Bracknell Forest Council

Statement of Accounts 2010/11

CONTENTS

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 (England) Regulations 2011 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 118 to 126.

Bracknell Forest is a Unitary Council and accounts for its expenditure in two distinct categories:

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

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 listed below.

- **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 Movement in Reserves Statement**, which shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- **The Comprehensive Income & Expenditure Statement,** which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- **The Balance Sheet**, which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes

reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

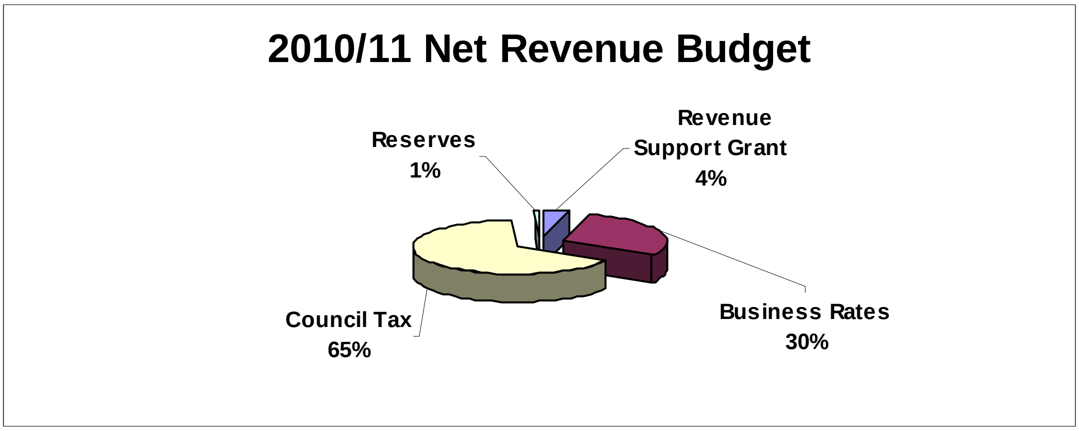
- **The Cash Flow Statement**, which shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net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

- **The Collection Fund**, 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 3 March 2010, set a revenue budget for the 2010/11 financial year of £74.587m. The total authorised General Fund net expenditure for the 2010/11 financial year was £77.263m (including parish precepts of £2.676m). 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 2010/11 net transfers totalling £0.161m have been approved from reserves. These include funding from S106 contributions and transfers to or from a number of earmarked reserves. 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.



The following table compares actual outturn expenditure incurred with the amended budgets for the year for the General Fund. This table reflects the Council's departmental structure during 2010/11, which is the basis for the internal management of performance against budgets. In contrast, the information presented in the Comprehensive Income & Expenditure Statement (page 35) 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)	6,777	8,002	7,709	(293)
Children, Young People and Learning	19,756	34,365	33,978	(387)
Adult Social Care and Health	26,067	26,065	23,897	(2,168)
Environment, Culture & Communities	36,368	39,312	38,324	(988)
Net cost of General Fund services	**88,968**	**107,744**	**103,908**	**(3,836)**
Exceptional items (VAT refunds and income relating to Ufton Court)	0	0	(342)	(342)
Capital Charges & Revenue Expenditure funded from Capital Under Statute	(8,061)	(25,582)	(25,582)	0
IAS 19 Pension Adjustment	(557)	(3,808)	(3,808)	0
Council Wide Services including the Enid Wood House lease surrender	136	(589)	573	1,162
Interest Receipts	(659)	(561)	(494)	67
Interest Payable	0	644	644	0
Icelandic banks impairment adjustments	0	478	478	0
Debt Financing Costs	372	1,529	1,529	0
Levying Bodies	97	97	97	0
S106 contributions to revenue	0	(430)	(430)	0
Contribution to capital reserves	(300)	0	0	0
Contingency Provision	1,000	281	0	(281)
Area Based Grant	(6,359)	(5,671)	(5,683)	(12)
Performance Reward Grant	0	129	129	0
Net Budget Requirement	**74,637**	**74,261**	**71,019**	**(3,242)**
Parish Precepts	2,676	2,676	2,676	0
Contributions to/(from) Earmarked Reserves	(50)	326	1,886	1,560
Amount to be met from Government Grants and Local Taxation	**77,263**	**77,263**	**75,581**	**(1,682)**
Resources To Finance Above				
Council Tax Payers	(50,591)	(50,591)	(50,591)	0
Collection Fund Surplus/Deficit	0	0	0	0
Revenue Support Grant	(3,311)	(3,311)	(3,311)	0
National Non Domestic Rates	(22,804)	(22,804)	(22,804)	0
Contribution to/(from) General Reserves	(557)	(557)	1,125	1,682
Total Resources	**(77,263)**	**(77,263)**	**(75,581)**	**1,682**

Asset valuation (£10.1m) and depreciation (£6.8m) adjustments account for the bulk of the increases in service department budgets since the original budget was approved. Downward revaluations, impairments and depreciation are reversed out of the accounts and therefore there is no net change to the overall budget.

From the table it can be seen that an under spend of £1.682m occurred on the General Fund. The Council has therefore returned £1.125m to General Balances as opposed to a budgeted withdrawal of £0.557m. The most significant variances from budget are explained in the sections below.

Major Variances

The major variances occurred in the following areas:

Corporate Services/Chief Executive's Office

- A saving was achieved on Internal Audit Fees because of changes to the audit plan and some audit work being completed in-house (-£0.076m).
- Under spends within the Payroll Section arising from the renegotiation of the payroll contract and associated licence fees (-£0.022m).
- In-year savings within ICT services particularly on equipment rental and maintenance budgets (-£0.088m).
- A shortfall of income within Print and Design Services, in particular because of a significant fall in internal printing work (£0.148m).
- Under spends on consultancy and contracted services (-£0.033m) and publicity & marketing (-£0.015m) within the Chief Executive's Office. An increase in grant income also contributed to the net under spend (-£0.022m).
- An increase in the amount of S106 income received for legal fees and lower than budgeted court costs (-£0.073m).
- Under spends within Human Resources on the training and counselling services budgets (-£0.068m).
- A reduction in the Council Tax subsidy receivable from central government (£0.059m).

Children, Young People and Learning

- Within Learning & Achievement, the School Improvement Service under spent the budget by £0.092m. Vacant posts were not recruited to until the 2011/12 financial settlement and overall savings requirement were determined. A range of other budgets under spent in total by £0.034m.
- Changes have occurred to the costs and number of children being looked after compared to those anticipated when the budget was set. Overall, this budget area over spent by £0.118m due to an allocation of £0.400m from the corporate contingency.
- The over spend on looked after children was offset by savings elsewhere in Children's Social Care, in particular on the devolved staffing budget (-£0.055m) and on supported lodgings and care leavers maintenance grants (-£0.060m).
- Within the Performance and Resources Section, the mainstreaming of Extended Services grants into school funding from April 2011 presented a one-off saving of £0.083m. Other significant under spends included a £0.030m saving on the devolved staffing budget, £0.053m of additional income from the Youth Service and a reduction in the provision for bad debts (£0.033m).
- Funding has been transferred to an Education Initiatives Reserves for use in 2011/12. This will be used to consider options on spend to save initiatives and other reviews. (£0.150m).
- Due to the requirement to renegotiate the core contract with Connexions, there was insufficient time to complete the anticipated project work around children not in education, employment or training (-£0.050m). The under spend will be carried forward to allow completion of the projects in 2011/12.

Adult Social Care and Health

- Expenditure on the transforming social care programme was £0.090m lower than the grant income received.
- An under spend of £1.5m arose on People with Learning Disabilities within a number of areas, many of which required lead in times to achieve 2011/12 savings. Savings of £0.2m arose due to vacancies and lower than expected running costs of in house units and teams. A programme of deregistration of homes with increased support in the community reduced costs by a further £0.5m. Continuing Health Care funding being agreed by the PCT reduced costs by £0.5m. The remaining variance came from changes in funding arrangements and changed or ceased levels of support to people as well as smaller variances across a number of areas.
- Due to reductions in the levels of debt and a review of the percentages used to calculate the associated bad debt provision, the provision has been reduced by £0.4m for people in residential or nursing who have not yet paid their assessed contribution. This is a one off accounting adjustment.
- Under spends within Performance and Resources primarily due to savings on IT licence and maintenance costs and lower property maintenance expenditure (-£0.145m).

Environment Culture and Communities

- Reduced costs from the new car park management contract and additional income from car park charges (-£0.056m).
- Shortfalls in income at Easthampstead Park Conference Centre and Downshire Golf Complex (£0.296m).
- Within Waste Management, a reduction in the amount of residual waste collected coupled with reduced management and promotion costs (-£0.416m).
- Due to reductions in the levels of debt and a review of the percentages used to calculate the associated bad debt provision, one-off savings have been generated in a number of budget areas (-£0.081m).
- A reduction in the fees paid to local bus operators for concessionary fares as a consequence of reduced travel (-£0.083m).
- An increase in the number of cremations and income from ancillary sales (-£0.134m).
- Additional income from new Forestcare clients (-£0.051m).
- The final costs in respect of joint arrangements with other Berkshire authorities were lower than budgeted (£-0.093m).
- An under spend on housing benefits due to a smaller increase in the bad debt provision than originally forecast (-£0.115m).
- Requested carry forwards for roof repairs at the Crematorium, completion of work on the Local Development Framework and for works associated with Planning & Habitats grant received in March (-£0.131m).

Non-Departmental / Council Wide Budgets

- VAT refunds from outstanding claims relating to adult courses and library hire charges being reclassified from standard rated to exempt for VAT purposes (-£0.225m). A revenue reserve relating to Ufton Court and held by West Berkshire on behalf of the six Berkshire local authorities is now no longer required. This has been distributed, resulting in additional revenue funds for the Council of £0.117m. Both sources of income have been treated as exceptional items in the accounts.
- The surrender of the lease for Enid Wood House incurred costs of £1.211m in 2010/11. This has allowed the Council to avoid costs of approximately £6.9m over the next 27 years.

- Performance Reward Grant has been transferred out of an earmarked reserve so that it can be added to the General Fund balance (-£0.450m).
- Replenishment of the Structural Changes Reserve to meet any costs associated with the delivery of the future budget reductions (£1.500m).
- Creation of a new reserve to meet the revenue costs associated with the upgrade of the Council's main financial system (£0.100m).
- Transfer of a number of departmental under spends to the Budget Carry Forwards Reserve (£0.410m).

Icelandic Banks

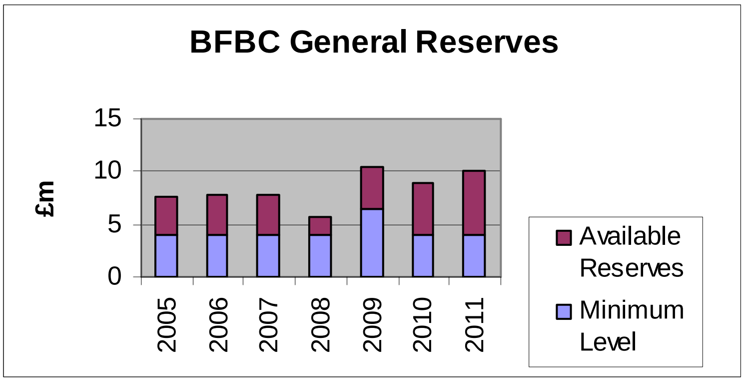
The Council has deposits of £2m with Heritable and £3m with Glitnir which are both Icelandic banks that have been put into receivership/administration. The position regarding these deposits remains uncertain, particularly as a result of actions taken by certain creditors in the Icelandic courts regarding deposits held in Glitnir Bank. The accounts have been closed on the basis of the latest professional guidance which assumes that the preferential creditor status for the Glitnir deposit will be confirmed by the Icelandic Supreme Court. Should this not be the case the return for Glitnir would be approximately 30% rather than the assumed 100%. The Council set up an earmarked reserve in 2009/10 to guard against this possibility. For Heritable, the latest guidance assumes that approximately 85% of the deposit plus accrued interest up to the 6 October 2008 will be repaid. A total repayment of £0.311m was received (15.1%) in 2010/11 bringing the total to date to 50.08% of the claim.

Further information can be found within Note 42 to the accounts.

General Fund Balances

The actual outturn for 2010/11 was an under spend of £1.682m. The Council has therefore returned £1.125m to General Balances as opposed to a budgeted withdrawal of £0.557m. The General Fund balance at 31st March 2011 is therefore £9.970m. 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 following chart shows the movement in the level of General Fund including the minimum recommended prudent balance.



Pension Reserve

The Statement of Accounts has been prepared in accordance with International Accounting Standard 19 – Employee Benefits (IAS 19). Although IAS 19 has not directly affected the net outturn position, the Council's Balance Sheet includes a pension liability and a pension reserve of £73.8m as at 31 March 2011. 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.

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 pension 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 results of the previous valuation undertaken as at 31 March 2007 indicated that the assets of the Fund represented 99.9% of the accrued liabilities of the Fund. The current employer contribution rate of 15.5% of payroll was based on the assumption that the past service funding level would be restored over a period of 20 years.

In the UK budget statement on 22 June 2010, the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). In addition, the State Pension Age will be increased to age 66 for both men and women from 2020 which is likely to influence future retirement patterns. A new independent pensions commission, led by Lord Hutton was also created to investigate pension reform across the public sector. At this stage it is difficult to assess what the exact impact will be, although changes to employee contributions and a move towards pensions based on career average rather than final salaries have been suggested.

The Chancellor's announcement has had the effect of reducing the Council's liabilities in the Royal County of Berkshire Pension Fund by £29.3m in 2010/11 and this has been recognised as a past service gain since the change is considered to be a change in benefit entitlement. The gain appears as a credit within Non Distributed Costs in the Comprehensive Income and Expenditure Account. This adjustment accounts for nearly 93% of the reduction in the Cost of Services within the Comprehensive Income and Expenditure Account between 2009/10 and 2010/11. However there is no overall impact on the General Fund as statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. The adjustments are made within the Movement in Reserves Statement.

A valuation took place on 31 March 2010 and changes based on the valuation will be implemented in 2011/12. The overall funding level has reduced since the 2007 valuation to 81%. This is mainly due to investment returns achieved by the Fund being significantly less than assumed, however this was partly offset by the CPI changes referred to above and some other assumption changes.

In order to restore the funding position to 100% over the next 30 years, the employer contribution rate will be set at 15.8% of pensionable pay in 2011/12, 16.0% in 2012/13 and 16.3% in 2013/14. The future service funding rate has been set at 13% of pensionable pay whereas the variable past service deficit element will be paid as a lump sum in each financial year. The position will then be reassessed as part of the next triennial revaluation.

Employee contribution rates currently remain unchanged and range from 5.5% to 7.5% dependant upon actual salary.

Capital Expenditure

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

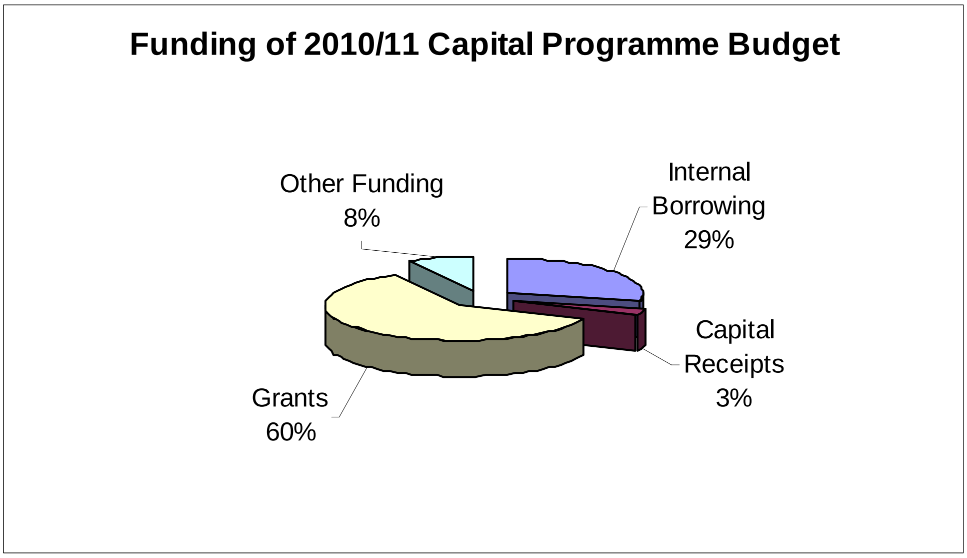
- Accumulated Capital Receipts
- Government Grants
- Section 106 Receipts and other contributions

Following the Large Scale Voluntary Transfer (LSVT) of the Council's housing stock in 2007/08; the Council can no longer benefit from significant housing capital receipts. However as part of the transfer agreement with Bracknell Forest Homes the Council will still share in a proportion of future sales of properties by Bracknell Forest Homes through the preserved-Right-to-Buy (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 £2m in 2010/11, 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.

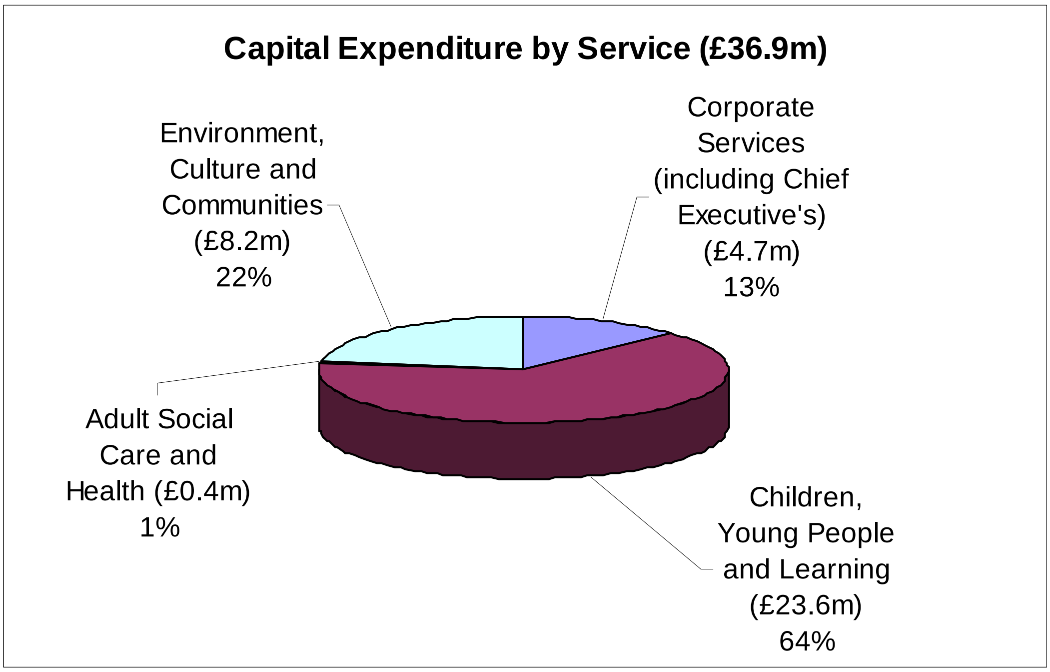
As such it was agreed that a proportion of the General Fund capital programme would need to be funded from borrowing although it was unlikely that the Council would need to resort to external borrowing as it had sufficient revenue investments arising from the Council's reserves and balances to cover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

The Council approved a capital programme of £37.1m for 2010/11, plus a further £29.0m carried forward from 2009/10, to be funded as shown in the following chart.



The Council actually spent £36.9m on capital projects in 2010/11 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.



During the year, £3.273m of capital receipts were used to fund capital expenditure. The most significant receipts were from the sale of land (£0.540m), the sale of 1 Bay Road (£0.547m), the VAT Shelter scheme (£1.226m) and the RTB-sharing scheme with Bracknell Forest Homes (£0.889m).

The Council's Capital Financing Requirement (CFR) increased during the year by £8.2m to £32.5m as at 31 March 2011. This is a measure of the capital expenditure incurred historically by the Council that has yet to be financed and represents the underlying need to borrow. However, overall the Council was debt free at 31 March 2011 and did not need to borrow externally to finance capital expenditure. A charge is made each year to revenue known as the Minimum Revenue Provision which writes down the balance of the CFR over time. The charge is based on the asset life for unsupported borrowing, 4% of the outstanding balance at the end of the previous financial year for supported borrowing and is equal to the principal element of the annual repayments for finance leases and the Waste PFI arrangement. Further details can be found in Note 19 and Note 25.

The fair value of the Council's Property, Plant and Equipment, Investment Property and Intangible Assets is £505.8m as at 31 March 2011.

CAPITAL PROGRAMME EXPENDITURE		
	£000's	£000's
Corporate Services (including Council Wide Schemes)		
ICT Schemes	1,248	
Maintenance & Refurbishment of Buildings	1,433	
Building Access Improvements	155	
Purchase of Market Square Properties	1,700	
Other	187	4,723
Children, Young People and Learning		
Garth Hill School Rebuild	12,793	
Primary School Projects	2,820	
14-19 Diplomas Projects	2,489	
Delegated Schools Capital	1,526	
Edgbarrow School Projects	1,017	
Children's Centres	791	
Maintenance of Buildings	559	
Kennel Lane School Refurbishment	378	
Youth Service Schemes	314	
Other Secondary School Schemes	313	
ICT Schemes	255	
Children's Play Schemes	224	
Other Schemes	177	23,656
Adult Social Care and Health		
ICT Schemes	221	
Other Schemes	146	367
Environment, Culture and Communities		
Highways Related Schemes	2,114	
Housing	1,813	
Walking & Cycling Schemes	296	
Minor Works & Property Maintenance	446	
Outdoor Recreation	102	
Cemetery and Crematorium Schemes	190	
South Hill Park Grounds Restoration	916	
Traffic Management	41	
Travel to School	71	
Bus, Rail & Taxi Travel	69	
Local Safety Schemes	79	
Parking	591	
Waste Performance and Efficiency Schemes	120	
Disabled Facilities	603	
Street Lighting	91	
Other schemes	617	8,159
Total Capital Expenditure 2010/11		**36,905**
FINANCING:		
Capital Receipts		3,273
Grants/Contributions		23,864
Increase in Capital Financing Requirement		9,768
Total Financing		**36,905**

Revised Accounting Policies

Councils are required to prepare their 2010/11 accounts based on International Financial Reporting Standards (IFRS), as interpreted for local authorities in the Code of Practice on Local Authority Accounting 2010/11 (the Code). Previously the accounts were based on UK Generally Accepted Accounting Practice (GAAP) as interpreted in the Statement of Recommended Practice (the SORP). The main reason for adopting IFRS is to bring benefits in consistency and comparability between financial reports in the global economy and to follow private sector best practice. The transition from accounts based on the SORP to those based on the Code has required significant changes to the Council's Accounting Policies which were approved by the Governance and Audit Committee in March. The revised accounting policies are included in Note 1 to the accounts. The main changes are summarised below.

- Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Previously only fundamental errors (one that is of such significance as to destroy the validity of the financial statements) required adjustment. This will make it much more likely that prior period adjustments will be required. Where an adjustment is required, three balance sheets will now need to be included in the accounts. For example, for 2010/11 balance sheets have been included for 2008/09, 2009/10 and 2010/11.

- Investment property is now specifically defined to refer to land and buildings held solely to earn rentals and/or for capital appreciation. Investment properties will also, in future, be shown as a separate category of asset on the Balance Sheet. Any annual changes to the value of investment properties will also need to be recognised through the Comprehensive Income and Expenditure Statement rather than initially through the Revaluation Reserve.

- A non-current asset held for sale is an asset where there is an expectation that the amount included in the Balance Sheet will be recovered through a sale transaction within the next 12 months rather than through the continuing use of the asset. Strict criteria apply before an asset can be classified as held for sale and Investment Property are excluded. Under the Code non-current assets held for sale are shown separately on the Balance Sheet within current assets.

- Leases will still need to be classified as either finance leases or operating leases. Previously the lease of land and buildings were considered together for the purposes of the accounts. Under the Code, the land and building elements will need to be considered separately for classification. Unless title is expected to pass to the lessee at the end of the lease term, the Council will be treating the lease of land as an operating lease.

- Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for as a lease where fulfilment of the arrangement is dependent on the use of specific assets. For example, the refuse collection contract is dependant on the use of specific refuse vehicles and due to the nature of the contract a finance lease is deemed to exist.

- Under the Code, cash equivalents are defined as short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The revised accounting policies define short term as those maturing within 3 months from the date of acquisition. All the Council's investments in Money Market Funds will in future be classified as cash equivalents rather than short term investments in the Balance Sheet.

- The Council will need to accrue for annual leave and flexi-time which has been earned by staff at the reporting date but not yet taken.

- In future grants and contributions relating to capital and revenue expenditure will be recognised immediately in the Comprehensive Income and Expenditure Account, except to the extent that the grant or contribution has a condition(s) attached to it that the Council has not satisfied. Previously capital grants and contributions were amortised to the Income and Expenditure Account over the life of the asset that they financed and revenue grants and contributions were matched to the pattern of the associated expenditure.

- The Code places a much greater emphasis on componentisation. Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life. The requirement for componentisation for depreciation purposes is only applicable to enhancement, purchases, or revaluations after 1 April 2010.

The date for transition to the Code is 1 April 2009. An opening balance sheet has been prepared at this date and the 2009/10 accounts have been restated on an IFRS basis. The majority of transactions have been retrospectively adjusted as required on first time adoption of the Code. An explanation of how the transition to IFRS has affected the Balance Sheet and Comprehensive Income and Expenditure Statement is detailed in Note 47.

Provisions and Write-offs

The Council has acquired a number of properties in Market Square to support the regeneration of the town centre. A compulsory purchase order process was used to acquire the properties and as at 31 March 2011 the cost of the purchases was still subject to negotiation. A provision of £1.7m has been included in the accounts for the potential cost of the purchases.

The provision set up for the onerous lease obligation relating to Enid Wood House was used in full (£1.0m) to help meet the costs associated with the surrender of the lease in 2010/11.

Write-offs totalling £0.8m were made in 2010/11, the majority of which related to rent arrears for former housing tenants and old housing benefit overpayments. These items had already been fully provided for in the provision for bad debts.

Impact of the current economic climate on the Council's future performance

The state of the economy has continued to impact on the Council with income declining across a range of Council services. Short term interest rates are expected to remain at their current low levels until at least the 3rd quarter of 2011 which combined with a reduction in cash balances will significantly reduce interest earned on investments. At the same time demand for services for vulnerable residents, such as older people, looked after children and people with learning disabilities is increasing.

Funding settlements for local government are expected to be tight for the foreseeable future with the comprehensive spending review referring to reductions of more than 28% over the next four years. As a result the 2011/12 local government finance settlement proved to be unprecedented both in terms of its complexity and in the scale of funding changes and reductions. Savings of over £5m will be delivered in the next financial year and £1.6m of balances will be used to fund the remaining budget gap. The settlement set out provisional funding allocations for 2012/13 which indicates further grant reductions across the sector with a reduction in general formula grant of £3m for Bracknell Forest. The Government also intends to consult during 2011 on a widespread reform of the Local Government finance system to be put in place ready for 2013/14.

Some of the risks and challenges facing the Council in the medium term include:

- the need to maintain services whilst achieving significant savings over the next four years;
- increasing pressures on demand led services such as adult and child client placements and looked after children and the changing service provision of social care encouraging people to seek support;
- the economy continuing to affect various income streams to the Council and return on investments;
- legislative changes, for example the continuing impact of the personalisation agenda and the reorganisation of the NHS and its impact on Council funding and services;
- the impact of changes in external service provision on Council services and costs;
- and the potential impact of service reductions in one area on the demand for other services provided by the Council.

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:

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Arthur.Parker@Bracknell-Forest.gov.uk

Certification

I confirm that these accounts were approved by the Governance and Audit Committee of the Council at its meeting on 29 September 2011. The 28 June 2011 is 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:

Cllr Alan Ward
Chairman of Governance and Audit Committee

Date:

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. [A copy of this code is on our website at http://www.bracknell-forest.gov.uk/local-code-of-governance.pdf.] 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 2011 and up to the date of approval of the Annual Report and statement of accounts.

3 The Governance Framework

The CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* published in 2007 identified 6 principles of good governance. These are set out below and followed by details of how the Council meets the principle.

3.1 Principle 1

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

Strategic Direction

3.1.1 The Council's identified strategic direction 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.

3.1.2 The Council's overarching key priorities and Medium Term objectives are identified after each election and reviewed yearly by the Executive and approved by full Council to ensure they remain focused and relevant.

3.1.3 In 2010/11, the Council's six overarching key priorities which enable it to address both national and local priorities over the period 2009-2011 were confirmed (for a six month period pending review by the new Council following May 2011 elections):

- 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
- Sustain economic prosperity

3.1.4 These key priorities are underpinned by 13 medium term objectives and supported by 82 actions to be delivered over the period.

3.1.5 The Council's Vision, priorities and medium term objectives were developed after extensive consultation with the community, residents, employees, strategic partners and local businesses. They are consistent with their needs and aspirations. They also reflect the Council's aim of maintaining effective service delivery as well as ensuring the achievement of statutory requirements and national targets.

3.1.6 The Vision, priorities and medium term objectives are communicated through the Council's public website and intranet and Chief Executive briefings to staff. In addition, the medium term objectives feed into the staff appraisal process.

Performance Management

3.1.7 The Council has a robust and transparent performance management process in place.

3.1.8 The quarterly Performance Monitoring Reports are reviewed by the Executive Members, Chief Executive and the Corporate Management Team. The quarterly Corporate Performance Overview Report is considered by the Executive. The quarterly reports for Corporate Services and the Chief Executive's Office together with the quarterly Corporate Performance Overview Report are then 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. All these reports are available on the Council's website and intranet.

3.1.9 The Overview and Scrutiny Panels are:

- the Environment, Culture and Communities Panel
- the Adult Social Care Panel
- the Children's Young People and Learning Panel
- Health Overview and Scrutiny Panel

3.1.10 The Commission and the Panels focus on specific service areas. They consider the quarterly performance management reports for their relevant directorates and any external inspection reports. The work programme of both the Overview and Scrutiny Commission and Panels is agreed by the Commission at the start of each municipal year but is flexible allowing for further reviews as the need arises. The Overview and Scrutiny Commission has the role of the Council's Crime and Disorder Overview and Scrutiny Committee.

3.1.11 In January 2011 the Governance and Audit Committee approved amendments to update the Council's Local Code of Governance which was originally adopted in January 2009. Its implementation demonstrates good outcomes for the community and service users, through good risk management, performance, financial and internal control processes.

3.1.12 The Annual Report reviews performance against targets set against each medium term objective as well as reporting how well the organisation has performed against National Indicators for Local Authorities. It also 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.

3.1.13 Through the Council's performance reporting process the Council measures the quality of services for users, ensuring they are delivered in accordance with our objectives and represent the best use of resources.

3.1.14 Performance reports setting out progress against the joint targets agreed by the Partnership is reviewed by the Bracknell Forest Partnership Board on a quarterly basis. During 2010/11 these reports were also reviewed by the Council's Partnership Overview and Scrutiny Group.

3.1.15 The Governance and Audit Committee are made aware of the outcome of internal audit reports through detailed progress reports submitted twice a year by the Head of Internal Audit and Risk Management. In addition, the Head of Audit and Risk Management informs the Governance and Audit Committee of any audits where a limited or no assurance conclusion has been determined since the date of the previous meeting.

3.2 Principle 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 core 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.

3.2.2 The roles and responsibilities of the Executive, the full Council and its committees and sub-committees along with Overview and Scrutiny arrangements, the role and functions of Champions and officer functions (set out in the Scheme of Delegation) are defined and can be found in the Council's Constitution. The Council's Constitution is regularly reviewed and updated with substantive changes highlighted to all staff and members. The Constitution is available on the public website.

3.2.3 The Member/officer protocol establishes a clear framework for Member/officer relations and the Leader/Chief Executive Protocol supports the already effective working relationship between the Leader and the Chief Executive.

3.2.4 The Monitoring Officer advises the Governance and Audit Committee on the development of proposals to update the Council's Constitution, its Executive Arrangements and Procedure Rules to ensure that they are fit for purpose and the Committee subsequently makes recommendations on those matters to full Council.

3.2.5 Arrangements between officers and members are regularly reviewed to ensure they are clear and effective. During 2010/11 full Council agreed, on the recommendation of the Governance and Audit Committee that the provisions in the Council's Constitution relating to powers exercisable by officers in relation to property management were reviewed and amended.

3.3 Principle 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. In serving residents the Council is committed to being:

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

3.3.2 Members, officers and partners are expected to maintain high standards of behaviour. These are set out in:

- The Council's Constitution which includes the Code of Conduct for Members, Code of Conduct for Employees, Member and Officer Protocols, Contract Standing Orders and Financial Regulations.
- Fraud and Corruption Policy
- Employee Handbook
- Regular performance appraisals of our partners
- Service standards that define the behavior of officers

These are communicated to all staff and available on the Intranet and website.

3.3.3 A new Code of Conduct for Employees was issued during 2010/11 in order to (among other things) clarify further the position in relation to hospitality and to require senior officers to declare outside work commitments and personal interests. Further the Policy and Guidance in relation to hospitality was amended accordingly.

3.3.4 A Planning Protocol provides specific guidance for Members in relation to planning applications and Guidance for Members serving on external bodies was approved by the Standards Committee in 2010. These will be subject to regular review by the Standards Committee.

3.3.5 During 2010/11 it was reported to the Governance and Audit committee that good progress has been made towards implementation of the International Financial Reporting Standards in accordance with the Council's timetable.

3.3.6 During 2010/11 the Council approved a Counter Fraud Strategy and Anti-Money Laundering Policy and raised awareness of these and Counter Fraud arrangements.

Standards Committee

3.3.7 The Council's Standards Committee has responsibility for:

- Promoting and maintaining high standards of conduct by Members and co-opted Members.
- Advising the Council on the adoption and revision of its Codes of Conduct and the adoption of appropriate protocols governing the ethical standards of the Members and officers of the Council.
- Monitoring the operation of the Council's Codes of Conduct including advice to Members and co-opted Members on matters relating to their Codes of Conduct.
- Considering and determining any allegation that a Member has been in breach of the Code of Conduct for Members or failed to observe a locally adopted protocol.

3.3.8 In 2010/11 the Standards Committee considered two complaints made in the preceding year which went to a hearing. In each case the Member was found to have been in breach of the Members Code of Conduct by not treating the complainants with respect. However, the allegations of bullying and bringing the Council into disrepute were rejected. The Standards Committee received one complaint which was referred for investigation. The investigating officer's recommendation of no breach was accepted.

3.3.9 The workings of the Committee are reported in its Annual Report to full Council.

Whistle Blowing Policy and Complaints Procedure

3.3.10 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 or dealt with under the Disciplinary 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, where required by legislation there are complaints procedures for specific service areas in Social Care and Education.

3.3.11 During 2010/11 the Council took steps to raise the profile of the Whistleblowing Policy; this included the subject being incorporated into the corporate message which is cascaded to all staff.

3.3.12 For employees within the Council the Grievance Procedure is available for a grievance relating to their own employment.

Information Management and Governance

3.3.13 Information Management Group consists of officers and ensures that the Council has in place a co-ordinated and coherent framework for management of information which includes appropriate accountability arrangements for information governance. During 2010/11 the Council identified the Director of Corporate Services as the Information Governance Lead and the Borough Solicitor as Senior Information Risk Officer.

3.3.14 The Group's terms of reference were amended to provide for the Information Governance Lead to be Chair and expanded to include consideration of the Annual Information Governance Assessment. .

3.3.15 The Council has also worked on creating a central repository for staff and members to access policies and guidance relevant to information management. The "Information Management Hub" went live in April 2010.

3.3.16 During 2010/11 the Council approved and implemented an Information Management Strategy and Information Security Policy. In addition, it has continued to implement its Data Quality Strategy

Assurance on compliance

3.3.17 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.

3.3.18 The Governance and Audit Committee provides oversight of governance arrangements and acts 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.

3.3.19 The Governance and Audit Committee considers the reports from internal and external auditors, monitors the adequacy of procedures and processes in place to manage risk and governance (includes Anti-Fraud and Corruption Policy) and approves the financial statements, internal and external audit plans and the Annual Governance Statement.

3.3.20 During 2010/11 the Governance and Audit Committee received updates on the performance against the 2010/11 Internal Audit Plan together with a summary of assurances provided by individual audit reports and approved the 2011/12 Internal

Audit Plan. It also considered the Annual Audit and Inspection Letter from the External Auditors.

3.3.21 The Audit of Housing and Council Tax Benefit Subsidy 2009/10 identified issues requiring a management response. The Governance and Audit Committee were appraised of the findings and proposed an action plan in response to this and the internal audit of the housing benefit service. It will continue to monitor the progress of the actions arising. This illustrates the Council's continual commitment to upholding high standards of conduct and governance.

3.3.22 Major external inspections which assess performance in specific services are considered by the relevant Overview and Scrutiny Panels and by external organisations.

3.4 Principle 4

"The Council will take informed and transparent decisions which are subject to effective scrutiny and risk management"

Member decisions

3.4.1 The Leader and the Executive (including committees of the Executive and individual Executive Members) are responsible for all Executive decision-making within the policy and budgetary framework established by full Council. The Leader allocates portfolios to each of the Executive Members. Portfolio holders have executive powers to make decisions on matters within their portfolio.

3.4.2 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
- Employment Committee
- Governance and Audit Committee
- Licensing and Safety Committee
- Licensing Panels
- Planning and Highways Committee

3.4.3 The procedures for decision making set out in the Council's Constitution ensure that decisions made by collective groups exercising powers of the Council are made at meetings open to the public unless under statutory provisions it is appropriate for the public to be excluded (see paragraph 3.4.16 – 3.4.18 for further details about decision making in Partnerships). There is a requirement to declare interests at these meetings and these declarations are clearly recorded in the minutes. Members are also required to complete an annual declaration of Related Party Transactions.

3.4.4 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.

3.4.5 The Council has appointed committees comprised of non-Executive Members to review or scrutinise both Executive and non-Executive decisions. Such committees encourage effective challenge to the decision making process. The Committee with overarching responsibility for those matters is the Overview and Scrutiny Commission (see paragraph 3.1.8 – 3.1.10 for further details).

3.4.6 In addition, during 2010/11 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.

Risk Management

3.4.7 Decisions made by the Council are subject to risk assessments which are made in accordance with the organisation's risk management processes.

3.4.8 The Risk Management Strategy was updated during 2010/11 and was subsequently approved by the Governance and Audit Committee in September 2010. The Risk Management Toolkit provides Members and officers with guidance on identifying, evaluating and mitigating risk in accordance with the Council's Risk Management Strategy. This was revised during 2010/11.

3.4.9 The Strategic Risk Management Group chaired by the Borough Treasurer meets quarterly and oversees all aspects of risk management at the Council including health and safety and business continuity.

3.4.10 The Strategic Risk Register has been updated via the Strategic Risk Management Group and is approved by the Corporate Management Team on a quarterly basis and by the Executive on a six monthly basis to ensure that it is a complete and up to date record of the Council's current risks. A fundamental refresh of risks in the Strategic Risk Register was undertaken during the first half of the year and changes were made to the risk scoring methodology and to improve the format of the Register. Actions to address strategic risks are monitored quarterly and progress on actions is summarised in the Corporate Performance Overview Report.

3.4.11 Improvements have been made to risk management arrangements at operational level through the development of directorate risk registers which replace the risk factors for planned outcomes in Service Plans. Directorate risks and mitigating actions are reviewed quarterly.

3.4.12 Members are engaged in the risk management process through the Executive's review of the Strategic Risk Register, Member review of the Corporate Performance Overview Report and regular reports to the Governance and Audit Committee on progress in developing risk management.

Officer Decisions

3.4.13 The Council has an up-to-date Scheme of Delegation. In addition to this there is a written scheme of internal delegation within each department which is reviewed each year.

3.4.14 Appropriate officers are required to declare hospitality received and personal interests in accordance with the Employee Code of Conduct.

Partnerships

3.4.15 The Council's Partnership Governance Framework and Toolkit ensures that sound governance arrangements are in place for its key partnerships. It also provides guidance on accountability, decision making and risk management. A strategic risk register and associated action plans were developed for the Local Strategic Partnership and during 2010/11 the Council implemented its action plans to mitigate the key risks.

3.4.16 The Bracknell Forest Partnership Group quarterly meetings are open to the public and the minutes and agendas of the monthly Partnership Board are publicly available. A number of the Theme Partnerships meetings within Bracknell Forest Partnership include personal or other sensitive information, and as a consequence it is not appropriate to make the full agendas and minutes publicly available. However, for those Theme Partnerships where it is appropriate, the Council proposes to pilot making more information available via the Council and BFP websites.

3.4.17 During 2010/11 the Partnership Overview & Scrutiny Group which consists of representatives from the Council, Bracknell Forest Voluntary Action, NHS Berkshire East, Royal Berkshire Fire and Rescue Service and Thames Valley Police Authority scrutinised Partnership arrangements.

Transparency

3.4.18 All Council decisions are taken in an open manner, unless there are sound reasons for doing so as permitted by legislation. The Council has a clear process in place for responding to Freedom of Information Act requests and also publishes information on the website.

3.4.19 Further to the Secretary of State for Communities and Local Government's Transparency Agenda, during 2010/11 the Council published senior salaries, spend over £500 and contracts and tenders.

Equalities

3.4.20 During 2010/11 the Council successfully met the Achieving Level of the Equality Framework which helps local authorities improve their performance on equality and diversity. IDeA peer reviewers praised the council's excellent work in meeting the needs of specific communities, including people with disabilities and the Nepali community, its efforts to build community cohesion and its strong culture of partnership working and engagement with the community and voluntary sector.

3.4.21 The Council also delivered an equality and diversity training programme to its managers and elected members; as well as making improvements to equality monitoring.

3.5 Principle 5

"Developing the capacity and capability of members and officers to be effective"

3.5.1 The Council has a comprehensive induction and training process in place for both Members and officers joining the Council. During 2010/11 all new officers received personalised inductions. In addition, both Members and officers attend external training courses where training needs cannot be met internally.

Members

3.5.2 Personal Development Plans are offered to Members. Members are encouraged to take advantage of this and during 2010/11 the Council reached its target of 70% of Members having undertaken development needs analysis sessions which have informed both individual plans and the member training programme for all Councillors.

3.5.3 The Council has a Members Development Programme which takes the form of internal training workshops and Member briefing seminars on specific topics. It has been awarded the Charter Plus Standard for Member Development. The charter provides a robust framework which ensures members are supported during their time on the council. Member development is now an embedded part of the council's culture.

Officers

3.5.4 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.

3.5.5 Compliance with Continuing Professional Development requirements is monitored by individual officers; the Council provides sufficient resources to fund this. 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.

3.5.6 During 2008/09, the Council put in place a Management Assessment and Development Programme and Diversity training for its senior and middle level managers. This is an ongoing programme that will continue throughout 2011/12. During 2010/11 the Borough Solicitor provided training on ethics and this will continue during 2011/12.

3.5.7 During 2010/11 the Borough Solicitor discussed and clarified arrangements with Departments concerning the identification of and advising upon new legislation.

3.5.8 The Corporate Services department has Investors in People status.

3.5.9 During 2010/11 the Council's arrangements were reviewed against the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

3.6 Principle 6

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

3.6.1 The Council works closely with its local partners. It is a key member of the Bracknell Forest Partnership which 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 is underpinned by a Governance Protocol and Memorandum of Agreement between the organisations and has a single purpose; to improve quality of life for local people.

3.6.2 During the period April 2008 to March 2011, Bracknell Forest Partnership ensured accountability to the public through the development and delivery of its Sustainable Community Strategy and Local Area Agreement. The Strategy set out an overview of the Partnership's agreed priorities and the Agreement, signed with the Government, set out 54 detailed commitments from local providers covering health and well-being, the environment, housing, crime, transport, volunteering and the economy. Progress against the targets in the Local Area Agreement has been reported publically.

3.6.3 During 2010/11 the Council undertook a number of planning consultations which sought the views of local people and stakeholders; this included the Site Allocations Development Plan (to identify the Council's preferred approach to dealing with the Borough's development needs up to 2026), Supplementary Planning Documents, the proposed Conservation Area in Binfield and the future of transport in Bracknell 2011-2026. The Bracknell Forest Partnership priorities event was held in November 2010. It involved representatives from key agencies and businesses in the borough, and identified priority issues to be addressed through the work of the Local Strategic Partnership. A wide range of other service based consultations were also conducted during 2010/11 to gain residents input to shaping services.

3.6.4 During 2009/10 the Council approved a proportionate strategy for Community Cohesion for the next three years, 'All of Us', implementation of which continued 2010/11. It details what the Council, its partners and local people need to do, to ensure that community cohesion is strengthened and promoted and to ensure quality for all in Bracknell Forest. This Community Cohesion Strategy provides a framework with which to promote positive relationships and to ensure that we do not disrespect, neglect, or disadvantage any member of our community.

3.6.5 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 and providing information to them, this includes;

- The public website
- Town and Country Newsletter delivered to all households in the Borough
- consultation exercises based on focus groups, user groups or publicised on the website
- Regular surveys of the Bracknell 1500; a citizens panel of 1500 local residents (refreshed during 2009/10 to ensure it reflected local demographic)
- Town and Parish Councillors liaison group which meets four times a year.
- Community television.
- Facebook, Flickr, Twitter, YouTube, Mobile Service and Digital Television.

3.6.6 During 2010/11 the Council, on the recommendation of the Governance and Audit Committee, adopted a Petition Scheme (including an online petition facility) as required by the Local Democracy, Economic Development and Construction Act 2009. It also updated the Council's Scheme for Public Participation at Meetings of the Council which allows members of the public to make a submission by way of a petition.

4 Review of Effectiveness of internal control

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 2010/11, the review of effectiveness of internal control was informed by the following key elements:

Internal Audit

4.1 Internal audit provides an independent and objective opinion to the organisation on the control environment by objectively examining, evaluating and reporting on its adequacy. The Head of Audit and Risk Management also provides an annual opinion to the Governance and Audit Committee to support the Annual Governance Statement.

4.2 The Head of Audit and Risk Management develops the annual Internal Audit Plan which is then delivered by an external contractor.

4.3 Under the 2010/11 Internal Audit Plan, 77 audits were completed. Internal Audit concluded that they could give limited assurance in only four cases. Where limited assurances have been concluded, the Head of Audit and Risk Management reports the detailed findings to the Governance and Audit Committee and follow-up audits are carried out within the following year to ensure that agreed actions have been implemented. In addition, the Corporate Management Team receive six monthly progress reports.

4.4 Based on the work of Internal Audit during the year the Head of Audit and Risk Management has given the following opinion:

- from the internal audit work carried out during the year, which resulted in a significant or satisfactory opinion in 70 out of 74 cases where an opinion was given, the Head of Audit and Risk Management is able to provide reasonable assurance that for most areas the Authority has sound systems of internal control in place in accordance with proper practices but some areas with significant weaknesses were identified;
- 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.

Standards Committee

4.5 During 2010/11 the Standards Committee met three times, for further details of its workings see para 3.3.7-3.3.9. Their Annual Report was considered by full Council.

The Governance and Audit Committee

4.6 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the internal auditors and the Council's risk management arrangements. During 2010/11, the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work. The Internal Audit Plan for 2011/12 was approved by the Committee.

The Governance Working Group

4.7 The Corporate Management Team has established a Governance Working Group, chaired by the Borough Solicitor. During 2010/11 the Group met regularly to review progress on actions to address the significant issues included in the Annual Governance Statement for 2009/10 as well as other weaknesses identified by the 2009/10 governance review.

The Constitution

4.8 The Constitution is maintained via continual review throughout the year. The Monitoring Officer advises the Governance and Audit Committee which reports to the full Council.

Annual Assurance Statements

4.9 Assurance Statements assess the adequacy of governance arrangements. Each Director provides assurances about their department along with the Assistant Chief Executive in relation to the Chief Executives department. The Chief Finance Officer provides assurances in relation to financial services, the Borough Treasurer in relation to risk management and the Borough Solicitor in relation to Legal and Regulation.

External Audit

4.10 External Audit comments on corporate governance and performance management in their Annual Audit Letter and other reports.The Annual Audit and Inspection Letter for 2009/10 was presented to Governance and Audit Committee in January 2011. It did not identify any significant weaknesses in the internal control arrangements and concluded that there was an adequate control environment in place.

We have been advised on the implications of the result of the assessment of the effectiveness of the governance framework by the Governance Working Group and a plan has been put in place to address any governance issues arising from the assessment.

5 Significant Governance Issues for consideration in 2011/12

5.1 Procurement

The Council recognises the importance of procurement in achieving reductions in public spending and the efficient delivery of services. Significant improvements have been made in the last three years to internal arrangements, with progress closely monitored by CMT and members.

In a period of great pressure upon Council resources procurement arrangements should continue to be reviewed in order to provide the optimum structure for effective procurement to secure value for money. This should be done in light of the IESE (Improvement and Efficiency South East) Report

5.2 Council Constitution and Local Code of Governance

During 2011/12 it will be necessary to review the Council's governance arrangements in light of the Localism Bill, once enacted.

5.3 Ethics Training for Officers

During 2010/11 the Council provided a session of ethics training for Officers. Training on this topic should continue during 2011/12.

5.4 Business Continuity Plans

The Council's business continuity processes are due for review to ensure they are still appropriate for ensuring continuity of operations for the Council's current structure and objectives and that they adequately address the business continuity risks identified in the Strategic Risk Register.

6 Action Plan

An action plan has been developed to address governance issues identified.

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.

7 The Governance and Audit Committee considered and discussed the results of the review of effectiveness of internal control at its meeting on 28 June 2011.

Signed:

Cllr P.D. Bettison	T.R. Wheadon
Leader of the Council	Chief Executive
__ September 2011	__ September 2011

on behalf of Bracknell Forest Council

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: in the United Kingdom (the Code).

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 local authority Code;

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 33 to 126 gives a 'true and fair view' of the financial position of the Council as at 31 March 2011 and of its income and expenditure for the year ended 31 March 2011.

A. Nash FCCA CPFA
Borough Treasurer
Date:

Opinion on the Authority accounting statements

I have audited the accounting statements of Bracknell Forest Borough Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Account, the Balance Sheet, 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 Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Borough Treasurer and auditor

As explained more fully in the Statement of 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 in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Bracknell Forest Borough Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

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

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Bracknell Forest Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

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

Phil Sharman CPFA
District Auditor
Audit Practice
Audit Commission
Unit 5 Isis Business Centre
Horspath Road
Cowley
Oxford
OX4 2RD

__ September 2011

MOVEMENT IN RESERVES STATEMENT

2010/11	Note	General Fund £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2010		**8,845**	**9,434**	**0**	**18,279**	**306,984**	**325,263**
Movement in Reserves During 2010/11							
Surplus or (Deficit) on Provision of Services		27,824	0	0	27,824	0	27,824
Other Comprehensive Income and Expenditure		0	0	0	0	65,451	65,451
Total Comprehensive Income and Expenditure		**27,824**	**0**	**0**	**27,824**	**65,451**	**93,275**
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Charges for Depreciation and Impairment of Non-current Assets	36	15,001	0	0	15,001	(15,001)	0
Revaluation losses on Property Plant & Equipment	36	9,858	0	0	9,858	(9,858)	0
Changes in Fair Value of Investment Properties	36	(2,715)	0	0	(2,715)	2,715	0
Amortisation of Intangible Assets	36	138	0	0	138	(138)	0
Capital Grants and Contributions Applied	36	(23,311)	0	0	(23,311)	23,311	0
Revenue Expenditure Funded From Capital Under Statute	36	585	0	0	585	(585)	0
Amounts of non-current assets written off on sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	36	1,213	0	0	1,213	(1,213)	0
Statutory provision for the financing of capital investment	36	(1,529)			(1,529)	1,529	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	34 39	(1,477)	0	1,087	(390)	390	0
Use of the Capital Receipts Reserve to finance new capital expenditure	34		0	(3,273)	(3,273)	3,273	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	34	13	0	(13)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	34 39		0	40	40	(40)	0
Income From Capital Receipts That do not Arise From the Disposal of an Asset	34	(2,157)	0	2,157	0	0	0
Repayment of loans	34 36	0	0	2	2	(2)	0
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	37	(378)	0	0	(378)	378	0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	12	(12,461)	0	0	(12,461)	12,461	0
Employer's Pension Contributions to Berkshire Pension Fund Payable in the year	12	(7,387)	0	0	(7,387)	7,387	0
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	38	(149)	0	0	(149)	149	0
Amount by which remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements	40	(57)	0	0	(57)	57	0
		(24,813)	**0**	**0**	**(24,813)**	**24,813**	**0**
Net Increase/Decrease Before Transfers to Earmarked Reserves		**3,011**	**0**	**0**	**3,011**	**90,264**	**93,275**
Transfer (to)/from Earmarked Reserves		(1,886)	1,886	0	0	0	0
Increase/(Decrease) in Year		**1,125**	**1,886**	**0**	**3,011**	**90,264**	**93,275**
Balance at 31 March 2011		**9,970**	**11,320**	**0**	**21,290**	**397,248**	**418,538**

MOVEMENT IN RESERVES STATEMENT

2009/10	Note	General Fund £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2009		**10,375**	**7,167**	**0**	**17,542**	**301,674**	**319,216**
Movement in Reserves During 2009/10							
Surplus or (Deficit) on Provision of Services		363	0	0	363	0	363
Other Comprehensive Income and Expenditure		0	0	0	0	5,684	5,684
Total Comprehensive Income and Expenditure		**363**	**0**	**0**	**363**	**5,684**	**6,047**
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Charges for Depreciation and Impairment of Non-current Assets	36	12,444	0	0	12,444	(12,444)	0
Revaluation losses on Property Plant & Equipment	36	15,740	0	0	15,740	(15,740)	0
Changes in Fair Value of Investment Properties	36	(134)	0	0	(134)	134	0
Amortisation of Intangible Assets	36	56	0	0	56	(56)	0
Capital Grants and Contributions Applied	36	(30,774)	0	0	(30,774)	30,774	0
Revenue Expenditure Funded From Capital Under Statute	36	510	0	0	510	(510)	0
Amounts of non-current assets written off on sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	36	2,802	0	0	2,802	(2,802)	0
Statutory provision for the financing of capital investment	36	(644)	0	0	(644)	644	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	34	(2,801)	0	2,801	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	34	0	0	(4,956)	(4,956)	4,956	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	34	27	0	(27)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	34 39	0	0	48	48	(48)	0
Income From Capital Receipts That do not Arise From the Disposal of an Asset	34	(2,134)	0	2,134	0	0	0
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	37	(230)	0	0	(230)	230	0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	12	11,885	0	0	11,885	(11,885)	0
Employer's Pension Contributions to Berkshire Pension Fund Payable in the year	12	(7,067)	0	0	(7,067)	7,067	0
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	38	44	0	0	44	(44)	0
Amount by which remuneration charged to the Comprehensive Income and Expenditure Statement is different from remuneration chargeable in the year in accordance with statutory requirements	40	650	0	0	650	(650)	0
		374	**0**	**0**	**374**	**(374)**	**0**
Net Increase/Decrease Before Transfers to Earmarked Reserves		**737**	**0**	**0**	**737**	**5,310**	**6,047**
Transfer (to)/from Earmarked Reserves		(2,267)	2,267	0	0	0	0
Increase/(Decrease) in Year		**(1,530)**	**2,267**	**0**	**737**	**5,310**	**6,047**
Balance at 31 March 2010		**8,845**	**9,434**	**0**	**18,279**	**306,984**	**325,263**

	2010/11				2009/10		
	Gross Expenditure £000	**Gross Income £000**	**Net £000**	Note	Gross Expenditure £000	Gross Income £000	Net £000
Central Services to the Public	**9,046**	**(7,364)**	**1,682**		10,581	(7,702)	2,879
Cultural, Environmental, Regulatory and Planning Services	**39,416**	**(13,699)**	**25,717**		38,820	(13,815)	25,005
Children's and Education Services	**127,226**	**(91,910)**	**35,316**		125,077	(86,105)	38,972
Other Housing Services	**36,154**	**(31,399)**	**4,755**		32,847	(30,057)	2,790
Highways and Transport Services	**10,458**	**(1,367)**	**9,091**		11,715	(1,135)	10,580
Adult Social Care	**42,229**	**(17,905)**	**24,324**		39,722	(14,009)	25,713
Corporate and Democratic Core	**4,742**	**(11)**	**4,731**		4,443	(7)	4,436
Non Distributed Costs	**288**	**(18)**	**270**		95	(11)	84
Exceptional items	**(29,333)**	**(342)**	**(29,675)**	6	0	(2,583)	(2,583)
Cost of Services	**240,226**	**(164,015)**	**76,211**		263,300	(155,424)	107,876
Other Operating Expenditure							
Levies			**97**				97
Parish Council Precepts			**2,676**				2,600
Payments to the Government Housing Capital Receipts Pool			**13**				27
Other Income from Capital Receipts that do not arise from the Disposal of an Asset			**(2,157)**				(2,134)
(Gain)/Loss on the disposal of non-current asset			**(264)**				1
Financing and Investment Income and Expenditure							
(Surplus)/Deficit on Trading Undertakings			**(23)**	18			(636)
Interest Receivable and Similar Income			**(494)**				(1,214)
Interest Payable on PFI Unitary Payments			**443**				341
Interest Payable on Finance Leases			**201**				229
Income and Expenditure in Relation to Investment Properties			**(1,681)**	23			(1,714)
Changes in Fair Value of Investment Properties			**(2,715)**	23			(134)
Impairment of Financial Instruments			**100**				36
Pensions Interest Cost and Expected Return on Pension Assets			**5,488**	12			5,085
Taxation and Non-specific Grant Incomes							
Council Tax Income			**(50,739)**				(48,790)
General Government Grants			**(8,865)**	8			(10,345)
National Non-Domestic Rates			**(22,804)**	8			(20,914)
Capital Grants and Contributions			**(23,311)**	8			(30,774)
(Surplus) or Deficit on Provision of Services			**(27,824)**				(363)
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment			**(16,120)**	35			(75,418)
Actuarial (Gains)/Losses on Pension Asset / Liabilities – BFBC			**(49,082)**	12			63,780
Actuarial (Gains)/Losses on Pension Asset / Liabilities – Former BCC Fund			**(249)**	12			5,954
Other Comprehensive Income and Expenditure			**(65,451)**				**(5,684)**
Total Comprehensive Income and Expenditure			**(93,275)**				**(6,047)**

BALANCE SHEET

	Notes	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Property, Plant and Equipment				
Other Land and Buildings	21	**413,509**	371,970	307,876
Vehicles, Plant and Equipment	21	**14,821**	10,421	9,301
Infrastructure Assets	21	**43,364**	42,006	40,743
Community Assets	21	**1,257**	1,238	1,023
Assets Under Construction	21	**6,608**	31,061	9,584
	21	**479,559**	456,696	368,527
Investment Property	23	**25,556**	21,113	20,979
Intangible Assets	24	**682**	298	160
Long Term Investments	42	**275**	3,508	4,092
Long Term Debtors	26	**2,374**	1,369	1,118
Long Term Assets		**508,446**	482,984	394,876
Current Assets				
Short Term Investments	42	**10,496**	395	30,091
Assets Held for Sale	27	**167**	0	2,802
Inventories		**187**	166	174
Short Term Debtors	28	**17,276**	16,651	14,362
Cash and Cash Equivalents	29	**28,839**	41,860	27,255
		56,965	59,072	74,684
Current Liabilities				
Short Term Creditors	30	**(46,035)**	(46,248)	(55,583)
Provisions	31	**(1,722)**	(949)	(1,046)
		(47,757)	(47,197)	(56,629)
Long Term Liabilities				
Long Term Creditors	32	**(16,674)**	(17,040)	(15,704)
Capital Grants and Other Contributions	8	**(8,630)**	(9,565)	(9,572)
Net Pension Liability	12	**(73,812)**	(142,991)	(68,439)
		(99,116)	(169,596)	(93,715)
Net Assets		**418,538**	**325,263**	**319,216**
Usable Reserves				
General Fund		**9,970**	8,845	10,375
Earmarked Reserves	33	**11,320**	9,434	7,167
Capital Receipts Reserve	34	**0**	0	0
		21,290	18,279	17,542
Unusable Reserves				
Revaluation Reserve	35	**125,540**	112,854	40,573
Capital Adjustment Account	36	**348,459**	340,994	332,898
Financial Instrument Adjustment Account	37	**0**	(378)	(608)
Collection Fund Adjustment Account	38	**249**	100	144
Deferred Capital Receipts Reserve	39	**1,347**	997	1,048
Pension Reserve	12	**(73,812)**	(142,991)	(68,439)
Accumulated Absences Account	40	**(4,535)**	(4,592)	(3,942)
		397,248	306,984	301,674
Total Reserves		**418,538**	**325,263**	**319,216**

Alan Nash FCCA CPFA
Borough Treasurer
__ September 2011

	Note	2010/11 £000	2009/10 £000
Cash Flows From Operating Activities			
Surplus or (Deficit) on Provision of Services		**27,824**	363
Adjust for Non Cash Movements			
Depreciation		**14,726**	12,442
Impairment & Revaluation Downwards of Non-Current Assets		**10,133**	15,740
Amortisation of Intangibles		**138**	56
Changes in Fair Value of Investment Properties		**(2,715)**	(134)
Changes in Provisions		**46**	47
Impairment of Financial Instruments		**100**	36
Amortisation of Long Term Creditors		**(119)**	(119)
Carrying amount of Non-Current Assets sold		**1,213**	1
Changes in Inventory		**(21)**	8
Changes in Interest Debtors		**32**	430
Changes in Debtors		**(714)**	(477)
Changes in Creditors		**2,782**	856
Changes in Net Pension Liability		**(19,848)**	4,818
Adjust for Items that are Investing or Financing Activities		**(26,626)**	(33,403)
Net Cash Flow From Operating Activities		**6,951**	664
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		**(35,761)**	(47,038)
Purchase of Short Term and Long Term Investments		**(7,000)**	0
Other payments for investing activities		**(702)**	(350)
Proceeds from Sale of Non-Current Assets		**887**	2,801
Proceeds from Short Term and Long Term Investments		**311**	29,086
Other receipts from investing activities		**25,212**	34,231
Net Cash Flow From Investing Activities		**(17,053)**	18,730
Cash Flows from Financing Activities			
Changes in Finance Lease Provision		**(973)**	(144)
Capital Element of PFI Contracts		**(191)**	(273)
Capital Element of Finance Leases		**(88)**	(83)
Council Tax and NNDR Adjustments		**(1,667)**	(4,289)
Net Cash Flow From Financing Activities		**(2,919)**	(4,789)
Net (Decrease)/Increase in Cash and Cash Equivalents in the Period		**(13,021)**	14,605
Cash and Cash Equivalents as of the Beginning of the Period	**29**	**41,860**	27,255
Cash and Cash Equivalents as of the End of the Period	**29**	**28,839**	41,860

The cash flows for operating activities include the following items:

	2010/11 £000	2009/10 £000
Interest received	**339**	1,822
Interest paid	**644**	570

1 ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the accounts were approved by the Governance and Audit Committee on 22 March 2011 and are set out below.

Basis of Preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2010/11 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code of Practice is the first to be based on International Financial Reporting Standards (IFRS) as interpreted for local authorities.

An explanation of how the transition to IFRS has affected the Balance Sheet and Comprehensive Income and Expenditure Statement is detailed in Note 47.

The functional and presentation currency of Bracknell Forest Council (the Council) is the pound sterling.

The accounting convention adopted in the Statement of Accounts is principally historical cost, as modified by the revaluation of property, plant and equipment and investment property.

The preparation of the accounts in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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.

Accounts Payable and Accrued Expenditure

A creditor is recognised in the Balance Sheet when goods and services are received prior to the reporting date and payment occurs after the reporting date.

Income Policy

Council Tax is recognised as income in the reporting period levied.

Grant income is recognised when the associated conditions have been satisfied. Further details of the accounting for grants are presented below.

Fees and charges for goods or services delivered by the Council to the public are recognised as income at the date the Council provides the relevant goods or services.

Rents for the occupation of investment properties are recognised on a straight-line basis over the lease term.

Where Council Tax, fees and charges, and rents have been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Where the debtor is impaired, the balance is written down to the amount expected to be collected.

Exceptional Items

Items are presented as exceptional when that degree of prominence is necessary in order to give a fair presentation of the financial statements. A description of each exceptional item is given within the notes to the Accounts.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Events after the Balance Sheet Date

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

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

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

Property, Plant and Equipment

Expenditure on property, plant and equipment is capitalised at cost when it will bring benefits to the Council for more than one reporting period, subject to a de-minimis capitalisation threshold of £2,000 per scheme. Items below this limit are charged to the Comprehensive Income and Expenditure Statement. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Comprehensive Income and Expenditure Statement during the financial period in which they are incurred.

Land and buildings are subsequently measured at fair value. Fair value is primarily based on the amount that would be paid for the asset in its existing use. Fair value is estimated using a depreciated replacement cost approach when the asset is specialised and/or rarely sold (such as a school).

The Council's Principal Valuation Surveyor carries out the valuations in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book". The land and buildings are physically visited and valued on a 5 year cycle.

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Comprehensive Income and Expenditure Statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Comprehensive Income and Expenditure Statement. Any remaining increase is credited directly to Revaluation Reserves. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

When an asset's carrying amount decreases as the result of a revaluation or impairment, the decrease is debited directly to the Revaluation Reserves to the extent of any credit balance existing in respect of that asset. Any remaining decrease is recognised against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Infrastructure, community assets, and assets under construction are measured at depreciated historical cost. Vehicles, plant and equipment are also held at depreciated historical cost which is considered to be a proxy for fair value as the assets have short useful lives and/or low values.

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is calculated using the straight-line method to allocate an asset's carrying value to its residual value over its estimated useful life. Estimated useful lives are as follows:

Buildings	shorter of remaining life or 70 years
Community assets	shorter of remaining life or 70 years
Infrastructure assets	shorter of remaining life or 90 years
Vehicles, plant and equipment	shorter of remaining lease period, remaining life, or 30 years

Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life. The requirement for componentisation for depreciation purposes is only applicable to enhancement, purchases, or revaluations after 1 April 2010.

No depreciation is charged on land and assets under construction.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation charged to the Surplus or Deficit on the Provision of Services is transferred from the General Fund to the Capital Adjustment Account within in the Movement in Reserves Statement.

Each year the difference between depreciation, based on the revalued carrying amount of the asset, charged to the Comprehensive Income and Expenditure Statement and depreciation based on the asset's historic cost is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Investment Property

Investment property comprises land and buildings held solely to earn rentals and/or for capital appreciation. The Council has elected to treat an operating lease as a finance lease as permitted by the Code. This property is included in Investment Property in the Balance Sheet.

Investment property is measured initially at cost and subsequently at fair value, which is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The Council's Principal Valuation Surveyor carries out the valuations each year in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book".

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Investment properties held at fair value are not depreciated.

Operating Leases

Where the Council grants an operating lease over an investment property the leased asset remains within Investment Property in the Balance Sheet. The rental income is recognised over the term of the lease on a straight-line basis in the Income and Expenditure in Relation to Investment Properties line in the Comprehensive Income and Expenditure Statement. Contingent rent is recognised in the period in which it arises and is the difference between the original rent and the revised rent following a rent review.

Up-front payments received on the granting of a leasehold interest classified as an operating lease are recognised as a Creditor in the Balance Sheet and amortised over the lease term.

Finance Leases

Where the Council grants a finance lease over an investment property, the leased asset is derecognised (treated as a disposal) from Investment Property and a long term debtor is recognised for any leases with rental payments in excess of peppercorn rent. Peppercorn rents are recognised in the Income and Expenditure in relation to Investment Properties line in the Comprehensive Income and Expenditure Statement. Rental payments in excess of peppercorn rent are used to reduce the long term debtor and also include finance income that will be earned by the Council whilst the debtor remains outstanding.

Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item in Property, Plant and Equipment. Expenditure on the development of websites is not capitalised as the website is primarily intended to promote or advertise the Council's goods or services. Intangible assets include purchased licenses. Expenditure on application software is capitalised as an intangible asset when it will bring benefits to the Council for more than one reporting period.

The intangible assets held by the Council are measured at depreciated historical cost as readily ascertainable market values are not available.

Intangible assets are amortised on a straight-line basis over the shorter of remaining useful life or six years to the relevant service line in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification (using the appropriate valuation basis for that category of asset) and then carried at the lower of this amount and fair value (market value) less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement and can only be used for new capital investment.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

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 Operating Expenditure in the Comprehensive Income and Expenditure Account. The same amount is then transferred to the Capital Receipts Reserve and shown in the Statement of Movement on the General Fund Balance.

Charges to Revenue for Non-Current 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 or valuation loss (due to a clear consumption of economic benefits or other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off) for all 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 intangible assets used in the provision of services.

The Council is not required to raise council tax to cover depreciation, revaluation and 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"). Any depreciation, impairment and valuation losses or amortisations charged to the Surplus or Deficit on the Provision of Services are replaced by this revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account.

Financing costs (including interest payable under finance leases and PFI arrangements) are included within Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried in the Balance Sheet as Property, Plant and Equipment. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the Council.

Such expenditure is charged to the Surplus or Deficit on the Provision of Services. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the General Fund. The credit is shown as a reconciling item in the Movement in Reserves Statement.

Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the assets required to provide the services passes to the contractor. As the Council (along with Reading and Wokingham Councils) controls the services provided under the Waste PFI agreement, and as the ownership of the assets used to deliver the services pass to the three Councils at the end of the contract for no additional charge, the Council carries its share of the assets on the Balance Sheet.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- payment for the fair value of services received; and
- payment for the PFI asset, including finance costs.

Services Received

The fair value of services received in the year is recorded under Cultural, Environmental, Regulatory and Planning Services in the Comprehensive Income and Expenditure Statement.

PFI Asset

A PFI asset is recognised in Property, Plant and Equipment, as the asset comes into use. The asset is capitalised at the lower of the fair value of the property, plant or equipment and the present value of the minimum payments. Subsequently, the asset is measured at fair value according to the Council's accounting policy for each relevant class of asset.

PFI Liability

A PFI liability is recognised at the same time the PFI asset is recognised. It is measured initially at the same amount as the PFI asset and is subsequently measured at amortised cost. The liability, net of finance charges, is included in Short Term Creditors and Long Term Creditors. Interest is charged to the Comprehensive Income and Expenditure Statement over the arrangement period at a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease Classification

Leases are classified as either finance leases or operating leases based on the substance of the arrangement. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Unless title is expected to pass to the lessee at the end of the lease term, leases of land have been classified as operating leases.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Operating Leases (Council as Lessee)

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged as an expense of the services benefiting from use of the asset in the Comprehensive Income and Expenditure Statement on a straight-line basis over the period of the lease. Contingent rent is recognised in the period in which it arises.

Finance Leases (Council as Lessee)

Leases of property, plant and equipment, where the Council has substantially all the risks and rewards of ownership, are classified as finance leases.

Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments. Up-front payments for a leasehold interest classified as a finance lease are capitalised as part of the asset.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The corresponding lease obligations, net of finance charges, are included in Creditors.

Contingent rent is recognised as an expense in the period in which it arises.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Financial Instruments

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with the Council's normal purchase, sale or usage requirement, are recognised when, and to the extent which, performance occurs. All other financial assets and liabilities are recognised when the Council becomes party to the contractual provisions to receive or make cash payments.

Classification and Measurement

Financial assets, other than cash and cash equivalents, are classified as loans and receivables and are measured at amortised cost.

Financial liabilities are classified as creditors and are measured at amortised cost.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially recognised at fair value and then measured at amortised cost using the effective interest rate method. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows. For the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Impairment of Financial Assets

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is:

- Objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset and up to the end of the reporting period ('a loss event');
- The loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and
- A reliable estimate of the amount can be made.

Financial assets are recorded in the Balance Sheet net of any impairment.

De-recognition

A financial asset is considered for de-recognition when the contractual rights to the cash flows from the financial asset expire, or the Council has either transferred the contractual right to receive the cash flows from the asset, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. The Council de-recognises a transferred financial asset if it transfers substantially all the risks and rewards of ownership.

Financial Liabilities

All financial liabilities are recognised initially at fair value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

They are included in Short Term Creditors except for the amounts payable more than twelve months after the end of the reporting period, which are classified as Long Term Creditors.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest rate method and is charged to the Comprehensive Income and Expenditure Statement.

The Council has no external borrowing as at 31 March 2011.

Employee Benefits

Leave and Flexi-time Accrual

The accrual represents leave and flexi-time earned as of the reporting date that will be utilised in the next reporting period. The accrual is measured at the amount of the benefit earned by the employees of the Council. It is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Council provides retirement benefits as part of the terms and conditions of employment through the following defined benefit pension schemes:

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

The benefits (retirement lump sums and pensions), which are based on pay and service, are earned over the term of employment.

Teacher's Pension Scheme

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. It is not possible to identify the Council's share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

Local Government Pension Scheme

The Council's contributions are determined by triennial actuarial valuation. The latest valuation was as at 31 March 2010. Under Superannuation Regulations, the contribution rates are set to meet all the liabilities of the fund.

The Balance Sheet includes a Pension Reserve which reflects the Council's share of the schemes assets and liabilities. Employer contributions will be adjusted in future years to fund any projected deficit.

The liabilities of the pension scheme attributable to the Council are measured on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.

The liabilities are discounted using a discount rate based on the indicative rate of return on the iBoxx AA rated over 15 year Corporate Bond Index, which was 5.5% as of 31 March 2011.

The assets of the pension fund attributable to the Council are measured at fair value as follows:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price; and
- property – market value.

The change in the net pension liability consists of the following seven components:

- current service cost – the increase in liabilities as a result of years of service earned this year;
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years;
- gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees;

- interest cost – the increase in the present value of benefits during the year due to the passage of time;
- expected return on assets – the annual investment return on the fund assets, based on an average of the expected long-term return;
- actuarial gains and losses – result of events not coinciding with assumptions made at the last actuarial valuation or the actuaries updating the assumptions; and
- contributions paid to the Berkshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Current service costs are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked. Past service costs, settlements and curtailments are reflected in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs. Interest cost and expected return on assets are reflected in Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement.

Actuarial gains and losses are recognised directly in Other Comprehensive Income and Expenditure and the Pensions Reserve.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Government Grants and Other Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital

Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Area Based Grant

Area Based Grant is a non-ring fenced general grant allocated directly to local authorities as additional revenue funding. No conditions are attached to the grant ensuring full local control over how it is used. The Council's share of Area Based Grant is therefore included under Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Account.

Provisions

Provisions are recognised when:

- the Council has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Where the effect is material, the estimated cash flows are discounted. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of economic benefits will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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, Deferred Capital Receipts Reserve, Collection Fund Adjustment Account, Financial Instruments Adjustment Account, Accumulated Absences Account and Pension Reserve, which are explained in the relevant policies and Notes to the Accounts.

Inventory

Inventory, which primarily relates to shop and catering goods, is measured at the lower of cost and net realisable value using first-in first-out method.

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

Non Distributable Costs – the costs of discretionary benefits awarded to employees retiring early and any depreciation, revaluation losses or impairment losses chargeable on surplus assets or Assets Held for Sale.

These two costs categories are defined in the Best Value Accounting Code of Practice (BVACOP) and accounted for as separate headings on the Comprehensive Income and Expenditure Statement, as part of the Surplus or Deficit on the Provision of Services.

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure its incurs and the share of income it earns from the activity of the operation.

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

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 Council up to the ‘cap’.

The LATS gives rise to:

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

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 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 and an expense are recognised for the actual landfill usage. The liability is a provision which is discharged by using allowances to meet the liability and by the payment of any cash penalty to DEFRA for exceeding the landfill. The liability is normally recognised in the Balance Sheet at the present market value. However where some of the obligation will be met by paying a cash penalty to DEFRA, that part is measured at the cost of the penalty.

After initial measurement, the value of landfill allowances is re-measured at the lower of cost or net realisable value. Where there is no evidence of an active market for landfill allowances, for example where the number of allowances issued is greater than that required by authorities, the fair value of the allowances and the net realisable value of the allowances is likely to be nil.

Value Added Tax (VAT)

VAT payable is included as an expense in the Comprehensive Income and Expenditure Statement only to the extent that it is not recoverable. VAT receivable is excluded from income.

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

Heritage Assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage Assets will be recognised as a separate class of assets for the first time in the 2011/12 financial statements in accordance with adoption of FRS30 and constitutes a change of accounting policy.

Although full adoption of the standard will not be required until 2011/12, the Council is required to disclose the estimated effect of the new standard in these financial statements.

This change will effect the classification of the following assets:

- Easthampstead Park is a listed building currently used as a conference centre and education centre under Property Plant and Equipment. As it is an operational asset, its current Net Book Value of £5.365m will remain unchanged by the reclassification.
- The Binfield Nursery site has listed walls and structures and is currently used as a plant nursery under Property, Plant and Equipment. As it is an operational asset, its current Net Book Value of £0.943m will remain unchanged by the reclassification.
- The Council owns the listed Ice House in open space to the north of the Garden Cottage, Julius Hill but this asset is not currently included in the asset registers as it has nil value. This valuation will not change under the reclassification and it is not proposed to include this asset in the register next year.
- The Council owns the sites of bowl barrow ancient monuments at Bill Hill and Wooden Hill. These assets are not currently included in the asset registers as they have nil value. This valuation will not change under the reclassification and it is not proposed to include these assets in the register next year.
- The Civic Regalia is currently carried in the Community Assets register at nil value and it is proposed to value it at its current external valuation of £0.034m. This will increase the value of Heritage Assets next year and the balance of the Revaluation Reserve. The asset life is estimated at 20 years so depreciation will be £0.002m per annum.
- South Hill Park has a listed building and grounds. The building is not included in the asset register as it is let under a finance lease to South Hill Park Trust. The grounds are let to Bracknell Town Council and are held at nil value in the Investment Property register. These treatments will not change under Heritage Assets next year.
- The Council has a number of sites of archaeological interest within its boundaries which it is not possible to place a value on. Consequently they are not held in the asset register and there is no intention to value these under Heritage Assets.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are as follows:

Lease Accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, the buildings element of the lease may be capitalised as a finance lease if it meets the criteria for a finance lease, but the land element will be classed as an operating lease by the Council unless title transfers at the end of the lease. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of the land and buildings at the inception of the lease.

Impairment of Financial Instruments

The Council has £3m deposited with Glitnir Bank which is in administration. The accounts have been closed on the basis of the latest professional guidance which assumes that the Council's preferential creditor status will be confirmed by the Icelandic Supreme Court and that all the deposit plus interest up to 22 April 2009 will be recovered. An earmarked reserve of £2.575m was created in 2009/10 to meet the worst case position regarding this deposit.

Impairment of Assets

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

PFI Schemes and Similar Contracts

In 2006/07 the Council, together with Wokingham Borough and Reading Borough Councils, entered into a PFI contract for the disposal of waste The Council's are deemed to control the services provided and will obtain ownership of the associated assets at the end of the contract. The accounting policies for PFI schemes and similar contracts have therefore been applied to the arrangement and the assets (valued at £7.4m as at 31 March 2011) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Valuation of Property, Plant and Equipment

Other Land and buildings are shown at fair value, based on professional valuations. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book".

The majority of buildings are valued at depreciated replacement cost to a modern equivalent basis. All other buildings are measured at fair value which is on the amount that would be paid for the asset in its existing use. The value of the Council's land and buildings fluctuates with changes in construction costs and the current market value of land and buildings.

Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council current spending on repairs and maintenance can be sustained, which would affect the useful lives assigned to buildings. If the useful life is reduced, depreciation increases and the carrying amount falls. It is estimated that the annual depreciation charge for buildings would increase by £0.265m for every year that useful lives had to be reduced.

The accounting policy for land and buildings is set out in Note 1 and information on the land and buildings is set out in Note 21.

Measurement of Pension Liability

The present value of the net pension liability depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets. The actual net liability of the Council will continue to be subject to volatility, as a result of changes to these factors and the underlying assumptions.

The effects of changes in individual assumptions can be measured. The following table sets out the impact of a change in the discount rate and the mortality assumption on the present value of scheme liabilities and projected service cost.

Sensitivity Analysis	Present value of scheme liabilities £000	Projected Service Cost £000
Adjustment to discount rate		
+0.1%	255,122	7,949
0.0%	261,592	8,298
-0.1%	268,242	8,659
Adjustment to mortality age rating assumption		
+1 year	252,505	7,914
None	261,592	8,298
-1 year	270,776	8,686

The accounting policy for pensions is set out in Note 1 and further information on the pension liability and the assumptions used is set out in Note 12.

Impairment of Financial Instruments

The Council has £3m deposited with Glitnir Bank which is in administration. There is still some uncertainty regarding the Council's creditor status. The accounts have been closed on the basis of the latest professional guidance which assumes that the Council's preferential creditor status will be confirmed by the Icelandic Supreme Court.

The impairment has therefore been calculated on the basis that the deposit, plus interest up to 22 April 2009, will be paid in full in December 2011. If preferential creditor status is not achieved the recoverable amount may be as low as 30p in the £.

An earmarked reserve of £2.575m was created in 2009/10 to meet the worst case position regarding this deposit.

At 31 March 2011, the Council had a trade debtors' balance of £3.53m. The impairment for doubtful debts figure is based on applying a percentage to the outstanding balance which varies depending on how long the debt has been outstanding. The percentages were revised during the year based on the actual collection rates for debts outstanding at 31 March 2010. This resulted in a provision for doubtful debts of £0.62m. Had the estimating process not been revised the figure would have been £0.98m.

In the current economic climate it is not certain that the provision will be sufficient. If collection rates were to deteriorate, a doubling of the percentage used to calculate the provision for general debts would require an additional £0.30m to be set aside as an allowance.

Additional provisions are also made for a number of other debts, in particular Housing Benefits, most of which are provided for at 100%. The provisions totalled £2.52m as at 31 March 2011.

5 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Corporate Management Team on the basis of monthly budget monitoring reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

The income and expenditure of the Council's principal departments recorded in the budget monitoring reports for the year follows below:

2010/11	Corporate Services / Chief Exec Office	Children, Young People & Learning	Adult Social Care & Health	Environment, Culture & Communities	Total
	£000	£000	£000	£000	£000
Income and Expenditure					
Fees, charges & other service income	(3,828)	(3,575)	(4,160)	(15,549)	(27,112)
Government grants & contributions	(6,528)	(89,192)	(13,863)	(32,006)	(141,589)
Total Income	**(10,356)**	**(92,767)**	**(18,023)**	**(47,555)**	**(168,701)**
Employee expenses	11,000	71,604	10,573	18,750	111,927
Other service expenses	15,233	33,965	27,636	55,067	131,901
Support service recharges	(10,581)	3,075	2,464	4,433	(609)
Total Expenditure	**15,652**	**108,644**	**40,673**	**78,250**	**243,219**
Net Expenditure	**5,296**	**15,877**	**22,650**	**30,695**	**74,518**

2009/10	Corporate Services / Chief Exec Office	Children, Young People & Learning	Adult Social Care & Health	Environment, Culture & Communities	Total
	£000	£000	£000	£000	£000
Income and Expenditure					
Fees, charges & other service income	(3,772)	(3,817)	(4,209)	(15,492)	(27,290)
Government grants & contributions	(6,602)	(82,574)	(10,631)	(30,871)	(130,678)
Total Income	**(10,374)**	**(86,391)**	**(14,840)**	**(46,363)**	**(157,968)**
Employee expenses	11,214	68,479	10,084	18,994	108,771
Other service expenses	15,562	33,648	26,500	53,433	129,143
Support service recharges	(9,973)	2,816	2,287	4,091	(779)
Total Expenditure	**16,803**	**104,943**	**38,871**	**76,518**	**237,135**
Net Expenditure	**6,429**	**18,552**	**24,031**	**30,155**	**79,167**

Reconciliation of Departmental Income and Expenditure to Cost of Services in the Explanatory Foreword

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included within Cost of Services in the Explanatory Foreword.

2010/11	Corporate Services / Chief Exec Office	Children, Young People & Learning	Adult Social Care & Health	Environment, Culture & Communities	Total
	£000	£000	£000	£000	£000
Net Expenditure	5,296	15,877	22,650	30,695	74,518
Capital charges (depreciation and amortisation, revaluation downwards and impairments plus revenue expenditure funded from capital under statute)	2,278	16,290	567	6,447	25,582
IAS Pension Adjustments	135	1,811	680	1,182	3,808
Cost of Services in Explanatory Foreword	**7,709**	**33,978**	**23,897**	**38,324**	**103,908**

Reconciliation of Departmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to the amounts included within Cost of Services in the Comprehensive Income and Expenditure Statement.

	2010/11 £000	2009/10 £000
Net expenditure in the Departmental Analysis	**74,518**	79,167
Net expenditure of services and support services not included in the Analysis	**(200)**	(3,183)
Amounts included in Cost of Services in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	**189**	29,067
Amounts included in the Analysis not included in the Cost of Services in the Comprehensive Income and Expenditure Statement	**1,704**	2,825
Cost of Services in Comprehensive Income and Expenditure Statement	**76,211**	107,876

The main difference between the two years relates to negative Past Service Pension Costs in 2010/11 (-£29.333m) arising from changes in the assumptions used to account for the pension scheme (see Note 12).

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement. The subjective analysis is based on the Best Value Accounting Code of Practice.

2010/11	Departmental Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(27,112)	(805)	0	4,280	(23,637)	0	(23,637)
Interest and investment income	0	0	0	0	0	(494)	(494)
Other income from capital receipts that do not arise from the disposal of an asset	0	0	0	0	0	(2,157)	(2,157)
Income from council tax	0	0	0	0	0	(50,739)	(50,739)
Government grants and contributions	(141,589)	0	0	1,211	(140,378)	(54,980)	(195,358)
Total income	**(168,701)**	**(805)**	**0**	**5,491**	**(164,015)**	**(108,370)**	**(272,385)**
Employee expenses	111,927	219	(25,393)	(1,019)	85,734	0	85,734
Other service expenses	131,901	386	0	(2,048)	130,239	0	130,239
Support service recharges	(609)	0	0	(222)	(831)	0	(831)
Depreciation, amortisation and impairment	0	0	15,139	(498)	14,641	0	14,641
Revaluation losses on Property, Plant and Equipment	0	0	9,858	0	9,858	0	9,858
Revenue expenditure funded from capital under statute	0	0	585	0	585	0	585
Precepts & levies	0	0	0	0	0	2,773	2,773
Payments to housing capital receipts pool	0	0	0	0	0	13	13
Gain or loss on disposal of non-current assets	0	0	0	0	0	(264)	(264)
Surplus or deficit on trading undertakings	0	0	0	0	0	(23)	(23)
Interest payments	0	0	0	0	0	644	644
Income and Expenditure in relation to Investment Property	0	0	0	0	0	(1,681)	(1,681)
Movement in fair value of investment properties	0	0	0	0	0	(2,715)	(2,715)
Impairment of Financial Instruments	0	0	0	0	0	100	100
Pensions interest cost and expected return on pension assets	0	0	0	0	0	5,488	5,488
Total expenditure	**243,219**	**605**	**189**	**(3,787)**	**240,226**	**4,335**	**244,561**
(Surplus) or deficit on the provision of services	**74,518**	**(200)**	**189**	**1,704**	**76,211**	**(104,035)**	**(27,824)**

2009/10	Departmental Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in I&E	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(27,290)	(3,546)	0	5,615	(25,221)	0	(25,221)
Interest and investment income	0	0	0	0	0	(1,214)	(1,214)
Other income from capital receipts that do not arise from the disposal of an asset	0	0	0	0	0	(2,134)	(2,134)
Income from council tax	0	0	0	0	0	(48,790)	(48,790)
Government grants and contributions	(130,678)	0	0	475	(130,203)	(62,033)	(192,236)
Total income	**(157,968)**	**(3,546)**	**0**	**6,090**	**(155,424)**	**(114,171)**	**(269,595)**
Employee expenses	108,771	247	317	(1,106)	108,229	0	108,229
Other service expenses	129,143	116	0	(2,072)	127,187	0	127,187
Support service recharges	(779)	0	0	(150)	(929)	0	(929)
Depreciation, amortisation and impairment	0	0	12,500	63	12,563	0	12,563
Revaluation losses on Property, Plant and Equipment	0	0	15,740	0	15,740	0	15,740
Revenue expenditure funded from capital under statute	0	0	510	0	510	0	510
Precepts & levies	0	0	0	0	0	2,697	2,697
Payments to housing capital receipts pool	0	0	0	0	0	27	27
Gain or loss on disposal of non-current assets	0	0	0	0	0	1	1
Surplus or deficit on trading undertakings	0	0	0	0	0	(636)	(636)
Interest payments	0	0	0	0	0	570	570
Income and Expenditure in relation to Investment Property	0	0	0	0	0	(1,714)	(1,714)
Movement in fair value of investment properties	0	0	0	0	0	(134)	(134)
Impairment of Financial Instruments	0	0	0	0	0	36	36
Pensions interest cost and expected return on pension assets	0	0	0	0	0	5,085	5,085
Total expenditure	**237,135**	**363**	**29,067**	**(3,265)**	**263,300**	**5,932**	**269,232**
(Surplus) or deficit on the provision of services	**79,167**	**(3,183)**	**29,067**	**2,825**	**107,876**	**(108,239)**	**(363)**

6 EXCEPTIONAL AND MATERIAL ITEMS OF INCOME AND EXPENDITURE

Changes in VAT legislation resulted in a number of services being reclassified from standard rated to exempt for VAT purposes. Initially the Council was only able to reclaim overpaid tax for the previous 3 years but this 3 year cap was successfully challenged in court cases collectively known as Conde Nast/Fleming. As a result a number of claims were submitted to try and claim back overpaid VAT plus interest for earlier years (going back to 1973 when VAT was introduced). VAT refunds totalling £2.583m were received in 2009/10 and refunds from outstanding claims relating to adult courses and library hire charges were received in 2010/11 (-£0.225m). A revenue reserve relating to Ufton Court and held by West Berkshire on behalf of the six Berkshire local authorities is now no longer required. This has been distributed, resulting in additional revenue funds for the Council of £0.117m. Both items have been treated as an exceptional item in the accounts.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has had the effect of reducing the Council's liabilities in the Royal County of Berkshire Pension Fund by £29.3m and has been recognised as a past service gain since the change is considered to be a change in benefit entitlement. The gain appears as an exceptional item in the Comprehensive Income and Expenditure Account. This adjustment accounts for nearly 93% of the reduction in the Cost of Services within the Comprehensive Income and Expenditure Account between 2009/10 and 2010/11. However there is no overall impact upon the General Fund as statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. The adjustments are made within the Movement in Reserves Statement.

A net decrease in capital charges (relating to depreciation, revaluation downwards and capital expenditure not adding value to Property, Plant and Equipment) accounts for most of the remaining difference between the Cost of Services figure for the two years.

Included within the calculation of gains from the disposal of non current assets are capital receipts of £1.1m. These arose from the sale of land at Ringmead and a former social care facility at 1 Bay Road.

7 DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG) provided by the Department for Children, Schools and Families. The 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 a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share of each maintained school. Details of the deployment of DSG for 2010/11 are as follows:

Schools Budget Funded by Dedicated School Grant	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2010/11	11,698	53,759	65,457
Brought forward from 2009/10	448	0	448
Carry forward to 2011/12 agreed in advance	0	0	0
Agreed budgeted distribution in 2010/11	12,146	53,759	65,905
Actual central expenditure	11,359	0	11,359
Actual ISB deployed to schools	0	53,759	53,759
Council contribution for 2010/11	51	0	51
Carry forward to 2011/12	838	0	838

8 GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

Credited to Taxation and Non Specific Grant Income

Capital Grants

	2010/11	2009/10
	£000	£000
Targeted Capital Fund (14-19 Diplomas)	2,325	1,453
Building Schools for the Future (One School Pathfinder)	10,018	20,033
Primary Capital Grant	2,608	623
Homes & Communities Agency	1,460	0
Other Government Grants	4,947	6,370
S106 Contributions	1,389	2,192
Other Capital Contributions	564	103
Total	**23,311**	**30,774**

Revenue Grants

The Revenue Support Grant (RSG) is a Government grant received to support the Council's activities as a whole and is not linked to any one service. In 2008/09 a number of service specific grants were replaced by a general grant called the Area Based Grant (ABG) as part of the local government finance settlement. No conditions on use have been imposed as part of the grant determination ensuring full local control over how the funding can be used. Housing and planning delivery grant was received in 2009/10 to enable the Council to respond more effectively to local housing pressures and to support improvements to planning functions. The grant ceased in 2010/11. The Council also accrued for Public Service Agreement (PSA) reward grant in 2009/10 but the actual amount received in 2010/11 was less than expected. General Government Grants are recognised as income in Taxation and Non-specific Grant Incomes in the Comprehensive Income and Expenditure Statement.

General Government Grants and National Non-Domestic Rates are analysed below:

	2010/11	2009/10
	£000	£000
Revenue Support Grant	3,311	4,827
Area Based Grant	5,683	4,707
Housing and Planning Delivery Grant	0	475
Public Service Agreement Reward Grant	(129)	336
General Government Grants	**8,865**	10,345
National Non-Domestic Rates	22,804	20,914
Total	**31,669**	**31,259**

Credited to Services

	2010/11 £000	2009/10 £000
Dedicated Schools Grant	**65,457**	61,973
Schools Standards Grant (including Personalisation)	**2,984**	2,896
Standards Fund	**5,533**	3,734
Sixth Form Funding	**5,176**	5,173
Sure Start, Early Years and Childcare Grant	**3,127**	2,232
Supporting People Grant - Housing	**0**	1,866
Housing Benefit Subsidy	**29,442**	26,191
Council Tax Benefit Subsidy	**5,885**	5,394
Other Grants and Contributions	**23,377**	20,047
Donations	**608**	696
Total	**141,589**	**130,202**

The Council has received a number of grants and other contributions that have yet to be recognised as income as they have conditions attached to them which have not been satisfied as of the Balance Sheet date. The balances are as follows:

Revenue Grants and Contributions Receipts in Advance

	31 March 2011 £000	31 March 2010 £000
Short Term Creditors		
Standards Fund	**1,713**	1,540
Other Government Grants	**1,767**	1,390
Contributions	**991**	1,503
Total	**4,471**	**4,433**

Capital Grants and Contributions Receipts in Advance

	31 March 2011 £000	31 March 2010 £000
Short Term Creditors		
Targeted Capital Fund (14-19 Diplomas)	**3,564**	2,496
Building Schools for the Future	**0**	3,671
Primary Capital Grant	**5,147**	3,377
Other Government Grants	**3,704**	3,786
Section 106 contributions	**343**	0
	12,758	13,330
Long term Liabilities		
Public Service Agreement Reward Grant	**0**	665
Other Grants and Contributions	**0**	542
Section 106 contributions	**8,630**	8,358
	8,630	9,565
Total	**21,388**	**22,895**

Section 106 contributions arise from planning agreements, which govern the utilisation of the receipts.

9 REMUNERATION OF EMPLOYEES

The following table shows the number of employees whose remuneration, excluding pension costs, exceeded £50,000 for the year, excluding those that have been disclosed individually. Teachers account for 56 of the total in 2010/11 (45 in 2009/10).

Total Remuneration	**No Of Employees 2010/11**	No Of Employees 2009/10
£50,000 - £54,999	**36**	24
£55,000 - £59,999	**18**	17
£60,000 - £64,999	**12**	11
£65,000 - £69,999	**5**	6
£70,000 - £74,999	**5**	3
£75,000 - £79,999	**9**	6
£80,000 - £84,999	**2**	4
£85,000 - £89,999	**3**	2
£90,000 - £94,999	**1**	2
£95,000 - £99,999	**2**	0
Total	**93**	75

The following tables set out the remuneration disclosures for senior employees whose salary is equal to or more than £50,000 per year. Any senior employee whose salary is £150,000 or more per year has also been named. The term senior employee applies to the Chief Executive and his direct line reports plus the statutory Borough Treasurer and Borough Solicitor posts.

Remuneration of Senior Employees 2010/11

Post Title (and Name if over £150,000)	**Salary £000**	**Expense Allowances £000**	**Total Excluding Pension Contributions £000**	**Pension Contributions £000**	**Total Including Pension Contributions £000**
Chief Executive – T Wheadon	**161.5**	**1.4**	**162.9**	**24.3**	**187.2**
Assistant Chief Executive	**84.1**	**0.1**	**84.2**	**13.0**	**97.2**
Director of Corporate Services	**115.8**	**0.4**	**116.2**	**17.9**	**134.1**
Director of Children, Young People and Learning	**108.6**	**0.6**	**109.2**	**16.8**	**126.0**
Director of Adult Social Care and Health	**106.5**	**0.8**	**107.3**	**16.5**	**123.8**
Director of Environment, Culture and Communities	**116.5**	**0.6**	**117.1**	**17.5**	**134.6**
Borough Treasurer	**102.4**	**0.1**	**102.5**	**15.9**	**118.4**
Borough Solicitor	**87.5**	**0.1**	**87.6**	**13.5**	**101.1**
Total	**882.9**	**4.1**	**887.0**	**135.4**	**1,022.4**

Remuneration of Senior Employees 2009/10

Post Title (and Name if over £150,000)	Salary £000	Expense Allowances £000	Total Excluding Pension Contributions £000	Pension Contributions £000	Total Including Pension Contributions £000
Chief Executive – T Wheadon	157.5	0.9	158.4	24.2	182.6
Assistant Chief Executive	83.3	0.5	83.8	12.8	96.6
Director of Corporate Services	113.2	0.5	113.7	17.4	131.1
Director of Social Care and Learning[1]	67.4	0.0	67.4	10.1	77.5
Acting Director of Children, Young People and Learning[2]	99.2	0.7	99.9	13.0	112.9
Director of Children, Young People and Learning – from 15 Mar 2010[3]	5.0	0.0	5.0	0.8	5.8
Director of Adult Social Care and Health[4]	92.9	0.6	93.5	14.7	108.2
Director of Environment, Culture and Communities	117.2	0.6	117.8	17.5	135.3
Borough Treasurer	101.2	0.5	101.7	15.5	117.2
Borough Solicitor	86.6	0.5	87.1	13.3	100.4
Total	**923.5**	**4.8**	**928.3**	**139.3**	**1,067.6**

[1]The Director of Social Care and Learning left on the 30 September 2009.
[2]An Acting Director for Children Young People and Learning was in place from 1 October 2009.
[3] The new director of Children, Young People and Learning who started on the 15 March 2010 has an annualised salary of £108, 646.
[4]The Director for Adult Social Care and Health started on the 1 October 2009.

10 MEMBERS' ALLOWANCES & EXPENSES

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 2010/11 these amounted to £584,635 (2009/10 £588,082), comprised of Basic Allowances £364,073 (2009/10 £366,509), Special Responsibilities Allowances £203,625 (2009/10 £204,682) and Mayoral Allowance £16,937 (2009/10 £16,891). Members' expenses of £10,321 were paid in 2010/11 (2009/10 £16,031).

11 TERMINATION BENEFITS

The Authority terminated the contracts of 71 employees in 2010/11, incurring liabilities of £1.341m (£0.236m in 2009/10). These liabilities comprised of redundancy payments £1.026m (£0.149m), pay in lieu of notice £0.107m (£0.047m) and pension fund contributions to preserve unreduced benefits £0.208m (£0.040m).

12 PENSIONS

Teachers' Pension Scheme

Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. The Council is, also, responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

	2010/11		2009/10	
	Employers' Contribution	**Additional Benefits**	Employers' Contribution	Additional Benefits
Amount Paid	**£4.542m**	**£0.262m**	£4.373m	£0.262m
As a percentage of teachers' pensionable pay	**14.1%**	**0.82%**	14.1%	0.85%

The additional benefits consist of ongoing annual payments required as follows:

- To the Teachers' Pension Fund relating to the premature retirement of teachers on unreduced benefits,
- To five former teachers directly relating to premature retirement on unreduced benefits,
- To The Royal County of Berkshire Pension Fund who administer compensatory pension payments on behalf of former Berkshire County Council teachers.

Further information can be obtained from:

Teachers' Pensions
Mowden Hall
Darlington
DL3 9EE

Tel: 0845 6066166

Local Government Pension Scheme

The costs of retirement benefits are recognised in the Comprehensive Income and Expenditure Statement when earned by employees

The Council 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 2010. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund. The current contribution rate is 15.5% and will rise to 15.8% of pensionable pay in 2011/12.

The General Fund is charged with the amount payable by the Council to the pension fund in the year, not the current service costs and interest cost. The Movement in Reserves Statement includes an appropriation to and from the Pensions Reserve to adjust the pension charges within the Comprehensive Income and Expenditure Statement to the amount paid and/or payable to the pension fund in the reporting period.

The following costs have been recognised in the Comprehensive Income and Expenditure Statement and Statement of Movement on the General Fund Balance during the year:

	2010/11 £000	2009/10 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	**11,195**	6,769
Past Service Cost	**(29,333)**	0
Curtailments	**189**	31
Financing and Investment Income and Expenditure:		
Interest Cost	**16,682**	12,651
Expected Return on Scheme Assets	**(11,194)**	(7,566)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(12,461)**	11,885
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Actuarial Gains and Losses - BFBC	**(49,082)**	63,780
Actuarial Gains and Losses – Former BCC Fund	**(249)**	5,954
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(61,792)**	81,619
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with the Code.	**12,461**	(11,885)
Actual Amount Charged Against the General Fund for Pensions in the Year:		
Employer's Contributions Payable to Pension Scheme	**7,387**	7,067

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2010/11 is a loss of £41.5m (2009/10 a £90.8m loss).

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of scheme liabilities:

	2010/11 £000	2009/10 £000
Liabilities as of the Beginning of the Period	**303,964**	188,264
Current Service Cost	**11,195**	6,769
Interest Cost	**16,682**	12,651
Contributions by Scheme Participants	**2,938**	2,907
Actuarial Gains and Losses	**(36,292)**	101,875
Losses on Curtailments	**189**	31
Benefits Paid	**(7,313)**	(8,262)
Past Service Costs	**(29,333)**	0
Unfunded Pension Payments	**(438)**	(271)
Liabilities as of the end of the period	**261,592**	303,964

The present value of the pension liability arising from wholly unfunded benefits awarded in the past is £3.674m (2009/10 £3.647m). The liability relates to premature early retirement on unreduced benefits awarded in the past mostly by the former Berkshire County Council and annual payments must be paid by the authority when the pensioner payments are made.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing the authority's liabilities in the Pension Fund by £29.3m and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

Reconciliation of the fair value of scheme assets:

	2010/11 £000	2009/10 £000
Assets as of the Beginning of the Period	**160,973**	119,825
Expected Rate of Return	**11,194**	7,566
Actuarial Gains and Losses	**13,039**	32,141
Employer Contributions	**7,387**	7,067
Contributions by Scheme Participants	**2,938**	2,907
Benefits Paid	**(7,751)**	(8,533)
Assets as of the end of the period	**187,780**	160,973

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on scheme assets in the year was £13.0m (£39.7m in 2009/10).

Scheme History

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Defined Benefit Obligation	(261,592)	(303,964)	(188,264)	(200,216)	(225,139)
Scheme Assets	187,780	160,973	119,825	167,801	188,727
Surplus/(Deficit)	(73,812)	(142,991)	(68,439)	(32,415)	(36,412)

The liabilities show the underlying commitments that the Council has to pay retirement benefits. The net liability of £74m (£143m in 2009/10) has an impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Scheme will be funded by improved investment returns or increased contributions over the remaining working lives of employees, as assessed by the scheme's actuary.

The total contribution expected to be made to the Royal County of Berkshire Pension Fund in 2011/12 is £6.847m.

Basis for Estimating Asset and Liabilities

Liabilities have been estimated on an actuarial basis using the latest full valuation of the scheme as at 31 March 2010 rolled forward allowing for different financial assumptions about mortality rates, salary levels, etc. Barnett Waddingham, an independent firm of actuaries, has assessed the Royal County of Berkshire Pension Fund liabilities.

These assumptions are set with reference to market conditions at 31 March 2011. The discount rate is the yield on the iBoxx AA rated over 15 year corporate bond index as at this date. The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England. This measure has historically overestimated future increases in the RPI and so a deduction of 0.25% has been made to get the RPI assumption of 3.5%. As future pension increases are expected to be based on CPI rather than RPI, a further assumption has been made about CPI which is that it will be 0.8% below RPI i.e. 2.7%. Salary increases are then assumed to be 1.3% above price increases.

The main demographic and statistical assumptions used in the calculations are:

	2010/11 **%**	2009/10 %
Rate of inflation - RPI	**3.5**	3.9
Rate of inflation - CPI	**2.7**	N/A
Rate of increase in salaries	**4.8**	5.4
Rate of increase in pension	**2.7**	3.9
Rate of discounting scheme liabilities	**5.5**	5.5
Mortality assumptions from age 65:	**Age**	Age
Longevity at 65 for current pensioners		
Men	**22.7**	21.3
Women	**25.4**	24.3
Longevity at 65 for future pensioners		
Men	**24.8**	22.2
Women	**27.4**	25.3

Members will exchange half of their commutable pension for cash at retirement

Active members will retire one year later than they are first able to do so without reduction

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

	Long Term Expected Return (2010/11) %	Long Term Expected Return (2009/10) %	Assets Held 31 March 2011 %	Assets Held 31 March 2010 %
Equity Investments	**7.8**	7.9	**31.0**	44.0
Gilts	**4.4**	4.5	**0.0**	0.0
Other Bonds	**5.5**	5.5	**27.0**	29.0
Property	**5.9**	6.0	**8.0**	7.0
Cash	**3.0**	3.0	**5.0**	2.0
Alternative Assets	**5.0**	5.0	**29.0**	18.0
Total	**6.0**	6.5	**100.0**	100.0

History of Experience Gains and Loans

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Experience adjustments on Scheme Assets	**13,035**	32,137	(62,804)	(26,043)	160
Experience adjustments on Scheme Liabilities	**(4,011)**	(1,083)	0	(872)	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 31 March annually:

	2010/11 %	2009/10 %	2008/09 %	2007/08 %	2006/07 %
Differences between the expected and actual return on Assets	**6.94**	19.96	-52.41	-15.52	0.08
Experience gains and losses on Liabilities	**1.53**	0.36	0	0.44	0

Pensions Reserve

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

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

	Year to 31 March 2011 £000	Year to 31 March 2010 £000
Surplus /(Deficit) as of beginning of the period	**(142,991)**	(68,439)
Actuarial Gains/(Losses) on pension assets and liabilities	**49,331**	(69,734)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**12,900**	(11,613)
Employer's pension contributions and direct payments to pensioners payable in the year	**6,948**	6,795
Surplus /(Deficit) as of end of the period	**(73,812)**	(142,991)

The figures include the Council's share of the Former Berkshire County Council Pension Fund Liability of £21.285m (2009/10 £23.694m).

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

Pension Fund Manager
Royal County of Berkshire Pension Fund
Minster Court
22-30 York Road
Maidenhead
Berkshire
SL6 1SF

Tel: 01628 796701

13 AGENCY EXPENDITURE

Under various statutory powers the Council may agree with other local authorities, water companies and Government departments to do work on their behalf.

The Council acts as the lead council for the Emergency Duty Team, the Education Library Service and the London Road Landfill Site through joint arrangement agreements and provides services to the following organisations:

- Royal Borough of Windsor and Maidenhead Council;
- Reading Borough Council;
- Slough Borough Council;
- West Berkshire Council;
- Wokingham Borough Council; and
- Individual schools within the above Councils (Education Library Service only).

Below is a summary of the total cost of the services and the income received from these partner authorities. The Council is reimbursed for this work including a contribution towards administrative costs. Only the net expenditure for each service has been included in the Comprehensive Income and Expenditure Statement.

		2010/11	
	Expenditure	**Income**	**Net Expenditure**
	£000	**£000**	**£000**
Adult Social Care			
Emergency Duty Team	**784**	**(722)**	**62**
Education Services			
Education Library Service	**725**	**(598)**	**127**
Cultural, Environmental, Reg. & Planning Services			
London Rd Landfill Site	**113**	**(98)**	**15**
Total	**1,622**	**(1,418)**	**204**

		2009/10	
	Expenditure	Income	Net Expenditure
	£000	£000	£000
Adult Social Care			
Emergency Duty Team	823	(723)	100
Education Services			
Education Library Service	778	(675)	103
Cultural, Environmental, Reg. & Planning Services			
London Rd Landfill Site	166	(121)	45
Total	1,767	(1,519)	248

14 OPERATING LEASES

Council as Lessee

The Council leases various land and/or buildings under non-cancellable operating lease agreements. The lease terms range from 3 to 125 years. The operating leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The Council also leases various equipment and vehicles under non-cancellable operating lease agreements. The lease terms are between 1 and 9 years.

The non-cancellable operating lease expenditure charged to the relevant service line in the Comprehensive Income and Expenditure Statement during the year is £0.625m, a combination of £0.276m for properties and £0.349m for equipment and vehicles (2009/10 £0.278m for properties and £0.422m for equipment and vehicles).

The Council paid contingent rent of £0.078m during the year (2009/10 £0.078m).

The future minimum lease payments due under non-cancellable operating leases will be payable over the following periods:

	31 March 2011			31 March 2010		
	Land and Buildings	**Equipment and Vehicles**	**Total**	Land and Buildings	Equipment and Vehicles	Total
	£000	**£000**	**£000**	£000	£000	£000
Not later than one year	**255**	**267**	**522**	276	304	580
Later than one year but not more than five years	**740**	**535**	**1,275**	843	408	1,251
Later than five years	**5,346**	**0**	**5,346**	5,498	0	5,498
Total	**6,341**	**802**	**7,143**	6,617	712	7,329

Council as Lessor

The Council leases various land and/or buildings to lessees under non-cancellable operating lease agreements. The lease terms range from 1 to 125 years. The leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessee in accordance with the provisions of the individual lease agreements.

The minimum lease payments to be received by the Council (including the sub-letting of the industrial accommodation held under a finance lease at Longshot Lane) under non-cancellable operating leases in future years are as follows:

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	**1,638**	1,624
Later than one year but not more than five years	**4,458**	4,781
Later than five years	**23,207**	20,048
Total	**29,303**	26,453

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. The Council received contingent rent during the year of £0.637m (2009/10 £0.638m).

Of this, the total future minimum lease payments to be received by the Council that relate to investment property are as follows:

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	1,484	1,438
Later than one year but not more than five years	4,085	4,441
Later than five years	19,690	19,862
Total	25,259	25,741

The Council received contingent rent during the year of £0.635m (2009/10 £0.636m) for investment property.

15 FINANCE LEASES

Council as Lessee

The Council leases various vehicles under non-cancellable finance lease agreements.

The vehicle lease terms range from 8 to 10 years. The leases do not have purchase options, although some have terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2011 Equipment and Vehicles	31 March 2010 Equipment and Vehicles
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
Current	43	88
Non-current	32	75
	75	163
Finance costs payable in future years	4	10
Minimum lease payments	79	173

The total future minimum lease payments under non-cancellable finance leases will be payable over the following periods:

	31 March 2011 Equipment and Vehicles £000	31 March 2010 Equipment and Vehicles £000
Not later than one year	**45**	94
Later than one year but not more than five years	**34**	79
Later than five years	**0**	0
Total	**79**	173

The leases do not include rents that are contingent on events taking place after the lease was entered into.

The Council also leases various properties under non-cancellable finance lease agreements.

The property lease terms range from 75 to 99 years. The leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2011 Land and Buildings £000	31 March 2010 Land and Buildings £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	**0**	0
Non-current	**1,452**	1,452
	1,452	1,452
Finance costs payable in future years	**9,984**	10,155
Minimum lease payments	**11,436**	11,607

The total future minimum lease payments under non-cancellable finance leases for each of the following periods are as follows:

	31 March 2011 Land and Buildings £000	31 March 2010 Land and Buildings £000
Not later than one year	**171**	171
Later than one year but not more than five years	**683**	683
Later than five years	**10,582**	10,753
Total	**11,436**	11,607

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. The Council paid contingent rent during the year of £0.159m (2009/10 £0.159m) for Longshot Lane.

The Council has sub-let the industrial accommodation held under a finance lease at Longshot Lane under short term leases. The minimum lease payments expected to be received by the Council for Longshot Lane under non-cancellable operating leases are as follows:

	31 March 2011 Land and Buildings £000	31 March 2010 Land and Buildings £000
Not later than one year	**396**	390
Later than one year but not more than five years	**612**	919
Later than five years	**202**	252
Total	**1,210**	1,561

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. The Council paid contingent rent during the year of £0.085m (2009/10 £0.085m).

Council as Lessor

Under the Council's My Homebuy Scheme, the Council has purchased, then leased out its share of eight properties to participating residents over a 125 year period. The gross investment in the leases is equal to the minimum lease payments expected to be received over the remaining terms, as the properties are expected to have a nil residual value when the leases comes to an end. The minimum lease payments comprise settlement of the long term debtor for the interest in the properties acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding.

The gross investment is made up of the following amounts:

	31 March 2011	31 March 2010
	Buildings	Buildings
	£000	£000
Finance lease debtor (net present value of minimum lease payments):		
Current	**0**	0
Non-current	**390**	0
	390	0
Unearned Finance income	**1,882**	0
Gross Investment in the Leases	**2,272**	0

The gross investment in the leases and the minimum lease payments will be received over the following periods:

	Gross Investment/Minimum Lease Payments	
	31 March 2011	31 March 2010
	Buildings	Buildings
	£000	£000
Not later than one year	**18**	0
Later than one year but not more than five years	**73**	0
Later than five years	**2,181**	0
Total	**2,272**	0

As the lease payments are stepped during the first 5 years, no defaults are anticipated and therefore no allowance has been made for uncollectible amounts.

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The Council did not receive any contingent rent during the year (2009/10 £0.0m).

16 WASTE PFI CONTRACT

In 2006/07 the Council, together with Wokingham Borough and Reading Borough Councils, entered into a PFI contract for the disposal of waste. The total value of the contract is estimated to be £617m as at 31 March 2011, to be shared between the Councils based on relative throughput. Actual payments will depend upon the contractor's performance as well as that of the individual Councils in waste collection. As part of the contract, the contractor built a transfer station, materials recycling facility, civic amenity site and offices. The contract expires in 2031/32.

As the Councils involved control the services provided and will obtain ownership of the assets at the end of the contract, this contract has been treated as a service concession arrangement. The Council's share of assets and liabilities associated with the contract are reflected in the Balance Sheet.

The following values of assets are included in the Balance Sheet**:**

	2010/11			2009/10		
	Other Land & Buildings	**Vehicles, Plant, Furniture & Equipment**	**Total PFI Assets**	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total PFI Assets
	£000	**£000**	**£000**	£000	£000	£000
Cost/Valuation						
As of the beginning of the period	**6,515**	**1,469**	**7,984**	4,763	1,469	6,232
Additions	**0**	**0**	**0**	1,752	0	1,752
As of the end of the period	**6,515**	**1,469**	**7,984**	6,515	1,469	7,984
Depreciation						
As of the beginning of the period	**159**	**131**	**290**	0	45	45
Depreciation for Year	**217**	**86**	**303**	159	86	245
As of the end of the period	**376**	**217**	**593**	159	131	290
Net Book Value As of the beginning of the period	**6,356**	**1,338**	**7,694**	4,763	1,424	6,187
Net Book Value as of the end of the period	**6,139**	**1,252**	**7,391**	6,356	1,338	7,694

The liability resulting from the contract is included in Long Term Creditors in the Balance Sheet, except for the element payable within one year which is included in Short Term Creditors. The movement in the liability during the year is as follows:

	£000
Value at 1 April 2010	(6,718)
Capital expenditure incurred in the year	0
Payments during the year	191
Value at 31 March 2011	**(6,527)**

The following figures are an estimate of the payments to be made by the Council under the contract:

	As at 31 March 2011						
Obligations payable in	2011/12	2-5 yrs	6-10 yrs	11-15 yr	16-20 yrs	21-25 yrs	Total payable
	£000	£000	£000	£000	£000	£000	£000
Reimbursement of Capital Expenditure	205	703	1,195	1,681	2,368	375	6,527
Interest	430	1,603	1,691	1,215	543	13	5,495
Payment for Services	5,505	23,856	34,500	39,791	46,055	6,940	156,647
Total	**6,140**	**26,162**	**37,386**	**42,687**	**48,966**	**7,328**	**168,669**

As at 31 March 2010							
Obligations payable in	2010/11	2-5 yrs	6-10 yrs	11-15 yr	16-20 yrs	21-25 yrs	Total payable
	£000	£000	£000	£000	£000	£000	£000
Reimbursement of Capital Expenditure	191	714	1,117	1,569	2,211	915	6,717
Interest	443	1,650	1,769	1,323	697	56	5,938
Payment for Services	5,346	23,030	33,561	38,636	44,745	16,676	161,994
Total	**5,980**	**25,394**	**36,447**	**41,528**	**47,653**	**17,647**	**174,649**

17 AUDITOR'S REMUNERATION

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2010/11	2009/10
	£000	£000
Fees payable to the Audit Commission – District Auditor with regard to external audit services carried out by the appointed auditor for the year	**237**	251
Fees payable to the Audit Commission – District Auditor (refund of fees overcharged in 2007/08)	**0**	(22)
Fees payable to the Audit Commission – District Auditor in respect of statutory inspection	**0**	18
Fees payable to Audit Commission – District Auditor for the certification of grant claims and returns for the year	**70**	61
Fees payable in respect of other services provided by the Audit Commission – District Auditor during the year	**3**	6
Grant claim fees under/(over) accrued in previous year	**14**	2
Total	**324**	316

18 TRADING OPERATIONS

The Council has a number of activities which are classified as Trading Operations in accordance with the Code of Practice.

	2010/11		
		£000	**£000**
The Council operates the Bracknell Market collecting rental income from stallholders. The whole of the operating surplus or deficit is included in the General Fund. Cumulative deficit over last three financial years: £0.213m.	Expenditure Rental Income Operating Deficit	**211** **(73)**	 **138**
The Council operates nine Car Parks in Bracknell Town Centre and Crowthorne. The whole of the operating surplus or deficit is included in the General Fund. Cumulative surplus over last three financial years: (£0.022m)	Expenditure Income Operating Surplus	**1,321** **(1,485)**	 **(164)**
Smart Connect Cumulative deficit over last three financial years: £0.075m	Expenditure Income Operating Deficit	**39** **(36)**	 **3**
Total Trading Operations Deficit/(Surplus)			**(23)**

	2009/10		
		£000	**£000**
The Council operates the Bracknell Market collecting rental income from stallholders. The whole of the operating surplus is included in the General Fund account. Cumulative deficit over last three financial years: £0.095m	Expenditure Rental Income Operating Deficit	113 (80)	 33
The Council operates nine Car Parks in Bracknell Town Centre and Crowthorne. The whole of the operating surplus or deficit is included in the General Fund account Cumulative surplus over last three financial years: (£0.542m)	Expenditure Income Operating Surplus	897 (1,556)	 (659)
Smart Connect Cumulative deficit over last three financial years: £0.068m	Expenditure Income Operating Surplus	174 (184)	 (10)
Total Trading Operations Deficit/(Surplus)			(636)

19 MINIMUM REVENUE PROVISION (MRP)

The Council has calculated its Minimum Revenue Provision for the year as £1.529m (2009/10 £0.644m) which is transferred to the Capital Adjustment Account and reduces the Capital Financing Requirement. This is made up as follows:

	2010/11 £000	2009/10 £000
MRP (4% of Capital Financing Requirement at 1 April excluding the Waste PFI and finance leases)	**182**	72
Principal payable on finance leases	**88**	83
Principal payable on onerous provision for Enid Wood House	**949**	97
Principal payable on Waste PFI	**191**	273
Prepaid rent amortisation	**119**	119
Total MRP	**1,529**	644

The onerous provision was paid in full in 2010/11.

20 LANDFILL ALLOWANCE TRADING SCHEME (LATS)

The Council has received allowances for the year 2010/11 of 24,619 tonnes. The estimated landfill usage for the year is 6,656 tonnes. The Council did not buy or sell any allowances in the year. The allowances have been assessed as having a nil value in 2010/11 (£9 in 2009/10). The surplus allowances from 2009/10 cannot be banked and were not sold during the reconciliation period and have therefore been written out of the accounts.

LATS 2010/11	**Gross Income**	**Gross Expenditure**	**Net Expenditure**
	£000	**£000**	**£000**
Comprehensive Income and Expenditure Statement			
Cultural, Environmental, Regulatory and Planning Services	0	76	76

LATS 2010/11		**31 March 2011**
	£000	**£000**
Current Assets :		
Landfill Usage Allowances		0
Current Liabilities :		
Liability to DEFRA for Landfill Usage		0
Reserves :		
As of the beginning of the period	76	
Movement in year	(76)	
As of the end of the period		0

21 PROPERTY, PLANT AND EQUIPMENT

	2010/11					
	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-Structure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost/Valuation						
At 1 April 2010	383,834	38,209	54,345	1,238	31,061	508,687
Additions	8,778	5,426	2,518	19	16,400	33,141
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	16,030	0	0	0	0	16,030
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,721)	(212)	(143)	0	0	(10,076)
Disposals	(666)	0	0	0	0	(666)
Reclassification (to)/from Assets Held for Sale	(170)	0	0	0	0	(170)
Other Reclassifications	36,083	3,367	698	0	(40,853)	(705)
At 31 March 2011	**434,168**	**46,790**	**57,418**	**1,257**	**6,608**	**546,241**
Accumulated Depreciation & Impairments						
At 1 April 2010	11,864	27,788	12,339	0	0	51,991
Depreciation charge	8,830	4,181	1,715	0	0	14,726
Depreciation written out to the Revaluation Reserve	(320)	0	0	0	0	(320)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(221)	0	0	0	0	(221)
Impairment losses (reversals) recognised in the Revaluation Reserve	231	0	0	0	0	231
Impairment losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	275	0	0	0	0	275
Depreciation written out on disposal	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2011	**20,659**	**31,969**	**14,054**	**0**	**0**	**66,682**
Net Book Value at 31 March 2011	**413,509**	**14,821**	**43,364**	**1,257**	**6,608**	**479,559**
Net Book Value at 31 March 2010	371,970	10,421	42,006	1,238	31,061	456,696

Nature of asset holding						
Owned	407,241	13,555	43,364	1,257	6,608	472,025
Finance lease	129	14	0	0	0	143
PFI	6,139	1,252	0	0	0	7,391
Net Book Value at 31 March 2011	**413,509**	**14,821**	**43,364**	**1,257**	**6,608**	**479,559**

	2009/10					
	Other Land & Buildings £000	Vehicles, Plant Furniture & Equipment £000	Infra-Structure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost/Valuation						
At 1 April 2009	321,711	34,256	51,375	1,023	9,584	417,949
Additions	11,123	4,185	3,941	207	21,477	40,933
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	64,998	0	0	0	0	64,998
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(13,990)	(232)	(971)	0	0	(15,193)
Disposals	0	0	0	0	0	0
Reclassifications	(8)	0	0	8	0	0
At 31 March 2010	**383,834**	**38,209**	**54,345**	**1,238**	**31,061**	**508,687**
Accumulated Depreciation & Impairments						
At 1 April 2009	13,835	24,955	10,632	0	0	49,422
Depreciation charge	7,902	2,833	1,707	0	0	12,442
Depreciation written out to the Revaluation Reserve	(9,595)	0	0	0	0	(9,595)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(278)	0	0	0	0	(278)
Depreciation written out on disposal	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2010	**11,864**	**27,788**	**12,339**	**0**	**0**	**51,991**
Net Book Value at 31 March 2010	**371,970**	**10,421**	**42,006**	**1,238**	**31,061**	**456,696**
Net Book Value at 31 March 2009	307,876	9,301	40,743	1,023	9,584	368,527

Nature of asset holding						
Owned	365,614	8,956	42,006	1,238	31,061	448,875
Finance lease	0	127	0	0	0	127
PFI	6,356	1,338	0	0	0	7,694
Net Book Value at 31 March 2010	**371,970**	**10,421**	**42,006**	**1,238**	**31,061**	**456,696**

In Bracknell Forest there are 6 Voluntary Aided Schools and 4 Voluntary Controlled Schools. Only the proportion of the assets deemed to be owned by the Council rather than the Governing Body are included above.

22 PROPERTY, PLANT AND EQUIPMENT VALUATIONS

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. The valuations were principally carried out by Steve Booth BSc, MRICS, ASVA, DipAF – the

Council's Principal Valuation Surveyor. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in Note 1.

The significant assumptions applied in estimating the fair values are:

- Disregarding any site specific abnormal characteristics that would cause its market value to differ from that needed to replace the service potential at least cost.
- Disregarding alternative potential uses that would drive the value above that needed to replace the service potential of the property; and
- If parts of a property are unused and surplus to requirements their valuation treatment will depend on whether they could be sold or leased separately at the valuation date. If separate occupation is possible, they are separately identified and valued on the basis of market value. If separate occupation is not possible, the surplus parts would have no more than a normal Existing Use Value as they would contribute nothing to the service potential of the property and would not feature in a replacement at least cost.

The following statement shows the progress of the Council's rolling programme for the revaluation of property, plant and equipment.

	Other Land & Buildings £000	Vehicles, Plant Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Assets Under Construct-ion £000	Total Property, Plant and Equipment £000
Carried at historic cost	0	46,790	57,418	1,257	6,608	112,073
Valued at fair value as at:						
2010/11	161,345	0	0	0	0	161,345
2009/10	157,589	0	0	0	0	157,589
2008/09	79,639	0	0	0	0	79,639
2007/08	16,278	0	0	0	0	16,278
2006/07	19,317	0	0	0	0	19,317
Total Cost or Valuation	**434,168**	**46,790**	**57,418**	**1,257**	**6,608**	**546,241**

23 INVESTMENT PROPERTY

	2010/11 £000	2009/10 £000
Balance at the beginning of the period	21,113	20,979
Purchases	1,700	0
Disposals	(547)	0
Net gains/losses from fair value adjustments	2,715	134
Reclassification from Property, Plant and Equipment	575	0
Balance at the end of the period	**25,556**	21,113

Of the balance as at 31 March 2011, £0.510m relates to properties held under finance leases (£0.510m in 2009/10) and £25.046m to properties owned by the Council (£20.603m in 2009/10).

At 31 March 2011, all Investment Properties were let under operating leases with the exception of 13 properties currently without tenants and 4 properties held for future sale.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property. The Council has a contractual obligation to repair and maintain its investment properties.

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

	31 March 2011	31 March 2010
	£000	£000
Rental Income From Investment Property	**(2,324)**	(2,276)
Direct Operating Expenses Arising From Investment Property	**643**	562
Net Gain	**(1,681)**	(1,714)

24 INTANGIBLE ASSETS

Intangible assets consist of purchased software which is measured at historical depreciated cost.

	2010/11	2009/10
	£000	£000
As at the beginning of the period		
Gross carrying amounts	**399**	205
Accumulated amortisation	**(101)**	(45)
Net Carrying Amount as at the beginning of the period	**298**	160
Purchases	**392**	194
Reclassification from Property, Plant and Equipment	**130**	0
Amortisation for the period	**(138)**	(56)
Net Carrying Amount at the end of the period	**682**	298

Comprising:		
Gross carrying amounts	**921**	399
Accumulated amortisation	**(239)**	(101)
Net Carrying Amount at the end of the period	**682**	298

The majority of the amortisation for the year (£0.115m) was charged to Central Services to the Public within the Comprehensive Income and Expenditure Account. All the intangible assets are owned outright by the Council.

25 CAPITAL EXPENDITURE AND FINANCING

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

	31 March 2011 £000	31 March 2010 £000
Opening Capital Financing Requirement	**24,285**	18,998
Capital Investment		
Property, Plant and Equipment	**33,141**	40,933
Investment Property	**1,700**	0
Intangible Assets	**392**	194
Revenue Expenditure Funded from Capital under Statute	**1,139**	810
Long Term Debtors	**533**	25
	36,905	41,962
Sources of Finance		
Capital Receipts	**3,273**	4,956
Government Grants and Other Contributions	**23,864**	31,075
Sums Set Aside (MRP, Earmarked reserves etc)	**1,529**	644
	28,666	36,675
Closing Capital Financing Requirement	**32,524**	24,285
Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	**(1,529)**	3,535
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	**9,768**	0
Assets acquired under finance leases	**0**	0
Assets acquired under PFI contract	**0**	1,752
Increase/(Decrease) in Capital Financing Requirement	**8,239**	5,287

26 LONG TERM DEBTORS

The Council makes loans to a number of organisations and individuals.

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Central Government Bodies	**0**	0	0
Other Local Authorities			
Loan to Warfield Parish Council	**95**	106	128
NHS Bodies	**0**	0	0
Public Corporations and Trading Funds	**0**	0	0
Other Entities and Individuals			
Recreation Loans	**0**	0	5
Housing Association Loans	**434**	446	469
Housing Act Advances Loans	**1**	3	3
Sale of Council Houses Loans	**22**	34	40
Car Loans to Employees	**514**	380	97
Rent to Mortgage Properties	**376**	376	376
South Hill Park Loan	**22**	24	0
Mortgages	**518**	0	0
Shared Equity Property Finance Leases	**392**	0	0
Total	**2,374**	1,369	1,118

27 ASSETS HELD FOR SALE

	2010/11 £000	2009/10 £000
As of the beginning of the period	0	2,802
Property, Plant and Equipment assets newly classified as held for sale	170	0
Revaluation losses	(3)	0
Assets sold	0	(2,802)
As of the end of the period	**167**	**0**

The Council sold surplus land at the Brakenhale School during 2009/10.

28 SHORT TERM DEBTORS

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Central Government Bodies	**7,616**	7,407	4,226
Other Local Authorities	**843**	800	215
NHS Bodies	**411**	1,402	2,273
Public Corporations and Trading Funds	**0**	0	0
Other Entities and Individuals	**8,406**	7,042	7,648
Total	**17,276**	16,651	14,362

29 CASH AND CASH EQUIVALENTS

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Investments With Original Maturities of 3 Months or Less	27,908	44,585	28,368
Cash held by the Council	19	20	0
Bank Balance / (Overdraft)	912	(2,745)	(1,113)
Total	**28,839**	41,860	27,255

30 SHORT TERM CREDITORS

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Central Government Bodies	18,339	22,657	28,864
Other Local Authorities	3,782	2,932	3,239
NHS Bodies	1,187	529	921
Public Corporations and Trading Funds	158	0	39
Other Entities and Individuals	22,569	20,130	22,520
Total	**46,035**	46,248	55,583

31 PROVISIONS

	Enid Wood House £000	Market Square £000	Redundancy Payments £000	Total £000
Balance at 1 April 2010	949	0	0	949
Additional provisions made in 2010/11	0	1,700	22	1,722
Unwinding of discounting	25	0	0	25
Amounts used	(974)	0	0	(974)
Balance at 31 March 2011	0	1,700	22	1,722

	Enid Wood House £000
Balance at 1 April 2009	1,046
Unwinding of discounting	47
Amounts used	(144)
Balance at 31 March 2010	949

The Council has provided for an onerous lease obligation relating to Enid Wood House. The Council terminated the lease in 2010.

The Council has acquired a number of properties in Market Square to support the regeneration of the town centre. A compulsory purchase order process was used to acquire the properties and as at 31 March 2011 the cost of the purchases was still subject to negotiation. A provision has been made for the potential cost of the purchases. Negotiations are expected to have been completed by the end of 2011/12.

A provision was created in 2010/11 for redundancy payments where redundancies have been agreed but the payments will not be made until 2011/12.

32 LONG TERM CREDITORS

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Other Entities and Individuals			
PFI Obligations	**6,322**	6,527	4,967
Finance Lease Obligations	**1,484**	1,526	1,631
Peel Centre Prepaid Rent	**8,868**	8,987	9,106
Total	**16,674**	17,040	15,704

33 EARMARKED RESERVES

The Council voluntarily earmarks resources for future spending plans. This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

The following expenditure has been earmarked as of the reporting date.

	Balance at 1 April 2010 £000	**Transfers Out During 2010/11** £000	**Transfers In During 2010/11** £000	**Balance at 31 March 2011** £000
Earmarked Reserves				
Schools' Balances Held Under a Scheme of Delegation	1,616	0	1,160	2,776
Other Schools' Balances	448	(66)	456	838
Repairs and Renewals	24	0	11	35
Budget Carry Forwards	101	(101)	410	410
Insurance & Uninsured Claims	2,092	(69)	96	2,119
Cost of Structural Change	1,000	(906)	1,500	1,594
Regeneration of Bracknell Town Centre	294	(59)	0	235
Education Library Service	127	(27)	0	100
Building Regulations Chargeable Account	0	0	0	0
Landfill Allowances Trading Scheme (LATS) unused allowances	76	(76)	0	0
LPSA2 Grant	665	(665)	0	0
Commuted Maintenance of Land	127	0	15	142
S106 and Travel Plan Monitoring	60	0	11	71
Local Economy Steering Group	29	(23)	0	6
Capital Feasibility Studies	200	(9)	0	191
Icelandic Banks	2,575	(234)	0	2,341
Social Care Winter Pressures	0	0	212	212
Education Initiatives	0	0	150	150
Financial Systems Upgrade	0	0	100	100
Total	**9,434**	**(2,235)**	**4,121**	**11,320**

Schools' Balances are permitted to be retained under the Schools Standards & Framework Act 1998. The reserves are managed by the schools rather than the Council.

The Other Schools' Balances Reserve represents the element of schools expenditure funded by Dedicated Schools Grant that has been carried forward into 2011/12.

Budget Carry Forward Reserve is used to carry forward specific unspent monies into the following year.

The Insurance & Uninsured Claims Reserve provides cover for the following:

- The excess payable on claims under the Council's insurance policies; and
- Potential future claims not covered by existing policies, including contractual disputes, legal claims, breach of contract, Mental Health S117 claims and copyright claims.

The Cost of Structural Changes Reserve is used to fund the one-off additional costs arising from restructuring where there are demonstrable future benefits.

Over the past few years the Council has continued to lead on the redevelopment of the Town Centre. The Regeneration of Bracknell Town Centre Reserve was set up to fund the ongoing development work.

The Education Library Service Reserve is held in order to finance the renewal or maintenance of specific items of equipment. The service is provided under a joint arrangement with other Berkshire authorities.

The Commuted Maintenance of Land Reserve will be used to cover the cost of maintaining land transferred to the Council under Section 106 agreements.

To facilitate the delivery of the capital programme the Capital Feasibility Studies Reserve was created. It is used to finance expenditure on the preparation of capital schemes.

The Icelandic Banks Reserve will be used to meet any losses arising on the Council's deposits held in two Icelandic banks which have been put into receivership/administration.

The Social Care Winter Pressures Reserve will be used to fund budget pressures in Adult Social Care and Health in 2011/12.

The Education Initiatives Reserve will be used to fund a number of one-off projects within Children, Young People and Learning during 2011/12.

The Financial Systems Upgrade Reserve will be used to meet consultancy and backfill costs arising from the upgrade.

The remaining minor reserves are held to finance future improvement works, support local economic prosperity and to cover the costs of monitoring developers' compliance with Section 106 agreements.

Comparative movements in 2009/10	Balance at 1 April 2009 £000	Transfers Out During 2009/10 £000	Transfers In During 2009/10 £000	Balance at 31 March 2010 £000
Earmarked Reserves				
Schools' Balances Held Under a Scheme of Delegation	1,899	(426)	143	1,616
Other Schools' Balances	644	(222)	26	448
Repairs and Renewals	2	0	22	24
Budget Carry Forwards	549	(549)	101	101
Insurance & Uninsured Claims	2,079	(51)	64	2,092
Cost of Structural Change	1,396	(396)	0	1,000
Regeneration of Bracknell Town Centre	0	0	294	294
Education Library Service	119	0	8	127
Building Regulations Chargeable Account	(20)	0	20	0
Landfill Allowances Trading Scheme (LATS) unused allowances	0	0	76	76
Performance Improvement	73	(73)	0	0
LPSA2 Grant	329	0	336	665
Commuted Maintenance of Land	13	(13)	127	127
S106 and Travel Plan Monitoring	50	0	10	60
Local Economy Steering Group	34	(5)	0	29
Capital Feasibility Studies	0	0	200	200
Icelandic Banks	0	0	2,575	2,575
Total	**7,167**	**(1,735)**	**4,002**	**9,434**

34 CAPITAL RECEIPTS RESERVE

	2010/11	2009/10
	£000	£000
Opening Balance	**0**	0
Capital Receipts	**3,286**	4,983
Capital Receipts used for Financing	**(3,273)**	(4,956)
Pooling of Capital Receipts	**(13)**	(27)
Closing Balance	**0**	0

35 REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2010/11	2009/10
	£000	£000
As of the beginning of the period	**112,854**	40,573
Upward revaluation of assets	**18,581**	80,226
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**(2,461)**	(5,633)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**16,120**	74,593
Difference between fair value depreciation and historical cost depreciation	**(3,213)**	(3,137)
Accumulated gains on assets sold or scrapped	**(221)**	0
Amount written off to the Capital Adjustment Account	**(3,434)**	(3,137)
Surplus or deficit on revaluation of non-current assets posted to the Surplus or Deficit on the Provision of Services	**0**	825
Closing Balance	**125,540**	**112,854**

36 CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2010/11	2009/10
	£000	£000
Balance at 1 April	**340,994**	332,898
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for Depreciation and Impairment of Non-current Assets	**(15,001)**	(12,444)
• Statutory provision for the financing of capital investment	**1,529**	644
• Revaluation Losses on Property Plant & Equipment	**(9,858)**	(15,740)
• Amortisation of intangible assets	**(138)**	(56)
• Revenue Expenditure Funded from Capital under Statute	**(585)**	(510)
• Amount of non-current asset written off on sale as part of the gain/loss on sale to the Comprehensive Income and Expenditure Statement	**(1,213)**	(2,802)
	(25,266)	(30,908)
Adjusting Amounts written out of the Revaluation Reserve	**3,434**	3,137
Net written out amount of the cost of non-current assets consumed in the year	**(21,832)**	(27,771)
Capital financing applied in the year:		
• Use of the Capital Receipts Reserve to finance new capital expenditure	**3,273**	4,956
• Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**23,311**	30,774
	26,584	35,730
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	**2,715**	134
Repayment of loans	**(2)**	0
Capital Receipts Set Aside in Year	**0**	3
Balance at 31 March	**348,459**	340,994

37 FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2010/11	2009/10
	£000	£000
Opening Balance	(378)	(608)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	378	230
Closing Balance	0	(378)

38 COLLECTION FUND ADJUSTMENT ACCOUNT

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

	2010/11	2009/10
	£000	£000
As of the beginning of the period	100	144
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	149	(44)
Closing Balance	249	100

39 DEFERRED CAPITAL RECEIPTS RESERVE

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2010/11	2009/10
	£000	£000
As of the beginning of the period	997	1,048
Shared Equity Property Finance Leases	390	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(40)	(48)
Transfer to the Capital Adjustment Account (Capital Receipts Set Aside in Year)	0	(3)
Closing Balance	1,347	997

Deferred Capital Receipts represent income of a capital nature due to be paid to the Council over a number of years from the following bodies:

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Mortgages on Council Houses Sold	**35**	48	65
Housing Act Advances	**3**	4	5
Housing Association Loans	**445**	457	469
Loan to Warfield Parish Council	**98**	110	128
Recreation Loans	**0**	2	5
Rent to Mortgage Properties	**376**	376	376
Shared Equity Property Finance Leases	**390**	0	0
Total	**1,347**	997	1,048

40 ACCUMULATED ABSENCES ACCOUNT

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

	2010/11 £000	2009/10 £000
As of the beginning of the period	**4,592**	3,942
Net charge during the year	**(57)**	650
Closing Balance	**4,535**	4,592

The Accumulated Absences Account represents payments to be made to employees by the Council in the future years for leave earned prior to the reporting date.

41 COMMITMENTS

Capital Commitments

Estimated commitments for capital expenditure for significant schemes that had started, or where legal contracts had been entered into, as of 31 March 2011 are as follows.

Capital Scheme	£000
Garth Hill College Rebuild	500
Wick Hill Remodelling	175
Replacement Revenue & Benefits System	229
Replacement Network Circuits	148
Improvements & Capitalised Repairs	1,098
South Hill Park Restoration Project	746
SANGS Enhancement Works	336
Bridge Strengthening	320
Cemetery and Crematorium Mercury Abatement	965
Highway Maintenance Depot	420
Car Parks Access and Payment Equipment	116
Car Parks Structure and Repairs	130
Total	**5,183**

Other Long Term Contracts

The Council is committed to making payments under the following major contracts as of 31 March 2011:

Contract	Contractor	Contract Expiry Date	Approximate Annual Value £000
Framework for Broadband and Related Services - South East Area Network (SEAN)	Easynet Limited, Redstone Converged Solutions, RM and Synetrix Ltd	31/08/2013	2,875
Gas & Electricity under a framework agreement	Total Gas and Southern Electric	-	2,436
Home to School Transport	Various contracts, the largest being with Berkshire Executive Travel	31/08/2011	1,382
Accommodation based services and Housing related support for vulnerable adults	Berkshire Womans Aid, Glenfield House, Look Ahead Housing and Care and Sheltered Housing	31/03/2013	1,339
Highways electrical maintenance	Raynesway Construction Southern Ltd	31/03/2014	1,200
Highway Maintenance	Ringway Highway Services Ltd	30/09/2014	1,150
Learning Disabilities Community Based Support	Choice Support, Dimensions, HFT and Lifeways	13/07/2012	1,000
Insurance (Personal Accident, Motor, Property and Liability)	RMP (AIG)	31/03/2013	589
Various individual adult social care packages	Turnstone Support	Ongoing	2,546
Various individual adult social care packages	New Support Options	Ongoing	1,599
Various individual adult social care packages	Berkshire NHS Trust	Ongoing	674
			16,790

42 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	31 March 2011 Short Term	Long Term	Total	Fair Value
	£000	£000	£000	£000
Investments – Loans and Receivables (including accrued interest)	10,496	275	10,771	10,771
Debtors – Loans and Receivables	0	2,374	2,374	2,360
Debtors – Financial Assets Carried at Contract Amount	11,043	0	11,043	11,043
Total Financial Assets	**21,539**	**2,649**	**24,188**	**24,174**
Creditors – Financial Liabilities Carried at Contract Amount	41,068	0	41,068	41,068
Creditors – Financial Liabilities Carried at Amortised Cost (PFI and finance leases)	248	7,806	8,054	12,459
Total Financial Liabilities	**41,316**	**7,806**	**49,122**	**53,527**

	31 March 2010 Short Term	Long Term	Total	Fair Value
	£000	£000	£000	£000
Investments – Loans and Receivables (including accrued interest)	395	3,508	3,903	3,903
Debtors – Loans and Receivables	0	1,369	1,369	1,349
Debtors – Financial Assets Carried at Contract Amount	12,588	0	12,588	12,588
Total Financial Assets	**12,983**	**4,877**	**17,860**	**17,840**
Creditors – Financial Liabilities Carried at Contract Amount	42,236	0	42,236	42,236
Creditors – Financial Liabilities Carried at Amortised Cost (PFI and finance leases)	279	8,054	8,333	12,414
Total Financial Liabilities	**42,515**	**8,054**	**50,569**	**54,650**

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of a financial asst are credited/debited to the Comprehensive Income and Expenditure Statement.

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets which consist of loans and receivables are measured in the Balance Sheet at amortised cost using the effective interest rate method. Their fair value is measured as the present value of the expected cash flows 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, including trade and other receivables, has a maturity of less than 12 months the fair value is taken to be the principal outstanding or the billed amount.

For Icelandic bank deposits, which are included in the accounts at their impaired value, no fair value calculation has been made and these are included in the fair value column above at their carrying amount.

The fair value of the assets is slightly lower than the carrying amount because the Council's portfolio of investments includes a number of fixed rate car loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss attributable to the commitment to receive interest below current market rates.

The fair value of the liabilities is higher than the carrying amount because the Council's has long term liabilities where the interest rate payable is higher than the prevailing rates estimated to be available at the Balance Sheet date.

Income, Expense, Gains and Losses

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

2010/11	Loans and Receivables	Financial Liabilities Carried at Amortised Cost	Total
	£000	£000	£000
Interest expense	0	(644)	(644)
Impairment Losses	(100)	0	(100)
Total Expense in Surplus or Deficit on the Provision of Services	(100)	(644)	(744)
Interest Income	349	0	349
Interest Income Accrued on Impaired Financial Assets	245	0	245
Total Income in Surplus or Deficit on the Provision of Services	594	0	594
Net Gain/(Loss) for the Year	494	(644)	(150)

2009/10	Loans and Receivables	Financial Liabilities Carried at Amortised Cost	Total
	£000	£000	£000
Interest expense	0	(570)	(570)
Impairment Losses	(36)	0	(36)
Total Expense in Surplus or Deficit on the Provision of Services	(36)	(570)	(606)
Interest Income	984	0	984
Interest Income Accrued on Impaired Financial Assets	266	0	266
Total Income in Surplus or Deficit on the Provision of Services	1,250	0	1,250
Net Gain/(Loss) for the Year	1,214	(570)	644

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 outstanding debt obligations. The key risks are in relation to financial assets and are as follows:

- 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 based on the *Local Government Act 2003* and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services 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 CIPFA Treasury Management Code of Practice;

- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;

- by approving annually in advance prudential and treasury 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 for the maturity structure of its debt;

    - 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 semi-annually to Members (from 1 April 2010).

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 3 March 2010 and is available on the Council website at http://www.bracknell-forest.gov.uk/treasury-management-and-investment-strategy-2010-to-2011.pdf . The key issues within the strategy were:

- The Authorised Limit for 2010/11 was set at £23m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was expected to be £20m. This is the expected level of debt and other long term liabilities during the year.

- The maximum amounts of fixed and variable interest rate exposure was set at 25% and 100% respectively based on the Council's net debt.

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

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 considers maximum amounts and time limits in respect of each financial institution. 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. The Investment Strategy was approved by the Council on 3 March 2010 and is available on the Council website at http://www.bracknell-forest.gov.uk/treasury-management-and-investment-strategy-2010-to-2011.pdf.

The key areas are as follows:

- The minimum criteria for investment counterparties are:
  - UK Banks and Building Societies – must meet the minimum following credit criteria

Fitch	Moodys	S&P
Short Term F1	Short Term P1	Short Term A1
Individual A Support 1 to 3	Financial Strength C	
Individual A/B Support 1 to 3		
Individual B Support 1 to 3		
Individual B/C Support 1 to 2		

  - Money Market Funds – AAA Rating Sterling Denominated
  - UK Government (including gilts and Debt Management Account Deposit Facility (DMADF))
  - UK Local Authorities

- The time and money limits on the Council's counterparty lists are as follows:

Counterparty	Time Limit	Money Limit
UK Bank/Building Society	364 days	£7m
Money Market Fund	On-Call	£7m
UK Government	364 days	£Unlimited
UK Local Authorities	364 days	£7m

Additional requirements under the Code of Practice now require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

The Authority's maximum exposure to credit risk in relation to its deposits in banks, building societies and money market funds of £35.8m (excluding Icelandic bank deposits) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the authority's deposits, but there was no evidence at the 31 March 2011 that this was likely to crystallise.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets. The trade debtor figures reflect 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 2011	Historical experience of default	Adjustment for market conditions at 31 March 2011	Estimated maximum exposure to default at 31 March 2011	Estimated maximum exposure to default at 31 March 2010
	£000	%	%	£000	£000
	(a)	(b)	(c)	(a * c)	
Customers (trade debtors)	3,531	7.9%	7.9%	278	161
TOTAL				**278**	**161**

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its customers, such that £2.098m of the £3.531m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2011	31 March 2010
	£000	£000
Less than one months	**707**	1,574
One to three months	**181**	525
Three months to four months	**64**	104
More than five months	**1,146**	1,955
	2,098	4,158

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2011 was £0.1m.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £5m deposited in this sector at that time. The table above does not include the amount deposited with Icelandic banks. In accordance with accounting practice the Council impaired the investments in 2008/09. These impairments were revised in 2009/10 and 2010/11 based on the latest information. The two investments concerned are as follows:

Bank	Date Invested	Maturity Date	Amount Invested	Interest Rate	Carrying Amount at 31 March 2011	Impair-ment
			£000	%	£000	£000
Heritable Bank	29/4/08	19/12/08	2,000	5.95	684	485
Glitnir Bank	01/04/08	31/3/09	3,000	6.43	3,053	528

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.

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

Bank	Credited 2010/11	Received 2010/11	Credited 2009/10	Received 2009/10
	£000	£000	£000	£000
Heritable Bank	(49)	0	(72)	0
Glitnir Bank	(196)	0	(194)	0

Regulations issued in March 2009 allowed the Council not to charge amounts relating to impaired investments to the General Fund. Such amounts were 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 Council took advantage of the regulations, and transferred impairments and interest receivable for 2009/10 and 2010/11 to the Financial Instruments Adjustment Account. However the regulations require the Council to transfer the balance on the Financial Instruments Adjustment Account for Icelandic banks to the General Fund no later than 31 March 2011. The account has therefore now been cleared to zero and the impact of impairments and interest receivable charged to the General Fund.

Bank	Balance on FIAA at 31/3/11	Transfers during 2010/11	Balance on FIAA at 31/3/11
	£000	£000	£000
Heritable Bank	335	(335)	0
Glitnir Bank	43	(43)	0

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. A total repayment of £0.311m was received (15.1%) in 2010/11 bringing the total to date to 50.08% of the claim. The revised impairment is based on the assumption that a further 34.90% will be received by October 2012, taking the total dividends expected to be paid to 84.98%.

The assumptions made regarding the timing of recoveries is shown below:

Date	Repayment	Date	Repayment
April 2011	6.25%	April 2012	5.00%
July 2011	5.00%	July 2012	5.00%
October 2011	5.00%	October 2012	3.65%
January 2012	5.00%		

Recoveries are expressed as a percentage of the Council's claim in the administration, which includes interest accrued up to 6 October 2008.

The impairment for Glitnir in 2008/09 was based on the assumption that local Council deposits with the bank had priority status, and would therefore be repaid ahead of any creditors that did not have priority status. This was based on the legal advice obtained by local councils, and on announcements made by the banks.

The Glitnir Winding-Up Board has since expressed the view that local council deposits do not have priority status. Local councils' legal advice remains that deposits have priority status under Icelandic law and confirmation of this is currently being tested through the Icelandic courts. It is unlikely that the position on priority status will be known until September 2011. Deposits with the Icelandic-domiciled banks were converted to Icelandic Krona on 22 April 2009. Repayments by Glitnir will be based on the value of the deposit in ISK; the sterling value received by authorities will depend on the prevailing exchange rate, and may therefore be lower than the equivalent value on 22 April 2009. However, most of the bank's assets are in currencies other than ISK. Consequently exchange rate risk has been ignored when estimating future cash flows.

For Glitnir the impairment for 2010/11 has been calculated on the basis that priority status will be confirmed and that a 100% repayment will be received in December 2011. If the Council does not receive priority status the expected repayment will be approximately 30p in the £.

An earmarked reserve was created in 2009/10 to meet the worst case position regarding these investments.

Liquidity risk

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

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

Refinancing and Maturity Risk

Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. For the Council, which maintains a significant investment portfolio, this risk relates to the maturing of longer term financial assets/investments.

The approved treasury indicator limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies 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 PFI arrangements and the maturity analyses are disclosed in Notes 15, 16 and 23 to these accounts.

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 Surplus or Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor the 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 favorable, 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.

	£000
Increase in interest receivable on variable rate investments & cash equivalents	(490)
Impact on Surplus or Deficit on the Provision of Services	**(490)**
Decrease in fair value of fixed rate investment assets	**62**
Impact on Other Comprehensive Income and Expenditure	**62**

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

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.

43 CONTINGENCIES

Contingent Liabilities

The Council gave a number of warranties to Bracknell Forest Homes in connection with the transfer of the housing stock in February 2008. The most significant warranties 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; and
- 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 the Earmarked Reserves to offset the costs.

Contingent Assets

The Council submitted a number of 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 submitted by the Council for junior education courses are still outstanding. These claims total £0.165m, excluding interest, although there is no indication at this stage that HM Revenue and Customs will pay the amounts claimed.

Wokingham Borough Council has also made a VAT claim for £0.500m (excluding interest) with regard to fees at Downshire and Hurst Golf Courses. These facilities were previously jointly owned and if the claim is successful the Council would be entitled to 50% of the amount received.

44 POOLED BUDGETS AND INVESTMENT IN COMPANIES

The following pooled budget arrangements and material investments in companies were in place during the financial year.

Pooled Budget: Intermediate Care Services

The pooled budget was established on 1 April 2008 for a term of 3 years, until 31 March 2011 but it is intended to be continued for a further three year period. 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	£000	£000
Financial Year 2010/11	**2,814**	**2,814**	**1,582**
Financial Year 2009/10	2,622	2,622	1,605

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 original agreement life was for five years but the service has continued following expiry of the original agreement pending decisions on the future nature of the service. 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	£000	£000
Financial year 2010/11	**2,809**	**2,809**	**195**
Financial year 2009/10	2,809	2,809	208

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	£000	£000
Financial year 2010/11	**Unavailable**	**Unavailable**	**887**
Financial year 2009/10	(263)	1,504	1,156
Financial year 2008/09	(187)	1,326	1,217

The signed accounts for 2010/11 will not be available until 30 September 2011. Connexions Berkshire is a charitable company Limited by guarantee. The Board of Trustees is responsible for the overall governance of the charity. There are a total of 32 Trustees who represent a wide range of organisations and one represents Bracknell Forest Council. In the event of the company being wound up, the liability of each trustee is limited to £10.

45 RELATED PARTY TRANSACTIONS

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts from government departments are included in the subjective analysis in Note 5 and the grant analysis in Note 8.

South Hill Park

The Council owns property that is leased to the South Hill Park Trust and also nominates 4 of the 13 trustees. The Council has a Partnership agreement with the Trust and provided a grant in 2010/11 for £0.504m. Building repairs and maintenance of £0.017m and grounds maintenance of £0.035m were also provided.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances and expenses paid is shown in Note 10. All Members were asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties.

The Leader of the Council's spouse is a voluntary member of the management committee of Keep Mobile. Keep Mobile is a voluntary organisation designed specially to provide transport for elderly and disabled borough residents enabling them to retain their independence. It is partially funded by the Council by Grant and Service Level Agreement and in 2010/11 received £0.138m.

Officers of the Council

Officers of the Council have an ability to influence the Council's financial and operating policies. 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 declaration was obtained from all first and second tier officers and particular officer's whose responsibilities could be relevant. The declarations confirmed that no material related party transactions exist.

46 EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts were authorised for issue by Chris Herbert the Borough Treasurer on 28 June 2011. There have been no post balance sheet events.

47 EXPLANATION OF TRANSITION TO THE CODE

Local Councils are required to prepare their 2010/11 accounts using International Financial Reporting Standards (IFRS), as interpreted for local authorities in the Code of Practice on Local Authority Accounting 2010/11 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is applied retrospectively for most transactions resulting in the Accounts prepared under the Code of Practice on Local Authority Accounting: Statement of Recommended Practice (the SORP) being restated.

Impact of the Code on Comparative Financial Information

The Council publishes comparative information for one year in its Accounts. The date for transition to the Code is 1 April 2009. The financial information set out in this note has been prepared in order to explain the adjustments made to the Balance Sheet as of 1 April 2010 and Comprehensive Income and Expenditure Statement for the year ended 31 March 2010. This information has been prepared using the accounting policies set out in Note 1.

Change in Accounting Policies on Transition to the Code

The first time adoption of the Code has resulted in a significant change in accounting treatment in respect of the following:

Grants and Contributions

Under the Code, Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) attached that the Council has not satisfied. Under the SORP, capital grants and contributions were amortised to the Comprehensive Income and Expenditure Statement over the life of the asset funded by the capital grant or contribution.

Lease classification

Both the Code and SORP require leases to be classified as finance leases or operating leases. The Code requires that a lease of land and buildings is split at inception of the lease into a separate lease of land and a lease of buildings. Unless title is expected to pass to the lessee at the end of the lease term, the Council has classified the leases of land as operating leases. Under the SORP, the lease of land and buildings are considered together.

Buildings classified as finance leases under Code, which were classified as operating leases under the SORP, and the related finance lease liabilities for future minimum lease payments, were recognised in the Balance Sheet on transition to the Code.

Additional interest expense was recognised for the leases reclassified as finance leases under the Code.

Investment Property

Investment properties, included within tangible fixed assets under the SORP, were reclassified to a separate category of assets within the Balance Sheet on transition to the Code. The Council has elected to treat an operating lease as a finance lease as permitted by the Code. This property is included in Investment Property in the Balance Sheet.

Changes in fair value of the investment properties, recognised in the revaluation surplus under the SORP, were reclassified to the Comprehensive Income and Expenditure Statement under the Code.

Non-current Assets Held for Sale

Under the SORP, the Council was not required to identify separately on the face of the Balance Sheet non-current assets held for sale. The Code states that a non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets held for sale, included within tangible fixed assets under the SORP, have been reclassified to a separate category within the Balance Sheet on transition to the Code.

Short Term Creditors

The Council recognised an accrual for leave and flexi-time earned but not yet taken on transition to the Code. All Councils are recognising an accrual for leave and flexi-time earned but not yet taken as part of their transition to the Code.

A finance lease liability was recognised in the Balance Sheet on transition to the Code. The finance lease liability relates to property and vehicle leases classified as finance leases on transition to the Code.

A payment received at the inception of an operating lease is presented as a creditor within the Balance Sheet under the Code. The prepayment received was recognised on transition to the Code. The prepayment received is amortised to the Comprehensive Income and Expenditure Statement over the life of the lease.

Long Term Creditors

A finance lease liability was recognised in the Balance Sheet on transition to the Code. The finance lease liability relates to property and vehicle leases classified as finance leases on adoption of the Code.

A payment received at the inception of an operating lease is presented as a creditor within the Balance Sheet under the Code. The prepayment received was recognised on transition to the Code. The prepayment received is amortised to the Comprehensive Income and Expenditure Statement over the life of the lease.

Provisions

A finance lease liability for a vacant property was recognised on transition to the Code. As the Council is negotiating the termination of this lease, the finance lease liability is presented as a provision in the Balance Sheet.

Balance Sheet as at 1 April 2009

	The SORP £000	Adjustments £000	The Code £000
Property, Plant and Equipment			
Other Land and Buildings	309,116	(1,240)	307,876
Vehicles, Plant and Equipment	9,330	(29)	9,301
Infrastructure Assets	40,743	0	40,743
Non-operational Assets	31,997	(31,997)	0
Community Assets	1,023	0	1,023
Assets Under Construction	0	9,584	9,584
	392,209	**(23,682)**	**368,527**
Investment Property	0	20,979	20,979
Intangible Assets	0	160	160
Long Term Investments	4,092	0	4,092
Long Term Debtors	1,118	0	1,118
Long Term Assets	**397,419**	**(2,543)**	**394,876**
Current Assets			
Short Term Investments	58,459	(28,368)	30,091
Assets Held for Sale	0	2,802	2,802
Inventories	328	(154)	174
Short-term Debtors	14,208	154	14,362
Cash and Cash Equivalents	0	27,255	27,255
	72,995	1,689	**74,684**
Current Liabilities			
Short Term Creditors	(51,447)	(4,136)	(55,583)
Bank Overdraft	(1,113)	1,113	0
Provisions	0	(1,046)	(1,046)
	(52,560)	**(4,069)**	**(56,629)**
Long Term Liabilities			
Long Term Creditors	(5,053)	(10,651)	(15,704)
Grants and Other Contributions	(40,133)	30,561	(9,572)
Provisions	(73)	73	0
Net Pension Liability	(68,439)	0	(68,439)
	(113,698)	**19,983**	**(93,715)**
Net Assets	**304,156**	**15,060**	**319,216**
Usable Reserves			
General Fund	10,375	0	10,375
Earmarked Reserves	7,104	63	7,167
Capital Receipts Reserve	0	0	0
	17,479	**63**	**17,542**
Unusable Reserves			
Revaluation Reserve	41,452	(879)	40,573
Capital Adjustment Account	313,080	19,818	332,898
Financial Instrument Adjustment Account	(608)	0	(608)
Collection Fund Adjustment Account	144	0	144
Deferred Capital Receipts Reserve	1,048	0	1,048
Pension Reserve	(68,439)	0	(68,439)
Accumulated Absences Account	0	(3,942)	(3,942)
	286,677	**14,997**	**301,674**
Total Reserves	**304,156**	**15,060**	**319,216**

Balance Sheet as at 31 March 2010

	The SORP £000	Adjustments £000	The Code £000
Property, Plant and Equipment			
Other Land and Buildings	371,780	190	371,970
Vehicles, Plant and Equipment	10,346	75	10,421
Infrastructure Assets	42,006	0	42,006
Non-operational Assets	52,236	(52,236)	0
Community Assets	1,238	0	1,238
Assets Under Construction	0	31,061	31,061
	477,606	**(20,910)**	**456,696**
Investment Property	0	21,113	21,113
Intangible Assets	298	0	298
Long Term Investments	3,508	0	3,508
Long Term Debtors	1,369	0	1,369
Long Term Assets	**482,781**	**203**	**482,984**
Current Assets			
Short Term Investments	44,981	(44,586)	395
Assets Held for Sale	0	0	0
Inventories	217	(51)	166
Short-term Debtors	16,599	52	16,651
Cash and Cash Equivalents	0	41,860	41,860
	61,797	**(2,725)**	**59,072**
Current Liabilities			
Short Term Creditors	(41,457)	(4,791)	(46,248)
Bank Overdraft	(2,725)	2,725	0
Provisions	0	(949)	(949)
	(44,182)	**(3,015)**	**(47,197)**
Long Term Liabilities			
Long Term Creditors	(6,578)	(10,462)	(17,040)
Grants and Other Contributions	(69,275)	59,710	(9,565)
Provisions	(197)	197	0
Net Pension Liability	(142,991)	0	(142,991)
	(219,041)	**49,445**	**(169,596)**
Net Assets	**281,355**	**43,908**	**325,263**
Usable Reserves			
General Fund	8,845	0	8,845
Earmarked Reserves	9,247	187	9,434
Capital Receipts Reserve	0	0	0
	18,092	**187**	**18,279**
Unusable Reserves			
Revaluation Reserve	113,867	(1,013)	112,854
Capital Adjustment Account	291,668	49,326	340,994
Financial Instrument Adjustment Account	(378)	0	(378)
Collection Fund Adjustment Account	100	0	100
Deferred Capital Receipts Reserve	997	0	997
Pension Reserve	(142,991)	0	(142,991)
Accumulated Absences Account	0	(4,592)	(4,592)
	263,263	**43,721**	**306,984**
Total Reserves	**281,355**	**43,908**	**325,263**

Comprehensive Income and Expenditure Statement for 2009/10

	The SORP	Adjustments	The Code
Gross Expenditure, Gross Income and Net Expenditure	**£000**	**£000**	**£000**
Central Services to the Public	2,655	224	2,879
Cultural, Environmental, Regulatory and Planning Services	23,424	1,581	25,005
Education and Children's Services	37,820	1,152	38,972
Other Housing Services	2,782	8	2,790
Highways and Transport Services	10,146	434	10,580
Adult Social Care	25,594	119	25,713
Corporate and Democratic Core	4,428	8	4,436
Non Distributed Costs	228	(144)	84
Exceptional item – VAT refunds	(2,583)	0	(2,583)
Cost of Services	**104,494**	**3,382**	**107,876**
Other Operating Expenditure			
Levies	97	0	97
Parish Council Precepts	2,600	0	2,600
Payments to the Government Housing Capital Receipts Pool	27	0	27
Other Income From Capital Receipts That do not Arise From the Disposal of an Asset	(2,134)	0	(2,134)
Loss on the disposal of non-current asset	1	0	1
Financing and Investment Income and Expenditure			
(Surpluses)/Deficits on Trading Undertakings	(669)	33	(636)
Interest Receivable and Similar Income	(1,214)	0	(1,214)
Interest Payable on PFI Unitary Payments	341	0	341
Interest Payable on Finance Leases	4	225	229
Income and Expenditure in Relation to Investment Properties	0	(1,714)	(1,714)
Changes in Fair Value of Investment Properties	0	(134)	(134)
Impairment of Financial Instruments	36	0	36
Pensions Interest Cost and Expected Return on Pension Assets	5,085	0	5,085
Taxation and Non-specific Grant Incomes			
Council Tax Income	(48,790)	0	(48,790)
General Government Grants	(10,345)	0	(10,345)
NNDR	(20,914)	0	(20,914)
Capital Grants and Contributions	0	(30,774)	(30,774)
(Surplus) or Deficit on Provision of Services	**28,619**	**(28,982)**	**(363)**
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment	(75,552)	134	(75,418)
Actuarial (Gains)/Losses on Pension Asset / Liabilities – BFBC	63,780	0	63,780
Actuarial (gains)/Losses on Pension Asset / Liabilities – Former BCC Fund	5,954	0	5,954
Other Comprehensive Income and Expenditure	**(5,818)**	**134**	**(5,684)**
Total Comprehensive Income and Expenditure	**22,801**	**(28,848)**	**(6,047)**

	Notes	2010/11 £000's	2009/10 £000's
Income			
Income from Council Tax	2	**54,253**	52,628
Transfers from General Fund			
Council Tax Benefits		**5,888**	5,300
Transitional Relief		**0**	0
Income Collectable from Business Ratepayers	3	**48,842**	54,014
		108,983	111,942
Expenditure			
Precepts and Demands from			
Bracknell Forest Council	4	**50,591**	48,665
Thames Valley Police	4	**6,758**	6,558
Royal Berkshire Fire Authority	4	**2,438**	2,389
Business Rate			
Payment to National Pool		**48,697**	53,864
Costs of Collection		**145**	150
Bad and Doubtful Debts			
Provisions		**47**	31
Write –Offs	5	**131**	137
Contributions	6		
Transfer of Previous Year's Collection Fund Surplus			
Bracknell Forest Council General Fund		**0**	169
Thames Valley Police		**0**	23
Royal Berkshire Fire Authority		**0**	8
		108,807	111,994
(Surplus)/Deficit for the year	7	**(176)**	52
(Surplus)/Deficit at the beginning of the year		**(118)**	(170)
(Surplus)/Deficit for the year		**(176)**	52
(Surplus)/Deficit at the end of year		**(294)**	(118)

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 National Non Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

New accountancy guidance requires that the agency basis underlying the Collection Fund be reflected in the consolidation of the Collection Fund into the Statement of Accounts; namely that the Council collects Council Tax precepts on behalf of two other authorities as well as its own and consequently not all transactions and balances relate wholly to the Council. Similarly, the Council collects National Non Domestic Rates (Business Rates) on behalf of the Government.

The practical effect is that the retained Collection Fund balance in the Balance Sheet will disappear. The surplus/deficit will be shared out in its entirety between the Council and its preceptors. The preceptors' share will be carried as creditors/debtors, but the Council's share will be charged to its Income and Expenditure Account. The difference between the income included in the Income and Expenditure Account and the amount required by statute to be credited to the General Fund is taken to a new reserve in the balance sheet called the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance. The amount credited to the General Fund under statute equals the authority's precept or demand for the year plus/less the Council's share of the surplus/deficit on the Collection Fund for the previous year.

2 Council Tax

The Council's tax base for 2010/11 was 43,800. 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	8	5/9ths	4
A	1,766	1,438	6/9ths	959
B	4,201	3,446	7/9ths	2,680
C	17,360	15,295	8/9ths	13,596
D	8,607	7,875	9/9ths	7,875
E	7,567	7,074	11/9ths	8,646
F	4,439	4,242	13/9ths	6,127
G	2,069	1,973	15/9ths	3,288
H	249	215	18/9ths	430
	46,258			43,605
		Less allowance for losses on collection		(327)
		Add contributions in lieu from MoD		250
		Add allowance for new properties		272
		Council Tax Base		**43,800**

This Council Tax Base equates to a Council Tax charge during the year of £66.611m less reductions including discounts and exemptions, to reach a Council Tax income of £54.253m.

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 2011	£134,368,066 (£125,997,550 31 March 2010)

Rateable Values are externally assessed on a five yearly national basis by the Valuation Office. The introduction of the new valuations on the 1st April 2010 has resulted in the large increase in Rateable Value over the period.

National Non-domestic Rate Multiplier - Standard 2010/11 41.4p (48.5p 2009/10)

National Non-domestic Rate Multiplier - Small Business 2010/11 40.7p (48.1p 2009/10)

4 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.

5 Bad and Doubtful Debts

A total of £131,375 was written off as irrecoverable debts relating to Council Tax. Last year, debts written off were £137,164.

6 Contributions

No Council Tax surplus was distributed to the major preceptors during 2010/11relating to the 2009/10 surplus.

7 Collection Fund Surplus / Deficit

A surplus of £175,815 has been achieved on the Collection Fund. Last year a deficit of £51,682 was achieved. The balance of the Fund carried forward is a £294,355 surplus.

The surplus as at the 31st March 2010 is not carried as a reserve in the Balance Sheet. Instead, the Council's share under the revised accounting rules is shown as income within the Income and Expenditure Account and the major preceptor's shares are shown as creditors.

ACCRUALS

The concept that income and expenditure are recognised when goods or services are provided, and not when cash is transferred.

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

A charge to revenue to reflect the consumption or use of an intangible asset over its useful economic life. There is a corresponding reduction in the value of the asset.

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 long term.

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A long term asset provides benefits to the Council 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.

CAPITAL RECEIPTS

The proceeds from the disposal of property, plant and equipment and investment property.

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. Parks are examples of community assets.

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
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.

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

A charge to revenue to reflect the consumption of a property, plant or equipment asset over its useful economic life. There is a corresponding reduction in the value of the asset.

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

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.

FAIR VALUE

The fair value of an asset is the amount for which it could be exchanged between knowledgeable, willing parties in an arms length transaction.

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.

FINANCE LEASE

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

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.

HERITAGE ASSETS

Heritage Assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

IMPAIRMENT OF ASSETS

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

INFRASTRUCTURE ASSETS

Assets that are recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

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.

INVENTORIES

The amount of unused or unconsumed materials and supplies 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. Inventories comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;

- raw materials and components purchased for incorporation into products for sale; and
- finished goods.

INVESTMENT PROPERTY

Investment property comprises land and buildings held solely to earn rentals and/or for capital appreciation.

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.

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 based on its highest and best use.

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount which is charged to revenue to provide for the repayment of debt.

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

A method of valuation that estimates the cost of replacing or recreating an 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

A method of valuation that estimates the market value of an asset, less the expenses required to sell it.

NON DISTRIBUTED COSTS

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

OPERATING LEASES

A lease where the ownership of the long term asset remains with the lessor.

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 / IAS 19

The requirements of International Accounting Standard 19 "Employee 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 INITATIVE (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 material errors. 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

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.

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.

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 Council, 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.

REVALUATION DECREASE

A downward movement in the fair value of an asset resulting from a general fall in prices at the time of valuation.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure which may properly be deferred, but which does not result in, or remain matched with a long term asset and is written out to revenue in the year it is incurred, e.g. home improvement grants

REVENUE SUPPORT GRANT

Central Government grant aid that is non-specific and is based upon the Government's assessment of how much a local authority should spend to provide a common level of service.

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.

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 long term 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.