



# Financial Statements

West Berkshire Council 2023/24



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# Annual Financial Report Year Ending 31 March 2024

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Annual Governance Statement 2023/24 and Written Statements

# 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, properly accounted for, and used economically, efficiently and effectively. West Berkshire Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, West Berkshire Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 This Statement explains how West Berkshire Council has complied with the Code and also meets the requirements of regulation 6(1)(a) of

the Accounts and Audit Regulations 2015 in relation to the review of its system of internal control in accordance with best practice, and that the review be reported in an Annual Governance Statement.

## 2. The Purpose of the Governance Framework

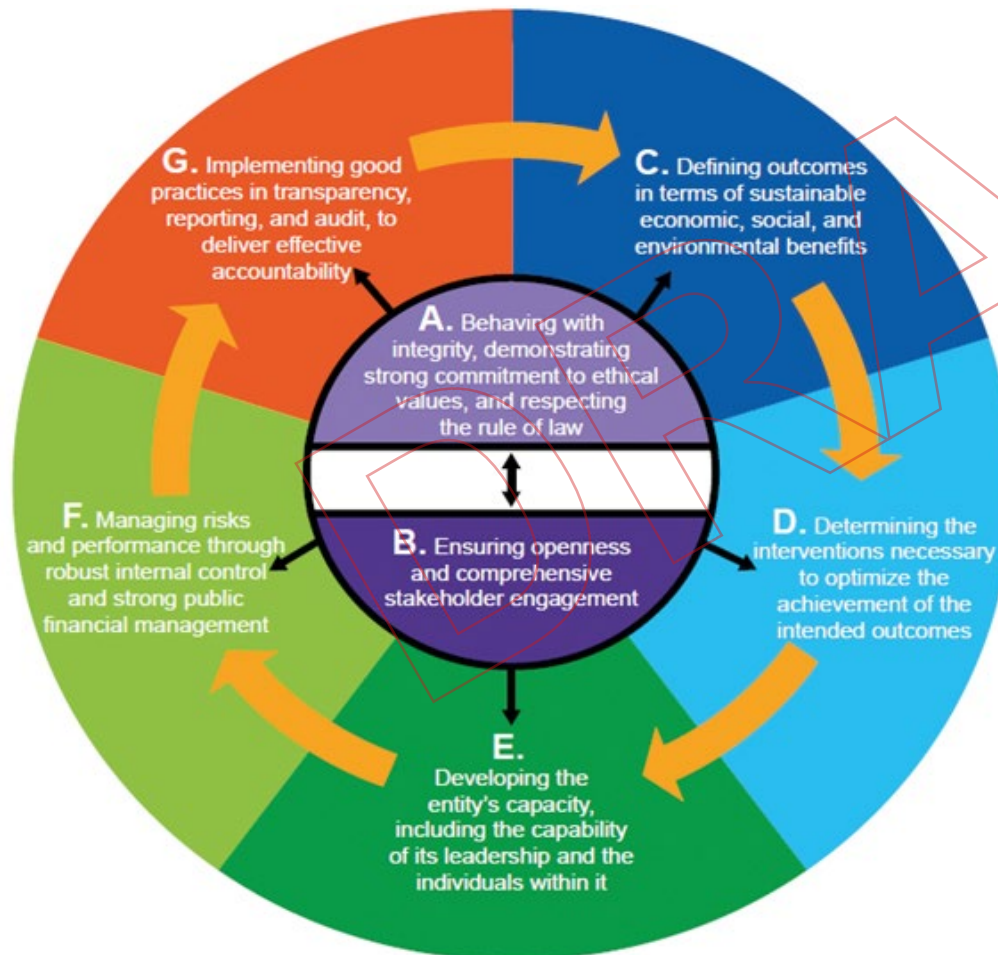
- 2.1 The purpose of the governance framework is to ensure that the authority directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes, and ensuring that these work effectively. It works with the Council's Performance Management Framework to ensure that the Council has in place strategic objectives reflecting the needs of the community and is monitoring the achievement of these objectives through delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate

all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Berkshire Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place at West Berkshire Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts. The Governance Committee approved a Code of Local Governance at its meeting in June 2023 which supports the framework for the compilation of the Annual Governance Statement.

### 3. The Principles of Good Governance

3.1 The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:



### 4. Methodology for preparing the Annual Governance Statement

4.1 The Annual Governance Statement has been prepared using a process similar to that used in previous year, including;

- Review of the proposed annual Internal Audit report opinion and quarterly internal audit progress

reports.

- The work of the Finance and Governance Group reviewing the Constitution on annual basis and referring changes to the Governance and Ethics Committee and Council
- The Governance Committee approves the Annual Governance Statement at the same time as the final approval of the financial statements and is signed off by the Chief Executive and Leader of the Council.
- Review of the Corporate risk Register by the Corporate Board (quarterly) and Governance Committee (twice yearly)
- Responding positively to external regulators such as OFSTED, the Information Commissioner, the Local Government Ombudsman, the Care Quality Commission (CQC) and external auditor Grant Thornton.

## 5. The Governance Framework

5.1 There are a number of key elements to the systems and processes that comprise the Council's governance arrangements. These elements form our local code of Governance and these are underpinned by the CIPFA / SOLACE framework above and core principles of good governance which are:-

- Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
- Developing the capacity and capability of Members and officers to be effective.

- Engaging with local people and other stakeholders to ensure robust public accountability.

5.2 The Council has arrangements for managing risk in its Risk Management Strategy which was endorsed by the Governance Committee and approved by the Executive in April 2021. A revised Risk Management Strategy will come through to the Executive during 2024. During the 2023-24 financial year the Council has had both a LGA peer review and a Care Quality Commission inspection. The results of both can be found:  
[www.westberks.gov.uk/article/42965/Review-recognises-Council-s-good-performance](http://www.westberks.gov.uk/article/42965/Review-recognises-Council-s-good-performance)  
[www.westberks.gov.uk/article/42967/West-Berkshire-rated-Good-following-new-Care-Quality-Commission-assessment](http://www.westberks.gov.uk/article/42967/West-Berkshire-rated-Good-following-new-Care-Quality-Commission-assessment)

## 6. Review of effectiveness

6.1 The authority has a statutory 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 Heads of Service / Service

Directors who have responsibility for the development and maintenance of a sound governance environment and is supported by the Corporate Programme Office. This review is articulated in the Code of Corporate Governance approved by the Governance and Ethics Committee in April 2021, and the Code of Corporate Governance has been included in appendix B.

6.2 It is important to reflect on the previous year's key areas for improvement and its impact on governance. The main item that has dominated the year 2023-24 has been financial sustainability. The tail end of very high levels of inflation, combined with high use of agency staff in certain service areas (especially in children's & families, adult social care homes and planning and regulation) and growing demand for services (housing, Home to School Transport and children's services) have led to a very large overspend on services of £8.7m. This has been mitigated in part through short term uses, e.g reserves, review of MRP provision and the flexible use of capital receipts, but has still meant an overspend of £3.1m. This means

that the Council's general fund reserve has reduced to £4.1m which is far below the minimum level set of £7m. There has been significant investment in services for 2024-25. For example, over £12m has been added for social care costs, and the budget overall does forecast an increase in reserves of £1.9m. Though this will still mean a general fund reserve below the minimum recommended, it is showing reserves heading in the right direction. This item has been retained within the AGS due to the forecast lower levels of financial reserves that the Council holds for unforeseen financial events, and so the greatest risk of requiring exceptional financial support from Central Government.

6.3 During 2023-24 the Council has been included in the Department for Education's 'delivering better value' (DBV) programme for Special Education Needs and Disability services. This national programme has three tranches, with West Berkshire in tranche 3. Any Council in this programme has been highlighted as having a significant deficit on the High Needs Block element of the Dedicated Schools Grant and that this needs to be reduced. At present, an accounting treatment exists to

2025-26 whereby the deficit is not a cost of the Council. Once this treatment ends, and with the deficit as it stands, the Council would very likely be issued with a s114 notice and effective bankruptcy. Therefore, through the DBV programme and the accompanying funding provided by Central Government, the Council must consolidate a plan to reduce the deficit in the future and minimise any financial risk to the local taxpayer.

6.4 The transformation programme has been articulated and delivery has commenced against this. The AGS includes a revised action around this agenda to highlight the need for inclusion of other programmes in the Council, especially in overspending services in Adult's social care, children's social care and education to reduce expenditure and increase cost control. Therefore, the action has been included to have greater oversight of delivery in these areas to increase effectiveness, economy and efficiency. The LGA peer review also highlighted the need for the Senior Leadership Team to provide greater clarity of direction and stewardship and this has been included in the AGS as it is so intrinsic to good governance.

6.5 The issue of timeliness of external audit certification of the financial statements has not been included for the AGS for 22-23 but may well be for 2023-24. At the time of writing, the 2020-21 financial statements audit was completed but the previous external auditor, Grant Thornton wrote to the Council in early 2024 to set out that they would not complete the audit of the 2021-22 and 2022-23 accounts. GT will therefore 'disclaim' the Council's accounts, though the Council has made it clear that this needs to be on a 'no fault' basis from the Council, especially as West Berkshire was one of a minority of Councils to produce our 2022-23 financial statements on time and have them issued in the public domain by the 31st May 2023.

6.6 The Government's decision to bring forward the completion deadline for Council's for the production of financial statements to the 31st May (but leave a four month plus period for external audit to complete their audit) is unlikely to help the position in the short term and that condenses more audit work into a short period, as well as increasing the pressures on local government finance teams to complete the financial statements in line with Government deadlines.

## 7. Key Governance areas for improvement

7.1 The Council faces a number of issues and areas of significant change that will require consideration and action as appropriate over the coming years and these are:

Issue	Detail	Action	Owner/Date
Financial resilience	Ensuring adequate levels of reserves, the achievability of savings, and the identification of further savings in light of a very high savings requirement and very high inflation for the previous financial years.	<p>Monthly monitoring of 2024-25 savings proposals</p> <p>Quarterly reporting to the Executive and Scrutiny commission</p> <p>In year star chamber process for any overspending services</p>	Executive Director (Resources) – February 2025
Delivering the better value in Special Educational Needs and Disability services programme	Ensuring that the Council delivers, using the £1m Government grant, a programme to identify and reduce costs in the High Needs Block. The deficit on the High needs Block (within the Dedicated Schools Grant) has been growing in recent years and is only being kept outside of the Council's general fund through a Government accounting adjustment.	Comprehensive and costed plan to deliver reducing High Needs Block overspends	Executive Director (People – CFS) – March 2025
The delivery of an expanded Transformation programme	Delivering and monitoring of the core transformation programme, ensuring there is sufficient resourcing for this, and ensuring wider transformation across the Council to deliver services more efficiently and effectively. This includes a clear link to business case with demonstrable benefits for each project.	Identification and deliver of transformation schemes included in the current year and next year's budget proposals	Service Director (Transformation)
Embedding Senior Management structures to provide clear and consistent direction and stewardship for the organisation	building on the appointments to the Senior Leadership Team, and ensuring there is clarity over the strategic direction of the Council and its operational priorities.	Deliver the actions included in the Local Government Association Peer Review <a href="https://www.local.gov.uk/our-support/council-assurance-and-peer-challenge/peer-challenges-we-offer/corporate-peer-11">https://www.local.gov.uk/our-support/council-assurance-and-peer-challenge/peer-challenges-we-offer/corporate-peer-11</a>	Chief Executive



## 8. Assurance Summary

- 8.1 Good governance is about operating properly. It is the means by which the Council shows that it is taking decision for the good of its residents, in fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the effective delivery of good quality services that meet the needs of the users. It is fundamental to demonstrating that public money is well spent. Without good governance, the Council would find it difficult to operate services successfully.
- 8.2 The Internal Audit Opinion for 2023/24 is that the Council's framework of governance, risk management and management control is 'reasonable' and that audit testing carried out during the year has demonstrated controls to be working in practice. The assessments contained within this document highlight that there are effective arrangements in place to deliver good governance but that four key areas are highlighted to further improve our governance.

- 8.3 We propose, over the coming year, to take steps to help address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.



A blue ink signature of Jeff Brooks, written in a cursive style.

**Jeff Brooks**  
Leader  
of the Council

Date: 31st May 2024



A black ink signature of Nigel Lynn, written in a cursive style.

**Nigel Lynn**  
Chief Executive

Date: 31st May 2024



Executive Director's Narrative Statement 2023/24

# Executive Directors Narrative Statement 2023/24

## 1. Overview

The 2023-24 financial year has been an extremely financially challenging year for the Council with a combination of financial pressures facing the Council. The overall financial performance of the Council has seen an overspend of £3.1m with a reduction in the general fund reserve to £4.1m.

This is below the recommended minimum level from the Chief Finance Officer (s151 officer) but still provides some buffer against future financial pressure. The position highlighted in these financial statements shows the changes that have occurred during the year, for example, a General Fund balance of £4.1m, but overall an increase in reserves overall, particularly in unusable capital reserves. Net assets have also increased.

Within a difficult financial context, the Council has provided a number of achievements. The Council approved a new Council Strategy during the year, following the change of administration at the May 2023 local election. The Council has moved to a Liberal Democrat administration with,

as at 31.3.2024, the Council composed of 28 Liberal Democrats, 11 Conservatives, 2 Green Party, 1 Labour and 1 Independent Councillors. The Council Strategy articulates the key priorities of focus for the four years ahead through to 2027 and is accompanied by a delivery plan. During the year the Council re-opened the significantly enhanced Newbury Lido, a key piece of local infrastructure that supports a range of Council strategies.

The wider macro-economic position has impacted the Council. Inflation has been at a historically high level in 2022-23 and this has continued through into 2023-24. Though inflation is now dropping significantly, and is forecast to be around 2% for 2024-25, the impact of inflation during 2023-24 has raised prices, especially in social care settings where there have been some very large inflationary rises. Interest rates rises have increased the cost of borrowing, and so the Council has delayed long-term borrowing decisions. Therefore, Council borrowing has increased, as reflected in the balance sheet, where the Council undertook some shorter term PWLB (Public Works loans Board) lending at year end. The council has an underlying need to borrow, and will commence some further external borrowing, for longer periods, when interest rates start to drop as forecast in the coming

12-24 months. Lastly, the largest pressure has come from the growing demand for Council services. Children's social care numbers rose significantly in 2023-24 and the adult social care numbers have also consistently increased. Both areas of social care have seen increasingly complex cases requiring greater costs for individual care packages with unit costs rising. Temporary housing numbers, and so costs, have also risen during the year. With these increased demands, so has the demand for additional staffing, often through agency workers at the Council. That 19 Councils across the country have requested exceptional financial support, an unprecedented number, reflects the wider financial difficulties that the sector faces.

The Council has responded to this through the establishment of the Financial Review Panel (FRP) and a significant focus on cost reduction. The financial statements reflect the impact of this work with reduced year on year agency costs, reduced capital financing costs, though still a growing level of capital reserves, and the commencement of asset sales and capital receipts reserves. This has protected the general fund to an extent with a reduced overspend actually occurring versus that which was forecast at quarter one.

In respect of the future, the Council knows that it must improve its reserves position. £1.9m has been earmarked in the 2024-25 budget as an increase to the General Fund, so forecasting a balance of £6m. This is crucial to improve the financial resilience of the Council. Inflation forecasts are reducing and so should reduce pressures in external spend areas and staffing cost growth. Interest rates are also forecast to fall, so this should assist with future debt financing that the Council will need to undertake. The position remains difficult, but the Council has made important strides to greater financial sustainability during the year and within the 2024-25 budget, that it will endeavour to build upon to improve its financial resilience.



**Joseph Holmes**  
Executive Director for  
Resources,  
s151 Officer  
Date: 31 May 2024

A handwritten signature in black ink, appearing to be 'J Holmes', written over a horizontal line.

## 2. Financial Performance

The 2023-24 financial year has been the most challenging financial year that the Council has faced. The aging demographic of the local population, the increased complexity of social care demand, rising temporary housing costs and the increased number of children presenting with a care or educational support requirement has put revenue budgets under significant strain, all of these a common theme nationally. The Council's final General Fund reserve now stands at £4.1m following an overspend position of £3.1m during the year.

As at quarter one, the initial forecast outturn position was an overspend of £8.7 million against a net approved budget of £164.3 million.

To put this into context the Council's General Fund position as at 1st April 2023 was £7.2 million. The Council, like many Councils across the country faced potentially seeking exceptional financial support from central government or issuing a s114 notice. It should be noted that alongside the quarter one forecast the Council has not received assurance on its Balance Sheet and reserves position due to a backlog in the completion of external audits. The last set of accounts signed off by the external auditor was the financial year 2020/21 (with an opinion received during the 2023-24 financial year).

In response to the quarter one forecast the Council internally adopted stringent financial controls. A Financial Review Panel (FRP) was established consisting of senior officers, including from finance, HR, legal, procurement and transformation teams as well as senior members to provide challenge to internal expenditure and recruitment plans. FRP focused on

- Reducing agency expenditure
- Reviewing all requests to recruit
- Reviewing all accounting policies
- Reviewing capital financing costs
- Reviewing actions plans developed by overspending services designed to reduce financial pressures.
- Reviewing and approving all expenditure over £1k.

The FRP commenced in July 2023, and its key outcomes from the process were:

A reduction in agency costs. All agency requests were scrutinised by FRP and where possible procured via the Council's central agency supply contract. In 2022/23 the Council spent approximately £12 million on agency support with 20% of the expenditure being with agencies outside of the central contract. In 2023/24, agency spend was reduced by £2.5 million with a further £900k reduction forecast for 2024/25. Reducing dependency on agency is a key financial theme moving

into 2024/25 bringing with it the benefits of greater workforce stability (especially in social care where agency has been historically high), and improved service provision to the community.

Capital financing costs were reviewed with a focus on the Council's Minimum Revenue Provision (MRP). The Council historically has provided for significant sums and been an outlier compared to other Councils. The review yielded an in year saving of £4 million and ensures the Council now

provides MRP on a more comparable footing with other Council's.

Actions taken in response to the quarter one forecast have resulted in a management accounting outturn position of £3.1 million and a General Fund of £4 million. The General Fund is well below the s151 recommended level of £7 million but ensures the Council has reserves in place for 2024/25.

### 3. Financial Context – Balance Sheet Review

As previously stated, the last signed set of financial statements relate to financial year 2020/21. The current proposals from the government are for all outstanding audits to be concluded and accounts signed by the end of September 2024, or alternatively be disclaimed by the external auditors will potentially see the Council's accounts for financial years 2021/22 and 2022/23 be disclaimed. The recent announcement of a General Election on the 4th July may put greater pressure on this timescale. The Council's external auditor for financial years 2021/22 and 2022/23 confirmed their preference for disclaiming the open accounts at the Governance Committee on 16 April 2024. It should be noted that the Council has historically published all draft accounts by the Government deadlines set including the shortened deadline of 31 May for the 2022/23 accounts and was one of the 30% of councils nationally to achieve the deadline.

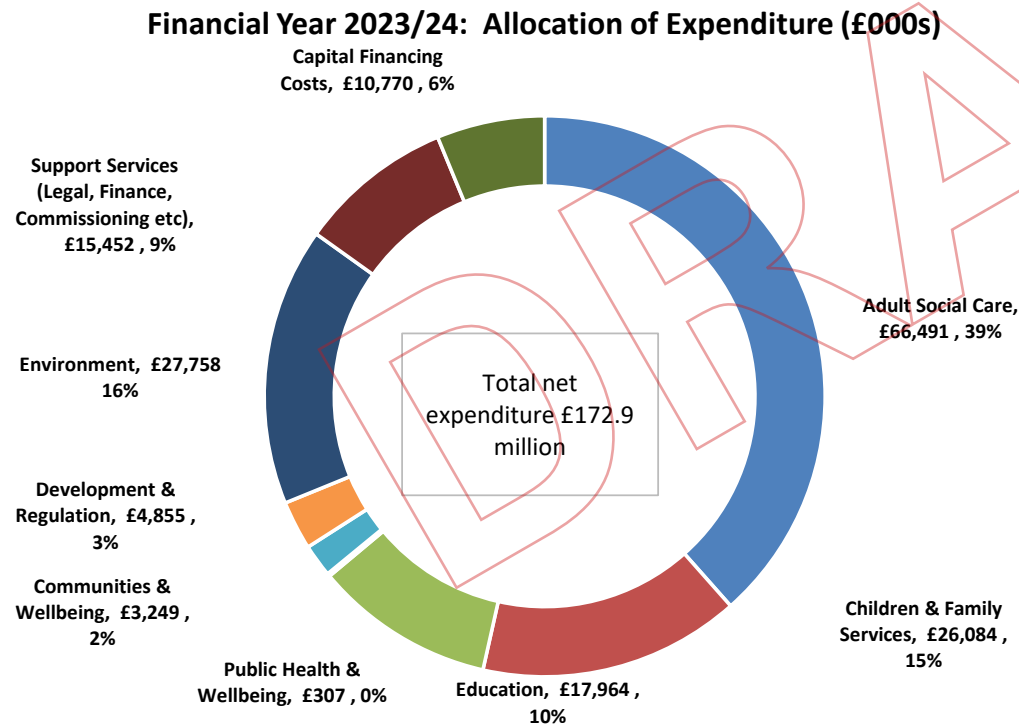
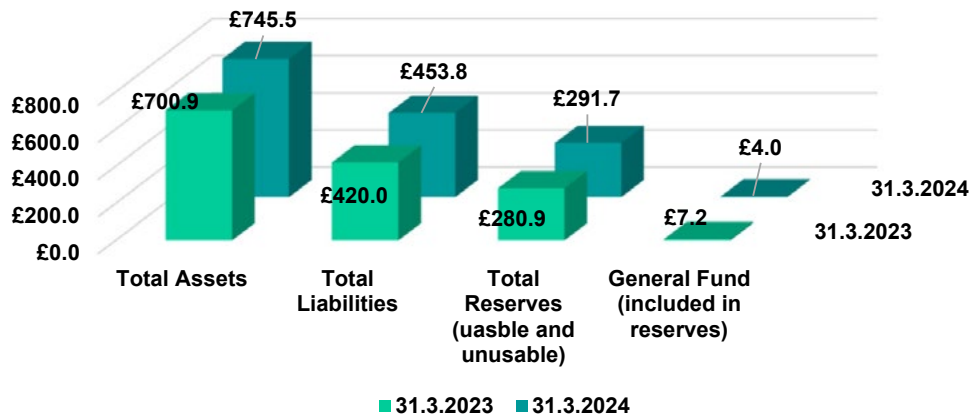


Chart 1: 2023/24 expenditure by Service



**Chart 2: Comparison: Balance sheets as at 31/03/2023 and 31/03/2024 (£ms)**

As at the 31 March 2024 the Council's Balance Sheet remains strong, with net assets of £291.7 million (£280.9 million as at 31.3.2023).

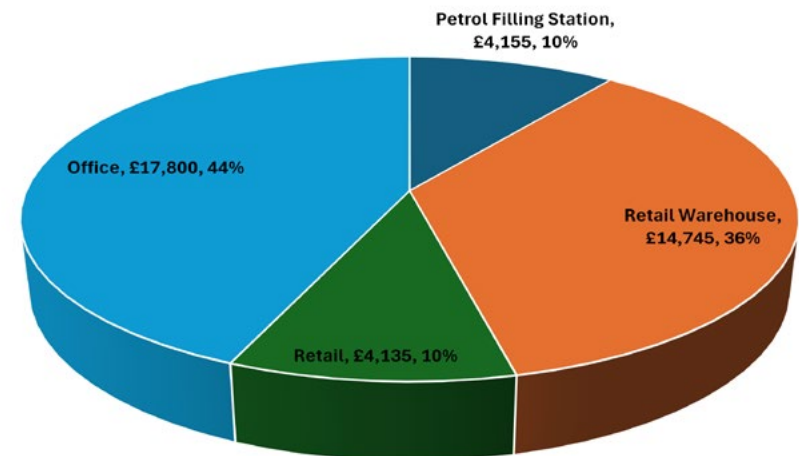
The asset base has grown to £745.5 million as at 31st March 2024. The Council has a significant capital programme which ensures annual investment across the asset base maintaining operational assets and investing in the enhancement of the community through infrastructure, open spaces, and community provision. In Summer 2023 the Northcroft Lido reopened after an extensive investment and remodelling project. A key focus in year has been the provision of affordable housing, a key project being the redevelopment of a formally operational asset (West Point House) into temporary accommodation as part of the Local

Authority Housing Fund initiative. Over the financial year West Point House has been converted into five residential dwellings and the Council has purchased a further 18 properties to meet increasing demand locally for temporary accommodation.

During the financial year the Council commenced a strategy of disposing of the commercial property portfolio. The Council historically invested in a commercial property portfolio of approximately £62 million, inclusive of retail, retail warehouse and office assets, predominately out of district with the exception of two office



assets located within a local business park. Within the financial year one retail asset was disposed of generating a capital receipt of approximately £6 million. As at 31 March 2024 the remaining portfolio was valued at £40.8 million.



**Chart 3: Commercial Property Portfolio as at 31/03/24 (£ms)**

In the post pandemic era, commercial property values have reduced. Although asset disposals create the risk of a realising a loss on disposal, this is offset by the net revenue streams received by the Council over the life of ownership. Furthermore, the Council has proactively moved to minimise the financial risk to the future General Fund position from property risks, such as voids and financing of refit works. The Council's commercial portfolio has seen rental income in the high 90% of expected rent. The revised Property Investment Strategy identified capital receipts generated from related asset disposals to be utilised firstly, to offset future capital financing costs in what is a high borrowing cost environment, and secondly, to fund transformation programmes across the Council, reducing future revenue expenditure with a view to enhanced long term financial resilience.

As at 31 March 2024, total liabilities on the Balance Sheet had increased to £453.8 million, driven by long-term borrowing to fund delivery of the approved capital programme (£202.2 million), the pension liability (£107.5 million) and other creditors (£144.1 million). Unusable reserves (reserves that cannot be deployed to fund expenditure because they are unrealised or notional, i.e. not cash backed and relate to accounting adjustments), increased to £249.1 million (£233.3 million as at 31.3.2023).

The Collection Fund has moved from a £5.1 million surplus position to a £4.8 million deficit position as at 31 March 2024. The deficit position is broken down £1.85 million Council Tax (£1.5 million as at 31.3.2023) and £2.95 million Business Rates (£6.6 million surplus at 31.3.2023). The Council is heavily dependent on Council tax and

Business Rates income, the deficit positions were forecast and have been provided for within the Medium-Term Financial Strategy.

Currently a statutory override is in place for Dedicated Schools Grant (DSG) deficits. The override allows Local Authorities to transfer accumulated deficits from

the General Fund to unusable reserves. A cumulative £9.45 million deficit on the DSG is currently held within the Council's unusable reserves (£4.8 million as at 31.3.2023). The deficit has increased by £4.7 million over the reporting period. The statutory override has been in place since the financial year beginning 1.4.2020 and has been extended to include the year ending 31.3.2026. Potential removal of the override does constitute a significant financial risk to the Council's General Fund. The Council is actively engaged in deficit recovery plans to move the Dedicated Schools Grant to a balanced position as at the year ending 31.3.2026.

### Future Challenges, Medium Term Financial Planning (MTFS)

The Council's total level of reserves remains high at £291.7 million, however, the usable reserves (i.e. resources that can be deployed in support of services to taxpayers), have reduced and the Council's General Fund of £4 million is well below the s151 recommended level of £7 million.

West Berkshire is now one of the Council's with the lowest level of reserves in the country. The pressures experienced on budgets are reflected in the growing number of schools going into deficit at outturn (twelve schools as at 31.3.2024 compared to nine at 31.3.2023), reducing the level of schools' balances consolidated

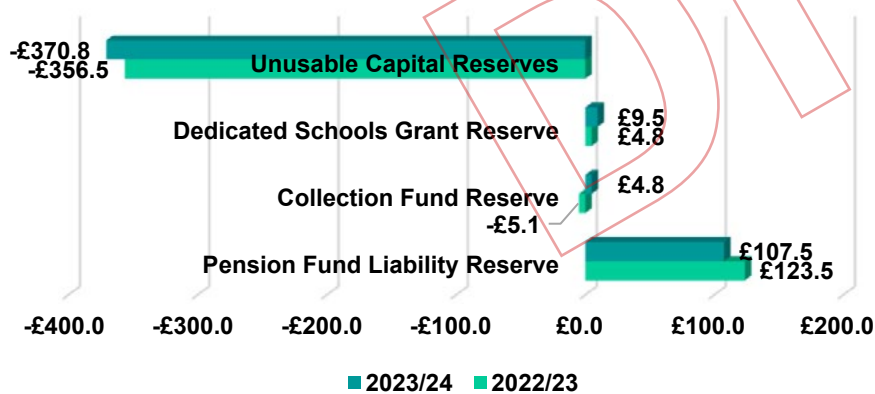
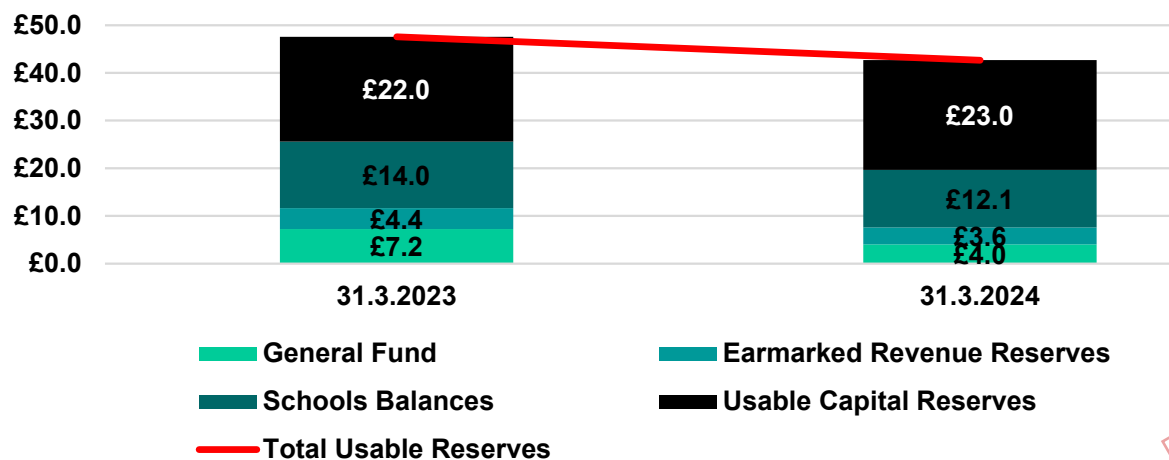


Chart 4: Move in usable reserves between 31/03/23 and 31/03/24 (£ms)



*Chart 5: Usable reserves as at 31/03/23 and 31/03/2024 (£ms)*

into the Balance Sheet. Revenue reserves deployed in support of the 2023/24 budget and outturn position have reduced available earmarked revenue reserves from an already low position of £4.4 million at 31 March 2023 to £3.6 million at 31 March 2024. Usable capital reserves have marginally increased due to balances held from the year sale of commercial property. The low levels of earmarked revenue reserves and in particular the General Fund constrict the Council's ability to respond to any in year financial pressures during 2024/25. However, the 2024/25 revenue budget has made provision for increasing the General Fund by £1.9 million and further increases during the mid-term with the Medium-Term Financial Strategy planning increases to the reserves back up to a position of £10 million.

The potential to increase the General Fund in the immediate and mid-term is largely dependent on the control of expenditure in 2024/25.

At the time of setting the 2024/25 revenue budget, the 2023/24 financial year had seen the highest level of inflation in the United Kingdom in over 40 years. At outturn inflation has reduced (April 2024 2.3%), however borrowing costs to Councils remain high with average 25-year annuities from the Public Works and Loan Board being around 5 – 5.5% compared to historically low averages of 2-3%.

The Council's ability to consume a significant realignment of its cost base caused by high levels of inflation and increased capital financing costs is

severely restricted. Council Tax which constitutes approximately 70% of the Council's income is set based on information from October to January of the previous financial year. Retained Business Rates and government funding (New Homes Bonus, Services Grant, Social care Grant and Funding Guarantee) are key income streams, all of which are set / fixed beyond the Council's control. The environment of constrained income, high inflation, and high borrowing costs (capital financing) are compounded by the effect of increasing demand for Council services across both adults and children's social care and increasing home to school transport costs driven by increased Special Educational Needs users and high inflation. In response to demand and inflationary pressures £18.06 million of investment has been allocated to the 2024/25 revenue budget, with a further ongoing investment of £3.7 million which includes an annual increase to the capital financing budgets in support of the approved capital programme. The income constrained environment in which the Council operates increases the Council's requirement to make in year savings to support investment in demand led social care. £14.5 million of savings have been identified and built into the 2024/25 revenue budget, this marks the most significant level of savings that the Council has had to find within a single financial year.



In respect of the capital programme, a ten-year programme aligned to the Council Strategy Framework detailing investment of £336.8 million was approved by Council. 56% of the approved programme is proposed to be financed externally through application of grant finding, section 106 and Community Infrastructure Levy. 44% of the programme is financed through a combination of borrowing and application of capital receipts. Disposal of the commercial property portfolio alongside reviews of the Council's overall

asset base with a view to rationalisation and minimising financial risk posed by aging buildings, allows the Council to build up capital reserves for reinvestment in operational assets (including schools) across the district. Application of capital receipts further allows the Council to avoid increased capital financing costs in the currently high cost borrowing environment reducing pressure on the revenue budget and General Fund.

The scale of the capital programme demonstrates a focus and commitment to ensuring the district remains a prosperous and inviting place to live and work. The capital programme alongside an extensive transformation programme seeks to improve services to users through digitisation of processes, asset review and rationalisation, transformation of social care provision, whilst generating long term sustainable delivery models and reducing financial pressure points, building resilience into long term financial planning.

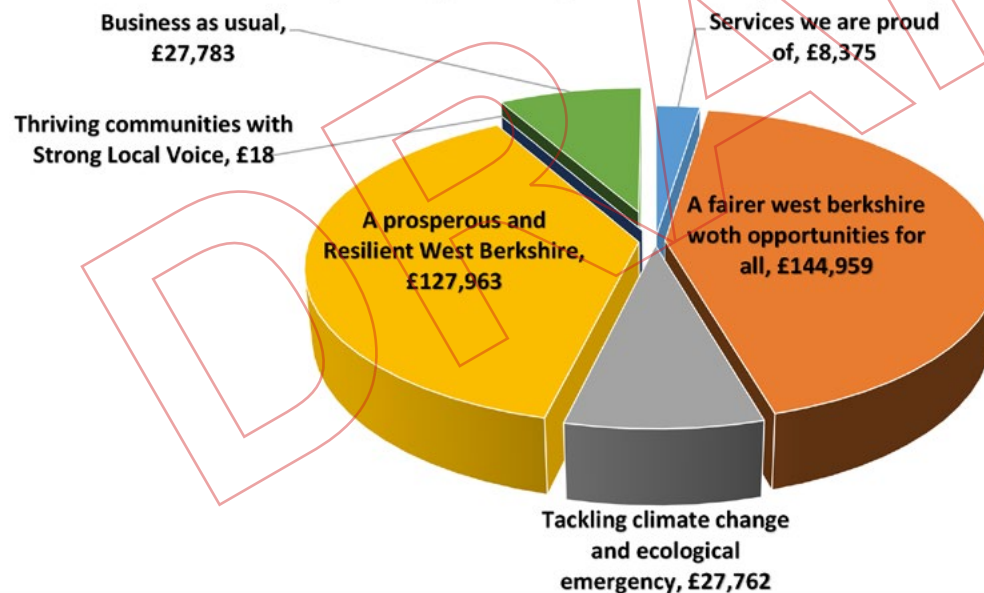


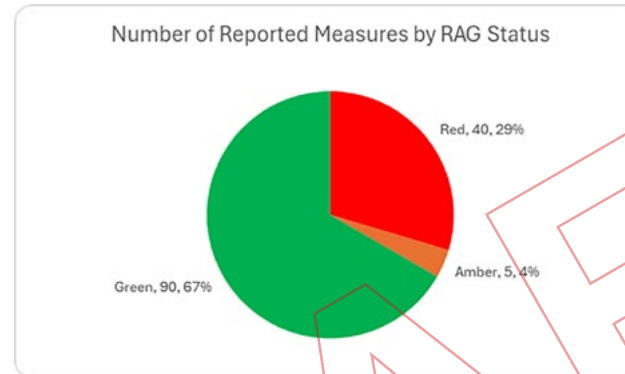
Chart 5: Capital programme by council priority 2024-2034 (£00s)

## Overall Council Performance

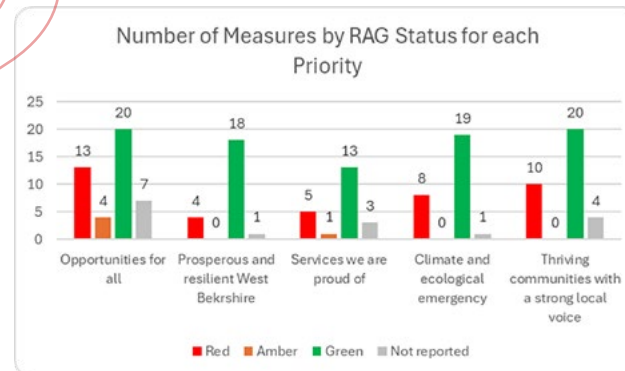
Performance for 2023/24 showed that the delivery of the outcomes grouped under each Council Strategy Priority Area continued to progress well. Overall, two priority areas achieved and exceeded targets and were rated as Green: (ii) A Fairer West Berkshire with Opportunities for All and (v) Thriving Communities with a Strong Local Voice. The remaining three areas were more than 5% below target or had not been achieved and were rated as Red: (i) Services We Are Proud of, (iii) Tackling the Climate and Ecological Emergency and (iv) The Prosperous and resilient West Berkshire. Overall eight outcomes were RAG rated red and 10 amber or green.



An analysis of the performance measures reported shows that 67% have achieved or exceeded their targets (RAG rated Green), 4% were just below the targets (rated Amber) and 29% were below the targets (rated Red).



At the end of the first year of the Council Strategy 2023 2027, good progress was evident for the delivery of all five priorities. In each case the number of measures achieving or exceeding the targets surpassed the number of measures below targets.



Areas of achievement to note include: Peer Review successfully completed highlighting the strengths of the Council and eleven key recommendations for further improvement; Non-domestic rates collection target achieved; Pilot for re-introducing neighbourhood notification letters – completed on time; Number of school holiday sessions (including lunch) - over target; Schemes to help residents get cheaper solar panels and/or greener energy were implemented; Funding for community recovery and rural businesses were implemented; Reduced the number of posts filled by agency staff; Strong performance for our children social services, both prevention and statutory intervention; Improved cycle route completed (Stockcross village - B4000/A4/A34 roundabout); Achieved targets relating to flood prevention schemes, the potholes repairs and quality of our road network; Introduced a demand responsive service – formally launched the Downlands demand response service on 15/01/2024; Returned Faraday Road Football Ground to a bookable grass pitch.

The Influencer measures indicated that the district continued to fare well. The high demand on our services remained elevated, whilst starting to show a reduction over the last two or three quarters, it remains at above pre-Covid levels.

## Statement of Responsibilities

### The Council's Responsibilities

The Council is required to:

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

### The Section 151 Officer's responsibilities

The Executive Director for Resources is responsible for the preparation of the

Financial Statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Financial Statements, the Executive Director for Resources 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 of Practice.

The Executive Director for Resources has also:

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

### Confirmation of Section 151 Officer

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2024 and its income and expenditure for the year then ended on that date.



A handwritten signature in black ink, appearing to read 'J Holmes', written over a faint horizontal line.

**Joseph Holmes**  
Executive Director for Resources,  
s151 Officer

Date: 31 May 2024

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## Independent Auditors Report:

External Audit report will be added  
following the completion of the Audit

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Core Financial Statements

## Comprehensive Income and Expenditure Statement:

This Statement 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 taxation (or

rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may differ from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23 (Draft)					2023/24			
Expenditure	Income	Net Expenditure	Comprehensive Income and Expenditure Statement	Note	Prior-year adjustment re 2022/23 (see Note 40.3)	Expenditure	Income	Net Expenditure
£'000	£'000	£'000				£'000	£'000	£'000
285,354	(177,480)	107,874	People Directorate	7	(86)	306,771	(186,873)	119,812
67,639	(26,899)	40,739	Place Directorate	7	(41)	67,474	(25,880)	41,553
60,360	(39,491)	20,868	Resources Directorate	7	(39)	63,558	(41,839)	21,680
713	(43)	670	Chief Executive	7	(1)	593	(39)	553
<b>414,064</b>	<b>(243,913)</b>	<b>170,152</b>	<b>Cost of services</b>		<b>(168)</b>	<b>438,397</b>	<b>(254,631)</b>	<b>183,598</b>
4,841	(849)	3,991	Other operating expenditure	10	0	10,683	0	10,683
22,514	(5,326)	17,188	Financing and investment income and expenditure	11	(29)	20,542	(5,140)	15,373
27,129	(191,212)	(164,083)	Taxation and non-specific grant income and expenditure	12	0	40,892	(225,118)	(184,226)
<b>468,548</b>	<b>(441,300)</b>	<b>27,248</b>	<b>Deficit/(surplus) on the provision of services</b>	13	<b>(197)</b>	<b>510,514</b>	<b>(484,889)</b>	<b>25,428</b>
10,099	(12,186)	(2,087)	Surplus on the revaluation of property, plant and equipment assets	24.1	0	3,436	(21,053)	(17,616)
(275,023)	0	(275,023)	Remeasurement of the net defined benefit liability	24.5	0	(26,243)	0	(26,243)
<b>(264,924)</b>	<b>(12,186)</b>	<b>(277,110)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>0</b>	<b>(22,807)</b>	<b>(21,053)</b>	<b>(43,859)</b>
<b>203,624</b>	<b>(453,486)</b>	<b>(249,862)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>(197)</b>	<b>487,707</b>	<b>(505,942)</b>	<b>(18,431)</b>



## Movement in Reserves Statement:

The Movement in Reserves Statement shows the movement from the start of the year to the end on different reserves held by the Authority, analysed into 'Usable

Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. This Statement shows how the in-year movements of the Authority's reserves are broken down between gains and losses incurred in accordance with generally

accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Note	General Fund £'000	Earmarked General Fund Reserves £'000	Schools Reserves £'000	General Fund Total £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
<b>2023/24</b>									
	7,240	4,388	13,972	25,601	1,501	20,482	47,584	233,295	280,879
13	(25,428)	0	0	(25,428)	0	0	(25,428)	0	(25,428)
	0	0	0	0	0	0	0	43,859	43,859
	(25,428)	0	0	(25,428)	0	0	(25,428)	43,859	18,431
8	19,476	0	0	19,476	3,459	(2,416)	20,519	(28,102)	(7,583)
	(5,952)	0	0	(5,952)	3,459	(2,416)	(4,909)	15,757	10,848
9	2,812	(910)	(1,902)	0	0	0	0	0	0
	<b>4,100</b>	<b>3,478</b>	<b>12,070</b>	<b>19,649</b>	<b>4,960</b>	<b>18,066</b>	<b>42,675</b>	<b>249,052</b>	<b>291,727</b>
<b>2022/23 (Draft)</b>									
	12,913	23,831	11,022	47,766	5,743	23,793	77,302	(46,285)	31,017
	(27,248)	0	0	(27,248)	0	0	(27,248)	0	(27,248)
	0	0	0	0	0	0	0	277,110	277,110
	(27,248)	0	0	(27,248)	0	0	(27,248)	277,110	249,862
	5,083	0	0	5,083	(4,242)	(3,311)	(2,470)	2,470	0
	(22,165)	0	0	(22,165)	(4,242)	(3,311)	(29,718)	279,580	249,862
	16,492	(19,443)	2,950	0	0	0	0	0	0
	<b>7,240</b>	<b>4,388</b>	<b>13,972</b>	<b>25,601</b>	<b>1,501</b>	<b>20,482</b>	<b>47,584</b>	<b>233,295</b>	<b>280,879</b>

## Balance Sheet:

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category is usable reserves i.e. those reserves that the Authority 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 may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves, amounts that the Authority is unable to use to fund service delivery. This category includes reserves that hold realised gains and losses (the Revaluation Reserve, for example), 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 line 'Adjustments between Accounting Basis and Funding Basis under Regulations'.

31 March 2023 (Draft Restated) (see Note 40.3) £'000	Balance Sheet	Note	31 March 2024 £'000
<b>Non-current:</b>			
365,655	Property, plant and equipment	14	387,572
204,876	Infrastructure Assets	14.1	217,996
65,415	Investment properties	16	53,701
2,680	Intangible assets	17	2,923
2,430	Long-term debtors	19.1	2,432
<b>641,056</b>	<b>Long-term assets</b>		<b>664,623</b>
<b>Current:</b>			
2,321	Assets held for sale	16.3	6,094
1,000	Short-term investments	18	0
3	Inventories		0
36,848	Short-term debtors	19	57,500
19,670	Cash and cash equivalents	20	17,274
<b>59,842</b>	<b>Current assets</b>		<b>80,867</b>
<b>Current:</b>			
(8,780)	Short-term borrowings	18	(47,647)
(66,238)	Short-term creditors	21	(51,715)
(1,268)	Provisions	22	(1,784)
(5,698)	Grant receipts in advance - revenue	33.2	(5,039)
(15,159)	Grant receipts in advance - capital	33.2	(21,434)
<b>(97,143)</b>	<b>Current liabilities</b>		<b>(127,618)</b>
<b>Long-term:</b>			
(9,807)	Long-term creditors	18	(9,011)
(9)	Provisions	22	(9)
(181,973)	Long-term borrowings	18	(202,242)
(130,893)	Other long-term liabilities	38.1	(107,463)
(7,579)	Grant receipts in advance - capital	33.2	(7,420)
<b>(330,261)</b>	<b>Long-term liabilities</b>		<b>(326,145)</b>
<b>273,494</b>	<b>Net assets/(liabilities)</b>		<b>291,727</b>
<b>Reserves:</b>			
(47,584)	Usable reserves	23	(42,674)
(225,910)	Unusable reserves	24	(249,053)
<b>(273,494)</b>	<b>Total reserves</b>		<b>(291,727)</b>

## Cash Flow Statement:

The Cash Flow Statement shows the change in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority 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 Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which intended to contribute to 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 Authority.

2022/23 (Draft) £'000	Cash Flow Statement	Note	2023/24 £'000
(27,248)	Net (deficit)/surplus on the provision of services	13	(25,428)
43,238	Adjustments to net (deficit)/surplus on the provision of services for non - cash movements	25	(3,800)
739	Adjustments to net (deficit)/surplus on the provision of services for investing and financing activities		6,075
<b>16,729</b>	<b>Net cash flows from operating activities</b>		<b>(23,153)</b>
(14,128)	Investing activities	26	(37,515)
(2,721)	Financing activities	27	58,272
<b>(120)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,396)</b>
19,790	Cash and cash equivalents at the beginning of the reporting period		19,670
<b>19,670</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>20</b>	<b>17,274</b>



## Note 1: Accounting Policies

### 1. General Principles

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2023/24, these proper accounting practices principally comprise:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code);
- The Service Reporting Code of Practice 2023/24 (SeRCoP);
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended).

The Statement of Accounts will be prepared using the going concern and accruals bases. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### Asset class

#### Accounting basis in the CIES

Property, plant and equipment - dwellings

Existing Use Value (EUV) - social housing

Property, plant and equipment - other land and buildings

Current value, comprising EUV. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, the current value is measured at depreciated replacement cost.

Property, plant and equipment - surplus assets

Fair value

Investment properties

Fair value

Intangible assets

Amortised historical cost

Financial instruments

Fair value

Pension assets

Fair value

Pension liabilities

Measured on an actuarial basis (see Note 38.1)

## 2. Going Concern Concept

The financial statements shall be prepared on a going concern basis; that is, the accounts are prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

## 3. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, these amounts are carried as inventory in the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the

services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings 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 revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Accruals for 2023/24 will generally only be recognised where the value exceeds £10,000. The £10,000 limit will also be applied to prepayments in 2023/24.
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation. A key income stream for the Council is Adult Social Care client income, in the region of 41% of

total budgeted income for fees and charges in 2023/24. The associated accounting treatment has been reviewed. Other income amounts received by the Council include government grants and contributions, Council Tax and Business Rates, and these sums fall outside the scope of this assessment.

## 4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours without material penalty. Cash equivalents are highly liquid investments that also are repayable on notice of not more than 24 hours and that are readily convertible to known amounts of cash with low risk of change in value.

## 5. Prior period adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes are accounted for retrospectively. The basis for any prior period adjustments in 2023/24 is still to be determined. The Council will not adopt any new accounting standards or amendments in 2023/24 which will have a significant impact upon its financial position.

## 6. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding capital assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible capital assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to a prudent amount determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation (not charged through the Revaluation Reserve) are adjusted by means of a transaction in the Capital Adjustment Account via the Movement in Reserves Statement.

## 7. Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date of approval of the Statement of Accounts. Two types of events can be identified:

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

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

## 8. Interests in companies and other entities

Where the Council has material interests in subsidiary and associate companies, these will be consolidated into Group Accounts on a line-by-line basis for subsidiaries, and the equity method for associates, once accounting policies have been aligned with the Council where appropriate, and any intra-group transactions have been eliminated. For 2023/24, the Council has assessed that there is no requirement to prepare Group Accounts, this requirement determined by the scale of material interests in companies and other entities.

## 9. Investment Properties

Investment properties are properties that are held solely to earn rental income and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The line is also credited/debited with gains/losses on the disposal of properties, measured as the difference between the carrying amount and sale proceeds. Accounting regulations do not permit unrealised gains and losses to impact the

General Fund. Therefore, such gains and losses are reversed out of the General Fund (via the Movement in Reserves Statement) and posted to the Capital Adjustment Account.

## 10. Overheads

The costs of overheads and support services are managed separately, and therefore these service segments are reported separately and in accordance with the Council's arrangements for accountability and financial performance.

## 11. Revenue Expenditure funded by Capital under Statute

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund Total via the Movement in Reserves Statement to the Capital Adjustment Account and is included in the Capital Expenditure Financing disclosure in the Council's Statement of Accounts.

## 12. Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the Council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. The financial impact of receipt of grants is detailed in the Council's outturn and the Statement of Accounts documents.

Following the receipt of a grant, the Council has to assess whether in administering the grant it was acting as an agent or principal.

Where the Council has acted as agent, the following accounting treatment conditions apply:

- It was acting as an intermediary between the recipient and the appropriate Government Department.
- It did not have 'control' of the grant conditions, and there was no flexibility in determining the level of grant payable.

Where the Council acted as principal, it was able to exercise its own discretion when determining the amount of grant payable.

## 13. Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Authority charges for and collects the levy, and this is a planning charge. The levy income will be used to fund a number of infrastructure projects to support the commencement date of the development of the area. The receipt of CIL is limited by regulations. It is therefore recognised at the commencement date of development in the Comprehensive Income and Expenditure Statement in accordance with the core accounting policy for Grants and Contributions detailed above.



## 14. Business Improvement Districts (BID)

A Business Improvement District (BID) scheme applies to a defined area in Newbury Town Centre. The BID is managed and operated by Newbury Business Improvement District Community Interest Company. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme and accounts for income and expenditure, including contributions to the BID project, within the relevant service lines in the Comprehensive Income and Expenditure Statement.

## 15. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are identified within the General Fund Total in the Movement in Reserves Statement in the Statement of Accounts. Where expenditure has been incurred which is to be financed from an earmarked reserve, the expenditure is charged to the relevant service area within the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. An amount is then transferred from the earmarked reserve to the General Fund Total via an entry in the Movement in Reserves Statement.

## 16. Schools

Local authority-maintained schools are determined to be under the control of the Council. Consequently, the income, expenditure, assets and liabilities of maintained schools are accounted for within the Statement of Accounts. Other types of school, such as academies and free schools, are outside of the Council's control, and are therefore excluded from the Statement of Accounts.

## 17. Value Added Tax

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs (HMRC) and all VAT paid is recoverable.

## 18. Joint Operations

Jointly controlled operations are where the parties involved have joint control of an arrangement and have rights to the asset and obligations relating to the activities undertaken in conjunction with other operators. These activities often involve the utilisation of the assets and resources of the operators rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure incurred and the share of income earned from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other joint operators, with the assets being used to obtain benefit for the joint operators. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

## 19. Provisions, Contingent Assets and Liabilities

### Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place that gives the Council a legal or constructive obligation that in all likelihood requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

### Contingent Assets

A contingent asset arises whereby an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a Note to the Statement of Accounts where it is probable that there will be an inflow of economic benefit or service potential.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Statement of Accounts.

## 20. Revenue Recognition

The Council's various income streams have been assessed and classified in accordance with the Code and revenue has been recognised accordingly. Specific consideration has been given to:

- Implied or stated contractual terms for exchange transactions.
- Obligating events and/or conditions attached to non-exchange transactions, where a party receives something of value without directly giving value in exchange.
- Significance of the income stream to the Council.

## 21. Property, Plant and Equipment Recognition

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

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

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the cost of dismantling and removing the item and restoring the site on which it is located.

Infrastructure, community assets, assets under construction and vehicles, plant and equipment are then carried in the Balance Sheet at depreciated historical cost. Other categories of property, plant and equipment are subsequently re-measured at existing use or fair value. Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end but as a minimum every five years. The Council engages external valuation specialists to determine updated asset valuations.

## Revaluation

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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.

## 21.1 Impairment

Assets are assessed at each year-end to determine whether there is an indication of impairment. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, these are accounted for in the same way as revaluation losses.

## 21.2 Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of the depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and certain community assets) and assets that are not yet available for use, such as assets under construction.

Depreciation is calculated on the following bases:

- Buildings – reducing balance over the useful life of the property as estimated by a qualified valuation specialist.
- Vehicles, plant, furniture and equipment – reducing balance over the life of the asset, usually 10 years.
- Infrastructure – reducing balance over the life of the asset, usually 10 to 40 years.
- IT assets – straight-line allocation over the useful life of the asset, usually five years.

Where an asset is material and has major components, whose cost is significant to the total cost of the asset, and these elements have markedly different useful lives, such components are depreciated separately.

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.

### 21.3 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, is accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Any disposal receipts in excess of £10,000 are categorised as capital receipts and must be credited to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax but is subject to separate arrangements for capital financing. Amounts reflected in the Comprehensive Income and Expenditure Statement are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

### 21.4 Asset Reclassification

The Council adheres to CIPFA and RICS guidance on the classification of properties. Where a property has had a change of use, the Council will reflect this in the Statement of Accounts. Movements between asset classes are usually between Property, Plant and Equipment and Investment Properties. Upon reclassification, assets are subsequently valued in line with the relevant class of asset. In certain cases a property may be used for a combination of investment and operational purposes. In these instances, the Council will split the valuation of the property between Property, Plant and Equipment and Investment Properties, and reflect this in the Accounts.

### 21.5 Minimum Revenue Provision (MRP)

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

### 21.6 Componentisation

The Code requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Within the Council's asset portfolio there are a number of asset classes where componentisation will not be considered, including:

- Equipment – as this is considered immaterial; and
- Asset classes which are not depreciated – such as land, investment properties, heritage assets, community assets, surplus assets and assets held for sale.

The remaining assets, which are housed within the operational portfolio, are often of a specialised nature such as schools and leisure centres. The Council instructs the valuation specialist to provide component information for each individual asset. This is subsequently reviewed to determine whether or not the inclusion of a component value will have a material impact upon depreciation. For 2023/24, a componentisation de minimis of £3million will be in place. This policy will only be applied to each asset as it falls due to be revalued. Any asset (including acquisitions) that has had capital expenditure added to it during the financial year will also be considered. Where individual assets fall

below the de minimis threshold, but are collectively above this level, these assets are assessed for componentisation where generally treated together elsewhere.

## 22. Heritage Assets

These assets have historical, artistic or scientific importance, and are held primarily for their contributions to art and culture. Heritage assets are deemed to have infinite lives and are not subject to depreciation. The carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment.

## 23. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Council as a result of past events, and future economic benefit or service potential must be expected to flow from the intangible asset to the Council. The most common class of intangible asset in Local Authorities is computer software. If an item does not meet the definition of an intangible asset (identifiability, control and future economic benefits), expenditure to acquire it or generate it internally is recognised as an expense when incurred.

Upon recognition, an intangible asset is measured at cost. Expenditure incurred on an intangible asset after it has been recognised will normally be charged to the surplus or deficit on the provision of services as incurred. Only rarely will subsequent expenditure meet the recognition criteria in the Code. Where this occurs, the expenditure is recognised in the carrying amount of the intangible asset.

The Council applies amortisation to intangible assets with finite useful lives on a reducing balance basis over the useful life of the asset, and from the point at which the asset is available for use.

Assets with indefinite useful lives are not amortised but are tested for impairment annually, and whenever there is an indication that the asset may be impaired. The useful life of the asset shall be reviewed annually thereafter.

## 24. Leases

Rentals paid by the Council under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased asset. Charges are accounted for on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

Where the Council grants an operating lease over a property or a Property, Plant and Equipment asset, the item is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments made.

## 25. Private Finance Initiatives (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services, passes to the PFI contractor. As the Authority is deemed to control the services that are provided under such PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on the Balance Sheet within property, plant and equipment. The original recognition of these assets at fair value (based upon the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The Authority has one PFI contract, and this is with Veolia ES West Berkshire Limited.

Non-current assets recognised in the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment assets owned by the Authority.

The annual amounts payable to PFI scheme operators are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service line in the Comprehensive Income and Expenditure Statement.
- finance cost – an interest charge of 6.1% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability owed to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

- lifecycle replacement costs – a proportion of the amount payable is posted to the Balance Sheet as a prepayment and subsequently recognised as an addition within property, plant and equipment when the relevant works are eventually undertaken. This accounting is in accordance with the CIPFA Code's adaption of IFRIC 12 Service Concession Arrangements.

## 26. Financial Instruments

Financial instruments are recognised within the Balance Sheet when the Council becomes a party to their contractual provisions. These instruments are initially measured at fair value.

### Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. This means that the amount presented in the Balance Sheet is the outstanding principal sum repayable plus accrued interest. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based upon the carrying amount of the liability multiplied by the effective rate of interest for the instrument.

### Financial Assets

Financial assets are subsequently measured in one of two ways:

- Amortised cost – assets whose contractual terms are basic lending arrangements in that these assets give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding which the Council holds under a business model whose objective is to collect those cashflows.
- Fair value – all other financial assets.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable plus accrued interest. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based upon the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of

derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Changes in the values of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line as they arise.

## 27. Employee Benefits

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

### Post-Employment Benefits: Pensions

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

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

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

The Local Government Pension Scheme provides defined benefits to members, specifically retirement lump sums and pensions, earned as employees working for the Council, or for related parties. Under IAS 19 and CIPFA Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when these amounts are earned by employees rather than when the benefits are eventually paid as pensions. The Council will make an Employer contribution in the region of £5.22m in 2024/25 to reduce the scheme liability.

The Teachers' and NHS plans are defined benefit schemes which are accounted for as defined contribution schemes. This is because the arrangements for these schemes mean that future defined benefit

liabilities are not readily identifiable, and therefore no liabilities for future payment of benefits are recognised in the Balance Sheet. Services are charged with employer contributions to the Teachers' and NHS schemes in the Comprehensive Income and Expenditure Statement within the appropriate financial year. The Council's 2024/25 Employer contribution level is at 23.68% in respect of the Teachers' scheme.

## Defined Benefit Pension Schemes

### Local Government Pension Scheme

The liabilities of the Royal Berkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method - specifically an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, including mortality rate assumptions, employee turnover rates and estimates of projected earnings for current employees. This future liability is then discounted back to present value using a discount rate determined by reference to market yields at the Balance Sheet date of high-quality corporate bonds.

The assets of the Royal Berkshire Pension Fund attributable to the Council are held in the Balance Sheet at fair value.

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

1. Service cost. This comprises current service cost (allocated in the Comprehensive Income and Expenditure Statement) to the services for which the employees worked, and past service cost – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
2. Net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
3. Re-measurements - comprising the return on Plan assets (excluding amounts included in net interest on the net defined benefit liability) charged to the Pension Reserve as Other Comprehensive Income and Expenditure and actuarial gains and losses (changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation date or because the actuary has updated their assumptions). These sums are charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

4. Contributions paid to the Pension Fund are charged to the General Fund via an accounting entry in the Movement in Reserves Statement to replace the service cost items above discretionary benefits.

### Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements of employees. Any resulting liabilities are accrued in the year of award and are accounted for using the same policies applied for liabilities relating to the Royal Berkshire Pension Fund.

### Curtailments

The cost of curtailments arising as a result of the payment of unreduced pensions on early retirement have been calculated by the Actuary. The amounts calculated are the curtailment costs which affect the Council's Local Government Pension Scheme liabilities.

## 28. Collection Fund

The Collection Fund shows the transactions of the billing authority in relation to the collection of Council Tax and Non-Domestic Rates from local taxpayers, and its subsequent distribution to local authorities and Central Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets

and liabilities arising from collecting Non-Domestic Rates and Council Tax belong to the bodies concerned, including major preceptors, the billing authority, and Central Government. The Council's share of Council Tax and Business Rates income is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the CIPFA Code. Income due from Council Tax and ratepayers is recognised in full at 1 April, this date being the start of the financial year.

The Council's share of Council Tax and Business Rates income is reflected in the Comprehensive Income and Expenditure Statement on an agency basis, consistent with the requirements of the Code. However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

The Council, as a billing authority, is statutorily required under Section 89 of the Local Government Finance Act 1988 to maintain a separate Collection Fund account as agent into which all transactions relating to the collection of Business Rates and Council Tax income from taxpayers and distribution to local government bodies and Central Government are made. The Collection Fund account is accounted



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for separately from the General Fund. Surpluses or deficits on the council tax income and distributions are apportioned to the relevant precepting body in the following financial year in proportion to each body's Band D Council Tax amount.

### **Council Tax**

Council tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The number of properties in each band and calculation of the tax base (adjusted to reflect relevant discounts and exemptions) is approved by Full Council annually as part of the budget-setting process.

### **National Non-Domestic Rates**

The Council collects Business Rates for its area based on rateable values (as determined by the Valuation Office Agency) and multiplier indices as determined by Central Government. The total income estimated to be received in the year is notified to related bodies in the immediately preceding January in accordance with statutory regulations.

## **29. Termination Benefits**

Termination benefits are charged on an accruals basis to the appropriate service or to the specified segment in the appropriate line in the Comprehensive Income and Expenditure Statement (where these sums relate to pensions enhancements) at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

## Note 2 Accounting standards issued but not yet adopted

In accordance with the Code, there is a requirement for the Authority to disclose a change in accounting policy to be applied retrospectively unless alternative transition arrangements are specified in the Code. The Code specifies in Paragraph 3.3.4.3 that the Authority should disclose information relating to an impact resulting from those changes to new accounting standards issued but not yet adopted. In April 2022, CIPFA confirmed deferral of the mandatory implementation of IFRS 16 Leases to 1 April 2024, this standard having originally been scheduled for implementation from 1 April 2022 onwards. This change in accounting requirement is not anticipated to have a material impact upon the Council's financial performance or financial position in 2024/25.

## Note 3 Critical judgements in applying accounting policies

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

The critical judgements made in the Statement of Accounts are:

### 3.1 Schools

- The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the Statement of Accounts according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied;
- The Council has considered its accounting classification for each school and accordingly school assets for community schools have been recognised within the Balance Sheet;
- The Council has not recognised assets relating to academies, voluntary aided, voluntary controlled or foundation secondary schools as it is of the opinion that these assets

### 3.2 Pension Fund

The administering authority for the Pension Fund is the Royal Borough of Windsor and Maidenhead. The Pension Fund Committee oversees the management of the fund and day-to-day administration is undertaken by a team within the administering authority. Some functions are undertaken by the Council's professional advisor - Barnett Waddingham. Further to consultation between the two parties, the administering Authority is responsible, with professional advice from the consultant Actuaries, for preparing and maintaining the Investment and Funding Strategy Statement. Generally a defined benefit pension scheme is exposed to a number of risks including investment, interest rate, inflation and longevity risks.

are not controlled by the Council. In the case of voluntary aided and voluntary controlled schools, these assets were deemed to be controlled by the relevant dioceses following consultation and review;

- The transfer of schools to academies is recognised as a disposal from the Council's Balance Sheet on the date that the school converts to academy status. No impairment is recognised by the Council prior to the transfer.

### 3.3 PPE valuation uncertainty

The Council makes use of professional external valuation experts to undertake revaluation of its investment and non-investment land and building assets, in compliance with arrangements for valuation set out in the CIPFA Accounting Code of Practice. These valuations are subject to uncertainty with regard to future economic conditions as well as operational and strategic factors within construction markets which have continued during 2023/24.

### 3.4 Future funding of Local Government

There remains a high degree of uncertainty regarding future funding levels for local government. The 2024/25 Local Government Finance Settlement was published in February 2024, but as a one year settlement, does not provide clarity on the longer term funding plan for local authorities.

In December 2022, the Government confirmed that the long awaited Fair Funding Review and reset of business rates retention will not take place for at least two years. The Review, which was first proposed in 2016, initially outlined a range of proposals to the formula allocation of Government funding, such as changes to:

- The deprivation top-up;
- The additional population top-up;
- The fixed amount for each Local Authority;
- Density and sparsity assumed no changes as the impact of removal cannot be wholly assessed.

The Authority has determined that this uncertainty is not yet sufficient to indicate that the assets of the Council might be impaired as a result of fundamental service changes. The Authority prepares a detailed four year Medium-Term Financial Strategy, which models risks and assists in identifying the corrective actions required to mitigate those risks. In light of reduced levels of Revenue Support Grant receipts, the Authority continues to identify additional income streams and new working arrangements, such as the pursuance of joint operating ventures. The Authority remains aware of the need to balance budgets in forthcoming financial years but is mindful of these future funding uncertainties.

## Note 4: Assumptions regarding the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimates that are based upon assumptions made by the Authority regarding the future

or events that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with full certainty, actual results could be materially different from the original assumptions

and estimates. The items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows. Where uncertainties occur within the comparative year this will be stated.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations of Property, Plant and Equipment	Land and Property asset valuations have been subject to ongoing market review and these effects may theoretically be variable between valuation methods and assumptions. For specialised assets valued using the Depreciated Replacement Cost (DRC) method, a valuation impairment/increase may be relevant within the financial year to 31 March 2024.	As DRC properties will be based upon the RICS BCIS Cost guides and componentised valuations and based on Gross Value, this could impact a total of £0.5m for assets valued using the DRC methodology on a +/- 1% movement variation.  As reported, no relevant impairment factor was identified and therefore no resulting downward valuation (Gross Value) would be realised.
Existing Use Value (EUV)/ Fair Value (FV) measurements	Non-specialised assets valued at the EUV or FV bases were subject to various increases/decreases depending on the sector, with no resulting changes to Community Assets.	If an impairment of -5.0% was applied, the impact would be £0.7m.
Pension Liability	Estimation of the net liability to pay pension costs falling due is driven by a series of complex accounting judgements, including the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy assumptions and unexpected returns on Pension Fund assets. The Authority has engaged Barnett Waddingham as Actuary to provide expert advice regarding the assumptions to be applied.	The effects on the net pension liability of changes to individual assumptions can be measured. The sensitivity analysis from the Actuary has indicated increases of around 0.1% to the discount rate over the triennial period. For example, a +0.1% increase in the discount rate assumption would result in a decrease in projected service cost to £13m. An increase in life expectancy assumptions by 1 year would result in an increase in projected service cost to £14m. Details of actuarial assumptions are shown in Note 38.
Business Rates Appeals	The Council has increased its appeals provision during 2023/24. Historically this has been based upon the application of the national average percentage of 4.7% of the Net Collectable, which reduced down to 3.2% (as per external review).	If the provision for appeals requirement was increased by 2% above the NNDR3 provision, this would equate to an increase of £1.6m shared across Central Government (50%), The Royal Berkshire Fire and Rescue Service (1%) and West Berkshire Council (49%).

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## Note 5: Material items of income and expenditure

The CIPFA Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of material items should be disclosed in a Note to the Accounts. The following items fall within this category:

- Dedicated Schools Grant (DSG) – 2023/24 expenditure of £119.9m (2022/23: £110.8m) was supported by in-year DSG Grant funding;

## Note 6: Events after the Balance Sheet date

After preparing the Statement of Accounts for 2023/24, and after the Balance Sheet date of 31 March 2024, the Section 151 office authorised the Statement of Accounts for issue on 31 May 2024. There are no adjusting Post Balance Sheet Events.

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## Note 7: Expenditure and Funding Analysis:

The Expenditure and Funding Analysis shows how annual expenditure is funded from resources (government grants, rents, council tax and business rates) by local

authorities in comparison with the resources earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under

generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Council's key reportable segments are the individual Directorates as defined within the organisational structure.

2022/23			2023/24			
Net expenditure chargeable to the General Fund	Adjustments (see note 7A)	Net expenditure in the Comprehensive Income and Expenditure Statement	Expenditure and Funding Analysis	Net expenditure chargeable to the General Fund	Adjustments (see note 7A)	Net expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
91,949	15,924	107,873	People Directorate	109,416	10,398	119,813
34,768	5,972	40,740	Place Directorate	37,874	3,679	41,553
17,883	2,986	20,869	Resources Directorate	19,760	1,920	21,680
670	0	670	Chief Executive	553	0	553
<b>145,270</b>	<b>24,882</b>	<b>170,152</b>	<b>Net cost of services</b>	<b>167,603</b>	<b>15,996</b>	<b>183,599</b>
(123,106)	(19,798)	(142,904)	Other income and expenditure	(161,650)	3,480	(158,170)
<b>22,165</b>	<b>5,083</b>	<b>27,248</b>	<b>Deficit/(surplus) on the provision of services</b>	<b>5,953</b>	<b>19,476</b>	<b>25,429</b>
(47,766)			Opening General Fund 1 April	(25,601)		
(5,083)			Adjustments between Accounting Basis and Funding basis	(19,476)		
27,248			Less/plus deficit/(surplus) on the provision of services	25,429		
<b>(25,601)</b>			<b>Closing General Fund 31 March</b>	<b>(19,648)</b>		

## Note 7A: Note to the Expenditure and Funding Analysis:

Adjustments between Accounting Basis and Funding Basis under Regulations:

**Column 1 - Adjustments for capital purposes** – this column adds in depreciation and impairment and

revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Column 2 - Net change for pension adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income: For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs. For financing and investment income and expenditure-net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

**Column 3 - Statutory adjustments** Other differences between amounts debited/credited to the Comprehensive Income and Expenditure

Statement and amounts payable/receivable to be recognised under statute:

For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts. The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under Statutory Regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

	Adjustments for capital purposes £'000	Net change for pension adjustments £'000	Statutory adjustments £'000	Total adjustments £'000
People Directorate	8,634	1,700	63	10,398
Place Directorate	3,055	602	22	3,679
Resources Directorate	1,594	314	12	1,920
Chief Executive	0	0	0	0
<b>Net cost of services</b>	<b>13,283</b>	<b>2,616</b>	<b>98</b>	<b>15,996</b>
Other income and expenditure from the Expenditure and Funding Analysis	(11,400)	0	14,880	3,480
<b>Difference between General Fund surplus and Comprehensive Income and Expenditure Statement deficit/(surplus) on the provision of services</b>	<b>1,883</b>	<b>2,616</b>	<b>14,978</b>	<b>19,476</b>

## Note 7B: Segmental income

Income received according to the Authority's operating segments is analysed as follows:

Services	2022/23	2023/24
	Income from services £'000	Income from services £'000
People Directorate	(177,480)	(186,873)
Place Directorate	(26,899)	(25,880)
Resources Directorate	(39,491)	(41,839)
Chief Executive	(43)	(39)
<b>Total income analysed on a segmental basis</b>	<b>(243,913)</b>	<b>(254,631)</b>

## Note 8: Adjustments between Accounting Basis and Funding Basis under Regulations

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are summarised as follows:

2023/24	Usable reserves			Movement in unusable reserves £'000	
	General fund £'000	Capital receipts reserve £'000	Capital grants unapplied account £'000		
<b>Adjustments to revenue resources</b>					
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>					
Deployment of Dedicated Schools Grant (DSG) - transferred to the DSG Adjustment Account		4,689	0	0	(4,689)
Pension costs (transferred to (or from) the Pension Reserve)		2,616	0	0	(2,616)
Council Tax and NNDR (transferred to (or from) the Collection Fund Adjustment Account)		9,863	0	0	(9,863)
Holiday pay (transferred to (or from) the Accumulated Absences Account)		98	0	0	(98)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)		29,146			(29,146)
<b>Total adjustment to revenue resources</b>		<b>46,412</b>	<b>0</b>	<b>0</b>	<b>(46,412)</b>
<b>Adjustments between revenue and capital resources</b>					
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)		(3,936)	0	0	3,936
<b>Total adjustments between revenue and capital resources</b>		<b>(3,936)</b>	<b>0</b>	<b>0</b>	<b>3,936</b>
<b>Adjustments to capital resources</b>					
Use of the Capital Receipts Reserve to finance capital expenditure			(4,061)		4,061
Use of the Capital Receipts Reserve to finance transformation projects		2,543	(2,543)		0
Application of capital grants to capital financing transferred to the Capital Adjustment Account		(23,062)		(2,416)	17,895
Application of capital expenditure amounts within the Capital Grants Unapplied Account		(2,481)	10,063		(7,582)
<b>Total adjustments to capital resources</b>		<b>(23,000)</b>	<b>3,459</b>	<b>(2,416)</b>	<b>14,374</b>



## Note 8: Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Comparative figures for 2022/23 are as follows:

2022/23	Usable reserves			Movement in unusable reserves
	General fund	Capital receipts reserve	Capital grants unapplied account	
	£'000	£'000	£'000	£'000
<b>Adjustments to revenue resources</b>				
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>				
Deployment of Dedicated Schools Grant (DSG) - transferred to the DSG Adjustment Account	1,796	0	0	(1,796)
Pension costs (transferred to (or from) the Pension Reserve)	15,952	0	0	(15,952)
Council Tax and NNDR (transferred to (or from) the Collection Fund Adjustment Account)	(14,728)	0	0	14,728
Holiday pay (transferred to (or from) the Accumulated Absences Account)	31	0	0	(31)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	31,785	740	0	(32,525)
<b>Total adjustment to revenue resources</b>	<b>34,836</b>	<b>740</b>	<b>0</b>	<b>(35,576)</b>
<b>Adjustments between revenue and capital resources</b>				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(8,347)	0	0	8,347
<b>Total adjustments between revenue and capital resources</b>	<b>(8,347)</b>	<b>0</b>	<b>0</b>	<b>8,347</b>
<b>Adjustments to capital resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(4,359)	0	4,359
Use of the Capital Receipts Reserve to finance transformation projects	623	(623)	0	0
Application of capital grants to capital financing transferred to the Capital Adjustment Account	(22,961)	0	(2,379)	25,340
Application of capital expenditure amounts within the Capital Grants Unapplied Account	932	0	(932)	0
<b>Total adjustments to capital resources</b>	<b>(21,406)</b>	<b>(4,982)</b>	<b>(3,311)</b>	<b>29,699</b>
<b>Total adjustments</b>	<b>5,083</b>	<b>(4,242)</b>	<b>(3,311)</b>	<b>2,470</b>

## Note 9: Movements in Earmarked General Fund Reserves

Balance at 1 April 2022	Transfers out 2022/23	Transfers in 2022/23	Balance at 31 March 2023	Movements in earmarked general fund reserves	Balance at 1 April 2023	Transfers out 2023/24	Transfers in 2023/24	Balance at 31 March 2024
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
11,022	(510)	3,460	13,972	Balances held by schools under a scheme of delegation	13,972	(3,000)	1,097	12,070
1,140	(79)	89	1,150	Self-insurance fund	1,150	(244)	94	1,000
670	(342)	0	328	Council tax volatility reserve	328	(328)	0	0
20,951	(20,028)	1,986	2,909	Specific earmarked reserves	2,909	(1,499)	271	1,681
1,070	(1,070)	0	0	Other earmarked reserves	0	0	797	797
<b>34,853</b>	<b>(22,028)</b>	<b>5,535</b>	<b>18,359</b>	<b>Total earmarked general fund reserves</b>	<b>18,359</b>	<b>(5,070)</b>	<b>2,259</b>	<b>15,548</b>

## Note 10: Other operating expenditure

Other operating expenditure reported includes Parish Council precepts costs, all levies payable and losses generated from the in-year disposal of non-current assets.

2022/23		2023/24
Net expenditure	Other operating expenditure	Net expenditure
£'000		£'000
(134)	Loss/(gain) on the disposal of non-current assets	5,547
4,678	Parish council precepts	4,959
163	Levies	176
(716)	Miscellaneous amounts	0
<b>3,991</b>	<b>Total</b>	<b>10,683</b>

## Note 11: Financing and investment income and expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included. It also includes the interest element of the pension fund liability.

2022/23		2023/24
Net Expenditure	Financing and investment income and expenditure	Net Expenditure
£'000		£'000
7,122	Interest payable and similar charges	8,506
7,953	Net interest on the net defined benefit liability	6,211
(1,072)	Interest receivable and similar income	(1,106)
3,186	Income, expenditure and the changes in the fair value of investment properties	1,762
<b>17,189</b>		<b>15,373</b>

## Note 12: Taxation and non-specific grant income and expenditure

This note consolidates all non-specific grants and contributions receivable that cannot be identified with individual service expenditure and therefore cannot be credited to the gross income amount relevant to the service area. All capital grants and contributions are credited to non-specific grant income even if service-specific. The note also identifies the Council's proportion of council tax and business rates used to fund in-year service activities.

2022/23		2023/24
Net income	Taxation and non-specific grant income and expenditure	Net income
£'000		£'000
(113,605)	Council tax income	(120,705)
(14,999)	Business Rate Retention Scheme	(16,730)
(201)	Other income	200
(12,317)	Non-ringfenced government grants	(19,207)
(22,961)	Capital grants and contributions	(27,784)
<b>(164,083)</b>	<b>Total</b>	<b>(184,226)</b>

## Note 13: Income and expenditure analysed by nature

2022/23 £'000	The authority's income and expenditure is analysed as follows:	2023/24 £'000
271,802	Other service expenses	268,587
161,202	Employee benefit expenses	161,342
23,582	Depreciation, amortisation, impairment	20,306
7,122	Interest payments	8,506
4,841	Precepts and levies	5,136
(134)	Gain/(loss) on disposal of assets	5,547
<b>468,415</b>	<b>Total expenditure</b>	<b>469,425</b>
(73,417)	Fees, charges and other service income	(79,927)
(155,735)	Income from council tax and business rates	(137,435)
(210,943)	Government grants and contributions	(225,529)
(1,072)	Interest and investment income	(1,107)
0	Other income	0
<b>(441,167)</b>	<b>Total income</b>	<b>(443,997)</b>
<b>27,248</b>	<b>Surplus or deficit on the provision of services</b>	<b>25,428</b>

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## Note 14: Property, Plant and Equipment

The Accounting Policies for Property, Plant and Equipment are disclosed in Note 1-Section 21.

Movements in year 2023/24						
	Other land and buildings	Vehicles, plant, furniture & equipment	Community assets	Surplus assets	Assets under construction	Total property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation 1st April 2023</b>	358,094	23,655	132	2,484	177	384,542
Additions	15,788	2,740	0	0	1,707	20,235
Revaluation increases / (decreases) recognised in the revaluation reserve	13,275	0	2,859	0	0	16,134
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(1,124)	0	32	0	0	(1,091)
Derecognition - disposals	0	0	0	0	0	0
Derecognition - other	(4,401)	0	0	0	(19)	(4,420)
Asset reclassifications	(3,848)	0	2,484	(2,484)	0	(3,848)
Other movements in cost or valuation	(343)	0	0	0	0	(343)
<b>As 31 March 2024</b>	<b>377,442</b>	<b>26,395</b>	<b>5,507</b>	<b>(0)</b>	<b>1,865</b>	<b>411,209</b>
<b>Accumulated depreciation and impairment 1st April 2023</b>	<b>(6,303)</b>	<b>(12,584)</b>	<b>(0)</b>	<b>(1)</b>	<b>0</b>	<b>(18,888)</b>
Depreciation charge	(4,323)	(3,138)	(0)	0	0	(7,461)
Depreciation written out to the revaluation reserve	1,933	0	0	0	0	1,933
Depreciation written out to the surplus/deficit on the provision of services	762	0	0	0	0	762
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	0	0	0	(0)	(0)	0
Derecognition-disposals	0	0	0	0	0	0
Derecognition-other	2	0	0	0	0	2
Other movements in depreciation and impairment	14	0	0	0	0	14
<b>At 31 March 2024</b>	<b>(7,914)</b>	<b>(15,722)</b>	<b>(1)</b>	<b>(1)</b>	<b>(0)</b>	<b>(23,638)</b>
<b>Net book value</b>						
<b>At 31 March 2024</b>	<b>369,528</b>	<b>10,673</b>	<b>5,506</b>	<b>(1)</b>	<b>1,865</b>	<b>387,571</b>
<b>At 31 March 2023</b>	<b>351,792</b>	<b>11,071</b>	<b>131</b>	<b>2,483</b>	<b>177</b>	<b>365,654</b>

## Note 14: Property, Plant and Equipment (continued)

### Movements in year 2022/23

	Other land and buildings	Vehicles, plant, furniture & equipment	Community assets	Surplus assets	Assets under construction	Total property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation 1st April 2022</b>	351,803	21,064	132	2,483	143	375,625
Additions	10,907	4,618	0	0	34	15,559
Revaluation increases / (decreases) recognised in the revaluation reserve	50	0	0	0	0	50
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(4,059)	0	0	0	0	(4,059)
Derecognition - disposals	0	0	0	0	0	0
Derecognition - other	0	(2,027)	0	0	0	(2,027)
Assets reclassified (to) / from held for sale	(606)	0	0	0	0	(606)
Other movements in cost or valuation	0	0	0	0	0	0
<b>As 31 March 2023</b>	<b>358,095</b>	<b>23,655</b>	<b>132</b>	<b>2,483</b>	<b>177</b>	<b>384,542</b>
<b>Accumulated depreciation and impairment 1st April 2022</b>	<b>(4,825)</b>	<b>(12,289)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,114)</b>
Depreciation charge	(4,254)	(2,322)	0	0	0	(6,576)
Depreciation written out to the revaluation reserve	1,808	0	0	0	0	1,808
Depreciation written out to the surplus/deficit on the provision of services	968	0	0	0	0	968
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0
Derecognition-other	0	2,027	0	0	0	2,027
Other movements in depreciation and impairment	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>(6,303)</b>	<b>(12,584)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,887)</b>
<b>Net book value</b>						
<b>At 31 March 2023</b>	<b>351,792</b>	<b>11,071</b>	<b>132</b>	<b>2,483</b>	<b>177</b>	<b>365,655</b>
<b>At 31 March 2022</b>	<b>346,978</b>	<b>8,775</b>	<b>132</b>	<b>2,483</b>	<b>143</b>	<b>358,511</b>

## Note 14.1: Infrastructure Assets

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Gross cost and accumulated depreciation amounts for infrastructure assets for the 2023/24 and 2022/23 financial years have not been reported as there is currently no established methodology that can be applied to accurately apportion gross book values between cost and depreciation. The net book values of infrastructure assets disclosed in the note in respect of both financial years are unaffected, and the Council has concluded that this presentation does not have a materially adverse impact upon the understandability of the financial statements.

Movements in year 2023/24	
	Infrastructure assets £'000
<b>Cost or valuation 1st April 2023</b>	204,876
Additions	19,964
Revaluation increases / (decreases) recognised in the revaluation reserve	0
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	0
Derecognition - disposals	0
Derecognition - other	0
Assets reclassified (to) / from held for sale	0
Other movements in cost or valuation	0
Depreciation charge	(6,845)
Depreciation written out to the revaluation reserve	0
Depreciation written out to the surplus / deficit on the provision of services	0
Impairment losses / (reversals) recognised in the surplus / deficit on the provision of services	0
Derecognition - disposals	0
Derecognition - other	0
<b>Net Book Value 31 March 2024</b>	<b>217,996</b>
<b>Note 14.1: Infrastructure Assets</b>	
Movements in year 2022/23	
	Infrastructure assets £'000
<b>Cost or valuation 1st April 2022</b>	196,565
Additions	14,550
Revaluation increases / (decreases) recognised in the revaluation reserve	0
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	0
Derecognition - disposals	0
Derecognition - other	(1,209)
Assets reclassified (to) / from held for sale	0
Other movements in cost or valuation	0
Depreciation charge	(6,238)
Depreciation written out to the revaluation reserve	0
Depreciation written out to the surplus / deficit on the provision of services	0
Impairment losses / (reversals) recognised in the surplus / deficit on the provision of services	0
Derecognition - disposals	0
Derecognition - other	1,209
<b>Net Book Value 31 March 2022</b>	<b>204,876</b>

## Note 14.2: Revaluations

	Other land and buildings	Vehicles, plant, furniture & equipment	Infrastructure	Community assets	Surplus assets	Assets under construction	Total property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at historical cost</b>	14,548	10,673	217,996	37	0	1,865	245,119
<b>Valued at current value as at:</b>							
31st March 2024	93,509	0	0	2,891	0	0	96,400
31st March 2023	96,643	0	0	2,484	0	0	99,127
31st March 2022	85,015	0	0	94	0	0	85,109
31st March 2021	20,336	0	0	0	0	0	20,336
31st March 2020	59,476	0	0	0	0	0	59,476
<b>Total cost or valuation</b>	<b>369,527</b>	<b>10,673</b>	<b>217,996</b>	<b>5,506</b>	<b>0</b>	<b>1,865</b>	<b>605,567</b>

## Note 15: Heritage Assets

The Royal Berkshire Archives (RBA) holds the historic archives of the Royal County of Berkshire. Located in Reading, the building was built and is owned by West Berkshire Council on land owned by Reading Borough Council. The staff are employed by Reading Borough Council. The purpose of the RBA is to locate and preserve archives and records relating to the Royal County of Berkshire and its people, and make them available for all to research. Established in 1948, the RBA is run as a joint service for the six district Councils that provide local services in Berkshire - [www.royalberkshirearchives.org.uk](http://www.royalberkshirearchives.org.uk)

The West Berkshire Museum is a Council service. It is responsible for the protection and care of approximately 35,000 objects relating to the history of the district from prehistoric times to the present day -

<https://westberkshireremuseumcollections.org/>. The collections are grouped into the following categories: Archaeology, Archive, Costume, Decorative Art, Ephemera, Fine Art, Geology, Horology, Jewellery, Map, Militaria, Natural History, Numismatics, Photograph, Trade and Industry, Social History. The majority of objects in the collection have been gifted and have local significance. Subject to the approval of the Museum Collections Development Panel, the Museum may dispose of items from the collection, although this will only happen in exceptional circumstances, for example when the item does not fit the criteria of the Acquisition and Disposal Policy, the item is a hazard to health, or the condition of the item is so poor it can no longer be appropriately displayed or cared for.

The Museum acquires archaeology declared as Treasure through the Portable

Antiquities Scheme and has done so since the scheme started in 1997. Following the declaration of Treasure, the items go through two valuation processes, the second settling on a market value agreed by the Treasure Valuation Committee (TVC) administered by the Treasure Section at the British Museum. The collective value of Treasure acquired by the Museum to date is £121,590.

Officers have determined that other assets held are of local cultural significance but are not of a sufficiently material valuation in the context of this Statement of Accounts.

The Council has however commenced a project to obtain current values of the Museum collections for insurance purposes and plan to do this in stages.



## Note 16.1: Investment Properties

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

Income and expense have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement	2022/23	2023/24
	£'000	£'000
Rental income from investment properties	4,076	3,968
(Upward) / downward revaluations	(7,112)	(5,210)
Direct operating expenses arising from investment property	(149)	(521)
<b>Net gain / (loss)</b>	<b>(3,187)</b>	<b>(1,762)</b>

Movement in the fair value of investment properties	2022/23	2023/24
	£'000	£'000
<b>Balance at start of the year</b>	72,556	65,415
<b>Additions:</b>		
Purchases	(29)	0
Construction	0	0
Subsequent expenditure	0	0
<b>Disposals</b>	0	(6,835)
Net gains / losses from fair value adjustments	(7,112)	(5,210)
<b>Transfers:</b>		
to / from inventories	0	0
to / from property, plant and equipment	0	0
Other changes	0	331
<b>Balance at end of the year</b>	<b>65,415</b>	<b>53,701</b>

There have been no changes in the techniques used to value Investment Properties during 2023/24

## Note 16.2: Fair value hierarchy of Investment Properties

Fair Value measurements using:	Quoted prices in active markets indicated assets (Level 1)	Other significant observable inputs (level 2)	Significant observable inputs (level 3)	Fair Value at at 31 March 2024	
	£'000	£'000	£'000	£'000	
Commercial units		0	53,701	0	53,701
<b>Net gain / (loss)</b>		<b>0</b>	<b>53,701</b>	<b>0</b>	<b>53,701</b>

Fair Value Hierarchy 2022/23

Fair Value measurements using:	Quoted prices in active markets indicated assets (Level 1)	Other significant observable inputs (level 2)	Significant observable inputs (level 3)	Fair Value at at 31 March 2024	
	£'000	£'000	£'000	£'000	
Commercial units		0	65,415	0	65,415
<b>Net gain / (loss)</b>		<b>0</b>	<b>65,415</b>	<b>0</b>	<b>65,415</b>

### Fair value measurement of non-financial assets:

The Authority's accounting policy for fair value measurement of financial assets is disclosed in Note 1.26. The Authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

a) in the principal market for the asset; or

b) in the absence of a principal market, in the most advantageous market for the asset.

The Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances

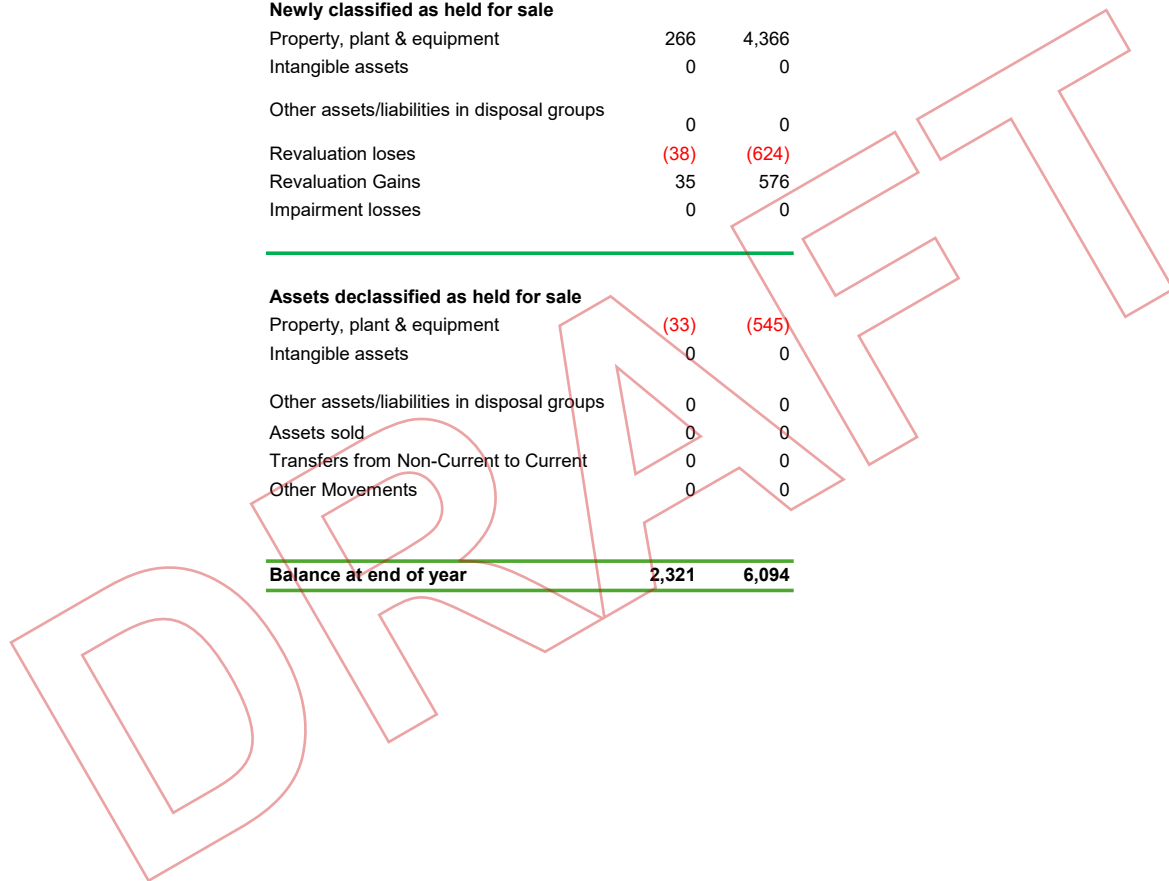
and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Level 2 assets are financial assets and liabilities that do not have regular market pricing but whose fair values can be determined based upon other data or market prices. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets which are not active and inputs (other than quoted prices) that are observable for the asset or liability, examples including implied volatilities and credit spreads.

No transfers within the applicable asset categories have occurred during 2023/24.

## Note 16.3: Assets Held for Sale

### Movements in year 2023/24

	22/23 £000s	23/24 £000s
<b>Balance at start of year</b>	2,091	2,321
<b>Newly classified as held for sale</b>		
Property, plant & equipment	266	4,366
Intangible assets	0	0
Other assets/liabilities in disposal groups	0	0
Revaluation losses	(38)	(624)
Revaluation Gains	35	576
Impairment losses	0	0
<b>Assets declassified as held for sale</b>		
Property, plant & equipment	(33)	(545)
Intangible assets	0	0
Other assets/liabilities in disposal groups	0	0
Assets sold	0	0
Transfers from Non-Current to Current	0	0
Other Movements	0	0
<b>Balance at end of year</b>	<b>2,321</b>	<b>6,094</b>





## Note 18: Financial Instruments

The Accounting Policies for Financial Instruments are disclosed in Note 1-Section 26.

### Note 18.1: Financial Assets and Liabilities

The following categories of Financial Instruments are carried in the Balance Sheet:

2022/23					2023/24					
Non - current Investments £'000s	Debtors £'000s	Current Investments £'000s	Debtors £'000s	Total £'000s	Financial Assets	Non - current Investments £'000s	Debtors £'000s	Current Investments £'000s	Debtors £'000s	Total
0	0	14,386	0	14,386	Fair value through profit or loss	0	0	11,666	0	11,666
0	0	0	0	0	Amortised cost - soft loans	0	0	0	0	0
		6,285	19,621	25,906	Amortised cost - other			5,607	24,687	30,294
0	0	0	0	0	Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0
0	0	0	0	0	Fair value through other comprehensive income - other	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>20,671</b>	<b>19,621</b>	<b>40,292</b>	<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>17,274</b>	<b>24,687</b>	<b>41,961</b>
					Non - financial assets					0
<b>0</b>	<b>0</b>	<b>20,671</b>	<b>19,621</b>	<b>40,292</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>17,274</b>	<b>24,687</b>	<b>41,961</b>

2022/23					2023/24					
Non - current Borrowings £'000s	Creditors £'000s	Current Borrowings £'000s	Creditors £'000s	Total £'000s	Financial liabilities	Non - current Borrowings £'000s	Creditors £'000s	Current Borrowings £'000s	Creditors £'000s	Total
0	0	0	0	0	Fair value through profit or loss	0	0	0	0	0
191,780	0	8,780	31,681	232,241	Amortised cost	211,133	0	47,647	35,418	294,198
<b>191,780</b>	<b>0</b>	<b>8,780</b>	<b>31,681</b>	<b>232,241</b>	<b>Total financial liabilities</b>	<b>211,133</b>	<b>0</b>	<b>47,647</b>	<b>35,418</b>	<b>294,198</b>
0	0	0	0	0	Non - financial liabilities	0	0	0	0	0
<b>191,780</b>	<b>0</b>	<b>8,780</b>	<b>31,681</b>	<b>232,241</b>	<b>Total</b>	<b>211,133</b>	<b>0</b>	<b>47,647</b>	<b>35,418</b>	<b>294,198</b>

Debtors and Creditors figures included in the financial instruments note do not include include statutory debtors and creditors.

## Note 18.2: Financial Instruments

Income, expense, gains and losses:

2022/23		2023/24	
Surplus or deficit on the provision of services	Income, expense, gains and losses	Surplus or deficit on the provision of services	
£'000s		£'000s	
	<b>Net (gains)/losses on interest income/expenditure:</b>		
(1,072)	Investment income/interest	(1,107)	
7,122	Interest expense	8,506	
<b>6,050</b>	<b>Total Interest Revenue</b>	<b>7,399</b>	

## Note 18.3: Fair Values of Financial Assets and Liabilities

The fair values of financial assets and liabilities held by the Authority are carried in the Balance Sheet at amortised cost. The fair values can be estimated by calculating the present value of cash flows that will be generated during the remaining life of the applicable instrument. The fair values attached to borrowings often differ to their carrying amounts due to interest rate variances, in that average rates of interest on the Council's borrowings are often higher than current rates for new borrowing.

2022/23		2023/24	
Carrying amount	Fair value	Carrying amount	Fair value
£'000s	£'000s	£'000s	£'000s
181,973	170,262	202,242	162,882
8,780	8,780	46,732	46,732
31,681	31,681	35,418	35,418
9,807	10,719	8,892	9,892
<b>232,241</b>	<b>221,442</b>	<b>293,283</b>	<b>254,923</b>

\*fair value of financial liabilities is calculated with reference to the new loan rate. If the premature repayment rate is used the total fair value would be £272,247k.

2022/23		2023/24	
Carrying amount	Fair value	Carrying amount	Fair value
£'000s	£'000s	£'000s	£'000s
14,386	14,386	11,666	11,666
5,284	5,284	5,607	5,613
1,000	1,000	0	0
19,621	19,621	24,687	24,687
0	0	0	0
<b>40,291</b>	<b>40,291</b>	<b>41,961</b>	<b>41,966</b>

## Note 18.4 Fair value hierarchy

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

- Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.
- Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs: unobservable inputs for the asset or liability

### Transfers between Levels of the fair value hierarchy

There were no transfers between Input Levels during the year.

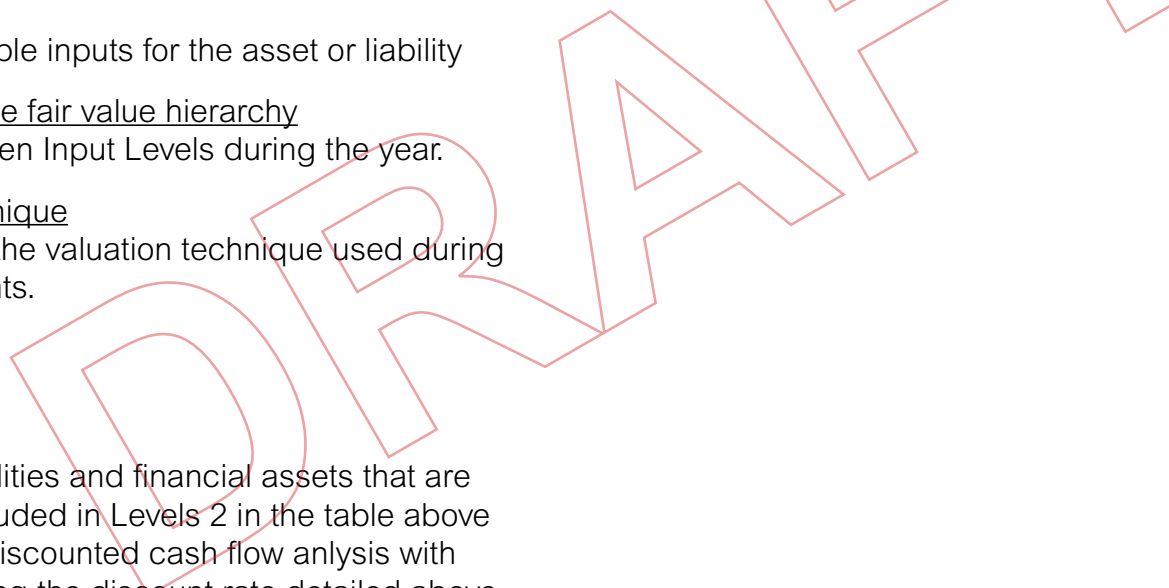
### Changes in the valuation technique

There has been no change in the valuation technique used during the year for financial instruments.

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the current market rates.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/03/23 £'000	As at 31/03/24 £'000
<b>Financial liabilities held at amortised cost:</b>				
PWLB	Level 2	Other significant observable inputs	186,284	206,566
Non-PWLB	Level 2	Other significant observable inputs	607	407
Short term debt	Level 2	Other significant observable inputs	3,000	42,000
PFI and finance lease liabilities	Level 2	Other significant observable inputs	10,670	9,807
<b>Total</b>			<b>200,561</b>	<b>258,780</b>
<b>Financial assets:</b>				
Financial assets held at amortised cost	Level 2	Other significant observable inputs	6,285	5,607
<b>Total</b>			<b>6,285</b>	<b>5,607</b>



## Note 19: Debtors

2022/23 (Restated)	Short-Term Debtors		2023/24
£'000	Note		£'000
8,454	1	Trade receivables	13,272
2,831		Prepayments	2,941
11,120	2	Council Tax & NNDR receivables	12,749
14,443	2	Other receivable amounts	28,538
<b>36,848</b>		<b>Total</b>	<b>57,500</b>

**Notes:**

- 1) See Note 40.3: Prior-Period Adjustments
- 2) These were combined as one figure of £25,563k in the 22/23 draft statement of accounts

## Note 19.1: Long term Debtors

2022/23 (Restated)	Long-Term Debtors		2023/24
£'000	Note		£'000
2,430	1	Adults Social Care - Deferred Debt	2,432
<b>2,430</b>		<b>Total</b>	<b>2,432</b>

**Note:**

- 1) See Note 40.3: Prior-Period Adjustments

## Note 20: Cash and cash equivalents

The balance of Cash and cash equivalents comprises the following elements:

2022/23	Cash and cash equivalents		2023/24
£'000			£'000
	0	Cash held by the authority	0
19,670		Bank accounts and other cash deposits	17,274
<b>19,670</b>		<b>Total</b>	<b>17,274</b>

## Note 21: Creditors

2022/23	Creditors		2023/24
£'000			£'000
25,347		Trade payables	28,194
4,679		Receipts in advance	4,139
36,212		Other payables	19,382
<b>66,238</b>		<b>Total</b>	<b>51,715</b>



## Note 22: Provisions

Business Rates appeals are split between preceptors on a % allocation basis. The Council's precept share of the Collection Fund remained unchanged at 49% (as at 31 March 2024).

Balance at 1 April 2023  
 Additional provisions made in 2023/24  
 Amounts used in 2023/24  
**Balance at 31 March 2024**

Business rates provision for appeals £'000	Energy charges dispute provision £'000	Sub-total of current provisions £'000	Crookham (extraction of minerals) provision £'000	Sub-total of long-term provisions £'000	Total £'000
1,268	0	1,268	9	9	1,277
1,715	69	1,784	0	0	1,784
(1,268)	0	(1,268)	0	0	(1,268)
<b>1,715</b>	<b>69</b>	<b>1,784</b>	<b>9</b>	<b>9</b>	<b>1,793</b>

### Business rates provision for appeals

This provides for likely appeals by businesses challenging the rateable value of their property. Business rates appeals are split between preceptors. The council's share of the provision is 49%, resulting in the amounts shown above.

### Energy charges dispute provision

This provides for amounts relating to energy costs for a shared use facility.

Comparative figures for 2022/23 are as follows:

Balance at 1 April 2022  
 Additional provisions made in 2022/23  
 Amounts used in 2022/23  
**Balance at 31 March 2023**

Business rates provision for appeals £'000	Energy charges dispute provision £'000	Sub-total of current provisions £'000	Crookham (extraction of minerals) provision £'000	Sub-total of long-term provisions £'000	Total £'000
1,649	0	1,649	9	9	1,658
1,082	0	1,082	0	0	1,082
(1,463)	0	(1,463)	0	0	(1,463)
<b>1,268</b>	<b>0</b>	<b>1,268</b>	<b>9</b>	<b>9</b>	<b>1,277</b>

## Note 23: Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement in Reserves Statement.

## Note 24: Unusable Reserves

2022/23		2023/24
£'000	Unusable reserves	£'000
183,780	Revaluation reserve	196,479
177,272	Capital adjustment account	178,935
(123,508)	Pension reserve	(107,463)
(4,761)	Dedicated schools grant (DSG) adjustment account	(9,450)
5,065	Collection fund adjustment account	(4,798)
(4,552)	Accumulated absences account	(4,650)
<b>233,295</b>	<b>Total unusable reserves</b>	<b>249,053</b>

The Council holds no unusable Financial Instruments Reserves as all applicable balances are short-term in nature, and none meet the definition of a Reserve.

### Note 24.1: Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and 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 Sheet within the Capital Adjustment Account.

2022/23		2023/24
£'000	Revaluation Reserve	£'000
<b>183,643</b>	<b>Balance at 1 April</b>	<b>183,780</b>
12,186	Upward revaluation of assets	21,052
	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(3,436)
(10,099)	Surplus or deficit on the revaluation of non-current assets not posted to the surplus/deficit on the provision of services	17,616
<b>2,087</b>		
(1,798)	Difference between fair value depreciation and historical cost depreciation	(1,814)
(152)	Accumulated losses on assets sold or scrapped	(3,103)
(1,950)	Amount written to the capital account	(4,917)
<b>183,780</b>	<b>Balance at 31 March</b>	<b>196,479</b>

## Note 24.2: Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also 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. Note 8 provides details of the source of all transactions posted to the account, apart from those involving the Revaluation Reserve.

2022/23	Capital Adjustment Account	2023/24
£'000		£'000
<b>169,800</b>	<b>Balance at 1 April</b>	<b>177,271</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
(12,815)	Charges for depreciation and impairment of non-current assets	(12,536)
(3,105)	Revaluation gains/(losses) on property, plant and equipment	(15)
(550)	Amortisation of intangible assets	(732)
(8,538)	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	(5,892)
(453)	Non - current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(8,519)
	200 Gain on recognition of donated assets	(200)
<b>(25,261)</b>		<b>(27,894)</b>
	1,796 Adjusting amounts written out of the Revaluation Reserve	0
<b>(23,465)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(27,894)</b>
<b>Capital financing applied in the year:</b>		
25,340	Application of grants to capital financing from the Capital Grants Unapplied Account	26,771
4,359	Use of the Capital Receipts Reserve to finance capital expenditure	4,061
8,347	Statutory provision for the financing of capital investment charged against the General Fund	3,936
<b>38,046</b>		<b>34,768</b>
(7,110)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(5,210)
<b>177,271</b>	<b>Balance at 31 March</b>	<b>178,935</b>

## Note 24.3: Collection Fund Adjustment Account

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

2022/23		2023/24
£'000	Collection Fund Adjustment Account	£'000
<b>(670)</b>	<b>Council Tax - Balance at 1 April</b>	<b>(1,504)</b>
(834)	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	(344)
<b>(1,504)</b>	<b>Council Tax - balance at 31 March</b>	<b>(1,848)</b>
<b>(8,993)</b>	<b>Business Rates - Balance at 1 April</b>	<b>6,569</b>
15,562	Amount by which Business Rates income credited to the comprehensive income and expenditure statement is different from and Business Rates income calculated for the year in accordance with statutory requirements	(9,519)
<b>6,569</b>	<b>Business Rates - balance at 31 March</b>	<b>(2,950)</b>
<b>5,065</b>	<b>Collection Fund Adjustment Account balance at 31 March</b>	<b>(4,798)</b>

## Note 24.4: Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23		2023/24
£'000	Accumulated Absences Account	£'000
<b>(4,521)</b>	<b>Balance at 1 April</b>	<b>(4,552)</b>
(31)	Amount by which officers' remuneration charged to the Comprehensive Income and Expenditure Statement on the accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(98)
<b>(4,552)</b>	<b>Balance at 31 March</b>	<b>(4,650)</b>

## Note 24.5: 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 provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory accounting arrangements require benefits earned to be financed as the Authority makes employer contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources that the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000s	Pension Reserve	2023/24 £000s
(382,579)	<b>Balance at 1 April</b>	(123,508)
(382,579)	<b>Restated Balance 1 April</b>	(130,893)
275,023	Remeasurement of the net defined benefit liability	26,243
(33,527)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	(20,885)
17,575	Employer's pension contributions and direct payments to the pensioners payable in the year	18,072
(123,508)	<b>Balance at 31 March</b>	(107,463)

**Note:**

1) See Note 40.3: Prior-Period Adjustments

## Note 24.6: Dedicated Schools Grant (DSG) Adjustment Account

The Dedicated Schools Grant Adjustment Account houses the accumulated deficit on the Council's deployment of Dedicated Schools Grant as at 31 March 2024, with statutory accounting arrangements requiring an in-year transfer from the General Fund.

2022/23 £000s	Dedicated Schools Grant (DSG) Adjustment Account	2023/24 £000s
(2,965)	<b>Balance at 1 April</b>	(4,761)
(1,796)	In-year deficit arising from the deployment of Dedicated Schools Grant	(4,689)
<b>(4,761)</b>	<b>Balance at 31 March</b>	<b>(9,450)</b>

## Note 25: Cash flow statement - operating activities

The cashflows for operating activities include the following items:

2022/23 £'000	Cash flow statement - operating activities	2023/24 £'000
(1,072)	Interest received	(1,107)
7,122	Interest paid	8,506
<b>6,050</b>	<b>Total</b>	<b>7,399</b>
<b>Net (deficit)/surplus on the provision of services adjusted for non - cash movements:</b>		
12,814	Depreciation	14,306
0	Impairment	87
550	Amortisation	732
919	Increase/(decrease) in creditors	(8,998)
3,345	Decrease/(increase) in debtors	(18,269)
7	(Increase)/decrease in inventories	3
15,952	Movement in pension liability	2,616
9,651	Other non - cash items charged to the net (deficit)/surplus on the provision of services	5,724
<b>43,238</b>	<b>Total non-cash movements</b>	<b>(3,800)</b>

## Note 26: Cash flow statement - investing activities

The (deficit)/surplus on the provision of services has been adjusted for the following items that are investing activities:

2022/23		2023/24
£'000	Cash flow statement - investing activities	£'000
	Purchase of property, plant and equipment, investment properties and intangible assets	(41,631)
(31,010)	0 Other payments for investing activities	0
	Proceeds from the sale of property, plant and equipment, investment properties and intangible assets	5,548
(134)	17,016 Other receipts from investing activities	(1,432)
<b>(14,128)</b>	<b>Net cash flows from investing activities</b>	<b>(37,515)</b>

## Note 27: Cash flow statement - financing activities

The (deficit)/surplus on the provision of services has been adjusted for the following items that are financing activities:

2022/23		2023/24
£'000	Cash flow statement - financing activities	£'000
8,980	Cash receipts of short-term borrowings and long-term borrowings	47,849
(813)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance-sheet PFI contracts	(863)
(10,888)	Repayments of short-term borrowings and long-term borrowings	11,286
<b>(2,721)</b>	<b>Net cash flows from financing activities</b>	<b>58,272</b>

## Note 28: Pooled Budgets

The pooled budget for Berkshire Community Equipment Service was established on 1 April 2012 under Section 31 of the Health Act 1999. A Section 75 agreement exists between the six Unitary Authorities in Berkshire and the two NHS Clinical Commissioning Groups covering the same geographical area. The pooled budget arrangement is administered by the lead authority, West Berkshire Council, on behalf of the partnership. The aim of the partnership is, through their collective purchasing power, to ensure cost-effective service delivery for the population of Berkshire.

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

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

2022/23	2023/24
<b>Berkshire Community Equipment Service</b>	
£'000	£'000
<b>Funding provided to the pooled budget:</b>	
(1,036) West Berkshire	(1,058)
(6,745) Berkshire clinical commissioning groups	(7,865)
(3,379) Other unitary authorities	(4,154)
(104) Other (Ltd / CIC)	(172)
<b>(11,265) Total income</b>	<b>(13,249)</b>
<b>Expenditure met from pooled budget:</b>	
1,036 West Berkshire	1,058
6,745 Berkshire clinical commissioning groups	7,865
3,379 Other unitary authorities	4,154
104 Other (Ltd / CIC)	172
<b>11,265 Total Expenditure</b>	<b>13,249</b>

2022/23	2023/24
<b>Better Care Fund (Revenue)</b>	
£'000	£'000
<b>Funding provided to the pooled budget:</b>	
(6,711) NHS Berkshire West CCG	(7,222)
<b>(6,711) Total income</b>	<b>(7,222)</b>
<b>Expenditure met from the pooled budget:</b>	
West Berkshire:	
937 Physical Support	987
723 Memory & Cognition Support	770
2,380 Learning Disabilities Support	2,527
735 Carers Support	780
1,708 Reablement	1,676
228 Other	481
<b>6,711 Total expenditure</b>	<b>7,221</b>



## Note 29: Members Allowances

The Authority paid the following amounts to Members of the Authority during the year:

2022/23 £'000	Members' Allowances	2023/24 £'000
520	Salaries	520
10	Car allowances	7
0	Expenses	1
<b>530</b>	<b>Total</b>	<b>528</b>

## Note 30.1: Officer Remuneration

The remuneration paid to senior officers was as follows:

Senior Officers' Remuneration	Note	Salary, fees and allowances		Bonuses	Expenses	Benefits in kind	Pension contributions	Total
		£	£					
Chief Executive - Nigel Lynn	2023/24	161,087	0	430	0	27,777	189,294	
	2022/23	154,715	0	443	0	37,868	193,026	
Executive Director - People (see Note Q below)	2023/24	A + Q	60,908	0	180	0	10,098	71,186
Executive Director - People	2022/23	B	29,857	0	0	95	7,307	37,259
Executive Director - People	2022/23	C	119,589	0	104	0	28,903	148,596
Executive Director - People-ASC (see Note Q below)	2023/24	D + Q	75,062	0	0	0	12,971	88,033
Executive Director - People-Children Services	2023/24		64,784	0	256	0	11,196	76,235
Executive Director - Place - Clare Lawrence	2023/24		130,399	0	393	0	22,516	153,309
Executive Director - Place	2022/23		8,767	0	0	0	2,145	10,912
Executive Director - Place	2022/23	E	63,013	0	0	0	15,420	78,433
Executive Director - Place	2022/23	F	65,064	0	0	0	15,922	80,986
Executive Director - Resources - Joseph Holmes	2023/24		135,875	0	0	0	23,481	159,356
	2022/23		133,806	0	0	0	32,746	166,552
Head of Education	2023/24		81,479	0	239	0	14,029	95,746
Head of Education	2022/23	G	35,742	0	0	0	8,740	44,481
Head of Education	2022/23	H	54,688	0	2,042	57	12,656	69,443
Service Director - Strategy and Governance	2023/24		125,109	0	0	0	21,618	146,727
	2022/23		97,214	0	0	0	23,781	120,995
Service Director - Communities and Wellbeing	2023/24		97,721	0	0	0	(2,055)	95,667
Service Director - Communities and Wellbeing	2022/23	I	8,400	0	0	0	2,055	10,454
Service Director - Communities and Wellbeing	2022/23	J	44,593	0	0	0	10,908	55,501
Service Director - Development and Regulation	2023/24	K	0	0	0	0	0	0
	2022/23	L	49,941	0	0	0	12,016	61,957
Service Director - Environment	2023/24		103,120	0	5	0	17,724	120,849
	2022/23		97,214	0	68	120	23,781	121,183
Service Director - Adult and Social Care	2023/24	M	96,472	0	187	0	16,595	113,254
	2023/24	N	90,326	0	49	0	15,580	105,955
	2022/23	O	75,218	0	0	93	18,396	93,707
Service Director Transformation	2023/24	P	78,017	0	0	0	13,457	91,474

Notes:

A: This post was deleted in June 2023

B: Ex-employee from Jan 2023 - Mar 2023

C: Previous employee left Feb 2023

D: This post was created in June 2023

E: Ex-employee in post from Sept 2022 - Mar 2023

F: Previous employee left Sept 2022

G: Ex-employee from Oct 2022 - Mar 2023

H: Previous employee left Oct 2022

I: Employee from Mar 2023

J: Previous employee from Sept 2022 - Mar 2023

K: Post vacant for financial year 2023-24

L: Post vacant from Oct 2022 - Mar 2023

M: This post was covered by 2 Acting Service Directors for 2023-24

N: This post was covered by 2 Acting Service Directors for 2023-24

O: Previous employee left Jan 2023

P: This post was created in June 2023

Q: Both posts were occupied by Paul Coe, whose total remuneration

was therefore £71,186 + £88,033 = £159,219

## Note 30.2: Officer Remuneration

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

2022/2023				2023/2024	
Council Employees	School Employees	Remuneration Band £		Council Employees	School Employees
67	89	50,000	54,999	88	88
30	53	55,000	59,999	47	64
45	24	60,000	64,999	25	36
14	17	65,000	69,999	30	22
15	16	70,000	74,999	13	16
13	9	75,000	79,999	18	15
4	15	80,000	84,999	6	9
2	6	85,000	89,999	3	12
2	2	90,000	94,999	0	6
0	0	95,000	99,999	3	0
2	1	100,000	104,999	2	2
2	2	105,000	109,999	1	1
0	1	110,000	114,999	0	2
1	0	115,000	119,999	1	1
0	0	120,000	124,999	0	0
1	2	125,000	129,999	0	0
1	0	130,000	134,999	0	0
1	1	135,000	139,999	1	2
1	1	140,000	144,999	1	0
0	0	145,000	149,999	2	0
0	0	150,000	154,999	1	1
0	0	155,000	159,999	1	0
0	0	165,000	169,999	0	0
1	0	170,000	174,999	0	0
<b>202</b>	<b>239</b>	<b>Total</b>		<b>243</b>	<b>277</b>

For completeness, the Council's senior officers (disclosed in Note 30.1) have been included within the employee totals for each financial year.

### Note 30.3: Exit packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

2022/23				2023/24				
(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band	(e) Total cost of exit packages in each band £'000	(a) Exit package cost band (including special payments) £	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band [(b) + (c)]	(e) Total cost of exit packages in each band £'000
				<b>Council employees</b>				
0	4	4	36	0 - 20,000	3	4	7	49
0	0	0	0	20,001 - 40,000	0	0	0	0
0	0	0	0	40,001 - 60,000	0	0	0	0
0	0	0	0	60,001 - 80,000	0	0	0	0
0	0	0	0	80,001 - 100,000	1	0	1	84
0	0	0	0	100,001 - 150,000	0	0	0	0
0	0	0	0	150,001-200,000	0	0	0	0
0	0	0	0	200,001-250,000	0	0	0	0
<b>0</b>	<b>4</b>	<b>4</b>	<b>36</b>	<b>Total</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>133</b>
				<b>School employees</b>				
7	3	10	36	0 - 20,000	5	2	7	39
1	1	2	53	20,001 - 40,000	0	0	0	0
0	0	0	0	40,001 - 60,000	0	0	0	0
0	0	0	0	60,001 - 80,000	0	0	0	0
0	0	0	0	80,001 - 100,000	0	0	0	0
0	0	0	0	100,001 - 150,000	0	0	0	0
<b>8</b>	<b>4</b>	<b>12</b>	<b>89</b>	<b>Total</b>	<b>5</b>	<b>2</b>	<b>7</b>	<b>39</b>

### Note 31: External audit costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the Authority's external auditor (Grant Thornton) and KPMG:

2022/23 £'000	External audit costs	2023/24 £'000
0	Fees payable to KPMG with regard to external audit services carried out for the year	272
127	Fees payable to Grant Thornton with regard to external audit services carried out for previous years (net refund in 23/24)	(109)
48	Fees payable in respect of housing benefit assurance audit to KPMG	42
5	Fees payable in respect of teachers' pension audit	0
<b>180</b>	<b>Total</b>	<b>204</b>

## Note 32: Disclosure of deployment of Dedicated Schools Grant

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

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

Details of the deployment of DSG received for 2023/24 is as follows:

	Central expenditure	2023/24 Individual schools budget	Total
	£'000	£'000	£'000
Final DSG before academy and high needs recoupment			167,418
Academy and high needs figure recouped			(52,008)
Total DSG after academy and high needs recoupment			<b>115,411</b>
<b>Agreed initial budgeted distribution for 2023/24</b>	<b>24,281</b>	<b>91,130</b>	<b>115,411</b>
In-year adjustments	(166)	0	(166)
<b>Final budget distribution for 2023/24</b>	<b>24,114</b>	<b>91,130</b>	<b>115,245</b>
Less: Actual central expenditure	(28,532)		(28,532)
Less: Actual ISB deployed to schools		(91,402)	(91,402)
<b>Carried forward to 2024/25</b>	<b>(4,418)</b>	<b>(272)</b>	<b>(4,689)</b>
DSG unusable reserve at end of 2022/23 - Note 24.6			(4,761)
Addition to DSG unusable reserve for 2023/24 - Note 24.6			(4,689)
<b>Total DSG unusable reserve at the end of 2023/24 - Note 24.6</b>			<b>(9,450)</b>
<b>Net DSG position at the end of 2023/24</b>			<b>(9,450)</b>

## Note 33.1: Grant Income

Agent and principal are key criteria in determining the accounting treatment of income amounts received. An agent arranges for a third party to provide services to an end customer whilst a principal directly provides those services. Accordingly, only those sums which are principal in nature have been treated as Authority income. All grant and contribution amounts received in 2023/24 and 2022/23 were assessed in detail, and the principal items below were credited to the Comprehensive Income and Expenditure Statement:

2022/23		2023/24
<b>Grants credited to taxation and non-specific grant income</b>		
<b>£'000</b>		<b>£'000</b>
<b>Non ring fenced government grants</b>		
7,870	Adult Social Care Support Grant	6,793
3,851	Collection Fund S31 Grants	9,632
0	Market Sustainability and Improvement Fund	1,486
1,205	New Homes Bonus	1,065
(609)	Other	1,128
<b>12,317</b>	<b>Total non ring fenced government grants</b>	<b>20,103</b>
<b>Capital Grants</b>		
17,219	Capital Grants & Contributions	23,024
4,824	Community Infrastructure Levy (CIL)	4,760
959	Section 106 Contributions	0
<b>23,002</b>	<b>Total capital government grants</b>	<b>27,784</b>
<b>Contributions, Reimbursements &amp; Donations from Government credited to services</b>		
<b>£'000</b>		<b>£'000</b>
108,879	Dedicated Schools Grant	115,410
24,055	Housing Benefit Subsidy	24,563
11,442	Learning Support Council, Skills & Education Funding Agencies	13,722
6,112	Public Health	6,341
2,312	Private Finance Initiative	2,312
1,809	Unaccompanied Asylum Seekers	2,106
1,365	Afghan Schemes Funding	2,104
1,390	Household Support Fund Grant	1,390
5,305	Homes for Ukraine Grant	1,142
2,122	Schools Supplementary Grant	1,065
977	Improved Better Care Fund	928
541	Rough Sleeping Initiative	753
302	Housing Benefit Administration	298
8,226	Other Specific Government Grants	8,485
627	Other Grants and Contributions	1,478
<b>175,465</b>	<b>Total government grants credited to services</b>	<b>182,096</b>

## Note 33.2: Grant receipts in advance

The Authority's current liabilities and long-term liabilities relating to grant receipts in advance within the Balance Sheet are as follows:

2022/23	2023/24
£'000	£'000
<b>Grant Income - current liabilities</b>	
<b>Grant receipts in advance (capital grants)</b>	
(4,674) DFE High Needs Grant	(13,788)
(6,897) Department for Transport Capital Funding	(3,683)
(1,063) CIL contributions for town parishes	(1,324)
(378) BDUK (Superfast Broadband)	(1,122)
(928) Housing Grants	(1,078)
(555) Section 106	(349)
(88) Others	(90)
(295) DEFRA	0
(149) HCA RSAP (Rough Sleepers Accom Prog)	0
(132) Disabled Facilities Grant	0
<b>(15,159) Total grant receipts in advance (capital grants)</b>	<b>(21,434)</b>
<b>Grants receipts in advance (revenue grants)</b>	
(4,346) Other grants	(3,494)
(462) Bus Service improvement fund	(548)
(231) Supporting Families	(364)
(189) Planning software Improvement fund	(324)
(178) Adult Skills & Community Learning	(186)
(153) Improved Better Care Fund	(68)
(98) Early Years Funding	(55)
(30) Public Protection Partnership Contributions	0
(9) Better Care Fund	0
(2) Afghan Relocations and Assistance Policy Grant	0
<b>(5,698) Total grants receipts in advance (revenue grants)</b>	<b>(5,039)</b>
<b>Grant Income - long term liabilities</b>	
<b>Grant receipts in advance (capital grants)</b>	
(7,579) Section 106	(7,420)
<b>(7,579) Total grant receipts in advance (capital grants)</b>	<b>(7,420)</b>

## Note 34: Related parties

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

2022/23	2023/24
Related parties	
£'000	£'000
292 Mary Hare School	0
164 Volunteer Centre (West Berkshire)	0
167 St Bartholomew's School	161
241 NHS Berkshire West CCG	171
111 West Berks citizen advice bureau	0
214 Sovereign housing group	240
<b>1,189 Total</b>	<b>572</b>

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## Note 35: Capital expenditure financing

The total amount of capital expenditure incurred in the year is shown in this table (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, this expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

2022/23	Capital expenditure financing	2023/24
£'000		£'000
278,408	Opening capital financing requirement	279,881
0	Restatement to opening capital financing requirement	15
<b>278,408</b>	<b>Restated opening capital financing requirement</b>	<b>279,896</b>
<b>Capital investment</b>		
29,875	Property, plant and equipment	38,712
(29)	Investment properties	0
1,101	Intangible assets	1,432
8,538	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	5,892
34	Assets under construction	1,707
<b>Sources of finance</b>		
(29,699)	Government grants and other contributions	(30,832)
0	Sums set aside from revenue	0
0	Direct revenue contributions	0
(8,347)	Minimum Revenue Provision (MRP)	(3,936)
<b>279,881</b>	<b>Closing capital financing requirement</b>	<b>292,871</b>
<b>Explanation of movements in the year:</b>		
0	Increase in underlying need to borrow (supported by government financial assistance)	0
9,820	Increase in underlying need to borrowing (unsupported by government financial assistance)	16,911
(8,347)	Statutory provision for repayment of debt (MRP)	(3,936)
0	Assets acquired under PFI contracts	0
<b>1,473</b>	<b>Total</b>	<b>12,975</b>



## Note 36.1: Authority as a lessor - Operating leases

The Council is a lessor for a number of operating leases, with the majority relating to land and buildings assets.

The following table represents the minimum lease instalments payable:

2022/23	2023/24
£'000	£'000
4,045 Not later than one year	3,504
14,861 Later than one year and not later than five years	11,017
34,867 Later than five years	32,632
<b>53,773 Total</b>	<b>47,153</b>

## Note 36.2: Authority as a lessee - Operating leases

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

The following table represents the minimum lease instalments payable:

2022/23	2023/24
£'000	£'000
1,588 Not later than one year	910
5,515 Later than one year and not later than five years	2,670
2,421 Later than five years	1,763
<b>9,524 Total</b>	<b>5,343</b>

The expenditure charged to the relevant Directorate lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2022/23	2023/24
£'000	£'000
1,570 Minimum lease payments	2,827
0 Contingent rents	0
<b>1,570 Total</b>	<b>2,827</b>

## Note 37.1: Private Finance Initiatives (PFI) and similar contracts - payments

The Council entered into a PFI contract with Veolia ES West Berkshire Limited in March 2008 for the provision of waste collection and disposal services. The contract included provision of an Integrated Waste Management Facility (IWMF), built on Council owned land at Padworth Sidings. This £25.97m facility opened on 19 October 2011, and is recognised as both an asset and liability in the Balance Sheet. However, whilst capital repayments actually commenced from 1 April 2013 notional capital payments have been spread over the 21 years from the month of opening to the end of the PFI contract on 30 September 2032.

The future payment stream is estimated as follows:

	Payment for services £'000	Reimbursement of capital expenditure £'000	Interest £'000	Total £'000
Payable in 2024/25	21,166	915	599	22,680
Payable within 2 to 5 years	91,317	4,255	1,800	97,372
Payable within 6 to 10 years	88,794	4,637	662	94,093
Payable within 11 to 15 years	0	0	0	0
<b>Total</b>	<b>201,277</b>	<b>9,807</b>	<b>3,061</b>	<b>214,145</b>

Comparative figures for 2022/23 are as follows:

	Payment for services £'000	Reimbursement of capital expenditure £'000	Interest £'000	Total £'000
Payable in 2023/24	20,337	863	651	21,851
Payable within 2 to 5 years	86,936	4,010	2,045	92,991
Payable within 6 to 10 years	109,325	5,797	1,016	116,138
Payable within 11 to 15 years	0	0	0	0
<b>Total</b>	<b>216,598</b>	<b>10,670</b>	<b>3,712</b>	<b>230,980</b>

## Note 37.2: Private Finance Initiatives (PFI) and similar contracts - liability

The payments have been calculated to compensate Veolia ES West Berkshire Limited for the fair value of the services provided, the capital expenditure incurred and interest payable. The capital asset movement recognised by the Council and the associated outstanding PFI liability for capital expenditure incurred by Veolia ES West Berkshire Limited is disclosed below. At the end of the contract, the IWMF will revert, at no residual cost, back to the Council.

The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2022/23 £'000	2023/24 £'000
<b>PFI liability</b>		
11,483 Balance outstanding at start of year		10,670
(813) Payments during the year		(863)
<b>10,670 Balance outstanding at year-end</b>		<b>9,807</b>

## Note 38.1: Pension liability recognised in the Balance Sheet

Published 2022/23 £000s	Restated 2022/23 £000s	Note	Pension liability recognised in the Balance Sheet	2023/24 £000s
482,727	483,984		Present value of defined benefit obligation	498,416
(365,438)	(358,719)		Fair value of Fund assets (bid value)	(396,183)
<b>117,289</b>	<b>125,265</b>		<b>Deficit</b>	<b>102,233</b>
6,219	5,628		Present value of unfunded obligation	5,230
<b>123,508</b>	<b>130,893</b>	1	<b>Net defined benefit liability</b>	<b>107,463</b>

Published 2022/23 £000s	Restated 2022/23 £000s	Reconciliation of opening and closing balances of the fair value of Fund assets	2023/24 £000s
<b>355,937</b>	<b>355,937</b>	<b>Opening fair value of Fund assets</b>	<b>358,719</b>
12,127	12,081	Interest on assets	17,304
(5,823)	(13,915)	Return on assets less interest	16,945
(5,713)	(1,846)	Other actuarial gains/(losses)	0
(383)	(348)	Administrative expenses	(386)
17,575	17,710	Contributions by employer including unfunded	19,072
4,599	4,610	Contributions by scheme participants and other employers	4,933
(12,881)	(15,510)	Estimated benefits paid plus unfunded net of transfers in	(19,404)
0	0	Settlement prices paid	0
<b>365,438</b>	<b>358,719</b>	<b>Closing fair value of Fund assets</b>	<b>397,183</b>

**Note:**

1) See Note 40.3: Prior-Period Adjustments

## Note 38.2: Asset and benefit obligation reconciliation

Published 2022/23 £000s	Restated 2022/23 £000s	Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2023/24 £000s
738,516	738,516	Opening defined benefit obligation	489,612
25,549	25,516	Current service cost	14,645
19,698	19,658	Interest cost	23,158
(320,527)	(321,666)	Change in financial assumptions	(4,545)
(16,210)	(16,943)	Change in demographic assumptions	(6,518)
50,178	55,407	Experience loss/(gain) on defined benefit obligation	1,765
0	0	Liabilities assumed/(extinguished) on settlements	0
(12,539)	(14,990)	Estimated benefits paid net of transfers in	(18,846)
24	24	Past service costs, including curtailments	0
4,599	4,610	Contributions by Scheme participants and other employers	4,933
(342)	(520)	Unfunded pension payments	(558)
<b>488,946</b>	<b>489,612</b>	<b>Closing defined benefit obligation</b>	<b>503,646</b>

**Note:**

1) See Note 40.3: Prior-Period Adjustments

## Note 38.3: Fair value of scheme assets

Published 2022/23 £000s	Restated 2022/23 £000s	Note	Asset breakdown	2023/24 £000s
229,820	224,231		Equities	272,534
53,914	52,437		Other Bonds	52,039
47,042	45,610		Property	36,065
3,838	5,456		Cash	3,648
50,072	49,746		Infrastructure	49,636
(19,248)	(18,761)		Longevity Insurance	(17,739)
<b>365,438</b>	<b>358,719</b>	1	<b>Total</b>	<b>396,183</b>

**Note:**

1) See Note 40.3: Prior-Period Adjustments

## Note 38.4: Defined benefit pension scheme - key assumptions

2022/23	Assumed life expectancy from age 65 (years)	2023/24
	<b>Retiring today:</b>	
21.1	Males	20.8
23.9	Females	23.6
	<b>Retiring in 20 years:</b>	
22.3	Males	22.0
25.3	Females	25.0
2022/23	Financial assumptions	2023/24
4.80%	Discount rate	4.90%
2.85%	Pension increases	2.90%
3.20%	RPI Inflation	3.20%
3.85%	Salary increases	3.90%

## Note 38.5: Sensitivity analysis

Sensitivity analysis	£000s	£000s	£000s
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	495,552	503,646	511,953
Projected service cost	13,730	14,200	14,685
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	504,187	503,646	503,109
Projected service cost	14,209	14,200	14,190
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	511,567	503,646	495,926
Projected service cost	14,692	14,200	13,724
<b>Adjustment to life expectancy assumptions</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	520,844	503,646	487,041
Projected service cost	14,740	14,200	13,674

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## Note 39: Nature and extent of risks arising from financial instruments risk

The Council's borrowing and investment activities expose it to a variety of financial risks. The key risks are:

Credit risk – the possibility that other parties might fail to pay amounts due to the Council;

Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;

Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;

Market risk - the possibility that financial loss might arise for the Council as a result of changes in financial markets such as interest rates and stock market movements.

### The Council's overall procedures for managing risk

The Council's overall risk procedures focus on the unpredictability of financial markets and implementing restrictions to mitigate those risks. The procedures for managing risk are defined within a legal framework based on the Local Government Act 2003 and associated regulations. These procedures require the Council to comply with the CIPFA Prudential Code (2019), the Treasury Management in the public services Code of Practice and investment guidance issue through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of CIPFA Treasury Management in the public services Code of Practice;
- By the adoption of a treasury policy statement and treasury management clauses within its financial regulations/standing orders/constitution;
- By approving annually in advance prudential and treasury indicators for the following 3 years limiting:
  - The Council's overall borrowing;
  - The maximum and minimum exposures to fixed and variable rates;
  - The maximum and minimum exposures to the maturity structure of debt;
  - The maximum annual exposures to investments maturing beyond a year;
- By approving an Investment Strategy for the next year setting out criteria for both investing and selecting investment counterparties in compliance with Government guidance.

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Performance against these indicators is forecast at or before the start of the new financial year as part of the Annual Investment and Borrowing Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. The Investment and Borrowing Strategy for 2024/25 was approved by Council on 29 February 2024 and is available on the Council's website.

Actual performance is also reported to the Council Executive in November or December each year (the mid-year position) and in September (giving the final position for the financial year ended March).

### **Credit risk**

Credit risk arises mainly from the investment of surplus funds with banks, building societies and other local authorities as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment and Borrowing Strategy, which is available on the Council's website.

### **Credit Risk Management Practices**

The Council's investment strategy aims to minimise credit risk by ensuring that funds are only invested with financial institutions which meet minimum criteria for credit worthiness. This is measured either with reference to a recognised national credit rating agency or, in the case of building societies, to the size of their asset base. The strategy also imposes maximum sums which can be invested with financial institutions within each category (a maximum of £8 million with institutions) and states that fixed-term deposits should not normally be for longer than one year.

The Council reviews the established investment strategy on an ongoing basis to reflect advice provided by its treasury advisors in relation to the credit risk presented by different types of financial institution and alternative financial instruments. In the 2023/24 financial year the Council's treasury management advice specialist Link Treasury Solutions.

### **Amounts Arising from Expected Credit Losses**

We have assessed the Council's short and long-term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

During the year 2023/24, the Council wrote off financial assets with a contractual amount outstanding of £35k (£59k in 2022/23) that are still subject to enforcement activity.

## Credit Risk Exposure.

The Council has the following exposure to credit risk at 31 March 2024:

Credit Risk Rating	31 March 2024
	Gross carrying amount £'000
AAAmmf	11,664
A+	3,312
A	0
AA-	0
<b>Total</b>	<b>14,976</b>

## Short term debtors at amortised cost \*

The credit risk of short term debtors can be shown by analysing the age of the debt as follows:

	31 March 2024
	£'000
Less than 3 months	12,567
3 months to 1 year	8,354
1 year or more	1,386
Deferred payments through collateral	2,448
<b>Total</b>	<b>24,756</b>

*\* this note is concerned with the risks arising from financial instruments - the short term debtors included in the financial instruments note does not include statutory debtors.*

## Collateral

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2024 was £2.4m.

## Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.



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The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade payables are due to be paid in less than one year.

### **Refinancing and Maturity risk**

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by the Council in the Investment and Borrowing Strategy):

	Approved minimum limits 2023/24	Approved maximum limits 2023/24	Approved minimum limits 2023/24 £'000	Approved maximum limits 2023/24 £'000	Actual 31 March 2024 £'000	Actual 31 March 2023 £'000
Less than 1 year	0%	30%	0	74,692	46,732	8,780
Between 1 and 2 years	0%	30%	0	74,692	29,509	5,647
Between 2 and 5 years	0%	30%	0	74,692	12,788	16,110
Between 5 and 10 years	0%	30%	0	74,692	27,448	33,166
Between 10 and 15 years	0%	30%	0	74,692	26,997	28,764
Between 15 and 20 years	0%	30%	0	74,692	12,909	12,771
Between 20 and 25 years	0%	30%	0	74,692	13,392	13,670
Between 25 and 30 years	0%	30%	0	74,692	6,831	8,197
Between 30 and 35 years	0%	30%	0	74,692	6,529	7,216
Between 35 and 40 years	0%	30%	0	74,692	2,076	2,040
Between 40 and 45 years	0%	30%	0	74,692	63,724	24,030
Between 45 and 50 years	0%	30%	0	74,692	39	40,169
<b>Total</b>					<b>248,973</b>	<b>200,561</b>

## Market risk

### Interest rate risk

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

- Borrowings at variable rates – the interest expense charged to the comprehensive income and expenditure statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the comprehensive income and expenditure statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the other comprehensive income and expenditure.

The Council has a number of strategies for managing interest rate risk. The annual investment and borrowing management strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	581
Increase in government grant receivable for financing costs	0
<b>Impact on surplus or deficit on the provision of services</b>	<b>581</b>
Decrease in fair value of fixed rate investment assets	0
<b>Impact on other comprehensive income and expenditure</b>	<b>581</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	(15,076)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### Price risk

The Council does not generally invest in equity shares or marketable bonds.

### Foreign exchange risk

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

## Note 40: Capital commitments

At 31 March 2024, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years budgeted to cost £6.685m (31 March 2023: £8.7m). Major individual schemes within the aggregate committed total include:

Capital Commitments	2023/24 £'000
Local Authority Housing Fund	682
SEMH/ASD Resourced Provision - Primary	2,042
Education - Capital Enhancement Programme	692
<b>Sub-total of major individual schemes</b>	<b>3,416</b>
All other contractually-committed schemes	3,269
<b>Total</b>	<b>6,685</b>

### Note 40.1: Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. The Council does not have any contingent assets at 31st March 2024.

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## Note 40.2: Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. The Council does not have any contingent liabilities at 31st March 2024.

## Note 40.3: Prior-Period Adjustments

A review of the Council's Draft Statement of Accounts for 2022/23 identified 2 issues requiring prior-period adjustments:

1) The final IAS19 report for the Pension Fund was received only after the draft accounts had been published in May 2023. The final pension liability calculated by the actuaries was materially different from the provisional figure supplied for the draft accounts, hence the requirement for a prior-period adjustment.

The main effects of this on the 2022/23 draft accounts are:

2) Following a review of Adult Social Care deferred debt, this has been reclassified as longterm debt rather than current debt. Therefore, the comparative figure for 2022/23 has been restated for the sake of consistency with 2023/24.

The main effects of this on the 2022/23 draft accounts are:

	£'000
Balance sheet - pension liability	(7,385)
Balance sheet - pension reserve	7,385
Comprehensive income and expenditure account	(197)
General Fund	197

	£'000
Balance sheet - long-term debtors	2,430
Balance sheet - short-term debtors	(2,430)



Collection Fund

*Bluebell woods*

## Note 41.1: Collection Fund Statement

2022/23		2023/24	
Council Tax	Business Rates	Council Tax	Business Rates
£'000	£'000	£'000	£'000
<b>Income</b>			
(133,797)	0	(142,533)	0
0	(80,759)	0	(82,597)
(576)	0	(611)	0
<b>(134,373)</b>	<b>(80,759)</b>	<b>(143,144)</b>	<b>(82,597)</b>
<b>Contributions towards previous year's Collection Fund deficit:</b>			
0	(11,975)	0	7,687
(342)	(11,736)	(1,413)	7,533
(45)	0	(196)	0
(14)	(240)	(60)	154
<b>(401)</b>	<b>(23,951)</b>	<b>(1,669)</b>	<b>15,374</b>
<b>Expenditure</b>			
<b>Precepts &amp; Demands:</b>			
0	36,122	0	48,442
114,792	35,400	122,480	47,473
15,999	0	17,271	0
4,904	722	5,321	969
<b>135,695</b>	<b>72,244</b>	<b>145,072</b>	<b>96,884</b>
<b>Charges to the Collection Fund:</b>			
0	1,271	0	(11,399)
65	0	0	0
5	(63)	299	0
0	(777)	0	912
0	261	0	268
0	0	(145)	0
<b>70</b>	<b>692</b>	<b>154</b>	<b>(10,219)</b>
<b>Apportionment of previous year's Collection Fund surplus:</b>			
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>135,364</b>	<b>48,985</b>	<b>143,557</b>	<b>102,027</b>
<b>Movements on the Collection Fund:</b>			
<b>991</b>	<b>(31,774)</b>	<b>413</b>	<b>19,442</b>
786	18,352	1,777	(13,422)
<b>1,777</b>	<b>(13,422)</b>	<b>2,190</b>	<b>6,020</b>

## Note 41.2: Collection Fund Distribution of Deficit

2022/23			2023/24	
Council Tax	Business Rates	Collection Fund (Surplus) / deficit carried forward at 31 March	Council Tax	Business Rates
£'000	£'000		£'000	£'000
0	(6,711)	Central Government	0	3,010
1,504	(6,577)	West Berkshire Council	1,849	2,950
209		Thames Valley Police Authority	261	0
64	(134)	Royal Berkshire Fire Authority	80	60
<b>1,777</b>	<b>(13,422)</b>		<b>2,190</b>	<b>6,020</b>

Despite higher levels of income, performance of the Collection Fund in 2023/24 did not meet the expected forecast at the NNDR1 which has created a deficit on Business Rates.

## Note 41.3: Council Tax Bandings

Council Tax Base	Band	Net Dwellings	Multiplier	Band D Equivalent
Disabled	A	2.00	5/9	1.12
up to £40,000	A	1,981.90	6/9	1,461.59
over £40,000 up to £52,000	B	4,764.04	7/9	3,811.69
over £52,000 up to £68,000	C	16,826.60	8/9	15,105.17
over £68,000 up to £88,000	D	15,786.04	9/9	15,950.57
over £88,000 up to £120,000	E	10,016.77	11/9	12,399.80
over £120,000 up to £160,000	F	6,658.13	13/9	9,753.04
over £160,000 up to £320,000	G	4,506.60	15/9	7,622.90
over £320,000	H	717.32	18/9	1,455.46
		61,259.40		67,561.34
	Adjustment for losses on collection		x	0.998
	<b>Council Tax Base</b>			<b>67,392.44</b>

## Note 41.4: Business Rates Multiplier

2022/23	2023/24
Rateable Value	
£'000	£'000
98,434 Business Rates gross rateable value	112,592
51.2p Standard Business Rate	51.2p
49.9p Small Business Rate	49.9p
(17,675) Reliefs & Transitions	(29,994)
<b>80,759 Net Business Rates receivable</b>	<b>82,597</b>



## Glossary of Terms

**12-month expected credit losses** – The expected credit losses for a financial asset that are projected for the possible default events that might happen only in the next financial year.

**Academy school** – State-funded schools for which the Council has no responsibility but which are often created by being transferred from the Council's control.

**Accounting Code of Practice** – The Code of Practice on Local Authority Accounting in the United Kingdom, published annually by CIPFA. It contains the provisions that the Council must comply with in preparing the Statement of Accounts.

**Accounting standards** – The pronouncements of standard setting bodies that local authorities are required to follow (subject to adaptation by the Accounting Code). Primarily the IFRS framework administered by the International Accounting Standards Board.

**Accounting policies** – The specific principles, bases, conventions, rules and practices the Council applies in preparing and presenting the financial statements.

**Accounts and Audit Regulations 2015** – The statutory rules that establish requirements for internal control and financial systems and specify the arrangements for the annual accounts and audit process.

**Accruals accounting** – A basis of accounting in which the effects of transactions and other events on an authority's resources are accounted for when the effects occur; not when the relevant cash receipts or payments take place. For instance, employee costs are treated as an expense as

employees provide services to the authority, not when salaries are paid.

**Actuarial gains and losses** – Changes in the Council's pension's liabilities calculated at the end of the previous year as a result of actual events being different from those predicted by the actuary or because the actuary has updated their assumptions.

**Actuary** – The expert engaged by the Council to calculate its pension's liabilities.

**Adjustment account** – A statutory reserve in the Balance Sheet that allows the General Fund Total to be managed so that expenditure can have an impact on the setting of council tax in a different year from that in which it would be an expense under proper accounting practices.

**Administering authority** – An authority that is responsible for administering a pension fund under the Local Government Pension Scheme.

**Amortisation** – The spreading of the cost of an asset over a number of financial years to fairly represent the period over which the Council benefits from the asset.

**Amortised cost** – A method of measuring financial instruments that ignores changes in fair value but takes into account the spreading of transactional costs over the instrument term and the impact of any concessionary interest rates.

**Annual Governance Statement** – A statement published with the Statement of Accounts prepared in accordance with the CIPFA/SOLACE publication Delivering Good Governance in Local Government: Framework. It assesses the effectiveness of the

arrangements the Council has put in place to govern decision-making and accountability.

**Assets** – Present economic resources controlled by the Council as a result of past events. Assets include the Council's property, cash and investments and sums owed by other parties.

**Asset held for sale** – An asset (or group of assets and liabilities) whose value will be recovered principally through sale rather than through its continued use in the provision of services.

**Assets under construction** – Property, plant and equipment that is being constructed for use by the Council but which is not yet operational.

**Billing authority** – An authority that is responsible for administering the collection of council tax and business rates, including issuing bills and distributing amounts collected to other authorities.

**Business rates** – The tax raised on non-domestic properties, based each year on a multiplier set by the Government applied to an assessment of the value of the property.

**Business rates retention** – The system under which the Council is able to keep a proportion of the business rates raised in any year in excess of a baseline measure.

**Capital expenditure** – The expenditure incurred by the Council that is intended to provide longer-term benefits and qualifies to be paid for from capital resources, rather than charged to revenue as it is incurred. The definition covers expenditure that results in the recognition of non-current assets in the Balance sheet and other transactions specified within Government regulations.

**Capital financing** – The Council’s arrangements for meeting the cost of capital expenditure, covering capital grants and contributions, capital receipts and charges to revenue over the period that will benefit from the expenditure.

**Capital Financing Requirement** – The measure of the Council’s capital expenditure that has yet to be financed, as defined in the Prudential Code. It increases as capital expenditure is incurred and reduces when resources are set aside as capital finance.

**Capital grants** – Grants given to meet the cost of capital expenditure.

**Capital Grants Unapplied Account** – The total in the Balance Sheet of capital grants that have not yet been used and will have to be repaid if conditions for their use are not met.

**Capital programme** – The Council’s plans for capital expenditure, usually detailing the individual projects that are to be carried out, their budgeted cost and the expenditure incurred to date on them.

**Capital receipts** – Income received from the sale of non-current assets (particularly property) and from other transactions specified in Government regulations. Their use is largely restricted to financing capital expenditure.

**Capital Receipts Reserve** – The reserve in the Balance Sheet that holds the capital receipts that have yet to be applied to financing capital expenditure.

**Cash** - Notes and coins held by the Council and money in bank accounts that can be withdrawn on demand.

**Cash equivalents** – Investments that are comparable to cash, being short-term, highly liquid

and readily convertible to known amounts of cash and unlikely to change in value.

**CIPFA** – The Chartered Institute of Public Finance and Accountancy - the accountancy body primarily concerned with public services that issues guidance on accounts preparation for local authorities.

**Collection Fund** – The separate accounting arrangements for the collection of council tax and business rates and the sharing of the proceeds between the Council, Government and other public bodies.

**Community assets** – Property, plant or equipment that the Council intends to hold in perpetuity that has no determinable life (such as open spaces) and which may have restrictions on its disposal (excluding heritage assets).

**Community schools** - State-funded schools for which the Council is responsible for owning the land and buildings, employing the staff and determining admissions.

**Componentisation** - The process of splitting an asset into its component parts so that depreciation can be calculated separately for components with different useful lives.

**Contingent asset** – An asset that the Council might be able to recognise as a result of event that has happened before the year-end, but whose existence will not be confirmed until an uncertain future occurrence (not wholly within the Council’s control) either takes place or does not.

**Contingent liability** – A possible obligation for the Council that arises as a result of an event that has happened before the year-end, but whose existence will not be confirmed until an uncertain future occurrence (not wholly within the Council’s control) either takes place or does not.

**Cost of services** – The line in the Comprehensive Income and Expenditure Statement that summarises the Council’s net expenditure on providing services, before considering non-service specific items.

**Council tax** – The tax raised on households, based each year on the position of the property in eight valuation bands A to H.

**Credit risk** – The risk that a party that the Council has lent money to or has made an investment with will not repay some or all of the loan or investment.

**Creditors** – The organisations and individuals that the Council owes money to.

**Current asset** – An asset that the Council expects to realise or consume in the provision of services within the next twelve months.

**Current liability** – A liability that the Council expects to settle within the next twelve months.

**Debtors** – The organisations and individuals that owe the Council money.

**Dedicated Schools Grant (DSG)** – The Government funding provided to the Council to support the Schools Budget.

**Dedicated Schools Grant (DSG) Adjustment Account** – An adjustment account that accumulates overspends on the Schools Budget. This is an unusable reserve.

**Deficit** – An excess of expenditure over income.

**Defined benefit scheme** – A pension scheme where the future benefits receivable by pensioners are guaranteed and sufficient contributions have to be paid into the fund to ensure that payments will be affordable.

**Defined contribution scheme** – A pension scheme where the contributions payable into the fund are fixed and the benefits receivable by pensioners will depend upon the assets that the fund has accumulated to pay them.

**Depreciated historical cost** – A measurement basis for items of property, plant and equipment reflecting the cost of acquiring an asset and any subsequent enhancement less the depreciation charged over the asset's life to date.

**Depreciated replacement cost** – A valuation method for items of property, plant and equipment based on the current cost of replacing an asset with a modern equivalent, less deductions for the physical deterioration of the asset.

**Depreciation** – The charge made for the use of an item of property, plant or equipment during the year, based on the systematic allocation of its depreciable amount over its useful life.

**Derecognition** – The process by which assets and liabilities are removed from the Balance Sheet, as a result of being disposed of, consumed or settled.

**Direct revenue financing** – Financing capital expenditure from revenue rather than from capital resources.

**Earmarked reserves** – Amounts of revenue reserves that have been identified as cover for future spending plans or contingencies.

**Existing use value (EUV)** – A basis for valuing property, plant and equipment that estimates a sale price for an asset disregarding potential alternative uses and any other characteristics of the asset that would make its market value different from the expenditure needed to replace the remaining service potential at least cost.

**Fair value** – The price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants.

**Fair value through other comprehensive income financial assets** – Investments for which gains and losses in fair value are recognised on the Balance Sheet but do not impact on the Council's income as they arise but only when the investment matures or is sold. Defined as financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling investments, and which have the form of a basic lending arrangement.

**Fair value through profit or loss financial assets** – Defined as financial assets that do not qualify for measurement at amortised cost or fair value through other comprehensive income. Movements in their fair value are recognised as income and expenditure when they arise.

**Finance lease** – A lease whose terms transfer to the lessee substantially all the risks and rewards that an owner of property would have.

**Financial instrument** – A contract that gives one party a financial asset and the other party a financial liability (or an equity instrument), such as a loan, credit terms for the purchase of goods or services or a share in a company.

**Foundation schools** – State-funded schools for which the Council has no responsibility for owning the land and buildings, employing the staff or determining admissions.

**General Fund** – The fund into which the Council pays all its revenue income and from which it incurs all its revenue expenditure, unless specifically mandated by law not to.

**Heritage assets** – Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (such as historic buildings, museum collections and public art).

**Historical cost** – An accounting convention based upon the amounts that items actually cost to acquire or construct and the cost of their subsequent enhancement, rather than the values that they currently have.

**IAS** – International Accounting Standard - the title for the various standards issued by the IASB before 2003.

**IASB** – International Accounting Standards Board

**IFRIC** – The title of interpretations of IFRS issued by the IFRS Interpretations Committee and its predecessors

**IFRS** – International Financial Reporting Standards - the suite of standards issued by the IASB that form the basis for the Code of Practice on Local Authority Accounting. Also the title for the various individual standards issued by the IASB from 2003 onwards.

**Impairment** – A fall in the value of an asset to the Council (whether it will be sold or continue in use) below the amount it is recorded in the Balance Sheet.

**Intangible assets** – Assets that do not have physical substance, such as computer software, licences and websites supporting the Council's services.

**Inventories** – Assets such as raw materials, building supplies and retail stock that will be used to produce goods or provide services or be sold as part of the Council's normal activities.

**Investment property** – Land and/or buildings held solely to earn rentals or to benefit from increases in their value (or both), and not for use in the production or supply of goods or services, for administrative purposes or for sale as part of the Council's normal business.

**Lease** – An arrangement under which a lessor conveys the right to use an asset to a lessee in return for a payment or series of payments. The definition can include arrangements that are not leases in the legal sense.

**Lease liabilities** – The amounts recognised in the Balance Sheet for the payments the Council is due to make as lessee under finance leases.

**Lease receivables** – The amounts recognised in the Balance Sheet for the payments the Council is due to receive as lessor under finance leases.

**Lease term** – The non-cancellable period for which a lessee has contracted to lease an asset, together with periods covered by options for the lessee to extend, where it is reasonably certain when the lease is entered into that the lessee will exercise the options.

**Lessee** – The party to a lease acquiring the right to use the leased asset.

**Lessor** – The party to a lease that owns the asset and conveys the right to use it to the lessee.

**LGPS** – The Local Government Pension Scheme - the scheme that most officers of the Council are members of.

**Liabilities** – Liabilities are present obligations of the Council to transfer an economic resource as a result of past events. They include borrowings and amounts owed by the Council.

**Liquidity risk** – The risk that the Council might at any time not have sufficient cash to make payments that are due.

**Long term asset** – An asset that the Council does not expect to realise or consume in the provision of services within the next twelve months.

**Long term liability** – A liability that the Council does not expect to settle within the next twelve months.

**Market risk** – The risk that the Council might make losses on financial instruments from adverse movements in market prices, such as changes in variable interest rates or quoted prices for investments.

**MRP (Minimum Revenue Provision)** – The method by which capital expenditure is financed by setting aside amounts from revenue over the useful life of the relevant asset (or in accordance with some other methodology that prudently approximates this).

**Net assets** – The amount by which assets in the Balance Sheet exceed liabilities.

**Non-current asset** – An asset that the Council does not expect to realise or consume in the provision of services within the next twelve months.

**Non-current liability** – A liability that the Council does not expect to settle within the next twelve months.

**Operating leases** – Any lease that does not meet the definition of a finance lease.

**Other comprehensive income and expenditure** – Items in the Comprehensive Income and Expenditure Statement that do not arise as a result of the provision of services but from revaluations of assets and remeasurements of net pensions liabilities.

**Outturn** – An actual financial outcome, usually used in relation to expenditure incurred against a budget.

**Past service cost** – The change in pension's liabilities relating to employee service in previous years as result of changes to the pension scheme or the ending of the Council's responsibility for employees transferred to another organisation.

**PFI (Private Finance Initiative)** – Contracts under which an operator constructs or enhances an asset and then provides services on behalf of the Council through the use of that asset in return for payment. Payments are normally based on a fixed annual sum but can be reduced if the operator does not achieve targets for availability of the asset or standards of service. The arrangement usually includes transfer of ownership of the asset to the Council at the end of the contract.

**Pooled budget** – An arrangement where two or more organisations contribute resources and agree how they will be spent so as to meet common objectives.

**Precept** - A statutory annual demand from another authority for funding which a billing authority will meet by raising council tax.

**Prepayments** – Payments made by the Council in advance of goods or services being supplied.

**Property, plant and equipment** – A class of assets with physical substance that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes (and expected to be used for more than one year).

**Provision** – A liability of the Council where there is uncertainty about when it will be settled and/or how much the Council will have to pay. The estimated amount that will be required to settle the liability is charged as an expense when the Council recognises the obligation.

**Prudential Code** – The Code of Practice for capital financing issued by CIPFA. The Council is required by law to have regard to the Code when taking decisions about incurring capital expenditure and taking out borrowing.

**PWLB (Public Works Loan Board)** – A lending facility operated on behalf of HM Treasury that provides loans to local authorities and other public bodies.

**Related parties** – Persons or entities with which the Council has a relationship, such as a company in which the Council has an interest or an organisation that is controlled by a member or chief officer.

**Reserves** – The balances in the Balance Sheet that show variously the revenue and capital resources available to support the provision of services by the Council, the cumulative effect of statutory adjustments to manage the availability of those resources for particular financial years, and balances of revaluation gains and losses on assets that have yet to be realised.

**Residual value** – The amount that an item of property, plant or equipment could be sold for (less costs of disposal), if it were in the condition expected at the end of its useful life.

**Revenue expenditure** – Expenditure on the day-to-day costs of providing services. Defined technically as the expenditure of the Council that does not meet the definition of capital expenditure.

**REFCUS (revenue expenditure funded from capital under statute)** – Expenditure that would normally be charged to revenue resources but which Government regulations allow to be treated as capital expenditure and funded from capital receipts or MRP.

**RICS** – Royal Institution of Chartered Surveyors - responsible for the professional standards applied in valuing local government property.

**RSG** – Revenue Support Grant - Government funding for general revenue expenditure, given to authorities deemed to have insufficient income from other sources.

**Section 106 receipts** – Monies received from developers and other parties to compensate for the adverse impact of granting planning permission (e.g. building a school to service a new housing development).

**SeRCOP** – CIPFA's Service Reporting Code of Practice, which provides a standard classification for local government services and guidance on how to assign expenditure to those services.

**Specific government grant** – Grant that is required to be applied to revenue expenditure meeting criteria specified by the donor.

**Surplus** – An excess of income over expenditure.

**Surplus assets** – Property, plant or equipment that is not being used to provide services but that does not meet the criteria for an investment property or an asset held for sale.

**Surplus/deficit on the provision of services** – The line in the Comprehensive Income and Expenditure Statement that summarises the Council's net expenditure on providing services, after considering non-service specific items.

**Unusable reserves** – The reserves in the Balance Sheet that are not balances of usable resources, comprising revaluation reserves and adjustment accounts.

**Usable reserves** – The reserves in the Balance Sheet that are balances of usable resources, both revenue and capital.

**Useful life** – The period for which an asset is expected to be available for use by the Council.

**Voluntary aided schools** – Schools for which the Council is responsible for funding their running costs and the majority of capital expenditure but another party (usually a faith-based organisation) is responsible for employing the staff and administering admissions and owns the land and buildings.

**Voluntary controlled schools** – State-funded schools for which the Council is responsible for employing the staff and administering admissions, but the land and buildings are owned by another party (usually a faith-based organisation).