

# STATEMENT OF ACCOUNTS

2002/2003

Pre Audit

**Slough**  
[www.slough.gov.uk](http://www.slough.gov.uk)

# Statement of Accounts

2002/03

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# STATEMENT OF RESPONSIBILITIES

## THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer during 2002/03 was Mike Suarez, Director of Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

## THE DIRECTOR OF FINANCE'S RESPONSIBILITIES

The Director of Finance Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2003

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that were reasonable and prudent,
- complied with the Code of Practice,
- kept proper accounting records which were up to date,
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

*I certify that the Statement of Accounts set out on the following pages presents fairly the financial position of the Borough Council and its income and expenditure for the year ended 31<sup>st</sup> March 2003*

**Mike Suarez**  
**Director of Finance**  
**15<sup>th</sup> August 2003**

# EXPLANATORY FOREWORD

This section identifies and briefly explains each part of the document and includes an overview of the Council's financial performance during 2002/03.

## **INTRODUCTION**

This foreword has been written to provide a guide to the significant matters reported in these accounts. Slough Borough Council's financial statements for 2002/03 have been prepared in accordance with the standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounts are set out in this publication and they consist of the following:

- i) *The Statement of Responsibilities for the Statement of Accounts* which is the statement of the Director of Finance that the accounts present fairly the financial position of the authority
- ii) *The Consolidated Revenue Account* (CRA) detailing income and expenditure on all services of the Council including Housing.
- iii) *The Consolidated Balance Sheet* setting out the financial position of the Council on 31<sup>st</sup> March 2003. The Collection Fund (see vii below) is included in the Consolidated Balance Sheet.
- iv) *The Statement of Total Movements in Reserves* bringing together all the recognised gains and losses of the Authority during 2002/03.
- v) *The Cash Flow Statement* summarising the inflows and outflows of cash arising from both revenue and capital transactions with third parties.
- vi) *The Housing Revenue Account* (HRA) showing income and expenditure on Council Housing.
- vii) *The Collection Fund* recording income and expenditure in respect of Council Tax, National Non-Domestic Rates, Community Charge adjustments and precepts.
- viii) *The Statement of the System of Internal Financial Control & Risk Management.*

The Statement on the System of Internal Financial Control & Risk Management is a requirement of the Accounts & Audit regulations 2003. The Authority has included it in the 2002/3 accounts to show how the authority is responsible for their financial management & systems of internal control.

The accounts can be properly appreciated only if the policies, which have been followed in dealing with material items, are understood. The Statement of Accounting Policies and the various notes to the financial statements form an integral part of the accounts. There is also a glossary included.

## **REVIEW OF 2002/03**

During 2002/3 the Authority has created a sound financial base for the future by

- restoring balances to prudent levels
- introducing more rigorous financial management and monitoring of capital and revenue budgets
- adopting a medium term service & planning process ( 3 year revenue budgets plans and 5 year capital plans)
- beginning a robust and timely budget process to review and challenge spending on services
- improving the asset management planning and capital strategy.

The Council has continued to improve on many of its performance targets and achieved many of the targets set. The Council has recently agreed, as part of our commitment to continual improved performance, to increase many of those targets set as part of our Public Sector Agreement with the Government. Some examples of significant improvement are set out below:

- The Council has seen its continuing investment in Children & Young People in strong partnership with Schools making significant returns in raising educational attainment and achievement in standards across a range of indicators.
- This year the Council has once again demonstrated its commitment to improving the life chances of younger children via the launch of an internet cafe facility in partnership with O2 at the Haymill Centre; this is additional to the Slough Activity out of hours school provision based at the Sara Lee factory.
- There has been a significant improvement in fostering and adoption following a successful campaign.
- The Council has made significant achievements in tackling housing need: 475 new social housing units have been commissioned since 1999 and in March 2003 the Council transferred Common Road with regeneration work planned for 2003/04.

In budgetary terms, 2002/03 has been a relatively successful year with planned spending in line with our overall budget. Significant budget pressures continue to arise within demand-led service departments and will continue to be closely monitored.

The Housing Revenue Account (HRA) reported a deficit as a result of extra investment put into housing repairs but balances are robust.

During 2002/03 there was a significant improvement of Capital Asset Planning and Capital Strategies to optimise resources in line with agreed priorities. The Capital Programme spend was 92% of the budget and this reflects a continued drive to deliver according to plan.

The Authority has invested a lot of time in securing additional sources of funding to help provide services in Slough. These have included seeking new funding such as the 'Supporting People' grant, capital supplementary credit approvals, and maximising income both through charging policies and sales of goods and services.

The Council's continuing investment in Education is exemplified with the opening of a new school in Britwell. Claycotts School now has a new facility designed to meet the modern needs of the staff and the children. Investment in adult learning is continuing and the recent inspection reflected favourably on the work being undertaken in Slough.

The partnership with Slough Community Leisure Ltd continues to develop successfully and facilities and standards of provision within leisure facilities continue to improve. The most recent achievement has been the opening of the new Synergy gym at Montem, which now offers high quality facilities at no additional cost to the Council.

The budgets of Social Services were restructured during the year to reflect Best Value Accounting Code of Practice (BVACOP) and to enable proper unit costing comparisons to be carried out. Management action during the year contained a projected overspend for Social Services. Whilst Social Services continue to face high demand for services and cost pressures, systems have been significantly improved to monitor, control and report these pressures.

A first pooled budget agreement with Primary Care Trust (PCT) is shortly to be signed. This will provide intermediate care services to help with delayed discharges. A second agreement is currently under construction with the six Berkshire Unitary Authorities, six PCTs and the Ambulance trust for the provision of joint store and equipment services. This agreement will see Slough host the pooled budget as the Principal, using the Ambulance Trust as an agent to provide the services.

Three new centres have either opened or are due to open very shortly. The first is the Mental Health Resource Centre, for the local community based joint Mental Team, Day Centre, Assertive Outreach team and also for the provision of 6 crisis beds. The second and third buildings are new resource centres for Learning Disability clients to ensure localised services are provided. These centres show Sloughs' commitment to replace and update its centres to reflect latest requirements. This is further shown through the allocated capital funding for the replacement of a Children's residential home and the reprovision of older people's services. The Authority has secured £250,000 of Learning Disability Development funds to enhance adult and children with disabilities respite homes.

The Council is committed to empower local communities by celebrating the rich cultural diversity of the borough. Having recently been awarded over £2m from Creative Partnerships and £200,000 from the Arts for All funding the Council positively encourages developing local talent.

Community involvement and consultation had identified street scene environment as a key issue. A number of contracts that impact on the street scene were coming to an end. This gave the Council the opportunity to review how these services were delivered. Following a detailed procurement and evaluation process the Council approved the appointment of Accord PLC to provide Environmental Services in Slough in November 2002. A separate company, Slough Accord Ltd has been set up to manage and deliver the services. The contract is for 15 years and commenced on 1<sup>st</sup> December 2002 with the transfer of street cleaning, minor highways and refuse and recycling services. Grounds maintenance services commenced on 1<sup>st</sup> January 2003. Waste disposal functions including the management of Chalvey Waste Transfer Station will commence on 1<sup>st</sup> August 2003 when the current waste disposal contract expires.

As planned, the Council successfully completed its transfer of housing stock to housing associations to secure a reprovision of quality social housing stock, thereby earning £30m of external funding, and won a national award for the quality of its community consultation during the process.

The Council entered into a partnership with Unisys in March 2003, to enhance the delivery of the e-Government strategy. The partnership has produced the Council's E-Government Plan, setting out the vision for implementing the strategy over the next three years. Detailed business cases arising from the plan are presently being assessed by the Council.

The Council will continue to tackle social inclusion: the central library will be redeveloped as part of the Heart of Slough to provide a more modern and socially integrated service (minority language services, bookstart scheme). The council has also been successful in gaining eight UK on line centres further improving the life chances for the wider community.

The Authority faces further new opportunities in 2003/4 and future years: the Council has now taken over Decriminalised Parking Enforcement duties as part of the Council's Parking Watch Scheme commencing in April 2003. These new responsibilities offer opportunity to fund and better integrate transport led priorities for Slough. In addition, the Directorate of Learning & Cultural Services has been successful in securing initial Public Finance Initiative (PFI) credits worth £46.7 million to replace three schools and the Directorate of Housing & Neighbourhood Services has secured £12.1m PFI credits for Affordable Housing. The detailed bids for these PFI schemes are being developed and the business case is to be submitted in 2003.

#### **MAJOR ACCOUNTANCY CHANGES DURING THE YEAR**

Financial Reporting Standard (FRS17) Retirement Benefits is in the process of being incorporated fully by local authorities. In respect of 2002/3, the Statement of Recommended Practice (SORP) requires additional transitional notes to the balance sheet to provide clear information on the impact of the authority's obligation to fund the retirement benefits of its staff on its financial position & performance.

The existing disclosures, which comply with Statement of Standard Accounting Practice (SSAP) 24 Accounting for Pension costs, will be retained for 2002/3. They mainly provide information relating to the amounts charged to the Consolidated Revenue Account (CRA).

The SORP 2002 also requires that any prior year adjustments should be treated according to FRS 3 Reporting Financial Performance. If material adjustments from prior years arise from changes in accounting policies or from correction of fundamental errors, the previous year's figures must be restated and reserves adjusted. Details of the relevant adjustment are shown in the Balance sheet, the CRA and notes to the CRA.

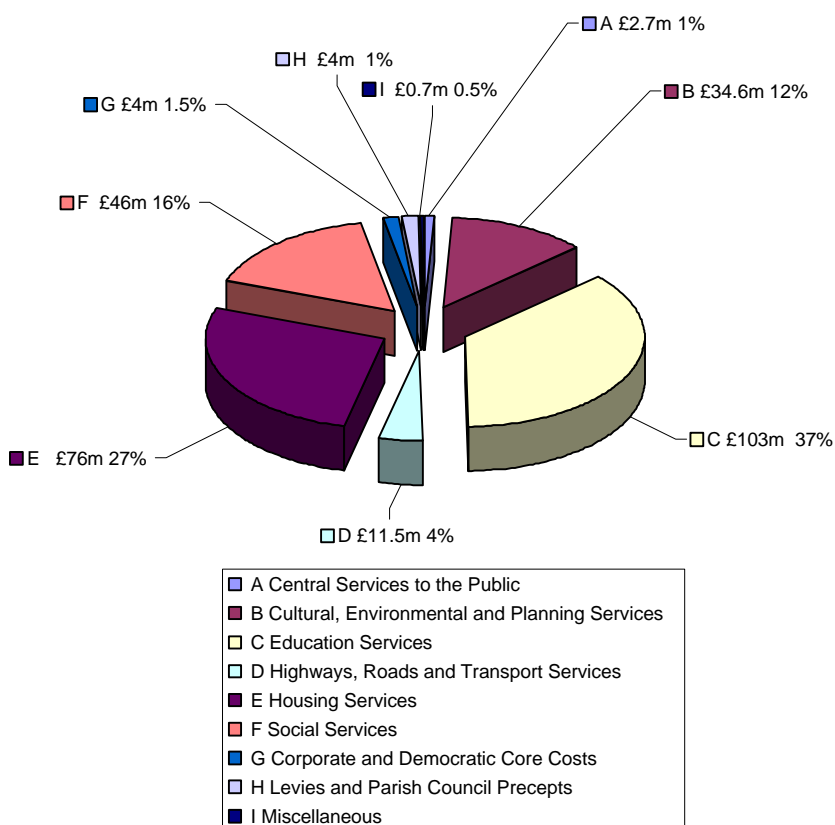
#### **REVENUE ACCOUNTS:**

##### **(a) SERVICES PROVIDED**

##### **Where the money was spent**

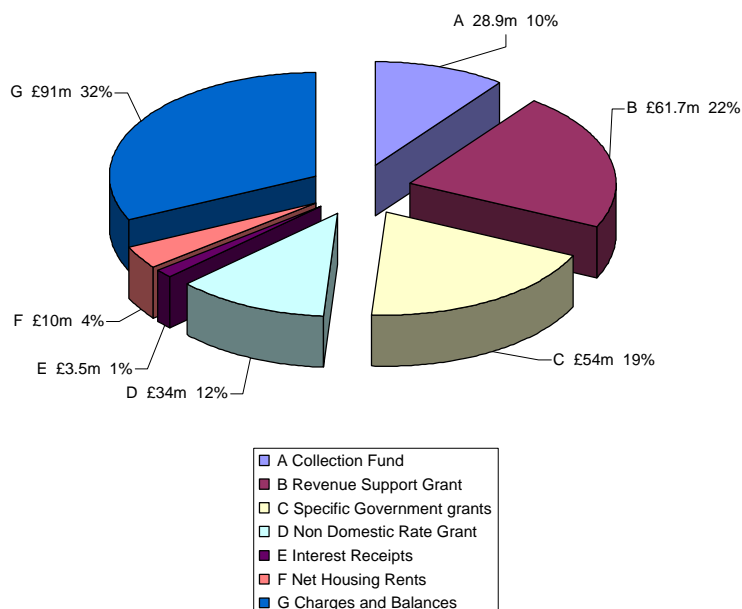
The chart on the next page shows the Council's total expenditure of £283m, in the categories for the Best Value format as in the Consolidated Revenue account on page 14.

**Where the money was spent**



**Where the money came from**

The Council's revenue spending is funded from various sources as illustrated in the chart below:



**(b) HOUSING REVENUE ACCOUNT**

The actual outturn in 2002/03 resulted in a deficit on the HRA of £443k compared to the base budgeted deficit of £123k, which produces a variance of £320k. The most significant reasons for this variance are:

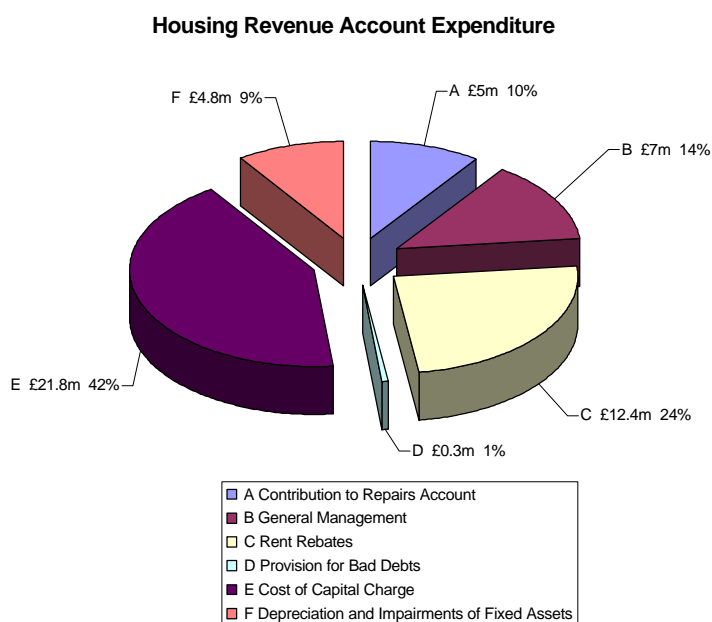
	<b>£000</b>
Additional rent income from Common Road due to delay in transfer	(507)
Containment of Repairs Account balance within overall HRA balances	(496)
Detailed review of provision from bad or doubtful debts	202
Additional contribution to capital programme carried forward from 2001/02	1,064
Miscellaneous	57
<b>Total</b>	<b>320</b>

The additional costs incurred during 2002/2003 have been contained within the overall level of required HRA balances and taken into account in respect of spending levels for the financial year 2003/2004.

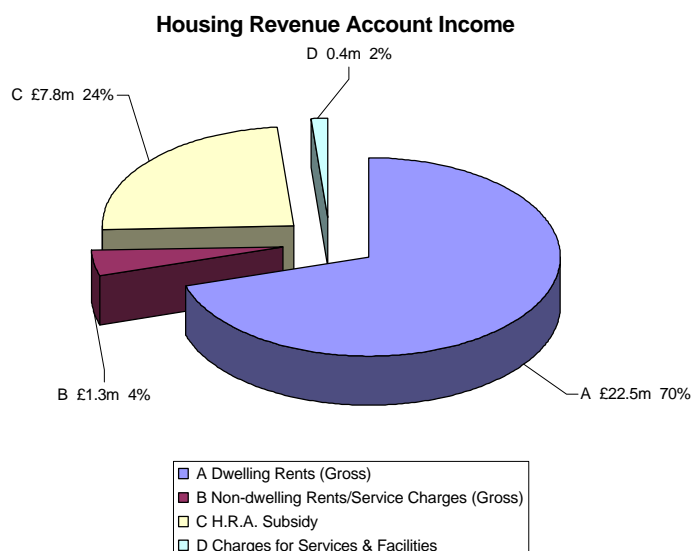
Balances carried forward into 2003/2004 amount to £2,110k of which £1,035k will be used to help fund the Housing Capital Programme.

The Housing Repairs Account shows a small underspend over the year of £51k, and this together with the planned carry forward balance of £410k is now held within the overall Housing Revenue Account balance.

The chart below shows the main categories of expenditure within the Housing Revenue Account:



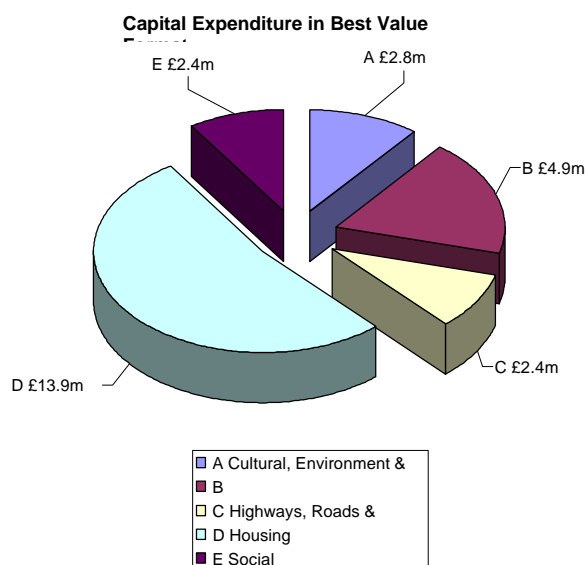
The chart below shows the main categories of income within the Housing Revenue Account:



**CAPITAL EXPENDITURE AND FINANCING**

Total capital expenditure in 2002/03 amounted to £26.7m (compared to £17.8m in 2001/02). This was £2.3m less than the budgeted programme of £29m.

The major items of capital expenditure during 2002/03 were as follows:



Further details are contained in the notes to the Balance Sheet.

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## **CAPITAL BORROWING**

The authority had long-term debt outstanding of £27m as at 31<sup>st</sup> March 2003 (£28m as at 31<sup>st</sup> March 2002). Of this £12m is owed to the Public Works Loans Board, an arm of Government, and £15m is owed to Market Lenders, i.e. banks and similar institutions.

The Council's ability to borrow, apart from internal management considerations, is controlled by regulations arising from the Local Government and Housing Act 1989, which details the range of market institutions with which the Council may transact business and also the type of debt that may be issued. The Council incorporates adherence to these regulations and the CIPFA Code of Practice on Treasury Management in its own internal treasury management policy statements.

## **FURTHER INFORMATION**

Further information about the accounts is available from

The Finance Services Department  
Town Hall,  
Bath Road,  
Slough,  
Berkshire,  
SL1 3UQ.

**(Tel: 01753 875300)**

From 1<sup>st</sup> September 2003 to 26<sup>th</sup> September 2003 between 10am and 4.00pm on Monday to Friday, any person interested may inspect and make copies of the accounts of the Council for the year ended 31<sup>st</sup> March 2003 and all books, deeds, contracts, bills, vouchers and receipts relating thereto. The accounts and other documents will be available for inspection at the offices of the Council by appointment. The Statement of Accounts will also appear on the Slough Borough Council website, [www.slough.gov.uk](http://www.slough.gov.uk).

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# CONSOLIDATED REVENUE ACCOUNT

The Summary Revenue Account brings together the transactions in the year on the Council's General Fund and Housing Revenue Account. It summarises the total expenditure incurred by the Authority in the provision of services and demonstrates how the expenditure has been financed, via Council Tax, Revenue Support Grant and Non-Domestic Rates.

CONSOLIDATED REVENUE ACCOUNT				
2001/02		2002/03	2002/03	2002/03
Prior		Notes	Expenditure	Income
Year Net				Net
£000			£000	£000
	<u>General Fund Services</u>	(1)		
1,094	Central Services to the Public		2,687	(3,880)
19,641	Cultural, Environmental and Planning Services	(6)	34,644	(15,113)
74,810	Education Services		102,999	(28,323)
7,127	Highways, Roads and Transport Services	(6)	11,457	(3,729)
25,222	Housing Services	(6)	75,918	(52,746)
29,616	Social Services		46,042	(17,101)
2,613	Corporate and Democratic Core Costs	(6)	4,245	(387)
438	Unapportionable Central Overheads		686	(155)
<b>160,561</b>	<b>Net cost of services</b>		<b>278,678</b>	<b>(121,434)</b>
				<b>157,244</b>
196	Parish Council Precepts		196	196
36	Deficit on Trading Undertakings	(2)		0
(29,972)	Asset Management Revenue Account	(3)		(30,616)
(4,620)	Interest and Investment Income	(4)		(3,545)
3,455	Levies	(5)	3,662	3,662
850	Prior Year Adjustment	(7)	0	0
<b>130,506</b>	<b>Net operating expenditure</b>		<b>282,536</b>	<b>(155,595)</b>
				<b>126,941</b>
(382)	Transfer from HRA balances & Housing Repairs Fund			(443)
123	Transfers to Earmarked Reserves	(8)		1,116
(544)	Transfers from Earmarked Reserves	(8)		(242)
4	Contributions from Schools Reserves	(8)		(710)
227	Contributions from Capital Reserves	(8)		(2,430)
1,752	Capital Expenditure Financed from Revenue			4,117
(385)	Deferred Charges			522
(5,956)	Minimum Revenue Provision transfer	(9)		(6,485)
<b>125,345</b>	<b>Amounts to be met from Government Grants &amp; Local Taxation</b>			<b>122,386</b>
	<b>SOURCES OF FINANCE</b>			
(26,273)	Council Taxpayers			(28,927)
0	Collection Fund surplus			(200)
(64,765)	General Government grant			(61,716)
(31,259)	Non Domestic Rate Income			(34,189)
<b>(122,297)</b>	<b>Total income from Grants and Taxpayers</b>			<b>(125,032)</b>
<b>3,048</b>	<b>Net General Fund deficit / (surplus)</b>			<b>(2,646)</b>
	<b>GENERAL FUND BALANCE</b>			
(3,169)	Balance at 1st April			(121)
3,048	Net General Fund deficit / (surplus)	(10)		(2,646)
<b>(121)</b>	<b>Balance at 31st March</b>			<b>(2,767)</b>

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. GENERAL FUND SERVICES

The Consolidated Revenue Account on the previous page has been re-analysed in the Services expenditure analysis set out in the Best Value Code of Practice. The figures in respect of the Housing Revenue Account (HRA) are included.

The expenditure for the General Fund is shown below in accordance with the Authority's departmental structure against the revised budget.

	2002/03 Budget £000	2002/03 Actual £000	2002/03 Variance £000
<b>General Fund</b>			
Learning & Cultural Services	81,537	82,096	559
Social Services	27,473	29,123	1,650
Asylum Seekers	(41)	0	41
Housing & Neighbourhood Services	13,117	13,492	375
Legal, Democratic & Development Services	11,053	10,799	(254)
Chief Executive	2,435	2,448	13
Human Resources	153	(65)	(218)
Assistant Chief Executive	603	49	(554)
Finance	560	(163)	(723)
Net Expenditure on General Fund	136,890	137,779	889
Other expenditure and income	(12,633)	(13,837)	(1,204)
<b>Net expenditure</b>	<b>124,257</b>	<b>123,942</b>	<b>(315)</b>
Use of Provisions and Reserves	(1,459)	(1,556)	(97)
Use of balances	2,234	2,646	412
<b>Budget requirement</b>	<b>125,032</b>	<b>125,032</b>	<b>0</b>
<u>Financing</u>			
Non-domestic Rate Income	(34,189)	(34,189)	0
Council Tax Payers	(28,927)	(28,927)	0
Precept from Collection Fund	(200)	(200)	0
Revenue Support Grant	(61,716)	(61,716)	0
<b>Total Funding</b>	<b>(125,032)</b>	<b>(125,032)</b>	<b>0</b>

Under Best Value all costs associated with Democratic Representation and also Corporate Management costs are shown as Corporate & Democratic Core costs.

The majority of central support costs should be charged to services. In respect of pensions only the current year service contributions are included in the costs of services. All other pension costs are shown as 'Unapportioned Central Overheads' as required under the Best Value Accounting Code of Practice.

## 2. TRADING ACCOUNTS

The Council had four trading units during 2002/03 where the service manager is required to operate in a commercial environment and balance their budget by selling services to generate income from other parts of the Authority or other organisations. The objective of all trading units is to breakeven. Any substantial loss or surplus generated during the year must be recharged to clients as per the Best Value Accounting Code of Practice (BVACOP). The trading units are included in the net cost of services on the CRA for 2002/03.

<u>OPERATIONAL DURING 2002/03</u>	<u>Notes</u>	<u>2001/02</u> <u>£000</u>	<u>2002/03</u> <u>£000</u>
<b><u>Highway Maintenance</u></b>	i		
Income		(467)	(172)
Expenditure		642	433
Deficit/(Surplus)		175	261
Reapportionment of Deficit		(175)	(261)
<b><u>Net Balance</u></b>		<b>0</b>	<b>0</b>
<b><u>Street Cleaning</u></b>	ii		
Income		(1,131)	(799)
Expenditure		1,295	801
Deficit/(Surplus)		164	2
Reapportionment of Deficit		(164)	0
<b><u>Net Balance</u></b>		<b>0</b>	<b>2</b>
<b><u>Housing Management</u></b>	iii		
Income		(1,206)	(1,366)
Expenditure		1,206	1,366
Deficit/(Surplus)		0	0
Reapportionment of Deficit		0	0
<b><u>Net Balance</u></b>		<b>0</b>	<b>0</b>
<b><u>Printing</u></b>	iv		
Income		(610)	(577)
Expenditure		644	652
Deficit/(Surplus)		34	75
Reapportionment of Deficit		0	0
<b><u>Net Balance</u></b>		<b>34</b>	<b>75</b>

<u>CEASED OPERATING DURING 2001/02</u> <u>(CONSOLIDATED)</u>	<u>Notes</u>	<u>2001/02</u> <u>£000</u>	<u>2002/03</u> <u>£000</u>
<b><u>Building Maintenance &amp; Cleaning &amp; Vehicle Maintenance</u></b>			
Income		(4,920)	N/A
Expenditure		5005	N/A
Deficit/(Surplus)		85	
Reapportionment of Deficit		(83)	
<b><u>Net Balance</u></b>		<b>2</b>	<b>N/A</b>

<b>Net deficit on all trading units</b>		<b>36</b>	<b>77</b>
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- (i) **Highway Maintenance** - the Council's contract to undertake maintenance of its roads and paths passed to Slough Accord Ltd with effect from December 2002.
- (ii) **Street Cleaning** - the Council's contract to sweep its roads and paths passed to Slough Accord Ltd with effect from December 2002.
- (iii) **Housing Management** - the Council has a contract to manage its Housing Stock. An agreement was reached that any surpluses or losses would be charged to the HRA.
- (iv) **Printing** - the Council operates a printing section that supports all Council Departments and works occasionally for external bodies. This section is also responsible for the Council's photocopiers.

### 3. ASSET MANAGEMENT REVENUE ACCOUNT

This account includes the reversal of capital charges made to revenue accounts for the use of fixed assets and the Housing Revenue Account - Item 8 charge. The balance on this account is transferred to the Consolidated Revenue Account to offset any impact of capital charges on local taxation.

	<b>2001/02</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
Income		
Capital Charges		
- General Fund	(19,456)	(19,688)
- Housing Revenue Account	(22,435)	(21,628)
Total Income	(41,891)	(41,316)
Expenditure		
Provision for depreciation*	6,892	7,232
External Interest Charges	5,027	3,468
Total Expenditure	11,919	10,700
<b>Balance to Consolidated Revenue Account</b>	<b>(29,972)</b>	<b>(30,616)</b>

\* Net of Capital Grants adjustment.

The basis of valuation and depreciation for different class of assets are set out in Notes 5 and 6 to the Consolidated Balance Sheet respectively.

#### 4. INVESTMENT INCOME

The majority of investment and interest income earned by the Authority arises from the day to day management of its financial reserves.

	<b>2001/02</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
Principal Invested		
Deposits – Principal	66,700	76,000
Other	10	10
<b>Total Investments</b>	<b>66,710</b>	<b>76,010</b>
Investment and Misc. Income		
Interest on Deposits	(4,158)	(3,405)
Misc.	(81)	(67)
<b>Sub Total Income</b>	<b>(4,239)</b>	<b>(3,472)</b>
Housing Revenue Account		
Interest on Internal Fund & Balances	(234)	0
Interest on Sale of Council Houses & Mortgages	(147)	(73)
<b>Total Income</b>	<b>(4,620)</b>	<b>(3,545)</b>

#### 5. LEVIES

Levies paid in the year were as follows:

	<b>2001/02</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
Combined Fire Authority	2,786	2,974
Environmental Agency	555	564
Magistrates Courts	114	124
<b>Total Levies</b>	<b>3,455</b>	<b>3,662</b>

#### 6. EXCEPTIONAL ITEM

Within the General Fund Services £1.4m has been received from Accord in respect of goodwill associated with the integrated Environmental Services contract. £600k is shown within the Housing & Neighbourhood Services (Environmental Services) to offset the additional costs of the tender process & procurement. The balance is held within Other Central Services.

There is also an exceptional item in respect of redundancy costs totalling £867k included in the departments' expenditure costs. These redundancy costs have been capitalised as permitted by the Secretary of State under section 40 (6) of the Local Government & Housing Act 1989

#### 7. PRIOR YEAR ADJUSTMENT

The only prior year adjustment to the accounts is £581k in respect of overstated school assets.

**8. CONTRIBUTIONS TO / (FROM) EARMARKED AND SCHOOL RESERVES**

	2001/02 £000			2002/03 £000			
	Reclassified	To	From	Total	To	From	Total
<u>Earmarked Reserves</u>							
Insurance Reserve		0	0	0	150	0	150
Department Reserves	(230)	36	(276)	(470)	966	(117)	849
SRB Reserve		87	0	87	0	(68)	(68)
IT Reserve		0	0	0	0	(57)	(57)
Housing Benefit Subsidy Reserve			(38)	(38)	0	0	0
<u>Sub Total</u>	(230)	123	(314)	(421)	1,116	(242)	874
<u>Capital Reserves</u>	230	498	(501)	227	305	(2,735)	(2,430)
<u>Housing Reserves</u>		487	(278)	209	51	(447)	(396)
<b>Total Contributions to / (from) Reserves</b>	<b>0</b>	<b>1,108</b>	<b>(1,093)</b>	<b>15</b>	<b>1,472</b>	<b>(3,424)</b>	<b>(1,952)</b>

	2001/02 £000			2002/03 £000		
	To	From	Total	To	From	Total
<u>School Reserves</u>	139	0	139	438	(1,148)	(710)

For further details, see Balance Sheet note 16.

## 9. PROVISION FOR THE REPAYMENT OF DEBT

The Authority is required to set aside a sum each year for the repayment of outstanding debt. The sum to be set aside is equal to a specified proportion of the Authority's own net credit liabilities, known as the credit ceiling. In addition, the Authority is also required to set aside a sum each year for the repayment of debt transferred from the former Berkshire County Council.

As shown below, the depreciation charged has resulted in a charge to the revenue accounts of approximately £6,485k in compliance with the current accounting requirements for 2002/03.

	2001/02 £000	2002/03 £000
Non-Housing amount - 4% of credit ceiling	0	0
Housing amount - 2% of credit ceiling	162	6
<b>Minimum Revenue Provision</b>	<b>162</b>	<b>6</b>
Amount charged as depreciation*	(6,892)	(7,232)
Commutation Adjustment	(137)	(133)
<b>Sub Total</b>	<b>(6,867)</b>	<b>(7,359)</b>
BCC Transferred debt	911	874
<b>Transfer to Consolidated Revenue Account</b>	<b>(5,956)</b>	<b>(6,485)</b>

\* Net of Capital Grants adjustment.

## 10. BALANCES

The changes in the level of the General Fund have been as follows:

	2001/02 £000	2002/03 £000
Balances as at 1st April	(3,169)	(702)
Prior Year Adjustment		581
Balance after Prior Year adjustment		(121)
Budgeted Contributions to balances	(107)	(748)
Further contributions from/(to) balances	2,574	(1,898)
Prior Year Adjustment	581	
<b>Balances as at 31 March</b>	<b>(121)</b>	<b>(2,767)</b>

## 11. FINANCE AND OPERATING LEASES

The Authority uses vehicles and equipment financed under the terms of operating leases. The Authority did not enter into any new finance leases during the year. The amount paid under the operating lease was as follows:

	<b>2001/02</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
Expenditure on leases	485	285

The estimated future payments under the current lease agreements are as set out below.

	<b>£000</b>
2003/2004	285
2004/2005	92
2005/2006	42
2006/2007	16
2007/2008	5

## 12. LOCAL AUTHORITIES (GOODS AND SERVICES) ACT 1970

The Council is empowered by the Act to provide goods and services to other public bodies. Recoupment receipts and payments for special educational needs are the only items in respect of this Act for 2002/03.

	<b>2001/02</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
Expenditure	882	819
Income	(505)	(421)

## 13. PENSIONS

Brief notes of the two pension schemes to which the Council and its employees contribute are shown in the Statement of Accounting Policies, note 9 on page 69. The information below relates to the costs of pension arrangements borne by this Authority and included in the Revenue Accounts.

### TEACHERS

Pension costs are charged into the accounts using the contribution rate set by the Department for Education and Skills (DfES). The Council paid the following amounts to the DfES in respect of teachers' pensions costs. In addition the Council is responsible for a share of the pension payments relating to added years for former Berkshire County Council teachers.

	<b>2001/02</b>	<b>2002/03</b>
Employers Contribution	£2,173,627	£2,586,089
Added Years	£159,940	£158,358
Percentage of Teacher's Pensionable Pay	7.4%	8.35%

**OTHER EMPLOYEES**

The Council paid the following amounts into the Royal County of Berkshire Pension Fund. The fund provides members with defined benefits relating to pay and service.

	<b>2001/02</b>	<b>2002/03</b>
Employers Contribution	£1,965,519	£2,213,462
Added Years	NIL	NIL
Percentage of Employee's Pensionable Pay	6.6%	7.6%

The contribution rate was determined for 2002/03 by the Fund's Actuary based on triennial actuarial valuations. Under Pension Fund Regulations contribution rates are set to meet the overall liabilities of the Fund.

The Fund's Actuary has advised that the pension costs meet with the requirements of Statement of Standard Accounting Practice (SSAP) 24 'Accounting for Pension Costs'. Due to the actuarial valuation of the Fund at March 2001, the employer's contribution has increased. The changes, which have affected the valuation of the scheme, include: -

- The Local Government Pension Scheme Regulations 1995 which extend eligibility to all part time employees with effect from 2<sup>nd</sup> May 1995.
- The Local Government Pension Scheme Regulations 1995 also increased the lump sum death in service benefit to twice pensionable pay. This improvement in benefits, however, was incorporated into the previous valuation.
- The Pensions Act 1995 introduced a number of new measures, which affected the funding of the Local Government Pension Scheme. The most significant was the change to the basis of contracting out of the State Earnings Related Pension Scheme and the cessation of accrual of Guaranteed Minimum Pensions (GMP) from 6<sup>th</sup> April 1997.
- The Local Government Pension Scheme Regulations 1997 introduced a number of new provisions effective from 1<sup>st</sup> April 1998.
- The Audit Commission made recommendations in relation to funding early retirement costs.

Further Information can be found in the Royal County of Berkshire Pension Fund's Annual Report, which is available upon request from the Administrating Authority (Windsor and Maidenhead Borough Council).

**14. RELATED PARTIES**

The Council is required to disclose any material transactions that have taken place with parties that could affect the decision making process within the Council. Transactions with precepting Authorities, levies to other bodies and Government departments are shown in the Collection Fund, Notes to the Consolidated Revenue Account and Cash Flow respectively.

All Councillors and Chief Executives & Directors holding office during 2002/03 were asked to complete a disclosure statement in respect of themselves, their spouse/partner, close family or member of their household, detailing any material transactions with related parties not currently noted in the Register of Interests.

They were asked to disclose any:

- positions of influence they hold within partnerships, companies, trusts or any entities providing services to the Council.
- positions of influence (in a personal capacity) they hold within organisations receiving grant funding from the Council.

Disclosure forms were sent to the 41 Councillors and the 10 Chief Executives & Directors. At the time of publication, 2 replies are outstanding from Councillors who held office during 2002/03. Of the replies received, no transactions have been identified that should be disclosed under FRS 8 'Related Party Disclosures'.

## 15. MEMBERS' ALLOWANCES

The total of Members' allowances paid during 2002/03 was £275k (£278k for 2001/02). Further information is available in the Member Services section of the Legal, Democratic & Development Services Department.

## 16. OFFICERS' REMUNERATION

Detailed below are the number of employees including schools, in the accounting period to which the accounts relate, whose remuneration fell in each bracket of a scale in multiples of £10,000 starting with £50,000.

<b>£000</b>	<b>2001/02 Number</b>	<b>2002/03 Number</b>
£100+	1	0
£90-£99	1	1
£80-£89	0	1
£70-£79	2	9
£60-£69	13	13
£50-£59	27	14

These figures also include Retirement Compensation Payments, leased car and essential user taxable allowances.

These amounts exclude pension contributions.

## 17. PUBLICITY

Publicity covers all forms of communication addressed to the public at large and includes advertisements for job vacancies as well as press notices and other publications within this definition. Expenditure on publicity is included in the Consolidated Revenue Account but it has been separately identified below to comply with Section 5 of the Local Government Act, 1986

	<b>2001/02 £000</b>	<b>2002/03 £000</b>
Staff Advertising	921	669
Corporate Advertising	179	205
Civic Newspapers - Slough Citizen	35	42
Publicity	2	4
<b>Total Expenditure</b>	<b>1,137</b>	<b>920</b>

## 18. BUILDING CONTROL TRADING ACCOUNT

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control unit divided between the chargeable and non-chargeable activities.

<b>Total 2001/02 £000</b>		<b>Chargeable 2002/03 £000</b>	<b>Non-chargeable 2002/03 £000</b>	<b>Total 2002/03 £000</b>
	<u>Expenditure</u>			
373	Employee Expenses	275	131	406
0	Premises	0	0	0
15	Transport	11	6	17
62	Supplies and Services	17	8	25
168	Central and Support Service Charges	83	74	157
<b>618</b>	<b>Total Expenditure</b>	<b>386</b>	<b>219</b>	<b>605</b>
	<u>Income</u>			
(362)	Building Regulations Charges	(350)	0	(350)
(3)	Miscellaneous Income	(2)	(3)	(5)
<b>(365)</b>	<b>Total Income</b>	<b>(352)</b>	<b>(3)</b>	<b>(355)</b>
<b>253</b>	<b>(Surplus)/Deficit for Year</b>	<b>34</b>	<b>216</b>	<b>250</b>

## 19. SECTION 137 EXPENDITURE

As a result of the changes in the Local Government Act 2000, the only part of Section 137 that still applies to this Council is Section 137(3). This retains the power for councils to contribute to the funds of charities in the UK, where in its opinion, they are for the benefit of people in its area on activities or projects not specifically authorised by other powers. Section 137(4), which imposes the expenditure limit, no longer applies to this Council.

	<b>2001/02 £000</b>	<b>2002/03 £000</b>
Grants to voluntary organisations	301	298

## 19. EURO

The Council is continually monitoring the situation relating to the Euro. Plans are being prepared to deal with the implications, in particular that all necessary systems can accommodate the Euro. The Authority has incurred no expenditure in respect of the Euro prior to 31<sup>st</sup> March 2003.

# CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet summarises the Council's financial position as at 31<sup>st</sup> March 2003. It reflects the assets and liabilities of all the Council's activities including the Collection Fund, but excluding any Trust Funds.

CONSOLIDATED BALANCE SHEET

As at 31st March 2002 £000	Notes	As at 31st March 2003 £000	£000
<u>Long Term Assets</u>			
<b>Fixed assets</b>			
<i>Operational Assets:</i>			
362,643		344,318	
156,331		156,149	
2,918		3,122	
21,111		22,774	
421		589	
21,346		22,034	
<i>Non Operational Assets</i>			
564,770		548,986	
<b>Total Fixed Assets</b>			
14,165	(2)	13,096	
1,530	(8)	1,263	
<b>580,465</b>			<b>563,345</b>
<u>Current Assets</u>			
245		167	
17,558	(9)	24,700	
66,710	(10)	76,010	
3,372		68	
<b>87,885</b>			<b>100,945</b>
<u>Current Liabilities</u>			
(344)	(11)	(1,087)	
(26,153)	(12)	(25,301)	
0		(1,137)	
<b>(26,497)</b>			<b>(27,525)</b>
<b>641,853</b>			<b>636,765</b>
<u>Total Assets less Current Liabilities</u>			
Borrowing Repayable within a period			
(28,165)	(11)	(27,078)	
(23,653)	(13)	(22,631)	
(1,026)	(14)	(1,021)	
(1,226)	(15)	(2,042)	
<b>587,783</b>			<b>583,993</b>
<u>Total Assets less Liabilities</u>			
<u>Equity</u>			
(427,319)		(405,355)	
(121,330)		(136,932)	
0		0	
(10,759)		(11,335)	
(4,884)	(16)	(2,932)	
(16,500)	(17)	(19,145)	
<u>Balances :-</u>			
(121)		(2,767)	
(3,731)	(18)	(3,021)	
(2,553)		(2,110)	
(586)		(396)	
<b>(587,783)</b>			<b>(583,993)</b>
<u>Total Net Worth</u>			

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. FIXED ASSETS

	Valuation at 31-Mar-02 £000	Accumulated Depreciation £000	Net Book Value at 31-Mar-02 £000	Additions £000	Disposals £000	Revaluations & Restatements £000	Depreciation £000	Net Book Value at 31-Mar-03 £000
<b>Operational Assets</b>								
· Council Dwellings	367,356	(4,713)	<b>362,643</b>	6,465	*(19,968)	0	(4,822)	<b>344,318</b>
· Other Land & Buildings	171,048	(14,717)	<b>156,331</b>	7,678	(2,314)	652	(6,198)	<b>156,149</b>
· Vehicles, Plant & Equipment	4,712	(1,794)	<b>2,918</b>	1,057	0	0	(853)	<b>3,122</b>
· Infrastructure Assets	22,962	(1,851)	<b>21,111</b>	2,237	0	0	(574)	<b>22,774</b>
· Community Assets	421	0	<b>421</b>	169	0	0	(1)	<b>589</b>
<b>Sub Total</b>	566,499	(23,075)	543,424	17,606	(22,282)	652	(12,448)	<b>526,952</b>
<b>Non Operational Assets</b>	21,413	(67)	<b>21,346</b>	1,039	(589)	255	(17)	<b>22,034</b>
<b>Total</b>	<b>587,912</b>	<b>(23,142)</b>	<b>564,770</b>	<b>18,645</b>	<b>(22,871)</b>	<b>907</b>	<b>(12,465)</b>	<b>548,986</b>

\*The Council dwelling disposals relate mainly to the disposal of the Common Road flats and properties under the right to buy scheme.

## 2. DEFERRED CHARGES

This represents capital expenditure, which does not result in tangible fixed assets. Expenditure associated with non-tangible assets has been written off during the year. Premiums and discounts incurred in respect of early repayment and/or refinancing of debt are charged to revenue over an appropriate period in accordance with the CIPFA Code of Practice. Premiums incurred in refinancing of SBC managed debt have been amortised for a maximum period of 10 years and will be recovered annually via the Housing Revenue Account subsidy. Premiums incurred in the year for refinancing ex BCC debt amounted to £0.6m.

	2001/02 £000	2002/03 £000
Balance as at 1 <sup>st</sup> April	617	14,165
Expenditure		
- Premiums	14,082	557
- Renovation Grants	826	904
- Redundancy costs	212	867
- Other	1	83
Total Expenditure	15,121	2,411
Amounts written off	(1,573)	(3,480)
<b>Balance as at 31<sup>st</sup> March</b>	<b>14,165</b>	<b>13,096</b>

## 3. CAPITAL EXPENDITURE AND SOURCES OF FINANCE

	2001/02 £000	2002/03 £000
<u>Capital Investment</u>		
Fixed assets	15,631	18,645
Deferred charges	1,039	1,854
Housing Association Loans (shown separately in the accounts)	1,126	6,173
	<b>17,796</b>	<b>26,672</b>
<u>Sources of Finance</u>		
Borrowing (credit approvals)	2,509	3,433
Capital receipts	5,693	9,230
Capital grants and contributions	3,076	4,719
Revenue Contributions	5,716	8,819
Creditors unfinanced	802	471
	<b>17,796</b>	<b>26,672</b>

#### **4. CAPITAL COMMITMENTS**

The Council has authorised expenditure in future years of £68m under its capital programme. This includes £18m in respect of housing stock improvements and loans & grants to Housing Associations, £8m for Education works, £8m in respect of Highways capital schemes, and £4m for Social Services schemes. £5m was contractually committed at the 31<sup>st</sup> March 2003 in respect of housing stock improvement, housing association loans and grants and educational schemes.

The Heart of Slough is a major regeneration initiative to redevelop the centre of the town. It aims to deliver a focus for creative, cultural and technology based businesses in the Thames Valley, and to act as a major catalyst for economic, social and environmental revitalisation. There was no contractual financial commitment at 31<sup>st</sup> March 2003 in respect of the project.

#### **5. VALUATION INFORMATION**

The freehold and leasehold properties comprising the Authority's property portfolio at the 31<sup>st</sup> March 2003 are a mixture of original Slough Borough Council and inherited former Berkshire County Council properties. The original Slough Borough Council stock was revalued as at 1<sup>st</sup> April 1999 by the Council's Internal Valuation Service. External assistance was obtained with the depreciated replacement cost valuations undertaken in respect of specialist properties.

The majority of the former County properties were revalued as at 1<sup>st</sup> April 2001 by external valuers Wilks, Head & Eve. Some valuations were carried out by the Council's Internal Valuation Service headed by Andy Algar FRICS.

The Council's operational housing stock was revalued as at 1<sup>st</sup> April 2001 by external valuers King Sturge. Under Housing Resource Accounting requirements, the stock was valued on the basis of existing use value for social housing.

Properties are valued on the following bases:

- Properties regarded by the Authority as operational (i.e. assets held and used by an Authority in the direct delivery of services) are valued on the basis of open market value for the existing use or, where this can not be assessed because there is no market for the subject asset, the depreciated replacement cost.
- Properties regarded by the Authority as non-operational are valued on the basis of open market value.
- Community assets have been valued as such and are included in the accounts with nominal values.

VALUATIONS OF FIXED ASSETS CARRIED FORWARD AT CURRENT VALUE

The following statement shows the progress of the Council's programme for the revaluation of fixed assets.

<b>Value of Assets as at 31<sup>st</sup> March 2003</b>	<b>Council Dwellings</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Non Operational Assets</b>	<b>Total</b>
<b>Net Book Value</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valued at historical cost	0	2,061	3,122	2,072	7,255
Assets valued in 2002/2003	0	0	0	0	0
Assets valued during 2001/2002	337,646	111,258	0	5,165	454,069
Assets valued during 1999/2000	6,672	42,830	0	14,797	64,299
<b>Total</b>	<b>344,318</b>	<b>156,149</b>	<b>3,122</b>	<b>22,034</b>	<b>525,623</b>

**6. DEPRECIATION**

Depreciation has been charged on the value of the fixed assets as at 1<sup>st</sup> April 2003 on the basis shown below.

OPERATIONAL LAND AND BUILDINGS

Charged on the value of the buildings only, over the useful life of the buildings, which varies between 1 and 58 years, on a straight-line basis.

VEHICLES

Depreciated over the life of the vehicles, which varies between 7 and 10 years on a straight-line basis.

PLANT, FURNITURE AND EQUIPMENT

Depreciated on a straight-line basis over 5 years.

INFRASTRUCTURE

Depreciated on a straight line basis over 40 years.

COMMUNITY ASSETS

Charged on the value of the buildings only, over the useful life of the building which varies between 20 & 40 years, on a straight line basis.

NON-OPERATIONAL ASSETS

No depreciation was charged except in respect of the leasehold properties, which were depreciated on a straight-line basis over the life of the leases. The other assets consist of land or investment properties and there is no requirement to depreciate these assets.

HOUSING STOCK

Depreciation equivalent to the Major Repairs Allowance has been charged in respect of the housing stock in the year.

**7. ASSETS HELD**

The fixed assets held by the Council include the assets shown below:

	<b>Number as at 31<sup>st</sup> March 02</b>	<b>Number as at 31<sup>st</sup> March 03</b>
<b>Council Dwellings</b>		
Council Dwellings	7,527	7,007
Shared Ownership Dwellings	2	2
Other Housing Assets	140	140
<b>Operational Land and Buildings</b>		
Town Hall	1	1
Other Offices	2	2
Community Halls & Playleadership Centres	11	12
Leisure Centres and Pools	6	6
Youth & Community Centres	8	8
Libraries	4	4
Schools and Education Properties	46	45
Social Services Homes and Hostels	18	19
Off-street Car Parks	10	10
Bus Station	1	1
Public Conveniences	8	8
Cemetery/Crematorium	1	1
Depots and Workshops	4	3
Waste Transfer Station	1	1
<b>Operational Vehicles, Plant and Equipment</b>		
Vehicles, Plant and Equipment Capitalised	27	27
<b>Infrastructure Assets</b>		
Highways (Km)	298	298
Bridges	46	46
<b>Community Assets</b>		
Parks and Open Spaces	36	48
Allotments	10	10
<b>Non-operational Assets</b>		
Commercial Land & Property	163	161

**8. LONG TERM DEBTORS**

These relate mainly to mortgage advances for the purchase of Council houses.

	<b>31.03.02</b>	<b>31.03.03</b>
	<b>£000</b>	<b>£000</b>
Council House Sales mortgages	1,237	981
Other	293	283
<b>Total</b>	<b>1,530</b>	<b>1,264</b>

**9. DEBTORS AND ADVANCE PAYMENTS**

	<b>31.03.02</b>	<b>31.03.03</b>
	<b>£000</b>	<b>£000</b>
Government Departments	4,678	9,689
Other Local Authorities	2,927	3,994
Housing Rents	1,976	2,075
Investment Accrual	1,257	605
Collection Fund	7,756	9,353
Refundable Deposits	4	17
Payments in Advance	750	529
Other	5,111	6,387
	24,459	32,649
Provision for Bad Debts	(6,901)	(7,949)
<b>Total</b>	<b>17,558</b>	<b>24,700</b>

**10. INVESTMENTS**

The investments shown are a result of the general management of the Borough's financial reserves. They consist of the Council's reserves, unapplied capital receipts, grants and contributions.

**11. BORROWING**

	<b>31.03.02</b>	<b>31.03.03</b>
	<b>£000</b>	<b>£000</b>
Long term loans:		
- PWLB (Public Works Loans Board)	(12,165)	(12,078)
- Market loans	(16,000)	(15,000)
<b>Total long term loans</b>	<b>(28,165)</b>	<b>(27,078)</b>
Temporary / Short term loans:		
- PWLB (Public Works Loans Board)	(344)	(87)
- Market loans	0	(1,000)
<b>Total long temporary/short term loans</b>	<b>(344)</b>	<b>(1,087)</b>
<b>Total Loans Outstanding</b>	<b>(28,509)</b>	<b>(28,165)</b>
<u>An analysis of loans by maturity:</u>		
Less than 12 months	(344)	(1,087)
More than 1 year, less than 2 years	(1,087)	(2,143)
More than 2 years, less than 5 years	(2,329)	(280)
More than 5 years, less than 10 years	(3,663)	(3,590)
Over 10 years	(21,086)	(21,065)
<b>Total</b>	<b>(28,509)</b>	<b>(28,165)</b>

**12. CREDITORS & ADVANCE RECEIPTS**

	<b>31.3.02</b>	<b>31.03.03</b>
	<b>£000</b>	<b>£000</b>
Government Departments	(4,844)	(6,565)
Other Local Authorities	(3,022)	(3,263)
Housing Rents in advance	(192)	(103)
Collection Fund	0	0
Refundable deposits	(15)	(24)
Receipts in advance	(1,628)	(2,045)
Interest payable	(479)	(323)
Other	(15,973)	(12,978)
<b>Total</b>	<b>(26,153)</b>	<b>(25,301)</b>

**13. DEFERRED LIABILITIES**

The balance of deferred liabilities includes debt taken over from BCC that is managed by Reading Borough Council on behalf of the Berkshire Unitary Authorities, deferred credits representing the capital income still to be received where mortgages have been provided for the purchase of council houses, and a residual sum of transferred debt relating to 1974 Local Government Reorganisation.

	<b>2001/02</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
Debt transferred from BCC	(21,856)	(20,982)
Income due from sale of council houses	(1,442)	(1,114)
Pre 1974 transferred debt	(33)	(28)
Discount due from debt refinancing	(322)	(507)
<b>Total</b>	<b>(23,653)</b>	<b>(22,631)</b>

**14. PROVISIONS**

	<b>31.03.02</b>	<b>Expenditure</b>	<b>Transfer</b>	<b>31.03.03</b>
	<b>£000</b>	<b>from Fund</b>	<b>to Fund</b>	<b>£000</b>
		<b>02/03</b>	<b>02/03</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Insurance Provision	(300)	175	(180)	(305)
Other Provisions	(726)	660	(650)	(716)
<b>Total</b>	<b>(1,026)</b>	<b>835</b>	<b>(830)</b>	<b>(1,021)</b>

The insurance provision has been set aside to meet claims relating to the financial year 2003/04 and earlier years that have not yet been settled. These claims are expected to be settled in 2004/05.

## 15. OTHER GRANTS AND CONTRIBUTIONS

These are various grants and contributions received from external organisations. The funds are donated by outside bodies for expenditure on specific projects. Any funds that are not utilised need to be returned to the donating body at the end of the project.

	31.03.02 £000	Reclassified £000	Expenditure from Fund 02/03 £000	Transfer to Fund 02/03 £000	31.03.03 £000
Commuted Sums	(613)	0	67	(65)	(611)
External funds & S106	(613)	(13)	673	(1,478)	(1,431)
<b>Total</b>	<b>(1,226)</b>	<b>(13)</b>	<b>740</b>	<b>(1,543)</b>	<b>(2,042)</b>

## 16. EARMARKED RESERVES

	31.03.02 £000	Reclass- ification £000	Transfer from reserves 02/03 £000	Transfer to reserves 02/03 £000	31.03.03 £000
<b>General Fund Reserves</b>					
Insurance Reserve	(876)	0	0	(150)	(1,026)
Department Reserves	(275)	0	117	(966)	(1,124)
SRB Reserve	(450)	0	68	0	(382)
IT Reserve	(202)	0	57	0	(145)
Revenue Sub Total	(1,803)	0	242	(1,116)	(2,677)
Capital Reserves	(2,430)	0	2,735	(305)	0
General Fund Reserves Total	(4,233)	0	2,977	(1,421)	(2,677)
<b>Housing Reserves</b>	(651)	0	447	(51)	(255)
<b>Grand Total</b>	<b>(4,884)</b>	<b>0</b>	<b>3,424</b>	<b>(1,472)</b>	<b>(2,932)</b>

Insurance Reserve has been established to meet any uninsured losses that may arise. It also provides a funding mechanism for risk management measures.

Department Reserves are sums of money set aside by departments to finance future projects.

The SRB Reserve will be contributed to SRB projects, which are largely funded by Central Government.

IT Reserve is to meet the costs of upgrading or replacing IT equipment, systems and infrastructure thereby ensuring that the Council is utilising the latest technology to its fullest potential.

Housing Benefit Subsidy Reserve was used to meet Housing Benefit shortfall in subsidy provided by the Government.

Capital Reserve is to be used for the financing of capital expenditure.

Housing Reserve covers major emergencies/repair work.

## 17. GOVERNMENT GRANTS AND CAPITAL CONTRIBUTIONS

The balance on this account represents the value of capital grants and contributions received, which have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue over the life of the asset taking into account depreciation.

	<b>2001/02</b> <b>£000</b>	<b>2002/03</b> <b>£000</b>
Balance as at 1st April	(13,450)	(16,500)
Amounts received in the year	(3,273)	(5,229)
Transfer to AMRA (Asset Management Revenue Account)	223	2,584
<b>Balance as at 31st March</b>	<b>(16,500)</b>	<b>(19,145)</b>

## 18. SCHOOL RESERVES

Under the provision of the Education Reform Act 1988, locally managed schools are able to carry forward unspent balances of delegated budgets from year to year. These form part of the Council's reserves but are not available to the Authority to support its general activities as their use is at the discretion of the governors of schools holding the balances concerned. Balances for the 11 Foundation Schools were included from 1<sup>st</sup> April 1999.

The changes in the level of School Reserves for 2002/03 have been as follows:

	<b>2001/02</b> <b>£000</b>	<b>2002/03</b> <b>£000</b>
Balances as at 1st April	(3,592)	(3,731)
Movement in year	(139)	710
<b>Balances as at 31<sup>st</sup> March</b>	<b>(3,731)</b>	<b>(3,021)</b>

## 19. PROVISION FOR CREDIT LIABILITIES

In accordance with statutory requirements, the Council is required to set aside sums as a provision to repay external loans and finance leases and for other limited purposes. The Council does not keep an account within the accounting records for the Provision for Credit Liabilities (PCL), as there is no need to do so, but maintains a memorandum account, which is set out below.

	2001/02 £000	2002/03 £000
Balance brought forward	(61,413)	(55,621)
Amount set aside	(162)	(6)
Reserved capital receipts	(9,223)	(13,469)
<b>Sub total - proportional 1st April</b>	<b>(70,798)</b>	<b>(69,096)</b>
Amounts applied	15,177	3,910
<b>Balance carried forward</b>	<b>(55,621)</b>	<b>(65,186)</b>

## 20. TRUST FUNDS

These are monies owned by an individual or organisation which is administered by the Authority. The funds administered by the Council are summarised below. In accordance with accounting recommendations, these sums are excluded from the Consolidated Balance Sheet.

	Balance as at 31.03.02 £000	Payments/Transfers in year £000	Receipts in year £000	Balance as at 31.03.03 £000
War Memorial Garden	85	0	2	87
Thames Valley Athletic	13	(88)	19	(56)
Miscellaneous Funds	19	(19)	17	17
<b>Total Trust Funds</b>	<b>117</b>	<b>(107)</b>	<b>38</b>	<b>48</b>

## 21. FOUNDATION SCHOOLS

Fixed assets and long-term liabilities remain vested in the Governing bodies of individual Foundation Schools and therefore values and amounts have not been consolidated in this Balance Sheet. The values are not available.

## 22. PENSIONS

Full details of the Authority's Pension schemes are shown in the Statement of Accounting Policies note 9.

In 2002/03, pensions costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to the Royal County of Berkshire Pension Fund (based on a formal actuarial valuation for March 2001) and the pensions payable in the year to retired officers. However, at 31 March 2003, the Authority had the following overall assets and liabilities for pensions that have not been included in the balance sheet:

	<b>31 March 2002</b>	<b>31 March 2003</b>
	<b>£000</b>	<b>£000</b>
Estimated Liabilities in scheme*	(122,930)	(125,320)
Estimated Assets in scheme	124,310	95,580
<b>Net asset/(liability)</b>	<b>1,380</b>	<b>(29,740)</b>

\*It is estimated that this liability comprises of approximately £68,910k, £17,220k and £39,200k in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2003.

The Pension Fund liabilities have been assessed by Hymans Robertson. The financial assumptions used in the calculations have been:

	<b>31 March 2002</b>	<b>31 March 2003</b>
	<b>% per annum</b>	<b>% per annum</b>
Price increases	2.8%	2.5%
Salary increases	4.8%	4.5%
Pension increase	2.8%	2.5%
Discount rate	6.4%	6.1%

Assets in the Royal Berkshire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories:

	<b>Long Term</b>	<b>Fund Value</b>	<b>Expected</b>
	<b>Return</b>	<b>31 March 2003</b>	<b>Annual Return</b>
	<b>% per annum</b>	<b>£000</b>	<b>£000</b>
Equities	8.0%	498,000	39,840
Bonds	4.8%	147,000	7,060
Property	6.0%	86,600	5,200
Cash	4.0%	51,500	2,060
<b>Total</b>	<b>6.9%</b>	<b>783,100</b>	<b>54,160</b>

The movement in the net pension liability for the year to 31 March 2003 is as follows:

	<b>£000</b>
<b>Net pensions surplus at 1 April 2002</b>	<b>1,380</b>
Movements in the year:	
Current Service Cost	(4,220)
Employers' contributions payable to scheme	2,250
Other income	0
Other outgoings (e.g. expenses)	0
Past Service costs	0
Impact of settlements and curtailments	(130)
Net return on assets	760
Actuarial gains/(losses) (see below)	(29,780)
<b>Net pensions liability at 31 March 2003</b>	<b>(29,740)</b>

The actuarial losses can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2003:

	<b>£000</b>	<b>%</b>
Difference between the expected and actual return on assets	(29,430)	(30.8)
Difference between actuarial assumptions about liabilities and actual experience	(350)	(0.3)
Changes in financial assumptions used to estimate liabilities	0	0
	<b>(29,780)</b>	

### **23. CONTINGENT LIABILITIES**

The Council has received a goodwill payment of £1.4m from Accord PLC during 2002/3 as part of the letting of the integrated Environmental Services contract. The contract commenced on 1<sup>st</sup> December 2002 for 15 years. The risk of having to repay the £1.4m is considered very low & will be on a reducing balance over the period of the contract. The Authority has therefore included the sum in the 2002/3 accounts. This sum was a consideration when the level of balances was set during the budget process.

### **24. ANALYSIS OF NET ASSETS EMPLOYED**

The net assets employed by the Council represents the value of its total assets less its liabilities and these have been split across the main funds of the Council as follows:

	<b>31 March 2002 £000</b>	<b>31 March 2003 £000</b>
General Fund	184,029	186,578
Housing Revenue Account	404,334	397,415
<b>Total</b>	<b>588,364</b>	<b>583,993</b>

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# MOVEMENTS IN RESERVES

The Statement of Movements in Reserves brings together all the recognised gains and losses of the Authority during the financial year. The statement distinguishes between movements on revenue reserves (HRA and General Fund) and capital reserves.

The purpose of the statement is to reflect all gains and losses, both those that have been recognised in the consolidated revenue account and those that, under the current accounting framework, have not. Thus it includes profits/losses upon disposal of fixed assets and unrealised gains/losses on the revaluation of fixed assets.

## STATEMENT OF TOTAL MOVEMENTS IN RESERVES

2001/02 £000		Notes	2002/03 £000
	Surplus/(deficit) for the year		
(2,467)	General Fund		2,065
(664)	Housing Revenue Account		(443)
258	Collection Fund		(190)
	School Reserves		(710)
155	Movements on specific revenue reserves		(1,952)
<b>(2,718)</b>	<b>Total increase/(decrease) in revenue resources</b>		<b>(1,230)</b>
5,811	Increase/(decrease) in usable capital receipts	(1)	576
530	Increase in unapplied capital Grants and contributions	(1)	803
<b>6,341</b>	<b>Total increase / (decrease) in realised capital resources</b>		<b>1,379</b>
42,945	Gains / (losses) on revaluation of fixed assets		907
<b>42,945</b>	<b>Total increase/ (decrease) in unrealised value of fixed assets</b>		<b>907</b>
<b>(17,484)</b>	<b>Value of assets sold, disposed of or decommissioned</b>	(2)	<b>(22,871)</b>
15,021	Capital Receipts set aside		22,699
(6,703)	Revenue resources set aside		(7,097)
2,520	Movement on Government Grants deferred		1,842
<b>10,838</b>	<b>Total increase in amounts set aside to finance capital investment</b>	(3)	<b>17,444</b>
<b>39,922</b>	<b>TOTAL RECOGNISED GAINS &amp; LOSSES</b>		<b>(4,371)</b>
	Prior Year Adjustment (see Note 7 to the Consolidated Revenue Account)		581
	<b>TOTAL RECOGNISED GAINS &amp; LOSSES since published statement for 2001/02</b>		<b><u>(3,790)</u></b>

## NOTES TO THE MOVEMENTS IN RESERVES

### 1. MOVEMENTS IN REALISED CAPITAL RESOURCES

	Usable Capital Receipts	
	2001/02 £000	2002/03 £000
Amounts Receivable	11,609	9,806
Amounts applied to finance new Capital Investments	(5,798)	(9,230)
<b>Total increase/(decrease) in realised capital resources</b>	<b>5,811</b>	<b>576</b>
Balance brought forward as at 1st April	4,948	10,759
<b>Balance carried forward at 31st March</b>	<b>10,759</b>	<b>11,335</b>

	Unapplied Capital Grants & Contributions	
	2001/02 £000	2002/03 £000
Amounts Receivable	3,272	5,228
Amounts applied to Finance new Capital Investments	(2,742)	(4,425)
<b>Total increase/(decrease) in realised capital resources</b>	<b>530</b>	<b>803</b>
Balance brought forward as at 1st April	5,055	5,585
<b>Balance carried forward at 31st March</b>	<b>5,585</b>	<b>6,388</b>

Capital Receipts received in the year are allocated between usable and reserved proportions. The usable proportion is available to finance new capital expenditure. The reserved proportion is required to be set aside as Provision for Credit and Liability (i.e. to repay debt) and is transferred to the Capital Financing Reserve.

**2. FIXED ASSET RESTATEMENT RESERVE**

	2001/02 £000	2002/03 £000
Total increase/(decrease) in unrealised capital resources	42,945	907
Amounts written off fixed asset balances for disposals	(17,484)	(22,871)
<b>Total Movement on Reserve</b>	<b>25,461</b>	<b>(21,964)</b>
Balance brought forward as at 1st April	401,858	427,319
<b>Balance carried forward at 31st March</b>	<b>427,319</b>	<b>405,355</b>

The capital financing reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

**3. MOVEMENTS IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT**Unapplied Capital Grants and Contributions/ Government Grants Deferred

The balance on these accounts represents the value of capital grants and contributions received which have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue over the life of the asset, taking into account depreciation.

See details on next page.

*MOVEMENTS IN RESERVES*

	<u>Capital Financing Reserve 2001/02 £000</u>	<u>Govt Grants Deferred 2001/02 £000</u>	<u>Total 2001/02 £000</u>	<u>Capital Financing Reserve 2002/03 £000</u>	<u>Govt Grants Deferred 2002/03 £000</u>	<u>Total 2002/03 £000</u>
Capital Receipts set aside reserved receipts usable receipts applied	9,223 5,798			13,469 9,230		
<b>Total Capital Receipts set aside</b>	<b>15,021</b>	<b>0</b>	<b>15,021</b>	<b>22,699</b>	<b>0</b>	<b>22,699</b>
Revenue Resources set aside capital expenditure financed from revenue Reconciling amount for provisions for loan repayment	6,465 (13,168)			9,621 (16,718)		
<b>Total revenue resources set aside</b>	<b>(6,703)</b>	<b>0</b>	<b>(6,703)</b>	<b>(7,097)</b>	<b>0</b>	<b>(7,097)</b>
Grants applied to Capital Investment Amounts credited to AMRA		2,742 (223)			4,426 (2,584)	
<b>Movement on Government Grants Deferred</b>		<b>2,519</b>	<b>2,519</b>		<b>1,842</b>	<b>1,842</b>
<b>TOTAL INCREASE/(DECREASE) IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT</b>			<b>10,837</b>			<b>17,444</b>
Total Movement on Reserves Balance brought forward 1st April	8,318 113,012	2,519 8,395		15,602 121,330	1,842 10,914	
<b>Balance carried forward at 31st March</b>	<b>121,330</b>	<b>10,914</b>		<b>136,932</b>	<b>12,756</b>	

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# CASH FLOW STATEMENT

The cash flow statement summarises all cash inflows and outflows arising from financial transactions with third parties for revenue and capital purposes.

## CASH FLOW STATEMENT

2001/02 £000	Notes	2002/03 £000	£000
<b>Revenue activities</b>			
<b>Cash outflows</b>			
79,356	Cash paid to and on behalf of employees	102,951	
109,204	Other operating costs	102,318	
11,694	Housing benefit paid out	15,631	
65,512	NNDR payments to Pool	71,906	
2,584	Precept paid	2,984	
3,455	Levies paid	3,661	
271,805			299,451
<b>Cash inflows</b>			
(9,932)	Rents after rebates	(10,143)	
(25,127)	Council tax receipts	(27,666)	
(31,259)	Non domestic rate grant	(34,189)	
(74,425)	NNDR receipts	(73,520)	
(453)	NNDR receipts from Pool	0	
(64,765)	Revenue support grant	(61,716)	
(14,939)	DSS Grants for Benefits	(3)	(17,395)
(24,777)	Government grants	(3)	(36,409)
(20,764)	Other operating cash receipts	(9,511)	
(20,592)	Cash received for goods and services	(25,773)	
(287,033)			(296,322)
<b>(15,228)</b>	<b>Revenue activities net cash (inflow)/outflow</b>		<b>3,129</b>
<b>Returns on Investment and Servicing of finance</b>			
19,407	Interest paid	3,585	
(4,491)	Interest received	(3,725)	
			(140)
<b>Capital activities</b>			
<b>Cash outflows</b>			
15,683	Purchase of fixed assets	18,977	
2,165	Other capital cash payments	1,854	
			20,831
<b>Cash inflows</b>			
(20,832)	Sale of fixed assets	(23,275)	
(3,211)	Capital grants received	(5,167)	
			(28,442)
<b>(6,507)</b>	<b>Net cash (inflow)/outflow before financing</b>		<b>(4,622)</b>
<b>Financing</b>			
<b>Cash Outflows</b>			
32,134	Repayments of amounts borrowed	4,044	
0	Capital element of finance lease rental payment	0	
			4,044
<b>Cash Inflows</b>			
(15,704)	Loans raised - long term	0	
(3,900)	Loans raised - short term	(3,700)	
12,530			(3,700)
<b>6,023</b>	<b>Decrease/(Increase) in cash and cash equivalents</b>	(2)	<b>(4,278)</b>

## NOTES TO THE CASH FLOW STATEMENT

**1. RECONCILIATION OF NET (SURPLUS) / DEFICIT ON CRA TO MOVEMENT IN CASH**

	<b>2001/02</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>
General fund (surplus)/deficit	2,467	(2,065)
Collection fund (surplus)	(258)	190
Housing revenue account (surplus)/deficit	664	443
<b>Net (surplus) /deficit</b>	<b>2,873</b>	<b>(1,432)</b>
<u>Non Cash Transactions</u>		
Provisions set aside	(601)	5
Contribution to / (from) reserves		
Other grants and liabilities	(132)	(816)
Earmarked reserves	(15)	1,952
School reserves	(139)	710
Internal Capital Financing & other non cash transactions	7,241	(5,943)
<b>Total non-cash transactions</b>	<b>6,354</b>	<b>(4,092)</b>
<u>Items on an accruals basis</u>		
(Increase)/decrease in revenue creditors	(4,338)	797
Increase/(decrease) in stocks	(343)	(78)
Increase /(decrease) in debtors	(4,858)	7,794
<b>Total items on an accruals basis</b>	<b>(9,539)</b>	<b>8,513</b>
<u>Less items within another classification</u>		
Servicing of Finance	(14,916)	140
<b>Net cash (inflow)/ outflow from revenue activities</b>	<b>(15,228)</b>	<b>3,129</b>

**2. MOVEMENT IN CASH AND CASH EQUIVALENT**

	<b>As at</b>	<b>As at</b>	<b>Movement</b>
	<b>31.03.02</b>	<b>31.03.03</b>	<b>2002/03</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash and Bank	3,372	68	(3,304)
Cash Overdrawn	0	(1,137)	(1,137)
Temporary loan investments	66,710	76,010	9,300
Prior Year adjustment (see CRA Note 7)		(581)	(581)
<b>(Increase)/Decrease in cash and cash equivalent</b>	<b>70,082</b>	<b>74,360</b>	<b>4,278</b>

**3. GRANTS**

	<b>2001/02</b>		<b>2002/03</b>	
	<b>£000</b>		<b>£000</b>	
DSS grants for rent rebates		14,939		17,395
DSS HRA subsidy	6,424		7,789	
Teachers pay reform			1,327	
Asylum seekers	6,300		4,163	
Standards Fund	3,697		7,760	
Schools standard	1,810		1,630	
Quality Protects			1,456	
Learning & Skills Council Sixth Forms			4,422	
Other Social Services Grants	286		2,922	
Other Learning & Cultural Grants	1,824		998	
Miscellaneous	1,847		3,942	
		24,777		36,409
<b>Total</b>		<b>39,716</b>		<b>53,804</b>

**4. LIQUID RESOURCES**

The Authority held no liquid resources during 2002/03 as no money was on call.

# HOUSING REVENUE ACCOUNT

Local housing authorities are required by the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA). This records revenue income and expenditure in relation to Council houses and its tenants, such as repairs and maintenance, management expenses, capital financing costs, rent rebates, rent income, other income for charges for services and subsidy receivable from the Government. The HRA must be self-supporting without contributions from other funds (e.g. the General Fund).

The 2002/03 accounts have been produced in the format of Resource Accounting in line with the Accounting Code of Practice.

**HOUSING REVENUE ACCOUNT**

<b>2001/02</b>		<b>Notes</b>	<b>2002/03</b>
<b>£000</b>			<b>£000</b>
	<b>INCOME</b>		
	Gross Rental Income		
(21,979)	Dwelling Rents (Gross)		(22,553)
(1,328)	Non-dwelling Rents /Service Charges (Gross)		(1,322)
(418)	Charges for Services and Facilities		(424)
(34)	Contributions towards Expenditure		(34)
(70)	Housing Benefit Transfers from General Fund		(60)
(6,989)	HRA. Subsidy (including Major Repairs Allowance)	(8)	(7,761)
<b>(30,818)</b>	<b>Total Income</b>		<b>(32,154)</b>
	<b>EXPENDITURE</b>		
	Repairs, Management & Maintenance		
6,450	Contribution to Housing Repairs Account	(4)	4,999
6,274	Supervision and Management		7,045
9	Rents, Rates, Taxes and Other Charges		6
12,047	Rent Rebates		12,410
279	Increased Provision for Bad or Doubtful Debts		302
22,273	Cost of Capital Charge	(7)	21,759
4,713	Depreciation and Impairments of Fixed Assets	(7)	4,822
<b>52,045</b>	<b>Total Expenditure</b>		<b>51,343</b>
<b>21,227</b>	<b>Net Cost of Services</b>		<b>19,189</b>
(21,935)	Net HRA expenditure/(income) on the asset management revenue account		(21,759)
340	Amortised Premiums & Discounts		1,389
(381)	HRA Investment Income		(446)
<b>(749)</b>	<b>Net Operating Expenditure</b>		<b>(1,627)</b>
1,251	Revenue Contribution to Capital Expenditure		2,064
162	HRA Contribution to Minimum Repayment Provision		6
<b>664</b>	<b>Total Deficit for year</b>		<b>443</b>
	-----		
	<b>HOUSING REVENUE ACCOUNT BALANCE</b>		
(3,217)	<b>Balance at 1st April brought forward</b>		(2,553)
664	Deficit for the year		443
<b>(2,553)</b>	<b>Balance at 31 March carried forward</b>		<b>(2,110)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

**1 HOUSING STOCK**

	Number as at 31.03.02	Number as at 31.03.03
Houses	3,200	3,095
Flats	3,608	3,191
Bungalows	587	589
Other	134	134
<b>As at 31<sup>st</sup> March</b>	<b>7,529</b>	<b>7,009</b>

The change in stock can be summarised as follows:

	2001/02	2002/03
Stock at 1st April	7,696	7,529
Properties sold	(171)	(143)
Properties Transferred to Parkside HA	0	(379)
Properties deleted (other committees)	(2)	0
Properties acquired	0	1
Properties disposed of	(1)	(1)
New and converted properties	7	2
<b>As at 31<sup>st</sup> March</b>	<b>7,529</b>	<b>7,009</b>

**2 ASSET VALUES**

	As at 31.03.02 £000	As at 31.03.03 £000
Operational Assets:		
Houses	355,941	337,646
Non-operational Assets:		
Land	208	208
Other Property	6,494	6,464
Vacant possession value of dwellings	355,941	337,646

The vacant possession value and the balance sheet asset value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than open market rents.

### 3 MAJOR REPAIRS RESERVE

The Accounts and Audit Regulations 1996 require authorities to establish and maintain a Major Repairs Reserve for houses. The credit to the reserve is an amount equivalent to the total depreciation charge for HRA assets which can only be used for capital expenditure on HRA assets.

	<b>£000</b>
<b>Balance at 1 April 2002</b>	<b>0</b>
Depreciation of HRA assets	(4,822)
Capital Expenditure	4,822
<b>Balance at 31 March 2003</b>	<b>0</b>

### 4 HOUSING REPAIRS ACCOUNT

Movement on the fund during the year is shown below:

	<b>2001/02 £000</b>	<b>2002/03 £000</b>
<b>Balance as at 1<sup>st</sup> April</b>	(155)	(437)
Contribution from the HRA.	(6,450)	(4,999)
Interest & Other Income	0	0
	(6,605)	(5,436)
Less Expenditure	6,168	5,436
<b>Balance as at 31<sup>st</sup> March</b>	<b>(437)</b>	<b>0</b>

The Housing Repairs balance is now contained within overall Housing Revenue Account balances.

**5 CAPITAL EXPENDITURE AND SOURCES OF FINANCE**

	<b>2001/02 £000</b>	<b>2002/03 £000</b>
<b>Expenditure</b>		
Stock Improvements	5,730	6,418
Acquisitions	157	19
Portable Discounts	7	28
Generation of Affordable Housing	1,248	6,173
	<b>7,142</b>	<b>12,638</b>
<b>Sources of Finance</b>		
Capital Receipts	1,247	4,968
Capital Grants and Contributions	11	1,243
Major Repairs Allowance	4,713	4,822
Revenue Contribution	502	1,395
Creditors Unfinanced	669	210
	<b>7,142</b>	<b>12,638</b>

**6 CAPITAL RECEIPTS**

	<b>2001/02 £000</b>	<b>2002/03 £000</b>
<b>Disposals of:</b>		
Land	789	0
Right To Buy Sales	9,464	9,972
Other	272	11
	<b>10,525</b>	<b>9,983</b>

**7 COST OF CAPITAL AND DEPRECIATION CHARGE**

The Housing Revenue Account receives a capital charge for all fixed assets used in the provision of the service. The total charge covers an annual provision for depreciation of £4.8 million in respect of the operational assets, which is equivalent to the Major Repairs Allowance for the year, plus a financing charge of £21.7 million, determined by applying a notional rate of interest to the value of the assets employed in the service.

## 8 HRA SUBSIDY

The Office of the Deputy Prime Minister (ODPM) takes what it considers an authority's annual expenditure on capital financing charges, and management and maintenance should be, and deducts from this the income which the authority could reasonably expect to raise from rents and other sources. The difference is the authority's subsidy entitlement. This subsidy is real cash and paid to the authority by the ODPM.

A breakdown of the subsidy payable is shown below:

<b>HRA Subsidy Payable 2002/03</b>	<b>£000</b>
Management & Maintenance	8,589
Major Repairs Allowance	4,822
Charges for Capital	1,862
Interest on Receipts	(141)
Guideline Rent Income	(19,947)
Housing Element Entitlement	(4,815)
Rent Rebate Entitlement	12,524
<b>HRA Subsidy for year</b>	<b>7,709</b>

An adjustment relating to 2001/02 of £52,510 was made in respect of 'Charges for Capital' & 'Rent Rebate' entitlement.

## 9 RENT ARREARS

	<b>2002 £000</b>	<b>2003 £000</b>
Total Arrears as at 31 <sup>st</sup> March	1,876	1,932
Current Tenant Arrears	1,740	1,180
Former Tenants	136	752
Provision for Doubtful Debts	921	1,167
Arrears 'Written Off'	182	53

# COLLECTION FUND

There is a legal requirement for charging authorities to maintain a separate Collection Fund account that holds details of transactions relating to Council Tax, Non-Domestic Rates, Precept Demands and any residual Community Charge adjustments, together with details of how any balances have been distributed. Although it is kept separate from the Consolidated Revenue Account, the Collection Fund balances do form part of the Consolidated Balance Sheet.

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**INCOME & EXPENDITURE ACCOUNT**

2001/02 £000	INCOME	2002/03 £000
	<u>Council Tax</u>	
(25,396)	Income from Council Tax Payers	(27,740)
	<u>Business Rates</u>	
(68,020)	Income from Business Rate Payers	(70,090)
	<u>Community Charge</u>	
0	Adjustment to Prior Years	(5)
	<u>Transfers from the General Fund</u>	
(4,147)	Council Tax Benefits	(4,735)
(32)	Discretionary Relief	(39)
<u>(97,595)</u>	<b>Total Income</b>	<u>(102,609)</u>
	<b>EXPENDITURE</b>	
	<u>Precepts &amp; Demands</u>	
26,273	Slough Borough Council	28,927
2,385	Thames Valley Police Authority	2,770
	<u>Business Rates</u>	
67,782	Payment to National Pool	69,061
237	Interest Payable on Revaluation	234
251	Cost of Collection Allowance	248
	<u>Share of Previous Year's Surplus</u>	
0	Slough Borough Council	200
3	Thames Valley Police Authority	18
	<u>Provision for Bad Debts</u>	
(218)	Non Domestic Rates	586
624	Council Tax	755
<u>97,337</u>	<b>Total Expenditure</b>	<u>102,799</u>
<u>(258)</u>	<b>Deficit/(Surplus) for the year</b>	<u>190</u>

**COLLECTION FUND BALANCE**

(328)	Balance at 1st April	(586)
<u>(258)</u>	Deficit/(Surplus) for the year	<u>190</u>
<u>(586)</u>	<b>Balance at 31st March</b>	<u>(396)</u>

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## NOTES TO THE COLLECTION FUND

### 1. GENERAL

The Council's demand on the Collection Fund represents the balance of spending for the year to be met from local taxes, together with any deficit or surplus met in that year in respect of community charge.

The year-end (surplus)/deficit on the Collection Fund, in so far as it relates to Council Tax transactions, has to be distributed between the billing authority (Slough Borough Council) and the precepting authority (Thames Valley Police). The distribution is made on the basis of estimates as at the 15th January each year.

Any deficit or surplus in respect of community charge items is to be met solely by, or credited solely to, the Council's General Fund.

### 2. COUNCIL TAX

The average Council Tax set in 2002/03 was £835.73 at band 'D' level. The tax base estimated by the Authority is shown below.

<b>Band</b>	<b>No. of Chargeable dwellings (after discounts)</b>	<b>Ratio</b>	<b>Band "D" equivalent No. of Dwellings</b>	<b>2002/03 Council Tax</b>
Band A	728.50	6/9	485.70	557.15
Band B	7,424.50	7/9	5,774.60	650.01
Band C	17,074.75	8/9	15,177.60	742.87
Band D	10,270.25	9/9	10,270.30	835.73
Band E	3,525.00	11/9	4,308.30	1,021.45
Band F	1,401.00	13/9	2,023.70	1,207.16
Band G	248.00	15/9	413.30	1,392.88
Band H	4.25	18/9	8.50	1,671.46
<b>Totals</b>	40,676.25		38,462.00	
	Less:- adjustment of 2% to allow for changes in the valuation list and for non collection of tax.		(769.20)	
	<b>Council Tax Base 2002/03</b>		<b>37,692.80</b>	

### 3. INCOME FROM BUSINESS RATES

The Council collects Non-Domestic Rates for its area based on local rateable values (R.V.) multiplied by the national uniform rate (NNDR rate multiplier). The total amount, less certain reliefs and discounts, is paid to a central pool managed by Central Government, which, in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population.

A new Valuation List came into effect on the 1st April 2000 in which each property was allocated a new Rateable Value. As with previous new lists, a revised transitional scheme was introduced to phase in large increases or decreases

Under these arrangements the amounts included can be analysed as follows: -

	2001/02	2002/03
Total Slough Borough Council RV at 31 Mar	£195,951,501	£193,591,191
NNDR rate multiplier	43.0	43.7
	<b>£000</b>	<b>£000</b>
Income due from ratepayers	68,020	70,090
Discretionary relief from General Fund	32	39
less:- Provision for bad debts	218	(586)
Interest on refunds	(237)	(234)
Cost of Collection Allowance	(251)	(248)
<b>National Pool contribution</b>	<b>67,782</b>	<b>69,061</b>

### 4. DISTRIBUTION OF COLLECTION FUND SURPLUSES

The estimated surplus on the Collection Fund at 15th January 2003 was £110,000. This amount will be returned to Taxpayers in 2003/04. The additional surplus resulting during 2002/03 will be returned to Taxpayers in 2004/05. This additional surplus will be reviewed in January 2004.

<b>Distribution of surplus:</b>	2003/04 £000 Actual	2004/05 £000 Estimated	Total £000
Slough Borough Council	100	260	360
Thames Valley Police Authority	10	26	36
<b>Total</b>	<b>110</b>	<b>286</b>	<b>396</b>

STATEMENT ON THE  
SYSTEM OF INTERNAL  
FINANCIAL CONTROL &  
RISK MANAGEMENT

**Slough Borough Council**

**Statement on the System of Internal Financial Control and Risk Management**

**FINANCIAL YEAR ENDED 31ST MARCH 2003**

- 1 This statement is given in respect of the Statement of Accounts for Slough Borough Council. We acknowledge our responsibility on behalf of the Council for ensuring that an effective system of Internal Financial Control and Risk Management is maintained and operated in connection with the resources and assets of the Council.
- 2 The system of internal financial control can provide only reasonable assurance that assets are safeguarded that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 3 The system of internal financial control cannot be completely segregated from other internal control systems and in particular the risk framework, and in order to provide a better assurance this statement includes the risk framework.
- 4 The system of internal financial control is based on:
  - the provision and review of regular and timely management and financial information,
  - the Constitution, (based on the CIPFA Model Constitution) including
    - Financial Procedure Rules (including segregation of duties)
    - Contract Procedure Rules
    - a scheme of delegation and accountability and
  - the Managers Handbook.
- 5 The day to day responsibility for the development and maintenance of the systems of internal control and risk management lies with managers (directors, their second tier officers and their finance managers) within the council. In particular the system includes:
  - Comprehensive budget systems, including the revised budget setting process,
  - Regular reviews of periodic and annual financial performance against forecasts
  - Setting targets to measure performance, both financial and in other areas,
  - The preparation of regular financial reports which indicate actual expenditure and income against forecasts,
  - Clearly defined capital expenditure protocols including regular monitoring,
  - Clearly defined project management protocols.
- 6 The Internal Audit Service provides advice to managers on internal control. This is provided in various ways including:
  - Planned audit reviews, where weaknesses in internal control are brought to the attention of management and an action plan agreed to address the weaknesses,
  - Investigation of incidents where internal controls have broken down,
  - Consultancy work where managers have concerns and request Internal Audit assistance.

- 7 Internal Audit services are provided under Terms of Reference reviewed annually by the Cabinet and Scrutiny and Overview Committee. The Internal Audit Service operates to professional standards (CIPFA Public Sector Audit Guidelines). The Service is lead by the Chief Internal Auditor and is largely provided by an in house team. Audit plans are constructed using a risk-based methodology.
- 8 The Chief Internal Auditor reports no less frequently than annually to the Cabinet and the Scrutiny and Overviews Committee and provides assurance, independent of line management, on the adequacy and effectiveness of the systems of internal financial control. The Chief Internal Auditor reports on a regular basis to the Section 151 Officer (the Director of Finance) and copies of all audit reports are provided to him.
- 9 There are some additional responsibilities undertaken by the Chief Internal Auditor, which are
- the management of the Insurance and Risk Management Service and
  - Deputy Section 151 Officer.
- It is considered that these responsibilities do not detract significantly from the Chief Internal Auditor's independence.
- 10 The Chief Internal Auditor's annual reports to members include as a minimum:
- A review of the preceding financial year, including an opinion on the internal financial controls and
  - A plan for the ensuing financial year
- 11 Corporate Risk Management is within the purview of the Assistant Chief Executive (Policy & Performance) However the Chief Internal Auditor has provided a significant input to the function. Work is in progress to embed the risk approach into the culture of the organisation and to end the following has been achieved:
- A risk management manual has been produced and distributed,
  - A risk register has been produced,
  - Senior managers have identified the most significant risks,
  - The significant risks have been reviewed, movements in these risks identified and new risks considered and incorporated into the significant risk schedule and
  - A risk implementation plan drawn up.
- 12 The effectiveness of the system of internal financial control is informed by:
- The work of managers within the council,
  - The work of the Internal Audit team and the reports of the Chief Internal Auditor as set out above,
  - The work and reports including the annual audit letter of the external auditors and
  - The risk framework referred to above.
- 13 The council seeks continuous improvement and the areas target for improvement are
- Implementing the Improvement Plan resultant from the Central Government's Comprehensive Performance Assessment (CPA),

- Further enhancing the budgetary control processes and monitoring arrangements, both of which improved significantly during the year, with the result that the year end balances were significantly better than at the close of the previous year,
- More closely integrating performance with financial monitoring,
- Improving the corporate financial accounting system,
  
- Improving the systems for asset management within the Council,
- Improving the effectiveness of the internal audit function an particular in relation to the closed liaison with members, better productivity, closer alignment of the work of the section to the risks faced by the authority,
- Improved financial management training for all managers
- Improving project management
- improving recruitment and retention
- Improving risk management arrangements within the council by regular reporting to members and ensuring that throughout the Council the risks and opportunities are considered.

**Signed:**

**Mike Suarez**

**Date:**

**Director of Finance**

**Signed :**

**Cheryl Coppel**

**Date:**

**Chief Executive**

# STATEMENT OF ACCOUNTING POLICIES

This statement explains the basis of the figures in the accounts and explains the policies that have been followed in dealing with material items. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, 2002/2003 issued by CIPFA in April 2003.

## 1. GENERAL PRINCIPLES

The general principles adopted in compiling the accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) as contained within the 2002 Code of Practice on Local Authority Accounting and requirements from the Accounts and Audit regulations 2003, which are applicable to the 2002/03 accounts.

## 2. INCOME AND EXPENDITURE

- Supplies and service costs are accounted for in the year in which they are consumed or received. Accruals are made for all material sums unpaid at the year-end in respect of goods or services received or work completed, including estimates where appropriate.
- Customer and client receipts in the form of sales, fees, charges and rents are accrued and accounted for in the period to which they relate.
- Employee costs are charged to the accounts of the period within which the employees worked. Accruals are made for wages earned but unpaid at the year-end. The accounts include 13 periods on a cash basis. The effect is not considered material.
- Interest payable on external borrowing and interest income is accrued and accounted for in the relevant accounting period, on a basis that reflects the overall economic effect of borrowings.
- Premiums and discounts incurred as a result of early repayment and/or refinancing of the long term debt are amortised and charged/credited to revenue over an appropriate period in accordance with the CIPFA Code of Practice on Treasury Management.

## 3. FIXED ASSETS

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

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting in Great Britain as follows:

- Land, operational properties and other operational assets are included in the balance sheet on the basis of open market value for existing use, or at depreciated cost.
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet on the basis of open market value.
- Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation, where appropriate.

Revaluation of fixed assets is planned at five yearly intervals, although material changes to asset valuations, including reductions in value due to impairment will be adjusted in the interim period, as they occur.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and forms part of the capital financing reserve, and has not been used, is included in the balance sheet as Usable Capital Receipts.

*Depreciation:* Following the adoption of FRS 15 and the revised code of practice, the basis of depreciation charge changed with effect from 1<sup>st</sup> April 2000 (1<sup>st</sup> April 2001 for housing stock).

Previously the Council's buildings were not depreciated on the grounds that the Council's repairs & maintenance policy had resulted in the useful lives of assets being extended, so that any provision for depreciation would not be material.

In compliance with the revised code of practice, depreciation is provided for all assets with a finite useful life, which can be determined at the time of acquisition or revaluation, apart from freehold land and non-operational investment properties.

Provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets to the periods expected to benefit from their use. Details of the basis of charging is shown on page 30.

*Charges to Revenue:* Service revenue accounts, central support services and statutory trading accounts are charged with a capital charge for all fixed assets used in the provision of services.

The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a notional rate of interest specified by CIPFA.

The aggregate charge to individual services is determined on the basis of the capital employed in each service.

External interest payable and the provision for depreciation are charged to the asset management revenue account, which is credited with capital charges debited to services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations, on the face of the Consolidated Revenue Account, below net operating expenditure.

*Deferred Charges:* Deferred charges represent expenditure which may properly be capitalised, but which does not represent tangible assets. The remaining deferred charges are amortised to revenue over an appropriate period or, where appropriate, written off to revenue in the year in which they were incurred.

*Reserves:* The system of capital accounting requires two reserve accounts to be kept in the Consolidated Balance Sheet:

- The fixed asset restatement reserve, which represents principally the balance of the surpluses or deficits on the periodic revaluation of fixed assets.
- The capital financing reserve, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

#### **4. GRANTS**

Grants and subsidies from Government have been credited to the appropriate revenue and capital accounts and accruals have been made for balances receivable in the period.

As the accountable body for the purposes of S.R.B. Grant, Slough Borough Council has accounted for the relevant expenditure and the grant income within the Housing and Policy Renewals Service of the General Fund in accordance with LAAP 50. There are no known liabilities existing where S.R.B. grant income has to be repaid back to the government body that issues the grant.

#### **5. STOCKS**

The value of stocks and stores is shown in the Balance Sheet at the lower of cost and net realisable value.

#### **6. INVESTMENTS**

Investments are shown at cost less provision, where appropriate, for loss in value. All investments are transacted through the London Money Markets. Long-term investments are identified separately within the Balance Sheet.

#### **7. LEASES**

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

#### **8. OVERHEADS**

All overheads, support service and service management costs are fully recharged or apportioned to services.

The costs of Corporate & Democratic Core and Unapportionable Central Overheads are service heads and not allocated to any other head.

## **9. PENSION COSTS**

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits.

The Council, since becoming a Unitary Authority, has two different pension schemes.

The first is for non-teaching employees who are eligible (subject to meeting the qualifying criteria of the scheme) to join the Local Government Superannuation Scheme. The following paragraph describes the scheme and funding arrangements.

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the Royal County of Berkshire Pension Fund, which provides members with defined benefits related to pay and services. The Fund's actuary, the last review being March 2001, determines the contribution rate. Further costs arise in respect of certain pensions paid to retired employees on an unfounded basis.

There is a separate scheme for teachers. This is an unfunded scheme administered by the Department for Employment and Education (DFEE) (now Department for Education and Skills). The pension costs are charged into the accounts using the contribution rate set by the DFEE on the basis of a Notional Fund.

## **10. VALUE ADDED TAX**

VAT is included in the income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable. VAT has been accounted for to the HM Customs and Excise on a monthly basis.

## **11. PROVISIONS, EARMARKED & GENERAL RESERVES**

The Council operates the following Provisions and reserves

- (a) Provisions are defined by FRS 12 as "a liability that is of uncertain timing or amount, to be settled by the transfer of economic benefits". It also states that " a provision should be recognised when an entity has a present obligation (legal or constructive) as result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Unless these conditions are met, no provision should be recognised".  
The provisions detailed in note 14 to the Consolidated balance sheet meet these conditions.
- (b) Earmarked reserves are amounts set aside for earmarked purposes out of the balance of the Council's funds. Details of these reserves held at 31<sup>st</sup> March 2002 are shown as a note to the Consolidated Balance sheet.
- (c) General reserves are amount set aside for general purposes out of the balances of the Council's funds.
- (d) The fixed asset restatement reserve represents principally the balance of surpluses & deficits arising on the periodic revaluation of assets.

- (e) The capital financing reserve represents the amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans.

## **12. FOUNDATION SCHOOLS**

The Schools Standards & Framework Act 1998 changed the status of Grant Maintained Schools to Foundation Schools maintained by the Local Education Authority. From 1<sup>st</sup> April 1999, Foundation Schools must be accounted for within their Local Authority's financial statements, in accordance with LAAP 46. In this authority there are 11 Foundation Schools.

Fixed assets and long-term liabilities remain vested in the Governing bodies of individual Foundation Schools and therefore values and amounts have not been consolidated in the Balance Sheet.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made or received at the balance sheet date.

Actuarial Gains & Losses

Changes in actuarial deficits or surpluses that arise because:

- (a) Events have not coincided with the actuarial assumptions made for the last valuation (known as 'experience gains and losses').
- (b) The actuarial assumptions have changed.

Amortise

To pay off a debt by using a sinking fund.

Appropriations

Amount transferred to or from revenue or capital reserves.

Asset

An item owned by the authority, which has a monetary value. Assets are defined as current or fixed

- (a) Current assets will be consumed or cease to have value within the next financial year, examples are stock and debtors.
- (b) Fixed assets provide benefits to the authority and to the services it provides for a period of more than one year, examples are land and buildings, vehicles & equipment.

Asset Management Revenue Account (AMRA)

This is a holding account introduced as a result of the new system of capital accounting which enables authorities to ensure that the capital charges have a neutral impact on the amounts required to be raised from local taxation.

Bad or Doubtful debts

It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31<sup>st</sup> March, which is deemed irrecoverable.

Balances

Revenue reserves & provisions available to the council.

Best Value

A system of best practice that facilitates accurate comparison between both services and authorities. It strengthens the arrangement for recharging support services costs to front line services so that they are comparable.

Budgets

A statement of an authority's plans for net revenue expenditure over a specified period of time.

Capital Charge

A charge to services for the use of fixed assets, which comprises:

- (a) A capital financing charge equivalent to notional interest on the net value of the assets and,
- (b) A depreciation charge based on the remaining finite life of the asset.

Capital Expenditure

Expenditure on the acquisition of fixed assets which will be of use or benefit to the authority in providing its services beyond the year of the accounts.

Capital Grants

Grants received towards capital outlay on a particular service or project.

Capital Receipts

Money received from the sale of surplus assets such as land and buildings, a proportion of which may be used to supplement the authority's Credit Approvals and finance capital expenditure.

Capital Reserve

An internal fund of the authority which is used as an alternative to borrowing or leasing to finance capital expenditure.

Collection Fund

The Collection Fund records transactions in respect of the council tax, community charge, non-domestic rates and illustrates the way in which these have been distributed.

Community Assets

Fixed assets that an authority intends to hold in perpetuity and have no determinable useful life.

Contingent Liability

A contingent liability is either:

- (a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control.
- (b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

Creditors

Amounts owed by the authority for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

Credit Approval

Notification from central government as to the amount of capital expenditure which may be financed from loan or other forms of credit.

Current Service Cost

The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.

Curtailment

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

Sums of money due to the Council within the accounting period, but which are unpaid at the date of the balance sheet.

Debt Rescheduling/ Refinancing

The process of restructuring the existing long term debt, for a premium or discount, in order to achieve a more favourable rate of interest and thus reduce the overall total cost of the debt.

Deferred Charges

Deferred Charges represent either expenditure which has been capitalised but does not create a tangible fixed asset for the authority that is, improvement grants, or premiums relating to long-term debt.

Deferred Liabilities

These are liabilities which are payable beyond the next year, they are primarily mortgage repayments.

Depreciation

An amount charged to revenue accounts to represent the reducing value of fixed assets.

Direct Financing of Capital Expenditure

Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Direct Services Organisation

An organisation, which consists of workers directly, employed by the authority to carry out specified tasks.

Discounts

Penalty payment received by the borrower for agreeing to the lender's request to repay a debt before the maturity/due date.

Expected Rate of Return on Assets

The average rate of return expected over the remaining life of the related obligation on the actual assets held by the Pension Scheme.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

General Fund

The main revenue account of the Council into which the Council's precept from the Collection Fund and specific government grants are paid and from which is met the cost of providing services.

Government Grants

Payments by central government towards local authority expenditure. They may be specific, for example, Housing Benefits, or general for example, Revenue Support Grant.

Gross Expenditure

The total cost of providing the authority's services before taking into account income.

Housing Act Advances

Loans made by an authority to individuals or Housing Associations towards the cost of constructing, acquiring or improving dwellings. Loans to individuals are termed mortgages.

Housing Revenue Account

An account which the Council must produce by law to show the cost of providing and maintaining its housing stock and the rent income derived therefrom.

Impairment

Weakening or damaging.

Income

Amounts which the authority receives or expects to receive, from any source. Income includes fees and charges, sales and government grants. The term 'income' implies that the figures concerned relate to amounts due within the financial year irrespective of whether or not they were actually received during that year, (that is, on an accruals basis)

Infrastructure Assets

Those fixed assets from which benefit can be obtained only by continued use of the asset created for example, highways, footpaths and bridges

Interest on Pension Scheme Liabilities

The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Irrecoverable Surplus

(Pension Scheme)

The employer may not control or be able to benefit from the whole of a surplus- it may be so large that the employer cannot absorb it all through reduced contributions. The amount recoverable through reduced contributions reflects the maximum possible to be recovered without assuming an increase in the number of employees covered by the scheme.

Liability

A liability is where the authority owes payment to an individual or another organisation:

- (a) A current liability is an amount which will become payable or could be called in within the next accounting period, for example, creditors or cash overdrawn.
- (b) A deferred liability is an amount which, by arrangement is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time

Minimum Revenue Provision (MRP)

The amount that has to be charged to revenue to provide for the repayment of debt.

NNDR

The means by which businesses contribute to the cost of local authority services. National non-domestic rates are otherwise known as Business Rates.

NNDR Pool

A fund administered nationally by the Office of the Deputy Prime Minister (ODPM) into which are paid business rates collected by local authorities. The ODPM pay out of the fund a per capita amount to all local authorities.

Net Book Value

The amount at which fixed assets are included in the balance sheet, that is, their historical cost or current value less the cumulative amounts provided for by depreciation.

Non Operational Assets

Fixed assets held in the local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements held pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Cost

(Pension Scheme)

Discretionary benefits awarded on early retirement are treated as past service costs. This included added years and unreduced pension benefits awarded before the "rule of 85" age.

Precept

The amount levied by one authority, which is collected on its behalf by another.

Premiums

Penalty payment required by the lender for early repayment of long-term debt.

Prior Year Adjustment

An adjustment in the year's accounts that relates to the previous financial year.

Projected Unit Method

(Pension Scheme)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (a) The benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases, and
- (b) The accrued benefits for members in service on the valuation date.

Provisions

Amounts set aside by an authority for liabilities or losses whose exact amount or date on which it will arise is uncertain. They are only used for the purpose for which they are established, and any expenditure is charged directly to the provision.

Public Works Loan Board (PWLB)

A government agency which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loan Funds and the Treasury determines rates of interest. The amount each local authority can borrow in any one year is determined by an annual maximum quota based on capital expenditure, outstanding debt and amounts set aside as provision to meet credit liabilities.

Reserves

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Revenue Support Grant (RSG)

This is a Central Government Grant in aid of Local Authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Rule Of 85 Age

(Pension Scheme)

The date on which the sum of-

- (a) The member's age in whole years on the date his local government employment ends or the date he elects for payment, if later,
- (b) His total membership in whole years, and
- (c) In a case where he elects after his local government employment ends, the period beginning with the end of that employment and ending with the date he elects for payment, equals 85 years.

The rule of 85 can be reached prior to age 60, however benefits can only be paid prior to age 60 if the employer permits it. Therefore, generally for all our calculations, we assume a minimum of age 60 for the rule of 85.

Settlement

Settlements will take account of outgoing bulk transfers and will show the difference between the FRS 17 liability and the amount paid to settle the liability.

Sinking Fund

A fund where regular or periodic instalments are saved or invested to ensure payments can be made at a future time.

Standard Spending Assessment (SSA)

Central Government's assessment of what an individual authority needs to spend in order to provide a standard level of service. The SSA is used to calculate the authority's revenue support grant and capping limit.

Stocks

Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

Trust Funds

Funds administered by the Council on behalf of others, for purposes such as prizes, charities and specific projects and on behalf of minors.

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ACOP	Accounting Code of Practice
AMRA	Asset Management Revenue Account
BVACOP	Best Value Accounting Code of Practice
BCC	Berkshire County Council
CCT	Compulsory Competitive Tendering
CIPFA	Chartered Institute of Public Finance and Accountancy
CRA	Consolidated Revenue Account
DfEE	Department for Employment and Education
DfES	Department for Education and Skills
DSO	Direct Service Organisation
DSS	Department of Social Security
DTLR	Department of Transport, Local Government and the Regions
FRICS	Fellow Of The Royal Institute Of Chartered Surveyors
FRS	Financial Reporting Standard
GMP	Guaranteed Minimum Pension
HA	Housing Association
HRA	Housing Revenue Account
IDeA	Improvement and Development Agency
IT	Information Technology
LAAP	Local Authority Accounting Panel
LASAAC	Local Authority (Scotland) Accounts Advisory Committee.
LGR	Local Government Reorganisation
NNDR	National Non-Domestic Rate
ODPM	Office Of The Deputy Prime Minister
PCL	Provision For Credit Liabilities
PFI	Public Finance Initiative
PWLB	Public Works Loans Board
RICS	Royal Institute of Chartered Surveyors
RV	Rateable Value
SALE	Sports and Leisure Enterprise
SBC	Slough Borough Council
SCA	Supplementary Credit Approval
SOCH	Sale of Council Houses
SORP	Statement of Recommended Practice
SRB	Single Regeneration Budget
SSAP	Statement of Standard Accounting Practice
VAT	Value Added Tax