

Statement of Accounts

Pre Audit

2003/2004

**Statement of Accounts
(Pre Audit)
2003/04**

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Reserved for Auditors Opinion (1 of 2)

Reserved for Auditors Opinion (2 of 2)

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STATEMENT OF RESPONSIBILITIES

RESERVED FOR COUNCIL APPROVAL

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 2003/04 was Mike Suarez, Director of Finance and Property Services.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- under the Local Government Act 1999 to make arrangement to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

THE DIRECTOR OF FINANCE AND PROPERTY SERVICES' RESPONSIBILITIES

The Director of Finance Officer and Property Service 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 31st March 2004.

I certify that in preparing this Statement of Accounts, I have:

- 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.

and certify that the Statement of Accounts set out on the following pages present fairly the financial position of the as at 31st March 2004

Mike Suarez
Director of Finance and Property Services

Date: 28 06 04

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EXPLANATORY FOREWORD

This section identifies and briefly explains each part of the document and includes an overview of the Council's financial performance during 2003/04.

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 2003/04 have been prepared in accordance with the standard format for local authority accounts recommended by (CIPFA). The Statement on the System of Internal Financial Control & Risk Management is a requirement of the Accounts & Audit Regulations 2003. The accounts are set out in this publication and they consist of the following:

- i) *The Statement of Responsibilities* which is the statement by the Director of Finance and Property Services that the accounts present fairly the financial position of the authority.
- ii) *The Consolidated Revenue Account (CRA)* details the income and expenditure on all services of the Council including Housing.
- iii) *The Consolidated Balance Sheet* which sets out the financial position of the Council as at 31st March 2004. The Collection Fund (see vii below) is included in the Consolidated Balance Sheet.
- iv) *The Statement of Total Movements in Reserves* which brings together all the recognised gains and losses of the Authority during 2003/04.
- v) *The Cash Flow Statement*, which summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties during the year.
- vi) *The Housing Revenue Account (HRA)* which shows the income and expenditure on Council housing during the year.
- vii) *The Collection Fund* which records income and expenditure in respect of Council Tax, National Non-Domestic Rates, Community Charge adjustments and precepts for the year.
- viii) *The Statement on Internal Control*. This sets out the controls in place the arrangements for risk management.
- ix) *Statement of Accounting Policies*. This details the legislation and principles that are used in compiling the accounts. The accounts can be best appreciated if the policies followed in dealing with material items are understood. The Statement of Accounting Policies and the notes to the statements form an integral part of the accounts.
- x) *Glossary of Financial Terms*. This explains financial terms used in the accounts.
- xi) *List of Abbreviations*. This provides the full description for abbreviations used in this document.

REVIEW OF 2003/04

During 2003/04 the Authority has continued with improvements in service delivery, corporate planning and resource stewardship. These improvements are exemplified by:

- Independent external inspection reports identifying the Council's improvements in all the main services, highlighting street cleaning and rubbish collection, re-cycling, benefits, social services and education. The library service strategy was also rated as excellent.
- Independent external Inspectors awarding the Council the highest awards for the way it manages its asset resources through the Asset Management Plan and Capital Strategy.
- Developing embedded Risk Management processes within the Council.
- Launch of the Community Strategy which sets out how the Council will work with Slough Focus partners to improve quality of life in Slough.
- An update of the performance framework.
- Excellent performance in Treasury Management.
- Embedded corporate process for monitoring, challenging, planning, consulting and setting the budget within a risk management framework.
- Earlier closedown of the Council's accounts.
- Significantly improved Internal Audit performance reporting to Members.
- Significant improvement in the provision of Human Resource Information for management decision making and monitoring and investment in developing managerial capacity through training and development.

The Council has continued to improve on many of its performance targets and has achieved many of the targets set. Highlights include:

- GCSE results best ever attainment with 53.3% of pupils gaining 5 or more a-c grades, compared with just over 50% in 2002.
- The Council is meeting its target of providing a minimum of 150 affordable new homes each year.
- Improved performance on the time taken to remove abandoned vehicles.
- Rough sleeping has been reduced to zero and no families have spent more than six weeks in bed and breakfast since April 2003.
- Targeted action on recruitment and retention strategies culminating in a Council-wide reduction in staff turnover from near 22% to 13%.
- Sustained progress against national performance indicators for children's services resulting in a positive inspection by the Department of Health.
- Significant reduction in waiting lists for adult services including consistently low delayed hospital discharges.

For the second year running planned spending has been in line with our overall revenue budget. Although significant budget pressures continue to arise within demand led services, overall a planned increase in balances was delivered. The Council has also delivered a significant part of its planned capital programme, a number of examples of which are included overleaf.

The Housing Revenue Account (HRA) reported a planned surplus of £0.9m. Working balances for the HRA are robust.

The new integrated environmental services contract was re-inspected in 2003 and inspectors found the contract was working well and had already led to service improvements. A new enhanced street-cleaning programme was introduced in December 2003. As part of the new contract the council has introduced a new kerbside-recycling scheme making improvements in the amount of waste recycled. The Keep Slough Green and Tidy campaign has supported work with businesses, schools and community groups to raise the profile of everyone's contribution to the quality of the environment. New bus shelters across the town have helped improve the attractiveness of the street scene and complement local bus services like the new Lynx service providing access from the railway station to the Trading Estate.

The Council has also submitted an outline Business Case for approval to the Office of the Deputy Prime Minister for PFI funding of £13.1million for the provision of Social Housing with an additional 180 affordable homes, which will be provided from 2005 onwards. The Council has worked in partnership with the Federation of Tenants and Residents to carry out the Homes for the Future Consultation about the options for the future ownership and management of the housing stock. This has led to a successful multimillion pound bid for additional funding under the Government's ALMO programme. Further consultation will be undertaken in 2004, culminating in a ballot on the decision whether to set up an Arms Length Management Organisation or not.

The Council published its first Homelessness Strategy and the Older People's Housing Strategy to co-ordinate housing and other services for older people in the Borough. During 2003/4 the Revenues & Benefits Service has introduced a new computer system and made further improvements in the benefits service. During the same year the service has introduced the most significant national changes in the benefits system for 20 years (including family and pension tax credits and changes in the way housing and council tax benefits are reviewed). The £4.8m 'Supporting People' programme was also stabilised to provide housing related support services to vulnerable people.

The Council has been successful in securing provisional funding (PFI credits) of £46.7m from the Department of Education and Skills (DfES) for the Private Finance Initiative (PFI) project involving Arborvale School, Beechwood School and William Penn School. Cippenham Library has been refurbished with a new extension and Britwell Library opened a new toy library together with the introduction of free public access to the Internet at all libraries. There has also been a new extension approved for Langely Leisure Centre as a result of continuing successful partnership with Slough Community Leisure Ltd and new changing rooms built at Kedermister Park and Mercian Way following grant from the Football Foundation. Additionally The Slough Health Action Programme (SHAPE) was launched using £950,000 of lottery funding on a range of initiatives.

Two pooled budget agreements have now been signed. The first with Slough Primary Care Trust (PCT) will provide intermediate care services to help with delayed discharges. The second agreement is with the six Berkshire Unitary Authorities, and six PCTs for the provision of joint store and equipment services using the Royal Berkshire Ambulance Trust as an agent to provide the services.

Two new resource centres for Learning Disability clients have opened during the year ensuring localised modern services are provided.

The creation of a centralised HR department at the start of 2003 has had a significant impact on the development of a strategic HR agenda within the Council contributing to a

'good' rating from the Adult Learning Inspectorate for the Council's approach to training local young people and bringing them into the workforce. Management development initiatives have been put in place for first line, middle and senior managers. A new computerised HR information system (integrated with the payroll system) has been implemented. This has led to improvements in the validity and accessibility of data and is a key element in the development of an 'e-HR-agenda'. The Council has also been awarded a Health and Safety 'ROSPA' gold award.

In the area of industrial relations the trade unions and managers have developed and delivered the Council's first joint management /trade union action plan and an innovative mediation scheme has been introduced to complement the existing staff welfare and conflict resolution processes.

The Parking Watch scheme is now enforcing all parking restrictions and has proposals for new Parking Watch Zones to improve parking on which it is consulting with residents.

Overall, improvement in service delivery, corporate planning and resource stewardship has provided a firm foundation for the Council to continue to improve services and performance as part of the 2004/05-performance plan and in the light of the new Political Administration's overall priorities.

MAJOR ACCOUNTANCY CHANGES DURING THE YEAR

The Accounting Standards Board has delayed full implementation of FRS17 'Retirement Benefits' until the accounting periods beginning on or after 1st Jan 2005. The Authority has followed the CIPFA guidance and therefore has fully adopted FRS17 in the 2003/4 accounts, both for the General Fund and HRA services, including corresponding figures for 2002/03. The impact on services and the balance sheet is shown in the Accounting Policies, and the significance of the resulting pensions liability is explained in note 23 of the Balance Sheet.

GENERAL FUND

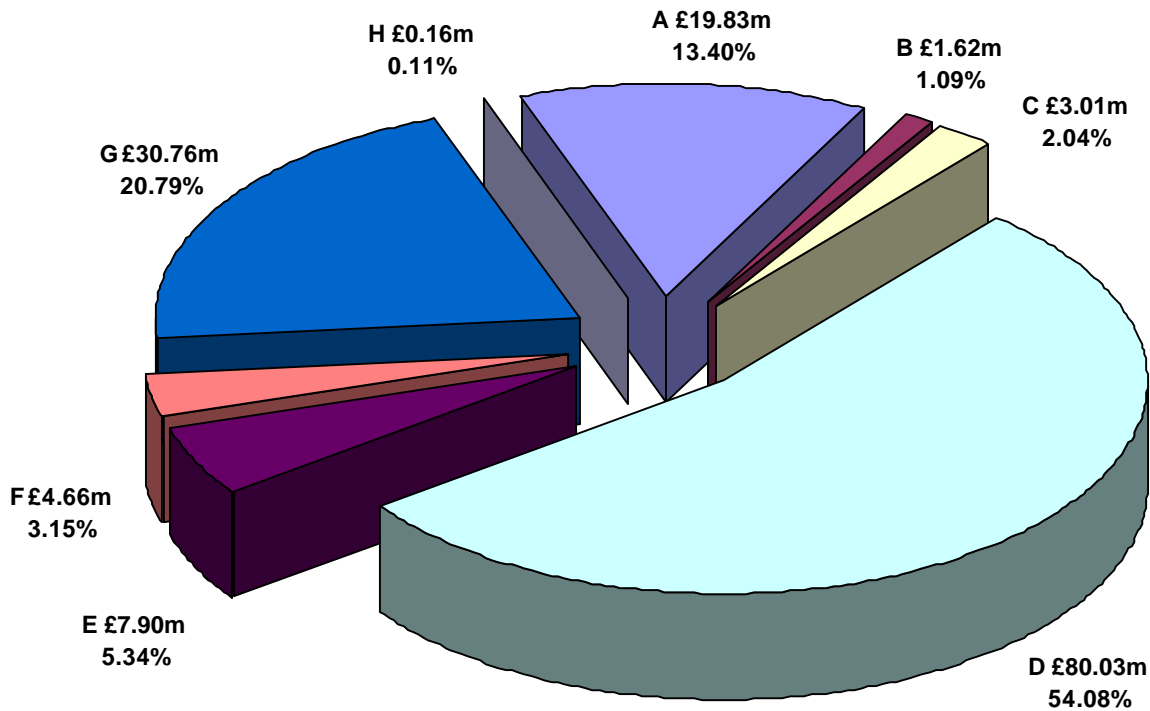
The Authority planned to increase balances in 2003/04 to more prudent levels. The outturn position was an overall underspend for the council of £3.4m as against a planned £2.8m, a 0.4% variation to budget. Balances at 31st March 2004 stand at £6.2m.

The CRA on page 16 shows the Council's net expenditure on services for 2003/04 to be £158m. This includes £148m on General Fund services and £10m on HRA services.

GENERAL FUND SERVICES PROVIDED.

The chart on the next page shows the distribution of the Council's expenditure on General Fund.

GENERAL FUND SERVICES PROVIDED (NET)



Description

A Cultural, Environmental & Planning
B Central Services to the Public
C Corporate & Democratic Core Costs
D Education Services
E Highways Roads & Transport Services
F Housing Services
G Social Services
H Miscellaneous
Total Expenditure

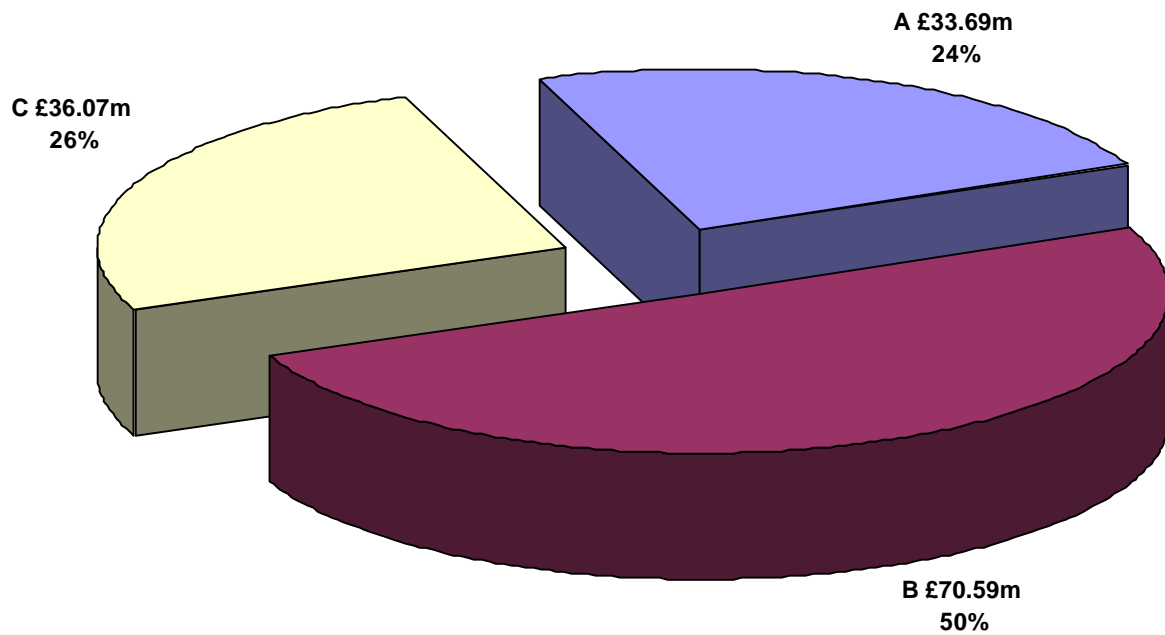
Net Amount

£19.83m
£1.62m
£3.01m
£80.03m
£7.90m
£4.66m
£30.76m
£0.16m
<u>£147.97m</u>

Where the money came from

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

GENERAL FUND FUNDING

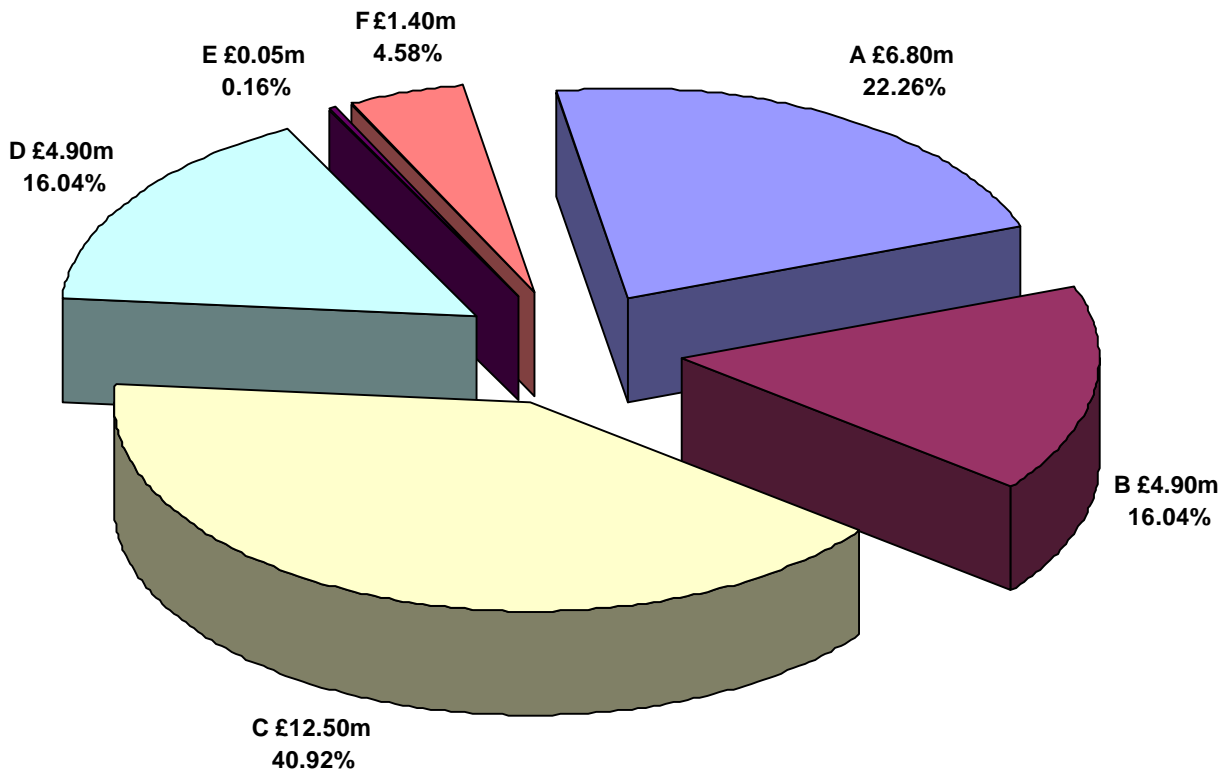


<u>Description</u>	<u>Amount</u>
A Council Taxpayers	£33.69m
B General Government Grant	£70.59m
C Non Domestic Rate Income	£36.07m
Total General Funding	£140.35m

HOUSING REVENUE ACCOUNT

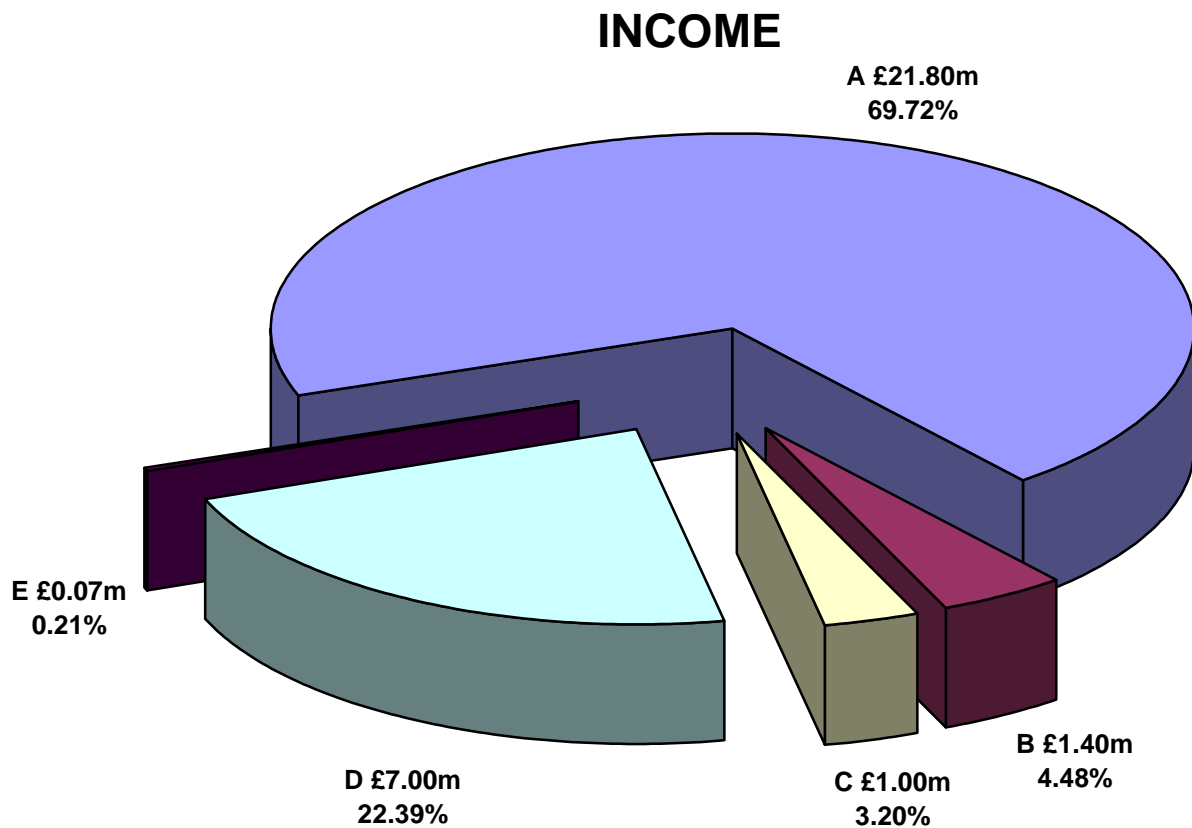
The actual outturn in 2003/04 resulted in a surplus of £892k compared to a budgeted breakeven position. Major variations include a reduction in management costs of £435k, repairs and maintenance of £329k and £650k in respect of the revenue contribution towards the cost of capital expenditure. This was partially offset by an increase in the provision for bad debts by £364k and a fall of £249k in the amount of interest received.

EXPENDITURE



<u>Description</u>	<u>Amount</u>
A Management	£6.80m
B Repairs and Maintenance	£4.90m
C Rent Rebates	£12.50m
D Depreciation	£4.90m
E Bad Debt Provision	£0.05m
F Premiums and Discounts	£1.40m
Total Net Expenditure	£30.55m

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



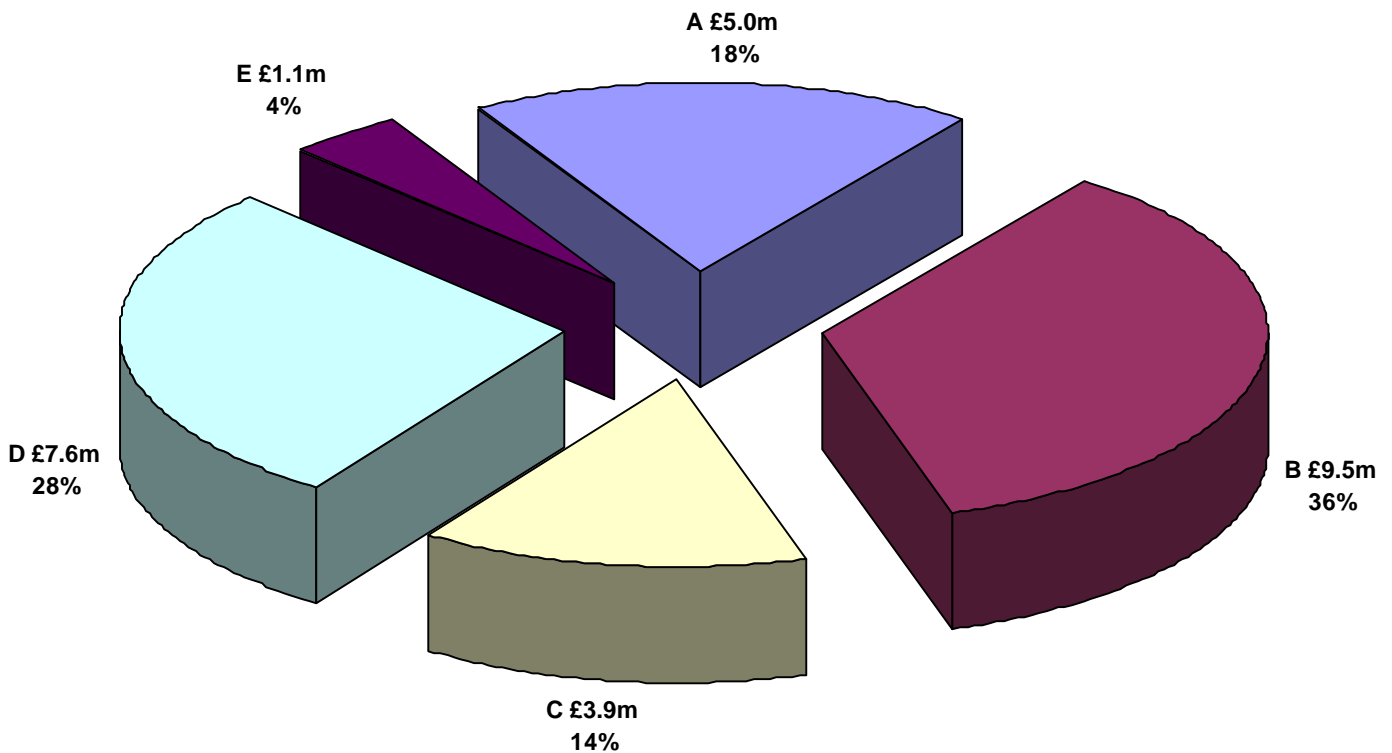
<u>Description</u>	<u>Amount</u>
A Dwelling Rents	£ 21.80m
B Non – Dwelling Rents	£ 1.40m
C Charges for Services and Facilities	£ 1.00m
D Government Subsidies	£ 7.00m
E Investment Income	£ 0.07m
Total Income	£ 31.27m

CAPITAL EXPENDITURE

Total capital expenditure in 2003/04 amounted to £27.1m (compared to £26.7m in 2002/03). This was 77% of the budgeted programme of £35.2m. Further details can be found in note 3 of the Consolidated Balance Sheet.

The major items of capital expenditure during 2003/04 were as follows:

CAPITAL EXPENDITURE IN BEST VALUE



<u>Description</u>	<u>Amount</u>
A Cultural, Environmental & Planning	£5.0m
B Education	£9.5m
C Highways Roads & Transport	£3.9m
D Housing	£7.6m
E Social Services	£1.1m
Total Capital Expenditure	£27.1m

CAPITAL BORROWING

The Council had long-term debt outstanding of £25m as at 31st March 2004 (£27m as at 31st March 2003). This debt is managed “in house” of which £10m 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. In addition, the Council inherited its share of the long-term debt from Berkshire County Council on re-organisation. Reading Borough Council, as the designated authority, manage this debt on behalf of the Berkshire Unitary Councils, with the Council contribution annually towards its share of loan charges. The Council’s share of this debt outstanding at 31st March 2004 is £20m (£21m at 31st March 2003).

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 used. 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 Director of Finance and Property Services
Town Hall,
Bath Road,
Slough,
Berkshire,
SL1 3UQ.

(Tel: 01753 875300)

Email address: communications@slough.gov.uk

PUBLIC INSPECTION

From 12th July 2004 to 6th August 2004, any person interested may inspect and make copies of the accounts of the Council for the year ended 31st March 2004.

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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

2002/03		2003/04	2003/04	2003/04	
Net		Notes	Expenditure	Income	
£000			£000	£000	
				Net	
				£000	
(1,205)	Central Services to the Public		9,447	(7,830)	1,617
73	Court Services		96	0	96
19,719	Cultural, Environmental and Planning Services		30,502	(10,672)	19,830
75,173	Education Services		113,115	(33,244)	79,871
7,785	Highways, Roads and Transport Services		11,166	(3,264)	7,902
23,348	Housing Services		72,331	(57,167)	15,164
29,450	Social Services		50,671	(19,909)	30,762
0	Exceptional Item	(6)	0	(648)	(648)
3,880	Corporate and Democratic Core Costs		4,081	(1,067)	3,014
1,035	Non Distributed Costs		710	0	710
159,258	Net cost of services		292,119	(133,801)	158,318
196	Parish Council Precepts				193
86	Trading Undertakings	(2)			(1)
(30,616)	Asset Management Revenue Account	(3)			(17,054)
(3,545)	Interest and Investment Income	(4)			(3,444)
3,662	Levies	(5)			3,991
(760)	Pension Interest Cost & Expected return on Pensions Assets	(14)			1,152
128,281	Net operating expenditure				143,155
(443)	Transfer (from)/to HRA balances & Housing Repairs Fund				892
1,116	Transfers to Earmarked Reserves	(8)			3,373
(242)	Transfers from Earmarked Reserves	(8)			(625)
(710)	Contributions (from)/to Schools Reserves	(8)			160
(2,430)	Contributions from Capital Reserves	(8)			40
4,799	Capital Expenditure Financed from Revenue				204
(1,549)	Deferred Charges				(1,575)
1,389	Amortised Premiums				1,390
(6,485)	Minimum Revenue Provision transfer	(9)			(7,420)
(1,340)	Contribution from the Pension Reserve	(14)			(2,663)
122,386	Amounts to be met from Government Grants & Local Taxation				136,931
	SOURCES OF FINANCE				
(28,927)	Council Taxpayers				(33,595)
(200)	Collection Fund surplus				(100)
(61,716)	General Government grant				(70,589)
(34,189)	Non Domestic Rate Income				(36,065)
(125,032)	Total income from Grants and Taxpayers				(140,349)
(2,646)	Net General Fund deficit / (surplus)				(3,418)
	GENERAL FUND BALANCE				
(121)	Balance at 1st April				(2,767)
(2,646)	Net General Fund deficit / (surplus)				(3,418)
(2,767)	Balance at 31st March	(10)			(6,185)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. GENERAL FUND SERVICES

The Consolidated Revenue Account (CRA) on the previous page has been analysed in the Services expenditure analysis set out in the Best Value Code of Practice and includes Housing Revenue Account services.

The expenditure for the General Fund is shown below in accordance with the Authority's departmental structure against the revised budget. Details for HRA are shown on page 54.

	2003/04 Budget £000	2003/04 Actual £000	2003/04 Variance £000
General Fund			
Learning & Cultural Services	86,810	87,143	333
Social Services	29,976	30,519	543
Asylum Seekers	6	9	3
Housing & Neighbourhood Services	16,544	17,053	509
Legal, Democratic & Development Services	10,535	10,242	(293)
Chief Executive	2,328	2,353	25
Human Resources	38	36	(2)
Assistant Chief Executive	819	445	(374)
Financial Services	644	473	(171)
Net Expenditure on General Fund	147,700	148,273	573
Other expenditure and income	(6,987)	(10,825)	(3,838)
Net expenditure	140,713	137,448	(3,265)
Use of Provisions and Reserves	(3,190)	(517)	2,673
Use of balances	2,826	3,418	592
Amounts to be met from Government Grants & Local Taxation	140,349	140,349	0
<u>Funding</u>			
Non-domestic Rate Income	(33,595)	(33,595)	0
Council Tax Payers	(100)	(100)	0
Precept from Collection Fund	(70,589)	(70,589)	0
Revenue Support Grant	(36,065)	(36,065)	0
Total Funding	(140,349)	(140,349)	0

The CRA and figures above include FRS17 'Retirement Benefit' costs. Full details are given in note 14.

2. TRADING ACCOUNTS

The Council operated the following trading accounts during 2003/04:

	Notes	2002/03 £000	2003/04 £000
Printing	(i)		
Income		(577)	(666)
Expenditure		663	665
Deficit/(Surplus)		86	(1)
Cemetery & Crematorium (shown within services)	(ii)		
Turnover		(743)	(738)
Expenditure		537	656
Deficit /(Surplus)		(206)	(82)
Net Deficit/(Surplus) on all trading units		(120)	(83)

- (i) **Printing** – the Council operates a printing section that supports all Council Departments and works occasionally for associated external bodies. This section is also responsible for the Council's photocopiers.
- (ii) **The Cemetery and Crematorium** has been classified as a trading unit during 2003/04. The figures disclosed above are included in the CRA within the net cost of services. The cemetery and crematorium provide a service for all the groups within the local community and surrounding districts and during a typical year performs over 1800 cremations and 380 burials.

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 (see note 7 to the HRA). The balance on this account is transferred to the Consolidated Revenue Account to offset any impact of capital charges on local taxation.

	2002/03 £000	2003/04 £000
Income		
Capital Charges		
- General Fund	(19,688)	(15,923)
- Housing Revenue Account	(21,628)	(12,079)
Total Income	(41,316)	(28,002)
Expenditure		
Provision for depreciation*	7,232	7,953
External Interest Charges	3,468	2,995
Total Expenditure	10,700	10,948
Balance to Consolidated Revenue Account	(30,616)	(17,054)

* Net of Capital Grants adjustment.

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

The reduction in income from Capital Charges is because of the lower rate of notional interest applied in 2003/04. The CIPFA/LASAAC Joint Committee prescribes the interest rate used each year.

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.

	2002/03 £000	2003/04 £000
Investment and Misc. Income		
Interest on Deposits	(3,405)	(3,323)
Misc.	(67)	(82)
Sub Total Income	(3,472)	(3,405)
Housing Revenue Account		
Interest on Sale of Council Houses & Mortgages	(73)	(39)
Total Income	(3,545)	(3,444)

5. LEVIES

Levies paid in the year were as follows:

	2002/03 £000	2003/04 £000
Combined Fire Authority	2,974	3,275
Environmental Agency	564	583
Magistrates Courts	124	133
Total Levies	3,662	3,991

6. EXCEPTIONAL ITEMS

£648k has been received in respect of the distribution of the former Berkshire County Council reserves. The Council has set this sum aside as earmarked reserves to cover any future liabilities or claims, which may arise from the former Berkshire County Council.

7. PRIOR YEAR ADJUSTMENT

The 2002/03 figures have been adjusted to show comparatives for FRS17 'Retirement Benefit' costs. The net effect is zero.

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

Details of all reserves and transactions during the year are shown in the Balance Sheet notes 17, 19 and the Housing Revenue Account.

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 £7,420k in compliance with the current accounting requirements for 2003/04.

	2002/03 £000	2003/04 £000
Housing amount – 2% of credit ceiling	6	0
Minimum Revenue Provision	6	0
Amount charged as depreciation*	(7,232)	(7,953)
Commutation Adjustment	(133)	(307)
Sub Total	(7,359)	(8,260)
BCC Transferred debt	874	840
Transfer to Consolidated Revenue Account	(6,485)	(7,420)

* Net of Capital Grants adjustment.

10. BALANCES

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

	2002/03 £000	2003/04 £000
Balances as at 1 st April	(702)	(2,767)
Prior Year Adjustment	581	0
Balance after Prior Year Adjustment	(121)	(2,767)
Budgeted Contributions to balances	(748)	(2,826)
Further contributions from/(to) balances	(1,898)	(592)
Balances as at 31 March	(2,767)	(6,185)

11. AUDITORS' FEES.

In 2003/04 Slough Borough Council incurred the following fees relating to external audit and inspection:

	2002/03 £000	2003/04 £000
Fees payable with regard to external audit services carried out by the appointed auditor	378	305
Fees payable in respect of statutory inspection	102	88
Fees payable for the certification of grants and returns	100	86
Fees payable in respect of other services provided by appointed auditor	14	1
	594	480

The fee for 2002/03 included initial work carried out by the newly appointed auditors the Audit Commission of £140k.

Other services in 2002/03 related to specialist work on National Fraud Initiative and challenge work.

The fees for other services 2003/04 relates to specialist advice on accounting for goodwill.

12. 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:

	2002/03 £000	2003/04 £000
Expenditure on leases	285	119

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

	£000
2004/2005	130
2005/2006	60
2006/2007	17
2007/2008	6
2008/2009	1

13. LOCAL AUTHORITIES (GOODS AND SERVICES) ACT 1970

Councils are 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 2003/04.

	2002/03 £000	2003/04 £000
Expenditure	819	996
Income	(421)	(520)

14. PENSIONS

Brief notes of the two pension schemes to which the Council and its employees contribute are shown in the Statement of Accounting Policies. The information below relates to the pension costs included in the Revenue Accounts.

1. Local Government Pension Scheme

The authority participates in the Royal County of Berkshire Pension Fund, administered by the Royal Borough of Windsor and Maidenhead.

This is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

For the 2003/4 accounts, the Authority has fully implemented FRS17 and recognised the costs of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account (CRA) after Net Operating Expenditure. The following transactions have been made in the CRA during the year:

	2002/3 £000	2003/4 £000
Net cost of Services		
Current service cost	4,220	4,174
Past service costs		7
Curtailment settlements	130	0
Net Operating Expenditure		
Interest cost	7,870	7,770
Expected return on assets in the scheme	(8,630)	(6,618)
Net Operating Expenditure Sub total	(760)	1,152
Amounts to be met from Government grants & local taxation		
Movement on pensions reserve	(1,340)	(2,663)
Actual amount charged against council tax for pensions in the year		
Employers' contributions payable to scheme	2,250	2,669

Further information can be found in the Balance Sheet note 23, Movement in Reserve note 2 or the Royal County of Berkshire Pension Fund's Annual Report, which is available upon request from the Royal Borough of Windsor and Maidenhead.

2. 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' pension costs. In addition the Council is responsible for a share of the pension payments related to added years for former Berkshire County Council teachers.

	2002/03	2003/04
Employers Contribution	£2,586k	£4,503k
Percentage of Teachers' Pensionable Pay	8.35%	13.5%
Added Years	£158k	£159k

15. RELATED PARTY TRANSACTIONS

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.

Members are required to register their financial interests and to notify the Monitoring Officer of any changes to those interests. In addition Members are required to disclose any personal interest in a matter being considered at meetings.

Chief Officers holding office during 2003/04 were asked to complete a disclosure statement.

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. There are no further material transactions for 2003/04.

16. MEMBERS' ALLOWANCES

The total of Members' allowances paid during 2003/04 was £283k (£275k for 2002/03). Further information is available in the Member Services section of the Legal, Democratic & Development Services Department.

17. 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.

£000	2002/03 Number	2003/04 Number
£100+	0	1
£90-£99	1	0
£80-£89	1	6
£70-£79	9	9
£60-£69	13	20
£50-£59	14	55

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

These amounts exclude pension contributions.

18. 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.

	2002/03 £000	2003/04 £000
Staff Advertising	669	742
Corporate Advertising	205	140
Civic Newspapers - Slough Citizen Publicity	42	48
	4	12
Total Expenditure	920	942

19. 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.

Total 2002/03 £000		Chargeable 2003/04 £000	Non-chargeable 2003/04 £000	Total 2003/04 £000
	<u>Expenditure</u>			
406	Employee Expenses	284	133	417
0	Premises	2	1	3
17	Transport	12	5	17
25	Supplies and Services	25	11	36
157	Central and Support Service Charges	97	66	163
605	Total Expenditure	420	216	636
	<u>Income</u>			
(350)	Building Regulations Charges	(448)	0	(448)
(5)	Miscellaneous Income	0	(5)	(5)
(355)	Total Income	(448)	(5)	(453)
250	(Surplus)/Deficit for Year	(28)	211	183

20. 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.

The reduction in S137 funding is due to budget saving measures introduced in 2003/04 and approved as part of the Council's budget process.

	2002/03 £000	2003/04 £000
Grants to voluntary organisations	298	239

21. DECRIMINALISED PARKING ENFORCEMENT ROAD TRAFFIC ACT 1991

The Decriminalised Parking Enforcement operation commenced in May 2003, following the approval of the Secretary of State to transfer delegated powers from Thames Valley Police.

The Authority is required to provide details to the Department of Transport of income, expenditure and the surplus or deficit for the on-street parking within its area.

The outturn included in the 2003/4 accounts records a £33K deficit due to a delay in the implementation date and warning letters being issued, rather than actual penalty charge notices in the initial period. The deficit is in line with the budgeted position.

22. POOLED BUDGETS

Two pooled budget agreements were signed during 2003/04:

1) Intermediate Care Services

The agreement commenced on 1st April 2003 and is between the Council and Slough Primary Care Trust to provide intermediate care services to help with delayed discharges.

	£000
Gross Funding	
Slough Borough Council	130
Slough Primary Care Trust	130
Additional (Access and Systems Capacity Grant)	79
Total Funding	339
Expenditure	394
Over Spend	55
Funding of Overspend	
Slough Borough Council	29
Slough Primary Care Trust	26
Total	55

2) Joint Stores Services

This agreement commenced on 1st February 2004 and exists between the six Berkshire Unitary Authorities and six Berkshire Primary Care Trusts for the provision of joint store and equipment services using the Royal Berkshire Ambulance NHS Trust as an agent to provide the services.

	£000
Gross Funding	
Slough Borough Council	23
Other Berks Councils	84
Access and Systems Capacity Grant	270
Slough Primary Care Trust (PCT)	79
Other Berks PCTs	443
Total Funding	899
Expenditure	
Royal Berkshire Ambulance Trust	
Paid via Slough Borough Council	377
Paid directly from PCTs	522
Total Expenditure	899

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet summarises the Council's financial position as at 31st March 2004. It reflects the assets and liabilities of all the Council's activities including the Collection Fund, but excluding any Trust Funds as shown in note 21.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. FIXED ASSETS

	Valuation at 31-Mar-03 £000	Accumulated Depreciation £000	Net Book Value at 31-Mar-03 £000	Additions £000	Disposals £000	Revaluations & Restatements £000	Depreciation £000	Net Book Value at 31-Mar-04 £000
Operational Assets								
· Council Dwellings	353,853	(9,535)	344,318	3,559	(11,813)	201,089	(4,930)	532,223
· Other Land & Buildings	177,064	(20,915)	156,149	11,653	(205)	144	(6,901)	160,840
· Vehicles, Plant & Equipment	5,770	(2,648)	3,122	1,701	0	0	(996)	3,827
· Infrastructure Assets	25,199	(2,425)	22,774	3,325	0	0	(630)	25,469
· Community Assets	590	(1)	589	1,590	0	0	(2)	2,177
Sub Total	562,476	(35,524)	526,952	21,828	(12,018)	201,233	(13,459)	724,536
Non Operational Assets	22,118	(84)	22,034	1,016	(390)	(131)	(17)	22,512
Total	584,594	(35,608)	548,986	22,844	(12,408)	201,102	(13,476)	747,048

The council dwelling disposals relate mainly to the disposal of properties under the right to buy scheme. A review of the council dwellings was carried out at the 31st March 2004 and the values adjusted to reflect the increase in property values.

2. DEFERRED CHARGES AND PREMIUMS

Deferred charges are payments of a capital nature, but where no fixed asset is created. The Code of Practice on Local Authority Accounting requires the expenditure to be charged to the service revenue accounts over a period of time appropriate to the benefit received, generally in the year the expenditure is incurred. As deferred charges are not revenue based, they are reversed out in the appropriation section of the Consolidated Revenue Account and therefore have a neutral impact on the revenue required to be raised from local taxation. The deferred charges in the (CRA) are shown as £1,575k. The difference between this and written off figure of £1,934k shown below is due to the CRA Improvement Grant being shown net of subsidy received in 2003/04 of £359k.

Premiums 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 £1.3m.

	Balance as at 01.04.03 £000	Expenditure in year £000	Amounts Written Off £000	Balance as at 31.03.04 £000
Capital Expenditure				
Improvement Grants	0	868	(868)	0
Housing Association Grants	0	2,988	(598)	2,390
Other	162	444	(468)	138
Sub Total	162	4,300	(1,934)	2,528
Premiums				
HRA refinancing	11,932	0	(1,390)	10,542
Ex BCC refinancing	1,002	1,284	(366)	1,920
Total	13,096	5,584	(3,690)	14,990

3. CAPITAL EXPENDITURE AND SOURCES OF FINANCE

	2002/03 £000	2003/04 £000
<u>Capital Investment</u>		
Fixed assets (See note 1)	18,645	22,844
Deferred charges	1,854	1,312
Housing Association Loan	6,173	2,988
	26,672	27,144
<u>Sources of Finance</u>		
Borrowing (credit approvals)	3,433	6,367
Capital receipts	9,230	8,436
Capital grants and contributions	4,719	8,230
Revenue contributions	8,819	3,019
Creditors unfinanced	471	1,092
	26,672	27,144

4. CAPITAL COMMITMENTS

The Council has authorised expenditure in future years of £140m under its capital programme. This includes £35m in respect of housing stock improvements and loans & grants to Housing Associations, £13m for Education works, and £12m in respect of Highways capital schemes, £9m for Social Services schemes and £70m for Corporate and Leisure schemes. £7m was contractually committed at the 31st March 2004 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 31st March 2004 in respect of the project.

5. VALUATION INFORMATION

The freehold and leasehold properties comprising the Authority's property portfolio at the 31st March 2004 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 1st 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 1st 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 1st 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 cannot 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 fixed assets which need to be revalued. Infrastructure and Community Assets are shown at historical cost in the balance sheet.

Value of Assets as at 31st March 2004 Net Book Value	Council Dwellings £000	Land & Buildings £000	Vehicles, Plant & Equipment £000	Non Operational Assets £000	Total £000
Valued at historical cost	0	3,115	3,827	3,033	9,975
Assets valued in 2003/2004	525,386	0	0	0	525,386
Assets valued during 2002/2003	0	0	0	0	0
Assets valued during 2001/2002	0	115,065	0	5,083	120,148
Assets valued during 2000/2001	0	0	0	0	0
Assets valued during 1999/2000	6,837	42,660	0	14,396	63,893
Total	532,223	160,840	3,827	22,512	719,402

A review of the council dwellings was carried out at the 31st March 2004 and the values adjusted to reflect the increase in property values.

6. DEPRECIATION

Depreciation has been charged on the value of the fixed assets as at 1st April 2004 on the basis shown below.

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:

	Number as at 31st March 03	Number as at 31st March 04
Council Dwellings		
Council Dwellings	7,007	6,858
Shared Ownership Dwellings	2	2
Other Housing Assets	140	137
Land and Buildings		
Town Hall	1	1
Other Offices	2	1
Community Halls & Playleadership Centres	12	12
Leisure Centres and Pools	6	6
Youth & Community Centres	8	9
Libraries	4	4
Schools and Education Properties	45	45
Social Services Homes and Hostels	19	18
Off-street Car Parks	10	10
Bus Station	1	1
Public Conveniences	8	8
Cemetery/Crematorium	1	1
Depots and Workshops	3	3
Waste Transfer Station	1	1
Vehicles, Plant and Equipment		
Vehicles, Plant and Equipment Capitalised	27	35
Infrastructure Assets		
Highways (Km)	298	300
Bridges	46	46
Community Assets		
Parks and Open Spaces	48	48
Allotments	10	10
Non-operational Assets		
Commercial Land & Property	161	159

8. LONG TERM DEBTORS

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

	31-Mar-03 £000	31-Mar-04 £000
Council House Sales mortgages	981	728
Other	282	220
Total	1,263	948

9. DEBTORS AND ADVANCE PAYMENTS

	31-Mar-03 £000	31-Mar-04 £000
Government Departments	9,689	8,814
Other Local Authorities	3,994	2,385
Housing Rents	2,075	2,143
Investment Accrual	605	821
Collection Fund	9,353	11,662
Refundable Deposits	17	0
Payments in Advance	529	643
Other	6,468	10,319
	32,730	36,787
Provision for Bad Debts*	(7,949)	(11,617)
Total	24,781	25,170

* 2003/04 figures include provisions for bad debts in respect of Decriminalised Parking Enforcement (DPE) and housing overpayments.

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

	31-Mar-03 £000	31-Mar-04 £000
Long term loans:		
- PWLB (Public Works Loans Board)	(12,078)	(9,936)
- Market loans	(15,000)	(15,000)
Total long term loans	(27,078)	(24,936)
Temporary / Short term loans:		
- PWLB (Public Works Loans Board)	(87)	(2,142)
- Market loans	(1,000)	0
Total long temporary/short term loans	(1,087)	(2,142)
Total Loans Outstanding	(28,165)	(27,078)
<u>An analysis of loans by maturity:</u>		
Less than 12 months	(1,087)	(2,142)
More than 1 year, less than 2 years	(2,143)	(92)
More than 2 years, less than 5 years	(280)	(268)
More than 5 years, less than 10 years	(3,590)	(13,515)
Over 10 years	(21,065)	(11,061)
Total	(28,165)	(27,078)

12. CREDITORS AND ADVANCE RECEIPTS

	31-Mar-03 £000	31-Mar-04 £000
Government Departments	(5,671)	(4,589)
Other Local Authorities	(4,157)	(4,674)
Housing Rents in advance	(103)	(321)
Collection Fund	0	0
Refundable deposits	(24)	(38)
Receipts in advance	(2,045)	(2,603)
Interest payable	(323)	(318)
Other	(12,978)	(18,047)
Total	(25,301)	(30,590)

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, and a residual sum of transferred debt relating to 1974 Local Government Reorganisation.

	2002/03 £000	2003/04 £000
Debt transferred from BCC	(20,982)	(20,143)
Pre 1974 transferred debt	(28)	(26)
Discount due from debt refinancing	(507)	(584)
Total	(21,517)	(20,753)

14. DEFERRED CREDITS

Deferred Credits are amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses. The table below shows the amounts of capital income still to be received where mortgages have been provided for the purchase of council houses.

	2002/03 £000	2003/04 £000
Income due from sale of council houses	(1,114)	(865)
Total	(1,114)	(865)

15. PROVISIONS

	31 Mar 03 £000	Transfer from Reserve 2003/04 £000	Expenditure from Fund 2003/04 £000	Transfer to Fund 2003/04 £000	31 Mar 04 £000
Insurance Provision	(305)	(293)	37	(74)	(635)
Other Provisions	(716)	0	656	(106)	(166)
Total	(1,021)	(293)	693	(180)	(801)

The insurance provision provides for known claims and also for predicted future claims for all past periods. Following an independent actuarial review of the insurance reserve and provision £293k has been moved from the reserve to the provision at 31st March 2004. Other provisions are in respect of archive costs and Education recoupment.

16. 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 Mar 03 £000	Expenditure from Fund 03/04 £000	Transfer to Fund 03/04 £000	31 Mar 04 £000
Commuted Sums	(611)	70	(167)	(708)
External funds & S106	(1,431)	462	(770)	(1,739)
Total	(2,042)	532	(937)	(2,447)

17. EARMARKED RESERVES

	31 Mar 03 £000	Transfer to Provisions 03/04 £000	Transfer to CRA 03/04 £000	Transfer from CRA 03/04 £000	31 Mar 04 £000
General Fund Reserves					
Insurance Reserve	(1,026)	293	0	0	(733)
Department Reserves	(1,079)	0	372	(571)	(1,278)
Trading Accounts	(45)	0	8	(88)	(125)
Miscellaneous Reserves	0	0	0	(2,650)	(2,650)
SRB Reserve	(382)	0	101	0	(281)
IT Reserve	(145)	0	144	(64)	(65)
Revenue Sub Total	(2,677)	293	625	(3,373)	(5,132)
Capital Reserves	0	0	204	(244)	(40)
Reserves Total	(2,677)	293	829	(3,617)	(5,172)
Housing Reserves	(255)	0	1	(51)	(305)
Grand Total	(2,932)	293	830	(3,668)	(5,477)

The Insurance Reserve provides for:

- (i) Outstanding sums due in relation to former insurance arrangements, i.e., any liability from Berkshire County Council and Municipal Mutual Insurance Ltd.
- (ii) Any risks not currently insured, e.g. terrorism.
- (iii) Very long tail claims, e.g. asbestos related, child abuse or failure to educate claims.
- (iv) Policy excesses.

Following an independent actuarial review of the insurance reserve and provision £293k has been moved from the reserve to the provision at 31st March 2004.

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

Trading Accounts shows the surplus made in the year from the Council's trading accounts.

Miscellaneous Reserves are sums set aside corporately to finance future projects. These include Berkshire Liabilities, future debt and capital requirements, PFI & feasibility and Statutory Property Function.

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.

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

Housing Reserve covers major renewals and repair work.

18. 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.

	2002/03 £000	2003/04 £000
Balance as at 1st April	(16,500)	(19,145)
Amounts received in the year	(5,229)	(9,480)
Transfer to AMRA	2,584	723
Balance as at 31st March	(19,145)	(27,902)

19. 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 1st April 1999.

The changes in the level of School Reserves for 2003/04 were as follows:

	2002/03 £000	2003/04 £000
Balances as at 1st April	(3,731)	(3,021)
Movement in the year: To	1,148	1,086
From	(438)	(1,246)
Balances as at 31st March	(3,021)	(3,181)

20. 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.

	2002/03 £000	2003/04 £000
Balance brought forward	(55,621)	(65,186)
Amount set aside	(6)	0
Reserved capital receipts	(13,469)	(7,907)
Sub total	(69,096)	(73,093)
Amounts applied	3,910	7,761
Balance carried forward	(65,186)	(65,332)

21. 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 Mar 03 £000	Payments/ Transfers in year £000	Receipts in year £000	Balance as at 31 Mar 04 £000
War Memorial Garden	87	0	3	90
Thames Valley Athletic	25	0	0	25
Miscellaneous Funds	17	(3)	4	18
Total Trust Funds	129	(3)	7	133

22. 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.

23. PENSIONS

a) Local Government Pension Scheme

Note 14 to the CRA contains details of the Authority's participation in the Royal County of Berkshire Pension Fund (administered by the Royal Borough of Windsor and Maidenhead).

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March are as follows:

	31 Mar 03 £000	31 Mar 04 £000
Estimated Employer assets in scheme	95,580	116,700
Present value of scheme liabilities	(125,320)	(137,956)
Present value of unfunded liabilities	0	(3,500)
Total Value of liabilities	(125,320)	(141,456)
Net Pension Liability	(29,740)	(24,756)

LIABILITIES

The scheme liabilities comprise of:

	31 Mar 03 £000	31 Mar 04 £000
Employee members	68,900	78,957
Deferred pensioners	17,220	18,155
Pensioners	39,200	40,488
Total	125,320	137,600

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits.

The total liability of £24.4m has a substantial impact on the net worth of the authority as recorded in the balance sheet reducing the net worth of the authority by 3% for 2003/04 (5% 2002/03). However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy, as the Authority will look to steadily increase employer contributions as part of the medium term financial plan.

The deficit on the local government scheme will therefore be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Fund liabilities have been assessed by Hymans Robertson, the independent firm of actuaries, for the Royal County of Berkshire Pension Fund based on the full valuation of the scheme as at 31st March 2001. A full valuation was undertaken at 31st March 2004 but the final results of this will not be available until later this year.

The main assumptions used in these calculations have been:

	31 Mar-03 % per annum	31 Mar-04 % per annum
Rate of inflation	2.5%	2.9%
Rate of increase in salaries	4.5%	4.9%
Rate of increase in pensions	2.5%	2.9%
Rate for discounting scheme liabilities (NB based on 3.5% real)	6.1%	6.5%

ASSETS

Assets in the Fund are valued at fair value, principally market value for investments. The long term return rate and categories of the assets are given below:

	as at 31st Mar 03		as at 31st Mar 04	
	Long term return	Assets	Long term return	Assets
	% per annum	£000	% per annum	£000
Equities	8.0%	60,280	7.7%	78,400
Bonds	4.8%	17,800	5.1%	18,800
Property	6.0%	10,500	6.5%	11,600
Cash	4.0%	7,000	4.0%	7,900
	6.9%	95,580	6.9%	116,700

b) Teachers' Pension Scheme

The scheme is a defined benefit scheme, administered by the Teachers' Pension Agency (TPA).

Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities (LEAs). However it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described above.

24. CONTINGENT LIABILITIES

The Council 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 1st December 2002 for 15 years. In the event that the contract is terminated within the 15 year period, the Council is liable for repayment of the goodwill on a reducing balance over the period of the contract. The 2003/04 balance is approximately £1.3m.

25. ANALYSIS OF NET WORTH

The net worth of 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:

	31 March 03 £000	31 March 04 £000
General Fund	169,694	180,496
Housing Revenue Account	384,559	587,331
Total	554,253	767,827

26. PUBLIC FINANCE INITIATIVE (PFI)

The Outline Business Case for the reprovision of three schools and a range of other resources and community facilities received Treasury approval in December 2003 and PFI credits of £46.7 m were awarded to the authority. The contract for consultancy support was let in February 2004 to Precept Program Management as technical and lead consultants, Ernst & Young as Financial advisers and Devonshires Legal as Sub consultants for a total value of £326k.

During 2003/4 there will be shortlisting to arrive at a tender list of 3 bidders who will receive an invitation to negotiate and the Authority will work towards financial close with the preferred bidder and one reserve.

An outline business case for the provision of social housing with an additional 180 affordable houses for PFI funding of £13.1m was submitted to the Office of the Deputy Prime Minister (ODPM). The Council is awaiting confirmation of whether the bid has been accepted.

27. 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 31st March 2004.

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

2002/03 £000		Notes	2003/04 £000
	Surplus/(deficit) for the year		
2,646	General Fund	(1)	3,418
(443)	Housing Revenue Account	(1)	892
(190)	Collection Fund	(1)	(469)
(710)	School Reserves	(1)	160
(1,952)	add Earmarked Revenue Reserves	(1)	2,545
40	deduct Appropriations from Pensions Reserve	(1 & 2)	(2,663)
(29,780)	Actuarial Gains and Losses relating to Pensions	(1 & 2)	7,647
(30,389)	Total increase/(decrease) in revenue resources		11,530
576	Increase/(decrease) in usable capital receipts	(3)	(3,349)
803	Increase in unapplied capital grants and contributions	(3)	1,608
1,379	Total increase / (decrease) in realised capital resources		(1,741)
907	Gains / (losses) on revaluation of fixed assets	(4)	201,131
907	Total increase/ (decrease) in unrealised value of fixed assets		201,131
(22,871)	Value of assets sold, disposed of or decommissioned	(4)	(12,409)
22,699	Capital Receipts set aside	(5)	16,603
(7,097)	Revenue resources set aside	(5)	(10,594)
1,842	Movement on Government Grants deferred	(5)	7,149
0	Movement on Major Repairs Reserve		1,905
17,444	Total increase in amounts set aside to finance capital investment		15,063
(33,530)	TOTAL RECOGNISED GAINS & LOSSES		213,574

NOTES TO THE MOVEMENTS IN RESERVES

1. MOVEMENTS IN REVENUE RESOURCES

	General Fund Balances £000	HRA Balances £000	Collection Fund Balances £000	School Reserves £000	Earmarked Revenue Reserves £000	Pensions Reserve £000
Surplus/(deficit)	3,418	892	(469)	160	0	0
Appropriations to/from revenue	0	0	0	0	2,545	2,663
Actuarial gains and losses relating to pensions	0	0	0	0	0	(7,647)
Sub Total	3,418	892	(469)	160	2,545	(4,984)
Balance brought forward at 1 st April 2003	2,767	2,110	396	3,021	2,932	29,740
Balance carried forward at 31st March 2004	6,185	3,002	(73)	3,181	5,477	24,756

School Reserves – see note 19 to the Consolidated Balance Sheet.

Earmarked Reserves – see note 17 to the Consolidated Balance Sheet.

Pensions Reserve – see note 23 to the Consolidated Balance Sheet.

2. ACTUARIAL GAINS/(LOSSES) ON THE PENSIONS RESERVE

The actuarial gains as movements on the pensions reserve in 2003/04 can be analysed into the following categories measured as absolute amounts and as a percentage of assets or liabilities as at 31st March 2004.

	2002/03		2003/04	
	£000	%	£000	%
Differences between the expected and actual return on assets	(29,430)	(30.8)	13,627	11.7
Differences between actuarial assumptions about liabilities and actual experience	(350)	(0.3)	(5,980)	4.2
Changes in the demographic and financial assumptions used to estimate liabilities		0		0
	(29,780)		7,647	

3. MOVEMENTS IN REALISED CAPITAL RESOURCES

	Usable Capital Receipts	
	2002/03 £000	2003/04 £000
Amounts Receivable	9,806	5,347
Amounts applied to finance new Capital Investments	(9,230)	(8,696)
Total increase/(decrease) in realised capital resources	576	(3,349)
Balance brought forward as at 1st April	10,759	11,335
Balance carried forward at 31st March	11,335	7,986

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.

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.

	Unapplied Capital Grants & Contributions	
	2002/03 £000	2003/04 £000
Amounts Receivable	5,228	9,480
Amounts applied to Finance new Capital Investments	(4,425)	(7,872)
Total increase/(decrease) in realised capital resources	803	1,608
Balance brought forward as at 1st April	5,585	6,388
Balance carried forward at 31st March	6,388	7,996

4. FIXED ASSET RESTATEMENT RESERVE

	2002/03 £000	2003/04 £000
Total increase/(decrease) in unrealised capital resources	907	201,131
Amounts written off fixed asset balances for disposals	(22,871)	(12,409)
Total Movement on Reserve	(21,964)	188,722
Balance brought forward as at 1st April	427,319	405,355
Balance carried forward at 31st March	405,355	594,077

The Fixed Asset Restatement Reserve represents principally the balance of the surpluses or deficits on the periodic revaluation of fixed assets.

5. MOVEMENTS IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT

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.

See details on next page.

	<u>Capital Financing Reserve</u> 2002/03 £000	<u>Govt Grants Deferred</u> 2002/03 £000	<u>Total</u> 2002/03 £000	<u>Capital Financing Reserve</u> 2003/04 £000	<u>Govt Grants Deferred</u> 2003/04 £000	<u>Total</u> 2003/04 £000
Capital Receipts set aside						
reserved receipts	13,469			7,907		
usable receipts applied	9,230			8,696		
Total Capital Receipts set aside	22,699	0	22,699	16,603	0	16,603
Revenue Resources set aside						
capital expenditure financed from revenue	9,621			3,229		
reconciling amount for provisions for loan repayment	(16,718)			(13,823)		
Total revenue resources set aside	(7,097)	0	(7,097)	(10,594)	0	(10,594)
Grants applied to Capital Investment		4,426			7,872	
Amounts credited to AMRA		(2,584)			(723)	
Movement on Government Grants Deferred		1,842	1,842		7,149	7,149
TOTAL INCREASE/(DECREASE) IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT			17,444			13,158
Total Movement on Reserves	15,602	1,842		6,009	7,149	
Balance brought forward 1st April	121,330	10,914		136,932	12,756	
Balance carried forward at 31st March	136,932	12,756		142,941	19,905	

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		Notes	2003/04	
2002/03			£000	£000
£000				
	Revenue activities			
	Cash outflows			
102,951	Cash paid to and on behalf of employees		111,461	
101,737	Other operating cash payments		109,568	
15,631	Housing benefit paid out		18,651	
71,906	NNDR payments to the National Pool		68,654	
2,984	Precept paid		4,252	
3,661	Levies paid		3,991	
<u>298,870</u>				316,577
	Cash inflows			
(10,143)	Rents after rebates		(11,379)	
(27,666)	Council tax receipts		(31,569)	
(34,189)	National Non domestic rate grant		(36,065)	
(73,520)	NDR receipts		(72,176)	
0	NNDR receipts from the National Pool		(575)	
(61,716)	Revenue support grant		(70,589)	
(17,395)	DWP Grants for Benefits	(3)	(24,697)	
(36,409)	Other Government grants	(3)	(45,485)	
(9,511)	Other operating cash receipts		(13,329)	
(25,773)	Cash received for goods and services		(25,140)	
<u>(296,322)</u>				(331,004)
2,548	Revenue activities net cash (inflow)/outflow	(1)		(14,427)
	Returns on Investment and Servicing of finance			
3,585	Interest paid		3,986	
(3,725)	Interest received		(3,168)	
<u>(140)</u>				818
	Capital activities			
	Cash outflows			
18,977	Purchase of fixed assets		22,222	
1,854	Other capital cash payments		4,300	
<u>20,831</u>				26,522
	Cash inflows			
(23,275)	Sale of fixed assets		(16,474)	
(5,167)	Capital grants received		(9,479)	
<u>(28,442)</u>				(25,953)
(5,203)	Net cash (inflow)/outflow before financing			(13,040)
	Management of Liquid Resources			
9,300	Net increase in short term deposits		7,700	
0	Net increase in other liquid resources		1,899	
<u>9,300</u>				9,599
	Financing			
	Cash Outflows			
4,044	Repayments of amounts borrowed		1,087	
				1,087
	Cash Inflows			
(3,700)	Loans raised - short term		0	
<u>344</u>				0
4,441	Decrease/(Increase) in cash and cash equivalents	(2)		(2,354)

NOTES TO THE CASH FLOW STATEMENT

1. RECONCILIATION OF NET (SURPLUS) / DEFICIT ON THE CONSOLIDATED REVENUE ACCOUNT TO MOVEMENT IN CASH

	2002/03 £000	2003/04 £000
General fund (surplus)/deficit	(2,646)	(3,418)
Collection fund (surplus)/deficit	190	469
Housing revenue account (surplus)/deficit	443	(892)
Net (surplus) /deficit	(2,013)	(3,841)
<u>Non Cash Transactions</u>		
Provisions set aside	5	220
Contribution to / (from) Reserves		
Other Grants and Liabilities	(816)	(405)
Earmarked Reserves	1,952	(2,545)
Major Repairs Reserves		(1,905)
School Reserves	710	(160)
Internal Capital Financing & other non cash transactions	(5,943)	(3,424)
Total non-cash transactions	(4,092)	(8,219)
<u>Items on an accruals basis</u>		
(Increase)/decrease in revenue creditors	797	(4,923)
Increase/(decrease) in stocks	(78)	(19)
Increase /(decrease) in debtors	7,794	3,393
Total items on an accruals basis	8,513	(1,549)
Less items within another classification		
Servicing of Finance	140	(818)
Net cash (inflow)/ outflow from revenue activities	2,548	(14,427)

2. MOVEMENT IN CASH AND CASH EQUIVALENT

	As at 31 Mar 03 £000	As at 31 Mar 04 £000	Movement 2003/04 £000
Cash and Bank	68	62	(6)
Cash Overdrawn	(1,137)	1,142	2,360
Increase in cash and cash equivalent	(1,069)	1,204	2,354

See also note 4 Liquid Resources

3. GRANTS

	2002/03		2003/04	
	£000		£000	
DWP grants for rent rebates		17,395		24,697
Education				
Standards Fund	7,760		7,932	
Schools Standard	1,630		2,113	
Learning & Skills Council Sixth Forms	4,422		5,176	
Teachers Pay Reform	1,327		1,544	
Other Education Grants	998		3,293	
Social Services				
Children Services	1,456		2,592	
Other Social Services Grants	2,922		3,472	
Other				
DWP HRA Subsidy	7,789		6,526	
Supporting People	0		4,943	
Asylum Seekers	4,163		4,937	
Miscellaneous	3,942		2,957	
		36,409		45,485
Total		53,804		70,182

4. LIQUID RESOURCES

	As at 31 Mar 03 £000	As at 31 Mar 04 £000	Movement 2003/04 £000
Short term Deposits	76,000	83,700	7,700
Money on Call/ Notice	10	1,909	1,899
Increase in liquid resources	76,010	85,609	9,599

Liquid Resources represent short-term deposits that mature within 364 days and money on call that can be readily converted into cash. The Authority has reviewed and identified the above as liquid resources for 2003/04. These figures are now also shown in the main Cash Flow Statement with corresponding figures for 2002/03.

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 2003/04 accounts have been produced in the format of Resource Accounting in line with the Accounting Code of Practice.

HOUSING REVENUE ACCOUNT

2002/03 £000		Notes	2003/04 £000
	INCOME		
	Gross Rental Income		
(22,553)	Dwelling Rents (Gross)		(21,841)
(1,322)	Non-dwelling Rents /Service Charges (Gross)		(1,367)
(424)	Charges for Services and Facilities		(1,050)
(34)	Contributions towards Expenditure		(34)
(60)	Housing Benefit Transfers from General Fund		(51)
(7,761)	HRA Subsidy (including Major Repairs Allowance)	(9)	(6,966)
(32,154)	Total Income		(31,309)
	EXPENDITURE		
4,999	Repairs and Maintenance	(4)	4,938
7,045	Supervision and Management		6,809
6	Rents, Rates, Taxes and Other Charges		70
12,410	Rent Rebates		12,520
302	Increased Provision for Bad or Doubtful Debts		464
21,759	Cost of Capital Charge	(7)	12,079
4,822	Depreciation and Impairments of Fixed Assets	(7)	4,930
51,343	Total Expenditure		41,810
19,189	Net Cost of Services		10,501
(21,759)	Net HRA expenditure/(income) on the asset management revenue account		(12,079)
	Pensions Interest Cost & Expected Return on Pension Assets		39
1,389	Amortised Premiums & Discounts		1,390
(446)	HRA Investment Income		(653)
(1,627)	Net Operating Expenditure		(802)
0	Transfer to/(from) Pension Reserve		(90)
2,064	Revenue Contribution to Capital Expenditure		0
6	HRA Contribution to Minimum Repayment Provision		0
443	Total Deficit/(Surplus) for year		(892)
	HOUSING REVENUE ACCOUNT BALANCE		
(2,553)	Balance at 1st April brought forward		(2,110)
443	Deficit/(Surplus) for the year		(892)
(2,110)	Balance at 31 March carried forward		(3,002)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. HOUSING STOCK

The Council was responsible for managing 6,860 dwellings as at 31 March 2004 (7,009 as at 31 March 2003). The stock was made up as follows:

	Number as at 31 Mar 03	Number as at 31 Mar 04
Houses	3,095	3,015
Flats	3,191	3,154
Bungalows	589	588
Other	134	103
As at 31st March	7,009	6,860

The change in stock can be summarised as follows:

	2002/03	2003/04
Stock at 1st April	7,529	7,009
Properties sold	(143)	(118)
Properties Transferred to Parkside HA	(379)	0
Properties transferred (other services)	0	(1)
Properties acquired	1	2
Properties disposed of	(1)	(31)
New and converted properties	2	(1)
As at 31st March	7,009	6,860

During 2003/04 31 properties were disposed of to the Warden Housing Association, and a property converted in 2002/03 was re-designated as office space for tenant participation use.

2. ASSET VALUES

	As at 31 Mar 03 £000	As at 31 Mar 04 £000
Operational Assets:		
Dwellings	337,646	525,386
Non-operational Assets:		
Land	208	208
Other Property	6,464	6,629
Total Housing Assets	344,318	532,223
Vacant possession value of dwellings	625,270	972,937

The net book value of dwellings is based on their existing use as social housing. As such the valuations are lower than those reflecting vacant possession on the open market. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA shows the economic cost to Government of providing housing at less than open market rents.

The value of dwellings was reviewed during 2003/04 and adjusted to reflect capital expenditure, inflation, depreciation and impairment on each property.

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.

	2002/03	2003/04
	£000	£000
Balance Brought Forward	0	0
Depreciation of HRA Assets	(4,822)	(4,930)
Capital Expenditure		
Housing	4,681	2,951
Other	141	74
Balance Carried Forward	0	(1,905)

4. HOUSING REPAIRS ACCOUNT

The majority of building repairs and maintenance to the housing stock is carried out by the Authority's contractor Interserve (Slough) Ltd. The contract includes day to day repairs, cyclical external decoration, void properties prior to re-letting, internal decorations on certain tenants' properties and non domestic stock repairs. Gross repairs and maintenance expenditure for 2003/2004 was £4.9m (2002/2003 £5m).

5. CAPITAL EXPENDITURE AND SOURCES OF FINANCE

	2002/03	2003/04
	£000	£000
Expenditure		
Stock Improvements	6,418	3,315
Acquisitions	19	244
Portable Discounts	28	0
Generation of Affordable Housing	6,173	2,988
	12,638	6,547
Sources of Finance		
Useable Capital Receipts	4,968	2,255
Capital Grants and Contributions	1,243	1,109
Major Repairs Reserve	4,822	2,815
Revenue Contribution	1,395	0
Creditors Unfinanced	210	368
	12,638	6,547

6. CAPITAL RECEIPTS

Total capital receipts from the disposal of housing assets were £12.55m in 2003/04 (£9.98m 2002/03) of which £4.64m (£2.54m) were usable capital receipts.

	2002/03 £000	2003/04 £000
Disposals of		
Land	0	252
Right To Buy Housing	9,972	10,542
Other Property	11	1,757
	9,983	12,551

7. COST OF CAPITAL AND DEPRECIATION CHARGE

A key feature of the introduction of resource accounting as part of the New Financial Framework is the inclusion of capital asset charges within the HRA.

The Cost of Capital Charge for 2003/4 of 12m is calculated as 3.5% (6% for 2002/3) of the value of HRA operational assets, carried out in accordance with the *Guidance on Stock Valuation* published by DETR in May 2000. It is included in the net costs of services in the HRA and acts as an important signal in the new style HRA, showing the cost of capital tied up in housing assets. However, it does not impact on the amount of income generated to achieve a balanced budget, i.e., in rents from council tenants. The cost of capital is reversed out of the HRA through the Asset Management Revenue Account (AMRA) below the net cost of services and the HRA's share of the authority's debt financing and management continues, as in previous years, to be borne by the HRA.

Depreciation charges also form part of the New Financial Framework. They reflect the consumption of HRA assets over their useful life and are the annual provision for 2003/4 of £4.9 (£4.8 in 2002/3) in respect of the operational assets (Housing).

8. IMPAIRMENT

Impairment relates to physical damage or determination in the quality of the service provided by a fixed asset. The impairment charge in 2003/04 relating to dwellings damaged by fire is £28k.

9. HRA SUBSIDY

This is a Government grant received towards the cost of management, maintenance and financing of dwellings. The amount of grant payable is based on a formula, which uses the dwelling numbers and calculates the estimated 'notional' costs and assumed rental income. It also includes the major repairs allowance which is the Government's estimate of the long term average amount of capital spending required to maintain the housing stock in its present condition.

Subsidy payable is made up of the following elements:

	2002/03 £000	2003/04 £000
Management & Maintenance	8,589	9,040
Major Repairs Allowance	4,822	4,930
Charges for Capital	1,862	1,330
Interest on Receipts	(141)	(96)
Guideline Rent Income	(19,947)	(20,752)
Housing Element Entitlement	(4,815)	(5,548)
Rent Rebate Entitlement	12,524	12,540
	7,709	6,992
Prior Year Adjustment	52	(26)
HRA Subsidy	7,761	6,966

10. RENT ARREARS

	2002/03 £000	2003/04 £000
Total Arrears as at 31 st March	1,932	1,815
Current Tenant Arrears	1,180	1,153
Former Tenants	752	662
Provision for Doubtful Debts	1,167	1,455
Arrears Written Off	53	241

The provision for doubtful debts has been reviewed and calculated in accordance with the CIPFA Accounting Code of Practice.

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.

INCOME & EXPENDITURE ACCOUNT

2002/03 £000	INCOME	Notes	2003/04 £000
	<u>Council Tax</u>		
(27,740)	Income from Council Tax Payers	(2)	(32,181)
	<u>Business Rates</u>		
(70,090)	Income from Business Rate Payers	(3)	(68,945)
	<u>Community Charge</u>		
(5)	Adjustment to Prior Years		0
	<u>Transfers from the General Fund</u>		
(4,735)	Council Tax Benefits	(2)	(5,814)
(39)	Discretionary Relief	(3)	(56)
(102,609)	Total Income		(106,996)
	EXPENDITURE		
	<u>Precepts & Demands</u>		
28,927	Slough Borough Council		33,595
2,770	Thames Valley Police Authority		4,049
	<u>Business Rates</u>		
69,061	Payment to National Pool	(3)	67,335
234	Interest Payable on Revaluation	(3)	244
248	Cost of Collection Allowance	(3)	241
	<u>Share of Previous Year's Surplus</u>		
200	Slough Borough Council		100
18	Thames Valley Police Authority		10
	<u>Provision for Bad Debts</u>		
586	Non Domestic Rates	(3)	1,181
755	Council Tax		710
102,799	Total Expenditure		107,465
190	Deficit for the year		469
	COLLECTION FUND BALANCE		
(586)	Balance at 1st April		(396)
190	Deficit for the year		469
(396)	Balance at 31st March	(4)	73

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.

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.

2. COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. Specific reductions are made, in accordance with government regulations, for persons on lower incomes (Council Tax Benefits). Government grant is received for this reduction.

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to Band D equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties – 20 x 18/9). This gives the tax base for the Council.

The valuation bands and the Band D equivalent figures estimated for 2003/04 are as follows:

Band	No. of Chargeable dwellings (after discounts)	Ratio	Band "D" Equivalent No. of Dwellings	2003/04 Council Tax
Band A	744.50	6/9	496.30	655.14
Band B	7,492.25	7/9	5,827.30	764.33
Band C	17,296.00	8/9	15,374.20	873.52
Band D	10,334.75	9/9	10,334.80	982.71
Band E	3,583.25	11/9	4,379.50	1,201.09
Band F	1,422.50	13/9	2,054.70	1,419.47
Band G	247.25	15/9	412.10	1,637.85
Band H	4.25	18/9	8.50	1,965.42
Totals	41,124.75		38,887.40	
	Less: - adjustment of 2% to allow for changes in the valuation list and for non-collection of tax.		(777.70)	
	Council Tax Base 2003/04		38,109.70	

The Council Tax contribution required for the 2003/04 services was £37,451k

i.e. $38,109.70 \times £982.71 = £37,451k$

The income received from taxpayers is reduced by benefits transferred from the General Fund and other adjustments made throughout the year.

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: -

	2002/03	2003/04
Total Slough Borough Council RV at 31 Mar	£193,591,191	£192,556,015
NNDR rate multiplier	43.7	44.4
	£000	£000
Income due from ratepayers	70,090	68,945
Discretionary relief from General Fund	39	56
less:- Provision for bad debts	(586)	(1,181)
Interest on refunds	(234)	(244)
Cost of Collection Allowance	(248)	(241)
National Pool contribution	69,061	67,335

4. DISTRIBUTION OF COLLECTION FUND SURPLUS OR DEFICIT

The Collection Fund at the 31st March 2004 shows a deficit of £73k. The position will be reviewed in January 2005 as part of the budget setting process.

	2003/04 £000
<u>Distribution of deficit:</u>	
Slough Borough Council	65
Thames Valley Police Authority	8
Total	73

STATEMENT ON INTERNAL CONTROL

This statement is a requirement of the Accounts and Audit Regulations 2003. It replaces the Statement on the System of Internal Financial Control and Risk Management presented in the 2002/03 Accounts.

SLOUGH BOROUGH COUNCIL

STATEMENT ON INTERNAL CONTROL

1 Scope of Responsibility

- 1.1 Slough Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Slough Borough Council also has duty under the Local Government Act 1999 to make arrangement to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging these overall responsibilities, Slough Borough Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Slough Borough Council's functions and which includes arrangements for the management of risk.

2 The Purpose of the System of Internal Control

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Slough Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.2 The system of internal control has been in place throughout the financial year 2003/04 and accords with good practice. The system is not static and improvements are made continuously. The improvements in 2003/04 include:
- Annual review of the Constitution
 - Improvements in the budgetary control systems for revenue and capital expenditure
 - Continuing improvements in risk management and governance
 - Continuing improvements in revenue and capital financial planning
 - Continuing improvements in property and asset management and information
 - Continuing improvements in human resource management and information

Further improvements are planned for 2004/05 and are detailed below.

3 The Internal Control Environment

3.1 The key elements of the internal control environment are:

- *The corporate governance arrangements, with a structure of a Leader, Cabinet, Scrutiny and Overview Committee, Corporate Management Team and officers through agreed schemes of delegation for Member and officer decisions.*
- *The production of the Best Value Performance Plan, which includes both statutory and local Performance Indicators and the Council's overall objectives and vision.*
- *The production of financial, property and human resources policy guidance notes within the constitutional framework.*

3.2 The Council has a Constitution, which includes the Scheme of Delegation and an Ethical Framework under which members and officers work to ensure compliance with established policies, procedures, laws and regulations. Risk management is becoming embedded in the activities of the authority. The policy lead for risk management is with the Assistant Chief Executive and advice and assistance has been provided by the Chief Internal Auditor. Key Corporate Risks are within the ambit of the Corporate Management Team. These risks have been identified, reviewed, assigned, scored and plotted against the authority's appetite for risk line. Cabinet and Scrutiny and Overview Committee have also considered these risks. Departmental/Operational Risks have been identified and input to a system for the management of these risks. Training has been provided for this through departmental management team meetings. Major projects have also considered their own specific risks, for instance the Education PFI project has its own risk register which is reviewed at each of the monthly board meetings.

3.3 The following Best Value reviews were completed during the year:

- Customer Services
- Learning Support Services
- Assessment and Care Management
- Transport
- Catering in Schools

3.4 Financial Procedure Rules drafted by the Director of Finance & Property Services are included in the Constitution. These set out the rules for the control of and management of the Council's finances and assets. Throughout the year there has been a well-established monthly financial management reporting system, with cost centre managers reporting to Corporate Accountancy and regular reports to Cabinet and Scrutiny and Overview Committee via the Corporate Management Team. Additionally forward financial planning is now fully embedded to support growth and savings and investment decisions for the Council.

3.5 The Human Resource Guidance and Procedures were drafted by the Director of Human Resources. Significant improvement in the collection, analysis and reporting of the human resource function has occurred over 2003/04.

3.6 Performance management is the responsibility of the Assistant Chief Executive. Quarterly reports are produced to Cabinet and Scrutiny and Overview Committees.

4 Review of Effectiveness

4.1 Slough Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control and achieves this by considering and approving this statement presented with the annual Statement of Accounts. Corporate Management Team has responsibility for the development and maintenance of the internal control environment and has produced this statement. The review has been informed by:

- The work of Internal Audit who has reported regularly during the year, to both the Cabinet and Scrutiny and Overview Committee.
- The work of the external auditors whose reports during the year include the following:
 - Operational Plan and Audit/Inspection Fee Scales 2004/05 (Audit Commission London 31/03/04)
 - Audit and Inspection Annual Letter 2002/03 (29/01/04)
 - Auditors' Report to those Charged with Governance on Financial Statements (December 2003)
 - Strategic Plan 2004/07 consultation (December 2003)
 - Slough Audit Inspection Plan 2003/04 (May 2003)
 - Accounts and Internal Financial Controls Report 2001/02 (KPMG 01/05/03)
 - Annual Audit and Inspection Letter in relation to the 2002/03 Accounts
- The work of other review agencies and inspectorates, which include for instance the Social Services Inspectorate

4.2 The most significant key risks identified are set out below, together with a brief outline of the action taken to mitigate these risks:

- Serious impact on all concerned of the risk of death/injury to a child or an adult and the consequent cost/opportunity of managing the situation – mitigating measures put in place include recruitment of key social workers and training for all front line staff and managers
- IT failure – mitigating measures put in place include appointment of an e-government partner.
- Recruitment and Retention Problems – mitigating measures put in place include improved recruitment measures, strengthening and centralisation of HR team, improved retention measures.

These and other key risks will remain for several years. They will continue to be monitored and reviewed along with other corporate and operational risks on a regular basis.

4.3 We have been advised on the implications of the result of the review of the effectiveness of the system of internal control and a plan to address any areas requiring improvement will be put in place as part of the continuous improvement programme.

- 4.4 An outline of the actions taken and/or proposed to deal with significant control issues will be reported and monitored.
- 4.5 The Internal Systems of Control are an integral part of the Governance arrangements for this Council. Officers, Members and key stakeholders will therefore continue to oversee the overall systems and report on the key aspects of the system for identifying, reducing and containing risks.

Signed: Mike Suarez

Date: 28 06 04 Director of Finance and Property Services

Signed: Cheryl Coppell

Date: 28 06 04 Chief Executive

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STATEMENT OF ACCOUNTING POLICIES

The purpose of the statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. The view presented in published accounts can only be appreciated properly if the policies that have been followed for material items and estimation techniques that have been used in applying those policies are understood.

The Council has reviewed its accounting policies in accordance with FRS18, Accounting Policies.

1. GENERAL PRINCIPLES

Accounting policies are the principles, bases, conventions, rules and practices applied by an authority that specify how the effects of transactions and other events are reflected in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves.

Estimation techniques are the methods used when there is uncertainty over the monetary amount derived from applying a particular accounting policy.

Local Authorities prepare their accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2004 issued by CIPFA in April 2004. This includes, where appropriate, the Financial Reporting Standards (FRS) used by accountants in both the public and private sector.

2. RESOURCE ACCOUNTING IN THE HOUSING REVENUE ACCOUNT

Resource Accounting is a form of accounting that Central Government has adopted for its accounts. From 2001, Local Authorities have been required to use resource accounting in their Housing Revenue Account (HRA). The Major Repairs Reserve (MRR) is used to fund capital expenditure for HRA purposes. The HRA is consolidated into the appropriate sections within the Consolidated Revenue Account.

3. 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.
- **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.

4. FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accrual basis. 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 at the lower net current replacement cost or net realisable value in existing use.
- Non-operational assets and assets that are surplus to requirements are included in the balance sheet at the lower net current replacement cost or net realisable value. Investment properties are held at 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 for each asset category, including reductions in value due to impairment, will be adjusted in the financial year in which 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: 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 in the notes to the CRA and HRA.

Charges to Revenue for the use of assets: 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. All expenditure on repairs and maintenance relating to fixed assets is charged to the appropriate service revenue account. Capital charges to the HRA are in accordance with statutory provision.

Finance costs and provisions for depreciation are charged to the asset management revenue account, Capital charges to services are credited to this account. 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, in the CRA, below Net Operating Expenditure.

Deferred Charges: Deferred charges represent expenditure of a capital nature where no tangible asset is created. They are amortised to revenue over an appropriate period.

Reserves: The system of capital accounting requires two reserve accounts to be kept in the Consolidated Balance Sheet. A description of these can be found below under the heading of provisions, earmarked and general reserves.

5. 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 when the conditions for their receipt have been complied with.

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.

6. STOCKS

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

7. 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.

8. 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.

9. LONG TERM CONTRACTS AND PRIVATE FINANCE INITIATIVE

Details of long-term contracts and PFI projects can be found in the explanatory foreword and in the note to the balance sheet on contingent liabilities. Operating charges by providers of PFI facilities are charged to Revenue in the appropriate accounting period following Accounting for PFI Transactions and Similar Contracts in the Code of Practice. Suppliers' costs relating to the long-term contract for e-government that cannot be capitalised are charged to Revenue as they fall due for payment.

10. REDEMPTION OF DEBT

All loans raised by the Council are paid into the Loans Pool from which the advances are made to finance capital expenditure where required.

11. OVERHEADS

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

The costs of Corporate & Democratic Core and Non Distributed Costs are service heads and not allocated to any other head.

12. PENSION COSTS

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. The Authority has 2 different pension schemes:

1. For non-teaching employees

All non-teaching employees are eligible to join the Royal County of Berkshire Pension Fund.

These accounting policies represent a change to those applied in prior years. Previous policy was to recognise liabilities in relation to retirement benefits only when employer's contributions became payable to the pension fund or payments fell due to the pensioners for which the authority is directly responsible. The new policies better reflect the authority's commitment in the long term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

The change has had the following effects on the result of the prior and current periods:

The overall amount to be met from Government grants and local taxation has remained unchanged but the costs disclosed for individual services are 0.52% higher after the replacement of employer's contributions by current service costs and Net Operating Expenditure is 0.48% higher than it would otherwise have been.

The requirement to recognise the net pension liability in the balance sheet has reduced the reported net worth of the authority by 3% (5% 2002/03).

2. For teachers

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

13. 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.

14. PROVISIONS, EARMARKED & GENERAL RESERVES

The Council operates the following Provisions and Reserves:

- (a) Provisions are made in the accounts where liabilities or losses have been identified, but where the amounts or dates on which they arise are uncertain at present.
- (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 31st March 2004 are shown as a note to the Consolidated Balance sheet.
- (c) General reserves are amounts 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. It also includes capital receipts receivable in future accounting periods.

15. FOUNDATION SCHOOLS

Fixed assets and long-term liabilities of the Council's 11 Foundation Schools remain vested in the Governing bodies of individual Foundation Schools and therefore values and amounts have not been consolidated in the Balance Sheet.

16. FINANCIAL RELATIONSHIP WITH COMPANIES

The Council has no relationship with a company that would require Group reporting.

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

Amounts 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 31st 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 charges, 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.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these cost to services.

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 i.e., 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.

Exceptional Items

Material Items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

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.

Fixed Assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one-year.

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.

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

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.

Post balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the responsible financial officer signs the Statement of Accounts.

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. An annual maximum quota based on capital expenditure determines the amount each local authority can borrow in any one year, 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.

Unapportionable Central Overheads

These are overheads for which no user now benefits and should not be apportioned to services.

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
DPE	Decriminalised Parking Enforcement
DSO	Direct Service Organisation
DTLR	Department of Transport, Local Government and the Regions
DWP	Department of Work & Pensions
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
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