



Statement of Accounts 2008/09



CONTENTS

Explanatory Foreword	1
Approval of Accounts	12
Annual Governance Statement	13
Statement of Responsibilities	24
Independent Auditor's Report to the Members of Bracknell Forest Council	25
Statement of Accounting Policies	28
Income & Expenditure Account	39
Statement of Movement on the General Fund Balance	40
Statement of Total Recognised Gains and Losses (STRGL)	42
Balance Sheet	43
Cash Flow Statement	44
Notes to the Core Financial Statements	45
Housing Revenue Account Income & Expenditure Account	80
Statement of Movement on the Housing Revenue Account Balance	81
Notes to the Housing Revenue Account	82
The Collection Fund	85
Notes to the Collection Fund	86
Glossary of Terms	88

CONTENTS

EXPLANATORY FOREWORD

Introduction

This foreword provides a brief explanation of the financial aspects of Bracknell Forest Council's activities and draws attention to the main characteristics of the Council's financial position.

The Accounts and Audit Regulations 2003 require the Council to produce a Statement of Accounts for each financial year giving certain specified information. The foreword sets out to explain the financial details contained in the Council's accounts. To assist readers, a glossary of accounting terms is included on pages 90 to 99.

Being a Unitary Council Bracknell Forest is required by legislation to account for its expenditure in three distinct categories:

General Fund Revenue Account – This includes day to day spending on all services except those directly relating to council housing. Expenditure is financed mainly from Government Grant (Revenue Support Grant), Business Rate income, charges to users of services, and Council Tax.

Housing Revenue Account (HRA) now formally closed – On the 11 February 2008 the Council transferred the majority of its housing stock to a new Registered Social Landlord "Bracknell Forest Homes". The Council retained 32 properties within the HRA and has been granted permission by the Secretary of State to transfer these properties to the General Fund and formally close the HRA. Included within this account are the residual costs and a small number of adjustments to finalise the account and transfer the balance to the General Fund.

Capital – All improvements and enhancements to the Council's assets are included in this category. This expenditure is financed partly from the sale of capital assets, Government Grant support, contributions from developers and borrowing from internal funds.

The accounting statements which follow this foreword are:

- **The Annual Governance Statement**, which sets out the Council's arrangements for ensuring that its business is conducted in accordance with the law and proper standards;
- **The Statement of Responsibilities for the Statement of Accounts**, which identifies the officer who is responsible for the proper administration of the Council's financial affairs;
- **The Statement of Accounting Policies**, which explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts and details the accounting concepts and standards. The approach taken ensures that the accounts present fairly the financial position and transactions of the Council.
- **The Income & Expenditure Account**, which records all revenue expenditure and income in both the General Fund and the Housing Revenue Account (HRA) (now transferred to the General Fund), sources of finance and the movement in balances.

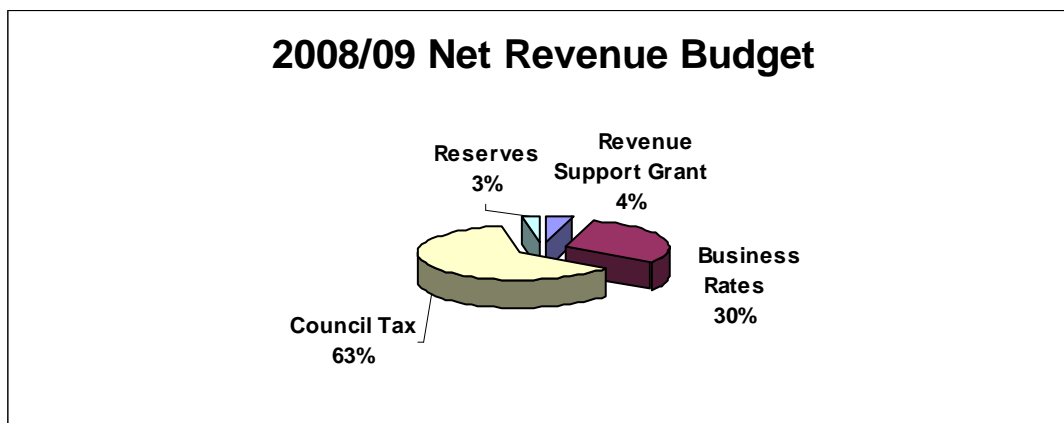
EXPLANATORY FOREWORD

- **The Statement of Movement on the General Fund Balance**, provides a reconciliation between the outturn on the Income & Expenditure account and the movement on the General Fund Balance
- **The Statement of Total Recognised Gains and Losses**, which draws together the recognised gains and losses of the Council and shows the aggregate increase in its net worth;
- **The Balance Sheet**, which records the assets and liabilities and the resources of the Council at 31 March 2009;
- **The Cash Flow Statement**, which summarises the cash receipts and payments within the year;
- **The Housing Revenue Account (HRA) Income and Expenditure Account and Statement of Movement on the HRA Balance**, which records the residual revenue expenditure and income on this ring fenced account, the movement in balances and Housing Revenue Account capital expenditure. The Council transferred its tenanted housing stock to a Registered Social Landlord - Bracknell Forest Homes on 11 February 2008 and as such the comparator information provided is of limited use but included for completeness.
- **The Collection Fund**, which records the Council Tax and Business Rates raised within the Borough during the year and how they are subsequently distributed.

Revenue Expenditure

The Council, at its meeting on 27 February 2008, set a revenue budget for the 2008/09 financial year of £71.253m. This included additional income of £1.291m resulting from the Housing Stock Transfer in February 2008. The total authorised General Fund net expenditure for the 2008/09 financial year was £73.752m (including parish precepts of £2.499m). Further increases to service budgets can be approved if they are financed from earmarked reserves. When these further budgets are approved an equivalent sum is transferred from the earmarked reserves to the revenue account. In 2008/09 net transfers totalling £1.766m have been approved from reserves. These include funding from the structural changes and the insurance and other uninsured claims reserves, the use of the town centre redevelopment reserve, S106 contributions and carry forwards. These transfers do not have an impact on the overall budget.

This expenditure was to be met by Government Grant (Revenue Support Grant), Business Rates, Council Tax and the use of reserves, as shown in the chart below.



EXPLANATORY FOREWORD

The following table compares actual outturn expenditure incurred with the amended budgets for the year for the General Fund and the Housing Revenue Account. This table reflects the Council's departmental structure during 2008/09, which is the basis for the internal management of performance against budgets. The Council was reorganised during 2008/09 and therefore the figures are not comparable with last year. In contrast, the information presented in the Income & Expenditure Account (page 39) reflects the categories of expenditure specified in the Chartered Institute of Public Finance and Accountancy's Best Value Accounting Code of Practice.

GENERAL FUND	Original Budget £000's	Latest Budget £000's	Actual £000's	Variance £000's
Corporate Services (including Chief Executive's)	7,303	16,834	16,598	(236)
Social Care and Learning	23,968	58,219	56,112	(2,107)
Environment, Culture & Communities	28,745	41,506	41,226	(280)
Social Services and Housing	26,750	0	0	0
Net cost of General Fund services	86,766	116,559	113,936	(2,623)
Housing Revenue Account Transfer	1,475	(1)	(57)	(56)
Capital Charges & Revenue Expenditure funded from Capital Under Statute	(7,694)	(34,500)	(34,500)	0
FRS 17 Pension Adjustment	(1,500)	(2,506)	(2,506)	0
Other Miscellaneous Services	(587)	1,057	2,887	1830
Interest Receipts	(2,472)	(2,736)	(3,191)	(455)
Debt Charges	0	21	21	0
Levying Bodies	84	84	97	13
Contribution to capital reserves	(300)	(300)	0	300
Contingency Provision	176	37	0	(37)
Area Based Grant	(4,477)	(4,477)	(4,541)	(64)
Local Authority Business Growth Incentive (LABGI)	0	0	(622)	(622)
Net Budget Requirement	71,471	73,238	71,524	(1,714)
Parish Precepts	2,499	2,499	2,499	0
Contributions to/(from) Earmarked Reserves	(218)	(1,985)	(2,153)	(168)
Amount to be met from Government Grants and Local Taxation	73,752	73,752	71,870	(1,882)
Resources To Finance Above				
Council Tax Payers	(45,980)	(45,980)	(45,980)	0
Collection Fund Surplus	(341)	(341)	(341)	0
Government Grants	(3,095)	(3,095)	(3,095)	0
National Non Domestic Rates	(22,236)	(22,236)	(22,236)	0
Contribution to/(from) General Reserves	(2,100)	(2,100)	(218)	1,882
Total Resources	(73,752)	(73,752)	(71,870)	1,882
HOUSING REVENUE ACCOUNT (HRA)				
Increase in Working Balance	0	0	(134)	(134)

Revised accounting policies for 2008/09 have effectively replaced deferred charges with a new category of expenditure called Revenue Expenditure Funded from Capital Expenditure under Statute. This move has no impact on the level of Council Tax but the accounting requirements are different and these are referred to in the Statement of Accounting Policies.

EXPLANATORY FOREWORD

Impairments led to an increase of £26.6m in service department budgets since the original budget was approved. These resulted from capital expenditure not adding value to assets (£6.5m), the declassification of certain voluntary controlled schools (£5.7m) and the impact of the current economic climate on asset values (£14.4m). Impairments are reversed out of the accounts and therefore there is no net change to the overall budget.

From the above it can be seen that an underspend occurred on the General Fund, causing the use of general reserves to be £1.882m less than budgeted after allowing for transfers to earmarked reserves. The HRA, whilst for all purposes dormant, recorded a surplus of £0.134m relating to the interest earned on notional reserves and an adjustment to the 2007/08 Negative Subsidy payment following the audit of the final subsidy claim form in December 2008.

The most significant variances from budget are explained in the sections below.

General Fund

The major variances on the General Fund occurred in the following areas:

Corporate Services/Chief Executive's Office

- The 2008/09 budget process included an indicative £0.200m savings target to be met from a reduction in travel costs expenditure across the Council. Due to delays in implementation only £0.040m of savings were achieved (£0.160m).
- A reduction in surveyor's work chargeable to capital schemes due to the timing of capital projects and the reducing capital programme offset by additional income from education service contracts and under spends on a number of budget lines (£0.172m).
- Reduced insurance premiums and a lower level of claims paid (-£0.091m).
- A number of budget carry forwards have been approved (-£0.117m). These include funding for Equality Impact Assessments training, a fire alarm system and a number of system developments or improvements.
- Under spends have occurred within Finance including reduced internal and external audit fees (-£0.105m).
- Additional income from ceremonies, reduced members expenses and a reduced requirement for committee paper printing within Democratic and Registration Services (-£0.104m).
- Additional income from costs recovered from Council Tax payers and the receipt of additional grants relating to local taxation (£-0.085m).

Social Care and Learning

- There were a number of budget variances in Performance and Resources, the most significant being on staff vacancies, office support costs, reactive building maintenance and pension costs of former teachers (-£0.362m).
- Reduced costs and number of placements for Children Looked After. This is a volatile budget with high placement costs and constant changes in need and is subject to significant changes at short notice. (-£1.119m).
- Budget carry forwards primarily approved for a number of Extended Services projects and the Transform Adult Social Care project (-£0.237m).
- Within Adult Social Care there were significant under spends on Learning Disabilities and a reduction in the provision for bad debts but this was offset by overspends on the costs associated with physical disabilities and supporting older people (£0.074m).
- Under spends have occurred across a range of standards fund grants and school improvement budgets (-£0.244m).

EXPLANATORY FOREWORD

Environment Culture and Communities

- The Council's share of Housing and Planning Delivery Grant was greater than budgeted (-£0.338m).
- Costs in respect of two planning appeals (£0.257m).
- Shortfalls in income in a number of areas including income from searches, Smart Connect, Downshire Golf Complex and Easthampstead Park Conference Centre (£0.539m).
- Additional income from the cemetery and crematorium (-£0.090m).
- Transfers to capital for highway and building maintenance works - see non departmental budgets (-£0.300m).
- Within highways maintenance the winter season had an adverse effect on the number of salting runs and damage to road surfaces (£0.082m).
- The new street lighting contract has resulted in additional costs (£0.076m).
- Payments relating to Concessionary fares have been based on a new formula system resulting in an economy for the Council (-£0.230m).
- An economy has been achieved within Waste Management based on the allocation of costs according to the Joint Working Agreement under the waste PFI contract (-£0.190m).
- Reduction in valuation of the surplus allowance on Landfill Allowances Trading Scheme (LATS) (£0.125m). This has been transferred to an earmarked reserve.
- Budget carry forwards approved relating to the Local Development Framework, work on Community Cohesion, a software package for Mobile Working and work associated with tree preservation orders (-£0.195m).

Non-Departmental Budgets

- Increased income from interest receipts arising from higher average cash balances and higher than budgeted investment rates due to turbulence within the financial markets (-£0.455m).
- The 2008/09 budget allowed for £0.300m of revenue to be capitalised. This has been identified within Environment, Culture and Communities (£0.300m)
- An adjustment to transport recharges following the transfer of the housing stock (£0.159m).
- An overall increase in bad debt provisions (£0.169m).
- Use of the Structural Changes Reserve was approved during the year however, in accordance with the rules of operation of this reserve, as there was an overall underspend these approvals were not required (£0.556m).
- A number of earmarked reserves are no longer required or can be reduced including the Environmental Conditions, Performance Improvements and School Improvement Commitments Reserves. (-£0.666m).
- Costs previously capitalised in respect of the town centre redevelopment have now been funded from revenue due to the impact of the current economic climate on the timing of the development. Part of the additional cost has been met from the balance on the earmarked reserve set aside for the regeneration of Bracknell (£1.101m).
- Agreed transfers to a number of earmarked reserves including reserves for the Landfill Allowances Trading Scheme (LATS), budget carry forwards and new earmarked reserves for Performance Reward Grant and the Local Economy Steering Group (£0.765m).
- Additional LABGI funding received during the year (-£0.622m).
- Performance Reward Grant relating to the Local Public Service Agreement (-£0.329m).
- The Council's share of Area Based Grant was greater than budgeted (-£0.064m).

EXPLANATORY FOREWORD

Housing Revenue Account (HRA)

On 11 February 2008 the Council transferred 5,598 Council Dwellings to a new Registered Social Landlord (Bracknell Forest Homes).

The Council retained some housing stock and consent was granted on the 22nd of January 2008 to transfer the remaining properties to the General Fund as at 1st April 2008. Following this on the 20th January 2009 consent was given that the HRA could be closed from 31st March 2009.

As such there were only two transactions within the HRA for 2008/09.

The first relates to the final audit of the 2007/08 Negative Subsidy grant claim, which resulted in an additional payment of £115,456.00 to DCLG in 2008/09.

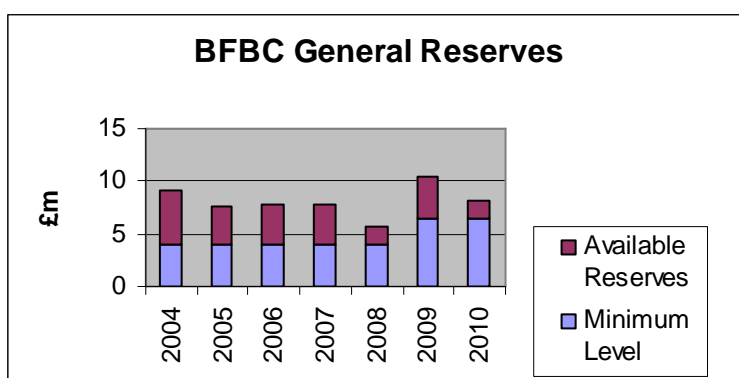
The second relates to notional interest, amounting to £249,839.71, on the average HRA Balance in 2008/09.

The surplus on the HRA Balance was transferred to the General Fund on the 31st March 2009.

Reserves

It has been widely reported that the Council's current level of General Fund spending cannot continue indefinitely, as it exceeds the level of annually generated income. The outturn underspend achieved in 2008/09 led to £0.218m being taken from general reserves rather than the planned use of £2.100m. This means that more resources are available to assist the Council with its aim of using reserves in a prudent and planned way moving towards matching expenditure to income levels in the medium term.

The HRA is now formally closed and £4.836m has been added to the General Fund Balance. The following chart shows the movement in the level of general reserves including the minimum recommended prudent balance. The minimum recommended prudent balance was increased from £4m to £6.5m in 2008/09 because of the uncertainty surrounding the recovery of funds invested in Icelandic banks.



Pension Reserve

The Council's balance sheet includes a pension liability and a pension reserve of £68.439m as at 31 March 2009. The pension liability reflects the fair value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them.

EXPLANATORY FOREWORD

The net pension liabilities decrease the overall level of reserves however this does not represent a reduction in cash reserves and does not impact on council tax levels.

Whilst the pension liability suggests a significant shortfall between the forecast cost of future pensions and the current level of assets built up in the pension fund, these figures are a snapshot at a point in time and the pensions assets are subject to fluctuations in value subject to the current state of the stock and bond markets. The Council's contribution rate to the pension fund is formally determined by the scheme actuary every three years. The next valuation is due to take place on 31 March 2010 with any changes being implemented in 2011/12. The current contribution rate is 15.5%.

Unusual Items

The failure of the Icelandic banking system has had a major impact on local authority investments. The Council has £5m of investments with two Icelandic banks which is still at risk. At this point in time recovery rates have not been fully disclosed by the respective institutions but are expected to range between 80% and almost 100%. Guidance has been received from CIPFA's Local Authority Accounting Panel on how to show the impairment of these financial assets in the final accounts. These technical adjustments do not affect the outturn position as the Council has taken advantage of the Capital Finance Regulations to defer the impact of the impairment on the General Fund. The impairment will not impact on the accounts until 2010/11 when part of the impairment will need to be charged to the General Fund. Further details can be found in Note 29 to the accounts on Financial Instruments.

Capital Expenditure

In the past the Council has funded its capital programme from three main sources:

- Accumulated Capital Receipts
- Government Grants
- Section 106 Receipts and other contributions

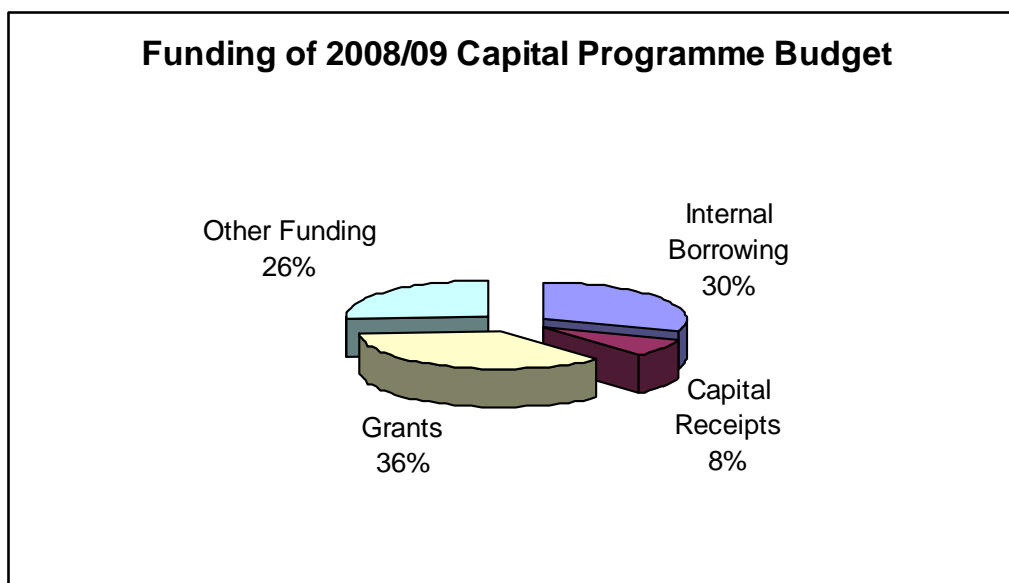
The 2008/09 Capital Programme was approved with an assumption that it would be supported by £3m of capital receipts generated in the year. Following the LSVT of the Council's housing stock in 2007/08 the Council could no longer benefit from its historical stream of capital receipts, namely Right-to-Buy (RTB) receipts. However as part of the transfer agreement with Bracknell Forest Homes the Council would still share in a proportion of future sales of properties by Bracknell Forest Homes through the preserved-RTB to its tenants. In addition an arrangement was entered into with Bracknell Forest Homes whereby the proceeds of a VAT-Shelter (agreed with HM Revenue and Customs) relating to the backlog repairs in the transferred stock would be shared over the 10 years following transfer.

It was assumed that taken together these schemes would generate £3m in 2008/09, however the budget proposals recognised that the actual level of receipts were outside of the control of the Council and would depend amongst other things on the general state of the economy in relation to RTB receipts and the progress made by Bracknell Forest Homes in its first year of operation.

As such it was agreed that a proportion of the General Fund capital programme would need to be funded from borrowing although it was unlikely that the Council would need to resort to external borrowing as it had sufficient revenue investments arising from the Council's reserves and balances to cover this expenditure.

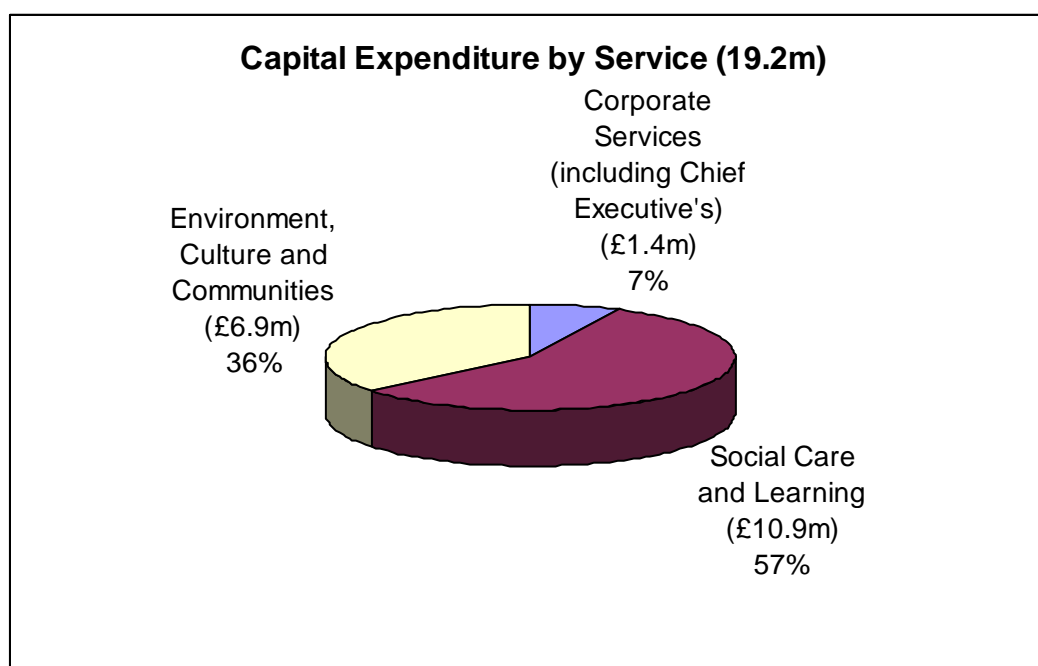
EXPLANATORY FOREWORD

The Council approved a three-year capital programme for 2008/09-2010/11 totalling £116.5m (including carry forwards). Of this, £23.3m was approved for the 2008/09 financial year, plus a further £14.6m carried forward from 2007/08, to be funded as shown in the chart below.



The Council actually spent £19.2m on capital projects in 2008/09 to maintain and enhance its assets. Many schemes included in the capital programme are both technically and logistically complex to implement. Issues such as planning approvals, land transfers and inclement weather can all lead to unavoidable delays. In addition, their financial scale requires a lengthy tender process to ensure the best price is obtained prior to letting the contract. It is therefore extremely difficult to complete such schemes within the financial year for which they are approved. The Council regularly reviews progress on the capital programme through its budget monitoring during the year and has established cash budget profiles to assist this.

The chart below illustrates the expenditure by service, with details of individual schemes and financing being provided in the table overleaf.



EXPLANATORY FOREWORD

CAPITAL EXPENDITURE		
	£000's	£000's
Corporate Services (including Chief Executive's)		
IT Schemes	960	
Maintenance of Buildings	218	
Other	202	1,380
Social Care and Learning		
Delegated Capital	1,377	
Small School Improvement Schemes	200	
Children's Centre	693	
Garth Hill Rebuild	4,163	
Brakenhale School Projects	2,716	
Maintenance of Buildings	799	
IT Schemes	475	
Edgbarrow Additional Places	142	
Other Schemes	354	10,919
Environment, Culture and Communities		
Highways Related Schemes	2,457	
Walking & Cycling Schemes	335	
Property Maintenance	732	
South Hill Park Grounds Restoration	134	
Lily Hill Park Restoration	122	
Traffic Management	151	
Travel to School	172	
Car Park Lifts & Escalators	167	
Bus, Rail & Taxi Travel	149	
Local Safety Schemes	209	
Smart Card	159	
Traffic Modeling & Mobility Improvements	121	
Street Lighting	606	
Waste Performance and Efficiency Schemes	218	
Disabled Facilities	339	
Other schemes	814	6,885
Total Capital Expenditure 2007/08		19,184
FINANCING:		
Capital Receipts		2,297
Grants/Contributions		10,209
Increase in Capital Financing Requirement (Internal Borrowing)		6,678
Total Financing		19,184

EXPLANATORY FOREWORD

During the year £2.408m of capital receipts were received of which £2.297m was used to fund capital expenditure. These were from the sale of miscellaneous assets (£0.303m), the VAT Shelter scheme (£0.541m) and the RTB-sharing scheme with Bracknell Forest Homes (£1.564m). The shortfall in capital receipts from the sharing agreements reflects both the unprecedented economic conditions in the housing market and the slower than anticipated progress by Bracknell Forest Homes in its repair-backlog programme in its first year of operation. The VAT shelter proceeds are expected to catch-up with the original estimates in 2009/10, whilst the RTB-sharing agreement is unlikely to deliver significant proceeds until the UK economy recovers fully.

Overall the Council was debt free at 31 March 2009 and did not need to borrow externally to finance capital expenditure during 2008/09 (further details are shown in the body of the Statement of Accounts).

Euro

During the last financial year the Council has continued to review the impact of the euro on its ongoing operations. There will be little exposure to risk until the United Kingdom takes a decision to join the single currency. Prior to this, expenditure on euro activities will be minimal and should be absorbed within existing budgetary provision, together with expenditure incurred on other strategic planning activities.

Further Information

Summaries of this document can be made available in large print, Braille or audio cassette. Copies in other languages may also be obtained. Further information can be obtained from Bracknell Forest Council, by telephoning 01344 352000. Key contacts are as follows:

Chris Herbert Borough Treasurer
Chris.Herbert@Bracknell-Forest.gov.uk

Alan Nash Chief Officer: Financial Services
Alan.Nash@Bracknell-Forest.gov.uk

Arthur Parker Chief Accountant: Financial Services
Arthur.Parker@Bracknell-Forest.gov.uk

APPROVAL OF ACCOUNTS

Certification

I confirm that these accounts were approved by the Governance and Audit Committee of the Council at its meeting on 29 June 2009 and 29 September 2008 after the statutory audit. The 29 June 2009 is also taken as the date the accounts were authorised for issue and the date which has been used to assess any post balance sheet events.

Signed on behalf of Bracknell Forest Council:

Clr Alan Ward
Chairman of Governance and Audit Committee

29 September 2009

ANNUAL GOVERNANCE STATEMENT

1 Scope of Responsibilities

- 1.1 Bracknell Forest Borough Council ("The Council") is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* published in 2007. This Statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled. It underpins its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of the strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable assurance rather than 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 the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Bracknell Forest Borough Council for the year ended 31 March 2009 and up to the date of approval of the Annual Report and statement of accounts.

3 The Governance Framework

3.1 Focusing on the purpose of the authority, on outcomes for the community and creating and implementing a vision for the local area

- 3.1.1 The Council has identified its strategic direction which is set out in its Vision. "To make Bracknell Forest a place where all people can thrive; living, learning and working in a clean, safe and healthy environment." This vision provides the focus for identifying key priorities and the medium term objectives under each priority. In 2007/08, the following five overarching

ANNUAL GOVERNANCE STATEMENT

key priorities were identified for the Council to address both national and local priorities over the period 2007-2011.

- A Town Centre fit for the 21st Century
- Protecting and enhancing our environment
- Promoting health and achievement:
- Create a Borough where people are, and feel, safe:
- Value for Money

- 3.1.2 The key priorities were reviewed during 2008/09 to ensure they remained focused and relevant to prevailing conditions; as a result of that review in February 2009 the Council updated the priorities for 2009-11 by incorporating a new priority to “Sustain economic prosperity” reflecting the need to act to reduce the impact of the global economic downturn. The priorities are now underpinned by 13 Medium Term Objectives and Key Actions to be delivered over the period.
- 3.1.3 The Vision, priorities and medium term objectives have been communicated through the Council’s public website and intranet and Chief Executive briefings to staff. They were developed after extensive consultation with residents, employees, key strategic partners and local businesses and reflect the current key aims for maintaining effective service delivery consistent with the needs and aspirations of the community, staff and strategic partners and ensuring achievement of statutory requirements and national targets.
- 3.1.4 The Council has a robust and transparent performance management process in place. Performance against targets is reviewed on a quarterly basis at both directorate level and for the Authority as a whole. The quarterly performance monitoring reports are reviewed by the Chief Executive, the Corporate Management Team and all Executive Members. Following this, the quarterly reports for Corporate Services and the Chief Executive’s Office together with the quarterly Corporate Performance Overview Report are taken to the Overview and Scrutiny Commission. Quarterly performance management reports for the other directorates are reviewed by the relevant Overview and Scrutiny Panel for their area. The quarterly Corporate Performance Overview Report is also considered by the Executive.
- 3.1.5 The Overview and Scrutiny Panels focus on specific service areas and in addition to quarterly performance management reports for their relevant directorates, they also consider any external inspection reports. The work programme of both the Overview and Scrutiny Commission and Panels is steered by a work programme agreed by the Commission at the start of each municipal year but is flexible allowing for further reviews as the need arises.
- 3.1.6 The Annual Report reviews performance against targets set against each medium term objective as well as reporting how well the organisation has performed against the National Indicators for Local Authorities. In addition, the Annual Report summarises the Council’s plans for the following year which are subsequently reflected in departmental service plans. The Annual Report is published at the end of October each year and is also available on the website. This is being updated to reflect the requirements of the new Comprehensive Area assessment (CAA) and the reporting of the National Indicator Set (NIS).

ANNUAL GOVERNANCE STATEMENT

3.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles

3.2.1 As set out in 3.1, the Council clearly identifies a common purpose. The Council ensures effective leadership throughout the Authority. On an annual basis, Councillors appoint a Leader of the Council with power to appoint Executive Members and designate responsibilities for Executive Members. The Council's Constitution, which can be found on the public website, sets out the roles and responsibilities of the Executive, the full Council and its committees and sub-committees and Overview and Scrutiny arrangements. The Constitution also sets out a Scheme of Delegations for officers. The Scheme is subject to regular review by the Constitution Review Group. The terms of reference for the Overview and Scrutiny Commission and Overview and Scrutiny Panels detail the specific responsibilities of the committees and sub-committees having responsibility for the overview and scrutiny function.

3.2.2 The Council has in place a Member/officer protocol which establishes a clear framework for Member/officer relations. The protocol was reviewed and updated by the Standards Committee in October 2007.

3.2.3 The Constitution also sets out the Financial Regulations which Members and officers must comply with. The Financial Regulations were updated during the year and the revised Regulations were approved in February 2009. More detailed operational guidance is provided in procedures documentation such as the Procurement Manual. Such procedures are maintained on the Council's intranet which is accessible by all officers and Members.

The Constitution Review Group advises the Monitoring Officer on the development of proposals to maintain the Council's constitution, its executive arrangements and procedure rules as fit for purpose and reports these to the full Council for it to consider.

3.3 The Council will promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour

3.3.1 The Council has identified and published on its public website its core values setting out the manner in which it will behave whilst delivering its Vision, Priorities and Medium Term Objectives. While serving residents the Council is committed to being:

- friendly and approachable
- accountable
- efficient
- fair
- innovative and forward thinking

3.3.2 Members and officers are expected to maintain high standards of behaviour. The Standards Committee advises the Council on the adoption of appropriate codes of conduct and protocols governing the ethical standards of Members of the Council. The Codes of Conduct define standards of behaviour for both Members and Officers. The Code of Conduct for Employees is included in the Employee Manual which is available on the intranet to all staff and is highlighted to all new staff during induction. The Members Code of Conduct is included in the Constitution which is also on the intranet and public website. The Employment Committee has

ANNUAL GOVERNANCE STATEMENT

responsibility for the Code of Conduct in respect of employees. The Codes of Conduct for Members and officers were last reviewed during 2007/08: it is anticipated that there will be a further review of the Members Code of Conduct during 2009/10 as a result of the Government making amendments to the Model Code of Conduct.

- 3.3.3 In addition to the Codes of Conduct, there is a Member and Officer Protocol which covers the standard of behaviour expected between Members and Officers and advises on effective communication between Members and officers and a Planning Protocol which provides specific guidance for Members in relation to planning applications. Those local protocols are subject to regular review by the Standards Committee.
- 3.3.4 The Standards Committee has responsibility for considering and determining any allegations referred to it by the Standards Board for England that a Member has been in breach of the Code of Conduct for Members. In addition, the Committee has responsibility for determining any complaints that a Member has failed to observe a locally adopted protocol. During 2008/09, no allegations against Members have been received. In March 2008, the Borough Solicitor provided training for Members on the processes for investigating allegations against Members.
- 3.3.5 The Whistle Blowing Policy sets out the procedures to be followed when receiving and investigating allegations made by employees, agency staff and contractors. The processes for receiving and investigating other allegations (other than those alleging a breach of the Code of Conduct for Members in respect of which there are separate procedures under the Local Government Act 2000) are covered by the Corporate Complaints Procedure. Complaints may be submitted electronically or on a standard form. The Council provides leaflets on the Corporate Complaints Procedure and the Complaints Section on the Council's website clearly sets out whom to contact with complaints and also explains the informal and formal stages of the complaints process and how these can be pursued should the claimant not be satisfied with the response provided. In addition, as required by legislation there are complaints procedures for specific service areas in Social Services and Education.
- 3.3.6 The Constitution also sets out the Financial Regulations which Members and officers must comply with. The Financial Regulations were updated during the year and the revised Regulations were approved in February 2009. More detailed operational guidance is provided in procedures documentation such as the Procurement Manual. Such procedures are maintained on the Council's intranet which is accessible by officers and Members.
- 3.3.7 Assurance on compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful is sought through internal audit reviews and the work of external audit. During 2008/9 the Council put out to tender the internal audit function under a revised specification designed to secure a consistent and high quality service. Also, during 2008/09, the Overview and Scrutiny Commission received updates on the performance against the 2008/09 Internal Audit Plan together with a summary of assurances provided by individual audit reports and approved the 2008/09 Internal Audit Plan. The Annual Audit and Inspection Letter and Comprehensive Performance Assessment reports from the External Auditors have been considered by the Final Accounts Committee.

ANNUAL GOVERNANCE STATEMENT

- 3.3.8 In February 2009 the Council established a Governance and Audit Committee to provide oversight of governance arrangements and to act in the capacity of a committee with delegated authority for the function of Those Charged with Governance as required for the purposes of receiving external auditor's reports in accordance with the definition in International Standards on Auditing. The Governance and Audit Committee will consider the reports from internal and external auditors, ensure the adequacy of risk management procedures and governance procedures and approve the financial statements and Annual Governance Statement. Major external inspections which assess performance in specific services are considered by the relevant Overview and Scrutiny Panels.
- 3.4 The Council will take informed and transparent decisions which are subject to effective scrutiny and risk management
- 3.4.1 The Leader and the Executive develop and propose the policy framework to the Council and are responsible for all Executive decision-making within the policy framework by the Executive as a whole, individual portfolio holders or a committee of the Executive. The Council has appointed a number of committees to exercise its regulatory functions and other functions which are not exercisable by the Executive.
- Appeals Committee
 - Education Employment Sub Committee
 - Education Governor Appointments Committee
 - Employment Committee
 - Governance & Audit Committee
 - Licensing and Safety Committee
 - Licensing Panel
 - Planning and Highways Committee
- 3.4.2 The procedures for decision making set out in the Council's Constitution ensure that decisions made by collective groups are made at meetings open to the public unless under statutory provisions it is appropriate for the public to be excluded. There is a requirement to declare interests at these meetings and these declarations are clearly recorded in minutes. The Constitution sets out those occasions which require formal decision and when written reports supporting decisions are required. Written reports requiring decision contain the following:
- financial advice from the Borough Treasurer
 - legal advice from the Borough Solicitor to ensure that the decision is not unlawful and employs the Council's legal powers to full effect
 - a strategic risk assessment
 - an equalities impact assessment.
- 3.4.3 The Council is required under legislation to appoint one or more committees comprised of non-Executive Members to review or scrutinise both decisions made by the Executive and non-Executive decisions. Such committees encourage effective challenge to the decision making process.

ANNUAL GOVERNANCE STATEMENT

- 3.4.4 The Committee with overarching responsibility for those matters is the Overview and Scrutiny Commission. During 2008/09 there were three sub-committees of the Commission namely:-
- the Environment, Culture and Communities Panel
 - the Health Panel
 - the Social Care and Learning Panel
- 3.4.5 Since the year end the arrangements for Overview and Scrutiny have been adjusted to strengthen scrutiny of Adult Social Care and Children Services.
- 3.4.6 In addition, during 2008/09 the Council was also a constituent authority (along with Slough Borough Council and the Royal Borough of Windsor and Maidenhead) of the Joint East Berkshire Health Overview and Scrutiny Committee which discharges the functions of the participating authorities under the National Health Service Act 2006.
- 3.4.7 The Constitution Review Group reviews proposed amendments to the Constitution and makes recommendations to the Council.
- 3.4.8 Decisions made by the Council are subject to risk assessments which are made in accordance with the organization's risk management processes. The Council has made significant progress in improving its risk management systems during 2008/09. Since April 2008, the Strategic Risk Register has been updated by the Strategic Risk Management Group and approved by the Corporate Management Team on a quarterly basis to ensure it is a complete and up to date record of the Council's current risks. Steps have been taken to ensure Members are engaged in the risk management process. The Executive reviewed and approved the Strategic Risk Register in July 2008 and approved the action plans to address strategic risks in December 2008. During the year, reports on progress made in developing risk management have been presented to the Overview and Scrutiny Commission.
- 3.4.9 The updated Risk Management Strategy and Risk Management Toolkit providing guidance for managers on identifying, evaluating and responding to risks were reviewed by the Strategic Risk Management Group on 5 January 2009 and have now been approved.
- 3.4.10 A Partnership Governance Framework and Toolkit has been developed by the Council to ensure that sound governance arrangements are in place for its key partnerships and to provide guidance on accountability, decision making and risk management. The Partnership Governance Framework and Toolkit was re-launched and a checklist based on its requirements was issued to senior managers in the last quarter of 2008/09. A new risk register was developed for the Local Strategic Partnership in the third quarter and action plans to address risks were agreed in February 2009.
- 3.5 Developing the capacity and capability of members and officers to be effective
- 3.5.1 The Council has comprehensive induction processes in place for both Members and Officers joining the Council. A broad internal training programme of courses is run each year for officers as well as specific professional training and this is supplemented by regular lunchtime manager training sessions. Compliance with Continuing Professional Development requirements is monitored through the performance appraisal process. During 2008/09, the Council put in place a Management Assessment and

ANNUAL GOVERNANCE STATEMENT

Development Programme for its senior and middle level managers. This is an ongoing programme that will continue throughout 2009/10.

- 3.5.2 The Council has secured Charter status to the South East Charter for Elected Member Development and provides a Members Development Programme which takes the form of internal training workshops on specific topics. In addition, both officers and Members attend external training courses where training needs cannot be met internally.
- 3.5.3 There is a strong commitment to ensuring that Members and officers individual training and development needs are identified and addressed to ensure they have the skills and knowledge to fulfil their roles. Two departments at the Council have Investors in People status. As part of the performance appraisal process, each officer is required to complete their own personal development plans which form the basis for the Council's internal training course programme. Officers agree their individual plans with their line managers. Personal development plans are offered to Members. Members are encouraged to take advantage of this and a target has been set for 70% of Members to have these in place.
- 3.6 Engaging with local people and other stakeholders to ensure robust public accountability
- 3.6.1 The Council works closely with its local partners. In Bracknell Forest a number of parties have come together to create the Bracknell Forest Partnership which is underpinned by a Memorandum of Understanding between the participating organisations. This collaboration brings together agencies that deliver public services (the councils, Police, Fire and Rescue Service, and Primary Care Trust) with businesses and people that represent voluntary organisations and the community. Bracknell Forest Partnership has a single purpose; to improve quality of life for local people.
- 3.6.2 The Council, as a key member of the Bracknell Forest Partnership, ensures accountability to the public through the contract signed with the Government that agrees the priority areas for improvement in the Borough. For each priority, Bracknell Forest Partnership has also agreed the extent to which it intends to improve local services in the next three years. The contract, known as the Local Area Agreement, includes more than 54 detailed commitments from local providers covering health and well-being, the environment, crime, education, safety, transport, volunteering and the economy. It is one of the key documents for delivering the vision outlined in the Sustainable Community Strategy. The agreement commenced on 1st April 2008 and was last updated in April 2009. Progress against targets in the Local Area Agreement is regularly reported publicly.
- 3.6.3 During 2008/09, the Bracknell Forest Partnership Community Engagement Strategy was updated. During the consultation period there was major consultation with stakeholders.
- 3.6.4 In addition to the public website, there are a number of channels of communication which provide the Council with a means of engaging with residents and other stakeholders on its strategies and policies, including the Town and Country Newsletter delivered to all households in the Borough, consultation exercises based on stakeholder or focus groups or publicised on the website and regular surveys of the Bracknell 1500, which is a citizens panel of 1500 local residents, and Community Television. The Bracknell 1500 was refreshed during 2008/09 to ensure that it mirrors the current local demographic and is an accurate reflection of the Borough's population.

4 Review of Effectiveness

Bracknell Forest Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. During 2008/09, the review of effectiveness was informed by the following:

4.1 The Council

The Council comprises 42 councillors elected every four years. Councillors are democratically accountable to residents of their ward. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them. Councillors have to agree to follow a Code of Conduct to ensure appropriate standards in the way they undertake their duties. The Council appoints:

- the Leader of the Council who appoints the other members of the decision-making Executive;
- the Overview and Scrutiny Commission and its Panels which are responsible for holding the Executive publicly accountable and providing support in the development of policies;
- the regulatory committees that have responsibility for non-Executive functions;
- the Standards Committee; and
- the Governance and Audit Committee.

The Council is responsible for approving the Council's budget and those major policies comprised in the Policy Framework of the Council. Also, the Council has ultimate responsibility for the Council's Constitution, including the scheme of delegation to officers, codes of conduct and protocols of behaviour.

4.2 The Executive

The Executive is appointed by the Leader of the Council and individual Executive Members are charged by the Leader with responsibility for specific executive functions. The key functions of the Executive are to develop and propose the policy and budget framework to the Council and to be responsible for all Executive decision-making, other than decisions delegated to officers, within the Council's policy framework, including decisions made by individual portfolio holders or a committee of the Executive. All reports to the Executive and portfolio holders include comments from the Borough Treasurer on financial impact and the Borough Solicitor on legal considerations as well as an assessment of risk.

4.3 Governance Working Group

The Corporate Management Team established a Governance Working Group in March 2008 chaired by the Borough Solicitor. The Group has responsibility for reviewing governance arrangements on an ongoing basis, identifying any gaps and weaknesses to be addressed and reporting these back to the Corporate Management Team. The Governance Working Group is responsible for drafting the Local Code of Governance for approval by the Corporate Management Team, carrying out a review of the effectiveness of the Council's governance arrangements on an annual basis, drafting the Annual Governance Statement as part of the financial statements for approval by the Governance and Audit Committee and identifying and monitoring the implementation of actions to address weaknesses. During 2008/09 the Group met regularly to review progress on actions

ANNUAL GOVERNANCE STATEMENT

to address the significant issues included in the Annual Governance Statement for 2007/08 as well as other weaknesses identified by the 2007/08 governance review.

4.4 Overview and Scrutiny

Until the constitution of the Governance and Audit Committee, the Overview and Scrutiny Commission was responsible for reinforcing effective governance, particularly through reviewing the activities of the internal auditors and the Council's risk management arrangements. During 2008/09, the Commission has received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work. The Internal Audit Plan for 2008/09 was approved by the Commission. The Commission also considered the Annual Audit and Inspection Letter for 2006/07.

4.5 The Final Accounts Committee

External auditors are required under auditing standards to report to Those Charged with Governance. The Overview and Scrutiny Commission had previously received such reports in carrying out the functions of an audit committee. However, the Council's new external auditors concluded that as the Commission does not have decision making powers it could not fulfill the role of Those Charged with Governance. Therefore during 2008/09, the new external auditors presented their Report to Those Charged with Governance for 2007/08 to the Final Accounts Committee. The Final Accounts Committee was replaced by the Governance and Audit Committee in February 2009. The Annual Audit and Inspection Letter for 2007/08 was presented to the first meeting of the new Governance and Audit Committee on 29th April 2009.

4.6 Internal Audit

Internal audit provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. The Head of Audit and Risk Management is required to provide an annual opinion to those charged with governance to support the Annual Governance Statement.

Under the 2008/09 Internal Audit Plan, 110 audits have been completed. There was one instance where Internal Audit concluded that they could give no assurance and only nine cases where limited assurance was concluded. Where limited assurances have been concluded, the Head of Audit and Risk Management reports the detailed findings to the Overview and Scrutiny Commission and follow-up audits are carried out within the following 12 months to ensure that agreed actions have been implemented.

Based on the work of Internal Audit during the year and other sources of assurance outlined, the Head of Audit and Risk Management has given the following opinion in her 2008/09 Annual Report:

- there are robust systems of internal control in place in accordance with proper practices except for those reviews where limited assurance was concluded and in procurement where action was still ongoing at the year end to address significant breaches in compliance with contract rules and regulations;
- key systems of control are operating satisfactorily except for the areas referred to above ; and
- there are adequate arrangements in place for risk management and corporate governance.

ANNUAL GOVERNANCE STATEMENT

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance Working Group and the Governance and Audit Committee. Governance arrangements were operating effectively during 2008/9, although areas for improvement were identified, particularly around procurement, and these are set out below. A plan is in place to address the governance issues arising from the review.

5 Governance Work Programme for 2008-9

5.1 Procurement

Significant weaknesses in compliance with Contract Regulations were identified in 2008/09. As a result, the Council conducted a fundamental review of its processes and procedures relating to procurement. An Action Plan to address these issues was approved by the Executive, the implementation of which is well advanced. This includes the Council putting in place a new set of Contract Standing Orders and Financial Regulations. The Procurement Manual has been significantly updated. Extensive training was provided on the amended Contract Regulations; further training will be provided.

5.2 Partnerships

The Council has introduced a programme of reviews of its Local Strategic Partnership Themes against the guidance contained in its Partnership and Governance Framework and Toolkit. Two reviews have been completed to date and it is intended that the remaining themes will be reviewed in accordance with a programme.

5.3 Counter Fraud

The Council's Fraud and Corruption Policy was last reviewed in 2003. During 2009/10, the Fraud and Corruption Policy will be reviewed, a Counter Fraud Strategy will be developed and steps will be taken to ensure Members and staff are aware of the Council's revised procedures.

5.4 Standards Committee Annual Report

The Standards Committee currently does not prepare an Annual Report. During 2008/09 the Standards Committee endorsed the proposal that it should produce an Annual Report. A report on the workings of the Committee during 2008/09 will be submitted during 2009/10.

5.5 Protocol between Leader and Chief Executive

Whilst the Council has a Member and Officer Protocol which provides guidance on the working relationship between Members and officers it does not provide specific guidance on the Leader/Chief Executive relationship. The CIPFA/SOLACE guidance indicates that the Council should have in place a protocol which specifically deals with the Leader/Chief Executive interface. During 2009/10, the existing Member and Officer Protocol will be reviewed to ensure this supports the, already effective, working relationship between the Leader and the Chief Executive.

5.6 Annual Disclosure Statements

There is currently no requirement for Members to complete a signed declaration of related party transactions. Although not a requirement under the Code of Conduct, during 2009/10, the Council will consider the introduction of annual disclosure statements.

5.7 A Protocol for Members Serving on External Organisations

Many Councillors are appointed or serve on external bodies such as companies, trusts, boards of governors, and fire and police authorities. Conflicts of interest can arise between a Councillor's duty to an external body and to the Council. A

ANNUAL GOVERNANCE STATEMENT

Protocol setting out clear guidance will be developed and considered by the Standards Committee for recommendation to the Council.

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

Cllr P.D. Bettison
Leader of the Council
6 July 2009

T.R. Wheadon
Chief Executive
29 June 2009

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Borough Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Borough Treasurer's Responsibilities

The Borough Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting: Statement of Recommended Practice in Great Britain (SORP).

In preparing this Statement of Accounts, the Borough Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;

The Borough Treasurer has also:

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

I certify that the Statement of Accounts set out on pages 1 to 89 presents fairly the financial position of the Council as at 31 March 2009 and its income and expenditure for the year ended 31 March 2009.

C.J. Herbert CPFA
Borough Treasurer
29 September 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

Opinion on the Financial Statements

I have audited the accounting statements and related notes of Bracknell Forest Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Bracknell Forest Council, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out on paragraph 49 of the Statement of Responsibilities of Auditors and of Audited bodies prepared by the Audit Commission.

Respective Responsibilities of the Borough Treasurer and Auditor

The Borough Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements. My responsibilities do not extend to any other information.

Basis of Audit Opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on Arrangements for Securing Economy, Efficiency and Effectiveness in the Use of Resources

Authority's Responsibilities

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Bracknell Forest Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Phil Sharman

District Auditor
Audit Commission
Council Offices
Farnborough Road
Farnborough
GU14 7JU

30 September 2009

The maintenance and integrity of the Bracknell Forest Council web site is the responsibility of the directors. The examination of the controls over the electronic publication of audited financial statement is beyond the scope of the audit of the financial statements and I cannot be held responsible for changes made to audited information after the initial publication of the financial statements and my report.

STATEMENT OF ACCOUNTING POLICIES

General Principles

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting: Statement of Recommended Practice (“the SORP”), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in Great Britain in 2008. Any departures from the Code are noted within the relevant notes to the statements. The code is based on approved accounting standards except where they conflict with statutory requirements and is supported by a number of detailed accounting recommendations, including Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs) approved by the Accounting Standards Board.

Service expenditure is analysed in accordance with the requirements of the Best Value Accounting Code of Practice (BVACOP).

Accounting Concepts

The Accounts have been prepared in accordance with the following accounting principles

Relevance

The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds.

Reliability

The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection of an application of accounting policies and estimation techniques.

Comparability

Wherever possible the previous year's figures have been included to provide a comparison and these have been prepared on the same basis as the current year unless otherwise stated.

Understandability

Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.

Materiality

Certain information may be excluded from the accounts on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Council or to the understanding of the accounts.

Accruals

With the exception of the Cash Flow Statement, the accounts are prepared on an accruals basis. That is, sums due to or from the Authority during the year are included whether or not the cash has actually been received or paid in the year. Exceptions to this principle relate to regular payments, such as utilities, which are charged at the date of invoice rather than being apportioned between financial years, and sums which could not be regarded as significant at service level. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

STATEMENT OF ACCOUNTING POLICIES

Going Concern

The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

Primacy of Legislative Requirements

Where a particular accounting treatment is prescribed by legislation, then that treatment prevails even if it conflicts with one or other of the accounting concepts outlined above. In the likely event of this arising, a note to that effect will be included in the accounts.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as stock at the balance sheet date.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Interest payable on borrowings and receivable on investments are accounted for in the year to which they relate, on a basis that reflects the overall effect of the loan or investments.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are carried and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

Changes in Accounting Policies

There have been a number of changes in accounting policies as a result of the introduction of the new 2008 SORP; and these accounting policies have been re-written as a result.

Under the 2008 SORP the Council has adopted the amendment to FRS 17, *Retirement benefits*. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value.

The Local Area Agreement (LAA) Grant has been replaced by the Area Based Grant (ABG). The ABG is a non-ringfenced general grant, no conditions on use is imposed as part of the grant determination and is included in the Income and Expenditure Account with other general income sources from the collection fund and national non-domestic rate distribution. ABG is covered in more detail in note 3 to the core financial statements on page 46.

The 2008 SORP has introduced a new category of expenditure, Revenue Expenditure Funded from Capital under Statute which has effectively replaced Deferred Charges. Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. These are grants and expenditure on property not owned by the authority. The statutory provision allows £0.239m of capital resources to meet expenditure that has been accounted for by debiting the Capital Adjustment Account and crediting the General Fund Balance and is shown as a reconciling item in the Statement of Movement on the General Fund Balance and in the policy on page 32.

STATEMENT OF ACCOUNTING POLICIES

Prior Period Adjustments

Material adjustments applicable to prior years arising from either changes in accounting policies or from correction of fundamental errors are accounted for by restating the comparable figures for the preceding period in the statement of accounts and notes and by adjusting the opening balance of reserves for the cumulative effect. The cumulative effect of the adjustments is also noted at the foot of the Statement of Total Recognised Gains and Losses. Details of the prior period adjustments made for 2008/09 are set out in Note 1 to the core financial statements on page 45.

Intangible Assets (excluding Goodwill and Development expenditure)

Expenditure on assets that do not have physical substance, but are identifiable and controlled by the Council, is capitalised when it will bring benefits to the Council for more than one financial year. There are three broad categories of intangible assets:

- 1) Development Expenditure
- 2) Goodwill
- 3) Other intangible assets

The first two are unlikely to be carried out by a local authority and therefore not relevant.

Purchased intangible assets, are capitalised as assets at cost. Internally developed intangible assets are only capitalised where there is a readily ascertainable market value. An intangible asset is only revalued where it has a readily ascertainable market value.

An intangible asset should be amortised or written out to the revenue account on a systematic basis over its economic life. There is an assumption that the economic life of an intangible asset is limited to 20 years or less.

Tangible Fixed Assets

Recognition:

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts. A de-minimis level for the capitalisation of capital expenditure is set at £2,000 per scheme. Items of a capital nature below this limit are charged to revenue accounts.

Measurement:

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 Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. Fixed assets are valued on the following basis:

- non-specialised operational properties are included in the balance sheet at market value assuming existing use will continue. This method ignores any potential redevelopment of the site and therefore is consistent with the recommended practice of existing use value.
- operational properties which are specialised in nature are included in the balance sheet at depreciated replacement cost.

STATEMENT OF ACCOUNTING POLICIES

- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally market value.
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

A rolling programme of revaluation of fixed assets excluding community assets, infrastructure, vehicles, plant and equipment is undertaken so that each asset will be revalued within a five year period. Increases in valuations are matched by credits to the Fixed Asset Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. Decreases in valuations where there is no previous revaluation gain to match off in the Revaluation Reserve are treated as impairment losses and charged to the Income and Expenditure Account and is a reconciling item in the Statement of Movement of the General Fund Balance.

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

Impairment:

Each category of asset is reviewed annually and where there is reason to believe that its value has changed materially (impairment) the valuation will be adjusted accordingly and charged to the Income and Expenditure account where no previous allowance is available in the Revaluation Reserve. Where an impairment loss is caused by a clear consumption of economic benefits (e.g. physical damage) then this loss is recognised in the Income & Expenditure Account and is a reconciling item in the Statement of Movement of the General Fund Balance.

Where capital expenditure is incurred on maintaining an asset but does not give rise to an increase in the valuation of that asset this is treated as an impairment loss and charged to the Income and Expenditure Account and is a reconciling item in the Statement of Movement of the General Fund Balance.

Assets acquired on terms meeting the definition of a finance lease are capitalised and included together with a liability to pay future rentals. Where a fixed asset is acquired under a finance lease, at the inception of the lease the amount recorded as an asset and liability represents the present value of the minimum lease payments derived by discounting them at the interest rate implicit in the lease.

Disposals:

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that has not been used in funding capital expenditure in the year is included in the balance sheet in the Usable Capital Receipts Reserve. Upon disposal, the balance on the Revaluation Reserve in respect of the asset is written off to the Capital Adjustment Account.

The gain or loss on disposal of a tangible fixed asset is the amount by which the disposal proceeds are more (gain) or less (loss) than the carrying amount of the fixed asset. Any gain or loss is recognised in the Income & Expenditure Account and reversed out as a reconciling item in the Statement of the Movement on the General Fund Balance.

STATEMENT OF ACCOUNTING POLICIES

Depreciation:

Depreciation is provided for on all operational fixed assets with a finite useful life which is determined at the time of acquisition or revaluation, according to the following policy:

- assets held for disposal which are revalued annually to attain their current estimated disposal value;
- assets which are held during the year are depreciated from the start of the year;
- depreciation is calculated using the straight-line method;
- no depreciation is charged on non-operational properties or land.

The useful lives of assets range from 10-70 years for buildings, 5-15 years for vehicles, plant and equipment and 15-90 years for infrastructure assets.

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

Capital grants and contributions:

Where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Account and then the amount of amortisation of the grant each year (in line with the depreciation basis related to the fixed asset) is written out to the Income and Expenditure Account. This is continued over the useful life of the asset until the Government Grants Deferred Account reaches nil.

Where grants and contributions are received that are not identifiable to fixed assets, the amounts are credited to the Government Grants Deferred Account and then the whole amount is transferred to the Capital Adjustments Account.

Where grants and contributions have been received in relation to assets that will not foreseeably be depreciated, including those with no finite useful life, the amounts applied to finance capital expenditure in the year are credited to the Government Grants Deferred Account then the whole amount is transferred to the Capital Adjustment Account.

Charges to Revenue for Fixed Assets

General Fund service revenue accounts (as defined in CIPFA's Best Value Accounting Code of Practice), central support services and statutory trading accounts are charged with a depreciation charge and, where required, any related impairment loss (due to a clear consumption of economic benefits or other losses where there are no accumulated gains in the Fixed Asset Revaluation Reserve against which they can be written off) for all fixed assets used in the provision of services. In addition, services are also charged with a provision for amortisation of intangible assets and where required any related impairment loss for all intangible fixed assets used in the provision of services.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However it is required to make an annual provision from revenue towards the reduction of its overall borrowing requirement (the "Minimum Revenue Provision") which is equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement. Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

STATEMENT OF ACCOUNTING POLICIES

Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute (previously deferred charges) represents expenditure which may properly be capitalised but does not result in, or remain matched with, tangible fixed assets in the Council's ownership, for example grants for capital works given to another body. This expenditure is charged to the relevant service revenue account in the year that it occurs. The amounts charged to revenue are reconciling items on the Statement of Movement on the General Fund Balance by a transfer from the Capital Adjustment Account so there is no net impact on the level of Council Tax.

Government Grants and Contributions

Revenue grants are accrued and credited to income in the same period in which the related expenditure was charged. Specific revenue grants are matched in the relevant service revenue account with the expenditure that gave rise to the entitlement. General government grants in the form of Revenue Support Grant and redistributed National Non Domestic Rates are disclosed as separate items on the face of the Income & Expenditure Account. In addition the Local Authority Business Growth Incentive Grant (LABGI) and Local Public Service Agreement (LPSA) reward and pump priming grant are disclosed as separate items on the face of the Income & Expenditure Account.

Local Area Agreement Grant

The Local Area Agreement (LAA) grant has been replaced by the Area Based Grant described below.

Area Based Grant

The Area Based Grant (ABG) is a non-ringfenced general grant which has replaced the Local Area Agreement Grant in 2008/09 and is paid directly to Bracknell Forest Council. No conditions on use have been imposed as part of the grant determination ensuring full local control over how funding can be used. This means that, unlike the LAA Grant, its use is not restricted to supporting the achievement of LAA targets. ABG is a general grant, which is disclosed as a separate item on the face of the Income and Expenditure Account. A breakdown of general grants income by type of grant is shown in the Statement of Accounts and in the notes to the accounts.

Leases

Operating Leases

Leases which do not meet the definition of finance leases are accounted for as operating leases. Rentals payable and rental income due under operating leases are both charged to revenue on an accruals basis.

Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased asset transfer to the Council. A tangible fixed asset is created and matched with the liability created to recognise the acquisition of the interest in the asset. Rental payments under finance leases are apportioned between

- a finance charge (interest element) which is debited to the Income & Expenditure Account as the rent becomes payable.
- a charge for the reduction of the outstanding obligation (principal element). This charge reduces the outstanding liability as the rent becomes payable.

STATEMENT OF ACCOUNTING POLICIES

Fixed assets recognised under finance leases are subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

Contingent Liabilities

Contingent Liabilities are recognised in accordance with FRS 12, not as an item of expenditure in the accounts but disclosed as a note to the balance sheet until such time as sufficient certainty exists regarding the potential future liability.

Contingent Assets

Contingent assets are recognised in accordance with FRS 12, not as an item of income in the accounts but disclosed as a note to the balance sheet until such time as sufficient certainty exists regarding the potential future gain.

Provisions

Provisions are recognised in accordance with FRS 12, when:

- the Authority has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

All provisions have been charged to the appropriate revenue account and are only utilised for the purpose for which they have been established. They are set out in the notes to the Balance Sheet.

Reserves

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

For each reserve established, the purpose, usage and the basis of transactions is clearly identified.

Expenditure is not charged direct to any reserve. Reserves include earmarked reserves set aside for specific policy purposes as well as sums set aside for purposes such as general contingencies and cash flow management.

Certain reserves are kept to manage the accounting processes and do not represent usable resources for the Council. These are the Revaluation Reserve, Capital Adjustment Account and Pension Reserve, which are explained in the Capital Reserves and Pensions policies and notes 6, 38 and 39 to the core financial statements.

STATEMENT OF ACCOUNTING POLICIES

Capital Reserves

The capital accounting rules require the following reserve accounts in the balance sheet:

- the Fixed Asset Revaluation Reserve, which represents the revaluation gains recognised since 1 April 2007 except to the extent they reverse revaluation losses (after adjusting for depreciation) on the same asset that were previously recognised in the Income and Expenditure Account.
- the Capital Adjustment Account, which represents amounts that are required by statute to be set aside from capital receipts and the amount of capital expenditure financed from revenue, capital receipts, grants and contributions; and the balance of the Fixed Asset Restatement Account and Capital Financing Account at 31 March 2007.
- the Usable Capital Receipts Reserve, which represents those receipts available to finance new capital expenditure.

Capital reserves are not available for revenue purposes.

Sale of Fixed Assets

Receipts from the sale of fixed assets are treated as capital receipts. The Local Government Act 2003 requires a proportion of the cash received from the sale of housing assets to be paid over to Central Government as a “housing pooled receipt” and is charged to the net operating cost section of the Income & Expenditure Account. The same amount is appropriated from the Usable Capital Receipts Reserve and shown in the Statement of Movement in the General Fund Balance. The remaining receipts are held as usable capital receipts.

Interest received from usable receipts is credited to the Income & Expenditure Account.

Future instalments of principal are held as deferred capital receipts.

Capital Receipts that do not arise from the Disposal of an Asset

Receipts that do not arise from the disposal of an asset primarily relate to Right-to-Buy and VAT shelter receipts from Bracknell Forest Homes. These are recorded as Other Income in the Income and Expenditure Account. The same amount is then transferred to the Usable Capital Receipts Reserve and shown in the Statement of Movement in the General Fund Balance.

Allocation of Support Services' Costs (Overheads)

The costs of support services and service management are apportioned to services within all programme areas on an assessed basis e.g. staff time, number of transactions or space occupied. The total absorption costing principle is used - the full cost of overheads and support service are shared between users in proportion to the benefits received with the exception of:

Corporate & Democratic Core – costs relating to the Council's status as a multi-functional democratic organisation

Non Distributable costs - the costs of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

STATEMENT OF ACCOUNTING POLICIES

These two costs categories are defined in BVACOP and accounted for as separate headings on the Income and Expenditure Account, as part of Net Cost of Services.

Pensions

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

The Authority participates in two different schemes:

- Teachers – this is an unfunded scheme administered by the Department for Children, Schools and Families (DCSF). The pension costs are charged to the accounts using the contribution rate set by the DCSF on the basis of a notional fund.
- Other Employees – subject to certain qualifying criteria, employees are eligible to join the Local Government Pension Scheme (The Royal County of Berkshire Pension Fund) administered by The Royal Borough of Windsor & 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 pensions liabilities with investment assets. In accordance with changes in the SORP and the introduction of FRS 17 *Retirement Benefits* these statements now incorporate the Authority's assets and liabilities based on its future pension commitments. The service revenue accounts (including HRA) are charged with the current service cost. Any past service costs are debited to the Net Cost of Services as part of the Non Distributed Costs. Interest costs and expected return on assets are also charged to Net Operating Expenditure. These amounts charged to revenue are reversed out in the Statement of Movement on the General Fund/HRA Balance by a transfer from the Pensions Reserve so that the only impact on the level of Council Tax/rents is the actual cash paid to the pension fund in the year.

Financial Assets

Financial Assets are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- Available for sale assets – assets not classified as loans and receivables which may be traded in an active market.

Loans & receivables

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

Where an assets is identified as impaired because of the likelihood arising from a part event that payments due under the contract will not be made (e.g. bad debt provision), the asset is written down and a charge made to the Income and Expenditure Account. The Authority reviews all debts at the balance sheet date and judges the probability of collection for each category of debt. Where recovery of a debt is judged doubtful, the

STATEMENT OF ACCOUNTING POLICIES

value is adjusted to the probable recoverable amount, with an appropriate adjustment being made to the Income & Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account. No gain or loss for derecognition of assets has taken place. An impairment of the £5m investment in Icelandic Banks has taken place, further details can be found in Note 29 Financial Instruments.

Available for Sale Assets

Available for sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised costs of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Income and Expenditure Account.

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Statement of Recognised Gains and Losses (STRGL). The exception is where impairment losses have occurred - these are debited to the Income and Expenditure Account, along with any net gain/or loss for the asset accumulated in the Available-for-Sale Reserve.

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

Any gains and losses that arise on the derecognition of the assets are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses)

Internal Interest

Interest received from investments is credited to the General Fund. A transfer is made to the Housing Revenue Account (HRA) in accordance with the General Determination made by the Secretary of State.

Financial Liabilities

Financial Liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liabilities, multiplied by the effective rate of interest for the instrument. The Council has no external borrowing as at 31 March 2009.

Stocks and Work In Progress

Stock and work in progress have been included in the balance sheet at the lower of cost and net realisable value.

STATEMENT OF ACCOUNTING POLICIES

Long Term Contracts

A long term contract is defined as “a contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project) where the time taken - substantially to complete the contract is such that the contract activity falls into different accounting periods”. Where the Council has committed material revenue resources for future years, the value of this commitment is disclosed in a note to the accounts. Such contracts would include schemes under the Private Finance Initiative.

Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available fixed assets needed to provide the service passes to the PFI contractor. Payments made by the Council under the contract are charged to revenue to reflect the value of services received in each financial year. Payments are made based on an estimate of usage and reconciled quarterly. Government grants received for PFI schemes (PFI credits) are treated as income. Any credits in excess of current levels of expenditure will be carried forward as an earmarked reserve to fund future contract expenditure.

Group Accounts

The SORP requires local authorities to consider all their interests (including those in local authorities and similar bodies) and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council has gone through a process in line with the SORP 2008 guidance flowcharts to demonstrate that the relevant provisions do not apply and that the Council has fully complied with the 2008 SORP's Group Accounts' requirements in its 2008/09 Statement of Accounts.

Post Balance Sheet Events

Where a material post balance sheet event occurs which provides additional evidence relating to a condition existing at the balance sheet date changes are made to the amounts to be included in the Statement of Accounts as “an adjusting post balance sheet event”.

Where a material post balance sheet event concerns conditions which did not exist at the balance sheet date it is disclosed as a note to the accounts, detailing the nature of the event and where possible the financial effect.

Value Added Tax (VAT)

VAT is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is not recoverable.

Landfill Allowances Trading Scheme (LATS)

The Waste and Emission Trading Act 2003 places a duty on waste disposal authorities in England and Wales to reduce the amount of biodegradable municipal waste disposed to landfill. The Landfill Allowance Trading Scheme is a 'cap and trade' scheme which allocates tradable landfill allowances to each waste disposal authority up to the 'cap'. In accordance with the accounting treatment proposed by the Urgent Issues Taskforce (UITF) Abstract Emission Right, the LATS gives rise to

- An asset for the allowances held
- LATS grant income
- A liability for the actual landfill usage.

STATEMENT OF ACCOUNTING POLICIES

Allowances are recognised as current assets and are measured initially at their fair value. Landfill allowances are issued free by DEFRA. The fair value of the allowances issued to the Council is a government grant. The grant is initially recognised as deferred income in the balance sheet and subsequently recognised as income over the compliance year for which the allowances were allocated.

As landfill is used a liability is recognised for the actual landfill usage. The liability is discharged by using allowances to meet the liability and any cash penalty to DEFRA for exceeding the landfill. The liability is recognised in the balance sheet at the present market value. The unused landfill allowances previously held in an earmarked reserve to meet future liabilities or for trading with other waste disposal authorities has been written out of the accounts against the asset as they are not able to be carried forward and used in 2009/10, along with the liability.

INCOME & EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year.

	2008/09 Expenditure £000's	2008/09 Income £000's	2008/09 Net £000's	Restated 2007/08 Net £000's
Statement of Net Expenditure				
Central Services to the Public	12,636	(7,172)	5,464	1,541
Cultural, Environmental Regulation and Planning Services	47,919	(17,113)	30,806	23,408
Education Services	103,994	(82,162)	21,832	38,323
Other Housing Services	28,116	(25,240)	2,876	2,726
Highways, Roads and Transport	10,661	(776)	9,885	10,155
Social Services	49,927	(14,695)	35,232	33,207
Corporate and Democratic Core	4,440	(18)	4,422	4,668
Non Distributed Costs	4,311	(18)	4,293	9,173
Net Cost of General Fund Services	262,004	(147,194)	114,810	123,201
Housing Revenue Account (HRA) – Discontinued Operation *	115	0	115	474,629
Net Cost of Services	262,119	(147,194)	114,925	597,830
Other Income from Capital Receipts that do not arise from the Disposal of an Asset.			-2,133	0
Loss on the disposal of fixed assets			3	0
Icelandic Bank Impairment			877	0
(Surpluses)/Deficits on Trading undertakings		Note 12	830	(671)
Precepts paid to Parish Councils			2,499	2,331
Contribution of Housing Capital Receipts to Government Pool		Note 15	111	3,834
Interest and investment income			(3,710)	(2,539)
Interest payable			4	5
Levies		Note 19	97	89
Pensions interest cost and expected return on pension assets		Note 6	1,142	-1,582
Net Operating Expenditure			114,645	599,297
Sources of Finance				
Council Taxpayers			(45,980)	(42,953)
Collection Fund (Surplus)/Deficit			(341)	(112)
Government Revenue Support Grant			(3,095)	(3,352)
Distribution from NNDR Pool			(22,236)	(19,970)
Area Based Grant		Note 3	(4,541)	0
Local Authority Business Growth Incentive Scheme (LABGI)			(622)	(47)
Local Public Service Agreement (LPSA)			(328)	(502)
Total Deficit/(Surplus) for the year			37,502	532,361

* On 11 February 2008 the Council transferred its responsibility for Council Housing to Bracknell Forest Homes. The Housing Revenue Account details are shown in a separate section on pages 82-86.

The Net Cost of Services has reduced from 2007/08 primarily because of the transfer of Council Housing and a reduction in the value of impairments.

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income & Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise Council Tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned.

The General Fund Balance shows whether the Council has over or under spent against the Council Tax that it raised for the year, taking into account the size of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the difference between the outturn on the Income & Expenditure Account and the General Fund Balance.

	2008/09	Restated 2007/08
	£'000	£'000
Deficit for the year on the Income & Expenditure Account	37,502	532,361
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(37,284)	(530,414)
Decrease/(Increase) in General Fund Balance for the year	218	1,947
General Fund Balance brought forward	(5,757)	(7,704)
HRA Balance transferred to the General Fund Balance	(4,836)	0
General Fund Balance carried forward	(10,375)	(5,757)

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

Note of reconciling items for the Statement of Movement on the General Fund Balance

	2008/09 £000's	Restated 2007/08 £000's
Amounts included in the Income & Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the Year		
- Depreciation & Impairment of Assets	(35,028)	(534,774)
- Transfer from Major Repairs Reserve	0	2,711
- Government Grants Deferred amortisation	768	661
- Impairment of Investment – Icelandic Banks	(608)	0
- Net loss on sale of fixed assets	(3)	0
- Net charges made for retirement benefits in accordance with FRS17	(10,387)	(3,948)
- Revenue Expenditure funded from Capital under Statute	(239)	(509)
- Income from Capital Receipts that do not arise from the Disposal of an Asset.	2,133	0
Amounts not included in the Income & Expenditure Account but required by to be included by statute when determining the Movement on the General Fund Balance for the Year		
- Minimum Revenue Provision for capital financing	0	619
- Transfer from Usable Capital Receipts to meet payment to the Housing Capital Receipts Pool	(111)	(3,834)
- Employers contributions payable to Berkshire Pension Fund	6,742	6,524
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement of the General Fund Balance for the year		
- Housing Revenue Account balance	135	1,995
- Voluntary revenue provision for capital financing (Finance Leases)	16	16
- Net transfer to or from earmarked reserves	(702)	125
Net additional amount required to be credited to the General Fund balance for the year	(37,284)	(530,414)

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES (STRGL)

The Statement of Total Recognised Gains & Losses (STRGL) brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the deficit generated on the Income & Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and measurement of the net liability to cover the cost of retirement benefits.

	2008/09	Restated 2007/08
	£'000	£'000
Deficit for the year on the Income & Expenditure Account	37,502	532,361
(Surplus)/Deficit arising on revaluation of fixed assets	(11,965)	(31,934)
Actuarial (gains)/losses on pension fund asset & liabilities – BFBC	28,236	(2,744)
Actuarial (gains)/losses on pension fund asset & liabilities – former BCC fund	4,143	3,013
Movement on Collection Fund Balance	363	(125)
Prior Period Adjustment (Funding adjustment from S106 unapplied account)	0	(68)
Total Recognised (gains)/losses for the year	58,279	500,503
Cumulative effect of Prior Year Adjustment (Note 1)		(1,193)

BALANCE SHEET

	Notes	2008/09 £000's	Restated 2007/08 £000's
Fixed Assets			
Operational Assets			
Council Dwellings	23	0	1,235
Other Land and Buildings	23	304,352	313,370
Vehicles, Plant and Equipment	23	7,906	8,373
Infrastructure Assets	23	40,743	37,992
Community Assets	23	1,023	1,023
Non-operational Assets	23,24	31,997	30,237
Total Fixed Assets		386,021	392,230
Long-term Investments	29	4,092	0
Long-term Debtors	29,30	1,118	1,123
Total Long-term Assets		391,231	393,353
Current Assets			
Stocks and Work in Progress	32	328	268
Debtors	33	13,798	11,692
Investments	29	58,459	79,711
Cash and Bank	34	0	1,772
		72,585	93,443
Current Liabilities			
Creditors	35	(50,738)	(63,594)
Bank Overdraft	34	(1,113)	0
		(51,851)	(63,594)
Total Assets less net Current Liabilities		411,965	423,202
Long Term Liabilities			
Deferred Liabilities	10	(86)	(102)
Deferred Grants and other Contributions - unapplied	36	(9,572)	(7,680)
Deferred Grants and other Contributions - applied	36	(30,561)	(21,341)
Provisions	37	(73)	(151)
Net Liability related to Defined Benefit Pension Scheme	6	(68,439)	(32,415)
		(108,731)	(61,689)
Total Assets less Liabilities		303,234	361,513
Financed by:			
Fixed Asset Revaluation Reserve	38	41,452	30,141
Capital Adjustment Account	39	312,132	343,867
Financial Instrument Adjustment Account	29,43	(608)	0
Usable Capital Receipts Reserve	40	0	0
Deferred Capital Receipts	41	1,048	1,122
Pension Reserve	6,43	(68,439)	(32,415)
Earmarked & Other Reserves	43	17,649	18,798
Total Net Worth		303,234	361,513

C.J. Herbert CPFA
Borough Treasurer
29 September 2009

CASH FLOW STATEMENT

	Notes	2008/09 £000's	Restated 2007/08 £000's
Revenue Activities			
Cash Outflows:			
Cash paid to and on behalf of employees		(101,987)	(102,288)
Revenue expenditure funded from capital under statute		(612)	(737)
Other Operating cash payments		(128,373)	(90,356)
Housing Benefit Paid out		(20,726)	(10,086)
National Non-Domestic rate payments to the pool		(49,848)	(47,555)
Precepts Paid		(11,034)	(10,321)
Payments to the Capital Receipts Pool		(233)	(4,582)
Total Expenditure		(312,813)	(265,925)
Cash Inflows:			
Rents (after rebates)		0	9,511
Council Tax Receipts		50,248	47,365
National Non-Domestic rate receipts		53,613	48,476
National Non-Domestic rate payments from the pool		22,236	19,970
Revenue Support Grant		3,096	3,352
DWP grants for benefits		20,551	10,335
Other Government Grants	49	89,825	98,657
Cash received for goods and services		21,072	20,889
Other operating cash receipts		16,681	35,963
Total Income		277,322	294,518
Net Revenue Activities Cashflow	46	(35,491)	28,593
Returns on Investment and Servicing of Finance			
Cash Outflows:-			
Interest Paid		(4)	(5)
Cash Inflows:-			
Interest Received		3,046	2,249
Net return on investments and servicing of finance		3,042	2,244
Capital Activities			
Cash Outflows:-			
Purchase of fixed assets		(17,656)	(19,827)
Other Capital Cash Payments		(384)	(7,648)
		(18,040)	(27,475)
Cash Inflows:-			
Sale of fixed assets		275	39,857
Capital grants received	50	22,976	12,650
Other capital cash receipts		3,101	2,793
		26,352	55,300
Net Capital Activities Cash flow		8,312	27,825
Management of Liquid Resources			
Liquid Resources	48	0	0
Net Increase/(Decrease) in Cash	47	(24,137)	58,662

In accordance with the 2008 recommended accountancy guidance, deferred charges are now to be reported as revenue expenditure funded from capital under statute and are reported under net revenue activities cash flow rather than net capital activities cash flow. 2007/08 figures have been restated for comparison.

NOTES TO THE CORE FINANCIAL STATEMENTS

1 Prior Period Adjustments

In the 2008/09 Statement of Accounts, the following corrections to the Income and Expenditure Account and Balance Sheet due to the Actuary valuing assets on a “bid value” basis rather than at “mid market” value. The changes are summarised as follows:

- Income and Expenditure Account (page 39) – The effect of the expected return on pension assets increased from £13.317m to £13.528m. This has had a nil impact on the General Fund balance as the difference offset by a compensating reversal in the net charge made for retirement benefits in the statement of movement on the General Fund, £(4.159)m to £(3.948)m.
- Balance Sheet (page 43) – The pension reserve deficit increased by £1.193m to £(32.415)m which is reflected by the gain shown in the Statement of Total Recognised Gains & Losses (page 42).

2 Dedicated Schools Grant

The Council’s expenditure on schools is funded primarily by grant monies provided by the Department for Children, Schools and Families, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share of each maintained school.

Details of the deployment of DSG receivable for 2008/09 are as follows:

Schools Budget Funded by Dedicated School Grant			
	Central Expenditure	Individual Schools Budget (ISB)	Total
	£'000	£'000	£'000
Final DSG for 2008/09	10,251	49,440	59,691
Brought forward from 2007/08	(157)	0	(157)
Carry forward to 2009/10 agreed in advance	137	0	137
Agreed budgeted distribution in 2008/09	10,231	49,440	59,671
Actual central expenditure	9,734	0	9,734
Actual ISB deployed to schools		49,440	49,440
Local authority contribution for 2008/09	0	0	0
Brought forward from 2007/08 – earmarked balances	147	0	147
Carry forward to 2009/10	644	0	644

NOTES TO THE CORE FINANCIAL STATEMENTS

3 Area Based Grant

Area Based Grant (ABG) is a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ring-fenced funding as they see fit to support the delivery of local, regional and national priorities in their areas.

It supersedes the Local Area Agreement Grant received by authorities in 2007/08. The Government has significantly increased local authorities' flexibility over the use of their mainstream resources by moving over £4bn of grants into the new non-ring-fenced Area Based Grant. This minimises the barriers to local authorities using their mainstream resources to support local priorities where they wish to do so. In December the first-ever three-year financial settlement was announced, including the allocation of Area Based Grants, to maximise stability and certainty. The 2008-09 financial year is the first in this three-year settlement.

The total amount of grant received in 2008/09 was £4.541m and the Council used all of this to fund its own services.

4 Remuneration of Employees

The following table shows the number of employees whose remuneration exceeded £50,000 in 2008/09.

Total Remuneration	No Of Employees 2008/09	No Of Employees 2007/08
£50,000 - £59,999	44	35
£60,000 - £69,999	17	9
£70,000 - £79,999	5	14
£80,000 - £89,999	17	2
£90,000 - £99,999	3	1
£100,000 - £109,999	1	2
£110,000 - £119,999	1	0
£120,000 - £129,999	0	1
£130,000+	1	1

5 Members' Allowances

Members' Allowances were revised to reflect the Local Authorities (Members' Allowances) (England) Regulations 2003 which provide for the circumstances in which allowances are payable to members. In 2008/09 these amounted to £570,789 (Basic Allowances £359,411, Special Responsibilities Allowances £194,961 and Mayoral Allowance £16,417), compared to £560,851 in 2007/08.

6 Pensions

The Authority participates in two pension schemes:

- the Teachers' Pension scheme – this is an unfunded defined contribution scheme. In accordance with FRS17 the assets and liabilities of this fund are not reflected in these financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

- the Local Government Pension Scheme for employees, administered by The Royal Borough of Windsor and Maidenhead – this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2008/09 the Authority paid £4.138m to the Department for Children, Schools and Families in respect of Teachers' Pension costs, which represented 14.1% of teachers' pensionable pay. Employers' contributions have remained at 14.1% during the year ending 31st March 2009. In addition, the Authority is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2008/09 these amounted to £0.229m, representing 0.78% of pensionable pay.

	2008/09		2007/08	
	Employers' Contribution	Added Years	Employers' Contribution	Added Years
Amount Paid	£4.138m	£0.229m	£3.998m	£0.273m
As a percentage of teachers' pensionable pay	14.1%	0.78%	14.1%	0.96%

The scheme is an unfunded defined contribution scheme. In accordance with FRS17 the assets and liabilities of this fund are not reflected in these financial statements.

Further information can be obtained from: Teachers' Pensions
Capita Hartshead
Mowden Hall
Darlington
DL3 9EE
Tel: 0845 6066166

Other Employees Pension Scheme

The Authority pays employer's contributions into the Royal County of Berkshire Pension Fund. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last relevant review being at 31 March 2007. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

The cost of retirement benefits are recognised 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 required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed in the Statement of Movement on the General Fund Balance.

NOTES TO THE CORE FINANCIAL STATEMENTS

The following transactions have been made in the Income and Expenditure Account and Statement of Movement on the General Fund Balance during the year:

	2008/09 £000's	Restated 2007/08 £000's
Income & Expenditure Account		
Net Cost of Services:		
Current Service Cost	8,440	8,081
Past Service Cost	704	0
Curtailments	101	(2,551)
Net Operating Expenditure:		
Interest Cost	13,355	11,946
Expected Return on Pension Assets	(12,213)	(13,528)
Net Charge to the Income & Expenditure Account	10,387	3,948
Statement of Movement in the General Fund Balance		
Reversal of net charges made for retirement Benefits in accordance with FRS17	(10,387)	(3,948)
Actual amount charged against General Fund Balance:		
Employer's contributions payable to Pension scheme	6,742	6,524

The past service costs in 2008/09 related to two changes in the LGPS that came into effect on 1st April 2009. These were an increase in the period of the pension guarantee following retirement from 5 to 10 years and the introduction of contingent dependants' benefits for cohabitants.

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of scheme liabilities:

	2008/09 £000's	2007/08 £000's
Liabilities as at 1st April	200,217	225,139
Current service cost	8,440	8,081
Interest cost	13,355	11,946
Contributions by scheme participants	2,788	2,639
Actuarial gains & losses	(30,425)	(27,180)
Losses on curtailments	101	(2,551)
Benefits paid	(6,678)	(17,757)
Past service costs	704	0
Unfunded pension payments	(238)	(100)
Liabilities as at 31st March	188,264	200,217

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the fair value of scheme assets:

	2008/09	2007/08
	£000's	£000's
Assets as at 1st April	167,802	188,727
Expected rate of return	12,213	13,528
Actuarial gains & losses	(62,804)	(26,045)
Employer contributions	6,743	6,809
Contributions by scheme participants	2,788	2,639
Benefits paid	(6,917)	(17,856)
Assets as at 31st March	119,825	167,802

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected returns on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity and property investments are then assumed to be a margin above gilt yields.

The actual rate of return on scheme assets in the year was £50.6m (£14.2m in 2007/08).

Scheme History

The table below includes totals for Bracknell Forest including former Berkshire County Council employees.

	Year to March 2009	Year to March 2008	Year to March 2007	Year to March 2006	Year to March 2005
	£000's	£000's	£000's	£000's	£000's
Defined Benefit Obligation	(188,263)	(200,216)	(225,139)	(22,859)	(180,682)
Scheme Assets	119,824	167,801	188,727	174,191	138,986
Surplus/(Deficit)	(68,439)	(32,415)	(36,412)	(48,668)	(41,696)

The liabilities show the underlying commitments that the Authority has in the long-run, to pay retirement benefits. The total liability of £68m has an impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the Local Government Scheme will be made good either by improved investment returns or increased contributions over the remaining working lives of employees, as assessed by the scheme's actuary.

The total contributions expected to be made to the Local Authority Pension Scheme in the year to March 2010 is £6.863m.

Basis for Estimating Asset and Liabilities

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. Barnett Waddingham, an independent firm of actuaries, has assessed the Royal County of Berkshire Pension Fund liabilities. Estimates are based on the latest full valuation of the scheme as at 31 March 2007.

NOTES TO THE CORE FINANCIAL STATEMENTS

The main assumptions used in their calculations are:

	2008/09 %	2007/08 %
Rate of Inflation	3.0	3.7
Rate of increase in salaries	4.5	5.2
Rate of increase in pension	3.0	3.7
Rate of discounting scheme liabilities	6.7	6.6
Mortality assumptions:	Age	
Longevity at 65 for current pensioners		
Men	21.27 *	
Women	24.33 *	
Longevity at 65 for future pensioners		
Men	22.21 *	
Women	25.25 *	
Assumption of take up to increase lump sum to maximum allowed	50% *	

* figures not available prior to 2008/09

Assets in the Royal County of Berkshire Pension Fund are valued at fair value, principally current bid value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

	Long Term Expected Return (2008/09) %	Assets Held 31 March 2009 %	Assets Held 31 March 2008 %
Equity investments	7.4	62.1	70.4
Gilts	4.0	9.5	7.9
Other Bonds	6.5	14.6	8.0
Property	5.5	10.8	10.4
Cash	3.0	3.0	3.3
		100	100

History of Experience Gains and Losses

	Year to March 2009 £000's	Year to March 2008 £000's	Year to March 2007 £000's	Year to March 2006 £000's	Year to March 2005 £000's
Experience adjustments on Scheme Assets	0	1,640	0	0	0
Experience adjustments on Scheme Liabilities	0	(872)	0	0	0

The actuarial losses identified as movements on the Pensions Reserve over 5 years can be analysed into the following categories, measured as a percentage of assets or liabilities as at 31st March annually:

NOTES TO THE CORE FINANCIAL STATEMENTS

	Year to March 2009 %	Year to March 2008 %	Year to March 2007 %	Year to March 2006 %	Year to March 2005 %
Differences between the expected and actual return on Assets	0	0.98	0	0	0
Experience gains and losses on Liabilities	0	0.44	0	0	0

Pensions Reserve

The Pensions Reserve has been created to ensure compliance with Financial Reporting Standard (FRS) 17. The reserve is not cash backed, but reflects the Council's actuarially assessed net pension asset or liability. The figures for 2008/09 include the Council's share of the Former Berkshire County Council Pension Fund Liability of £16.736m (2007/08 £11.847m).

A detailed analysis of movements in the Pensions Reserve is provided below:

	Year to 31 March 2009 £000's	Restated Year to 31 March 2008 £000's
Surplus /(Deficit) at Beginning of Year	(32,415)	(36,412)
Current Service Cost	(8,440)	(8,081)
Employer Contributions	6,504	6,809
Past Service Cost	(704)	0
Contributions to Unfunded Benefits	238	0
Settlements and Curtailments	(101)	2,551
Net Return on Assets	(1,142)	1,583
Actuarial Gains/(Losses)	(32,379)	1,135
Surplus /(Deficit) at Year End	(68,439)	(32,415)

Further information can be obtained from the administrators of the Royal County of Berkshire Pension Fund:

The Royal Borough of Windsor and Maidenhead
Town Hall
St Ives Road
Maidenhead
Berkshire
SL6 1RF

Tel: 01628 796701

7 Agency expenditure

Under various statutory powers an Authority may agree with other local authorities, water companies and Government departments to do work on their behalf. The Authority has not entered into any such arrangements with other bodies.

NOTES TO THE CORE FINANCIAL STATEMENTS

8 Publicity

The Authority's spending on publicity as required by s5(1) of the Local Government Act 1986, is detailed below.

	2008/09	2007/08
	£000's	£000's
Recruitment Advertising	339	335
Other Advertising	264	344
Other Publicity	85	140
Total	688	819

9 Operating Leases

Land and Buildings – the authority leases a number of properties which have been accounted for as operating leases. The amounts paid under these arrangements are as follows:

	2008/09	2007/08
	£000's	£000's
Longshot Lane	488	410
Crowthorne Enterprise Centre	157	157
Enid Wood House	144	144
Ferriby Court*	0	82
Bracknell Day Services	80	78
Private Sector Landlords#	82	95
Total	951	966

* Ferriby Court was transferred in February 2008 to Bracknell Forest Homes.

Twelve properties are rented from private sector landlords to provide temporary accommodation for homeless families.

Vehicles and Plant – the authority uses vehicles and plant financed under terms of an operating lease. The amount paid under these arrangements in 2008/09 was £0.382 m (2007/08 £0.413m).

Authority as Lessor

The authority has granted a number of operating leases in relation to its commercial property. The amounts of rents received under these arrangements in 2008/09 was £2.551m (2007/08 £2.522m).

Operating leases are also in place for eleven community centres which are run by independent community associations and for a number of public open spaces and play areas which are leased to Bracknell Town Council. The rent received under these arrangements in 2008/09 was £0.004m as market rents are not charged (2007/08 £0.004m).

NOTES TO THE CORE FINANCIAL STATEMENTS

Commitments under Operating Leases

The authority was committed at 31 March 2009 to making payments of £1.171m under operating leases in 2008/09, comprising the following elements:

	Land and Buildings £000's	Vehicle, Plant, £000's
Leases expiring in 2009/10	181	62
Leases expiring between 2010/11 and 2013/14	50	240
Leases expiring during and after 2014/15	725	0

Authority as Lessor

With regard to the Council's activity as a lessor, the gross value at 31 March 2009 of assets held for use in operating leases was £19.685m. No depreciation has been charged.

10 Finance Leases

The authority has acquired vehicles under finance leases. The amount paid under the arrangements in 2008/09 was £0.021m (2007/08 £0.021m), charged to the Income & Expenditure Account as £0.004m finance costs (2007/08 £0.005m) and £0.017m relating to the write-down of obligations to the lessor now debited as part of the reconciliation of the Movement on the General Fund Balance.

The following values of assets are held under finance leases by the Council, accounted for as part of Tangible Fixed Assets:

	Land and Buildings £'000's	Vehicles Plant & Equipment £'000's
Net book Value 1 April 2008	0	86
Revaluations	0	0
Additions	0	0
Disposals	0	0
Depreciation	0	(17)
Net Book Value 31 March 2009	0	69

Outstanding Obligations to make payments under finance leases (excluding interest costs at 31 March 2009, accounted for as part of long term liabilities, are as follows:

	Land and Buildings £000's	Vehicle, Plant & Equipment £000's
Obligations payable in 2009/10	0	17
Obligations payable between 2010/11 and 2013/14	0	69
Obligations payable during and after 2014/15	0	0
Total Liabilities at 31 March 2008	0	86

NOTES TO THE CORE FINANCIAL STATEMENTS

11 Auditor's remuneration

In 2008/09 Bracknell Forest Council incurred the following fees relating to external Audit and Inspection. The statutory inspection fee paid was lower than in 2007/08 as there was no Corporate Assessment (£114k in 2007/08).

The 2007/08 costs were higher than those in 2008/09 as they included fees for KPMG (the previous Auditors) which were charged in arrears. The Audit Commission fees are charged in the year of the audit.

	2008/09	2007/08
	£000's	£000's
Fees payable to the Audit Commission – District Auditor, the appointed auditor in 2008/09 with regard to external audit services.	255	176
Fees payable to the KPMG, the appointed auditor in 2006/07 with regard to external audit services.	0	105
Fees payable to the Audit Commission in respect of statutory inspection.	25	139
Fees payable to Audit Commission – District Auditor, the appointed auditor in 2008/09 for the certification of grant claims and returns.	58	45
Fees payable to KPMG, the appointed auditor in 2006/07 for the certification of grant claims and returns.	0	42
Grant claim fees over accrued 2007/08	(5)	0
Total	333	507

12 Trading Operations

The Council has a number of activities which are classified as Trading Operations in accordance with CIPFA's Best Value Accounting Code of Practice. Details of activities to be disclosed for 2008/09 are set out below, with comparative figures shown for 2007/08.

		£000's	£000's
The Authority operates the Bracknell Market collecting rental income from stallholders. The whole of the operating surplus is included as part of the General Fund account.	Expenditure	101	
	Rental Income	(86)	
	Operating Deficit		15
	<i>Deficit 2007/08</i>	19	
The Authority operates nine Car Parks in Bracknell Town Centre and Crowthorne. The whole of the operating surplus or deficit is included as part of the General Fund account. Excluding capital charges & FRS17 costs the cash surplus for the year was £0.798m (2007/08 £0.852m surplus).	Expenditure	2,431	
	Income	(1,630)	
	Operating Deficit		801
	<i>Surplus 2007/08</i>	(684)	
Smart Connect	Operating Deficit		14
	<i>Surplus 2007/08</i>	(6)	
Total Trading Operations Deficit/(Surplus) in the General Fund			830

NOTES TO THE CORE FINANCIAL STATEMENTS

13 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.

<u>Building Regulations Charging Account 2008/09</u>	Chargeable	Non Chargeable	Total Building Control
	2008/09	2008/09	2008/09
	£000's	£000's	£000's
Expenditure			
Employee expenses	218	42	260
Transport	9	1	10
Supplies and Services	2	1	3
Central and support service charges	78	13	91
TOTAL EXPENDITURE	307	57	364
Income			
Building Regulation charges	(285)	0	(285)
TOTAL INCOME	(285)	0	(285)
(Surplus)/Deficit for Year	22	57	79
<u>Comparatives for 2007/08</u>			
Expenditure	345	62	407
Income	(356)	0	(356)
(Surplus)/Deficit for Year	(11)	62	51

14 Minimum Revenue Provision (MRP)

The Council has calculated its Minimum Revenue Provision for the year as £0.016m (2007/08 £0.635m) which is transferred to the Capital Adjustment Account and reduces the Capital Financing Requirement. This is made up as follows:

	2008/09	2007/08
	£'000s	£'000s
MRP (4% of Capital Financing Requirement at 1 April)	0	619
Principal payable on finance leases	16	16
Total MRP	16	635

15 Contribution to Housing Pooled Capital Receipts

The Council has to pay a proportion of specified housing capital receipts into a Government pool for redistribution. The amount paid is disclosed in the Income & Expenditure Account even though the capital receipts have not themselves been recognised as an income item in the Income & Expenditure Account. An amount equal to this payment is transferred from the Usable Capital Receipts Reserve to ensure a neutral effect on the amounts raised from Government grants and local taxation.

NOTES TO THE CORE FINANCIAL STATEMENTS

16 Related Party Transactions

In accordance with FRS 8, material transactions with related parties not disclosed within the financial statement must be reported separately. These are listed below.

The Authority owns property that is leased to the South Hill Park Trust and also nominates 4 of the 13 trustees. The Authority has a Partnership agreement with the Trust and provided a grant in 2008/09 for £491,840. Building repairs and maintenance of £24,352 and grounds maintenance of £17,790 were also provided.

Members of the Council have direct control over the Council's financial and operating policies. During 2008/09 the Council entered into a service level agreement for the provision of support services for period April 2008 – March 2009 valued at £544,380 to Bracknell Forest Homes on which four Members of the Council are Board Members. The Council retains a register of Members' interests, which is updated annually. The register has been examined and does not highlight any material transactions that require disclosure.

The Council's Employee Code of Practice requires employees to declare to their managers any interests that could potentially bring about conflict with the interests of the Council. These include financial or non-financial interests with Council contractors or outside commitments. A questionnaire circulated to all first and second tier Officers after 31st March 2009 confirmed that no material interests exist.

17 Landfill Allowance Trading Scheme (LATS)

The Council has received allowances for the year 2008/09 of 31,678 tonnes. The estimated landfill usage for the year is 21,139 tonnes. The Council did not buy or sell any allowances in the year or during the reconciliation period. DEFRA has advised that the average traded value has been 10p in 2008/09 (£5 in 2007/08). Surplus allowances cannot be carried forward to be used in 2009/10 and therefore the balance on the reserve of approximately £3k has been written out against the current asset along with the asset and liability of £14k.

<u>LATS 2008/09</u>	Gross Income	Gross Expenditure	Net Expenditure
	£000's	£000's	£000's
Income and Expenditure Account			
Cultural, Environmental and Planning	(428)	552	124

<u>LATS 2008/09</u>	31 March 2009
	£000's
Current Assets :	
Landfill Usage Allowances	0
Current Liabilities :	
Liability to DEFRA for Landfill Usage	(0)
Reserves :	
Opening Balance	128
Movement in year	(128)
Closing Balance	0

NOTES TO THE CORE FINANCIAL STATEMENTS

18 Local Authorities (Goods and Services) Act 1970

The Authority is empowered under Section 1 of this Act to provide goods and services to other public bodies where not covered by any other specific legislation.

The Council acts as the lead authority for the Emergency Duty Team and the Education Library Service through a joint arrangement agreement and provides professional services to the following organisations:

- Windsor and Maidenhead Royal Borough Council
- Reading Borough Council
- Slough Borough Council
- West Berkshire Council
- Wokingham District Council
- Individual schools within the above Authorities.

Below is a summary of the total cost of the services and the income received from these partner authorities.

	2008/09		2007/08	
	Total Expenditure £000's	Income under Act £000's	Total Expenditure £000's	Income Under Act £000's
Social Services				
Emergency Duty Team	726	(619)	741	(629)
Education Services				
Education Library Service	829	(706)	933	(773)
Total	1,555	(1,325)	1,674	(1,402)

The Council also provided printing and design services totalling £6,300 to a number of local authorities predominantly parish councils (£5,000 during 2007/08).

19 Contributions to Joint Committees and Bodies

Bracknell Forest Council contributes towards the costs of the Magistrates Court and the Environment Agency. These contributions are included in the Income & Expenditure Account as levies and are detailed below:

	2008/09 £000's	2007/08 £000's
Environment Agency	87	77
Magistrates Court	10	12
Total Levies	97	89

From the 1 April 2005 the Magistrates Court services have been principally funded by Central Government with a corresponding drop in the levy from this authority. The Council are still liable for a share of the capital financing costs for the courts and the Council is given central government grant funding for this purpose.

NOTES TO THE CORE FINANCIAL STATEMENTS

20 Pooled Accounts (Memorandum Accounts)

Pooled Budget: Intermediate Care Services

The pooled budget was established on 1 April 2008 for a term of 3 years, until 31 March 2011. The pooled budget agreement is between Bracknell Forest Council and the Berkshire East Primary Care Trust, and is administered by Bracknell Forest Council and covers the East Berkshire area.

The purpose of the partnership is to improve standards and quality of services through more effective co-ordination of resources within Intermediate Care.

A summary of income and expenditure is provided below:

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000's	£000's	£000's
Financial year 2008/09	2,902	2,902	1,667

Pooled Budget: Community Equipment Services

The pooled budget for Community Equipment was established on 1 April 2004. Under Section 31 of the Health Act 1999. The agreement exists between the six unitary authorities in Berkshire and the Primary Care Trusts covering the same geographical area. The agreement life is five years. The pooled budget is administered by the lead authority Slough Borough Council.

The aim of the partnership is to improve the integration of health and social care community equipment services to meet the needs of users.

A summary of income and expenditure is provided below:

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000's	£000's	£000's
Financial year 2007/08	2,612	2,612	195
Financial year 2008/09	2,752	2,752	205

21 Investment in Companies (Memorandum Accounts)

Investment in Companies: Trading Standards South East Ltd

The purpose of Trading Standards South East Ltd is to provide consumer advice services via a call centre and training to trading standards professionals.

The aim of Trading Standards South East Ltd is to improve the delivery of trading standards services throughout the Southeast of England and to promote a fair and safe trading environment, encouraging enterprise and enhancing consumer confidence.

NOTES TO THE CORE FINANCIAL STATEMENTS

A summary taken from the latest available accounts for profit and net assets is provided below:

	Profit	Net assets	Payments by Bracknell Forest Council
	£000's	£000's	£000's
Financial year 2006/07	4.7	5.4	5
Financial year 2007/08	8.3	13.7	2
Financial year 2008/09	Unavailable	Unavailable	6

The company is limited by guarantee and does not have any share capital. The liability of the members is limited to contributions of £1. There is no ultimate controlling party.

Investment in Companies: Berkshire Connexions Ltd

The purpose of Berkshire Connexions Ltd is to advance in life young people by developing their skills, education, capacities and capabilities to enable them to participate in society as independent, mature and responsible individuals by all charitable means.

The aim of Berkshire Connexions Ltd is to provide impartial information, advice and guidance services to young people to enable them to fulfil their potential and to invest in staff learning and development to improve services to young people.

A summary taken from the latest available accounts for profit and net assets is provided below:

	Profit	Net assets	Contribution by Bracknell Forest Council
	£000's	£000's	£000's
Financial year 2006/07	314	472	Nil
Financial year 2007/08	754	1,275	1,217
Financial year 2008/09	Not available	Not available	1,217

Connexions Berkshire is a charitable company Limited by guarantee. In the event of the company being wound up, the liability of each member is limited to £10.

Investment in Companies: Flexible Home Improvement Loans Ltd

Flexible Home Improvement Loans Ltd is a company limited by guarantee and not having a share capital.

The initial funding is from The South East Regional Housing Board held by the partnership lead authority, Royal Borough of Windsor and Maidenhead (RBWM), for distribution to the bid partners. The company accounts will initially be kept by RBWM. A loan is secured by a charge on the property. During the term of the loan the borrower

NOTES TO THE CORE FINANCIAL STATEMENTS

can choose to make regular monthly payments, occasional payments or no payments at all.

The purpose of Flexible Home Improvement Loans is to provide loans for householders who are aged 60 years or over, or both in the case of joint owners.

The aim of Flexible Home Improvement Loans is to help improve the warmth, comfort, safety and security of housing in the authority's area.

Three loans were approved in 2008/09 totalling £29,000.

22 S137 Expenditure

Section 137 of the Local Government Act 1972 as amended by the Local Government Act 2000 empowers local authorities to make contributions to certain charitable funds and not for profit bodies to promote wellbeing in their local area. During 2008/09, the Council's expenditure under this power was £393,539, mainly on grant funding under service level agreements (£387,360 in 2007/08).

23 Movement of Fixed Assets

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra Structure Assets	Community Assets	Non-Operational Assets	TOTAL
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Value 1 April 2008	1,264	327,435	30,140	47,152	1,023	30,237	437,251
Revaluations Upwards	0	11,617	0	0	0	1,323	12,940
Revaluation Downwards- (Impairment)	0	(17,653)	(469)	(1,011)	(1,324)	(5,362)	(25,819)
Additions	0	3,834	2,757	5,234	1,324	5,490	18,639
Adjustments	0	0	0	0	0	0	0
Reclassification of assets	(1,264)	(770)	0	0	0	2,034	0
Declassification of assets	0	0	0	0	0	(1,595)	(1,595)
Derecognition of VC schools	0	(6,128)	0	0	0	0	(6,128)
Disposals	0	(148)	0	0	0	(130)	(278)
Gross Book Value 31 March 2009	0	318,187	32,428	51,375	1,023	31,997	435,010
Depreciation b/fwd1/4/2008	29	14,065	21,767	9,160	0	0	45,021
Depreciation for Year	0	4,256	2,755	1,472	0	0	8,483
Reclassification of assets	(29)	(28)	0	0	0	57	0
Depreciation w/o – upward revaluation	0	(3,178)	0	0	0	(29)	(3,207)
Depreciation w/o – downward revaluation (impairment)	0	(822)	0	0	0	(28)	(850)
Depreciation w/o – declassification of asset	0	0	0	0	0	0	0
Derecognition of VC schools	0	(458)	0	0	0	0	(458)
Depreciation w/o							
Balance 31 March 2009	0	13,835	24,522	10,632	0	0	48,989
Net Book Value at 31 March 2008	1,235	313,370	8,373	37,992	1,023	30,237	392,230
Net Book Value at 31 March 2009	0	304,352	7,906	40,743	1,023	31,997	386,021

NOTES TO THE CORE FINANCIAL STATEMENTS

24 Movement on Non Operational Fixed Assets

	Investment Properties £'000's	Assets in Construction £'000's	Surplus Assets held for disposal £'000's	TOTAL £'000's
Net book Value 1 April 2008	22,158	5,689	2,390	30,237
Revaluations upwards	987	0	336	1,323
Revaluation Downwards- (Impairment)	(3,516)	0	(1,846)	(5,362)
Additions/Adjustments	0	5,490	0	5,490
Reclassification of assets	57	0	1,977	2,034
Declassification of assets	0	(1,595)	0	(1,595)
Disposals	0	0	(130)	(130)
Depreciation	0	0	0	
Net Book Value at 31 March 2009	19,686	9,584	2,727	31,997

25 Capital Expenditure and Financing

	2008/09 £000's	2007/08 £000's
Opening Capital Financing requirement	(3,221)	15,482
<i>Capital Investment</i>		
Operational Assets	14,744	26,351
Non-operational Assets	3,895	2,202
Revenue Expenditure Funded from Capital under Statute	545	672
Total Expenditure	19,184	29,225
<i>Asset under construction reclassified to revenue expenditure</i>		
Reduction in Capital Financing Requirement	(1,595)	0
<i>Sources of finance</i>		
Capital receipts	2,297	18,825
Government Grants and other contributions	10,209	7,679
Major Repairs Allowance (MRA)	0	2,721
Sums set aside (MRP, Earmarked reserves etc)	72	18,703
	12,578	47,928
Closing Capital Financing Requirement	1,790	(3,221)
<i>Explanation of movement in year</i>		
Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance)	5,011	(18,703)
Increase/(Decrease) in Capital Financing Requirement	5,011	(18,703)

NOTES TO THE CORE FINANCIAL STATEMENTS

26 Capital Commitments

The Council is contractually committed to the construction of a new secondary school on the Garth Hill College site which is due to open in September 2010. The overall funding envelope is £39.487m. A contract with Mace Plus for the construction of the new school, together with external works, comprises the major element of the overall cost. Funding is being provided through government grant under the Building Schools for the Future: One School Pathfinder initiative, although the Council has agreed to contribute up to £4.3m. As at 31 March 2009 £4.2m had been spent.

27 Fixed Asset Valuations

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations were principally carried out by Steve Booth BSc, MRICS, ASVA, DipAF – the Council's Principal Valuation Surveyor. The basis for valuation is set out in the statement of accounting policies. A full review of all the assets of the Authority has been undertaken but excluded schools due to the current economic climate. A number of assets have been impaired.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra- structure Assets-	Community Assets	Investment Properties	TOTAL
	£'000'	£'000'	£'000's	£'000's	£'000's	£'000's	£'000's
<i>Valued at historic cost</i>	0	0	32,428	51,372	1,023	0	84,823
<i>Valued at current value in:</i>	0	0	0	0	0	0	0
Current Year (01/4/08)	0	141,598	0	0	0	22,412	164,010
Last year (01/4/06)	0	0	0	0	0	0	0
Two years ago (01/04/05)	0	0	0	0	0	0	0
Three years ago (01/04/04)	0	0	0	0	0	0	0
Four years ago (01/04/04)	0	185,836	0	0	0	10,322	196,158
Total	0	327,434	32,428	51,373	1,023	32,734	444,991

NOTES TO THE CORE FINANCIAL STATEMENTS

28 Information on Assets Held

Fixed assets owned by the Council include the following:

	Number 31 March 2009	Number 31 March 2008
Dwellings		
Housing Revenue Account	0	14
Shared Equity	0	0
General Fund	1	1
Operational Buildings		
Town Hall	1	1
Other Offices	2	2
Sports Centres and pools	4	4
Watersports Centre	1	1
Golf Course	1	1
Look Out Discovery Centre	1	1
Depots	1	1
Nursery	1	1
Surface Car Parks	9	9
Multi-storey Car Parks	2	2
Public Conveniences	5	5
Theatre	1	1
Bracknell Market	1	1
Cemetery and Crematorium	1	1
Schools (excluding Voluntary Aided and Voluntary Controlled Schools)	28	31
Pupil Referral Units	1	1
Libraries	9	9
Youth & Community	6	7
Social Services Establishments	10	11
Conference Centre	1	1
Community Assets		
Parks and Open Spaces	50	50
Community Centres	14	14
Investment Properties		
Commercial Property / Land	246	235
Enid Wood House (moved from HRA Dwellings)	128	128
Land Sites Awaiting Development	2	1
Surplus Buildings Awaiting Disposal	3	0

In addition the Council has 6 Voluntary Aided Schools and 3 Voluntary Controlled Schools of which only the proportion of the asset which remains under the control of Bracknell Forest is included as fixed assets on the Authorities Asset Register.

NOTES TO THE CORE FINANCIAL STATEMENTS

29 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31 March 2009 £000s	31 March 2008 £000s	31 March 2009 £000s	Restated 31 March 2008 £000s
Financial liabilities at amortised cost – Creditors excluding those of a statutory nature	0	0	43,570	58,520
Financial liabilities at amortised cost – Bank overdraft	0	0	1,113	0
Financial liabilities at fair value through the I&E	0	0	0	0
Total Financial Liabilities (Borrowings)	0	0	44,683	58,520
Loans and receivables (principal amount) - Long Term Debtors Accounting adjustments	1,118	1,123	0	0
Loans and receivables (principal amount) - Investments Accounting adjustments	4,092	0	58,459	79,711
Loans and receivables (principal amount) - Current Debtors including impairments (excl LATS 561 07/08 zero 08/09) Plus Accounting adjustments	0	0	13,798	11,131
Loans and receivables at amortised cost - Cash and Bank	0	0	0	1,772
Available-for-sale financial assets	0	0	0	0
Financial Assets at fair value through the I&E	0	0	0	0
Unquoted equity investment at cost	0	0	0	0
Total Financial Assets (Investments)	5,210	1,123	72,257	92,614

Unusual Movements

The Council received £22m under the VAT shelter in 2007/08 which was invested in fixed investments and a liability included under financial instruments as this money was owed to Bracknell Forest Homes. This was paid to Bracknell Forest Homes in 2008/09.

NOTES TO THE CORE FINANCIAL STATEMENTS

Reclassification

There has been no reclassification of financial instruments.

Derecognition of instruments

There has been no derecognition of financial instruments

Collateral

The Council holds no collateral.

Allowance for Credit Losses

No separate allowance for Credit Losses has been disclosed separately on the Balance Sheet. The provision for bad and doubtful debts (impairments) of £4.044m has been included against Debtors see note 33.

Defaults and Breaches

There were no loans recognised as financial liabilities subject to defaults or breach.

Financial instruments Gains/Losses

The gains or losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

Financial Instruments Gains and Losses 2008/09

	Financial Liabilities	Financial Assets			Total £000s
		Loans and receivables £000s	Available-for-sale assets £000s (1)	Fair value through the I&E £000s (2)	
	measured at amortised cost £000s				
Interest expense	4	0	0	0	4
Losses on derecognition	0	0	0	0	0
Impairment losses	0	0	0	0	0
Interest payable and similar charges	4	0	0	0	4
Interest income	0	(3,710)	0	0	(3,710)
Gains on derecognition	0	0	0	0	0
Interest and investment income	0	(3,710)	0	0	(3,710)
Gains on revaluation	0	0	0	0	0
Losses on revaluation	0	0	0	0	0
Amounts recycled to the I+E Account after impairment	0	0	0	0	0
Surplus (deficit) arising on revaluation of financial assets	0	0	0	0	0
Net (gain)/loss for the year	4	(3,710)	0	0	(3,706)

NOTES TO THE CORE FINANCIAL STATEMENTS

Financial Instruments Gains and Losses 2007/08

	Financial Liabilities		Financial Assets		Fair value through the I&E £000s (2)	Total £000s
	measured at amortised cost £000s	Loans and receivables £000s	Available-for-sale assets £000s (1)			
Interest expense	5	0	0	0	0	5
Losses on derecognition	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0
Interest payable and similar charges	5	0	0	0	0	5
Interest income	0	(2,539)	0	0	0	(2,539)
Gains on derecognition	0	0	0	0	0	0
Interest and investment income	0	(2,539)	0	0	0	(2,539)
Gains on revaluation	0	0	0	0	0	0
Losses on revaluation	0	0	0	0	0	0
Amounts recycled to the I+E Account after impairment	0	0	0	0	0	0
Surplus (deficit) arising on revaluation of financial assets	0	0	0	0	0	0
Net (gain)/loss for the year	5	(2,539)	0	0	0	(2,534)

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- ✓ For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- ✓ For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- ✓ No early repayment or impairment is recognised;
- ✓ Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- ✓ The fair value of trade and other receivables is taken to be the invoiced or billed amount.

NOTES TO THE CORE FINANCIAL STATEMENTS

The fair values calculated are as follows:

	31 March 2009		31 March 2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
PWLB debt	0	0	0	0
Non-PWLB debt	0	0	0	0
Total debt			0	0
Trade creditors (Suppliers)	2,429	2,429	3,750	3,750
Total Financial liabilities	2,429	2,429	3,750	3,750
Money market loans < 1 yr	58,459	58,459	79,711	79,711
Money market loans > 1 yr	4,092	4,092	0	0
Bonds			0	0
Trade debtors (Customers)	5,083	5,083	4,332	4,332
Total Loans and receivables	67,634	67,634	84,043	84,043

Key Risks

The Council's activities expose it to a variety of financial risks. The Council does not require debt financing and currently does not have any debt exposure. As such the key risks are in relation to financial assets and are:

- ✓ Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- ✓ Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- ✓ Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- ✓ Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- ✓ by formally adopting the requirements of the Code of Practice;
- ✓ by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures in the maturity structure of its debt;

NOTES TO THE CORE FINANCIAL STATEMENTS

- Its maximum annual exposures to investments maturing beyond a year.
- ✓ by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria agreed by the Council and outlined above.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's maximum exposure to credit risk. The table (from Fitch) gives details of global corporate finance average cumulative default rates (including financial organizations) for the period 1990 – 2008 on investments out to 5 years and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2009	Historical experience of default	Adjustment for market conditions at 31 March 2009	Estimated maximum exposure to default
	£000s	%	%	£000s
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions				
AAA rated counterparties	28,367	0.00%	0.00%	0
AA rated counterparties	18,427	0.06%	0.06%	11
A rated counterparties	11,365	0.65%	0.65%	74

NOTES TO THE CORE FINANCIAL STATEMENTS

Other counterparties	0	0.00%	0.00%	0
Bonds – AAA rates	0	0.00%	0.00%	0
Trade debtors (Customers)	5,148	3%	3%	154
TOTAL	63,307			239

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £5m invested in this sector at that time. The table above does not include the amount invested in Icelandic banks. In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements. The impact of the principal invested has been mitigated in the accounts according to government regulations, although all related investment income has been fully impaired and is explained below.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Council maintains strict credit criteria for investment counterparties.

Credit Risk - Impairment of Investments

Investments included in current assets figure in the Balance Sheet include the following investments that have been impaired because of the financial difficulties being experienced by Icelandic Banks.

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount	Impairment
			£000s	%	£000s	£000s
Heritable Bank	29/4/08	19/12/08	2,000	5.95	1,466	611
Glitnir Bank	01/04/08	31/3/09	3,000	6.43	2,926	266

The carrying amounts of the investments included in the balance sheet have been calculated using the present value of the expected repayments, discounted using the investment's original interest rate. The expected repayments have been estimated as follows, based on the statements made by the administrator;

Date	Heritable Bank	Glitnir Bank
	£000s	£000s
31 March 2010	301	2,926
31 March 2011	569	0

Interest credited to the Income and Expenditure Account in respect of the investments is as follows:

Bank	Credited 2007/08	Received 2007/08	Credited 2008/09	Received 2008/09
	£000s	£000s	£000s	£000s
Heritable Bank	0	0	(76)	0
Glitnir Bank	0	0	(193)	0

NOTES TO THE CORE FINANCIAL STATEMENTS

The Balance Sheet shows the net impact of the impairment of the Icelandic Banks investment in the Financial Instruments Adjustment Account. Regulations issued in March 2009 allow the authority not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account, an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations. The Authority has taken advantage of the regulations, and has transferred the amounts shown in the following table to the Financial Instruments Adjustment Account:

Bank	Amount Transferred to Financial Instruments Adjustment Account
	£000s
Heritable Bank	534
Glitnir Bank	74

Under the regulations, the Authority must transfer the balance on the Financial Instruments Adjustment Account to the General Fund no later than 31 March 2011, and must also credit the Financial Instruments Adjustment Account with interest earned until such time as the balance has been transferred to the General Fund. The Authority estimates that the following credits will be made to the Financial Instruments Adjustment Account (FIAA):

Bank	Balance on FIAA at 31/3/09	Transfers during 2009/10	Transfers during 2010/11	Balance on FIAA at 31/3/11
	£000s	£000s	£000s	£000s
Heritable Bank	534	(77)	(457)	0
Glitnir Bank	74	(73)	0	0

Credit Risk – Trade Debtors

The Council does not generally allow credit for its trade debtors, such that £3.129m of the £5.148m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2009	31 March 2008
	£000s	£000s
Less than one months	813	684
One to three months	493	332
Three months to four months	87	104
More than five months	1,736	1,632
	3,129	2,752

Collateral – During the reporting period the Council held no collateral as security.

Liquidity risk

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

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

This risk relates to the maturing of longer term financial assets/investments.

The approved prudential indicator is the key parameter used to address this risk and limits investments placed for greater than one year in duration. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Council has longer term financial liabilities relating to finance leases and the maturity analysis is disclosed in note 10 to these accounts. The maturity analysis of financial assets is as follows:

	£000s
Less than one year	50,830
Between one and two years	11,721
Between two and three years	0
More than three years	0
	<hr/>
	62,551

All trade and other payables are due to be paid in less than one year and trade debtors of £5.1m are not shown in the table above.

Market risk

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

- ✓ investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- ✓ investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate investments will be posted to the Income and Expenditure Account and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the STRGL, unless the investments have been designated as "Fair Value through the Income and Expenditure Account", in which case gains and losses will be posted to the Income and Expenditure Account.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

If all interest rates had been 1% higher with all other variables held constant the financial effect would be as follows. During 2008/09 the Council only held eight investments with banks` with variable interest rates.

	£000s
Increase in interest receivable on variable rate investments	(88)
Impact on Income and Expenditure Account	(88)
Decrease in fair value of fixed rate investment assets	0
Impact on STRGL	0

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost set out on pages 66 and 67.

Price risk - The Council, excluding the pension fund, does not invest in equity shares or marketable bonds.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

30 Long Term Debtors

Loans have been advanced to mortgagors, housing associations and sporting organisations. The Authority invested in a debenture (£10,000) for the provision of accommodation for the Association of District Councils (now the Local Government Association-LGA) which has been repaid. The Council reclassified Rent to Mortgage properties as long term debtors from tangible fixed assets (Council Dwellings) in 2007/08 reflecting the fact that the purchaser takes over the freehold ownership of the property so the Council no longer has any fixed asset. However the purchaser owes the Council for the remaining share of the property.

	2008/09	2007/08
	£000's	£000's
Recreation Loans	5	7
Housing Association Loans	469	474
Housing Act Advances Loans	3	5
Local Government Association Loan	0	10
Sale of Council Houses Loans	40	19
Loan to Warfield Parish Council	128	157
Car Loans to Employees	97	75
Rent to Mortgage Properties	376	376
Balance at 31 March	1,118	1,123

31 Long Term Contracts

In 2006/07 the Council, together with Wokingham Borough and Reading Borough Councils, entered into a PFI contract with WRG (RE3 Ltd) for the disposal of waste. The contract expires in 2031/32. As part of the contract, the contractor will build a transfer station, materials recycling facility, civic amenity site and offices.

The total value of the contract was modelled at £611m, this Council's share based on relative throughput being forecast at £167.7m. In 2008/09 – the second full year of the contract – Bracknell Forest Council's share was £4.664m, gross of PFI grant from central government of £0.815m. Actual payments depend on the contractor's performance as well as that of the individual councils in waste collection.

32 Stocks and Work in Progress

The level of stock and work in progress has decreased following the Housing Stock transfer.

	2008/09	2007/08
	£000's	£000's
Work in Progress		
Rechargeable Works	154	77
Property Services	0	0
	154	77
Stocks		
Central Stores	0	0
Other (Mainly shop and catering stock)	174	191
	174	191
Balance at 31 March	328	268

NOTES TO THE CORE FINANCIAL STATEMENTS

33 Debtors

	2008/09 £000's	2007/08 £000's
Amounts Falling Due in One Year :		
Government Departments	1,197	1,122
Sundry Debtors	13,802	11,249
Mortgages	27	74
Payments in Advance	1,328	746
Car Loans to Employees	95	124
Collection Fund	1,393	2,141
	17,842	15,456
Provision for Doubtful Debts (Impairments)	(4,044)	(3,764)
Balance at 31 March	13,798	11,692

34 Cash and Bank

	2008/09 £000's	2007/08 £000's
Cash in Hand	0	1,772
Bank Overdraft	(1,113)	0
Balance at 31 March	(1,113)	1,772

35 Creditors

	2008/09 £000's	2007/08 £000's
Government Departments	2,561	3,425
Other Local Authorities and Public Bodies	833	742
Returnable Deposits	994	975
Sundry Creditors	14,342	42,312
Income in Advance	28,234	15,233
Collection Fund	3,774	907
Balance at 31 March	50,738	63,594

36 Deferred Grants and other Contributions

Section 106 receipts arise from planning agreements and may be applied specifically or at the discretion of the Authority, according to the provisions of each agreement.

	Opening Balance £000's	Receipts £000's	Payments £000's	Closing Balance £000's
Government Grants unapplied	292	9,295	(8,753)	834
Section 106 receipts unapplied	7,388	2,873	(1,523)	8,738
Total Unapplied	7,680	12,168	(10276)	9,572
Government Grants applied	14,684	8,753	(343)	23,094
Section 106 receipts applied	6,657	1,235	(425)	7,467
Total Applied	21,341	9,988	(768)	30,561

NOTES TO THE CORE FINANCIAL STATEMENTS

37 Provisions

Money is set aside for the ongoing maintenance of land transferred to the Authority under section 106 agreements. These monies are released annually to cover the Authority's costs in maintaining the land. The Council also holds S106 monies to cover the Council's costs of monitoring a developer's compliance with the S106 agreement negotiated including travel plan requirements. These are released to revenue annually to cover the costs incurred. Monies which were previously set aside as a provision for the potential liabilities arising from Mental Health S117 claims have been released to revenue. If any claims subsequently appear then they will be funded from the uninsured losses reserve.

	Opening Balance £000's	Receipts £000's	Payments £000's	Closing Balance £000's
Maintenance S106 land	17	0	(5)	12
S106 Monitoring	35	26	0	61
Mental Health Claims	99	0	(99)	0
Total	151	26	(104)	73

38 Fixed Asset Revaluation Reserve

The closing position on the reserve at 31 March shows revaluation gains accumulated since 1 April 2007.

	2008/09 £000's	2007/08 £000's
Opening Balance	30,141	0
Revaluation of assets	11,965	31,934
Depreciation of revaluation gains	(612)	(271)
Disposal of fixed assets	(42)	(1,522)
Closing Balance	41,452	30,141

NOTES TO THE CORE FINANCIAL STATEMENTS

39 Capital Adjustment Account

	2008/09 £000's	2007/08 £000's
Opening Balance	343,867	64,905
Fixed Asset Restatement Account	0	812,471
Prior Period Adjustment (Capital Financing from Government Grants/S106)	0	0
Adjusted opening balance	343,867	877,376
Capital Receipts Set Aside in Year	73	17,231
Capital Financing from:		
Capital Receipts	2,298	18,825
Major Repairs Allowance (MRA)	0	2,721
Less: Write Down of Revenue Expenditure Funded from Capital under Statute	(239)	(509)
Less: Depreciation in excess of MRP	(7,670)	(6,813)
Less: MRA to MRR	0	(10)
Less: Creation of Deferred Capital Receipt for rent to mortgages	0	(376)
Less: Impairments of Assets (revaluation of Properties downwards)	(14,382)	(14,474)
Less: Impairment (revaluation of HRA properties following stock transfer)	0	(465,541)
Less: Impairments (capital expenditure not adding value to an asset)	(6,521)	(20,853)
Less: Impairment (De-recognition of VA Schools)	0	(25,797)
Less: Impairment (De-recognition of VC Schools)	(5,670)	0
Depreciation of revaluation gain	612	271
Disposal of Fixed Assets	(236)	(38,184)
Closing Balance	312,132	343,867

40 Usable Capital Receipts Reserve

	2008/09 £000's	2007/08 £000's
Opening Balance	0	0
Prior Period Adjustment – funding adjustment from S106 unapplied account	0	68
Capital Receipts	2,408	39,778
Capital Receipts used for Financing	(2,297)	(18,825)
Pooling of Capital Receipts	(111)	(3,834)
Voluntary Set aside	0	(17,187)
Closing Balance	0	0

NOTES TO THE CORE FINANCIAL STATEMENTS

41 Deferred Capital Receipts

Deferred capital receipts represent income of a capital nature due to be paid to the Council over a number of years and are analysed as follows:

	2008/09	2007/08
	£000's	£000's
Mortgages on Council Houses Sold	65	91
Housing Act Advances	5	7
Housing Association Loans	469	474
Loan to Warfield Parish Council	128	157
Local Government Association Debenture	0	10
Recreation Loans	5	7
Rent to Mortgage Properties	376	376
Balance at 31 March	1,048	1,122

42 Right to Buy Claw back

An accrual has been made in 2008/09 for Right to Buy clawback receipts of £1.5m. However, there is no provision made in the accounts for the future receipts arising from the Right to Buy sharing agreement with Bracknell Forest Homes relating to the sales of former council houses.

NOTES TO THE CORE FINANCIAL STATEMENTS

43 Earmarked and Other Reserves

The Council keeps a number of reserves in the balance sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting policy, and others have been set up voluntarily to earmark resources for future spending plans. The Housing Revenue Account balance has been transferred to the General Fund reserve at 31 March 2009 following approval by the Secretary of State.

Reserve	Balance at 1 April 2008 £'000	Net Movement in Year £'000	Balance at 31 March 2009 £'000	Further Details
Fixed Asset Revaluation Reserve	30,141	11,311	41,452	See Note 38, page 75
Capital Adjustment Account Usable Capital Receipts Reserve	343,867 0	(31,735) 0	312,132 0	See Note 39, page 76 See Note 40, page 76
Total Capital Reserves	374,008	(20,424)	353,584	
Earmarked Reserves				
Repairs and Renewals	2	0	2	
Exceptional Environmental Conditions	251	(251)	0	
Budget Carry Forwards	376	173	549	
Corporate Innovations	206	(206)	0	
Insurance & Uninsured Claims	2,212	(133)	2,079	
Cost of Structural Change	1,396	0	1,396	
Regeneration of Bracknell	761	(761)	0	
Education Library Service	128	(9)	119	
Schools' Balances	1,647	896	2,543	
Building Regulations Chargeable Account	2	(22)	(20)	See Note 13, page 55
Landfill Allowances Trading Scheme (LATS) unused allowances	128	(128)	0	See Note 17, page 56
Performance Improvement	366	(293)	73	
LPSA2 Grant	0	329	329	
Local Economy Steering Group	0	34	34	
Supported Accommodation – Landlord costs	35	(35)	0	
School Improvement Commitments	296	(296)	0	
	7,806	(702)	7,104	
General Reserves				
General Fund	5,757	4,618	10,375	See Statement of Movement on General Fund Balance, page 40
Housing Revenue Account	4,701	(4,701)	0	See HRA Statement, page 83
Other Reserves				
Collection Fund	534	(364)	170	See Collection Fund page 87
Financial Instrument Adjustment Account	0	(608)	(608)	See Balance Sheet page 43
Pensions Reserve	(32,415)	(36,024)	(68,439)	See Note 6, page 46
Total Revenue Reserves	(13,617)	(37,781)	(51,398)	

The opening balance on the Pensions Reserve has been adjusted by £1.193m for the Prior Year adjustment. The Financial Instrument Adjustment Account reserve has been

NOTES TO THE CORE FINANCIAL STATEMENTS

created to account for the accounting treatment following the collapse of the Icelandic Banks.

The most significant earmarked reserve is the Insurance & Uninsured Claims Reserve. This provides cover for the following insurance-related elements:

- The excess payable on claims under the Council's insurance policies (self insurance)
- Potential future claims not covered by existing policies, including blight arising from past developments, contractual disputes, legal claims, breach of contract, Mental Health S117 claims and copyright claims.

44 Regulated Companies

The Local Authorities (Companies) Order 1995 has effect from 1 April 1995. The order contains provisions relating to "regulated companies" including the appointment of and provision of information to auditors and extends certain local authority capital finance controls to such companies. Since 1999/2000 South Hill Park has not been treated as a "regulated company" and the accounts will not be consolidated into those of Bracknell Forest Council. The Authority will continue to review the status of South Hill Park to ensure continued compliance with the Order.

45 Contingencies

Contingent Liabilities

It is currently estimated that there is £3.200m of potential known liabilities that relate to the operations of the former Berkshire County Council. Currently £1.935m is held by Reading Borough Council and West Berkshire Council to meet these potential liabilities leaving £1.265m to be shared between the 6 Councils. However liabilities or claims for past events, in particular ex Berkshire County Council services, can arise at any time but for most activities of the County Council the statute of limitations now applies. There are funds set aside in the insurance and uninsured claims earmarked reserve to help cover the Council's share of such claims estimated to be £0.174m.

At the transfer of the housing stock in February 2008 the Council gave a number of warranties to Bracknell Forest Homes. The most significant items being related to:

- Uninsured asbestos claims for 35 years
- Environmental claims e.g. land contamination for 10 years for which the Council has taken out insurance to limit its exposure.
- Alternative interpretation of the Government rules on rent convergence until 2012.

The maximum exposure to these potential liabilities is estimated to be £4.5m.

There are currently other potential known liabilities relating to employment issues (i.e. equal pay) which might give rise to claims in the future. Depending upon the outcome of these claims, some funding may be available from earmarked reserves to offset the costs.

Contingent Assets

The Council has submitted claims for the repayment of over declared output tax to HM Revenue and Customs as a consequence of rulings in court cases known as Conde Nast and/or Fleming. These held that Councils may be able to treat certain services as exempt from VAT, whereas HM Revenue and Customs had previously regarded them as standard rated. Claims have been submitted for sporting, leisure and cultural services together with excess parking charges and bulky household waste. These claims total £1.158m, excluding interest, although there is no indication at this stage that HM Revenue and Customs will pay the amounts claimed.

NOTES TO THE CORE FINANCIAL STATEMENTS

Similarly, Reading Borough Council have claimed on behalf of five of the six Berkshire Councils for over declared output tax by the former Berkshire County Council in respect of the hire of audio visual equipment from its libraries. The total claim, excluding interest, is £0.197m. If successful the Council would receive £0.033m of this amount. Wokingham Borough Council have also made a claim for £0.500m with regard to fees at Downshire Golf Course. This facility was previously jointly owned and if the claim is successful the Council would be entitled to 50% of the amount received.

46 Reconciliation between the net surplus / deficit on the Income and Expenditure Account to the Revenue Activities Net Cash flow

	2008/09 £000's	2007/08 £000's
Net Deficit – General Fund	(218)	(1,947)
Net surplus – HRA	135	1,995
Income from work charged to capital	(1,121)	(1,609)
Movement in Surplus -Collection Fund	(364)	125
Increase in debtors	(2,106)	4,373
Increase in stock and work in progress	(60)	429
Decrease in creditors	(12,856)	34,151
Decrease in provisions	(78)	19
Decrease in Earmarked Reserves	(702)	124
Payments to capital receipts pool	(233)	(4,582)
Other non cash movements	(15,723)	(2,241)
Servicing of finance items	(2,165)	(2,244)
Revenue Activities Net Cash flow	(35,491)	28,593

47 Movement in Cash

	Balance at 31 March 2009 £000's	Balance at 01 April 2008 £000's	Movement 2008/09 £000's
Cash and Bank	(1,113)	1,772	(2,885)
Short Term Investments	58,459	79,711	(21,252)
Total	57,346	81,483	(24,137)

48 Movement in Liquid Resources

	Balance at 31 March 2009 £000's	Balance at 01 April 2008 £000's	Movement 2008/09 £000's
Long Term Investments	0	0	0

NOTES TO THE CORE FINANCIAL STATEMENTS

49 Other Government Grants

	2008/09 £000's	2007/08 £000's
Dedicated Schools Grant	59,691	56,717
Post 16 Education	5,020	4,944
Standards Fund	3,533	4,637
Council Tax Benefits	4,146	4,126
Supporting People	2,713	1,856
Negative Subsidy Transitional Measures	0	1,407
School Standards Grant	2,311	2,228
Sure Start	907	1,472
LABGI	622	47
Access and Systems Capacity Grant	0	830
Learning & Skills Council	506	574
Benefits Administration	628	633
LPSA1 – Reward Revenue Grant	164	502
Preserved Rights	0	31
Area Based Grant	4,541	0
Other Miscellaneous Grants	5,043	18,653
Total	89,825	98,657

50 Capital Grants

	Balance at 31 March 2009 £000's	Balance at 31 March 2008 £000's
Devolved capital to Schools	15,007	9,683
Mill Lane Footbridge	784	266
Children's Centres	580	856
Garth School	376	592
Local Transport Plan	355	602
Other Miscellaneous Grants	5,874	651
Total	22,976	12,650

HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE ACCOUNT

	Note	2008/09 £000's	2007/08 £000's
Income			
Dwelling Rents (Gross)	1,2	0	(18,282)
Non Dwelling Rents (Gross)		0	(1,161)
Tenants Charges for Services and Facilities		0	(1,045)
Leaseholder's Charges for Services and Facilities		0	(362)
Contributions towards expenditure		0	(526)
Sums directed by the Secretary of State (Funding of MRA)		0	(1,407)
Decrease in provision for Bad and Doubtful Debts	3	0	(69)
		0	(22,852)
Expenditure			
Repairs and Maintenance		0	4,371
Supervision and Management		0	2,618
Special Services		0	3,146
Rents, Rates and Other Charges		0	314
Subsidy limitation transfer to General Fund	4	0	342
Negative Subsidy	5	0	2,110
Increase in provision for Bad or Doubtful Debts		0	0
Transfer of assumed surplus to Central Government	6	115	7,137
Depreciation and Impairments of Fixed Assets	9,10	0	479,553
		115	499,591
Net Cost of Services per Income & Expenditure Account		115	476,739
HRA Share of other amounts included in the whole authority Net costs of services but not allocated to specific services (Included in Non Distributed Costs)	12	0	(2,581)
Net Cost of HRA Services		115	474,158
HRA Investment Income		(250)	(1,785)
(Surplus)/Deficit for the year on HRA Services		(135)	472,373

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

The Housing Revenue Account (HRA) summarises the transactions relating to the management of the Council's stock of dwellings, garages, and land held for housing purposes. On 11th February 2008 the Council transferred 5,598 Council Dwellings to a new Registered Social Landlord (Bracknell Forest Homes).

The Council retained some housing stock and consent was granted on the 22nd of January 2008 to transfer the remaining properties to the General Fund as at 1st April 2008. Following this on the 20th January 2009 consent was given that the HRA could be closed from 31st March 2009. As such there were only two transactions within the HRA for 2008/09. The first relates to the final audit of the 2007/08 Negative Subsidy grant claim, which resulted in an additional payment of £115,456.00 to DCLG in 2008/09. The second relates to notional interest, amounting to £249,839.71, on the average HRA Balance in 2008/09. The surplus on the HRA Balance was transferred to the General Fund on the 31st March 2009.

For the completeness of the financial accounts, comparators are provided for the main elements of the HRA, however as noted above there were no properties in the HRA for the period 1st April 2008 to 31st March 2009, and as such these comparators are of limited use.

This reconciliation statement summarises the difference between the outturn on the Income & Expenditure Account and the HRA fund balance.

	2008/09 £'000	2007/08 £'000
Deficit for the year on the HRA Income & Expenditure Account	(135)	472,373
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the HRA for the year	0	(474,368)
Increase in HRA Balance for the Year	(135)	(1,995)
HRA Surplus brought forward	(4,701)	(2,706)
HRA Balance transferred to the General Fund	(4,836)	(4,701)

Net additional amount required by statute and non statutory proper practices to be debited or credited to the HRA Balance for the year.

	2008/09 £000's	2007/08 £000's
Amounts included in the HRA Income & Expenditure Account but excluded from the movement on the HRA Balance for the year		
- Impairment of Assets	0	(479,543)
- Net charges made for retirement benefits in accordance with FRS17	0	1,978
Amounts not included in the HRA Income & Expenditure Account but included in the movement on the HRA Balance for the year		
- Transfer to/from Major Repairs Reserve	0	2,711
- Employers contributions payable to Berkshire Pension Fund	0	486
Net additional amount required to be credited to the HRA Balance for the year	0	(474,368)

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Dwelling Rents

Following the transfer of the housing stock to Bracknell Forest Homes in 2007/08 there were no retained properties in the HRA from 1st April 2008. As such there was no rental income and consequently no lost income from voids (£582,075 in 2007/08).

2 Rent Arrears (Dwellings)

During the year 2008/09 no rent was collected. In 2007/08 rent collected over the whole financial year as a proportion of the total amount due for the year was 97.41%.

	2008/09 £000's	2007/08 £000's
Arrears at Year End	0	0
Amounts written off	0	225

The housing stock transfer (LSVT) included the transfer of current tenancy arrears to Bracknell Forest Homes. Former tenancy arrears amounting to £570,319.56 were retained by the Council and treated as General Debtors.

3 Provision for Bad and Doubtful Debts

Following the transfer of all current arrears to Bracknell Forest Homes and the 100% provision for all former tenants' arrears in 2007/08 there was no change to the provision.

4 Subsidy Limitation transfer to General Fund

The amount of housing benefit that the Government will fund is linked to a guideline rent level. Where authorities set rents above this level the Government will not support that element of the rebate. Following the transfer of all tenanted properties in 2007/08 this amount was £0 for 2008/09 (2007/08: £342,314).

5 Negative HRA Subsidy

Central Government support, by way of Housing Subsidy, is calculated using a model Housing Revenue Account. This model is based on pre-set figures determined by the Government and the number of dwellings owned by the Authority. Negative Subsidy arises when the income exceeds the expenditure in the model Housing Revenue Account. When this occurs an equivalent sum has to be transferred from the actual Housing Revenue Account to the General Fund. Following the transfer of all tenanted properties in 2007/08 this amount is £0 for 2008/09 (2007/08: £2.11m).

6 Transfer of Assumed Surplus to Central Government

Following the introduction of resource accounting and the removal of rebates from the HRA, any assumed surplus on the notional HRA subsidy model must be transferred to Central Government for redistribution within the overall national housing financial system. Whilst there were no properties in the HRA for 2008/09, the 2007/08 final subsidy audit resulted in an additional payment in respect of 2007/08 which was subsequently made in 2008/09 amounting to £115,456.00 (2007/08: £7.138m).

NOTES TO THE HOUSING REVENUE ACCOUNT

7 Housing Stock

Following the transfer of the tenanted stock to Bracknell Forest Homes on 11th February 2008 the Council retained some housing stock, Winkfield Manor (8 Flats) plus 6 miscellaneous properties. In addition the Council retained 18 flats associated with commercial leases with shops. However consent was granted on the 22nd of January 2008 to transfer the remaining properties to the General Fund as at 1st April 2008.

	2008/09	2007/08
Houses	0	2
Flats	0	8
Bungalows	0	4
Closing Stock	0	14

Consent was given to transfer the remaining properties to the General Fund as at 1st April 2008, as such the opening stock has been shown as NIL.

	2008/09	2007/08
Opening Stock	0	5,780
Less Sales	0	(41)
Transfer from Commercial Leases	0	1
Transfer to General Fund for Enid Wood House	0	(128)
Housing Stock Transfer to Bracknell Forest Homes	0	(5,598)
Closing Stock	0	14

Balance Sheet Valuation of Housing Stock

	As at 31 March 2009	As at 31 March 2008
	£000's	£000's
Land	0	230
Houses	0	3,127
Other Property	0	0
TOTAL Valuation	0	3,357
<i>Split into:</i>		
Operational Assets	0	1,235
Non Operational Assets	0	2,122
TOTAL Valuation	0	3,357

8 Housing Capital Statement

As a result of the housing transfer in 2007/08 there was no capital expenditure (£14.002m in 2007/08) or receipts (£39.778m in 2007/08) in 2008/09

9 Depreciation

There was no depreciation charge made for 2008/09 (£0.01m in 2007/08).

10 Impairments

There was no impairment charge made for 2008/09 (£479.6m in 2007/08).

NOTES TO THE HOUSING REVENUE ACCOUNT

11 Major Repairs Reserve

The Major Repairs Reserve is required by statutory provision to be established in relation to the Housing Revenue Account in England. There were no movements in the reserve during the year as a result of the LSVT that took place in 2007/08.

12 Transfers from Pension Reserve

Following the LSVT in 2007/08 there were no transactions made in the HRA Income & Expenditure Account and the Statement of Movement on the HRA Balance during the year in relation to the Pension Reserve. The future liability for the employees previously employed within the Housing Revenue Account and who transferred to Bracknell Forest Homes now lies with Bracknell Forest Homes.

	2008/09 £000's	2007/08 £000's
Income & Expenditure Account		
Net Cost of Services per I&E Account		
Current Service Cost	0	603
Net Cost of Services per HRA Services		
HRA share of Non Distributed costs in the whole authority Income and Expenditure Account (settlement costs)	0	(2,581)
Statement of Movement on HRA Balance		
Net Charges made for retirement benefits	0	1,978
Actual amount charged against General Fund Balance:		
Employer's contributions payable to Pension scheme	0	486

THE COLLECTION FUND

	Notes	2008/09 £000's	2007/08 £000's
Income			
Income from Council Tax	2	50,282	47,297
Transfers from General Fund			
Council Tax Benefits		4,392	4,083
Transitional Relief		0	0
Income Collectable from Business Ratepayers	3	53,155	49,027
Contributions			
Transfer of Previous Year's Collection Fund Surplus	4		
Council Tax		(341)	(112)
Thames Valley Police		(46)	(15)
Royal Berkshire Fire Authority		(17)	(6)
		107,425	100,274
Expenditure			
Precepts and Demands from			
Bracknell Forest Council	5	45,980	42,953
Thames Valley Police	5	6,216	5,860
Royal Berkshire Fire Authority	5	2,256	2,109
Business Rate			
Payment to National Pool		53,007	48,878
Costs of Collection		148	148
Bad and Doubtful Debts			
Provisions		5	7
Write –Offs	6	177	194
		107,789	100,149
(Surplus)/Deficit for the year	7	364	(125)
(Surplus)/Deficit at the beginning of the year		(534)	(409)
(Surplus)/Deficit for the year		364	(125)
(Surplus)/Deficit at the end of year		(170)	(534)

NOTES TO THE COLLECTION FUND

1 General

These accounts reflect the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts into the Income & Expenditure Account (page 39) and the Balance Sheet (page 43).

2 Council Tax

The Council's tax base for 2008/09 was 42,940. This is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. This was calculated as follows:-

Band	Actual Number of Properties	Estimated Number of Taxable Properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A (Disabled)	0	7	5/9 ^{ths}	4
A	1,732	1,382	6/9 ^{ths}	922
B	4,019	3,278	7/9 ^{ths}	2,549
C	17,106	15,027	8/9 ^{ths}	13,357
D	8,346	7,636	9/9 ^{ths}	7,636
E	7,401	6,934	11/9 ^{ths}	8,474
F	4,371	4,190	13/9 ^{ths}	6,052
G	2,048	1,960	15/9 ^{ths}	3,267
H	242	202	18/9 ^{ths}	403
	45,265			42,664
		Less allowance for losses on collection		(384)
		Add contributions in lieu from MoD		251
		Add allowance for new properties		409
		Council Tax Base		42,940

This Council Tax Base equates to a Council Tax income of £50.282m.

3 Income from Business Rates

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a Uniform Rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the National Non Domestic Rate 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.

Total Non-domestic Rateable Value 31 March 2009	£124,500,095
	£124,477,170 in 2007/08

National Non-domestic Rate Multiplier - Standard 2008/09	46.2p	44.4p 2007/08
--	-------	---------------

National Non-domestic Rate Multiplier – Small Property 2008/09	45.8p	44.1p 2007/08
--	-------	---------------

4 Contributions

The amounts of £340,779, £46,491 and £16,730 relate to the 2007/08 Council Tax surplus identified in the 2008/09 budget. The previous years comparator figures were £112,193, £15,281 and £5,526.

NOTES TO THE COLLECTION FUND

5 Precepts and Demands

The Council collects precepts within the Council Tax from the Local Taxpayers for the Thames Valley Police Authority and the Royal Berkshire Fire Authority.

6 Bad and Doubtful Debts

A total of £177,350 was written off as irrecoverable debts relating to Council Tax. Last year, debts written off were £193,915.

7 Collection Fund Surplus / Deficit

A deficit of £363,373 has been achieved on the Collection Fund due to the repayment of £404,000 of the Collection Fund surplus from 2007/08 to the precepting authorities during the year: Bracknell Forest Council, Thames Valley Police Authority and the Royal Berkshire Fire Authority. Last year a surplus of £124,921 was achieved.

GLOSSARY OF TERMS

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- b) the actuarial assumptions have changed.

AMORTISATION

The write out of intangible fixed assets and deferred charges to revenue on a systematic basis over their economic life. For deferred charges this will be the year the deferred charge is recognised.

AREA BASED GRANT (ABG)

An Area Based Grant (ABG) is a non-ringfenced general grant which is paid directly to Bracknell Forest Council. No conditions on use have been imposed as part of the grant determination ensuring full local control over how funding can be used.

ASSET

An item having value in monetary terms. Assets are defined as current or fixed.

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A fixed asset provides benefits to the Authority and to the services that it provides for a period of greater than one year.

BUDGET

A forecast of net revenue and capital expenditure over the accounting period.

CAPITAL CHARGE

A notional charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. This is the charge for depreciation.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset which will be used in providing services beyond the current accounting period or expenditure which adds to an existing fixed asset.

CAPITAL FINANCING REQUIREMENT

This represents the Council's underlying need to borrow for capital purposes. The capital financing requirement will increase whenever capital expenditure is incurred and not resourced immediately from usable capital receipts, capital grants/contributions or revenue funding. It is derived from the Council's balance sheet by consolidating:

- Fixed Assets

GLOSSARY OF TERMS

- Deferred Charges
- Fixed Asset Restatement Account
- Capital Financing Account
- Government grants/S106 deferred
- Plus other items on the balance sheet relating to capital expenditure incurred e.g. finance lease liabilities and other long term liabilities.

CAPITAL RECEIPTS

The proceeds from the disposal of land or other fixed assets.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONTINGENCY

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. There can be Contingent Liabilities for uncertain items of expenditure and Contingent Assets for uncertain items of income.

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 e.g. Members Allowances. 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 local basis for apportioning these costs to services.

CREDITOR

Amounts owed by the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

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

CURTAILMENT

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employees' services earlier than expected, for example discontinuing a segment of a major service, and

GLOSSARY OF TERMS

- b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTOR

Amounts owed to the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

DEFERRED ASSETS AND LIABILITIES

Expenditure or income which may properly be deferred but is recognised in the appropriate section of the balance sheet, e.g. mortgage repayments.

DEFERRED CHARGES

Expenditure which may properly be capitalised, but which does not result in, or remain matched with, tangible assets and is written out to revenue in the year it is incurred, e.g. home improvement grants

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

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 PENSIONS ASSETS

GLOSSARY OF TERMS

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXISTING USE VALUE (EUV)

The estimated amount for which a property should exchange on the date of valuation between knowledgeable willing parties in an arm's-length transaction, disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The fair value of an asset is the price for which it could be exchanged in an arms length transaction.

FINANCIAL ASSETS

A right to future economic benefits controlled by the Authority that is represented by cash, an equity instrument of another entity, a contractual right to received cash (or another financial asset) from another entity or a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

A financial instrument adjustment account is used to hold the balance of the reversal through the Statement of Movement in General Fund Balance (SMGFB) for financial asset impairment which is originally charged to the income and expenditure account. Due to the reversal through the SMGFB the impairment has no impact on the council tax payer.

FINANCE LEASE

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

FINANCIAL LIABILITIES

An obligation to transfer economic benefits controlled by the Authority represented by a contractual obligation to deliver cash (or other financial asset) to another entity or a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

GLOSSARY OF TERMS

GOVERNMENT GRANTS

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

IMPAIRMENT OF ASSETS

Impairment is caused by the consumption of economic benefits e.g. physical damage to an asset, a general fall in prices, bad debt and requires the value of an asset to be adjusted downwards.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are defined as non-financial assets that do not have physical substance but are identifiable and controlled by the entity through custody or legal right. Examples are: scientific or technical knowledge in order to produce new or improved materials, copyright, intellectual property rights and computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (NON-PENSIONS FUND)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However authorities (other than town, parish and community councils and district councils in Northern Ireland) are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

LANDFILL ALLOWANCE TRADING SCHEME (LATS)

The Landfill Allowance Trading Scheme is a 'cap and trade' scheme which allocates tradable landfill allowance to each Waste Disposal Authority in England up to a limit. Landfill Allowances are issued free by DEFRA. As landfill is used a liability should be recognised for the actual landfill usage. The liability is discharged by using allowances to meeting the liability. Local Authorities can trade in any surplus allowances.

LARGE SCALE VOLUNTARY TRANSFER (LSVT)

The voluntary transfer of public sector housing tenancies to other bodies, usually to a Registered Social Landlord.

GLOSSARY OF TERMS

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.

LOCAL AREA AGREEMENT (LAA)

A Local Area Agreement (LAA) is a three year partnership between the Government Office for the area and a Local Strategic Partnership (LSP) representing the local authority, other public, private, voluntary and community interest for the area. The LAA sets out the priorities for a local area, in defined areas of activity.

LOCAL AUTHORITY BUSINESS GROWTH INCENTIVE (LABGI)

A national scheme which provides an incentive for local authorities to promote economic growth by allowing them to retain a proportion of any increase in Business Rates (NNDR) above a certain level.

LOCAL PUBLIC SERVICE AGREEMENT (LPSA)

A statement of the aims, objectives and targets to be achieved by public bodies with funding provided by Central Government.

MARKET VALUE

The estimated amount for which a property should exchange on the date of valuation between knowledgeable willing parties in an arm's-length transaction.

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount which must be charged to an authority's revenue accounts each year for the repayment of borrowing. In 2008/09 it is calculated by applying a prescribed % to the capital financing requirement at the start of the year. In February 2009 the Council agreed an MRP policy statement which amends the basis of this calculation for subsequent years, using the asset life method.

NET BOOK VALUE

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

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON DISTRIBUTED COSTS

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

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets surplus to requirement awaiting disposal or redevelopment and assets in construction.

OPERATING LEASES

A lease where the ownership of the fixed asset remains with the lessor.

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 either a statutory or discretionary responsibility.

PAST SERVICE COST

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

PENSIONS / FRS 17

The requirements of the Accounting Standard "Accounting for Retirement Benefits" is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The important accounting distinction for pension schemes is whether they are "defined contribution" or "defined benefit".

PRIVATE FINANCE INITIATIVE (PFI)

A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.

POST BALANCE SHEET EVENTS

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the Borough Treasurer.

PRIOR PERIOD ADJUSTMENT

A prior period adjustment is the material adjustment applicable to prior year figures arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring correction or adjustments to accounting estimates made in prior years.

PROJECTED UNIT METHOD

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 (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and

GLOSSARY OF TERMS

b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same sources; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- Central Government;
- local authorities and other bodies precepting or levying demands on the Council Tax;
- its subsidiary and associated companies;
- its joint ventures and joint venture partners;
- its members;
- its directors and chief officers; and
- its pension fund.

Examples of related parties of a pension fund include its:

- administering authority and its related parties;
- scheduled bodies and their related parties; and
- trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

GLOSSARY OF TERMS

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision of a guarantee to a third party in relation to a liability or obligation to a related party;
- the provision of services to a related party.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the Authority, but also in relation to its related party.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SECTION 106

Monies received from developers under section 106 of the Town & Country Planning Act 1990, as a contribution towards the cost of providing facilities and infrastructure which may be required as a result of their development.

STOCKS

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

GLOSSARY OF TERMS

TOTAL COST

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

USEFUL LIFE

The period over which the local authority will derive benefits from the use of a fixed asset.

VESTED RIGHTS

In relation to a defined benefit pension scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
- b) for deferred pensioners, their preserved benefits;
- c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.