

# Financial Statement of Accounts

# 2012-13



West Berkshire  
COUNCIL

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## Introduction to West Berkshire

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

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

The District occupies a strategic position where the east-west M4 corridor intersects the north-south route of the A34. There are mainline railway services to London and good connections to nearby larger centres such as Reading, Oxford, Swindon and Basingstoke. These factors, combined with the high quality urban and rural environment within the district, have contributed to a thriving economy, making the area a popular place to live and work. People in West Berkshire enjoy better health and lower crime rates than the national average.

Levels of educational attainment are good. House prices in West Berkshire are among the highest in the UK and the provision of affordable housing to meet local needs, particularly for young people and key workers, is one of the Council's priorities.



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



## Explanatory Foreword

### Introduction

This foreword provides a guide to the most significant matters reported in the financial statements and an explanation of West Berkshire Council's financial position.

The Accounts and Audit (England) Regulations 2011 require the Council to produce a Statement of Accounts for each financial year giving certain specified information. The foreword accompanies the accounts and sets out to explain the financial details contained within them.

To assist readers, a glossary of accounting terms is included on pages 72 to 75.

This foreword 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.

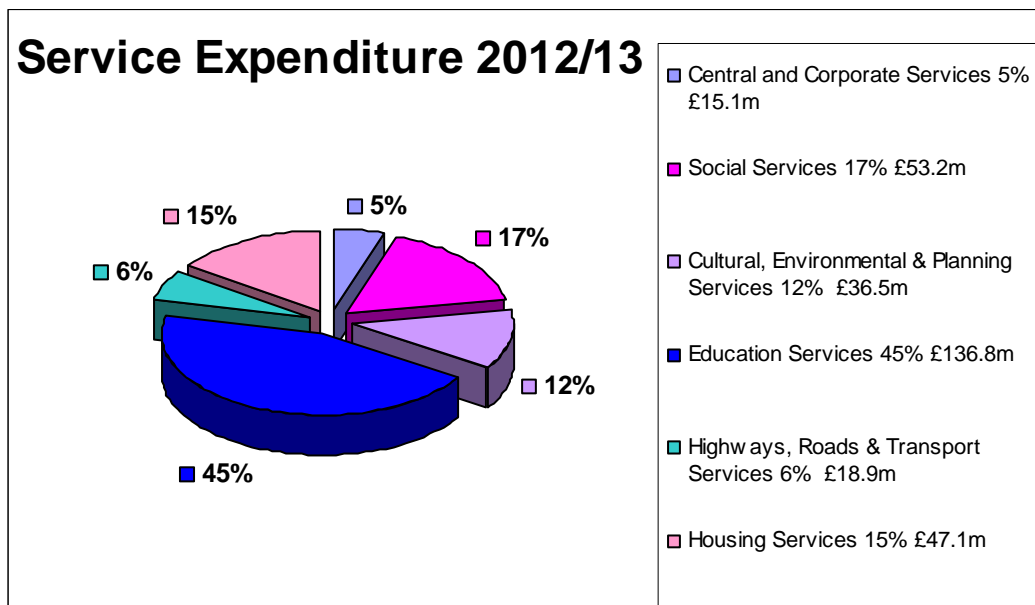
**The Statement of Accounts** incorporates the following:

- **The Comprehensive Income & Expenditure Account** which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from Council Tax. Councils raise Council Tax to cover expenditure in accordance with regulations; this may be different from the accounting cost. The Council Tax position is shown in the Movement in Reserves Statement.
- **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 by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments between accounting basis and funding basis under regulations'.
- **The Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

- **The Cash Flow Statement** which shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of Council Tax and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **The Collection Fund Income and Expenditure Account**, which records the Council Tax and Business Rates transactions for the financial year and how they are subsequently distributed.

### Revenue Expenditure 2012/13

The chart below outlines where the Council spent its budget. The expenditure of £307.6m shown represents expenditure on services excluding capital financing charges and non-distributed costs.



The Council's budget for 2012/13 saw a reduction of £3m (7%) to its Government grant funding, whilst at the same time a freeze in Council Tax for residents.

By the end of the financial year, through a variety of management actions across all Council services, the overall outturn was an under spend of £619k. This under spend has been used to contribute £369k to a fund for future redundancy costs which will result from restructuring in the 2013/14 budget and beyond, as well as £250k to fund Education and Highways projects in 2013/14.

Effective financial management in Adult Social Care has enabled the Council to establish a specific Risk Fund of £1m. Adult Social Care has for a number of years carried significant risks but without having a specific risk fund to meet them. Establishing this risk fund would

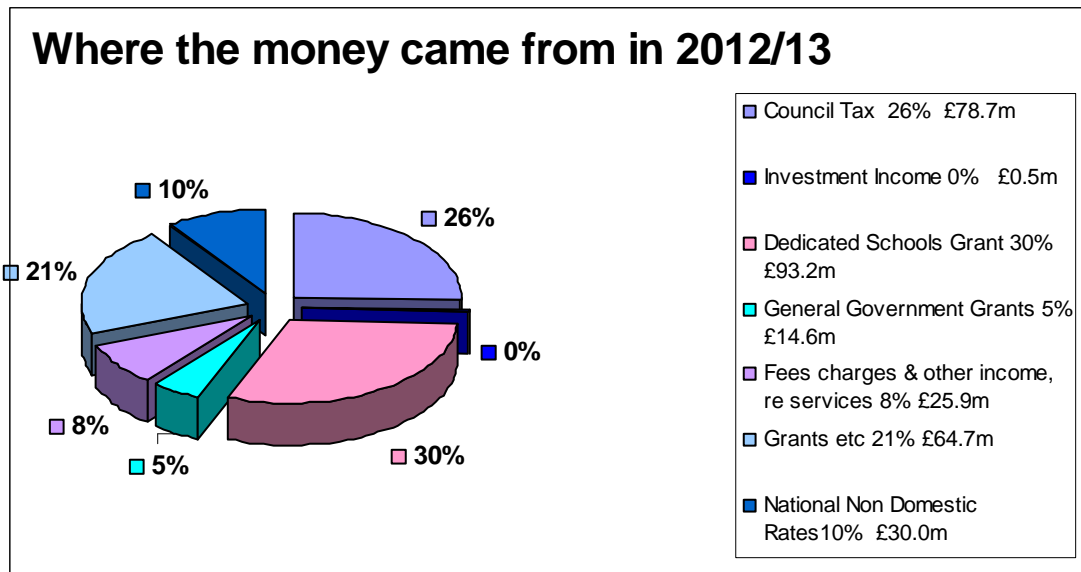
## Explanatory Foreword

allow the service to manage the in-year pressure should any of the risks be realised and provide time for the ongoing spend to be managed back in line with available budgets.

Overall movement on the General Fund was an increase of nearly £1.8m.

The Council has managed to achieve a comparatively small under spend, maintain levels of reserves and help reduce known pressures for the 2013-14 financial year. This has been achieved through the effective management of its finances over the past twelve months against a backdrop of continued local and national financial volatility.

The revenue budget is funded mainly by Council Tax, Business Rate Retention and Government Grants as shown in the following chart.



The Council set a net revenue budget for the 2012/13 financial year of £123.24m. The following table compares the approved budget for the year with the actual outturn for 2012/13. This table reflects the Council's structure during 2012/13 which is the basis for internal management of performance against budgets. The information presented in the Income and Expenditure Statement, reflects the categories of expenditure specified in the Chartered Institute of Public Finance and Accountancy's Service Reporting Code of Practice for Local Authorities (SeRCOP).

	2012/13 Approved Budget £000	2012/13 Final Budget after agreed carry forwards £000	2012/13 Outturn £000	2012/13 Variance to Final Budget £000
<b>Communities Directorate</b>	70,915	69,488	69,068	-420
<b>Environment Directorate</b>	33,564	34,485	34,542	57
<b>Resources Directorate</b>	13,045	13,411	13,031	-380
<b>Levies and Interest</b>	5,715	6,401	6,525	124
	123,239	123,785	123,166	-619

## Explanatory Foreword

Included in the Net cost of services of the Comprehensive Income and Expenditure Statement, is the removal of one Secondary school and one Junior school which became academies in the 2012/13 financial year. The disposal of these two schools accounted for £14.9m being removed from the asset register.

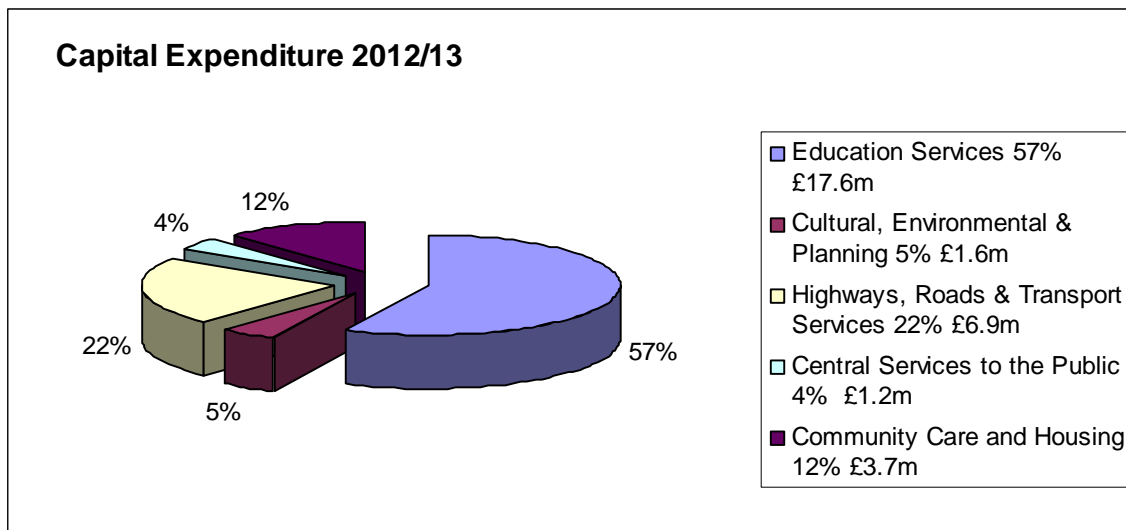
The Collection Fund deficit was over £900k for the 2012/13 financial year. This will be recovered as the Council makes provision for the majority of this deficit in the Council Tax setting process.

The pension fund deficit is currently £162m. This amount is written out through the accounts so has no meaningful impact on the Council's current operation, though it clearly reduces the Council's 'net worth' on the Balance Sheet. The employer's contributions to the pension scheme remained fixed into 2012/13.

The 2012/13 financial year did not see any significant changes to Local Government's statutory functions. The Council, in 2013/14 will take over responsibility for Public Health, with shadow arrangements coming into place beforehand.

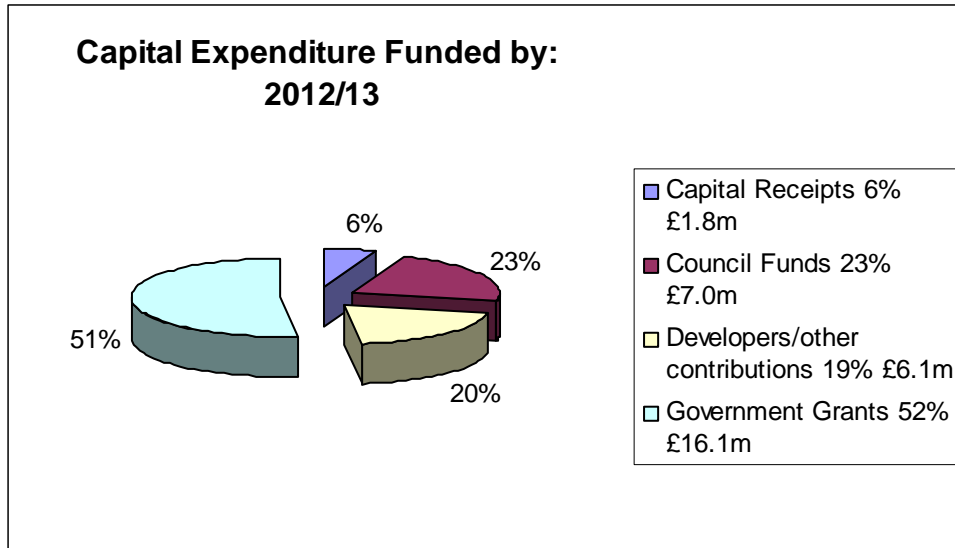
The Council needs to invest a certain amount of capital each year to make sure that its assets (e.g. school buildings, roads, leisure centres) remain fit for purpose and in a good state of repair.

The chart below shows the areas on which the capital expenditure of £31.0m was spent.



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

The chart below shows how the Council's gross capital expenditure of £31.0m was funded. As can be seen the vast majority of the Council's investment in capital was funded either by central government grant or by the Council financing the expenditure itself.



The Council did not enter into any new long term loans to fund capital expenditure in the financial year 2012/13. However, the Council sometimes needs to take out short terms loans to cover its cash flow needs. Short term loans are normally taken out for periods of less than one month and the cost of this borrowing is more than offset by the interest earned by investment of the Council's surplus cash. The Council had short term loans of £8m outstanding at the 31<sup>st</sup> March 2013. Together with £3.4m principal repayments due to be made in the financial year 2013/14 on existing longer term loans, this makes a total short term borrowing balance of £11.4m.

The Council maintains a revenue budget of approximately £7m for the provision for repayment of borrowings to fund the current and previous capital programmes. This amount will grow as a percentage of the Council's budget in the coming years, though at a relatively slow level, due to the reduction in the Council funded element of the capital strategy.

One outcome of the national economic position is low rates of borrowing from the PWLB. This has enabled the Council to borrow monies for the capital strategy at a very low rate compared to recent years; the other side of this is that return on short term investments is also comparatively low. As this Council does not hold any long term investments, this is not a great significance compared to other Councils who hold large investments and cash balances.

There has been an impact of the current economic climate on the Council's spending plans. As noted above, income from central Government is declining. The Council holds an adequate level of reserves to cope with future financial income reductions, though these reductions do pose a risk to the Council's future budgetary position.

### Further information

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

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 (01635) 519 433



## 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.
- 1.2 In discharging this overall responsibility, West Berkshire Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 West Berkshire Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.
- 1.4 This statement explains how West Berkshire Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011.

### 2 The purpose of the Governance Framework

- 2.1 The Governance Framework comprises the systems, processes, culture and values, by which West Berkshire Council is directed and controlled and the 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, 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 2013 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 objectives and ensuring that they represent the best use of resources
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Contracts Rules of Procedure and Financial Rules of Procedure, the Scheme for Financing Schools, 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 Audit Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities"
- The Finance and Governance Group which helps to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- Conducting an annual review of the effectiveness of Internal Audit
- Whistle-blowing and for receiving and investigating complaints from the public
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

#### 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 have been considered in maintaining and reviewing the effectiveness of the governance framework, and includes:
- The work of the Finance and Governance Group
  - The work of the Risk Strategy Group and the Risk Management framework
  - The annual assurance statements produced by all Heads of Service
  - The work of the Governance and Audit Committee
  - The work of the Standards Committee
  - The work of Internal Audit
  - The work of the Overview and Scrutiny Commission.
- 4.3 We have been advised of the implications of the result of the review of the effectiveness of the Governance Framework by the Governance and Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

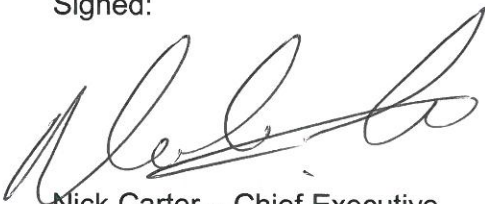
**5 Significant governance issues identified in the AGS for 2011/12**

- 5.1 The following is an outline of the significant governance issues that have been identified in preparing the 2011/12 AGS.
- Service resilience – may lead to failures in key systems. This remains a key risk for the Council, and further work needs to be done to mitigate the risk.
  - Judicial Review - Challenges have been made in the Courts to the way the Council proposes to deliver certain services in future, and there remains a risk of Judicial Review in respect of certain changes.
- 5.2 The following measures were implemented during 2011/12:
- Heads of Service considered service resilience in their ongoing review of service risk. In addition Corporate Board have taken account of service resilience when proposing service reductions, in an effort to minimise the risk. The Risk Strategy Group has begun a process of reviewing Service Risk Registers to ensure service resilience risk is considered.
  - The Head of Strategic Support carried out a review of the way the Council manages and consults on service reductions. New guidance has been prepared and issued to Heads of Service. In addition all challenges have been successfully repudiated.

**6 Significant Governance Issues identified in 2012/13**

- 6.1 The following is an outline of the significant governance issues that have been identified in preparing the 2012/13 AGS.
- Judicial Review remains a risk
- 6.2 The Council proposes over the coming year to take steps to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.
- The Head of Strategic Support will review the revised arrangements for conducting equality impact assessments in relation to proposed changes in service delivery, to ensure they are effective.

Signed:



Nick Carter – Chief Executive



Gordon Lundie - Leader of the Council

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

We have audited the financial statements of West Berkshire Borough Council for the year ended 31 March 2013 on pages 15 to 71. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Head of Finance and auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2013 and of the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

### Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement set out on pages 8 to 10 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the explanatory foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

### Conclusion on West Berkshire Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

#### Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

#### Auditor's responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in



place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, West Berkshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

### Certificate

We certify that we have completed the audit of the financial statements of West Berkshire Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.

Andrew Sayers  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

30 September 2013

## Statement of Responsibilities for the Statement of Accounts

### The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, for the purposes of this requirement for the 2012/13 financial year, that officer is the Head of Finance
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- To approve the Statement of Accounts.

### The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Authority's statement of accounts. This is required by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code'), to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year (ended 31 March 2013).

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

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the local authority Code.

The Head of Finance has also:

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

The statement of accounts present a true and fair view of the financial position of West Berkshire Council as at 31 March 2013.



Andy Walker  
Head of Finance

26 September 2013

## Comprehensive Income and Expenditure Statement

2011/12 Net Expenditure £000	Comprehensive Income & Expenditure Statement Table 06	Note	2012/13		
			Expenditure £000	Income £000	Net Expenditure £000
	<b>Net Expenditure on Continuing Services</b>				
44,845	Adult social care		52,747	(9,653)	43,094
6,131	Central Services		17,567	(10,630)	6,937
	{ Cultural & Related Services		9,294	(833)	8,461
26,987	{ Environmental & Regulatory Services		25,241	(4,367)	20,874
	{ Planning Services		5,433	(1,604)	3,829
53,270	Education and Children's Services		153,091	(109,082)	44,009
19,382	Highways and Transport Services		24,935	(4,069)	20,866
7,311	Housing Services		50,812	(43,267)	7,545
574	Non-Distributed costs	8a	15,588	(805)	14,783
<b>158,500</b>	<b>Net Cost of Services</b>	<b>8b</b>	<b>354,708</b>	<b>(184,310)</b>	<b>170,398</b>
36,501	(Gain) / loss on the disposal of non current assets				15,810
3,289	Precepts to Parishes	8e			3,475
126	Levies Payable				125
(446)	(Surpluses)/deficits on trading undertakings	6a			(99)
<b>39,470</b>	<b>Other Operating Expenditure</b>				<b>19,311</b>
(587)	Interest Receivable	12a			(505)
(368)	(Surpluses)/deficits on investment properties	16a			(271)
4,405	Pension Interest & Expected return on Assets	9c			5,546
4,164	Interest Payable and similar charges	12a			5,497
<b>7,614</b>	<b>Financing and Investment Income and Expenditure</b>				<b>10,267</b>
<b>205,584</b>	<b>Net Operating Expenditure</b>				<b>199,976</b>
(82,301)	Income from Council Tax				(82,179)
(20,511)	Non Ring Fenced Government Grants				(14,636)
(24,754)	Contribution from Non-Domestic Rate Pool				(30,007)
(23,967)	Capital Grants and Contributions	(26)			(14,425)
<b>(151,533)</b>	<b>Taxation and Non Specific Grant Income</b>				<b>(141,247)</b>
<b>54,051</b>	<b>Surplus or Deficit on Provision of Services</b>				<b>58,729</b>
(12,049)	Surplus or deficit on revaluation of Fixed Assets	25b			(36,974)
54,979	Actuarial (gains) / losses on pension assets / liabilities	9c			(1,949)
<b>42,930</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(38,923)</b>
<b>96,981</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>19,806</b>

### Notes

In line with best practice the former Cultural, Environmental, Regulatory and Planning Services category has been split out over three lines. No comparatives are available for this split.

(Gain) / loss on the disposal of non current assets principally constitutes the removal of two academy schools - Trinity and Fir Tree Primary School (2011/12: four academies were removed - Denefield, Kennet, Park House and St Bartolomew's School).

## Balance Sheet

2011/12 £000	Balance Sheet Table 07	Note	2012/13	
			£000	£000
	<b>Property, plant and Equipment</b>			
216,276	Buildings	15a	210,802	
81,641	Land	15a	95,032	
131,101	Other	15a	132,769	
<u>11,205</u>	Assets Under Construction	15a	<u>197</u>	
				438,800
12,496	Investment properties	16b		<u>8,995</u>
				<b>447,795</b>
264	Long Term Debtors	19b		<u>66</u>
<b>452,983</b>	<b>TOTAL LONG TERM ASSETS</b>			<b>447,861</b>
	<b>Current Assets</b>			
3,000	Short term investments	12a	0	
29	Inventories	18a	30	
15,166	Short term debtors	19a	13,846	
<u>1,307</u>	Assets held for sale	15a	<u>96</u>	
<b>19,502</b>	<b>TOTAL CURRENT ASSETS</b>			<u>13,972</u>
<b>472,485</b>	<b>TOTAL ASSETS</b>			<b>461,833</b>
	<b>Current Liabilities</b>			
(653)	Cash and cash equivalents	(20)	(2,006)	
(3,251)	Short term borrowing	12a	(11,381)	
<u>(38,338)</u>	Short term Creditors	(21)	<u>(34,915)</u>	
<b>(42,242)</b>	<b>TOTAL CURRENT LIABILITIES</b>			<u>(48,302)</u>
<b>430,243</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>413,531</b>
	<b>Long term Liabilities</b>			
(1,140)	Provisions	(22)	(1,467)	
(1,268)	Contributions deferred account		(478)	
<u>(154,965)</u>	Pension liability	9e	<u>(161,896)</u>	
(87,649)	Borrowings PWLB	13c	(84,977)	
<u>(24,988)</u>	Other long term liabilities	17b	<u>(24,286)</u>	
<b>(270,010)</b>				<u>(273,104)</u>
<b>160,233</b>	<b>TOTAL ASSETS LESS LIABILITIES</b>			<b>140,427</b>
7,780	General Fund	24f	8,001	
1,378	Working Balances	24f	2,061	
11,721	Earmarked Reserves	24f	12,586	
8	Deferred Credit	24a	2	
0	Usable Capital Receipt	24a	2,437	
<u>28,928</u>	Capital Reserves	(26)	<u>20,314</u>	
49,815	<b>Usable Reserves</b>	24a		45,401
110,418	<b>Unusable reserves</b>	(25)		<u>95,026</u>
<b>160,233</b>	<b>TOTAL RESERVES</b>			<b>140,427</b>

## Movement in Reserves Statement

Movement in Reserves Statement  Table 08	General	Earmarked	Capital		Working	Capital	Reserves		Total
	Fund	GF	Receipts	Deferred	Balances	Reserves	Usable	Unusable	Authority
	Balance	Reserves	Reserve	Credit			£000	£000	Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2012	<u>7,780</u>	<u>11,721</u>	<u>0</u>	<u>8</u>	<u>1,378</u>	<u>28,928</u>	<u>49,815</u>	<u>110,418</u>	<u>160,233</u>
Surplus or (deficit) on provision of services	(58,729)	0	0	0	0	0	(58,729)	0	(58,729)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	38,923	38,923
<b>Comprehensive Expenditure &amp; Income</b>	<b>(58,729)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(58,729)</b>	<b>38,923</b>	<b>(19,806)</b>
Adjustment required due to statutory accounting policies	60,498	0	2,437	(6)	0	(8,614)	54,315	(54,315)	0
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>1,769</b>	<b>0</b>	<b>2,437</b>	<b>(6)</b>	<b>0</b>	<b>(8,614)</b>	<b>(4,414)</b>	<b>(15,392)</b>	<b>(19,806)</b>
Transfers to / (from) Earmarked Reserves	(1,548)	865	0	0	683	0	0	0	0
<b>Increase / (Decrease) in Year</b>	<b>221</b>	<b>865</b>	<b>2,437</b>	<b>(6)</b>	<b>683</b>	<b>(8,614)</b>	<b>(4,414)</b>	<b>(15,392)</b>	<b>(19,806)</b>
Balance as at 31 March 2013	<u>8,001</u>	<u>12,586</u>	<u>2,437</u>	<u>2</u>	<u>2,061</u>	<u>20,314</u>	<u>45,401</u>	<u>95,026</u>	<u>140,427</u>
Balance as at 31 March 2011	<u>7,801</u>	<u>15,386</u>	<u>20</u>	<u>19</u>	<u>777</u>	<u>37,360</u>	<u>61,363</u>	<u>195,851</u>	<u>257,214</u>
Surplus or (deficit) on provision of services	(54,051)	0	0	0	0	0	(54,051)	0	(54,051)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	(42,930)	(42,930)
<b>Comprehensive Expenditure &amp; Income</b>	<b>(54,051)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(54,051)</b>	<b>(42,930)</b>	<b>(96,981)</b>
Adjustment required due to statutory accounting policies	50,966	0	(20)	(11)	0	(8,432)	42,503	(42,503)	0
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	<b>(3,085)</b>	<b>0</b>	<b>(20)</b>	<b>(11)</b>	<b>0</b>	<b>(8,432)</b>	<b>(11,548)</b>	<b>(85,433)</b>	<b>(96,981)</b>
Transfers to / (from) Earmarked Reserves	3,064	(3,665)	0	0	601	0	0	0	0
<b>Increase / (Decrease) in Year</b>	<b>(21)</b>	<b>(3,665)</b>	<b>(20)</b>	<b>(11)</b>	<b>601</b>	<b>(8,432)</b>	<b>(11,548)</b>	<b>(85,433)</b>	<b>(96,981)</b>
Balance as at 31 March 2012	<u>7,780</u>	<u>11,721</u>	<u>0</u>	<u>8</u>	<u>1,378</u>	<u>28,928</u>	<u>49,815</u>	<u>110,418</u>	<u>160,233</u>



## Cash Flow Statement

2011/12 £000	Cash Flow Statement Table 09	Note	2012/13	
			£000	£000
	<b>Operating Activities</b>			
100,334	Taxation		105,870	
205,501	Grants		188,091	
684	Rents		704	
40,635	Sale of goods and rendering of service		19,250	
587	Interest received		505	
431	Other receipts from operating activities		431	
348,172	<b>Cash inflows generated from operating activities</b>			314,851
(113,072)	Cash paid to and on behalf of employees		(104,457)	
(38,935)	Housing benefit paid out		(40,929)	
(3,289)	Precepts paid		(3,485)	
(147,524)	Cash paid to suppliers of goods and services		(121,129)	
(4,164)	Interest paid		(5,497)	
(20,535)	Other payments for operating activities		(20,011)	
(327,519)	<b>cash outflows from operating activities</b>			(295,508)
20,653	<b>Net cashflows from operating activities</b>	(27)		19,343
	<b>Investing activities</b>			
(40,529)	Purchase of property plant and equipment		(30,981)	
(48,900)	Purchase of short and long term investments		(27,500)	
(140,913)	Other payments for investing activities		(65,572)	
127	Proceeds from sale of PPE and investment properties		4,274	
48,900	Proceeds from the short and long term investments		27,500	
140,913	Other receipts from investing activities		67,700	
(40,402)	<b>Net cash flows from investing activities</b>			(24,579)
	<b>Financing activities</b>			
30,539	cash receipts of short and long term borrowing		28,460	
1,094	other receipts from financing activities		1,161	
(8,625)	repayments of short and long term borrowing		(20,460)	
(726)	other payments for financing activities		(2,572)	
22,282	<b>Net cashflows from financing activities</b>			6,589
2,533	<b>Net increase/decrease in cash and cash equivalents</b>			1,353
(1,880)	<b>Cash and cash equivalents at the beginning of the reporting period</b>			653
653	<b>Cash and cash equivalents at the end of the reporting period</b>	(20)		2,006

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**(1) Statement of Accounting Policies**

**I. General principles**

All the financial policies used in compiling this statement of accounts comply with the code of practice and International Financial Reporting Standards.

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. The Statement of Accounts summarises the Council's transactions for the 2012/13 financial year and its position at the year end 31 March 2013.

The Financial Statements for 2012/13 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 issued by The Chartered Institute of Public Finance and Accountancy (CIPFA) and where appropriate the International Accounting Standards (IAS). The Accounting convention adopted is principally historical cost modified by fair value for particular categories of assets and liabilities.

There are no instances in the Statement of Accounts where the fundamental accounting concepts have not been followed. The Statement of Accounts contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. There are no items in the Authority's Balance Sheet at 31 March 2013 for which there is believed to be a significant risk of material adjustment in the forthcoming financial year.

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

**II. Post Balance Sheet Events**

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

**III. Accruals of Income and Expenditure**

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services
- Supplies are recorded as expenditure when they are consumed, where there is a gap between the date supplies are received and their consumption; they are carried as inventory on the Balance Sheet
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet
- Interest payable on borrowing and receivable on investment is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where income and expenditure have been recognised in the accounts but cash has not been received nor paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet.

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

#### **IV. Cash and Cash Equivalents**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes 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.

#### **V. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants, both capital and revenue, and third party contributions and donations are recognised as income at the date that the Authority satisfies the conditions of entitlement to the grant/contribution. There must also be reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied the grant or contribution is moved to the relevant service revenue account.

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.

#### **VI. Charges to Revenue for non current assets**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year.

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

The Authority is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance).

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the general fund balance, by way of an adjusting transaction with the Capital Adjustment Account.

#### **VII. Revenue Expenditure Funded from Capital Under Statute**

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

## VIII. Employee Benefits

The cost of salaries and wages has been included in the accounts based on 12 months and 52 pay weeks.

In line with IAS 19 an accrual has been made for leave and flexible hours owing at year end. The accrual is based on a sample of leave owing and then averaged out to give a total for the whole Authority. No adjustment has been made for other employee costs.

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

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

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the education service revenue account is charged with the employer's contributions payable to teachers' pensions in the year.

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

- The liabilities of the Berkshire pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings of current employees.
- Liabilities are discounted to their value at current prices using a discount rate. (The discount rate is the yield on the Merrill Lynch Non Gilt Sterling AA over 15 year Corporate Bond index, with an adjustment to reflect the liabilities relative to the duration of the index.)
- The assets of the Berkshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value.
- The change in the net pensions liability is analysed into 7 components:
  - 1) Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
  - 2) Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net cost of Services in the Income and Expenditure Account as part of Non Distributed Costs



- 3) Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
- 4) Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
- 5) Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
- 6) Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
- 7) Contributions paid to the Berkshire pension fund – cash paid as employer's contributions to the pension fund.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the 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 fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

**Redundancy policy:** 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 agreement with Trade Unions.

When redundancy payments are applicable it will be as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These payments are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

**IX. Overheads and Support Services**

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

The costs of the Corporate and Democratic Core have been separately identified and are not borne by the revenue services. This category is defined by the SeRCOP and accounted for, within the Central Services heading of the net cost of services in the Income and Expenditure Account.

**X. Investment Property**

Only properties that the Authority holds solely to earn rental income or capital appreciation are classed as investment properties. These properties are not used by the Council in its daily business. Initially investment properties are valued at cost and are then re-valued annually.

**XI. Heritage assets**

FRS 30, Heritage Assets, has now been adopted by the Council. Heritage assets are those assets held by the Authority for cultural, environmental or historical reasons in relation principally to their contribution to knowledge and culture.

**XII. Property, plant and equipment (PPE)**

Only assets with a value of £5k or more are counted as non-current assets.

Where a non-current asset yields economic benefit to the Authority, all expenditure on the acquisition, creation and enhancement of the asset, is capitalised on an accruals basis. This excludes expenditure on routine repairs and maintenance of non-current assets, which is charged direct to service revenue accounts.

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

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

Non-current assets are classified into the groupings shown in the Balance Sheet under the following headings:

- Land and Buildings, shown at fair value
- Plant and Equipment, shown at fair value
- Infrastructure Assets, shown at depreciated historical cost
- Community Assets, shown at depreciated historical cost
- Investment Properties, shown at market value
- Assets under construction, shown at historical cost
- Assets held for sale, shown at fair value.

Assets included in the Balance Sheet at fair value are re-valued, as a minimum, every five years, except for Investment properties which are re-valued annually. From 2007/08 all

increases in valuations are matched by credits to the revaluation reserve as unrealised gains.

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.

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

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

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

Where an item of property plant or equipment is made up of components that have different asset lives, IAS 16 requires the components to be recognised as separate assets. West Berkshire Council will componentise assets where components are either 10% of the assets value or has a value of more than £250k. These assets should be recognised either at the time of purchase or on revaluation.

In accordance with International Accounting Standard 16 depreciation is provided for on all fixed assets with a finite useful life.

All assets with the exception of freehold land, community assets, investment properties and assets under construction are depreciated,

Depreciation is calculated on the following basis:

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

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

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

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

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

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

Changes in fair value are balanced by an entry in the Capital Adjustment Account and the gain/loss is recognised in the Surplus or Deficit on the Provision of Services. The exception is where impairments losses have been incurred – these are debited to the Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

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

Any gains and losses that arise on de-recognition of the asset are credited/debited to the Income and Expenditure Account. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

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

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

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

### **XIII. Inventories and Work in Progress**

Inventories are shown in the Balance Sheet on a cost basis, which is compliant with IAS 2, this recommends valuation at the lower of cost or net realisable value.

### **XIV. Provisions, contingent liabilities and assets**

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

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

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

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

**Contingent assets** are disclosed in the notes to the core Financial Statements where it is probable that there will be an inflow of economic benefit or service potential.

#### **XV. Carbon reduction scheme**

The Authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until April 2014. The Authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and is apportioned to services on the basis of energy consumption.

#### **XVI. Financial Instruments**

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

Loans raised by the Council are mainly through the Public Works Loans Board (PWLB). All interest is charged to the Comprehensive Income and Expenditure Statement.

As part of its interest and debt management, on occasion the Council may repay loans before their maturity date; usually receiving a discount or incurring a premium. Such gains and losses on premature repayment of debt are recognised in the Comprehensive Income and Expenditure Statement in the year they occur, unless they meet the modification test in The Code (i.e. the present values of the debt restructured has not changed significantly). Otherwise they are adjusted through the Financial Instruments Adjustment Account (FIAA) in accordance with statutory criteria.

Where PWLB borrowing is repaid and replaced on the same day, gains and losses are amortised using the effective interest rate method provided the modification test criteria set out in The Code are met. For financial assets and liabilities carried at fair value, the fair value has been determined using discounted cash flow analysis.



**Provisions for bad debts** have been established in respect of general debtors in accordance with the CIPFA code of practice. The level of the provision has been set to provide adequate cover based upon an aged debt profile as at 31 March 2013.

**Borrowings:** The loan debt held by Berkshire County Council (BCC) when it was abolished due to local government reorganisation as at the 31 March 1998 amounted to approximately £220m. The portfolio of debt consisted entirely of Public Works Loans Board (PWL) loans, of which some £40m was deemed to be West Berkshire's liability as part of the disaggregation process. At that time it was agreed by all the Berkshire authorities that the total debt would be administered by West Berkshire Council as part of their role as Designated Authority overseeing the closure of the BCC accounts. The Prudential Code presented the opportunity for this Council and other Berkshire authorities to take back the direct management of the remaining part of the ex BCC loan debt. The transfer took place with effect from 1 December 2005 and at that time £28.92m of Public Works Loan Board debt was transferred to West Berkshire Council.

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

**Investments** are shown in the Balance Sheet at cost.

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

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

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

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

**Financial Assets:** Loans and Receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest

credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

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

Wherever 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 £9,465k (2011/12: £9,608k).

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

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

## **XVII. Private Finance Initiative (PFI)**

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

**Prepayments:** A prepayment for services receivable under the contract arises when assets are transferred to the control of the PFI contractor, usually at the start of the scheme. The difference between the value of the asset at the date of transfer and any residual value that might accrue to the Authority at the end of the contract is treated as a contribution made to the contractor and is accounted for as a prepayment. The prepayment is written down (charged) to the respective revenue account over the life of the contract to show the full value of services received in each year. However, as the charge is a notional one, it is reversed out in the 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, over the life of the scheme, the discount will need to be unwound by earmarking (decreasing) part of the unitary payment to ensure the reversionary interest is recorded at current prices when the interests revert to the Council.

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

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

**XVIII. Leases**

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

**XIX. Reserves**

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

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits. These do not represent usable resources for the Council. Both usable and unusable reserves are explained in the relevant notes below.

**XX. VAT**

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

**(2) Accounting Standards issued not adopted**

There are a number of amendments to both International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) for adoption in the next financial year 2013/14:

- IAS 1 Presentation of Financial Statements: requiring separate disclosure of gains and losses on provision of services
- IFRS 7 Financial Instruments: similar disclosure where financial assets and liabilities have been offset
- IAS 12 Income Taxes (deferred tax recovery): prohibits the deferred method of accounting for deferred tax liabilities, requiring the balance sheet method to be used instead.
- IFRS 13 Fair Value Measurement: clarification on the recognition of assets under construction and for intangible assets.
- IAS 19 Employee Benefits: significant changes discussed further below.

All but the IAS 19 Employee Benefit changes will be immaterial to next year's accounts.

**IAS 19 – Employee Benefit amendments (June 2011 amendments)**

A revised IAS 19 standard was published by the International Accounting Standards Board (IASB) in June 2011, and is effective for accounting periods starting on or after 1 January 2013. The amendment is designed to simplify the disclosures relating to defined benefit pension schemes, and to improve the quality of those disclosures.

The key change that this amendment introduces is to the calculation of interest received and chargeable to the pension fund. Currently, the interest cost is based on the pension scheme’s best estimate of the expected return on scheme assets, less the interest charge on the scheme liabilities (using the appropriate discount rate). The amendment brings in the requirement to calculate interest on the scheme’s net scheme assets or liabilities (i.e. total scheme assets, less total scheme liabilities), using the appropriate discount rate for the period.

The scheme actuaries for the Royal Berkshire Pension Fund have advised that if the standard had been adopted for the 2012/13 financial year, the entries in the Comprehensive Income and Expenditure Statement would have been as follows:

LGPS Amounts recognised in the profit and loss statement (if the revised IAS19 standard was adopted)	2012/13 actuals £'000	As would be revised by IAS19 2012/13 £'000
<b>Table 10a</b>		
Current Service Cost	11,222	
Service Costs <sup>1</sup>		10,966
Losses/(gains) on curtailments	(257)	
Administrative costs <sup>2</sup>		132
Interest on scheme liabilities	15,067	
Expected return on scheme assets	(9,521)	
Net interest on defined liability/(asset)	<u>7,022</u>	
<b>Total</b>	<u><u>16,511</u></u>	<u><u>18,120</u></u>

Note 1            The new category ‘service costs’ amalgamates the lines ‘current service cost’, ‘past service cost’ and ‘curtailments and settlements’.

Note 2            Administrative costs were deducted from the actual and expected return on assets under the old standard. The amended standard specifies that these should be a separately identifiable charge to the income and expenditure account.

**(3) Critical judgements**

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

The following critical judgement was noted:

There is a high degree of uncertainty concerning the future levels of local Government funding. However the Council does not believe that this uncertainty is sufficient to highlight that the assets of the Council might be impaired as a result of a need to close facilities and reduce the level of service provision.

**(4) Prior Year Adjustments**                      There were no prior period adjustments.

**(5) Post Balance Sheet Events**                      There are no known post balance sheet events.

**(6) Trading operations**

**6a** West Berkshire Council operates a 'buy-back' scheme for schools in West Berkshire. Schools are able to procure services from the open market; some schools chose to buy services from the Council. The services provided by the Council include property, payroll, HR, finance, ICT, health & safety, insurance and tree management. These are classified as internal trading accounts.

The Council also has some external trading accounts primarily to do with leased car insurance and commercial properties. The total income, expenditure and (surplus) / deficit are shown below.

<u>2011/12</u>	Trading Operations	<u>2012/13</u>		
Deficit (Surplus)		Expenditure	Income	Deficit (Surplus)
£000	Table 10b	£000	£000	£000
(119)	External Trading Accounts	1,552	(1,476)	76
(327)	Internal Trading Accounts	5,535	(5,710)	(175)
<u>(446)</u>	<b>Net deficit</b>	<u>7,087</u>	<u>(7,186)</u>	<u>(99)</u>



- 6b Building Control Account:** The Council has adopted the Local Government Association's Model Scheme as the basis of its Scheme of Charges under the Building (Local Authority) Regulations 1998. These regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function.

Building Control Account Table 11a	Chargeable		Non-Chargeable		Total	
	Activities		Activities			
	31/03/12 £000	31/03/13 £000	31/03/12 £000	31/03/13 £000	31/03/12 £000	31/03/13 £000
<b>Expenditure</b>						
Employees	509	392	145	130	654	522
Supplies & Services	28	32	2	1	30	33
Central and Support Charges	96	64	39	14	135	78
<b>Total Expenditure</b>	<b>633</b>	<b>488</b>	<b>186</b>	<b>145</b>	<b>819</b>	<b>633</b>
<b>Income</b>						
Building Regulation Charges	524	517	0	0	524	517
<b>Surplus / (Deficit) for year</b>	<b>(109)</b>	<b>29</b>	<b>(186)</b>	<b>(145)</b>	<b>(295)</b>	<b>(116)</b>

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

**(7) Income**

- 7a** The Council provides services on behalf of a number of other organisations in West Berkshire for which the cost is recharged.

Agency Services Table 11b	2010/11 £000	2011/12 £000	2012/13 £000
Gross Payroll	1,689	1,760	1508
Service Charge	7	6	6
After School Clubs	18	17	17
Town Council	1	1	1
Charities	1	1	1

- 7b** The income from Council tax shown on the Comprehensive Income and Expenditure Account is the amount that West Berkshire received net of major preceptors. Any amounts owing to or from major preceptors is shown within debtors or creditors.

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are shown as capital grants receipts in advance.

**7c Principal grant income**

2011/12 £000	Grant Income Table 12	2012/13 £000
<b>Credited to taxation and non specific grant income</b>		
7,651	Revenue Support Grant	582
1,983	Council Tax Freeze Grant	1,988 *
5,456	Early Intervention Grant	5,989
552	Local Services Support Grant	575
1,304	NHS Funding Social Care	1,263
3,088	Learning Disability Health Reform Grant	3,175
477	New Homes Bonus	846
0	Local Authority Central Spend Equivalent Grant (LACSEG)	218
3,335	Section 106 Contributions	2,374
20,632	Capital Grants	12,051
<b>44,478</b>	<b>Total</b>	<b>29,061</b>
<b>Credited to services</b>		
100,284	Dedicated Schools Grant	93,137
38,935	Housing Benefit Grant	40,532
9,057	Learning Support Council, Skills & Education Funding Agencies	9,429
14,680	Other Specific Government Grants	12,779
<b>162,956</b>	<b>Total</b>	<b>155,877</b>

\* The council received Freeze Grant of 3.9m but 1.98m is included within Non Domestic Rates.

**7d Other Government grant income**

2011/12 £000	Other Government Grants Table 13	2012/13 £000
2,312	Private Finance Initiative	2,312
8,756	Council Tax Benefit	8,086
39	Drug Action	266
1,384	Education Grants	121
524	Unaccompanied Asylum Seekers	315
247	Youth Offending	233
1,418	Other	1,446
<b>14,680</b>	<b>Total Other Government Grants</b>	<b>12,779</b>

**(8) Expenditure**

**8a Non distributed costs** in the net cost of services of the Comprehensive Income and Expenditure Account are primarily due to impairment costs and a credit for pension curtailments.

**8b Net cost of services** includes depreciation charges for the use of Property, Plant and Equipment (PPE), impairment costs associated with PPE, REFCUS (Revenue Expenditure Funded from Capital Under Statute) that is capital expenditure on assets that do not belong to the Council, IAS 19 pension costs and movements in Reserves. These are subsequently reversed, so that the net effect on the amount to be met from Government Grants and local taxation is zero.

**8c Special expenses**

Separate accounts are maintained for Hungerford Town Council, Shaw Cum Donnington Parish Council, Kintbury Parish Council and Theale Parish Council. They account for items

of expenditure specific to these areas for which a special precept is levied. The entry in the Income and Expenditure Account reflects the transfer of Council tax income to the Special Expenses Account. Details of the special expense areas are as follows:

Special Expenses	Hungerford Footway Lighting		Kintbury St Mary's Churchyard		Shaw St Mary's Churchyard		Theale Holy Trinity Churchyard	
	31/03/12	31/03/13	31/03/12	31/03/13	31/03/12	31/03/13	31/03/12	31/03/13
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Table 14</b>								
<b>Opening Balance</b>	<b>(4.0)</b>	<b>(5.5)</b>	<b>(1.5)</b>	<b>(0.3)</b>	<b>2.5</b>	<b>2.6</b>	<b>(0.3)</b>	<b>(0.3)</b>
Gross Expenditure	3.7	4.0	1.2	1.2	0.9	0.8	1.2	1.3
Gross Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Expenditure	3.7	4.0	1.2	1.2	0.9	0.8	1.2	1.3
Council Tax Income	<u>(5.2)</u>	0.0	0.0	<u>(5.4)</u>	<u>(0.8)</u>	<u>(3.8)</u>	<u>(1.2)</u>	<u>(1.2)</u>
Appropriation to balances	<u>(1.5)</u>	4.0	1.2	<u>(4.2)</u>	0.1	<u>(3.0)</u>	0.0	0.1
<b>Closing Balance</b>	<b><u>(5.5)</u></b>	<b><u>(1.5)</u></b>	<b><u>(0.3)</u></b>	<b><u>(4.5)</u></b>	<b><u>2.6</u></b>	<b><u>(0.4)</u></b>	<b><u>(0.3)</u></b>	<b><u>(0.2)</u></b>

### 8d Pooled services

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

Pooled Services	Gross Expenditure £000	Gross Income £000	WBC contribution £000
<b>Table 15</b>			
Financial year 2011/12	2,991	<u>(2,810)</u>	286
Financial year 2012/13	4,496	<u>(5,201)</u>	364

**Note:** A new contract, commenced 1 April 2012, with Nottingham Rehab Supplies (NRS Healthcare) for provision of Occupational Therapy (OT) Equipment to Berkshire Unitaries and Berkshire Primary Care Trusts.

### 8e Parish Council Precepts

Parish councils are required to precept on the Council, which in turn precepts on the collection fund. The total precept is £3,485k (2011/12: £3,296k). There was also a special expenses precept on the parishes concerning closed church yards of £10k (2011/12: £7k), giving a net £3,475k (2011/12: £3,289k) figure as the precepts to parishes.

### 8f Publicity

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

2011/12		Publicity	2012/13	
Council £000	Schools £000		Council £000	Schools £000
		<b>Table 16</b>		
260	53	Marketing and Public Relations	276	22
<u>26</u>	<u>201</u>	Recruitment and Advertising	<u>36</u>	<u>230</u>
<b><u>286</u></b>	<b><u>254</u></b>	<b>Total Expenditure</b>	<b><u>312</u></b>	<b><u>252</u></b>

**(9) Employee benefits**

**9a Exit packages**

The Authority terminated the contracts of a number of employees in 2012/13. These officers were from all areas in the Council and were made redundant as part of the Authority's restructuring of its services.

Exit package banding	2011/12				2012/13			
	Compulsory redundancies	Other departures	Total exit packages	Total cost £000	Compulsory redundancies	Other departures	Total exit packages	Total cost £000
<b>COUNCIL</b>								
Up to £19,999	11	6	17	176	24	3	27	254
£20,000 - £39,999	2	2	4	110	7	1	8	227
£40,000 - £59,999	6	0	6	307	1	1	2	82
£60,000 - £79,999	0	0	0	0	0	0	0	0
£80,000 - £99,999	2	0	2	172	0	0	0	0
£100,000 - £149,999	1	0	1	102	0	1	1	103
£150,000 - £199,999	1	0	1	177	0	0	0	0
	<u>23</u>	<u>8</u>	<u>31</u>	<u>1,044</u>	<u>32</u>	<u>6</u>	<u>38</u>	<u>666</u>
<b>SCHOOLS</b>								
Up to £19,999	32	8	40	246	13	3	16	71
£20,000 - £39,999	3	2	5	139	1	1	2	56
£40,000 - £59,999	0	0	0	0	0	1	1	58
	<u>35</u>	<u>10</u>	<u>45</u>	<u>385</u>	<u>14</u>	<u>5</u>	<u>19</u>	<u>185</u>

**9b Remuneration Benefits**

The number of employees whose remuneration including redundancy costs but excluding pension contributions was £50k or more in bands of £5k:

Remuneration Bandings	Schools				Council Staff				TOTALS			
	Number of employees		Left during year		Number of employees		Left during year		Number of employees		Left during year	
Table 18	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
£50k-£54k	36	32	0	1	22	18	1	0	58	50	1	1
£55k-£59k	17	19	2	0	22	18	1	1	39	37	3	1
£60k-£64k	19	15	0	0	15	10	0	0	34	25	0	0
£65k-£69k	7	9	0	0	3	4	0	0	10	13	0	0
£70k-£74k	0	3	0	0	5	2	2	0	5	5	2	0
£75k-£79k	4	1	0	0	3	3	0	0	7	4	0	0
£80k-£84k	0	2	0	0	5	8	1	0	5	10	1	0
£85k-£89k	1	1	0	0	2	2	1	1	3	3	1	1
£90k-£94k	1	1	0	0	2	1	1	0	3	2	1	0
£95k-£99k	0	0	0	0	3	0	1	0	3	0	1	0
£100k-£104k	1	1	0	1	0	0	0	0	1	1	0	1
£105k-£109k	0	0	0	0	1	2	0	1	1	2	0	1
£115k-£119k	0	0	0	0	2	0	0	0	2	0	0	0
£135k-£139k	0	0	0	0	1	1	1	0	1	1	1	0
£165k -£169k	0	0	0	0	1	0	0	0	1	0	0	0
£175k-£180k	0	0	0	0	1	0	1	0	1	0	1	0
	<u>86</u>	<u>84</u>	<u>2</u>	<u>2</u>	<u>88</u>	<u>69</u>	<u>10</u>	<u>3</u>	<u>174</u>	<u>153</u>	<u>12</u>	<u>5</u>

Expenses paid to the elected members were £549k (2011/12: £534k).

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

Executive Remuneration		Salary (Including fees & allowances)	Benefits in Kind	Remuneration excluding pension contributions	Pension contributions	Remuneration including pension contributions
Table 19		£	£	£	£	£
<b>Chief Executive - Nick Carter</b>						
Resources	2011/12	138,418	0	138,418	20,546	158,964
	2012/13	138,418	0	138,418	20,546	158,964
<b>Corporate Directors</b>						
Children and Young People	2011/12	100,226	0	100,226	14,818	115,044
	2012/13	0	0	0	0	0
Environment	2011/12	101,445	4,177	105,622	15,581	121,203
	2012/13	105,177	0	105,177	15,581	120,758
Communities	2011/12	100,442	0	100,442	14,852	115,294
	2012/13	94,925	0	94,925	13,763	108,688
<b>Deputy Director</b>						
Communities	2011/12	14,719	0	14,719	2,177	16,896
	2012/13	88,319	0	88,319	13,062	101,381
<b>Senior Council Personnel</b>						
Head of Legal Services	2011/12	80,819	0	80,819	11,907	92,726
	2012/13	80,819	0	80,819	11,907	92,726
Head of Human Resources	2011/12	78,646	0	78,646	11,572	90,218
	2012/13	80,819	0	80,819	11,907	92,726
Head of Finance	2011/12	77,319	2,428	79,747	11,907	91,654
	2012/13	77,319	2,213	79,532	11,907	91,439
<b>TOTAL</b>	<b>2011/12</b>	<b>692,034</b>	<b>6,605</b>	<b>698,639</b>	<b>103,360</b>	<b>801,999</b>
<b>TOTAL</b>	<b>2012/13</b>	<b>665,796</b>	<b>2,213</b>	<b>668,009</b>	<b>98,673</b>	<b>766,682</b>

**Note:**

From 1 March 2012 Children & Young People merged with Community Services to form Communities Directorate. Consequently the 2011/12 figure for the Deputy Director for Communities represents only a single month's earnings.

**9c Retirement Benefits**

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

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme administered by The Royal Borough of Windsor and Maidenhead for the Royal County of Berkshire Pension Fund. This is a defined benefit scheme, where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The date of the last actuarial report received by the Council was the 31 March 2013. IAS 19 requires the Authority to recognise the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions.



However the charge the Authority is required to make against Council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made to the Income and Expenditure Account, in the net cost of services and the financing and investment

2011/12 £000	Local Government Pension Scheme Table 20	2012/13 £000
	<b>Comprehensive Income and Expenditure account</b>	
8,976	Current Service Cost	11,222
<u>(1,408)</u>	Past Service Cost / curtailment	<u>(257)</u>
7,568	<b>Financing and investment income and expenditure</b>	10,965
14,996	Interest Cost	15,067
<u>(10,591)</u>	Expected return on assets in the scheme	<u>(9,521)</u>
4,405	<b>Total post employment benefit charged to the surplus or deficit on the provisions of services</b>	<u>5,546</u>
<u>11,973</u>	<b>Net Charge / Net surplus to the Comprehensive Income and Expenditure Account</b>	<u>16,511</u>
	<b>Movement in Reserves Statement</b>	
<u>(11,973)</u>	Reversal of net charges made for retirement benefits in accordance with FRS 17	<u>(16,511)</u>
<u>8,061</u>	<b>Actual amount charged against the General fund balance for pensions in the year</b>	<u>7,631</u>

In addition to the recognised gains and losses above, actuarial gain of £1,949k (2011/12 loss of £54,979k) are included in the other Comprehensive Income and Expenditure line in the Income and Expenditure Account.

**9d Assets and Liabilities in relation to retirement benefits:** The net pensions to be recognised are made up of two main elements.

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

2011/12 £000	Funded Liabilities Table 21	2012/13 £000
<b>273,917</b>	<b>Opening balance</b>	<b>332,188</b>
8,976	Current service cost	11,222
14,996	Interest cost	15,067
3,117	Contributions by scheme participants	2,995
43,928	Actuarial (gains) and losses	7,186
388	Losses (gains) on curtailments	256
<u>(3,730)</u>	Liabilities extinguished on settlements	<u>(799)</u>
<u>(8,842)</u>	Benefits paid	<u>(11,075)</u>
<u>(562)</u>	Unfunded pension payments	<u>(569)</u>
<u><b>332,188</b></u>	<b>Closing balance</b>	<u><b>356,471</b></u>

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

2011/12 £000	Fair Value of Scheme Assets Table 22	2012/13 £000
177,844	<b>Opening balance</b>	177,223
10,591	Expected rate of return	9,521
(11,053)	Actuarial gains and losses	9,135
8,061	Employer contributions including unfunded	7,631
3,117	Contributions by scheme participants	2,995
(9,403)	Benefits paid	(11,644)
(1,934)	Receipt / (payment) of bulk transfer values	(286)
<u>177,223</u>	<b>Closing balance</b>	<u>194,575</u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets. The actual profit on scheme assets in the year was £18,656k (2011/12: a loss of £461k).

**9e Scheme History:** The underlying assets and liabilities for retirement benefits attributable to the Authority (including a percentage of the Berkshire County Council pension fund) at 31 March 2013 are as follows:

Present value of Scheme liabilities Table 23	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Present value of Liabilities:	(203,325)	(331,922)	(273,917)	(332,188)	(356,471)
Fair value of Assets	123,964	168,260	177,844	177,223	194,575
<b>Surplus / (deficit) in the scheme</b>	<u>(79,361)</u>	<u>(163,662)</u>	<u>(96,073)</u>	<u>(154,965)</u>	<u>(161,896)</u>
Experience adjustments on Scheme liabilities	0	(4,828)	9,690	1,013	(559)
Experience adjustments on scheme assets	(64,780)	33,435	(3,686)	(11,053)	9,135

For consistency the assets have been shown at bid price (estimated where necessary) for the periods prior to 31 March 2011.

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Authority's liabilities have been assessed by

Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme. The main assumptions used in their calculations are listed below:

2011/12	Principal actuarial assumptions	Table 24	2012/13
5.4%	Expected rate of return		5.4%
<b>Mortality assumptions</b>			
<b>Longevity at 65 for current pensioners:</b>			
23.0	Men		23.1
25.6	Women		25.7
<b>Longevity at 65 for future pensioners:</b>			
25.0	Men		25.1
27.6	Women		27.6
3.3%	Rate of Inflation		3.4%
2.5%	CPI increase		2.6%
4.5%	Rate of increase in Salaries		4.6%
2.5%	Rate of increase in Pensions		2.6%
4.6%	Rate of discounting scheme liabilities		4.7%
50.0%	Take-up of option to convert annual pension into retirement lump sum		50.0%

Assets held by the whole fund and analysed in terms of the investments in which they are held as at 31 March 2013 can be summarised as:

31/03/12		Pension fund assets	31/03/13	
£000	%	Table 25	£000	%
62,029	35%	Equities	79,776	41%
0	0%	Gilts	1,946	1%
44,306	25%	Other Bonds	40,861	21%
17,722	10%	Property	19,457	10%
3,544	2%	Cash	0	0%
49,622	28%	Alternative assets	52,535	27%
<b>177,223</b>	<b>100%</b>	<b>Total</b>	<b>194,575</b>	<b>100%</b>

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

Return of assets	2008/09	2009/10	2010/11	2011/12	2012/13
Table 26	£000	£000	£000	£000	£000
Expected	13	8	11	11	10
Actual	52	(41)	(12)	0	(19)
Experience gains and losses on liabilities	0.00%	1.45%	(3.54%)	(0.30%)	0.16%

The Council paid an employer's contribution of £7.0m (2011/12: £7.2m). This provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary, it is based on triennial actuarial valuations. Under the Scheme Regulations, contribution rates are set to meet 100% of the overall liabilities of the

Fund. In addition, the Council is responsible for all early releases of benefit payments, these amounted to £250k (2011/12: £219k).

#### 9f Teacher's Pension Scheme

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority 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 Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority 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 this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council paid £5.9m (2011/12: £6.1m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.8% of pensionable pay. There were no contributions remaining payable at the year-end.

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

#### (10) Related Party Transactions

The Council is required to disclose any material transactions that have taken place with related parties, bodies or individuals that could affect the decision making process within the Council. Transactions with Precepting Authorities, payments to the pension fund, levies to other bodies and Government departments are shown in the Collection Fund, notes to the Income and Expenditure Account and the Cash Flow Statement.

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

2011/12 £000	Related Parties Table 27	2012/13 £000
367	Corn Exchange Theatre Trust	382
260	Greenham Common Trust	122
1040	West Berkshire Mencap	965
300	Vodafone Ltd	284
1306	Reading Borough Council	598
922	Sovereign	450
<u>4,272</u>	<b>Total</b>	<u>2,804</u>

Council members have declared an interest in the following organisations:

**The Corn Exchange Trust**  
**The Greenham Common community Trust**  
**The Sovereign Housing association**  
**The Thames Valley Police Authority**  
**Vodafone Ltd**  
**West Berkshire Mencap**  
**Royal Berkshire Fire and Rescue Authority**  
**Reading Borough Council**  
**Newbury Town Council.**

The Council has had dealings with these Organisations over £100k. No Chief Officers nor their close relations or members of the same household have disclosed any declarable transactions with the Council. This disclosure note has been prepared using the Council's Register of Members' Declarations of Interest. The Council has prepared this disclosure in accordance with its current interpretation and understanding of IAS 24 and its applicability to the public sector utilising current advice and guidance.

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework with which the Authority operates, provides some of the funding and prescribes the terms of many transactions that the Authority has other parties ( eg Council tax bills, housing benefits).

#### (11) Auditors Fees

In 2012/13 the following fees were incurred by West Berkshire Council and relate to external audit.

2011/12 £000	Audit fees Table 28	2012/13 £000
213	Fees payable to KPMG with regard to external audit services	128
(17)	Rebate from the Audit Commission with regard to external services	(11)
35	Fees payable to KPMG with regard to grants audit	21
<u>231</u>	<b>Total</b>	<u>138</u>

#### (12) 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.



**12a Financial Instrument balances**

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

Financial Instrument Balances  Table 29	Long Term		Short Term	
	31/03/12 £000	31/03/13 £000	31/03/12 £000	31/03/13 £000
<b>Cash and Investments</b>				
Loans and receivables	0	0	3,000	0
Available-for-sale financial assets	0	0	0	0
Unquoted equity under available for sale	0	0	0	0
Cash and cash equivalents	0	0	0	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>3,000</b>	<b>0</b>
<b>Debtors</b>				
Loans and receivables	0	0	0	0
Financial assets carried at contract amount	0	0	10,460	10,566
<b>Total Debtors</b>	<b>0</b>	<b>0</b>	<b>10,460</b>	<b>10,566</b>
<b>Borrowings</b>				
Financial Liabilities at amortised cost	112,638	109,262	3,251	11,381
Financial Liabilities at fair value through profit and loss	0	0	0	0
Cash and cash equivalents	0	0	653	2,006
Other Borrowing	0	0	0	0
<b>Total Borrowings</b>	<b>112,638</b>	<b>109,262</b>	<b>3,904</b>	<b>13,387</b>
<b>Creditors</b>				
Financial Liabilities at amortised cost	0	0	0	0
Financial Liabilities carried at Contract	0	0	22,167	21,333
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>22,167</b>	<b>21,333</b>

Notes:

Interest paid on long term borrowing was £3,915k (2010/2012: £3,315k)

Interest paid on the credit arrangement within the PFI contract was £1,565k (2010/2011: £793)

Interest paid on short term borrowing was £17k (2010/2011: £56k)

**Total interest paid £5,497k**

Interest earned on investment was £505k (2010/11 £587k)

**12b Fair value** of each class of financial assets and liabilities which are carried in the Balance Sheet at amortised cost is:

31/03/12		Fair value of liabilities and assets Table 30	31/03/13	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
<b>Fair value of liabilities carried at amortised cost</b>				
20,506	28,202	PWLB Maturity Loans	20,505	29,228
67,144	81,408	Other PWLB Loans > 1 Year	64,471	81,584
24,988	24,988	Other Long term Borrowing	24,286	24,286
3,251	3,251	Short term borrowing	11,375	11,375
653	653	Cash and cash equivalents	2,007	2,007
<b>116,542</b>	<b>138,502</b>	<b>Total Financial Liabilities</b>	<b>122,644</b>	<b>148,480</b>
<b>Fair value of assets carried at amortised cost</b>				
0	0	Cash and cash equivalents	0	0
3,000	3,000	Banks and building society deposits > 3 months	0	0
<b>3,000</b>	<b>3,000</b>	<b>Total Financial assets</b>	<b>0</b>	<b>0</b>

Notes

**Short Term Borrowing**

Short term borrowing at the 31<sup>st</sup> March 2013 consisted of £8.0M cashflow loans of less than 1 year, £2,673k principal due to be repaid on PWLB annuity loans within one year, plus £701k principal due to be repaid within one year on the credit arrangement within the PFI waste management contract.

**Long Term Borrowing**

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

£64,471k PWLB of loans > 1 year as at the 31<sup>st</sup> March 2013 is the balance outstanding on annuity loans, which West Berkshire Council has taken out since April 2005, to help fund investment in capital assets, less those principal repayments which are due to be made within one year.

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 cash balance at 31<sup>st</sup> March 2013 represents bank and building society deposits of £1,536k less the value of cheques issued by the Council, which were unrepresented at that date, of £3,543k.

**(13) 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 arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers.

### 13a Investments

The table below summarises the nominal value of the Council's investment portfolio as at 31 March 2013 and shows that all deposits outstanding as at 31 March 2013 met the Council's credit rating criteria at that date:

Investments Table 31 Counter party	Credit rating criteria met		Balances invest as at 31/03/13				Total £000
	When placed Yes/No	On 31/03/13 Yes/No	< 1 mth £000	>1 mths <3 £000	>3 mths <6 £000	>6 mths <12 £000	
Call Accounts with UK Banks	Yes	Yes	185	0	0	0	185
<b>Total</b>			<b>185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>185</b>

Note

£185k held in call accounts at 31 March 2013 is included in the cash and cash equivalent table.

### 13b Doubtful receivables

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

Balance 31/03/12 £000	Bad Debt Provision £000	Invoiced Receivables Doubtful Debt Provision Table 32	Bad Debt Provision %	Balance 31/03/13 £000	Bad Debt Provision £000
2,218	22	Current	1%	2,743	27
989	59	Over 30 days	6%	1,582	95
115	112	Over 60 days	10%	137	14
86	21	Over 90 days	25%	144	36
589	294	Between 120 to 365	50%	325	162
167	150	2010-11	90%	334	301
85	76	2009-10	90%	151	136
83	83	Earlier	100%	117	117
<b>4,332</b>	<b>817</b>			<b>5,533</b>	<b>888</b>

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

**13c Liquidity Risk:** The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need and the Public Works Loans Board (PWLb) for any purpose relevant to its statutory functions or for the purpose of the prudent management of its financial affairs. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this liquidity risk. The Council does not normally invest for more than one

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

31/03/12 £000	Liquidity Risk Table 33	31/03/13 £000
<b>Loans outstanding</b>		
87,649	PWLB loans for more than one year	84,977
24,988	Other Long Term PFI Borrowing	24,286
3,251	Temporary Borrowing	11,381
<b><u>115,888</u></b>	<b>Total</b>	<b><u>120,644</u></b>
3,251	Less than 1 year	11,381
42	Between 1 & 2 years	0
1,609	Between 2 & 5 years	1,104
9,309	Between 5 & 15 years	8,297
101,677	More than 15 Years	99,862
<b><u>115,888</u></b>	<b>Total</b>	<b><u>120,644</u></b>

**13d Market Risk:** The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the affect of fluctuations in interest rates on the fair value of an instrument.

The Council's policy is to aim to keep a maximum of **50%** of its borrowings in variable rate loans. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. During the Financial Year and at 31 March 2013, the Council had no financial loan instruments with variable rates of interest.

#### **(14) Heritage Assets**

The Authority 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.

#### **14a The Berkshire Archives**

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 Authority whilst due to the location of the Record Office location, Reading Borough Council was deemed, under a service level agreement, the Host Authority. All six authorities entered into a joint agreement for the funding and management of the service. This joint agreement expired on 31 March 2013, but the six partners have all agreed to renew it for a further term of fifteen years, and the formal extension to the agreement is being prepared.

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 a fourteenth-century document from Reading Abbey, a large accumulation of records of the Englefield estate, and a facsimile of the Loyal Address presented to the Queen on the occasion of her diamond jubilee. Altogether over 200 new accessions, amounting to nearly 1000 boxes, were added to the collections in 2012/13. Recent projects have included the conservation of the records of Broadmoor Hospital (generously funded by The Wellcome Trust), the publication of a new index to our important collection of probate records (1480-1857), and a collaboration with Reading University Department of English Literature to uncover the stories of Irish internees in Reading Gaol during the first world war. Members of staff regularly give talks to local organisations about the work of the Record Office, and are happy to arrange visits for local groups.

#### **14b West Berkshire museum collections**

There has been a public museum in Newbury since 1843 but the current museum and its collections were established in 1904 when the Cloth Hall had been refurbished in memory of Queen Victoria.

The current collections cover Natural Sciences, Geology, Archaeology, Social & Local History, Fine Art, Decorative Art, Costume, Photographs and Local Studies Resources.

The majority of the collections is 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 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 2012 there have been 34 items or groups of items accessioned into the collection. These new acquisitions have included the Newbury Challenge Cup (Greystone Cup) for football and associated medals and documents, nine runway lights from Greenham Common and pint and half-pint measure used for seeds at Charles Midwinter & Sons shop in Cheap Street, Newbury.

The Museum which ordinarily houses a major part of the collection is currently closed for redevelopment with re-opening to the general public expected in summer 2014. All the museum collections are stored at two off-site locations with the exception of a small number displayed at Shaw House.

#### **(15) Property, Plant, Equipment (PPE) and leased assets**

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



## 15a Fixed Assets

Movements in Property, Plant & Equipment and Investment Properties 2012/13 Table 34	Land &	Plant &	Infra-	Community	Investment	Assets	TOTAL
	Buildings	Equipment	structure	Assets	properties	held	
	£000	£000	Assets	Assets	Assets	for sale	
			£000	£000	£000	£000	£000
<b>Valued at Current value</b>							
Book Value @ 31/03/12	340,299	27,917	166,375	1,535	12,496	1,772	550,394
Upward revaluations	33,384	0	0	1	842	0	34,227
Impairments	(8,780)	0	0	(387)	(4,237)	0	(13,404)
Reclassifications	8,555	0	0	(865)	(47)	0	7,643
Additions	5,251	2,515	7,578	0	34	0	15,378
Disposals	(1,339)	(92)	0	(83)	(93)	(1,672)	(3,279) *
Removal of Academy Schools	(15,990)	0	0	0	0	0	(15,990)
Removal re clean up exercise	(15,002)	0	0	0	0	0	(15,002)
Book Value @ 31/03/13	<u>346,378</u>	<u>30,340</u>	<u>173,953</u>	<u>201</u>	<u>8,995</u>	<u>100</u>	<u>559,967</u>
Depreciation @ 01/04/12	(43,674)	(17,120)	(46,071)	(243)	0	(465)	(107,573)
Depreciation charged to services	(13,013)	(2,865)	(5,523)	0	0	(2)	(21,403)
Depreciation on revalued assets	7,993	0	0	0	0	0	7,993
Depreciation on impaired assets	1,961	0	0	24	0	0	1,985
Depreciation on Academy Schools	2,158	0	0	0	0	0	2,158
Reclassifications (re-group & transfer)	(62)	0	0	62	0	0	0
Depreciation on disposal	0	55	0	0	0	463	518
Depreciation re clean up exercise	4,040	0	0	9	0	0	4,049
Balance @ 31/03/13	<u>(40,597)</u>	<u>(19,930)</u>	<u>(51,594)</u>	<u>(148)</u>	<u>0</u>	<u>(4)</u>	<u>(112,273)</u>
<b>Net Book Value @ 31/03/13</b>	<u><b>305,781</b></u>	<u><b>10,410</b></u>	<u><b>122,359</b></u>	<u><b>53</b></u>	<u><b>8,995</b></u>	<u><b>96</b></u>	<u><b>447,694</b></u>
<b>Net Book Value @ 31/03/12</b>	<u><b>296,625</b></u>	<u><b>10,797</b></u>	<u><b>120,304</b></u>	<u><b>1,292</b></u>	<u><b>12,496</b></u>	<u><b>1,307</b></u>	<u><b>442,821</b></u>
<b>Revaluation reserve</b>							
Opening	(50,529)	0	0	(12)	(4,595)	(183)	(55,319)
Movement	(33,080)	0	0	(2)	3,319	183	(29,580)
Closing	<u>(83,609)</u>	<u>0</u>	<u>0</u>	<u>(14)</u>	<u>(1,276)</u>	<u>0</u>	<u>(84,899)</u>
<b>Assets under Construction</b>							
Opening Balance 01/04/12	11,205	0	0	0	0	0	11,205
Movement in year							
Additions	59	0	0	0	0	0	59
Re-group	(7,643)	0	0	0	0	0	(7,643)
Removal of Academy schools	(3,424)	0	0	0	0	0	(3,424)
Closing Balance 31/03/13	<u>197</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>197</u>

## Note

The Land & Buildings figure on the Balance Sheet (table 06) comprises L&B as well as community assets totals  
The balance listed as other (table 06) includes the Plant & Equipment and Infrastructure Assets totals

A proportion of these properties have been revalued during the year by Hampshire County Council, Property Department in accordance with the Code of Practice issued by CIPFA and the "Red Book" (Valuation – Professional Standards 2012 edition) issued by the Royal Institution of Chartered Surveyors (RICS).

The Revaluation Reserve records the unrealised revaluation gains arising since 1 April 2007. Investment properties are assets held solely to earn rentals or for capital appreciation or both, they cannot be used for operational purposes.

Assets held for sale are those assets the Authority is actively trying to sell. This Authority has four assets held for sale which are: the Control Tower at Greenham Common, Pound Lane Depot, Taceham House and some land adjacent to the Phoenix Centre.

Movements in Property, Plant & Equipment and Investment Properties 2011/12 Table 35	Land &	Plant &	Infra-	Community	Investment	Assets	TOTAL
	Buildings	Equipment	structure	Assets	properties	held	
	£000	£000	Assets	Assets	Assets	for sale	
	£000	£000	£000	£000	£000	£000	£000
<b>Valued at Current value</b>							
Book Value @ 31/03/11	325,099	26,888	156,856	1,603	12,300	248	522,994
Revaluations	10,330	0	0	(35)	153	(148)	10,300
Book Value @ 01/04/11	335,429	26,888	156,856	1,568	12,453	100	533,294
Reclassifications (re-group & transfer)	12,459	(145)	605	(86)	325	1,672	14,830
Additions	35,347	1,174	8,914	57	163	0	45,655
Disposals	(42,936)	0	0	(4)	(445)	0	(43,385) *
Gross Book Value @ 31/03/12	340,299	27,917	166,375	1,535	12,496	1,772	550,394
Depreciation @ 01/04/11	(37,447)	(14,503)	(40,885)	(237)	0	(25)	(93,097)
Depreciation charged to services	(10,642)	(2,675)	(5,186)	(10)	0	(110)	(18,623)
Depreciation on revalued assets	994	0	0	0	0	25	1,019
Reclassifications (re-group & transfer)	297	58	0	0	0	(355)	0
Depreciation on disposal	3,124	0	0	4	0	0	3,128 *
Balance @ 31/03/12	(43,674)	(17,120)	(46,071)	(243)	0	(465)	(107,573)
<b>Net Book Value @ 31/03/12</b>	<b>296,625</b>	<b>10,797</b>	<b>120,304</b>	<b>1,292</b>	<b>12,496</b>	<b>1,307</b>	<b>442,821</b>
<b>Revaluation reserve</b>							
Opening	(44,190)	0	0	(11)	(4,208)	0	(48,409)
Movement	(6,339)	0	0	(1)	(387)	(183)	(6,910)
Closing	(50,529)	0	0	(12)	(4,595)	(183)	(55,319)
<b>Assets under Construction</b>							
Opening Balance 01/04/11	17,786	0	605	0	0	0	18,391
Movement in year	(6,581)	0	(605)	0	0	0	(7,186)
Closing Balance 31/03/12	11,205	0	0	0	0	0	11,205

Note

The Land & Buildings figure on the Balance Sheet (table 06) comprises L&B as well as community assets totals  
The balance listed as other (table 06) includes the Plant & Equipment and Infrastructure Assets totals

\* The bulk of the disposals is the removal of three academy schools.

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PPE) is accounted for on an accruals basis and capitalised in the Balance Sheet. All PPE are included in the Balance Sheet at their fair value except for investment property (held solely to generate rental income or capital appreciation) which is held at market value.

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

**15b Capital Expenditure:** The total capital expenditure for the year was £30,981k (2011/12: £40,529k).

## 15c Capital expenditure financing

2011/12 £000	Capital Expenditure Financing Table 36	2012/13 £000
121,368	<b>Opening Capital Financing Requirement</b>	154,068
	<b>Capital Investment</b>	
46,668	Property, Plant and Equipment	15,344
162	Investment Properties	34
7,688	Assets under construction	59
11,981	Revenue Expenditure Funded from capital under statute	15,544
	<b>Sources of Finance</b>	
(144)	Capital receipts	(1,781)
(21,988)	Government Grants	(16,116)
(1)	Other Grants	(114)
(52)	Revenue funding	(796)
(689)	Other internal balances and funds	(40)
(8,289)	Developers/other contributions	(5,943)
(2,636)	MRP/Loans Principal	(3,456)
<b>154,068</b>	<b>Closing Capital Financing Requirement</b>	<b>156,803</b>
	<b>Explanation of Movements in Year</b>	
0	Increase in underlying need to borrowing (supported by government financial assistance)	0
6,730	Increase in underlying need to borrowing (unsupported by government financial assistance)	2,735
0	Assets acquired under finance leases	0
25,970	Assets acquired under PFI/PPP contracts	0
<b>32,700</b>	<b>Increase/ (decrease) in capital financing requirement</b>	<b>2,735</b>

## 15d Amenities provided by the Authority are:

31/03/12 Nos	Capital Assets - Amenities Table 37	31/03/13 Nos
9	Public Conveniences	9
25	Car Parks	25
2	Industrial Properties	2
3	Farms	3
3	Civic Amenity Sites	2
8	Leisure Centres	8
13	Community Services	9
9	Museum and Libraries	10
57	Schools and associated properties	60
7	Commercial Premises	6
321	Public Open Spaces	334
10	Council Offices	9
22	Community Centres	16
3	Highways Depots	2
47	Housing Operational Properties	48
<b>539</b>	<b>Total</b>	<b>543</b>

**15e Capital Assets:** During the year a proportion of the Assets were revalued in line with the five year rolling programme. The one Foundation school in the district is not included in the Council's asset register but the Council is required to disclose the valuation. The fixed assets of this school are £13.6m (2011/12: £13.9m) being £11m for building and £2.6m for land.

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

**Main Items of Capital Expenditure (>£150k) 2012/13**  
**Table 38 £000**

**Social Care and Housing Projects**

Disabled facilities Grants	1,087
First Step loans to first time buyers	163
Alice Bye Court - Extra Care Housing	2,125

**Education Projects**

The Winchcombe School Remodelling	803
Chieveley Primary School	153
Little Heath School	508
Theale Primary School - Remodelling	226
Burghfield St Mary's Primary School	776
Kintbury St Mary's Primary School	745
Denefield School	3,429
Trinity School Sports Hall	205
Increaseing capacity of Thatcham and Newbury Schools	564
New Accomodation for Engaging Potential team	258
Aldermaston Primary School Expansion	546
Brookfields School KS3 Expansion	205
Improving Broadband Coverage in Schools	796
Kennet School New Hearing and Visual Impairment Unit	703
The Downs School new science block	3,251
Welford & Wickham school - New Classroom	250
Planned Maintenance in Schools	2,072

**Highways Maintenance and Improvements**

Land Drainage	177
Essential Maintenance of Bridges	283
Aldermaston footways & cycleway improvements	221
Highways maintenance	3,627
A338/A4 Hungerford Bridge / Charnham St	274
Lower Way, A4 to the Moores, Thatcham	194

**Other Council Projects**

Improvements to IT infrastructure and systems	506
Maintenance and health and safety of Council offices	477
Improvements to Leisure Centres	216

**Total** **24,840**

15f Leased AssetsCouncil 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 let to organisations such as parish councils and charities which help support the council's priorities
- Industrial and other commercial premises which help support the economic development of the area
- Other properties including farms and shared ownership dwellings

31 March 2012			Table 39a	31 March 2013		
Sporting & Community facilities	Industrial & Commercial Premises	Other	Council as lessor Operating Leases	Sporting & Community facilities	Industrial & Commercial Premises	Other
£000	£000	£000	Leases expiring:	£000	£000	£000
36	408	29	Not later than 1 year	43	404	29
148	1,223	100	Between 1 and 5 years	149	1,182	102
150	3,917	143	Between 5 and 25 years	129	4,322	136
18	3,147	60	Over 25 years	25	4,236	84
<b><u>352</u></b>	<b><u>8,695</u></b>	<b><u>332</u></b>		<b><u>346</u></b>	<b><u>10,144</u></b>	<b><u>351</u></b>

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

The rental income credited to the income statement was £534k (2011/12: £521k)

Council as Lessee

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

**Operating leases:** The Council has a number of leases relating to buildings, vehicles, office equipment and leisure equipment. The buildings relate to social care facilities, schools and children centres. These items are not the property of the Council and consequently are not recorded in the Balance Sheet.

31 March 2012		Table 39b	31 March 2013	
Land & Buildings	Vehicles Plant & Equipment	Council as lessee Operating Leases	Land & Buildings	Vehicles Plant & Equipment
£000	0	Leases expiring:	£000	£000
386	60	Not later than 1 year	369	138
1,281	706	Between 1 and 5 years	1,307	741
4,037	108	Between 5 and 25 years	4,423	200
741	0	Over 25 years	760	0
<b><u>6,445</u></b>	<b><u>874</u></b>		<b><u>6,859</u></b>	<b><u>1,079</u></b>

Being the minimum lease payments payable

The charge to the Income and Expenditure for both Land & Building and Vehicles, Plant & Equipment was £508k (2011/12: £469k) and £1,086k (2011/12: £1,175k) respectively.

**(16) Investment Properties**

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

**16a**

2011/12 £000	Rental income Table 40	2012/13 £000
(385)	Rental income from Investment Properties	(382)
24	Direct operating expenses arising from investment properties	32
<u>(361)</u>	<b>Net (Gain)/loss</b>	<u>(350)</u>

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

**16b**

2011/12 £000	Investment Properties Table 41	2012/13 £000
12,300	<b>Balance at start of year</b>	12,496
163	Subsequent Expenditure	34
(445)	Disposals	(93)
	<b>Other changes</b>	
153	Net gains/losses from fair value adjustments	(3,396)
325	To/(from PPE)	(46)
<u>478</u>	<b>Total other changes</b>	<u>(3,442)</u>
<u>12,496</u>	<b>Balance at end of year</b>	<u>8,995</u>

**(17) Private Finance Initiative – 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.

**17a** The contract included provision of an integrated waste management facility, built on Council owned land at Padworth Sidings. This £25.97m facility opened on 19 October 2011, and is recognised in the Balance Sheet from this month. However, whilst capital repayments actually commence 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					
2011/12 £000	Table 42 Due within	Repayment of Liability £000	Interest £000	Service Charges £000	Total 2013/13 £000
18,960	Repayment in year	661	1,566	18,397	20,624
	<b>Deferred liability</b>				
20,878	Within 1 year	702	1,525	16,229	18,456
77,141	2 to 5 years	3,262	5,646	69,813	78,721
105,849	6 to 10 years	5,330	5,804	97,221	108,355
115,045	11 to 15 years	7,168	3,967	109,477	120,612
124,115	16 to 20 years	8,526	1,495	108,324	118,345
12,000	21 years plus	0	0	0	0
<u>473,988</u>		<u>25,649</u>	<u>20,003</u>	<u>419,461</u>	<u>465,113</u>

- 17b These payments have been calculated to compensate Veolia for the fair value of the services provided, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. At the end of the contract this Padworth facility will revert back to the Council. The capital asset movement recognised by WBC with and the associated outstanding PFI liability for capital expenditure incurred by Veolia is:

31/03/12 £000	Padworth PFI Asset movments & Liabilities	Table 43	31/03/13 £000
<b>Movement in asset value:</b>			
0	Gross Book Value at the start of year		31,217
31,217	Additions		0
<u>31,217</u>	Gross Book Value at year-end		<u>31,217</u>
0	Depreciation at the start of year		0
0	Depreciation		(915)
<u>0</u>	Depreciation at year-end		<u>(915)</u>
<u>31,217</u>	Net Book Value @ 31/03/12		<u>30,302</u>
<b>Movement in the deferred liability:</b>			
(25,970)	Balance outstanding at the start of year		(25,649)
321	Principal repayment in year		661
<u>(25,649)</u>	Balance outstanding at the end of year		<u>(24,988)</u>
(661)	Within 1 year		(702)
(24,988)	Deferred liability		(24,286)
<u>(25,649)</u>	Balance outstanding at year-end		<u>(24,988)</u>

The Padworth facility will revert back from Veolia to WBC at no residual cost, it is therefore considered unnecessary to make any provision for the residual cost of the asset.

**(18) Inventory and Work in Progress**

**18a Inventory** - goods and materials charged to revenue, which have not been used by the end of year, totalled £30k (2011/12: £29k) for the Nature Discovery Centre, the Museum, the Tourist Information centre and Shaw House. This stock is carried forward to be charged in the year it is used.

**18b WIP:** The contractual commitments on major capital schemes at the 31 March 2013 were as follows:

Estimated commitments at 31/03/12	Capital commitments	Estimated contract cost at 31/3/13	Contract payments		Estimated commitments at 31/03/13
£000	Table 44	£000	prior to 01/04/12	within 2012/13	£000
141	St Bartholemew's School	34,630	34,482	0	148
284	Trinity School new sports facilities	3,561	3,312	146	103
808	The Winchcombe School	5,676	4,884	695	97
2,586	Denefield School	6,830	4,239	2,462	129
51	Brookfields Special School	1,430	1,378	0	52
197	Chieveley Primary	3,001	2,803	96	102
70	Theale Green School	1,978	1,908	14	56
714	Kintbury St Mary's Primary	2,006	1,239	717	50
3,566	The Downs School-Science Block	3,972	0	3,224	748
0	Kennet School Sensory Impairment Unit	1,474	0	682	792
0	Burgfield St Mary's Primary School	1,176	0	728	448
<u>8,417</u>		<u>65,734</u>	<u>54,245</u>	<u>8,764</u>	<u>2,725</u>

**(19) Debtors**

**19a Debtors:** represents an income due within one year:

31/03/12	Debtors	31/03/13
£000	Table 45	£000
2,027	Central Government	1,832
3,172	Local Government	3,463
100	NHS	2
116	Academy	12
2,660	Collection Fund	2,664
1,659	Payments in Advance	1,624
7,072	Other Debtors	7,089
<b>16,806</b>	<b>Total Debtors</b>	<b>16,686</b>
<b>(1,640)</b>	<b>Less provision</b>	<b>(2,840)</b>
<u><b>15,166</b></u>	<b>Total Debtors</b>	<u><b>13,846</b></u>
0	Government Departments	38
0	Local Government	1
1,659	Other Payments in Advance	1,585
<u><b>1,659</b></u>	<b>Total Payments in Advance</b>	<u><b>1,624</b></u>

19b Long term debtors: are those debtors in excess of one year:

31/03/12	Long-term Debtors Table 46	31/03/12 £000	Movement £000	31/03/13 £000
0	Property Charges	0	0	0
33	Employees Car Loans	33	3	36
8	Sale of Council Houses	8	(6)	2
213	School loans	213	(193)	20
10	Other Loans and Advances	10	(2)	8
<b>264</b>	<b>Total Long Term Debtors</b>	<b>264</b>	<b>(198)</b>	<b>66</b>

(20) Cash and cash equivalents

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

31/03/12 £000	Cash & Cash Equivalents Table 47	31/03/13 £000
1,188	Cash held by the Authority	1,129
(4,150)	Bank current accounts	(3,320)
2,309	Short Term Deposits	185
<b>(653)</b>	<b>Total</b>	<b>(2,006)</b>

Bank current account figures for 31 March 2012 and 31 March 2013 represent the current account balance less the value of cheques issued by the Council which were unrepresented at that date. Short term deposits at 31 March 2013 are in the Royal Bank of Scotland Money Market Fund £56k, HBOS Deposit Account £125k and Santander Deposit Account £4k.

(21) Creditors

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

31/03/12 £000	Creditors Table 48	31/03/13 £000
10,692	Central Government	7,026
1,576	Local Government	1,099
120	NHS	95
176	Academy	5
5,479	Receipts in Advance	6,556
20,295	Other creditors	20,134
<b>38,338</b>	<b>Total Creditors</b>	<b>34,915</b>
	<b>Receipts in Advance</b>	
1,986	Central Government	999
65	Local Government	11
42	Academy	63
3,386	Other Receipts in Advance	5,483
<b>5,479</b>	<b>Total Receipts in Advance</b>	<b>6,556</b>

**(22) Provisions, contingent liability and contingent assets**

Provisions Table 49	Balance 31/03/12 £000	Arising in Year £000	Payments in Year £000	Balance 31/03/13 £000
Crookham (extraction of minerals)	5	4	0	9
Provision for liabilities	96	1,124	(96)	1,124
Other Provisions	1,039	100	(805)	334
<b>Total Provisions</b>	<b>1,140</b>	<b>1,228</b>	<b>(901)</b>	<b>1,467</b>

Other Provisions includes West Berkshires Council's share of future claims against Berkshire County Council's liabilities. Provisions represent the best estimate at the Balance sheet date of expenditure required to settle a known obligation.

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is in the region of £120,000 plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be as against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

**Contingent Liabilities:** There is one legal case awaiting recovery of legal costs. It is impossible at this time to assess what monetary amount may be recovered.

**(23) Carbon Reduction Commitment Scheme**

Under the CRC Energy Efficiency Scheme the Council has spent £75k on corporate premises and £105k on schools for 2011/12, which has been charged to this year's Comprehensive Income and Expenditure account.

**(24) Reserves and balances**

**24a Usable:** The Authority's usable reserves are made up as follows:

31/03/12 £000	Usable Reserves Table 50	31/03/13 £000
7,780	General Fund	8,001
1,378	Working balances	2,061
11,721	Earmarked reserves	12,586
8	Deferred Credit	2
0	Usable Capital Receipts	2,437
28,928	Capital Reserves	20,314
<b>49,815</b>	<b>Total usable reserves</b>	<b>45,401</b>

**24b General Fund:** This balance represents the total general reserve that the Council holds for non-specific items and represents the total of the General Fund and the Risk Fund.

**24c Working Balances:** This balance represents resources used for cash flow purposes that are held for consumption in the following financial year.

**24d Earmarked Reserves:** The amount shown for Earmarked reserves is made by a number of funds and balances where the amounts are held for specific future projects.

Earmarked Reserves Table 51	31/03/12 £000	Receipts £000	Payments £000	31/03/13 £000
<b>Total Working Balances</b>	<b>1,378</b>	<b>683</b>	<b>0</b>	<b>2,061</b>
General Fund	7,180	0	(700)	6,480
Risk Fund	600	921	0	1,521
<b>Total General Reserve</b>	<b>7,780</b>	<b>921</b>	<b>(700)</b>	<b>8,001</b>
Schools Balances	5,356	79	0	5,435
Special Expenses	3	3	0	6
Self Insurance Fund	1,298	175	0	1,473
Long term commitment	1,965	0	(526)	1,439
Ex BCC Liabilities	273	0	0	273
Specific Earmarked Reserves	1,997	1,403	0	3,400
Waste Management Strategy	829	0	(269)	560
<b>Total Earmarked Reserves</b>	<b>11,721</b>	<b>1,660</b>	<b>(795)</b>	<b>12,586</b>
<b>Total General Fund</b>	<b>20,879</b>	<b>3,264</b>	<b>(1,495)</b>	<b>22,648</b>

**24e Deferred Credit:** Representing sale of council houses.

**24f Usable Capital Receipts:** These are capital receipts, which have not been used to finance Capital expenditure or to repay debts.

**24g School Balances:**

School balances 2012/13 Table 52	Nursery	Primary	Secondary	Special	Community	All Schools	Totals
	Revenue					Capital	Totals
	£000	£000	£000	£000	£000	£000	£000
<b>Opening balances</b>	58	3,079	264	277	98	1,581	5,357
Transfers to Academies	0	15	(72)	0	0	(47)	(104)
Restated balances	58	3,094	192	277	98	1,534	5,253
Movement	7	(61)	523	(107)	60	(240)	182
<b>Closing balances</b>	<b>65</b>	<b>3,033</b>	<b>715</b>	<b>170</b>	<b>158</b>	<b>1,294</b>	<b>5,435</b>
<b>Representing</b>							
Underspent	65	3,033	715	215	162	1,294	5,484
Overspent	0	0	0	(45)	(4)	0	(49)
Net balance	65	3,033	715	170	158	1,294	5,435

Opening balances have been restated to exclude the 2 schools who converted to academy status during the financial year. 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 2013 Schools held total balances of £5,435k, of which £4,141k was revenue and £1,294k was capital.

The £5,435k is an amalgamation of unspent and overspent balances, of which £5,484k is the unspent (surplus) and £ (49) k is the overspent (deficit) revenue. One school closed with a deficit revenue balance.

West Berkshire's Schools Forum has set a recommended maximum limit for balances on schools' delegated budgets of 8% primary, and 5% secondary of the annual budget or £20,000 (whichever is greater). In line with the Scheme for Financing Schools, schools with balances in excess of these limits, are asked to explain the purposes for which their balances have been earmarked. Two schools had excess balance totalling £10k at 2012/13, compared with 19 schools totalling £261k, at the end of 2011/12. The Schools Forum will consider explanations from schools at their June 2013 meeting, and any schools retaining an excess balance outside permitted uses will have the excess balance clawed back.

- 24h Special Expenses:** holds the balances for the Closed Church Yards and Hungerford Town Footway Lighting Accounts. Precepts are raised to offset the costs of maintaining these accounts.
- 24i Supporting People Reserve:** was established to meet future reductions in the Supporting People Grant from Central Government.
- 24j 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.
- 24k 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.
- 24L Ex BCC liabilities:** represents the allocation to West Berkshire Council of ex Berkshire County Council (BCC) provisions mainly relating to insurance matters.
- 24m Specific Earmarked Reserves:** The main items included within this are items provided for in the 2012/13 financial year to support the 2012/13 budget, funds set aside for future restructuring costs and items for specific future liabilities.
- 24n 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.



**(25) Unusable Reserves**

31/03/11 £000	Unusable Reserves Table 53	31/03/12 £000
(3,612)	Accumulated Absences Account	(3,349)
55,319	Revaluation reserve	84,899
214,664	Capital Adjustment Account	176,214
(154,965)	Pension Reserve	(161,896)
(988)	Collection Fund	(842)
<b>110,418</b>	<b>Total Unusable Reserve</b>	<b>95,026</b>

**25a 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.

**25b Revaluation Reserve:** This reserve contains the gains made by the Authority 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.

2011/12 £000	Revaluation Reserve Table 54	2012/13 £000
<b>48,409</b>	<b>Opening Balance</b>	<b>55,319</b>
12,049	Upward revaluations of assets	41,409
(139)	Sold assets	(1,186)
0	Impaired assets	(4,435)
(3,382)	Academy Schools removed	(2,328)
(1,618)	Depreciation in year	(3,880)
<b>55,319</b>	<b>Closing Balance</b>	<b>84,899</b>

**25c 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 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.

2011/12 £000	PPE - Capital Adjustment Account Table 55	2012/13 £000
<b>247,970</b>	<b>Opening Balance</b>	<b>214,664</b>
51	Revenue contribution to capital	796
111	Capital receipts	1,781
20,899	Internally funded cap programme	9,050
2,317	Minimum Revenue Provision / Loans Principal	3,456
9,832	Capital financing of REFCUS	13,163
(11,981)	REFCUS Assets charged	(15,544)
(18,624)	Depreciation	(21,363)
1,618	Historic cost depreciation adjustment	3,879
(3,721)	Write out asset values on disposal	(2,761)
139	Revaluation reserve re sold assets	1,186
(882)	Impaired assets	(6,134)
0	Assets removed in clean up exercise	(5,314)
0	Assets removed in change of procedure	(5,639)
(33,218)	Academy schools removed	(17,255)
0	Revaluation reserve re academy schools	2,328
153	Revaluations Investment Properties	(79)
<b><u>214,664</u></b>	<b>Closing Balance</b>	<b><u>176,214</u></b>

**25d 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 Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible.

**25e Collection Fund Adjustment Account:** This account shows the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2011/12 £000	Collection Fund Adjustment Account Table 56	2012/13 £000
(359)	<b>Opening Balance</b>	(988)
(629)	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	146
<b><u>(988)</u></b>	<b>Closing Balance</b>	<b><u>(842)</u></b>

**(26) Unapplied 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.

Unapplied Capital Grants and Contributions	Opening Balance 31/03/12 £000	New Grants and Contributions £000	Grants repaid to funding body £000	Amount applied to fund Capital Expenditure £000	Closing Balance 31/03/13 £000
<b>Table 57</b>					
Section 106 and SPG Contributions	(14,457)	(2,374)	0	5,732	(11,099)
Capital Grants	(14,471)	(12,051)	0	17,307	(9,215)
<b>Grants &amp; other contributions unapplied</b>	<b>(28,928)</b>	<b>(14,425)</b>	<b>0</b>	<b>23,039</b>	<b>(20,314)</b>
<b>Grants with Conditions</b>	<b>0</b>	<b>(1,944)</b>	<b>493</b>	<b>0</b>	<b>(1,451)</b>

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

2011/12 £000	Net Cashflow Table 58	2012/13	
		£000	£000
21	General Fund (Surplus) / Deficit		(221)
	<b>Non Cash Transactions</b>		
23,644	Contribution to/(from) Reserves		21,668
	<b>Items on an accruals basis</b>		
34	(Increase)/Decrease in Stock	(1)	
1,804	(Increase)/Decrease in Debtors	1,320	
(4,850)	Increase/(Decrease) in Creditors	(3,423)	
			<b>(2,104)</b>
<u>20,653</u>	<b>Items classified outside Revenue Activities</b>		<u>19,343</u>
<u><b>20,653</b></u>	<b>Net cashflows from operating activities</b>		<u><b>19,343</b></u>

**(28) Cash flow Reconciliation to Balance Sheet**

Cash flow reconciliation Table 59	31/03/12 £000	Movement £000	31/03/13 £000
Temporary Borrowing	3,251	8,124	11,375
Temporary Investments	(3,000)	3,000	0
Cash and cash equivalents	(653)	(1,353)	(2,006)

**(29) Disclosure of Deployment of Dedicated Schools Grant**

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The DSG allocation is based on the number of pupils recorded in the January 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 2011.

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 pupil referral units) and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2012/13 are as follows:

Deployment of Dedicated School Grant Table 60	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2012/13 before Academy recoupment			115,386
Academy figure recouped for 2012/13			(23,070)
Total DSG after Academy recoupment for 2012/13			92,316
Brought forward from 2011/12			1,576
Carry forward to 2013/14 agreed in advance			0
<b>Agreed initial budgeted distribution in 2012/13</b>	10,432	83,460	<b>93,892</b>
In year adjustments	(3,389)	3,389	0
<b>Final budgeted distribution for 2012/13</b>	<b>7,043</b>	<b>86,849</b>	<b>93,892</b>
Less Actual central expenditure	(6,282)		(6,282)
Less Actual ISB deployed to schools		(86,854)	(86,854)
Plus Local Authority contribution for 2012/13	0	0	0
<b>Carry forward to 2013/14</b>	<b>761</b>	<b>(5)</b>	<b>756</b>

**(30) Adjustments between Accounting Basis and Funding Basis under Regulation**

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

- 2012/13 Table page year end 31 March 2013 page 65
- 2011/12 Table page year end 31 March 2012 page 66

**(31) Amounts reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Members on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payments of employer's pension's contributions) rather than current service cost of benefits accrued in the year.

- 2012/13 Table page year end 31 March 2012 page 67
- 2011/12 Table page year end 31 March 2011 page 68

**Notes to the Core Financial Statements**

Adjustment between Accounting Basis and Funding Basis under Regulation		General Fund Balance	Deferred Credit	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in		Total Authority Reserves
2012/13	Table 61	£000	£000	£000	£000	Usable Reserves £000	Unusable Reserves £000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
	Depreciation	27,497	0	0	0	27,497	(27,497)	0
	<i>Being charges for depreciation and revaluation losses of non-current assets-</i>							
	Investments	79	0	0	0	79	(79)	0
	<i>Being movements in the fair value of investment properties</i>							
	Grants applied	826	0	0	(23,039)	(22,213)	22,213	0
	<i>Being capital grants and contributions applied</i>							
	Revenue funded	15,544	0	0	0	15,544	(15,544)	0
	<i>Being revenue expenditure funded from capital under statute</i>							
	Disposals	2,761	0	0	0	2,761	(2,761)	0
	Removal of Academies	17,255	0	0	0	17,255	(17,255)	0
	Removal re clean up exercise	10,953	0	0	0	10,953	(10,953)	0
	<i>Being amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal to the Income and Expenditure Statement</i>							
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
	Statutory provision	(3,456)	0	0	0	(3,456)	3,456	0
	<i>Being statutory provision for the financing of capital investment</i>							
	Capital expenditure	(796)	0	0	0	(796)	796	0
	<i>Being capital expenditure charged against the General Fund and HRA balances</i>							
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>								
	Grants unapplied	(14,425)	0	0	14,425	0	0	0
	<i>Being capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement</i>							
<b>Adjustments primarily involving the Capital Receipts Reserve</b>								
	Cash transfer	(4,212)	(6)	4,218	0	0	0	0
	<i>Being transfer of cash proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement</i>							
	Capital Receipts	0	0	(1,781)	0	(1,781)	1,781	0
	<i>Being use of the Capital Receipts Reserve to finance new capital expenditure</i>							
<b>Adjustment primarily involving the Pensions Reserve</b>								
	Reversals	16,511	0	0	0	16,511	(16,511)	(0)
	<i>Being reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement</i>							
	Pension contributions	(7,631)	0	0	0	(7,631)	7,631	0
	<i>Being employer's pension contributions and direct payments to pensioners payable in year</i>							
<b>Adjustment primarily involving the Collection Fund Adjustment Account</b>								
	Council tax income	(146)	0	0	0	(146)	146	(0)
	<i>Being 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</i>							
<b>Adjustments primarily involving the Accumulated Absences Account</b>								
	Remuneration	(262)	0	0	0	(262)	262	0
	<i>Being amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</i>							
<b>Total</b>		<b>60,498</b>	<b>(6)</b>	<b>2,437</b>	<b>(8,614)</b>	<b>54,315</b>	<b>(54,315)</b>	<b>(0)</b>
<i>Total Adjustments between accounting basis and funding basis under regulations</i>								



Notes to the Core Financial Statements

Adjustment between Accounting Basis and Funding Basis under Regulation		General Fund Balance	Deferred Credit	Useable Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in		Total Authority Reserves
						Usable Reserves	Unusable Reserves	
2011/12	Table 62	£000	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Depreciation		19,507	0	0	0	19,507	(19,507)	0
		<i>Being charges for depreciation and revaluation losses of non-current assets</i>						
Investments		(153)	0	0	0	(153)	153	0
		<i>Being movements in the fair value of investment properties</i>						
Grants applied		111	0	0	(32,399)	(32,288)	32,288	0
		<i>Being capital grants and contributions applied</i>						
Revenue funded		11,981	0	0	0	11,981	(11,981)	0
		<i>Being revenue expenditure funded from capital under statute</i>						
Disposals		3,721	0	0	0	3,721	(3,721)	0
Removal of Academies		36,600	0	0	0	36,600	(36,600)	0
		<i>Being amounts of non-current assets write off on disposal or sale as part of the gain/loss on disposal to the Income and Expenditure Statement</i>						
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision		(760)	0	0	0	(760)	760	0
		<i>Being statutory provision for the financing of capital investment</i>						
Capital expenditure		(51)	0	0	0	(51)	51	0
		<i>Being capital expenditure charged against the General Fund and HRA balances</i>						
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>								
Grants unapplied		(23,967)	0	0	23,967	0	0	0
		<i>Being capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement</i>						
<b>Adjustments primarily involving the Capital Receipts Reserve</b>								
Cash transfer		(80)	(11)	91	0	0	0	0
		<i>Being transfer of cash proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement</i>						
Capital Receipts		0	0	(111)	0	(111)	111	0
		<i>Being use of the Capital Receipts Reserve to finance new capital expenditure</i>						
<b>Adjustment primarily involving the Pensions Reserve</b>								
Reversals		11,973	0	0	0	11,973	(11,973)	0
		<i>Being reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement</i>						
Pension contributions		(8,061)	0	0	0	(8,061)	8,061	0
		<i>Being employer's pension contributions and direct payments to pensioners payable in year</i>						
<b>Adjustment primarily involving the Collection Fund Adjustment Account</b>								
Council tax income		629	0	0	0	629	(629)	0
		<i>Being 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</i>						
<b>Adjustments primarily involving the Accumulated Absences Account</b>								
Remuneration		(484)	0	0	0	(484)	484	0
		<i>Being amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</i>						
<b>Total</b>		<b>50,966</b>	<b>(11)</b>	<b>(20)</b>	<b>(8,432)</b>	<b>42,503</b>	<b>(42,503)</b>	0
<i>Total Adjustments between accounting basis and funding basis under regulations</i>								

## Notes to the Core Financial Statements

Directorate Expenditure for the year ended 31 March 2013

Comprehensive Income and Expenditure Statement (CI&ES) Table 63	Communities £000	Environment £000	Resources £000	Below the line items £000	Total £000
Fees, charges & other service income	(17,109)	(9,634)	(5,297)	(1,398)	(33,438)
Government grants	(103,621)	(2,394)	(51,853)	0	(157,868)
<b>Total Income</b>	<b>(120,730)</b>	<b>(12,028)</b>	<b>(57,150)</b>	<b>(1,398)</b>	<b>(191,306)</b>
Employee expenses	29,777	12,538	12,124	824	55,263
Other operating expenses	160,021	34,032	58,057	7,099	259,209
<b>Total operating expenses</b>	<b>189,798</b>	<b>46,570</b>	<b>70,181</b>	<b>7,923</b>	<b>314,472</b>
<b>Net Cost of Services</b>	<b>69,068</b>	<b>34,542</b>	<b>13,031</b>	<b>6,525</b>	<b>123,166</b>

### Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

Cost of Services in Service Analysis	123,166
Add services not included in main analysis	0
Amounts not included in the analysis but included in the Comprehensive Income and Expenditure Statement	(7,572)
Amounts included in the analysis but not included in the Comprehensive Income and Expenditure Statement	76,573
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>192,167</b>

### NOTE

The directorates were reorganised at the start of the year. Children & Young People was combined with Adult Social Services to form a new Communities directorate. The Chief Executive's directorate is now known as Resources.

Reconciliation to Subjective Analysis	Service Analysis £000	Amounts included in the analysis but not included in the CI&ES £000	Amounts not included in the analysis but included in the CI&ES £000	Allocation of support service recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(33,438)	2,860	0	0	(30,578)	0	(30,578)
Interest and investment income	0	0	(505)	0	(505)	0	(505)
Income from council tax	0	0	0	0	0	(82,179)	(82,179)
Government grants and contributions	(157,868)	4,641	0	0	(153,227)	(59,068)	(212,295)
<b>Total Income</b>	<b>(191,306)</b>	<b>7,501</b>	<b>(505)</b>	<b>0</b>	<b>(184,310)</b>	<b>(141,247)</b>	<b>(325,557)</b>
Employee expenses	55,263	3,334	0	8,148	66,745	0	66,745
Other service expenses	259,209	9,901	0	2,884	271,994	5,097	277,091
Support Service recharges	0	0	0	(12,464)	(12,464)		(12,464)
Depreciation, amortisation, impairment and disposal	0	55,837	(1,445)	1,432	55,824		55,824
Interest Payments	0	0	(5,497)	0	(5,497)	8,467	2,970
Precepts & Levies	0	0	(125)	0	(125)	125	(0)
Gain / Loss on Disposal of Fixed Assets	0	0	0	0	0	(1,445)	(1,445)
<b>Total operating expenses</b>	<b>314,472</b>	<b>69,072</b>	<b>(7,067)</b>	<b>0</b>	<b>376,477</b>	<b>12,244</b>	<b>388,721</b>
<b>Surplus or deficit on the provision of services</b>	<b>123,166</b>	<b>76,573</b>	<b>(7,572)</b>	<b>0</b>	<b>192,167</b>	<b>(129,003)</b>	<b>63,164</b>

## Notes to the Core Financial Statements

Directorate Expenditure for the year ended 31 March 2012

Comprehensive Income and Expenditure Statement (CI&ES) Table 64	Children & Young people £000	Adult Social Services £000	Environment £000	Chief Executive £000	Below the line items £000	Total £000
Fees, charges & other service income	(3,854)	(7,640)	(7,092)	(3,366)	(1,426)	(23,378)
Government grants	(115,060)	(4,336)	(3,438)	(49,048)	0	(171,882)
<b>Total Income</b>	<b>(118,914)</b>	<b>(11,976)</b>	<b>(10,530)</b>	<b>(52,414)</b>	<b>(1,426)</b>	<b>(195,260)</b>
Employee expenses	16,641	15,463	10,502	10,882	1,772	55,260
Other operating expenses	129,177	45,852	30,645	53,976	4,809	264,459
Support Service Recharges						0
<b>Total operating expenses</b>	<b>145,818</b>	<b>61,315</b>	<b>41,147</b>	<b>64,858</b>	<b>6,581</b>	<b>319,719</b>
<b>Net Cost of Services</b>	<b>26,904</b>	<b>49,339</b>	<b>30,617</b>	<b>12,444</b>	<b>5,155</b>	<b>124,459</b>

### Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

Cost of Services in Service Analysis	124,459
Add services not included in main analysis	0
Add amounts not included in the analysis but included in the Comprehensive Income and Expenditure Statement	75,030
Remove amounts included in the analysis but not included in the Comprehensive Income and Expenditure Statement	<u>(4,389)</u>
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>195,100</b>

Reconciliation to Subjective Analysis	Service Analysis £000	Amounts included in the analysis but not included in the CI&ES £000	Amounts not included in the analysis but included in the CI&ES £000	Allocation of support service recharges £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(22,791)	(267)	0	0	(23,058)	0	(23,058)
Interest and investment income	(587)	0	0	0	(587)	0	(587)
Income from council tax	0	0	0	0	0	(82,301)	(82,301)
Government grants and contributions	(171,882)	8,773	0	0	(163,109)	(69,232)	(232,341)
<b>Total Income</b>	<b>(195,260)</b>	<b>8,506</b>	<b>0</b>	<b>0</b>	<b>(186,754)</b>	<b>(151,533)</b>	<b>(338,287)</b>
Employee expenses	55,260	493	0	7,710	63,463	0	63,463
Other service expenses	264,459	13,151	0	3,156	280,766	7,248	288,014
Support Service recharges	0	0	0	(12,730)	(12,730)	0	(12,730)
Depreciation, amortisation, impairment and disposal	0	52,880	(99)	1,864	54,645	(368)	54,277
Interest Payments	0	0	(4,164)	0	(4,164)	3,577	(587)
Precepts & Levies	0	0	(126)	0	(126)	126	0
Gain / Loss on Disposal of Fixed Assets	0	0	0	0	0	(99)	(99)
<b>Total operating expenses</b>	<b>319,719</b>	<b>66,524</b>	<b>(4,389)</b>	<b>0</b>	<b>381,854</b>	<b>10,484</b>	<b>392,338</b>
<b>Surplus or deficit on the provision of services</b>	<b>124,459</b>	<b>75,030</b>	<b>(4,389)</b>	<b>0</b>	<b>195,100</b>	<b>(141,049)</b>	<b>54,051</b>

## Collection Fund Income and Expenditure Account

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

2011/12 £000	Collection Fund Income & Expenditure Account Table 65	notes	2012/13	
			£000	£000
	<b>Income</b>			
(94,541)	Council Tax	1	(95,206)	
(80,276)	National Non-domestic rates	2	(81,159)	
(431)	Government Grants	3	(431)	
<b>(175,248)</b>	<b>Total Income</b>			<b>(176,796)</b>
	<b>Expenditure</b>			
	Precepts & Demands:	4		
82,616	West Berkshire Council		83,014	
9,880	Thames Valley Police Authority		9,905	
3,564	Royal Berkshire Fire Authority		3,573	
96,060				96,492
(366)	Transfer to General Fund in respect of estimated distribution of deficit in respect of Council Tax	5		(959)
	Non-Domestic Rates:			
79,295	Payments to the pool	2	79,402	
251	Costs of collection		255	
79,546				79,657
9	Provision for non-payment of Council Tax	6		(97)
730	Provision for non-payment of NNDR	7		1,502
<b>175,979</b>	<b>Total Expenditure</b>			<b>176,595</b>
<b>731</b>	<b>Deficit/(surplus)</b>			<b>(201)</b>
418	Deficit brought forward			1,149
731	Deficit/(surplus) for year			(201)
<b>1,149</b>	<b>Deficit carried forward</b>			<b>948</b>

(1) **Council Tax**

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

2011/12 £000	Council Tax Table 66	2012/13	
		£000	£000
<b>103,911</b>	<b>Opening Debit</b>	<b>104,765</b>	
0	Plus additional debit	0	
<u>103,911</u>			104,765
0	Less reduced debit	(20)	
(2,619)	Exemptions	(2,715)	
(6,659)	Discounts	(6,738)	
(91)	Disabled relief	(86)	
<u>(9,369)</u>			(9,559)
<b><u>94,542</u></b>	<b>Net Closing Debit</b>		<b><u>95,206</u></b>

(2) **National Non-Domestic Rates**

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

2011/12 £000	National Non-Domestic Rates Table 67	2012/13	
		£000	£000
<b>83,664</b>	<b>Opening Debit</b>	<b>90,475</b>	
1,306	Plus additional debit	1,458	
<u>84,970</u>			91,933
(2,634)	Less empty and revalued properties	(3,292)	
(16)	Interest payments to the pool	(43)	
2,543	Transitional relief	(1,019)	
(4,509)	Mandatory relief	(6,324)	
(78)	Discretionary relief	(96)	
<u>(4,694)</u>			(10,774)
<b><u>80,276</u></b>	<b>Net Closing Debit</b>		<b><u>81,159</u></b>
251	Costs of Collection		255
730	Contribution to Bad Debt Provision		1,502
<u>79,295</u>	Net Contribution to pool		<u>79,402</u>
<b><u>80,276</u></b>			<b><u>81,159</u></b>

The opening debit is arrived at by multiplying the total rateable value by the rate poundage (43.3 pence in the pound).

(3) **Government Grants**

A £431k (2011/12: 431k) grant with respect to Ministry of Defence properties was credited to the collection fund.

(4) **Precepts & Demands**

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

**(5) Transfer to the General Fund**

This represents a transfer to the General Fund in respect of the estimated deficit on the Collection Fund as at 31 March 2012. The deficit is shared between the precepting bodies, West Berkshire Council received £824k (2011/12: £314k), the Thames Valley Police £99k (2011/12: £38k) and the Fire Authority £36k (2011/12: £14k).

**(6) Provision For Non Payment of Council Tax**

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

2011/12 £000	Non-payment of Council Tax Provision Table 68	2012/13 £000
150	<b>Opening Balance</b>	150
9	Transfer from / (to) Income & Expenditure Account	(97)
(9)	(Write Offs) / Write Back in the Year	97
<u>150</u>	<b>Closing Balance</b>	<u>150</u>

**(7) Provision for non-payment of NNDR**

2011/12 £000	Non-payment of NNDR Provision Table 69	2012/13 £000
543	<b>Opening Balance</b>	543
730	Transfer from the Income and Expenditure Account	1,502
(730)	(Write Offs) in the Year	(1,045)
<u>543</u>	<b>Closing Balance</b>	<u>1,000</u>

**(8) Council Tax Base**

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

Council Tax Base Table 70	Band	Net Dwellings £0.00	Multiplier	Band D Equivalent £0.00
Disabled	A	1.00	5/9	0.56
up to £40,000	A	1,866.50	6/9	1,244.34
over £40,000 up to £52,000	B	5,148.80	7/9	4,004.62
over £52,000 up to £68,000	C	16,861.75	8/9	14,988.23
over £68,000 up to £88,000	D	15,669.10	9/9	15,669.10
over £88,000 up to £120,000	E	9,572.50	11/9	11,699.71
over £120,000 up to £160,000	F	6,137.75	13/9	8,865.63
over £160,000 up to £320,000	G	4,033.75	15/9	6,722.91
over £320,000	H	626.45	18/9	1,252.90
				64,448.00
Adjustment for losses on collection			x	0.996
				<u>64,190.21</u>



## Glossary

**Academy (School)** - is a type of school that is independent of Local Education Authority control but remains publicly funded

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

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

**Amortised Cost:** Most financial instruments (whether borrowing or investment) are valued in 2011/12 on an amortised costs basis using the effective interest rate (EIR) method.

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

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

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

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

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

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

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

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

**CIPFA** - Chartered Institute of Public Finance and Accountancy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Deposit** - Receipt held that is repayable in prescribed circumstances.

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

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

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

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

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

**Earmarked reserve** - See Reserve.

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

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

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

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

**Financial Rules of Procedure** – outlines how West Berkshire should transact business

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

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

**General Fund** - The accumulated credit balance on the General Fund. 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 pound set by the Government. The proceeds are pooled nationally and redistributed to areas in proportion to their population.
- 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 Statement of Accounts is authorised for issue.
- Precept** - The demand made by the County Council on the collection funds maintained by the district councils 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. The 'unearmarked' reserve is the balance on the General Fund. An 'earmarked' reserve is an amount set aside in the Council's accounts for specific purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Abbreviations

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

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# West Berkshire Museum Re-opening Summer 2014

