It is a programme spanning both the NHS and local government which seeks to provide an integrated health and social care service. The Council entered into a Section 75 agreement with NHS Berkshire West CCG to comply with the requirements of the Better Care Fund which aims and benefits include:

- Improving the quality and efficiency of Health and Social Care Services
- Meeting the National Conditions set by NHS England and Local Objectives
- Making more effective use of resources through the establishment and maintenance of a pooled fund for revenue expenditure on the Services.

2017/18 £000	Berkshire Community Equipment Service Table 13a	2018/19 £000
Funding provided to the pooled budget		
(778)	West Berkshire	(1,103)
(4,512)	Berkshire clinical commissioning groups	(5,380)
(2,278)	Other unitary authorities	(2,569)
<u>(7,568)</u>	Total income	<u>(9,052)</u>
Expenditure met from the pooled budget		
778	West Berkshire	1,103
4,512	Berkshire clinical commissioning groups	5,380
2,278	Other unitary authorities	2,569
<u>7,568</u>	Total expenditure	<u>9,052</u>

2017/18 £000	Better Care Fund (Revenue) Table 13b	2018/19 £000
Funding provided to the pooled budget		
(3,435)	NHS Newbury & District CCG	0
(1,645)	NHS North & West Reading CCG	0
0	NHS Berkshire West CCG	(5,294)
<u>(5,080)</u>	Total income	<u>(5,294)</u>
Expenditure met from the pooled budget		
West Berkshire:		
597	Physical Support	609
386	Memory & Cognition Support	394
1,983	Learning Disabilities Support	2,023
642	Carers Support	655
856	Reablement	873
477	Projects	601
139	Other	139
<u>5,080</u>	Total expenditure	<u>5,294</u>

Note 11 Members' Allowances

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

2017/18 £000	Members' Allowances Table 14	2018/19 £000
522	Salaries	539
19	National Insurance	0
14	Car Allowance	14
<u>1</u>	Employees'/Members' Expenses	<u>1</u>
<u>556</u>		<u>554</u>

NOTE

Amounts which are not direct payments to Members have been excluded.
to comply with disclosure requirements. Prior year has not been restated.

Note 12 Officers' Remuneration

Exit packages

The Council terminated the contracts of a number of employees in 2018/19. These officers were from all areas in the Council and were made redundant as part of the Council's restructuring of its services.

Exit package banding	2017/18				2018/19			
	Compulsory redundancies	Other departures	Total exit packages	Total cost £000	Compulsory redundancies	Other departures	Total exit packages	Total cost £000
COUNCIL								
Up to £19,999	26	5	31	194	8	3	11	89
£20,000 - £39,999	1	1	2	65	2	0	2	53
£40,000 - £59,999	1	0	1	46	2	0	2	92
£60,000 - £79,999	0	0	0	0	0	0	0	0
	<u>28</u>	<u>6</u>	<u>34</u>	<u>305</u>	<u>12</u>	<u>3</u>	<u>15</u>	<u>234</u>
SCHOOLS								
Up to £19,999	41	4	45	223	10	7	17	95
£20,000 - £39,999	2	2	4	112	2	0	2	51
£40,000 - £59,999	1	0	1	46	0	0	0	0
	<u>44</u>	<u>6</u>	<u>50</u>	<u>381</u>	<u>12</u>	<u>7</u>	<u>19</u>	<u>146</u>

The number of employees whose remuneration including redundancy costs but excluding pension contributions was £50k or more in bands of £5k, including the senior officers, is detailed in Table 16 below.

Remuneration Bandings	Schools				Council Staff				TOTALS			
	Number of employees		Left during year		Number of employees		Left during year		Number of employees		Left during year	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Table 16												
£50k-£54k	28	37	2	3	34	47	0	6	62	84	2	9
£55k-£59k	19	26	0	1	20	22	1	4	39	48	1	5
£60k-£64k	16	19	0	3	16	19	0	4	32	38	0	7
£65k-£69k	12	14	0	1	8	15	1	1	20	29	1	2
£70k-£74k	3	8	0	1	6	5	2	0	9	13	2	1
£75k-£79k	4	1	1	0	1	4	1	0	5	5	2	0
£80k-£84k	3	2	0	0	6	1	0	1	9	3	0	1
£85k-£89k	1	3	0	0	3	4	0	0	4	7	0	0
£90k-£94k	2	0	0	0	0	3	0	0	2	3	0	0
£95k-£99k	3	3	0	1	0	1	0	0	3	4	0	1
£100k-£104k	1	2	0	0	0	2	0	0	1	4	0	0
£105k-£109k	0	1	0	0	1	0	0	1	1	1	0	1
£110k-£114k	0	0	0	0	1	1	0	0	1	1	0	0
£115k-£119k	0	0	0	0	0	0	0	0	0	0	0	0
£120k-£124k	0	0	0	0	0	0	0	0	0	0	0	0
£130k-£134k	0	0	0	0	0	0	0	0	0	0	0	0
£135k-£139k	0	0	0	0	0	0	0	0	0	0	0	0
£140k-£144k	0	0	0	0	1	0	0	0	1	0	0	0
£145k-£150k	0	0	0	0	0	1	0	0	0	1	0	0
£165k-£164k	0	0	0	0	0	0	0	0	0	0	0	0
	92	116	3	10	97	125	5	17	189	241	8	27

Executive Remuneration

The table below discloses the salary information of those individuals who are on the Council's Corporate Board, as well as those individuals whose salary is over £150k. The Director of Communities role was unoccupied for a significant proportion of the financial year.

Executive Remuneration		Salary (Including fees & allowances)	Note	Benefits in Kind	Remuneration excluding pension contributions	Pension contributions	Remuneration including pension contributions
Table 17		£		£	£	£	£
Chief Executive - Nick Carter							
Resources	2018/19	143,823		0	143,823	28,875	172,698
	2017/18	141,101		0	141,101	25,995	167,096
Corporate Directors							
Environment	2018/19	112,668		0	112,668	22,603	135,271
	2017/18	110,537		0	110,537	20,349	130,886
Communities	2018/19	11,393	*	0	11,393	2,370	13,763
	2017/18	106,537		0	106,537	20,349	126,886
Senior Council Personnel							
Head of Education	2018/19	97,317	**	0	97,317	19,514	116,831
	2017/18	84,914		0	84,914	15,550	100,464
Head of Legal Services	2018/19	75,027		0	75,027	15,060	90,087
	2017/18	67,309		4,314	71,623	12,764	84,387
Head of Human Resources	2018/19	83,043		5,705	88,748	17,273	106,021
	2017/18	81,414		4,892	86,306	15,550	101,856
Head of Finance and Property	2018/19	83,043		3,159	86,202	17,273	103,475
	2017/18	81,414		2,697	84,111	15,550	99,661
TOTAL	2018/19	606,314		8,864	615,178	122,968	738,146
TOTAL	2017/18	673,226		11,903	685,129	126,107	811,236

Note 13 External Auditor's Costs

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

2017/18 £000	Audit fees Table 18	2018/19 £000
94	Fees payable with regard to external audit services	74
11	Fees payable with regard to grants audit	10
3	Fees payable with regard to audit of teachers pension	3
<u>108</u>	Total	<u>87</u>

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Note 14 Disclosure of Deployment of Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). The DSG allocation is largely based on the number of pupils recorded in the previous October school census. An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2018.

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

Details of the deployment of DSG received for 2018/19 and 2017/18 are as follows:

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2017/18			Deployment of Dedicated School Grant Table 19	2018/19		
Central Expenditure	Individual Schools Budget £000	Total £000		Central Expenditure £000	Individual Schools Budget £000	Total £000
		123,513	Final DSG before Academy recoupment			128,607
		(32,627)	Final Academy figure recouped			(33,849)
		0	Final High Needs Recoupment			(2,110)
		<u>90,886</u>	Total DSG after Academy and High Needs recoupment			<u>92,648</u>
		(741)	Less: Deficit brought forward from previous year			(14)
		<u>90,145</u>	Grant Funding			<u>92,634</u>
16,380	73,765	90,145	Agreed initial budgeted distribution	16,496	76,138	92,634
0		0	Less: Clawback of early years funding	(391)	0	(391)
<u>16,380</u>	<u>73,765</u>	<u>90,145</u>	Final budgeted distribution of DSG funds	<u>16,105</u>	<u>76,138</u>	<u>92,243</u>
(16,132)	0	(16,132)	Less Actual central expenditure	(16,465)	0	(16,465)
0	(74,027)	(74,027)	Less Actual ISB deployed to schools	0	(75,878)	(75,878)
<u>248</u>	<u>(262)</u>	<u>(14)</u>	Position against grant allocation at the yearend	<u>(360)</u>	<u>260</u>	<u>(100)</u>
		(14)	Carry forward to 2019/20			(100)

Note 15 Grant income

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2018/19:

2017/18 £000	Grant Income Table 20	2018/19 £000	2017/18 £000	Grant Income Table 21	2018/19 £000
	Credited to taxation and non specific grant income (non ring fenced)			Credited to Services	
3,696	Revenue Support Grant	0	90,490	Dedicated Schools Grant	92,257
503	Adult Social Care Support Grant	313	37,136	Housing Benefit Grant	32,413
				Learning Support Council, Skills & Educ Funding Agencies	11,742
3,667	New Homes Bonus	2,691	11,248	Public Health	5,853
511	Education Services Grant	0	6,012	Private Finance Initiative	2,312
1,372	Transition Grant	0	2,312	Improved Better Care Fund	584
71	Community Safety Grant	71	704	Housing Benefit Administration	390
116	Other	90	397	Troubled Families	249
9,936	Total Non Ring Fenced Government Grants	3,165	273	Independent Living Fund	416
			430	Unaccompanied Asylum Seekers	533
	Capital Grants		517	Youth Offending	148
7,397	Section 106 Contributions	8,449	148	Discretionary Housing Payments	274
18,472	Capital Grants	23,141	176	Council Tax Admin & Support	103
25,869	Total Capital Government Grants	31,590	119	Education Grants (SEND)	0
			226	Family Safeguard Innovation Prog project fund	969
			262	Winter Funding	501
			0	Assessments & Accreditation Early Adopters	121
			0	New Burdens	196
			164	Homelessness Grant	324
			112	Local Authority EU Exit Preparation	105
			0	Bus Service Operators Grant	137
			137	Other Specific Government Grants	570
			614	Total Government Grants Credited to Services	150,197
			151,477		

Note 16 Related Party Transactions

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

Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefit). Grants received from government departments are set out in note 14.

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

2017/18 £000	Related Parties Table 22	2018/19 £000
183	Corn Exchange Theatre Trust	178
0	Mare Hare School	316
789	Francis Construction	0
0	Readibus	126
118	Volunteer Centre West Berkshire	147
704	Gigaclear PLC	630
186	Citizens Advice West Berkshire	110
305	Kennet School - Academy	415
355	Theale Green School - Academy	0
2,640	Total	1,922

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

- Royal Berkshire Fire and Rescue Authority
- Berkshire Maestros Young Musician Trust
- Skills for Care Solutions
- Swings and Smiles
- Various suppliers where expenditure is below £2,000

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

Note 17 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. The total income, expenditure and deficit are:

2017/18			Trading Operations	2018/19		
Expenditure £000	Income £000	(Surplus)/ Deficit £000	Table 23	Expenditure £000	Income £000	(Surplus)/ Deficit £000
1,511	(1,422)	89	External Trading Accounts	2,264	(2,316)	(52)
8,875	(9,347)	(472)	Internal Trading Accounts	3,038	(3,356)	(318)
10,386	(10,769)	(383)	Net (surplus) / deficit	5,302	(5,672)	(370)

Surpluses / Deficits on Trading Undertakings

Other Operating Expenditure Trading		
2017/18	Table 24	2018/19
£000		£000
External Trading Accounts		
89	Net (Surplus)/Deficit on Trading Operations	(52)
89	Support Services charged to Trading Operations	107
500	Capital charges (depreciation, impairment)	161
97	ISA 19 Pension charges	68
<u>775</u>	Net deficit charged to Other Operating Expenditure	<u>284</u>
Internal Trading Accounts		
(472)	Net Surplus on Trading Operations	(318)
195	Support Services charged to Trading Operations	214
74	Capital charges (depreciation, impairment)	18
262	IS19 Pension charges	233
<u>59</u>	Net deficit charged to Other Operating Expenditure	<u>147</u>
<u>834</u>	Net deficit	<u>431</u>



Notes Supporting the Movement in Reserves Statement

Note 18 Adjustments between Accounting Basis and Funding Basis Under Regulations

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

The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services, or on capital investment, at the end of the financial year. The General Fund Balance includes earmarked reserves and Working Balances which have been set aside for specific items.

The Capital Receipts Reserve holds the proceeds from the disposal of land and other assets which under statute, can only be used to fund new capital expenditure, to be set aside to finance historical capital expenditure or to fund transformation and restructuring of services in order to achieve efficiencies and revenue cost savings. The balance on the reserve shows the resources that have yet to be applied for these purposes at year-end.

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

2018/19	General Fund Balance £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Usable Reserves £000
Table 25				
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from Revenue for the year calculated in accordance with statutory requirements.				
Pension Costs transferred to (or from) the Pensions reserve	22,017	0	0	22,017
Council tax and NNDR (transfers to or from Collection Fund Adjustment Account)	1,671	0	0	1,671
Holiday Pay (transferred to the Accumulated Absences Reserve)	(40)	0	0	(40)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,848)	0	28,392	23,544
Total adjustments to Revenue Resources	18,800	0	28,392	47,192
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(361)	361	0	0
Administrative costs of non-current asset disposals (funded by a transfer from the Capital Receipts Reserve)	7	(7)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(6,629)	0	0	(6,629)
Flexible Use of Capital Receipts to fund transformational Revenue Expenditure	2,622	(2,622)	0	0
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	0	0	0	0
Total Adjustments between Revenue and Capital Resources	(4,361)	(2,268)	0	(6,629)
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance Capital Expenditure	0	0	0	0
Application of Capital Grants to finance Capital Expenditure	0	0	(25,427)	(25,427)
Total Adjustments to Capital Resources	0	0	(25,427)	(25,427)
Total Adjustments	14,439	(2,268)	2,965	15,136

2017/18 Restated	General Fund Balance £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Usable Reserves £000
Table 26				
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure				
Pension Costs transferred to (or from) the Pensions reserve	19,067	0	0	19,067
Council tax and NNDR (transfers to or from Collection Fund Adjustment Account)	3,053	0	0	3,053
Holiday Pay (transferred to the Accumulated Absences Reserve)	656	0	0	656
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	32,606	0	0	32,606
Changes in Fair Value of Investment Properties	(3,794)	0	0	(3,794)
Total adjustments to Revenue Resources	51,588	0	0	51,588
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(42)	2,991	0	2,949
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(5,799)	0	0	(5,799)
Capital Expenditure Financed from Revenue Balances (transfer to the Capital Adjustment Account)	(155)	0	0	(155)
Total Adjustments between Revenue and Capital Resources	(5,996)	2,991	0	(3,005)
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance Capital Expenditure	187	(187)	0	0
Application of Capital Grants to finance Capital Expenditure	(25,714)	0	8,271	(17,443)
Total Adjustments to Capital Resources	(25,527)	(187)	8,271	(17,443)
Total Adjustments	20,065	2,804	8,271	31,140

The 2017/18 figures have been restated, see note 4 Prior Period Adjustments.

Figures in the above table have been adjusted in the General Fund Balance column, they have not altered the total adjustment figure. This was done in conjunction with the changes in the Expenditure and Funding Analysis table.

Note 19 Movement in Usable Reserves:

	Balance at 1 April 2017 £000	Transfers in 2017/18 £000	Transfers out 2017/18 £000	Balance at 31 March 2018 £000	Transfers in 2018/19 £000	Transfers out 2018/19 £000	Balance at 31 March 2019 £000
Usable Reserves Table 27							
General Fund	5,315	0	(276)	5,039	1,112	0	6,151
Risk Fund	1,030	0	0	1,030	0	(1,030)	0
Total General Reserve	6,345	0	(276)	6,069	1,112	(1,030)	6,151
Total Working Balances	2,066	3,495	(2,958)	2,603	1,987	(2,520)	2,070
Schools Balances	4,071	3,706	(4,071)	3,706	5,334	(3,706)	5,334
DSG Overspend	0	0	0	0	(100)	0	(100)
Special Expenses	11	22	(32)	1	0	(21)	(20)
Self Insurance Fund	708	350	(136)	922	183	(150)	955
Long term commitment	844	47	(59)	832	0	(61)	771
Specific Earmarked Reserves	4,726	5,947	(5,537)	5,136	14,351	(5,313)	14,174
Waste Management Strategy	530	497	(267)	760	185	(325)	620
Total Earmarked Reserves	10,890	10,569	(10,102)	11,357	19,953	(9,576)	21,734
Total Capital Reserves	29,385	28,860	(17,784)	40,461	32,951	(32,254)	41,158
Total Usable Reserves	48,686	42,924	(31,120)	60,490	56,003	(45,380)	71,113

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.

School Balances, excluding DSG 2018/19

Table 28	Nursery £000	Primary £000	Secondary £000	Special £000	Totals £000
Opening balances	246	2,198	480	782	3,706
Transfers to Academies	0	20	0	0	20
Restated balances	246	2,218	480	782	3,726
Movement	(61)	1,569	197	(97)	1,608
Closing balances	185	3,787	677	685	5,334
Representing					
Underspent	185	3,907	768	685	5,545
Overspent	0	(120)	(91)	0	(211)
Net balance	185	3,787	677	685	5,334

School Balances, excluding DSG 2017/18

Table 29	Nursery £000	Primary £000	Secondary £000	Special £000	Totals £000
Opening balances	223	2,133	604	1,111	4,071
Transfers to Academies	0	0	0	0	0
Restated balances	223	2,133	604	1,111	4,071
Movement	23	65	(124)	(329)	(365)
Closing balances	246	2,198	480	782	3,706
Representing					
Underspent	246	2,730	578	782	4,336
Overspent	0	(532)	(98)	0	(630)
Net balance	246	2,198	480	782	3,706

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

Earmarked Reserves: The amount shown for Earmarked reserves is a number of funds and balances where the amounts are held for specific future projects.

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

Includes all school balances for each sector - revenue and capital. Special schools also include the balances of the pupil referral unit.

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 31 March 2019 Schools held total balances of £5,334k (2017/18: £3,706k).

The £5,334k (2017/18: £3,706k) is an amalgamation of unspent and overspent balances, of which £5,545 k is the unspent (surplus) and £(211)k is the overspent (deficit) (2017/18: £4,336k and £(630)k respectively). Six schools closed with an overall deficit balance (ten in 2017/18).

From 2015/16 West Berkshire no longer operates a balance control mechanism, but the Schools' Forum may review the financial management at any school which has a surplus of greater than 10% of the actual funding received in year - this is in line with the 2016 Scheme for Financing Schools. Fourteen schools have a year-end surplus of greater than 10% (2017/18: nine), with the excess surpluses totalling £524k (2017/18: £235k).

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

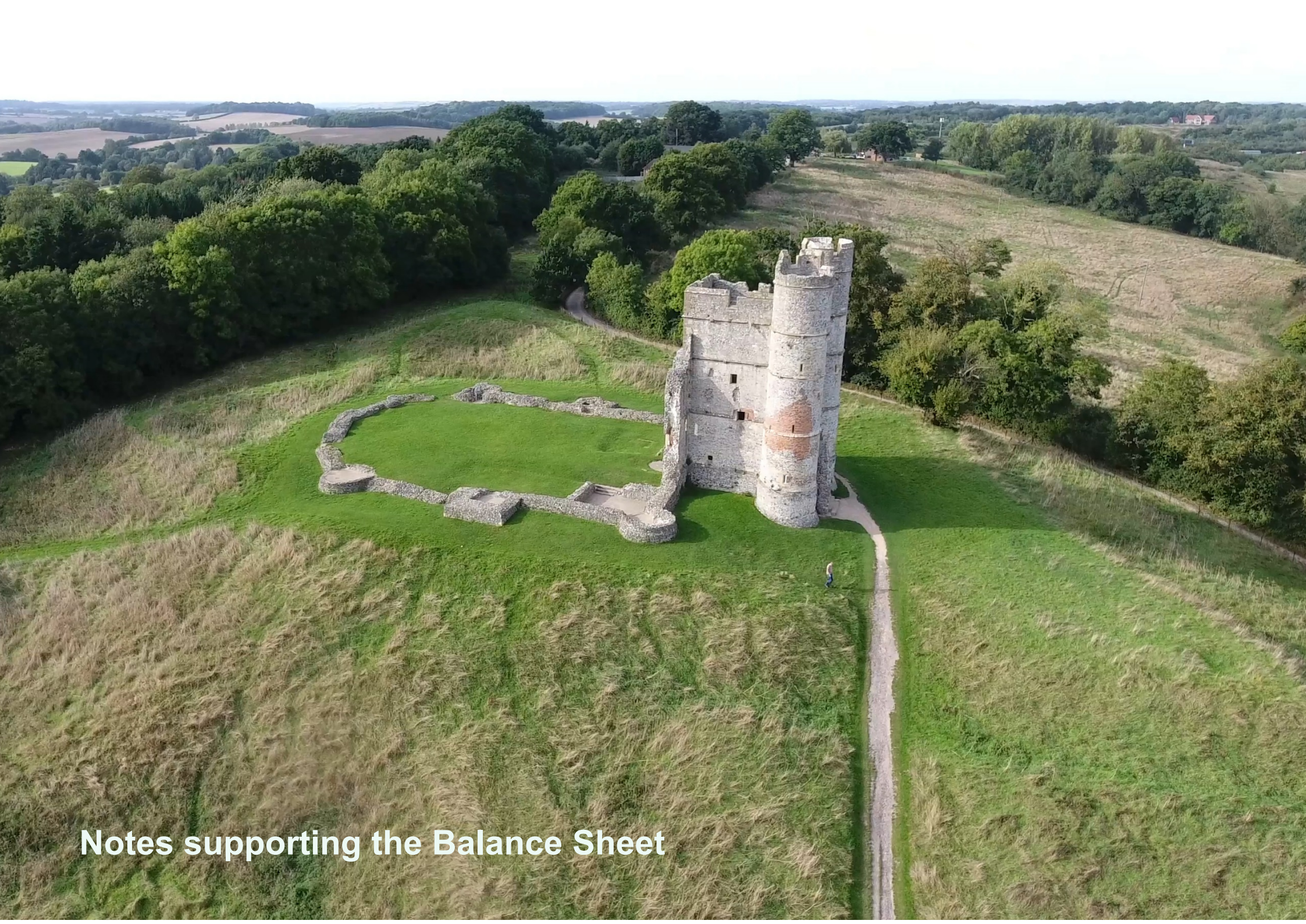
Self Insurance Fund: this Fund has been established to ensure that costs to the Council in relation to claims can be met whilst limiting the impact of higher premiums on the Council's revenue budget. The Fund is used to pay the first £250k of any property claim and the first £100k of other claims. External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

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

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

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

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Notes supporting the Balance Sheet

Note 20 Property, Plant and Equipment

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.

Movements in Property, Plant & Equipment							
2018/19 Table 30a	Land & Buildings £000	Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Under construction Assets £000	TOTAL £000
Valued at Current value							
Book Value @ start of year	293,310	27,140	234,320	18	774	111	555,673
Revaluations - Increasing reval reserve	71,677	0	0	0	83	0	71,760
Revaluations - Reducing reval reserve	(20,715)	0	0	0	0	0	(20,715)
Revaluations - CI&Es	(27,654)						(27,654)
Reclassifications	(1,842)	(754)	701	2	(768)	0	(2,661)
Additions	7,165	2,906	14,809	0	0	2,149	27,029
add back disposals							
Disposals	(517)	0	0	0	0	0	(517)
Book Value @ end of year	321,424	29,292	249,830	20	89	2,260	602,915
Depreciation @ start of year	(47,832)	(18,467)	(77,184)	0	(151)	0	(143,634)
Charged to services	(8,825)	(1,973)	(5,812)	0	(55)	0	(16,665)
Depreciation written out of reval reserve	24,197	0	0	0	1	0	24,198
Downward revaluation losses/reversals - CI&Es	27,145	0	0	0	0	0	27,145
Depreciation on reclassified assets	358	753	(699)	0	205	0	617
On disposal	0	0	0	0	0	0	0
Balance @ end of year	(4,957)	(19,687)	(83,695)	0	0	0	(108,339)
Net Book Value @ 31/03/19	316,467	9,605	166,135	20	89	2,260	494,576
Net Book Value @ 31/03/18	245,478	8,673	157,136	18	623	111	412,039

Movements in Property, Plant & Equipment

2017/18 Restated Table 30b	Land & Buildings £000	Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Under construction Assets £000	TOTAL £000
Valued at Current value							
Book Value @ start of year	310,277	28,234	224,728	13	0	0	563,252
Revaluations	(3,852)	0	0	0	0	0	(3,852)
Impairments	(7,851)	0	0	0	0	0	(7,851)
Reclassifications	(2,307)	0	0	0	758	0	(1,549)
Additions	6,176	2,553	9,592	5	16	111	18,453
Disposals	(9,133)	(3,647)	0	0	0	0	(12,780)
Book Value @ end of year	293,310	27,140	234,320	18	774	111	555,673
Depreciation @ start of year	(51,880)	(19,861)	(71,397)	0	0	0	(143,138)
Charged to services	(15,142)	(2,058)	(5,787)	0	(59)	0	(23,046)
On revalued assets	7,265	0	0	0	0	0	7,265
Depreciation on impaired assets	7,154	0	0	0	0	0	7,154
Depreciation on reclassified asset	518	0	0	0	(92)	0	426
On disposal	4,253	3,452	0	0	0	0	7,705
Balance @ end of year	(47,832)	(18,467)	(77,184)	0	(151)	0	(143,634)
Net Book Value @ 31/03/18	245,478	8,673	157,136	18	623	111	412,039
Net Book Value @ 31/03/17	258,397	8,373	153,331	13	0	0	420,114

This table has been changed to show the comparison with the current year table.

The Council carries out a rolling programme that ensures all property, plant and equipment required to be measured at current value is revalued at least every five years. A proportion of these properties have been revalued during the year by Wilks Head & Eve a London-based firm of chartered surveyors in accordance with the code of Practice issued by CIPFA and the RICS Red Book. The Council's property officer has done a reasonableness check on the asset valuations from previous years from a report our valuer's provided giving views on movements for asset classes.

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

capital appreciation) which is held at market value. Infrastructure assets, plant and equipment and community assets are included at depreciated historical cost.

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

Capital Assets: During the year a proportion of the Assets were revalued in line with the five year rolling programme. The one Foundation School in the district is not included in the Council's asset register but the Council is required to disclose the valuation. The Land and Buildings of this school were revalued during 2017/18 and were valued at £9.17m being £9.03m for building and £0.14m for land.

The table below reflects the current value of the assets valued in each of the five years, together with those assets carries at historic cost.

Revaluations		Land & Building Assets	Plant & Equipment Assets	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Assets Held for Sale	Investment Properties
2018/19 Table 30c		£000	£000	£000	£000	£000	£000	£000	£000	£000
Valued as Historical Cost		3,748	9,605	166,135	5	0	2,260	181,753	0	52,585
Valued at Current Value in year										
2018/19		255,473	0	0	0	89	0	255,562	1,003	23,365
2017/18		29,657	0	0	0	0	0	29,657	0	
2016/17		18,225	0	0	0	0	0	18,225	0	
2015/16		6,250	0	0	0	0	0	6,250	709	
2014/15		2,575	0	0	0	0	0	2,575	0	
2013/14		539	0	0	0	0	0	539	0	
2012/13 or prior		0	0	0	15	0	0	15	0	
Total		316,467	9,605	166,135	20	89	2,260	494,576	1,712	75,950

As can be seen, the majority of the Council's Land and Buildings assets are held at carrying value, with a small proportion held at historical cost.

Note 21 Investment Properties, including Commercial Properties

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

Rental income from Investment Properties

2017/18 £000	Surpluses / deficits on Investment Properties Table 31	2018/19 £000
(459)	Rental income from Investment Properties	(3,138)
(3,960)	(Upward) / downward revaluations	(1,914)
12	Direct operating expenses arising from investment properties	251
<u>(4,407)</u>	Net Income	<u>(4,801)</u>

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

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to remittance of income and the proceeds of disposal.

Investment Properties Fair Value

2017/18 £000	Investment Properties Table 32a	2018/19 £000
7,412	Balance at start of year	26,023
15,059	Additions	47,205
	Other changes	
3,794	Net gains/losses from fair value adjustments	1,914
(242)	To/(from) Property, Plant & Equipment	808
3,552	Total other changes	<u>2,722</u>
<u>26,023</u>	Balance at end of year	<u>75,950</u>

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated, as they are revalued every year according to market values.

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

The increase in year relates to the acquisition of a number of commercial properties.

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. The commercial properties the Council purchased over a year before the financial year end of the 31st March have been revalued externally by Carter Jonas LLP. All other investment property revaluations were carried out externally by Wilks Head & Eve a London based firm of Chartered Surveyors, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Fair Value Hierarchy

Details of the fair value of the Council's investment properties and information about the fair value hierarchy as at the 31st March 2018 and 2019 are as follows. There was one transfer between the levels during the year, Newbury football club's lease expired and was not renewed as the Council is holding the land for London road redevelopment.

Fair Value 31st March 2018				Fair Value 31st March 2019		
Significant observable inputs Level 2 £000	Significant unobservable inputs Level 2 £000	Total £000		Significant observable inputs Level 2 £000	Significant unobservable inputs Level 2 £000	Total £000
10,127	1,004	11,131	Small Holdings	13,758	0	13,758
14,892	0	14,892	Commercial Units	61,864	0	61,864
<u>25,019</u>	<u>1,004</u>	<u>26,023</u>		<u>75,622</u>	<u>0</u>	<u>75,622</u>

Shown below is a reconciliation of the fair value measurements in respect of Level 3 valuations.

Investment Buildings categorised within Level 3		
31st March 2018		31st March 2019
£000	Table 32c	£000
998	Opening balance	1,004
0	Transfer out of level 3	-2,484
6	Net gains / losses from fair value adjustments	1,480
<u>1,004</u>		<u>0</u>

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on investment properties in the Financing and Investment income line on the Comprehensive Income and Expenditure Statement.

Significant Observable Inputs – Level 2 Fair Value Investment Property Assets.

The Commercial property investment portfolio and the small holdings have been categorised as a level 2 in the fair value hierarchy. The fair value has been measured using a combination of the market approach and the income approach. The market approach uses comparable market evidence in arriving at values, whilst the income approach uses an all risk yield to capitalise the income to arrive at the value. This yield is based on comparable market yields.

These investment properties are categorised as level 2 as the measurement technique uses inputs that are observable for the asset, either directly or indirectly and there is no information that reasonably indicates the market participants would use different assumptions.

Note 22 Assets Held for Sale

2017/18 £000	Current Assets Table 33	2018/19 £000
3,209	Balance outstanding at start of year	2,500
0	Additions	13
	Assets newly classified as held for sale	
1,791	Property, Plant and Equipment	1,243
(2,500)	Assets sold	(1,791)
0	Downward revaluations	(225)
0	Upward revaluations	71
0	Impairment losses	(99)
<u>2,500</u>	Balance outstanding at year end	<u>1,712</u>

The 2017/18 figures have been restated, see note 4 Prior Period Adjustments.

This Council has four assets held for sale which are:

- the former Newbury Day centre land
- 15 Chestnut Walk group home
- 1 Bath Road, Theale
- Waterside Youth and Community Centre

Note 23 Heritage Assets

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

13a Berkshire Record Office Archive (Record Office of the Royal County of Berkshire)

In 1998, Berkshire County Council was abolished and succeeded by six unitary authorities. Under the terms of the Order dissolving the county Council and creating unitary authorities in Berkshire, the Record Office remained a county-wide service, with West Berkshire Council acting as the archive Council whilst due to the location of the Record Office, Reading Borough Council was deemed, under a service level agreement, the host Council. All six authorities entered into a joint agreement for the funding and management of the service; the current agreement runs until 31 March 2028.

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

The Record Office continues to acquire documents that contribute to our knowledge of the county's past. Recent acquisitions include historic title deeds for the Basildon Park estate, the archive of the Hungerford Tragedy Trust and records from St Bartholomew's School Newbury. Altogether over 200 new accessions, amounting to around 700 boxes, were added to the collections in 2018/19. Projects during the year included the conservation of the Coleshill House estate collection, generously funded by the National Manuscripts Conservation Trust, and the publication of a new guide to education in 18th century Berkshire, which was the culmination of a volunteer research project. Members of staff also regularly give talks to local organisations about the work of the Record Office, and are happy to arrange visits for local groups.

13b West Berkshire Museum Collections

There has been a public museum in Newbury since 1843. The current museum and its collections were established in 1904 when the Cloth Hall was refurbished by public subscription in memory of Queen Victoria. Between 2011 and 2014 the museum underwent a £2.2M refurbishment funded by the Heritage Lottery Fund (£1.2M), West Berkshire Council, the Greenham Common Trust and local donations. The Museum re-opened in autumn 2014.

The Museum is housed in a Grade I Listed building – the Cloth Hall - built in 1627 - and the Granary/Corn Stores, a Grade II Listed 18th century industrial building, with a modern building built in 2012 connecting the two to provide modern facilities and physical access.

The museum is the statutory place of deposit for archaeological remains found in West Berkshire. The collection has about 35,000 objects. The majority of the collections are of local or regional significance but there are some items of national significance such as the Bronze Age material within archaeology; Civil War material within archaeology; Egyptology from the Earl of Carnarvon; some of the local history material, particularly the Kennet & Avon Canal material; the world collections material is also of national significance because it was assembled by Harold Peake, one of the Museum's first curators, to illustrate his theory of comparative archaeology. The collections of international significance include: Mesolithic material in archaeology and material relating to the Greenham Common peace camps. The Museum has a full-time of three staff – Curator, Operations Manager and learning & development Officer. They are supported by 38 volunteers who have given over 2,500 hours - helping conserve and log the collection at our collection store as well as helping with new exhibitions and the day to day operations in the Museum. The Museum collects material that

supports the Sense of Place theme for audience development, exhibitions, outreach, and collection development; enabling community engagement and dialogue to reflect local communities in displays and explore individual and community identities. During 2018/19 the museum welcomed 30,000 visitors (1,500 more than the previous year). The Museum's education programme worked with over 50,000 people of all ages at the Museum, in schools, with parish Councils and through educational activity days at Shaw House.

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Note 24 Capital Expenditure

The total capital expenditure for the year was £81.3m (2017/18: £38.0m).

Where ever possible the Council aims to fund any necessary capital investment from external sources of funding i.e. grants, developers contributions and capital receipts. The level of investment required over and above the level of external funding available must then be weighed up against the revenue cost of repaying loans to fund capital expenditure from external sources. In establishing its Prudential framework, the Council determined that it could support a capital programme of £54.7m (2017/18: £11.9m).

Capital Expenditure Financing

2017/18 £000	Capital Expenditure Financing Table 34a	2018/19 £000
175,794	Opening Capital Financing Requirement	192,045
	Capital Investment	
18,526	Property, Plant and Equipment	24,893
14,892	Investment Properties	47,205
93	Assets under construction	2,149
4,527	Revenue Expenditure Funded from capital under statute	7,013
	Sources of Finance	
0	Capital receipts	(1,000)
(14,358)	Government Grants	(19,855)
(328)	Other Grants	(2,858)
(155)	Revenue funding	(14)
0	Other internal balances and funds	(118)
(1,148)	Developers/other contributions	(2,711)
(391)	MRP/Loans Principal Repaid	(602)
(5,408)	Loans Principal repaid	(6,027)
192,045	Closing Capital Financing Requirement	240,120
	Explanation of Movements in Year	
0	Increase in underlying need to borrowing (supported by government financial assistance)	0
16,251	Increase in underlying need to borrowing (unsupported by government financial assistance)	48,075
0	Assets acquired under finance leases	0
0	Assets acquired under PFI/PPP contracts	0
16,251	Increase/ (decrease) in capital financing requirement	48,075

Accounting Treatment of Borrowing Costs

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

Capital Grants, Contributions and Receipts

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

Capital Grants and Contributions	Opening Balance 31/03/18	New Capital Grants and Contributions Received	Capital Grants repaid to funding body & Contributions Written off	Grants and Contributions paid to other bodies or reclassified as revenue	Amount applied to fund Capital Expenditure	Closing Balance 31/03/19
Table 35a	£000	£000	£000	£000	£000	£000
Section 106, CIL & Other Contributions	(21,336)	(8,509)	177	1,902	5,693	(22,073)
Capital Grants (not including grants with conditions)	(16,112)	(23,081)	0	1,059	19,795	(18,339)
Total Grants & Contributions	(37,448)	(31,590)	177	2,961	25,488	(40,412)
Capital Grants with Conditions	(5,027)	(6,238)	0	0	1,857	(9,408)

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

The opening balance of S106, CIL and other contributions is £99k higher than the closing balance shown in the equivalent table in the 2017/18 accounts, as the opening balance shown in the table above also includes funds set aside from the revenue budget to fund capital expenditure as at 31/3/18, which were not included in the 2017/18 table.

In addition the Council received capital receipts of £1.3m in 2018/19 (£2.8m in 2017/18).

Capital receipts of £1.m were used to fund capital expenditure in 2018/19 and £7k was set against the cost of disposal of assets. This leaves a balance of £746k useable capital receipts as at 31 March 2019 and total capital reserves of £41.2m.

2017/18 £000	Capital Reserves Table 35b	2018/19 £000
29,177	Opening Balance	37,448
25,869	New Capital Grants and Contributions Received	31,590
(11)	Capital Grants repaid to funding body & Contributions Written off	(177)
(1,778)	Grants and Contributions paid to other bodies or reclassified as revenue	(2,961)
(15,809)	Amount applied to fund Capital Expenditure	(25,488)
37,448	Closing Balance	40,412
	Capital Receipts	
208	Opening Balance	3,013
2,991	New Capital Receipts in year	1,362
(61)	Capital receipts to fund Transformational Revenue Expenditure	-2,622
(125)	Administrative costs of non-current asset disposals	-7
0	Capital Receipts applied to Capital Programme	-1,000
3,013	Closing Balance	746
40,461	Total Capital Reserves	41,158

Note 25 Financial Instruments

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

Financial Instrument balances

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

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

Restatement of Financial Instrument Balances at 1/4/18 as per IFRS9	Long Term		Short Term		Long Term		Short Term	
	31/03/18 £000	31/03/18 £000	Adjustment from IAS 39 to IFRS 9 Basis £000	Adjustment from IAS 39 to IFRS 9 Basis £000	Restated at 1/04/18 £000	Restated at 1/04/18 £000		
Table 36a								
Cash and Investments								
Loans and receivables	0	18,000	0	(18,000)	0	0	0	0
Investments Held at amortised cost	0	0	0	18,000	0	18,000	0	18,000
Total Cash and Investments	0	6,194	0	0	0	6,194	0	6,194
Total Investments	0	24,194	0	0	0	24,194	0	24,194
Debtors								
Financial assets carried at contract amount	0	13,710	0	(13,710)	0	0	0	0
Debtors held at amortised cost	0	0	0	13,710	0	13,710	0	13,710
Borrowings								
Financial Liabilities at amortised cost	167,960	6,026	0	0	167,960	6,026	0	6,026
Total Borrowings	167,960	6,026	0	0	167,960	6,026	0	6,026
Creditors								
Financial Liabilities carried at contract amount	0	23,133	0	(23,133)	0	0	0	0
Creditors held at amortised cost	0	0	0	23,133	0	23,133	0	23,133

Financial Instrument Balances	Long Term		Short Term	
	Restated at 1/04/18	31/03/19	Restated at 1/04/18	31/03/19
	£000	£000	£000	£000
Table 36b				
Financial Assets				
Investments held at amortised cost	0		18,000	26,000
Cash and cash equivalents	0		6,194	8,314
Total Cash and Investments	<u>0</u>	<u>0</u>	<u>24,194</u>	<u>34,314</u>
Debtors held at amortised cost	0		13,710	14,924
Total Financial Assets	<u>0</u>	<u>0</u>	<u>37,904</u>	<u>49,238</u>
Financial Liabilities				
Borrowings held at amortised cost	167,960	207,717	6,026	14,872
Creditors held at amortised cost	0	0	23,133	23,207
Total Financial Liabilities Held at Amortised Cost	<u>167,960</u>	<u>207,717</u>	<u>29,159</u>	<u>38,079</u>

Interest paid on long term borrowing was £5,942k (2017/18: £5,107k)

Interest paid on the credit arrangement within the PFI contract was £872k (2017/18: £909k)

Interest paid on short term borrowing was £13k (2017/18: £6k)

Total interest paid £6,827k (2017/18: £6,022k)

Interest earned on investment was £700k (2017/18: £367k)

Debtors and creditors figures re 17/18 have been restated due to £1,818 re cash in transit which was shown under creditors in 17/18, but subsequently moved to debtors. This reduces both debtors and creditors.

Restated as at 1/4/18			31/03/19	
Carrying Amount	Fair Value	Fair value of liabilities and assets	Carrying Amount	Fair Value
£000	£000	Table 37	£000	£000

Fair value of liabilities carried at amortised cost

42,738	65,434	PWLB Maturity Loans	82,758	123,838
111,570	145,192	Other PWLB Loans > 1 Year	111,988	149,418
13,652	13,652	Other Long term Borrowing	12,971	12,971
6,026	6,026	Short term borrowing	14,872	14,872
173,986	230,304	Total Financial Liabilities	222,589	301,099

Fair value of assets carried at amortised cost

6,194	6,194	Cash and cash equivalents	8,314	8,314
18,000	18,000	Banks and building society deposits > 3 months	26,000	26,000
24,194	24,194	Total Financial assets	34,314	34,314

Short Term Borrowing

Short term borrowing at 31 March 2019 consisted of £5.7m principal due to be repaid within one year on PWLB annuity loans (2017/18: £5.4m); £681k principal due to be repaid within one year on the credit arrangement within the PFI waste management contract (2017/18: £641k); and £8.5m short term loans from other local authorities for no more than 60 days (none in 2017/18).

Long Term Borrowing

PWLB maturity loans consist of £20.5m remaining from the loans inherited from the former Royal County of Berkshire in December 2006; and £22.2m borrowed in 2017/18 and £40m 2018/19 to fund investment in commercial property.

Other PWLB loans are annuity loans to fund other capital expenditure by West Berkshire Council since 2007.

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

Cash and Cash Equivalents

The balance at 31 March 2019 consists of cash and deposits in bank call accounts and money market funds

Note 26 Nature and Extent of Risks Arising From Financial Instruments

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

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

Credit Risk

Credit Risk arises mainly from the investment of surplus funds with banks, building societies and other local authorities as well as credit exposures to the Council's customers. The Council's Investment Strategy aims to minimise credit risk by ensuring that funds are only invested with financial institutions which meet minimum criteria for credit worthiness. This is measured either with reference to a recognised national credit rating agency or, in the case of building societies, to the size of their asset base. The strategy also imposes a maximum sums which can be invested with financial institution within each credit category and states that fixed term deposits should not normally be for longer than one year.

Investments

The table below summarises the nominal value of the Council's investment portfolio as at 31 March 2018 and shows that all deposits outstanding as at 31 March 2018 met the Council's credit rating criteria at that date:

Investments Table 38a Counter party	Credit rating criteria met		Balances invested as at 31/03/19				Total £000
	When placed	On 31/03/19	< 1 mth	>1 mths <3	>3 mths <6	>6 mths <12	
	Yes/No	Yes/No	£000	£000	£000	£000	
Building Societies	N/A	N/A	0	8,000	7,000	11,000	26,000
Call Accounts and Money Market Funds	Yes	Yes	8,655	0	0	0	8,655
Total			8,655	8,000	7,000	11,000	34,655

Note

£8.7m held in call accounts and money market funds at 31 March 2019 is included in Table 41 cash and cash equivalents.

Investments Table 38b Counter party	Credit rating criteria met		Balances invested as at 31/03/18				Total £000
	When placed	On 31/03/18	< 1 mth £000	>1 mths <3 £000	>3 mths <6 £000	>6 mths <12 £000	
	Yes/No	Yes/No					
Building Societies	N/A	N/A	0	9,000	6,000	3,000	18,000
Call Accounts and Money Market Funds	Yes	Yes	5,745	0	0	0	5,745
Total			5,745	9,000	6,000	3,000	23,745

Note

£5.7m held in call accounts and money market funds at 31 March 2018 is included in Table 41 cash and cash equivalents

Doubtful receivables

The invoiced debt has been reviewed by age to determine an appropriate provision for debts not likely to be collectable. The gross past due sundry debtor amount can be analysed by age as follows:

2017/18 £000	Trade Receivables Table 39	2018/19 £000
8,915	Less than 3 months	10,770
374	3 - 6 months	1,065
1,176	6 -12 months	1,539
2,593	More than 12 months	2,584
13,058	Total	15,958

Liquidity Risk:

A detailed cash flow forecast is maintained to ensure that funds are available to meet the Council’s outgoings on a day to day basis. The Council also has an overdraft facility with its main banker and is also normally able to borrow funds on a short term basis from other local authorities to cover any day to day cash flow needs. The Council is also able to borrow on a longer term basis from the Public Works Loans Board (PWLb) for the purpose of financing the construction, acquisition or improvement of capital assets.

In addition, since 2006, the Council's borrowing strategy has been to finance capital expenditure on operational assets through annuity loans over a period which relates to the estimated useful life of the asset. This means that loans should be repaid in full when the assets financed reach the end of their useful life and that a significant proportion of its borrowing does not mature for repayment at any one time.

In these ways the risk of the Council's being unable to raise finance to meet its commitments is minimised.

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

Restated as at 1/04/18 £000	Liquidity Risk Table 40	31/03/19 £000
Loans outstanding		
154,308	PWLB loans for more than one year	194,746
13,652	Other Long Term PFI Borrowing	12,971
6,026	Temporary Borrowing	14,872
173,986	Total	222,589
6,026	Less than 1 year	14,872
6,152	Between 1 & 2 years	6,451
17,191	Between 2 & 5 years	16,839
55,509	Between 5 & 15 years	56,998
89,108	More than 15 Years	127,429
173,986	Total	222,589

Market Risk:

The Council's borrowing strategy aims to eliminate the risk of exposure to future increases in interest rates by undertaking most short and long term borrowing at fixed rates of interest. This approach may prevent the Council from benefitting from future decreases in interest rates. However, this is not a significant risk in the current climate of very low interest rates, and this policy enables the Council to allow for future payments of interest on long term loans in its Medium Term Financial Strategy. The Council also takes into account forecast future changes in interest rates when planning how much it can afford to borrow to fund capital expenditure over the medium term (3-5 years).

The Council minimises its exposure to market risk in respect of investments by investing at fixed rates for longer periods (of up to one year) when interest rates are expected to remain steady or fall and for shorter periods when interest rates are expected to rise in the short term. The Council opts

not to take advantage of the potentially higher interest rates which might be available from investing over periods of more than one year in order to minimise credit and liquidity risk.

During the Financial Year and at 31 March 2019, all of the Council's loans and fixed term investments were at fixed rates of interest.

Note 27 Cash and Cash Equivalents

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

31/03/18 £000	Cash & Cash Equivalents Table 41	31/03/19 £000
1,793	Cash held by the Authority	1,829
(1,344)	Bank current accounts	(2,170)
5,745	Short Term Deposits with Building Societies	8,655
<u>6,194</u>	Total	<u>8,314</u>

Bank current account figures for 31 March 2018 and 31 March 2019 represent the current account balance less the value of cheques and other payments made by the Council which were not cleared at that date.

Short term deposits at 31 March 2019 are in the Goldman Sachs Money Market Fund £4,952k (2017/18: £2,944k), HBOS Deposit Account £3,701k (2017/18: £901k) and Santander Deposit Account £2k (2017/18: £1,901k).

Note 28 Contractual Commitments:

The contractual commitments outstanding on major capital schemes at the 31 March 2019 were:

Estimated commitments at 31/03/18 £000	Capital commitments Table 42	Estimated Contract Values £000	Contract payments		Estimated commitments at 31/03/19 £000
			prior to 01/04/18 £000	within 2018/19 £000	
17	Little Heath School	2,960	2,944	16	0
17	ASD Primary Unit at Fir Tree School	714	654	60	0
563	The Castle School Secondary Expansion	745	162	564	19
0	Theale Primary Expansion	6,728	0	0	6,728
0	Francis Bailey PSBP2	800	0	788	12
0	Kennet School Expansion	706	0	0	706
0	A339 Bear Lane Junction Improvements	1,763	0	231	1,532
0	Dunston Park & South East Thatcham Flo	3,537	0	0	3,537
1,500	Superfast Berkshire Phase 1	4,610	3,109	99	1,402
3,031	Superfast Berkshire phase 2 Lot 5	3,734	703	624	2,407
22	Superfast Berkshire phase 2 Lot 7	415	393	0	22
1,395	Superfast Berkshire phase 3 Lot 1	1,395	0	0	1,395
2,563	Superfast Berkshire phase 3 Lot 2	2,563	0	0	2,563
<u>9,108</u>		<u>30,670</u>	<u>7,965</u>	<u>2,382</u>	<u>20,323</u>

Note 29 Debtors

These represent income due within one year:

31/03/18	Debtors	31/03/19
Restated		
£000	Table 43	£000
11,157	Trade Receivables	14,897
2,241	Prepayments	2,229
7,967	Other Receivable amounts	12,745
21,365	Total	29,871

2017/18 debtors have been restated due to transferring £2.205m NNDR provision for appeals from bad debts provisions into provisions (Table 45).

The figure has been further restated due to £1,818 re cash in transit which was previously shown under creditors.

Note 30 Creditors

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

31/03/18	Creditors	31/03/19
Restated		
£000	Table 44	£000
19,089	Trade Payables	21,367
8,867	Receipts in Advance	16,516
9,343	Other Payables	9,085
37,299	Total	46,968

2017/18 creditors have been restated due to £1,818 re cash in transit which has been moved to debtors. This reduces both debtors and creditors.

Note 31 Provisions

Provisions Table 45	Balance 31/03/18 (Restated) £000	Arising in Year £000	Payments in Year £000	Balance 31/03/19 £000
Crookham (extraction of minerals)	9	0	0	9
NNDR provision for appeals	2,205	2,279	(2,919)	1,565
Provision for liabilities	131	101	(47)	185
Total Provisions	2,345	2,380	(2,966)	1,759

2017/18 provisions have been restated due to transferring £2.205m NNDR provision for appeals from bad debts provisions (Table 43) into provisions.

Note 32 Reserves

Usable Reserves

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

Unusable Reserves

31/03/18 £000	Unusable Reserves Table 46	31/03/19 £000
(4,162)	Accumulated Absences Account	(4,122)
96,391	Revaluation reserve	167,139
123,642	Capital Adjustment Account	136,495
(317,292)	Pension Reserve	(316,509)
(3,994)	Collection Fund	(5,665)
(105,415)	Total Unusable Reserves	(22,662)

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

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

Revaluation Reserve:

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

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

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

2017/18	Revaluation Reserve	2018/19
£000	Table 47	£000
99,014	Opening Balance	96,391
8,107	Upward revaluations of assets	89,849
(4,694)	Impaired assets	(14,760)
3,413	Surplus or (deficit) on revaluation of Fixed Assets	75,089
(2,143)	Sold assets	(1,593)
(3,893)	Depreciation in year	(2,748)
(6,036)		(4,341)
96,391	Closing Balance	167,139

Capital Adjustment Account:

This account holds the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

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

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

2017/18 Restated £000	Capital Adjustment Account Table 48	2018/19 £000
126,287	Opening Balance	123,642
14,374	External funding of new capital assets	21,305
391	Minimum Revenue Provision	602
5,408	Annuity Loan principle	6,027
(1,757)	REFCUS Assets charged	(1,762)
(22,619)	Depreciation	(17,091)
3,893	Historic cost depreciation adjustment	2,748
(7,576)	Write out asset values on disposal	(1,883)
2,143	Revaluation reserve re sold assets	1,593
(696)	Impaired assets	(600)
3,794	Revaluations Investment Properties	1,914
123,642	Closing Balance	136,495

The 2017/18 figures have been restated, see note 4 Prior Period Adjustment.

Pension Reserve: The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provision. Post-employment benefits are accounted for in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation,

changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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

2017/18 £000	Council Tax Adjustment Account Table 49	2018/19 £000
177	Opening Balance	1,178
1,001	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	655
1,178	Closing Balance	1,833

2017/18 £000	NNDR Adjustment Account Table 50	2018/19 £000
1,082	Opening Balance	2,815
1,733	Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	1,016
2,815	Closing Balance	3,831

Note 33 Grants with conditions still attached

The Council has received a number of grants that have yet to be recognised as income because they have conditions attached to them that will require the monies or property to be returned to the provider if the condition is not met. The balances at the year-end are shown in the Balance Sheet as receipts in advance and will show in the Comprehensive Income and Expenditure Statement once the condition has been met. The balances at year-end are as follows:

2017/18 £000	Grants Receipts in Advance (capital grants) Table 51	2018/19 £000
(4,120)	LEP (Local Enterprise Partnership)	(9,006)
(907)	DEFRA	(402)
<u>(5,027)</u>	Total	<u>(9,408)</u>

2017/18 £000	Grants Receipts in Advance (revenue grants) Table 52	2018/19 £000
(82)	Adult Skills Contracts	(82)
(98)	Adult and Community Learning	(99)
(48)	Discretionary Housing Payment	(1,870)
0	Early Years Funding	(396)
0	Universal Infant FSM Grant	(63)
0	School Improvement re Phonics	(100)
(331)	DSG	0
<u>(559)</u>	Total	<u>(2,610)</u>

Note 34 Leased Assets

Council as Lessor

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

Operating leases:

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

- Sporting and community facilities which are hired out to organisations such as parish Councils and charities which help support the Council's priorities
- Industrial and other commercial premises which help support the economic development of the area
- Commercial investment property acquired from 2017/18 onwards in order to generate additional income to help fund Council services
- Other properties including farms and shared ownership dwellings.

The following table represents the future minimum lease payments receivable under non cancellable leases.

31 March 2018				Table 53	31 March 2019			
Sporting & Community facilities	Industrial & Commercial Premises	Commercial Investment Property	Other	Council as lessor Operating Leases	Sporting & Community facilities	Industrial & Commercial Premises	Commercial Investment Property	Other
£000	£000	£000	£000	Leases expiring:	£000	£000	£000	£000
44	448	703	94	Not later than 1 year	54	421	2,932	134
93	1,100	2,210	227	Between 1 and 5 years	82	1,093	8,236	310
133	4,665	3,819	636	Between 5 and 25 years	119	4,796	11,327	1,186
87	4,706	0	65	Over 25 years	90	4,882	0	785
357	10,919	6,732	1,022		345	11,192	22,495	2,415

The rental income credited to the income statement in 2018/19 was £3.2m (2017/18: £758k). The amount received in 2018/19 was considerably higher than in 2017/18 because of rent from new investment properties purchased in 2018/19.

Council as Lessee:

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

Operating leases:

The Council has a number of operating leases relating to land, buildings, vehicles and office equipment. The land and buildings include social care facilities, schools and playing fields.

The following table represents the minimum lease instalments payable.

31 March 2018		Table 54	31 March 2019	
Land & Buildings	Vehicles Plant & Equipment	Council as lessee Operating Leases	Land & Buildings	Vehicles Plant & Equipment
£000	£000	Leases expiring:	£000	£000
352	126	Not later than 1 year	352	177
970	43	Between 1 and 5 years	970	72
2,657	0	Between 5 and 25 years	2,657	0
19	0	Over 25 years	19	0
3,998	169		3,998	249

The charges to the Income and Expenditure Statement in 2018/19 were £604k for land and buildings (2017/18: £498k) and £249k for vehicles and equipment (2017/18: £307k).

Note 35 Private Finance Initiative – Integrated Waste Management Facility (IWMF) Padworth

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

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

The future payment stream is estimated as follows:

Padworth PFI Payments		Table 55			
2017/18 £000	Due within	Repayment of Liability £000	Interest £000	Service Charges £000	Total 2017/18 £000
18,481	Repayment in year	641	873	16,359	17,873
	<u>Deferred liability</u>				
18,271	Within 1 year	680	833	16,525	18,038
76,039	2 to 5 years	3,164	2,892	70,824	76,880
106,171	6 to 10 years	5,171	2,400	99,419	106,990
107,201	11 to 15 years	4,636	663	76,785	82,084
0	16 to 20 years				0
326,162	Total of all payments	14,292	7,661	279,912	301,865

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

31/03/18	Padworth PFI	Table 56	31/03/19
£000	Asset movments & Liabilities		£000
Movement in asset value:			
27,954	Gross Book Value at start of year		24,991
(2,963)	Revaluation		0
<u>24,991</u>	Gross Book Value at year end		<u>24,991</u>
(2,801)	Depreciation at the start of year		(695)
(695)	Depreciation		(482)
2,801	Revaluation		0
<u>(695)</u>	Depreciation at year-end		<u>(1,177)</u>
<u>24,296</u>	Net Book Value at year end		<u>23,814</u>
Movement in liability:			
(14,898)	Balance outstanding at the start of year		(14,293)
605	Principal repayment in year		642
<u>(14,293)</u>	Balance outstanding at year end		<u>(13,651)</u>
(641)	Within 1 year		(680)
<u>(13,652)</u>	Deferred liability		<u>(12,971)</u>
<u>(14,293)</u>	Balance outstanding at year end		<u>(13,651)</u>

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

Note 36 Retirement Benefits

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

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

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

The date of the last actuarial report received by the Council was in the financial year 2016/17. IAS 19 requires the Council to recognise the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Transactions relating to post – employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post – employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

The re-measurements on defined liabilities required by the revised IAS19 standard are a gain of £22,800 in 2018/19 (£19,093k in 2017/18) and are included within the 'Other Comprehensive Income and Expenditure' line on the Comprehensive Income and Expenditure Statement.

2017/18 £000	Local Government Pension Scheme Table 57	2018/19 £000
	Comprehensive Income and Expenditure statement	
21,627	Current service cost	21,893
329	Past service cost, including curtailments	5,026
<u>21,956</u>	Total Service Cost	<u>26,919</u>
	Financing and investment income and expenditure	
15,551	Interest cost	14,620
(7,116)	Interest on scheme assets	(6,747)
<u>8,435</u>	Total Financing and investment income and expenditure	<u>7,873</u>
<u>30,391</u>	Total post employment benefit charged to the surplus or deficit on the provisions of services in the Comprehensive Income and Expenditure statement	<u>34,792</u>
	Other post employment benefit charged to the Comprehensive Income and Expenditure statement	
	Remeasurement of the net defined benefit liability comprising:	
(1,290)	Return on assets less interest	(16,885)
0	Actuarial (gains) and losses arising on change in demographic assumptions	(34,452)
(17,961)	Actuarial (gains) and losses arising on change in financial assumptions	29,034
0	Liabilities assumed	(803)
0	Settlement prices...	142
158	Administrative expenses	164
<u>(19,093)</u>	Total post employment benefit charged to the comprehensive income and expenditure statement	<u>(22,800)</u>
<u>11,299</u>	Net Charge / Net surplus to the Comprehensive Income and Expenditure statement	<u>11,992</u>
	Movement in Reserves Statement	
(11,299)	Reversal of net charges made to the surplus or deficit on the provision of	(11,992)
11,324	Actual amount charged against the General Fund balance for pensions in the year	12,775
<u>25</u>	Net liability arising from the defined benefit obligation	<u>783</u>

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Present value of Scheme Liabilities Table 58	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Present value of Liabilities	(468,117)	(454,652)	(571,533)	(580,325)	(606,089)
Fair value of Scheme Assets	217,982	214,715	254,216	263,033	289,580
Net liability arising from defined benefit obligation	(250,134)	(239,936)	(317,317)	(317,292)	(316,509)
Experience loss/(gain) on defined benefit obligation	(238)	(361)	(4,514)	0	0
Return on scheme assets in excess of interest	9,654	(10,978)	25,317	1,290	16,885

2017/18 £000	Pensions reserve Table 58a	2018/19 £000
317,317	Opening Balance	317,292
(19,093)	Remeasurement of the net defined benefit liability/(asset)	(22,800)
30,392	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement	34,792
(11,324)	Employer's pensions contributions and direct payments to pensioners payable in the year	(12,775)
317,292	Closing Balance	316,509

Local Government Pension Scheme assets comprised:

2017/18 £000	Fair Value of Scheme Assets Table 59	2018/19 £000
254,215	Opening fair value of scheme assets	263,033
7,116	Interest income	6,747
1,290	Return on scheme assets (excluding the amount included in the net interest expense)	16,885
(157)	Administrative expenses	(164)
11,324	Contributions from employer	12,775
3,636	Contributions from employees into the scheme	3,795
(14,391)	Estimated benefits paid plus net transfers in	(13,349)
0	Settlement prices received and (paid)	(142)
<u>263,033</u>	Closing balance	<u>289,580</u>

31/03/18		Pension fund assets Table 60	31/03/19	
£000	%		£000	%
126,073	48%	Equities	146,954	51%
39,504	15%	Other Bonds	43,463	15%
33,825	13%	Property	40,207	14%
38,736	15%	Cash	22,989	8%
		Alternative assets		
11,423	4%	Target Return	15,064	5%
4,650	2%	Commodities	2,213	1%
13,563	5%	Infrastructure	27,281	9%
(4,740)	-2%	Longevity Insurance	(8,591)	-3%
<u>263,033</u>	<u>100%</u>	Total	<u>289,580</u>	<u>100%</u>

Basis for Estimating Assets and Liabilities and Assets

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Council's liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the Fund are based on the latest full valuation of the scheme as at 31st March 2017.

Funded Liabilities	2018/19
Table 61	£000
Opening balance	580,325
Current service cost	21,893
Interest cost	14,620
Actuarial (gains) and losses arising on changes in financial assumptions	29,034
Actuarial (gains) and losses arising on changes in demographic assumptions	(34,452)
Contributions from scheme participants	3,795
Liabilities extinguished on settlements	(803)
Estimated benefits paid net of transfers in	(12,834)
Past service costs, including curtailments	5,026
Unfunded pension payments	(515)
Closing balance	<u>606,089</u>

The main assumptions used by the actuary are:

2017/18	Basis for Estimating Assets and Liabilities	Table 62	2018/19
Mortality assumptions			
Longevity at 65 for current pensioners:			
23.1	Men		22.0
25.2	Women		24.0
Longevity at 65 for future pensioners:			
25.3	Men		23.7
27.5	Women		25.8
3.3%	Rate of inflation (RPI)		3.4%
2.3%	Rate of inflation (CPI)		2.4%
3.8%	Rate of increase in Salaries		3.9%
2.3%	Rate of increase in Pensions		2.4%
2.6%	Rate of discounting scheme liabilities		2.4%

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

Impact On The Defined Benefit Obligation In The Scheme: Table 63 2018/19	WBC Pension scheme increase in assumption £'000	WBC Pension scheme decrease in assumption £'000
Longevity (increase or decrease in 1 year)	(21,624)	23,423
Rate of increase in salaries (increase or decrease by 0.1%)	(1,109)	1,101
Rate of increase in pensions (increase or decrease by 0.1%)	(10,759)	13,066
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	11,631	(9,299)

Impact On The Defined Benefit Obligation In The Scheme: Table 64 2017/18	WBC Pension scheme increase in assumption £'000	WBC Pension scheme decrease in assumption £'000
Longevity (increase or decrease in 1 year)	(21,490)	20,698
Rate of increase in salaries (increase or decrease by 0.1%)	(1,004)	999
Rate of increase in pensions (increase or decrease by 0.1%)	(10,302)	10,099
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	11,056	(11,285)

Impact on the Council's Cash Flows

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

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

The Council is responsible for all early releases of benefit payments.

Teachers' Pension Scheme

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

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

The Council paid employers' contributions of £5.9m (2017/18: £5.9m) to Teachers' Pensions in respect of teachers' retirement benefits.

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

NHS Pension Scheme

The NHS Pension Scheme is also accounted for as if it were a defined contributions scheme.

The Council paid employers' contributions of £7.1 k (2017/18: £4.1k) to the NHS Pension Scheme.

Notes Supporting the Cashflow Statement



Note 37 General Fund Deficit Reconciliation to Revenue Activities Net Cash Inflow

2017/18	Net Cashflow	2018/19
£000	Table 65	£000
276	General Fund (Surplus) / Deficit	(82)
	Non Cash Transactions	
49,421	Contribution to/(from) Reserves	42,957
	Items on an accruals basis	
(6)	(Increase)/Decrease in Stock	(4)
1,923	(Increase)/Decrease in Debtors	8,507
(7,344)	Increase/(Decrease) in Creditors	(9,669)
44,270	Items classified outside Revenue Activities/Net cashflows from operating activities	41,709

Note 38 Cash flow Reconciliation to Balance Sheet

Cash flow reconciliation	31/03/18	Movement	31/03/19
Table 66	£000	£000	£000
Short Term Borrowing	(6,026)	(8,846)	(14,872)
Borrowings PWLB	(154,308)	(40,438)	(194,746)
PFI Liability	(13,652)	681	(12,971)
Total	(173,986)	(48,603)	(222,589)
Temporary Investments	18,000	8,000	26,000

Cash and cash equivalents	6,194	2,120	8,314
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Notes other

Note 39 Contingent Liabilities

The contractor responsible for the construction of Highwood Copse School has gone into Administration. The Council is actively engaging with administrators to determine the cost of the liability and the additional costs being incurred due to this unforeseen circumstance. Detailed costs are not known at this time.

Note 40 Parish Council Precepts

Parish Councils are required to precept on the Council, which in turn precepts on the collection fund. The total precept is £ 4,169k (2017/18: £4,064), of which £19 k (2017/18 £4k) represents special expenses for the maintenance of closed church yards.

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Collection Fund and Notes



Collection Fund Income and Expenditure Statement Account

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

Council Tax 2017/18 £000	Business Rates 2017/18 £000	Collection Fund Income & Expenditure Account Table 67	notes	Council Tax 2018/19 £000	Business Rates 2018/19 £000
Income					
(105,642)	0	Council Tax Receivable	40	(113,011)	0
0	(87,793)	Business Rates Receivable	41	0	(87,000)
(488)	0	MOD Contribution in lieu of Council Tax	42	(500)	0
(106,130)	(87,793)	Total Income		(113,511)	(87,000)
Expenditure					
Precepts & Demands:					
0	42,706	Central Government	43	0	0
92,438	41,851	West Berkshire Council		99,025	85,516
10,912	0	Thames Valley Police Authority		11,828	0
4,004	854	Royal Berkshire Fire Authority		4,176	864
107,354	85,411			115,029	86,380
(125)	(1,235)	Transfer to General Fund in respect of distribution of previous year's estimated deficit	44	(844)	(505)
Charges to the Collection Fund					
0	2,096	Transitional Relief Payment		0	1,145
0	257	Costs of collection		0	254
62	300	Increase (-) decrease in Bad Debt Provision	45	119	500
0	4,500	Increase (-) decrease in Provision for Appeals		0	0
62	7,153			119	1,899
107,291	91,329	Total Expenditure		114,304	87,774
1,161	3,536	(Surplus)/Deficit for the year		794	774
208	2,209	(Surplus)/deficit brought forward at 1st April		1,369	5,745
1,369	5,745	(Surplus)/deficit carried forward at 31st March		2,163	6,519

Notes to the Collection Fund

Note 41 Council Tax

2017/18 £000	Council Tax Table 68	2018/19	
		£000	£000
121,314	Gross Council Tax Charge	129,318	
			129,318
(1,787)	Exemptions	(1,955)	
(7,787)	Discounts	(8,184)	
(100)	Disabled relief	(102)	
(5,998)	Council Tax Support	(6,066)	
			(16,307)
105,642	Net Council Tax Receivable	113,011	

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

Note 42 National Non-Domestic Rates

2017/18 £000	National Non-Domestic Rates Table 69	2018/19	
		£000	£000
95,538	Gross Business Rates Charge	94,144	
(3,263)	Less empty and revalued properties	(2,394)	
0	New funded relief	0	
2,096	Transitional relief	1,145	
(6,415)	Mandatory relief	(8,182)	
(663)	Discretionary relief	(482)	
500	RV List amendments	2,920	
0	Additional bad debt write off	(151)	(7,144)
87,793	Net Business Rates Receivable	87,000	

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

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

Note 43 MOD contribution in lieu of Council Tax

The following contribution has been credited to the Collection Fund

2017/18 £000	MOD contribution credited to Collection Fund Table 70	2018/19 £000
<u>(488)</u>	Ministry of Defence Properties	<u>(500)</u>

Contribution received from the Ministry of Defence in lieu of Council Tax

Note 44 Precepts & Demands

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

Note 45 Transfer to the General Fund

In January the Council is required to prepare an estimate of its surplus or deficit which is expected to arise at the end of the financial year. This estimate is then shared between the Council and the precepting bodies in the following year. In January 2018 it was estimated that the Collection Fund would have a Business Rates deficit of £505k and a council tax deficit of £844k. The following amounts were therefore due to/from preceptors:

Council Tax 2017/18 £000	Business Rates 2017/18 £000	Contributions to Collection Fund (Surplus and Deficit Table 71	Council Tax 2018/19 £000	Business Rates 2018/19 £000
107	618	West Berkshire Council	727	253
0	605	Central Government	0	247
5	0	Thames Valley Police	86	0
13	12	Royal Berkshire Fire and Rescue Authority	31	5
<u>125</u>	<u>1,235</u>		<u>844</u>	<u>505</u>

Note 46 Provision for Non-payment of Council Tax / NNDR

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

2017/18 £000	Provision for non payment of Council Tax Table 72	2018/19 £000
160	Opening Balance	160
62	Transfer from/to Income and Expenditure Account	119
(62)	Write offs in the year	(119)
160	Closing Balance	160

2017/18 £000	Provision for non payment of NNDR Table 73	2018/19 £000
196	Opening Balance	339
300	Change to the Provision	500
(157)	Write offs in the year	(339)
339	Closing Balance	500

Note 47 Provision for Appeals

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

2017/18 £000	Business Rate Appeals Table 74	2018/19 £000
500	Opening balance	4,500
4,500	Transfer from Income & Expenditure Account	0
(500)	Write off in the year	(2,919)
4,500	Closing Balance	1,581

Note 48 Council Tax Base

The Council 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.

Council Tax Base Table 75		Band	Net Dwellings	Multiplier	Band D Equivalent
	Disabled	A	3.00	5/9	1.67
	up to £40,000	A	1,813.95	6/9	1,209.30
over £40,000	up to £52,000	B	5,059.29	7/9	3,935.00
over £52,000	up to £68,000	C	16,462.19	8/9	14,633.06
over £68,000	up to £88,000	D	15,851.14	9/9	15,851.14
over £88,000	up to £120,000	E	9,705.98	11/9	11,862.86
over £120,000	up to £160,000	F	6,398.09	13/9	9,241.69
over £160,000	up to £320,000	G	4,319.37	15/9	7,198.95
over £320,000		H	674.14	18/9	1,348.28
					<u>65,281.95</u>
	Adjustment for losses on collection			X	<u>0.994</u>
					<u>64,890.26</u>

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

Accounting Policies - The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.

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

Actuarial Gains and losses – These arise where actual events have not coincided with the actuarial assumptions made for the last valuations or the actuarial assumptions have been changed.

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

Amortisation - A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

Annual Governance Statement - The annual governance statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

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

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

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

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

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

CIPFA - Chartered Institute of Public Finance and Accountancy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deposit - Receipt held that is repayable in prescribed circumstances.

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

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

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

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

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

Earmarked reserve - See Reserve.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reserve - The council's reserves fall into two categories - 'usable' reserves and 'unusable' reserves.

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

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

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

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

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

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

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

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

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

SOLACE – Society of Local Authority Chief Executives

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

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

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

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

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

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

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