Annexe A

Bracknell Forest Council

Financial Statements 2012/13

CONTENTS

1 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 accompanies the accounts and sets out to explain the financial details contained within them. To assist readers, a glossary of accounting terms is included on pages 104 to 109.

Bracknell Forest is a Unitary Council and following the transfer of its housing stock 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, Business Rate income, charges to users of services, and Council Tax.
>
> **Capital** – All improvements and additions to the Council's assets and the creation of new non-current assets are included in this category. This expenditure is primarily financed from the sale of capital assets, government grants, contributions from developers, and borrowing from internal funds.

This foreword is followed by:

- **The Annual Governance Statement** which accompanies the accounts and has been signed by the Chief Executive and Leader of the Council, after being approved by the Governance and Audit Committee. It explains the arrangements the Council has for the governance of its affairs and for ensuring that there is a sound system of internal control;

- **The Independent Auditor's Report** which includes the auditor's opinion on the Statement of Accounts and assesses the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

- **The Statement of Accounts** which incorporates the following main statements and related notes:

    - **The Statement of Responsibilities** which sets out the respective responsibilities of the Council, the Governance and Audit Committee and the Borough Treasurer.

    - **The Movement in Reserves Statement**, which shows the movement in the year on the different reserves held by the Council, 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 Council Tax. Councils raise Council Tax to cover expenditure in accordance with regulations; this may be different from the accounting cost. The Council Tax 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 Council 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 Council 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 section 'Adjustments between accounting basis and funding basis under regulations'.

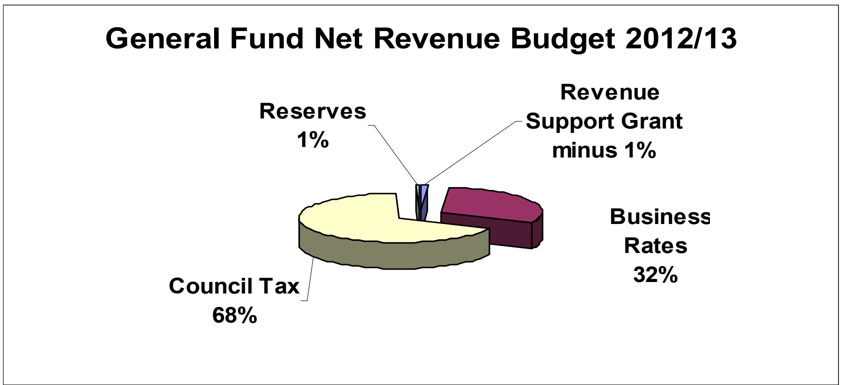
- **The Cash Flow Statement**, which shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net 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 Council Tax 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.

2 Revenue Expenditure

The Council, at its meeting on 29 February 2012, set a revenue budget for the 2012/13 financial year of £72.330m. The total authorised General Fund net expenditure for the 2012/13 financial year was £75.172m (including parish precepts of £2.842m). Further increases to service budgets can be approved if they are financed from earmarked and other reserves. When these further budgets are approved an equivalent sum is transferred from the reserve to the revenue account. 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 following chart.



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 2012/13, which is the basis for the internal management of performance against budgets. In contrast, the information presented in the Comprehensive Income & Expenditure Statement reflects the categories of expenditure specified in the Chartered Institute of Public Finance and Accountancy's Service Reporting Code of Practice for Local Authorities (SeRCOP).

Asset valuation (£5.6m), depreciation (£2.8m) and pension adjustments (£2.1m) account for the bulk of the increases in service department budgets since the original budget was approved. These are reversed out of the accounts and therefore there is no net change to the overall budget.

GENERAL FUND	Original Budget £000's	Latest Budget £000's	Actual £000's	Variance £000's
Corporate Services (including Chief Executive's)	6,967	9,048	8,856	(192)
Children, Young People and Learning	20,922	25,121	24,028	(1,093)
Adult Social Care, Health and Housing	23,974	28,710	28,008	(702)
Environment, Culture & Communities	36,236	36,176	34,803	(1,373)
Net cost of General Fund services	**88,099**	**99,055**	**95,695**	**(3,360)**
Capital Charges & Revenue Expenditure Funded from Capital Under Statute	(12,231)	(21,235)	(21,544)	(309)
IAS 19 Pension Adjustment	(1,215)	(3,279)	(3,279)	0
Council Wide Services	799	376	(150)	(526)
Interest Receipts	(469)	(548)	(807)	(259)
Interest Payable	0	589	589	0
Icelandic Banks Gain on Exchange Rate Difference	0	(46)	(46)	0
Debt Financing Costs	813	1,099	1,364	265
Levying Bodies	97	97	97	0
S106 Contributions to Revenue	0	(425)	(425)	0
Contribution to Capital Reserves	(300)	0	0	0
Contingency	1,000	321	0	(321)
New Homes Bonus Grant	(1,434)	(1,318)	(1,318)	0
Council Tax Freeze Grant	(2,432)	(2,432)	(2,432)	0
Local Services Support Grant	(347)	(347)	(347)	0
Net Budget Requirement	**72,380**	**71,907**	**67,397**	**(4,510)**
Parish Precepts	2,842	2,842	2,842	0
Contributions to/(from) Earmarked Reserves	(50)	423	1,823	1,400
Amount to be met from Government Grants and Local Taxation	**75,172**	**75,172**	**72,062**	**(3,110)**
Resources To Finance Above				
Council Tax Payers	(51,654)	(51,654)	(51,654)	0
Revenue Support Grant	749	749	749	0
National Non Domestic Rates	(23,873)	(23,873)	(23,873)	0
Contribution to/(from) General Reserves	(394)	(394)	2,716	3,110
Total Resources	**(75,172)**	**(75,172)**	**(72,062)**	**3,110**

The Council was within budget for the fifteenth successive year. From the table it can be seen that an under spend of £3.110m occurred on the General Fund. The Council has therefore returned £2.716m to General Balances as opposed to a budgeted withdrawal of £0.394m. The under spend included significant one-off under spends of £2.059m relating to VAT receipts, grant refunds in respect of academy schools and the release of supervision fee income and deposits to revenue. The most significant variances from budget are explained in the sections below.

3 Major Revenue Variances

The major variances occurred in the following areas:

Corporate Services/Chief Executive's Office

- Additional income was generated within Industrial and Commercial Properties (-£0.030m), the Print Service (-£0.022m) and Registration of Birth, Deaths and Marriages (-£0.030m).
- One-off Business Rates refunds primarily relating to Time Square (-£0.098m).

Children, Young People and Learning

- An under spend within Learning and Achievement resulting from changes to the funding of the music service (-£0.099m), additional income earned at Bracknell Open Learning Centre and by the School Improvement Team (-£0.108m), savings on the contract for support to 13-19 year olds (-£0.050m) and under spends on the staffing budget (-£0.080m).
- After the in-year allocation of £0.333m from the Contingency, support to Looked after Children, including childcare solicitors but excluding staffing, over spent by £0.014m. This reflects a significant increase in the number of children coming into the care system and continues the trend from last year of increasing numbers and costs.
- For 2011/12 and 2012/13, the Council's Formula Grant was reduced for academy school funding, based on an assumption of an average number of academy conversions during the year. This amount is due to be recalculated later in 2013 to reflect the actual number of pupils in academy schools in the borough, with the expectation that £192 will be lost for each pupil in a converting school. Overall, a refund of -£0.667m is anticipated, with -£0.257m already having been received relating to 2011/12.

Adult Social Care, Health and Housing

- Significant work on market management within Learning Disabilities combined with an increase in income levels meant that savings were achieved against the budget (-£0.763m).

Environment Culture and Communities

- Significant under spends were achieved on devolved staffing budgets (-£0.147m) and in departmental running costs (-£0.054m). The former primarily relates to posts held vacant for Sustainable Urban Drainage Systems work due to delays in the implementation of the relevant legislation combined with the securing of grant funding.
- Within Waste Management, under spends occurred within refuse collection due to changes in the way vehicles are financed (-£0.296m) and on waste disposal, primarily due to reduced tonnages (-£0.506m).

- Reduced income at Downshire Golf Complex (£0.117m) and Coral Reef, due to its closure for roof repairs (£0.230m), was partly offset by additional income at the Cemetery and Crematorium (-£0.098m).
- A review of the accounting treatment of supervision fee income and the income required to meet future spend on scheme adoptions resulted in the release of -£0.585m into revenue.
- The release of deposits to revenue creating a one off saving of -£0.378m.

Non-Departmental / Council Wide Budgets

- Higher cash balances which were sustained throughout the year resulted in additional interest (-£0.259m).
- The contingency was not fully allocated during the year. The balance was therefore declared as an under spend (-£0.321m).
- The outstanding joint VAT claim, submitted by Wokingham Borough Council, for the Downshire and Hurst golf clubs has now been settled. The Council received -£0.429m (including interest and the deduction of fees).
- An increase in the Structural Changes Reserve to meet any costs associated with the delivery of future budget reductions (£0.600m).
- Creation of two new reserves to:
  - meet the potential cost of feasibility studies and masterplans for schools' expansion (£0.300m);
  - enable 1D priority (urgent works required to assets which are life expired and/or in serious risk of imminent failure) repairs and maintenance works to be progressed that are revenue in nature (£0.500m).

4 Icelandic Banks

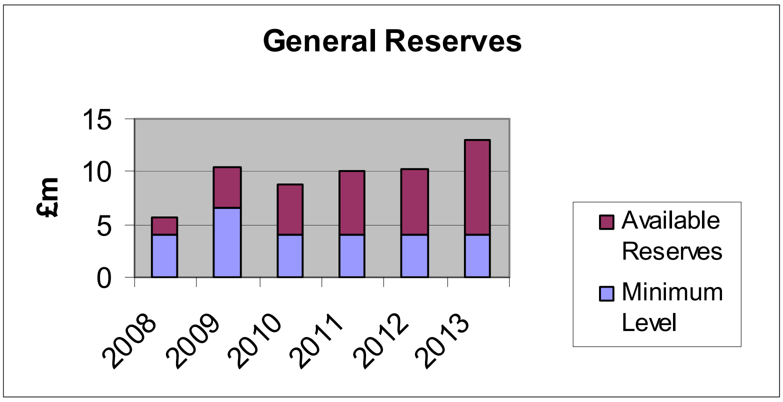
The Council had deposits of £2m with Heritable and £3m with Glitnir which are both Icelandic banks that have been put into receivership/administration. The Council's preferential creditor status for the Glitnir deposit was confirmed last year and a payment of £2.521m made by the Winding up Board in March. The balance payable will be held in Icelandic Krónur in an interest bearing escrow account in Iceland until the currency controls are relaxed by the Icelandic Government. This represents approximately 19% of the total amount payable and as at 31 March 2013 was valued in the accounts at approximately £0.64m indicating that the original deposit is likely to be recovered in full. The timing of the final payment is uncertain.

For Heritable, the latest guidance assumes that approximately 88% of the deposit plus accrued interest up to the 6 October 2008 will be repaid. A total repayment of £0.192m was received (9.4%) in 2012/13 bringing the total received to date to £1.586m (77.2%). The timing of the remaining payments is uncertain but is assumed to be within 2013/14.

5 General Fund Balances

The actual outturn for 2012/13 was an under spend of £3.110m. The Council has therefore returned £2.716m to General Balances as opposed to a budgeted withdrawal of £0.394m. The General Fund balance at 31st March 2013 is therefore £12.982m. This means that more resources are available to assist the Council with balancing future year's budgets.

The following chart shows the movement in the level of General Fund including the minimum recommended prudent balance.



6 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 £145.9m as at 31 March 2013. 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. A valuation took place on 31 March 2010 and changes based on the valuation were implemented in 2011/12. The results of the valuation indicated that the assets of the Fund represented 81% of the accrued liabilities of the Fund.

In order to restore the funding position to 100% over the next 30 years, the employer 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 (£1.43m in 2012/13). The position will then be reassessed as part of the next triennial revaluation on 31 March 2013. This will also look at the impact of changes to the pension scheme being introduced on 1 April 2014.

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

7 Capital Expenditure

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

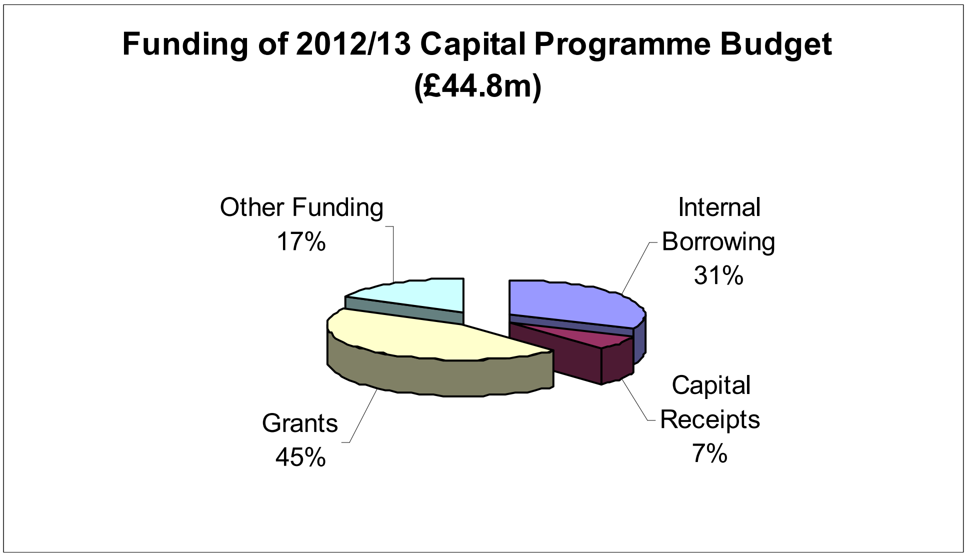
- Capital Receipts
- Government Grants
- Section 106 Receipts and other contributions

The Council had been heavily reliant on housing sales to generate new capital receipts. Following the transfer of the housing stock to Bracknell Forest Homes (BFH) in 2007/08, the Council still receives a share of any Right-To-Buy (RTB) proceeds in addition to a share of capital receipts from a VAT Shelter scheme. Proceeds from the scheme, which relate to backlog repairs in the transferred stock, are to be shared for 10 years following the transfer.

The disposal of other assets has become increasingly important to the capital programme; however current market conditions may mean that the immediate disposal of an asset is not necessarily in the Council's best interests. All surplus, or potentially surplus, property is therefore reported to every meeting of the Asset Management Group (AMG) who co-ordinate and manage the Council's disposal programme.

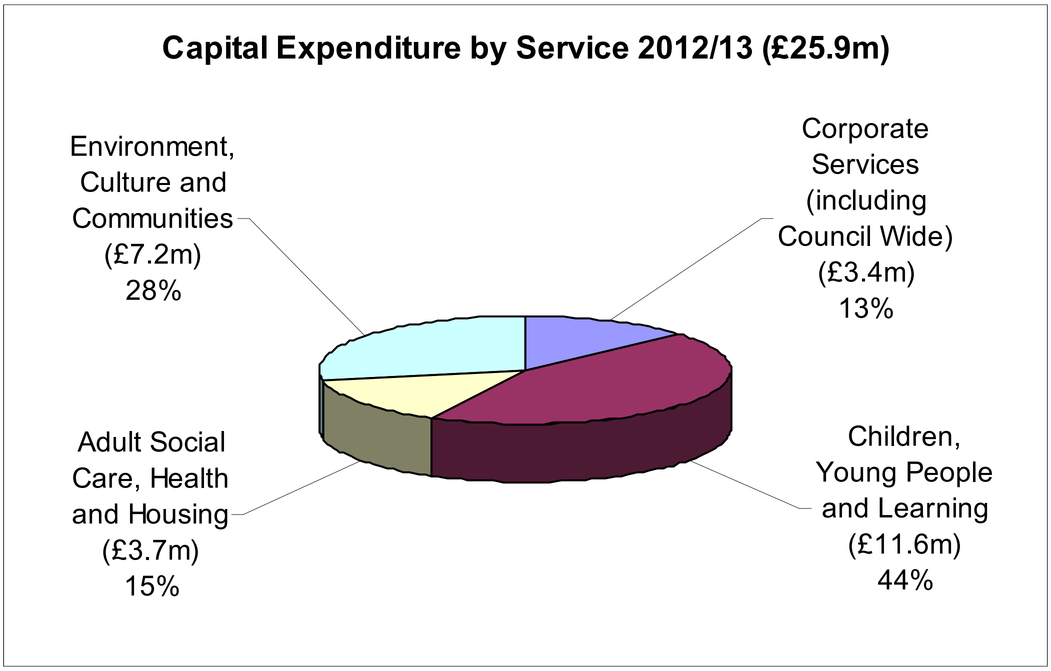
As the Council's accumulated capital receipts have been fully utilised the Council has to fund part of the 2012/13 capital programme from internal borrowing. Once the Council's current level of investments is exhausted, which is expected to be within the next 2 years, the Council will need to borrow externally.

The Council approved a capital programme of £25.0m for 2012/13, plus a further £19.8m carried forward from 2011/12, to be funded as shown in the following chart.



The Council actually spent £25.9m on capital projects in 2012/13 to maintain and enhance existing assets and to create new 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 following chart illustrates the expenditure by service, with details of individual schemes and financing being provided in the table on page 9.



During the year, £3.882m of capital receipts were used to fund capital expenditure. The most significant receipts were from the sale or lease of properties (£1.188m), the VAT Shelter scheme (£0.913m) and the RTB-sharing scheme with Bracknell Forest Homes (£1.762m).

The net increase (after repayments) in the Council's Capital Financing Requirement (CFR) was by £4.5m to £46.2m as at 31 March 2013. 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. Overall the Council was debt free at 31 March 2013 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. Further details can be found in Note 16 and Note19.

The fair value of the Council's Long Term Assets was £546.6m as at 31 March 2013.

CAPITAL PROGRAMME EXPENDITURE 2012/13		
	£000's	£000's
Corporate Services (including Council Wide Schemes)		
ICT Schemes	1,066	
Improvements, Maintenance & Refurbishment of Buildings	2,191	
Other	145	3,402
Children, Young People and Learning		
Holly Spring Primary School	3,124	
Meadow Vale Primary School	1,165	
Other Primary School Projects	1,876	
Delegated Schools Capital	822	
Maintenance of Buildings	1,099	
Kennel Lane School Refurbishment	2,383	
Other Secondary School Schemes	989	
Other Schemes	98	11,556
Adult Social Care, Health and Housing		
Housing	2,828	
Extension and Refurbishment of Waymead	637	
Other Schemes	258	3,723
Environment, Culture and Communities		
Highways Maintenance	2,306	
Highways Capacity and Improvement Schemes	295	
Access, Mobility and Travel Choice	417	
South Hill Park Grounds Restoration	672	
Traffic Management	324	
Travel to School	277	
Local Safety Schemes	72	
Parking	86	
Waste Management	237	
Disabled Facilities	522	
Bracknell Leisure Centre – New Hall	380	
Bracknell Library Refurbishment	533	
Leisure - Outdoor Recreation	100	
Leisure - Minor Works	311	
Other schemes	652	7,184
Total Capital Expenditure 2012/13		**25,865**
FINANCING:		
Capital Receipts		3,882
Grants & Contributions		16,139
Increase in Capital Financing Requirement		5,844
Total Financing		**25,865**

8 Changes to Accounting Policies

There have been no changes in accounting policies that impact on the Council's accounts for 2012/13.

9 Provisions and Write-offs

The Council has served notices of entry under the Compulsory Purchase Order (CPO) process, to some tenants in the northern section of Bracknell Town Centre. Once the premises have been acquired by the Council, they will then be transferred to the Council's development partner, Bracknell Regeneration Partnership (BRP), so that regeneration work can commence. A new provision has been set up to cover the costs of the CPO process. The funding for this was received from BRP.

Write-offs totalling £0.1m were made in 2012/13.

10 Public Health

The Health and Social Care Act 2012 will transfer substantial health improvement duties to councils from 2013/14. Bracknell Forest will receive a ring-fenced public health grant of £2.772m in 2013/14 rising to £3.049m in 2014/15. The objective behind the transfer of Public Health is to help people live longer, healthier lives, based upon a local understanding of the community's needs. Whilst the grant is ring-fenced it may be used to cover not only those services that are mandated through regulation but also services that the Council may wish to commission locally. The Council is expected to work with local partners to establish priorities that deliver better outcomes for the community.

Within Berkshire a Transition Board is overseeing arrangements for the smooth transfer of functions. A Strategic Director of Public Health has been appointed who, together with a core team hosted by the Council, will be responsible for the delivery of services across the six Berkshire unitary authorities. The costs of the Director and core team will be shared by all six authorities and will be subject to a joint arrangement agreement. A separate locality team, headed by a consultant in Public Health, will interact with all parts of the Council, leading on local public health work, supporting and providing advice to the Health and Well Being Board. The costs of this locality team and the Council's share of the Director and core team will be met from the ring-fenced grant.

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

Balancing the budget for 2013/14 has been a challenge not just because of the current economic climate, but also because of the changes in the way local government is financed and changes in our responsibilities. These include the localisation of Business Rates (in part); major changes to Council Tax benefit and the transfer of Public Health services from the NHS. On a like-for-like basis, the Council's general formula grant allocation has been reduced by £1.7m (7.3%). At the same time demand for services for vulnerable residents, such as older people, looked after children and people with learning disabilities is increasing.

Savings of £2.8m will be delivered in the next financial year and £4.4m of balances (including £2.5m to fund one off items such as improvements at Time Square) will be used to fund the remaining budget gap. The overriding approach has been to increase efficiency and reduce back office costs. This approach coupled with managing demand for services and taking the opportunity to increase income, means the impact on services to residents will be minimal.

Alongside the 2013/14 Financial Settlement the Government published headline figures for 2014/15 which indicate a further reduction in grant of £2.6m. As the Coalition Government's overarching priority remains the reduction of the national deficit, local government funding will continue to be under pressure and further reductions in central government support are expected.

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

- the need to maintain services whilst achieving significant savings;
- increasing pressures on demand led services such as adult and child placements and looked after children, the impact of new housing developments 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;
- the delivery of the Town Centre redevelopment, works to increase school capacity and other major schemes;
- 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 (particularly Public Health), the transference of risks resulting from the retention of Business Rates by councils and the localisation of Council Tax support and the changes to the youth justice system that have transferred responsibility for the volatile cost of remand arrangements to local authorities;
- 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.

12 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:

Alan Nash Borough Treasurer
Alan.Nash@Bracknell-Forest.gov.uk

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

1 Scope of Responsibility

1.1 Bracknell Forest 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 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(3) of the Accounts and Audit Regulations 2011 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 its strategic objectives and to consider whether those objectives have led to the appropriate delivery of services and value for money.

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 and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Council for the year ended 31 March 2013 and up to the date of approval of the Annual Report and statement of accounts.

3 The Governance Framework

The CIPFA/SOLACE Framework and 2012 Addendum - Delivering Good Governance in Local Government suggest that this Annual Governance Statement should include a brief description of the key elements of the governance framework that the Council has in place. Further detail is set out in the Council's Code of Governance that is publically available.

3.1 Bracknell Forest Council's Vision and delivery of objectives

3.1.1 The Council's vision of its purpose and intended outcomes for citizens and service users is set out in the Annual Report 2012. These priorities are underpinned by 11 medium term objectives and 75 key actions. The main ways it is communicated are via the Council's public website, intranet, Town and Country magazine (the Councils news paper for residents) and Chief Executive Briefings.

3.1.2 The objectives set out in the Annual Report 2012 were developed after extensive consultation with the community, residents, employees, strategic partners and local businesses in order for the priorities to be consistent with their needs and aspirations.

3.1.3 Objectives and key actions are cascaded internally through service plans, team plans and individual performance development reviews. Delivery is monitored through:

- Quarterly Service Reports reviewed by the Executive Members, Chief Executive and the Corporate Management Team.
- Quarterly Corporate Performance Overview Report considered by the Executive.
- Quarterly reports for Corporate Services and the Chief Executive's Office together with the quarterly Corporate Performance Overview Report are then considered by the Overview and Scrutiny Commission. Quarterly Service 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. The Council's performance reporting process measures quality of service for users, ensuring services are delivered in accordance with objectives and represent the best value for money.

3.1.4 Partnership groups have agreed joint targets that they monitor quarterly; for example, the Community Safety Partnership. Adult Social Care also produces an Annual Report referred to as the Local Account.

3.2 Roles and Responsibilities

3.2.1 The Constitution of Bracknell Forest Council establishes 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). As well as Procedure Rules, it contains Standing Orders and Financial Regulations that define clearly how decisions are taken and where authority lies for the decision. It includes Members and Employee Codes of Conduct and Protocols for Member/officer relations. 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.

3.2.2 The Monitoring Officer advises the Governance and Audit Committee on proposals to update the Council's Constitution (including arrangements between officers and Members), its Executive Arrangements/decision making and Procedure Rules to ensure that they are fit for purpose and the Committee subsequently make recommendations on those matters to full Council.

3.2.3 The work of the Executive is supported by the Overview and Scrutiny Commission and four Overview and Scrutiny Panels (plus one Joint Committee in respect of Health). They are comprised of non-Executive Members and review and scrutinise both Executive and non-Executive decisions. In addition to scrutinising such decisions working groups of the Panel conduct in-depth investigations into particular topic areas which result in reports setting out detailed recommendations.

3.2.4 Bracknell Forest Council's financial management arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010). Further, the Council's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010).

3.2.5 Effective arrangements are in place for the discharge of the Monitoring Officer function, Head of Paid Service and Section 151 Officer. The Borough Treasurer (Section 151 Officer) is a member of Corporate Management Team and the Borough Solicitor has access to Corporate Management Team in his role as Monitoring Officer.

3.2.6 The Governance and Audit Committee is responsible for reinforcing effective governance, particularly through reviewing the activities of the external and internal auditors and the Council's risk management arrangements. It undertakes the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities.* During 2012/13, 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 2013/14 was approved by the Committee.

3.3 Risk Management

3.3.1 Bracknell Forest Council has a strong risk management function. Decisions made by the Council are subject to risk assessments which are made in accordance with the organisation's risk management processes. The Risk Management Strategy was updated during 2012/13 and agreed by the Governance and Audit Committee. Changes made to the Strategy reflected development in risk management at the Council and identified the priorities for risk management for the forthcoming year.

3.3.2 The Strategic Risk Management Group (SRMG) chaired by the Borough Treasurer meets quarterly and oversees all aspects of risk management at the Council including health and safety, business continuity and information security risks. The Strategic Risk Register is updated and considered by SRMG on a quarterly basis and reviewed and approved by the Corporate Management Team twice a year and by the Executive on an annual basis. Actions to address strategic risks were monitored during 2012/13.and key changes and developments on strategic risks were summarised in the quarterly Corporate Performance Overview Report.

3.3.3 There is a process for recording and monitoring significant operational risks through directorate risk registers which were generally reviewed quarterly during 2012/13 and used to inform the Strategic Risk Register.

3.3.4 Members are engaged in the risk management process through the Executive's review of the Strategic Risk Register and Member review of the Corporate Performance Overview.

3.4 Policies and Procedures

3.4.1 The Council's Anti-Fraud and Corruption Policy is consistent with the latest Financial Regulations and has been communicated to all staff, although this will continue during 2013/14.

3.4.2 A corporate complaints procedure and whistle-blowing policy are maintained and kept under review, providing an opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met. An annual report analysing complaints received and their resolution is presented to Corporate Management Team and to the Executive.

3.4.3 The Council takes information security very seriously. The Information Management Group consists of senior officers and ensures that the Council has in place a co-ordinated and coherent framework for managing information. During 2012/13 it continued to implement the Information Management Strategy, monitor information security incidents that occurred and communicate policies to staff. It also commissioned an independent review to improve procedures and controls in relation to information security; the recommendations are currently being implemented.

3.5 Change Management

3.5.1 The Council ensures effective management of change. It conducts Equality Impact Assessments when appropriate and during 2012/13 it approved a Privacy Impact Assessment Procedure for all new projects involving personal information. The Council has a robust process in place to ensure office moves between buildings are carried out with minimal disruption to service users.

3.6 Assurance on compliance

3.6.1 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.

3.6.2 All decisions made by the Council are made in light of advice from the Borough Treasurer and Borough Solicitor.

3.7 Developing the capacity and capability of Members and officers to be effective

3.7.1 The Council has a comprehensive induction and training process in place for both Members and officers joining the Council. During 2012/13 all new officers received personalised inductions. In addition, both Members and officers attend external training courses where training needs cannot be met internally.

3.7.2 The Council has a Members Development Programme which takes the form of internal training workshops and Member briefing seminars on specific topics. Members also receive 360° appraisal. The Council 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.

3.7.3 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.

3.7.4 Compliance with Continuing Professional Development requirements of staff 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 Plan which forms the basis for the Council's internal training course programme.

3.7.5 The Council has in place an ongoing Management Assessment and Development Programme and Diversity training for its Members, senior and middle level managers.

3.8 Communication and engagement

3.8.1 The Council establishes clear channels of communication with all sections of the community, other stakeholders and local partners, ensuring accountability and encouraging open consultation.

3.8.2 During 2012/13 a number of consultations sought the views of the community. In line with Community Engagement Strategy, to improve access and quality of consultations, during 2012/13 the Council invested in and launched new corporate consultation software.

3.8.3 The Council enhances the accountability for service delivery and effectiveness of other public service providers as it is a key member of the Bracknell Forest Partnership which brings together agencies that deliver public services including, inter alia, Parish Councils, Police, Fire and Rescue Service, and the Clinical Commissioning Group 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, namely to improve the quality of life for local people. During 2012/13 the Council continued to implement its Partnership Community Engagement Strategy and strategy for Community Cohesion.

3.8.4 The Council's Partnership Governance and Framework Toolkit ensures good governance arrangements are incorporated in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships. A strategic risk register and associated action plans were developed for the Bracknell Forest Partnership and during 2012/13 the Council implemented action plans to mitigate key risks.

3.8.5 During 2011/12 the Council approved the Public Participation Scheme for Overview and Scrutiny. The scheme aims to improve public engagement and give residents a further opportunity to inform Councillors about the things that concern them.

3.8.6 During 2012/13, to increase transparency, make information more readily accessible to the citizen and to hold service providers to account the Council created an additional website which holds information the Council publishes. This includes the sets of information identified in The Code of Recommended Practice for Local Authorities on Data Transparency.

4 Review of Effectiveness

4.1 Bracknell Forest 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.

4.2 During 2012/13, the review of effectiveness of the governance framework was evaluated and informed by the following key elements:

Internal Audit

4.3 Internal Audit provides an independent and objective opinion to the organisation on the control environment by objectively examining, evaluating and reporting on its adequacy.

4.4 The Head of Audit and Risk Management develops the Annual Internal Audit Plan which is then delivered by an external contractor and by Reading and Wokingham Borough Council's' internal audit teams under an agreement made under section 113 of the Local Government Act 1972.

4.5 Based on the work of Internal Audit during the year 2012/13, 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 satisfactory assurance opinion in 59 out of 63 cases, a limited assurance opinion in only 4 cases and no cases where no assurance 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 of limited assurance; and
- there are adequate arrangements in place for risk management and corporate governance.

4.6 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 actions have been implemented. In addition, the Chief Executive meets with the Head of Audit and Risk Management on a quarterly basis and the Corporate Management Team receive six monthly progress reports on Internal Audit.

Standards Committee

4.7 During 2012/13 the new framework relating to the Conduct of Members set out in the Localism Act 2011 come into force. The Council decided to retain a Standards Committee with a strong independent representation to consider complaints that Members may have contravened the Council's Code of Conduct for Members. The Standards Committee was re-constituted as an advisory committee reporting to the Governance and Audit Committee. During 2012/13 the Standards Committee met two times.

The Governance and Audit Committee

4.8 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 2012/13, 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 2013/14 was approved by the Committee.

The Governance Working Group

4.9 The Corporate Management Team has established a Governance Working Group, chaired by the Borough Solicitor. During 2012/13 the Group oversaw the implementation of the actions identified in the Annual Governance Statement Action Plan 2012/13.

The Constitution

4.10 The Constitution is subject to regular review throughout the year. The Monitoring Officer advises the Governance and Audit Committee which reports to full Council.

Annual Compliance Assessment

4.11 Compliance Assessments review 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 Borough Treasurer provides assurances in relation to financial services and risk management. This includes advising whether the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* as set out in the Application Note to Delivering Good Governance in Local Government: Framework. Compliance Assessments are also completed by the Head of Audit and Risk Management who provides assurances in relation to risk management and the Borough Solicitor in relation to legal and regulation.

External Audit

4.12 External Audit comments on corporate governance and performance management in their Annual Audit Letter and other reports. The Annual Audit Letter for 2011/12 was presented to Governance and Audit Committee on 6 November 2012. It did not identify any significant weaknesses in the internal control arrangements and concluded that there was an adequate control environment in place.

5 We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** by the Governance Working Group and Governance and Audit Committee (on 2 July 2013) and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework.** The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

6 Significant Governance Issues

6.1 Actions taken during 2012/13 to improve governance.

The Council implemented the actions identified in the 2011/12 Annual Governance Statement and 2012/13 Action Plan. This included;

- Reviewing and adopting a Code of Conduct for Members and commencing a review of the Planning Protocol for Members.
- Monitoring procurement closely and assessing whether contract award can be expedited to ensure unnecessary bureaucracy.
- Raising awareness of Anti-Fraud and Corruption Policy, Whistleblowing Policy and Anti-Money Laundering Policy.
- Reviewing the Expenses Policy.
- Communicating and raising awareness of information management policies.
- Updating and testing Council wide business continuity plan.

6.2 Actions identified during the review of effectiveness to be taken during 2013/14

6.2.1 Planning Protocol for Members

The existing Planning Protocol for Members was put in place shortly after the Local Government reorganisation. Since then, case law has developed and the Localism Act 2011 has amended the law relating to pre-determination.

6.2.2 Gifts and Hospitality Register

The Gifts and Hospitality section of the Employee Code of Conduct may need to be reviewed in light of any alteration to the Members Code of Conduct regarding the threshold for Members to register gifts/hospitality.

6.2.3 Data Protection and Information Security Training for Officers

Given the volume and nature of the personal information the Council holds and the large fines which have been imposed upon other public sector public bodies by the Information Commissioner, the Council should ensure that the mandatory training programme CMT has approved is implemented and all staff are appropriately trained.

6.2.4 Information Management Policies

The Council has a number of information management policies which should be effectively communicated to staff.

6.2.5 Implement the ongoing actions in the 2012/13 Action Plan

The Council should continue to implement the actions identified in the 2012/13 Action Plan as ongoing. This includes keeping the Financial Regulations under review, continuing to take a proactive approach to counter fraud and whistleblowing and to continue to improve Business Continuity Plans.

7 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.

Signed:

Cllr P.D. Bettison
Leader of the Council
17 September 2013

T.R. Wheadon
Chief Executive
17 September 2013

on behalf of Bracknell Forest Council

Opinion on the Authority's financial statements

We have audited the financial statements of Bracknell Forest Borough Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 39 and Collection Fund and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Bracknell Forest Borough Council as a body, 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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Borough Treasurer and auditor

As explained more fully in the Statement of the Borough Treasurer's Responsibilities set out on page 25, the Borough Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 financial statements sufficient to give reasonable assurance that the financial 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 Borough Treasurer and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements 2012/13 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Bracknell Forest Borough Council as at 31 March 2013 and of its expenditure and income for the year then ended; and

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in Financial Statements 2012/13 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;

- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or

- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

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

Respective responsibilities of the Authority and the auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves 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 us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, 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 us to consider under the Code of Audit Practice in satisfying ourselves 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 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we 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 our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are 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 ended 31 March 2013.

Certificate

We certify that we 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.

Helen Thompson for and on behalf of Ernst & Young LLP, Appointed Auditor
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

Date

Certification

I confirm that these accounts were approved by the Governance and Audit Committee of the Council at its meeting on 30 September 2013. The 30 September 2013 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

The Council'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 Council, 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; in this Council, the approval is delegated to the Governance and Audit Committee.

The Borough Treasurer's Responsibilities

The Borough Treasurer is responsible for the preparation of the Council'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 gives a 'true and fair view' of the financial position of the Council as at 31 March 2013 and of its income and expenditure for the year ended 31 March 2013.

A. Nash FCCA CPFA
Borough Treasurer
September 2013

2012/13	Note	General Fund £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2012		**10,266**	**16,555**	**0**	**9,805**	**36,626**	**343,259**	**379,885**
Movement in Reserves During 2012/13								
Surplus or (Deficit) on Provision of Services		(6,197)	0	0	0	(6,197)	0	(6,197)
Other Comprehensive Income and Expenditure		0	0	0	0	0	15,953	15,953
Total Comprehensive Income and Expenditure		**(6,197)**	**0**	**0**	**0**	**(6,197)**	**15,953**	**9,756**
Adjustments Between Accounting Basis and Funding Basis Under Regulations								
Charges for Depreciation and Impairment of Non-current Assets	29	14,510	0	0	0	14,510	(14,510)	0
Revaluation losses on Property Plant & Equipment	29	5,655	0	0	0	5,655	(5,655)	0
Changes in Fair Value of Investment Properties	29	(1,049)	0	0	0	(1,049)	1,049	0
Amortisation of Intangible Assets	29	459	0	0	0	459	(459)	0
Capital Grants and Contributions Applied	29	(5,746)	0	0	0	(5,746)	5,746	0
Revenue Expenditure Funded From Capital Under Statute	29	920	0	0	0	920	(920)	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	29	2,915	0	0	0	2,915	(2,915)	0
Statutory provision for the financing of capital investment	29	(1,364)	0	0	0	(1,364)	1,364	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	27	(9,230)	0	0	9,230	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	27 29	0	0	0	(9,728)	(9,728)	9,728	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	30	(1,687)	0	1,188	0	(499)	499	0
Use of the Capital Receipts Reserve to finance new capital expenditure	29	0	0	(3,882)	0	(3,882)	3,882	0
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals		29	0	(29)	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	30	0	0	20	0	20	(20)	0
Income From Capital Receipts That do not Arise From the Disposal of an Asset		(2,675)	0	2,675	0	0	0	0
Repayment of loans	29	0	0	28	0	28	(28)	0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	9	15,216	0	0	0	15,216	(15,216)	0
Employer's Pension Contributions to Berkshire Pension Fund Payable in the year	9	(7,428)	0	0	0	(7,428)	7,428	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		(85)	0	0	0	(85)	85	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	31	296	0	0	0	296	(296)	0
		10,736	**0**	**0**	**(498)**	**10,238**	**(10,238)**	**0**
Net Increase/(Decrease) Before Transfers to Earmarked Reserves		**4,539**	**0**	**0**	**(498)**	**4,041**	**5,715**	**9,756**
Transfer (to)/from Earmarked Reserves		(1,823)	1,823	0	0	0	0	0
Increase/(Decrease) in Year		**2,716**	**1,823**	**0**	**(498)**	**4,041**	**5,715**	**9,756**
Balance at 31 March 2013		**12,982**	**18,378**	**0**	**9,307**	**40,667**	**348,974**	**389,641**

2011/12	Note	General Fund £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 1 April 2011		**9,970**	**11,320**	**0**	**4,807**	**26,097**	**399,145**	**425,242**
Movement in Reserves During 2011/12								
Surplus or (Deficit) on Provision of Services		1,181	0	0	0	1,181	0	1,181
Other Comprehensive Income and Expenditure		0	0	0	0	0	(46,538)	(46,538)
Total Comprehensive Income and Expenditure		**1,181**	**0**	**0**	**0**	**1,181**	**(46,538)**	**(45,357)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations								
Charges for Depreciation and Impairment of Non-current Assets	29	12,744	0	0	0	12,744	(12,744)	0
Revaluation losses on Property Plant & Equipment	29	5,720	0	0	0	5,720	(5,720)	0
Changes in Fair Value of Investment Properties	29	(912)	0	0	0	(912)	912	0
Amortisation of Intangible Assets	29	498	0	0	0	498	(498)	0
Capital Grants and Contributions Applied	29	(12,258)	0	0	0	(12,258)	12,258	0
Revenue Expenditure Funded From Capital Under Statute	29	1,768	0	0	0	1,768	(1,768)	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	29	3,283	0	0	0	3,283	(3,283)	0
Statutory provision for the financing of capital investment	29	(1,010)	0	0	0	(1,010)	1,010	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	27	(6,897)	0	0	6,897	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	27 29	0	0	0	(1,899)	(1,899)	1,899	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	30	(1,212)	0	745	0	(467)	467	0
Use of the Capital Receipts Reserve to finance new capital expenditure	29	0	0	(2,381)	0	(2,381)	2,381	0
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals		7	0	(7)	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		12	0	(12)	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	30	0	0	22	0	22	(22)	0
Income From Capital Receipts That do not Arise From the Disposal of an Asset		(1,614)	0	1,614	0	0	0	0
Repayment of loans	29	0	0	19	0	19	(19)	0
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	9	10,981	0	0	0	10,981	(10,981)	0
Employer's Pension Contributions to Berkshire Pension Fund Payable in the year	9	(7,252)	0	0	0	(7,252)	7,252	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		125	0	0	0	125	(125)	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	31	367	0	0	0	367	(367)	0
		4,350	**0**	**0**	**4,998**	**9,348**	**(9,348)**	**0**
Net Increase/(Decrease) Before Transfers to Earmarked Reserves		**5,531**	**0**	**0**	**4,998**	**10,529**	**(55,886)**	**(45,357)**
Transfer (to)/from Earmarked Reserves		(5,235)	5,235	0	0	0	0	0
Increase/(Decrease) in Year		**296**	**5,235**	**0**	**4,998**	**10,529**	**(55,886)**	**(45,357)**
Balance at 31 March 2012		**10,266**	**16,555**	**0**	**9,805**	**36,626**	**343,259**	**379,885**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2012/13				2011/12		
	Gross Expenditure £000	**Gross Income £000**	**Net £000**	Note	Gross Expenditure £000	Gross Income £000	Net £000
Central Services to the Public	9,715	(6,985)	2,730		8,256	(7,065)	1,191
Cultural and Related Services	18,171	(8,166)	10,005		17,729	(7,845)	9,884
Environment and Regulatory Services	13,860	(3,097)	10,763		12,985	(2,931)	10,054
Planning Services	11,126	(5,969)	5,157		7,151	(2,851)	4,300
Children's and Education Services	119,137	(88,188)	30,949		117,860	(88,646)	29,214
Other Housing Services	38,148	(32,936)	5,212		38,287	(33,004)	5,283
Highways and Transport Services	11,166	(2,292)	8,874		10,785	(1,486)	9,299
Adult Social Care	41,821	(9,386)	32,435		41,559	(9,929)	31,630
Corporate and Democratic Core	4,309	(9)	4,300		4,492	(8)	4,484
Non Distributed Costs – other	745	(9)	736		(328)	(8)	(336)
Cost of Services	**268,198**	**(157,037)**	**111,161**	6	258,776	(153,773)	105,003
Other Operating Expenditure							
Levies			97				97
Parish Council Precepts			2,842				2,739
Payments to the Government Housing Capital Receipts Pool			0				12
Other Income from Capital Receipts that do not arise from the Disposal of an Asset			(2,675)				(1,614)
(Gain)/Loss on the disposal of Property, Plant & Equipment			1,426	6			2,055
Financing and Investment Income and Expenditure							
(Surplus)/Deficit on Trading Operations			797	15			2,746
Interest Receivable and Similar Income			(807)				(953)
Interest Payable on PFI Unitary Payments			418				430
Interest Payable on Finance Leases			171				173
Income and Expenditure in Relation to Investment Properties			(1,898)	18			(1,856)
Changes in Fair Value of Investment Properties			(1,049)	18			(912)
(Gain)/Loss on the Disposal of Investment Properties			(168)				14
Impairment of Financial Instruments			0				101
(Gain)/Loss on Financial Instrument Exchange Differences			(46)				0
Pensions Interest Cost and Expected Return on Pension Assets			4,470	9			3,177
Taxation and Non-specific Grant Incomes							
Council Tax Income			(51,739)				(51,187)
General and other Non-Ringfenced Government Grants			(17,954)	8			(22,118)
National Non-Domestic Rates			(23,873)	8			(19,932)
Capital Grants and Contributions			(14,976)	8			(19,156)
(Surplus) or Deficit on Provision of Services			**6,197**				(1,181)
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment			(19,329)	28			(10,706)
Actuarial (Gains)/Losses on Pension Asset / Liabilities – BFC			(1,316)	9			51,941
Actuarial (Gains)/Losses on Pension Asset / Liabilities – Former BCC Fund			4,692	9			5,303
Other Comprehensive Income and Expenditure			**(15,953)**				46,538
Total Comprehensive Income and Expenditure			**(9,756)**				45,357

BALANCE SHEET

	Notes	31 March 2013 £000	31 March 2012 £000
Property, Plant and Equipment			
Other Land and Buildings	17	**441,165**	421,911
Vehicles, Plant and Equipment	17	**15,377**	15,971
Infrastructure Assets	17	**45,614**	44,282
Community Assets	17	**1,365**	1,313
Surplus Assets	17	**6,499**	6,136
Assets Under Construction	17	**2,429**	1,991
	17	**512,449**	491,604
Heritage Assets		**168**	168
Investment Property	18	**29,220**	28,913
Intangible Assets		**956**	1,153
Long Term Investments	33	**0**	119
Long Term Debtors	20	**3,769**	3,052
Long Term Assets		**546,562**	525,009
Current Assets			
Short Term Investments	33	**14,957**	21,978
Inventories		**247**	199
Short Term Debtors	21	**15,131**	10,611
Cash and Cash Equivalents	22	**15,102**	14,459
		45,437	47,247
Current Liabilities			
Short Term Creditors	23	**(29,914)**	(31,674)
Provisions	24	**(3,532)**	(902)
		(33,446)	(32,576)
Long Term Liabilities			
Long Term Creditors	25	**(16,076)**	(16,366)
Capital Grants and Other Contributions	8	**(6,887)**	(8,644)
Net Pension Liability	9	**(145,949)**	(134,785)
		(168,912)	(159,795)
Net Assets		**389,641**	**379,885**
Usable Reserves			
General Fund		**12,982**	10,266
Earmarked Reserves	26	**18,378**	16,555
Capital Grants Unapplied Reserve	27	**9,307**	9,805
		40,667	36,626
Unusable Reserves			
Revaluation Reserve	28	**150,793**	134,290
Capital Adjustment Account	29	**346,848**	346,740
Collection Fund Adjustment Account		**209**	124
Deferred Capital Receipts Reserve	30	**2,271**	1,792
Pension Reserve	9	**(145,949)**	(134,785)
Accumulated Absences Account	31	**(5,198)**	(4,902)
		348,974	343,259
Total Reserves		**389,641**	**379,885**

These financial statements replace the unaudited financial statements certified by Arthur Parker, as the Deputy Section 151 Officer, on 17 June 2013.

Alan Nash FCCA CPFA
Borough Treasurer
September 2013

	Note	2012/13 £000	2011/12 £000
Cash Flows From Operating Activities			
Surplus or (Deficit) on Provision of Services		**(6,197)**	1,181
Adjust for Non Cash Movements			
Depreciation		**14,510**	12,638
Impairment & Revaluation Downwards of Non-Current Assets		**5,655**	5,826
Amortisation of Intangibles		**459**	498
Changes in Fair Value of Investment Properties		**(1,049)**	(912)
Changes in Provisions		**2,630**	(820)
Impairment of Financial Instruments		**0**	101
Foreign Exchange (Gain)/Loss		**(46)**	0
Amortisation of Long Term Creditors		**(119)**	(119)
Carrying amount of Non-Current Assets sold		**2,915**	3,283
Changes in Inventory		**(48)**	(12)
Changes in Interest Debtors		**2**	(282)
Changes in Debtors		**(3,650)**	1,087
Changes in Creditors		**(909)**	(2,782)
Changes in Net Pension Liability		**7,788**	3,729
Adjust for Items that are Investing or Financing Activities		**(19,002)**	(24,394)
Net Cash Flow From Operating Activities		**2,939**	(978)
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		**(24,742)**	(25,163)
Purchase of Short Term and Long Term Investments		**0**	(14,000)
Other payments for investing activities		**(199)**	(340)
Proceeds from Sale of Non-Current Assets		**1,159**	760
Proceeds from Short Term and Long Term Investments		**7,192**	2,887
Other receipts from investing activities		**15,221**	19,375
Net Cash Flow From Investing Activities		**(1,369)**	(16,481)
Cash Flows from Financing Activities			
Capital Element of PFI Contracts		**(158)**	(205)
Capital Element of Finance Leases		**(9)**	(65)
Council Tax and NNDR Adjustments		**(760)**	3,349
Net Cash Flow From Financing Activities		**(927)**	3,079
Net (Decrease)/Increase in Cash and Cash Equivalents in the Period		**643**	(14,380)
Cash and Cash Equivalents as of the Beginning of the Period	**22**	**14,459**	28,839
Cash and Cash Equivalents as of the End of the Period	**22**	**15,102**	14,459

The cash flows for operating activities include the following items:

	2012/13 £000	2011/12 £000
Interest received	**809**	723
Interest paid	**(589)**	(603)

1 ACCOUNTING POLICIES

1.1 Basis of Preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2012/13 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

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.

1.2 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.

1.3 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.

1.4 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.

1.5 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.

1.6 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 closing balances and comparative amounts for the prior period as if the new policy had always been applied. An opening Balance Sheet for the prior period will also be required where adoption of the revised policy results in a material restatement.

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

Material Balance Sheet restatements or errors are those equal to or greater than £2m or 1% of the relevant category or those required to avoid a material impact (£1m or greater) on the Comprehensive Income and Expenditure Statement within the current year.

1.7 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date 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.

1.8 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. 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 de-recognised. 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". Land and buildings are subject to a comprehensive valuation on a 5 year cycle and an annual desktop valuation for the intervening years where the impact is material.

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. With the exception of the long life plant used within the Waste PFI contract, 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.

Impairment

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.

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.

1.9 Heritage Assets

Heritage assets are a distinct class of asset which are maintained principally for their contribution to knowledge and culture. Listed buildings which are used operationally do not meet the definition of Heritage Assets and are therefore included under Property Plant and Equipment.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed and consequently Heritage Assets are carried at valuation rather than fair value, reflecting the fact that exchanges of Heritage Assets are uncommon. There is also no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. In some cases it may not be practicable to establish a valuation for a Heritage Asset, in which case the asset is carried at historical cost if this information is available.

The Council has a number of sites of archaeological interest within its boundaries which it is not possible to place a value on due to their age and the lack of comparable market values. Consequently, the Council does not recognise these assets on the Balance Sheet. The remaining heritage assets comprising the civic regalia, a brickworks chimney and a statue are reported in the Balance Sheet at insurance valuation.

1.10 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.

1.11 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.

1.12 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 within the next twelve months 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 or to meet disposal costs up to 4% of the capital receipt.

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.

1.13 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 Statement. The same amount is then transferred to the Capital Receipts Reserve and shown in the Movement in Reserves Statement.

1.14 Charges to Revenue for Non-Current Assets

General Fund service revenue accounts (as defined in CIPFA's Service Reporting Code of Practice for Local Authorities), 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.

1.15 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.

1.16 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 assets, including finance costs.

Services Received

The fair value of services received in the year is recorded under Environmental and Regulatory 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.

1.17 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.

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.

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

Operating Leases (Council as Lessee)

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.

Operating Leases (Council as Lessor)

Where the Council grants an operating lease the leased asset remains in the Balance Sheet. The rental income is recognised over the term of the lease on a straight-line basis 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 (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 a finance lease 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).

Finance Leases (Council as Lessor)

Where the Council grants a finance lease the leased asset is de-recognised (treated as a disposal) 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.

1.18 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.

1.19 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 Council 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 2013.

1.20 Employee Benefits

Leave and flexi-time

The accounts include an accrual for 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 Council 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 an appropriate discount rate.

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 Council 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.

1.21 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. If no asset is involved, a condition requires the grant funder or donor to have a right to the return of their monies or similar equivalent compensation.

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.

1.22 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.

1.23 Contingent Assets & Liabilities

A contingent asset or contingent liability arises where an event has taken place that gives the Council a possible asset or 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 assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.24 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, Accumulated

Absences Account and Pension Reserve, which are explained in the relevant policies and Notes to the Accounts.

1.25 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.

1.26 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 Service Reporting Code of Practice for Local Authorities (SeRCOP) 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.

1.27 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, the fair value of the allowances and the net realisable value of the allowances is likely to be nil.

The scheme will end after the 2012/13 scheme year in England.

1.28 Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

The Council is required to participate in the scheme which is currently in its introductory phase which will last until 31 March 2014. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of carbon dioxide emissions. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. A provision has been created to meet the estimated liability. The cost to the Council has been charged to the relevant service lines in the Comprehensive Income and Expenditure Statement on the basis of energy consumption.

1.29 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 ISSUED BUT NOT YET ADOPTED

The adoption of amendments to the following standards by the Code of Practice will result in changes in accounting policy:

- IAS 19 Employee Benefits (June 2011 Amendments)
- IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities (December 2011 amendments)
- IAS 12 Deferred Tax: Recovery of underlying assets (December 2010 amendments).

Although full adoption of the amended standards will not be required until 1 April 2013, the Council is required to disclose the estimated effect of the amendments in these financial statements.

Apart from some definition changes and the recognition point for termination benefits now being when the Council can no longer withdraw an offer (as opposed to being demonstrably committed), the key changes to IAS19 relate to post-employment benefits and are focused on:

- Reclassification of the components of defined benefits costs: there are now three major components to defined benefit cost – service cost, net interest on the net defined benefit liability (or asset) and remeasurements of the net defined benefit liability (or asset)

- Changes in the definitions of some of those components and their sub-components

- Interest expense or income will be calculated by applying the discount rate to the net defined benefit liability (or asset). This replaces the interest cost on the defined benefit obligation and the expected return on pension assets.

- Enhanced disclosures are required to explain the characteristics of benefit plans and risks associated with them, and identify and explain the amounts recognised in the financial statements.

The introduction of the net interest cost based on the net defined benefit asset or liability and the discount rate is the most significant change in the measurement of employee benefit expense. Had the amendment been in place for 2012/13, it would have increased the charge to the Surplus or Deficit on the Provision of Services (SDPS) by £1.562m because the discount rate (4.6%) is lower than the expected return on assets assumption (5.4%). Administration costs of £0.141m would have also been charged to the SDPS rather than being deducted from actual and estimated returns on assets. However, these changes would not have affected the General Fund as the increased charge would have been reversed out in the Movement in Reserves Statement. There is no impact on the Balance Sheet.

The amendments to IFRS 7 require additional disclosures where financial assets are offset against financial liabilities, to enable users to evaluate the effect on the Balance Sheet. These are not expected to have a material impact on the Council, as the Council does not net off financial assets against financial liabilities.

Deferred tax considerations do not apply to the Council and therefore changes to IAS 12 will not have an impact on the Council.

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 land and buildings element of the lease are considered separately for classification. 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.

A number of criteria are used to determine whether the lease transfers substantially all the risks and rewards of ownership as specified in IAS 17 - Leases. In particular judgement is required in assessing whether the lease term is for the major part of the economic life of the asset. In general, a term of 80% or greater of the asset life was considered indicative of a finance lease, however all the criteria were considered together when making a decision. When reviewing lease classifications for the conversion to IFRS however, the Council concluded that each of the lease classifications could be determined without calculating the Net Present Value of the minimum lease payments.

The Council has elected to treat Longshot Lane as a finance lease in order to apply the Investment Property classification and measurement guidance in IAS 40. A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, the property would otherwise meet the definition of an investment property and the lessee uses the fair value mode. Longshot Lane meets the definition of an investment property and the Council is required by the Code to apply the fair value model.

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 Council's share of the assets (valued at £8.1m as at 31 March 2013) are recognised as Property, Plant and Equipment on the Balance Sheet.

Voluntary Controlled and Voluntary Aided Schools

The move to International Financial Reporting Standards has meant that the treatment of non-current schools' assets has been subject to further discussion and debate. CIPFA has been consulting with councils and the wider accounting community on the subject but responses have been mixed. The debate is still ongoing but the preliminary view set out by CIPFA is that non-current assets used by voluntary controlled and voluntary aided schools should not be recognised in local authority balance sheets. This supports the Council's treatment of voluntary aided and controlled schools which have not been included on the Balance Sheet.

Land and buildings at voluntary aided schools are owned by the trustees and the governing body is the admissions authority and determines the admission numbers based on capacity. The governing body therefore controls access to the provision of education at the school. On this basis these schools have been excluded from the Balance Sheet. The position is less clear cut with voluntary controlled schools because although the land and buildings are owned by the trustees, the Council appoints the staff and is the admissions authority. It is felt that the factors supporting inclusion on the Balance Sheet are not sufficient to override the form of the transaction i.e. the trustees' ownership of the assets.

This treatment will be reviewed when further guidance is issued.

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 differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within 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 or desk top valuations. The professional 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.

In addition to the rolling programme of professional revaluations, desktop revaluations (using a building cost index) were used in 2012/13 to ensure that those assets not scheduled to be revalued in the 2012/13 were not materially misstated in the Balance Sheet.

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 £0.271m if all the useful lives were reduced by one year.

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 17.

Future Payments under the Waste PFI Scheme

The estimates of the future payments to the contractor are based on assumptions regarding inflation (assumed to be 2.5%) and performance. Increases in inflation above 2.5% will lead to the Council having to pay over more to the contractor than set out in Note 13. If the contractor's performance is lower than has been built into the financial model, the contractor will have penalty charges levied against it, and therefore the Council's costs will be lower than set out in Note 13.

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.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2013 without completing a full valuation. However, the actuary is satisfied that the approach of rolling forward the previous valuation data from 31 March 2010 to 31 March 2013 should not introduce any material distortions in the results.

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.

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 9. The accounting policy will change for 2013/14 and details can be found in Note 2.

Sensitivity Analysis	Present value of scheme liabilities		Projected Service Cost	
	Total	Change	Total	Change
	£000	£000	£000	£000
Adjustment to discount rate				
+0.1%	344,378	(8,128)	10,816	(408)
0.0%	352,506	0	11,224	0
-0.1%	360,924	8,418	11,646	422
Adjustment to mortality age rating assumption				
+1 year	340,323	(12,183)	10,741	(483)
None	352,506	0	11,224	0
-1 year	364,825	12,319	11,711	487

Impairment of Financial Instruments

The Council had deposits of £2m with Heritable and £3m with Glitnir which are both Icelandic banks that have been put into receivership/administration. The Council's preferential creditor status for the Glitnir deposit was confirmed last year and a payment of £2.521m made by the Winding up Board in March. The balance payable will be held in Icelandic Krónur in an interest bearing escrow account in Iceland until the currency controls are relaxed by the Icelandic Government.

The estimated value of the escrow account is reflected as a short term investment in the Balance Sheet (£0.64m at 31 March 2013). For Heritable, the accounts assume that approximately 88% of the deposit plus accrued interest up to the 6 October 2008 will be repaid.

At 31 March 2013, the Council had a trade debtors' balance of £2.68m. 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. 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 £0.28m 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%. These provisions totalled £2.98m as at 31 March 2013.

Accumulated Compensated Absences

Accumulating compensated absences are those that can be carried forward for use in future periods if the current period's entitlements are not used in full, for example untaken annual leave and flexi-time entitlement. The Council is required to accrue for any annual or flexi leave earned but not taken as at 31 March each year. For non-teaching staff the accrual has previously been estimated using outstanding entitlements for a representative sample of staff covering a range of pay grades, locations and departments. As there has been no material change in the accrual over the last three years, no adjustment was made in 2012/13. For teaching staff, where leave is earned and taken on a term by term basis, a formula is used to identify the number of days of untaken leave for the spring term. The accrual is then calculated by multiplying the number of days of untaken leave by 1/261 of the annual salary for each teacher. The accrual is included within service expenditure but any impact on the General Fund is neutralised by transfers to or from an Accumulated Absences Account.

The impact of an increase in outstanding leave of 1 day for all staff would be to increase the accrual by £0.18m for non-teaching staff and £0.19m for teaching staff.

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 Service Reporting Code of Practice for Local Authorities. 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:

2012/13	Corporate Services / Chief Exec Office	Children, Young People & Learning	Adult Social Care Health & Housing	Environment, Culture & Communities	Total
	£000	£000	£000	£000	£000
Income and Expenditure					
Fees, charges & other service income	(6,828)	(3,890)	(5,436)	(15,540)	(31,694)
Government grants & contributions	(6,417)	(89,656)	(47,180)	(1,572)	(144,825)
Total Income	**(13,245)**	**(93,546)**	**(52,616)**	**(17,112)**	**(176,519)**
Employee expenses	10,103	69,919	12,809	15,928	108,759
Other service expenses	17,787	34,971	62,751	23,777	139,286
Support service recharges	(9,895)	3,059	2,957	3,225	(654)
Total Expenditure	**17,995**	**107,949**	**78,517**	**42,930**	**247,391**
Net Expenditure	**4,750**	**14,403**	**25,901**	**25,818**	**70,872**

As Housing transferred from Environment, Culture & Communities into Adult Social Care and Health to form Adult Social Care, Health & Housing on 1 April 2012, the 2011/12 figures have been restated so that they are still comparable.

2011/12 Restated	Corporate Services / Chief Exec Office	Children, Young People & Learning	Adult Social Care Health & Housing	Environment, Culture & Communities	Total
	£000	£000	£000	£000	£000
Income and Expenditure					
Fees, charges & other service income	(3,714)	(3,473)	(5,470)	(14,621)	(27,278)
Government grants & contributions	(6,382)	(89,789)	(46,497)	(1,472)	(144,140)
Total Income	**(10,096)**	**(93,262)**	**(51,967)**	**(16,093)**	**(171,418)**
Employee expenses	10,189	69,229	13,424	16,411	109,253
Other service expenses	14,750	34,117	60,865	23,884	133,616
Support service recharges	(9,822)	3,272	1,914	4,025	(611)
Total Expenditure	**15,117**	**106,618**	**76,203**	**44,320**	**242,258**
Net Expenditure	**5,021**	**13,356**	**24,236**	**28,227**	**70,840**

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.

2012/13	Corporate Services / Chief Exec Office	Children, Young People & Learning	Adult Social Care Health & Housing	Environment, Culture & Communities	Total
	£000	£000	£000	£000	£000
Net Expenditure	4,750	14,403	25,901	25,818	70,872
Capital charges (including depreciation and amortisation, revaluation downwards and impairments plus revenue expenditure funded from capital under statute)	3,906	8,071	1,452	8,115	21,544
IAS 19 Pension Adjustments	200	1,554	655	870	3,279
Cost of Services in Explanatory Foreword	**8,856**	**24,028**	**28,008**	**34,803**	**95,695**

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.

	2012/13 £000	2011/12 £000
Net expenditure in the Departmental Analysis	**70,872**	70,840
Net expenditure of services and support services not included in the Analysis	**(577)**	(218)
Amounts included in Cost of Services in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	**25,622**	22,482
Amounts included in the Analysis not included in the Cost of Services in the Comprehensive Income and Expenditure Statement	**15,244**	11,899
Cost of Services in Comprehensive Income and Expenditure Statement	**111,161**	105,003

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 Service Reporting Code of Practice for Local Authorities.

2012/13	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	(31,694)	(906)	0	5,093	(27,507)	0	(27,507)
Interest and investment income	0	0	0	0	0	(807)	(807)
Other income from capital receipts that do not arise from the disposal of an asset	0	0	0	0	0	(2,675)	(2,675)
Income from Council Tax	0	0	0	0	0	(51,739)	(51,739)
Government grants and contributions	(144,825)	0	0	15,295	(129,530)	(56,803)	(186,333)
Total income	**(176,519)**	**(906)**	**0**	**20,388**	**(157,037)**	**(112,024)**	**(269,061)**
Employee expenses	108,759	222	3,614	(2,251)	110,344	0	110,344
Other service expenses	139,286	107	464	(2,062)	137,795	0	137,795
Support service recharges	(654)	0	0	(313)	(967)	0	(967)
Depreciation, amortisation and impairment	0	0	14,969	(518)	14,451	0	14,451
Revaluation losses on Property, Plant and Equipment	0	0	5,655	0	5,655	0	5,655
Revenue expenditure funded from capital under statute	0	0	920	0	920	0	920
Precepts & levies	0	0	0	0	0	2,939	2,939
Gain or loss on disposal of non-current assets	0	0	0	0	0	1,258	1,258
Surplus or deficit on trading undertakings	0	0	0	0	0	797	797
Interest payments	0	0	0	0	0	589	589
Income and Expenditure in relation to Investment Property	0	0	0	0	0	(1,898)	(1,898)
Movement in fair value of investment properties	0	0	0	0	0	(1,049)	(1,049)
Financial Instruments - Exchange Differences	0	0	0	0	0	(46)	(46)
Pensions interest cost and expected return on pension assets	0	0	0	0	0	4,470	4,470
Total expenditure	**247,391**	**329**	**25,622**	**(5,144)**	**268,198**	**7,060**	**275,258**
(Surplus) or deficit on the provision of services	**70,872**	**(577)**	**25,622**	**15,244**	**111,161**	**(104,964)**	**6,197**

2011/12	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	(27,278)	(445)	0	4,153	(23,570)	0	(23,570)
Interest and investment income	0	0	0	0	0	(953)	(953)
Other income from capital receipts that do not arise from the disposal of an asset	0	0	0	0	0	(1,615)	(1,615)
Income from Council Tax	0	0	0	0	0	(51,187)	(51,187)
Government grants and contributions	(144,140)	0	0	13,937	(130,203)	(61,206)	(191,409)
Total income	**(171,418)**	**(445)**	**0**	**18,090**	**(153,773)**	**(114,961)**	**(268,734)**
Employee expenses	109,253	213	920	(1,067)	109,319	0	109,319
Other service expenses	133,616	14	831	(1,899)	132,562	0	132,562
Support service recharges	(611)	0	0	(199)	(810)	0	(810)
Depreciation, amortisation and impairment	0	0	13,243	(3,026)	10,217	0	10,217
Revaluation losses on Property, Plant and Equipment	0	0	5,720	0	5,720	0	5,720
Revenue expenditure funded from capital under statute	0	0	1,768	0	1,768	0	1,768
Precepts & levies	0	0	0	0	0	2,836	2,836
Payments to housing capital receipts pool	0	0	0	0	0	12	12
Gain or loss on disposal of non-current assets	0	0	0	0	0	2,070	2,070
Surplus or deficit on trading undertakings	0	0	0	0	0	2,746	2,746
Interest payments	0	0	0	0	0	603	603
Income and Expenditure in relation to Investment Property	0	0	0	0	0	(1,856)	(1,856)
Movement in fair value of investment properties	0	0	0	0	0	(912)	(912)
Impairment of Financial Instruments	0	0	0	0	0	101	101
Pensions interest cost and expected return on pension assets	0	0	0	0	0	3,177	3,177
Total expenditure	**242,258**	**227**	**22,482**	**(6,191)**	**258,776**	**8,777**	**267,553**
(Surplus) or deficit on the provision of services	**70,840**	**(218)**	**22,482**	**11,899**	**105,003**	**(106,184)**	**(1,181)**

6 EXCEPTIONAL AND MATERIAL ITEMS OF INCOME AND EXPENDITURE

No items of income or expenditure have been treated as exceptional items in 2012/13.

Within the Cost of Services, the comparative increases in Net Cost for Central Services, Planning Services and Children & Education Services primarily relate to increases in capital charges (depreciation, revaluations downward and capital expenditure not adding value) and increases in the current cost of pensions adjustment (see Note 9). During the year £3.2m was received from Bracknell Regeneration Partnership to fund an extension of the Compulsory Purchase Order process required as part of the Town Centre regeneration project.

The loss on the disposal of Property, Plant and Equipment primarily relates to the de-recognition of components rather than direct sales. Replacement of components during the year required £1.4m of Property Plant and Equipment to be de-recognised, of which £1.0m related to infrastructure.

7 DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area (namely Ranelagh Secondary School in 2012/13). 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 2012. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2012/13 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2012/13 before Academy recoupment			76,487
Academy figure recouped for 2012/13			3,332
Total DSG after Academy recoupment for 2012/13			73,155
Brought forward from 2011/12			1,448
Carry forward to 2013/14 agreed in advance			-387
Agreed initial budgeted distribution in 2012/13	14,212	60,004	74,216
In year adjustments	-390	390	0
Final budget distribution for 2012/13	13,822	60,394	74,216
Less actual central expenditure	12,725		
Less actual ISB deployed to schools		60,394	
Plus local authority contribution for 2012/13	0	0	0
Carry forward to 2013/14	1,097	0	1,484[1]

[1]Total carry forward is the carry forward on central expenditure plus the carry forward to 2013/14 agreed in advance.

8 GRANT & CONTRIBUTIONS 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 & Contributions

	2012/13	2011/12
	£000	£000
Basic Needs	6,539	5,373
Primary Capital Grant	0	5,147
Homes & Communities Agency	0	107
Other Government Grants	6,255	6,832
S106 Contributions	1,882	1,229
Other Capital Contributions	300	468
Total	**14,976**	19,156

Revenue Grants & Contributions

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. Area Based Grant was also a general grant which ceased in 2010/11 and was replaced by Local Services Support Grant and other funding streams in 2011/12.

A number of specific non-ringfenced grants were introduced in 2011/12 and 2012/13. No conditions on use have been imposed as part of the grant determination ensuring full local control over how the funding can be used. The Council did not increase Council Tax in 2012/13 and therefore received a one-off Council Tax Freeze Grant of £1.2m which is equivalent to a 2.5% increase in Council Tax. The Council Tax Freeze Grant received in 2011/12 has been incorporated into RSG but will cease at the end of 2014/15. The New Homes Bonus is designed to encourage the development of new properties. Early Intervention Grant replaces several formerly separate specific grants and a significant part of the former Area Based Grant and is intended to fund services for young people. Learning Disability and Health Reform Grant reflects the transfer of responsibility for funding and commissioning services for adults with learning disabilities from the NHS to local authorities.

General and other non-ringfenced government grants are recognised within Taxation and Non-specific Grant Incomes in the Comprehensive Income and Expenditure Statement along with National Non-Domestic Rates.

	2012/13	2011/12
	£000	£000
Revenue Support Grant	463	6,161
Local Services Support Grant	347	367
Council Tax Freeze Grant	1,220	1,212
New Homes Bonus Grant	1,318	763
Early Intervention Grant	4,701	4,324
Learning Disability and Health Reform Grant	7,961	7,765
Community Right to Challenge Grant	9	0
Troubled Families Coordination Grant	187	0
Raising the Participation Age Grant	18	0
Council Tax Reform Grant	84	0
Housing and Council Tax Benefit Subsidy Administration Grant	694	695
Food Hygiene Rating Scheme Grant	6	0
High Street Innovation Fund Grant	100	0
Real Time Passenger Information Grant	179	0
Local Sustainable Transport Fund Grant	199	0
Community Right to Bid Grant	5	0
Disabled Facilities Grant	342	325
Other non-ringfenced capital grants used to finance revenue	121	506
General and Non-ringfenced Government Grants	17,954	22,118
National Non-Domestic Rates	23,873	19,932
Total	**41,827**	42,050

Grants and Contributions Credited to Services

	2012/13	2011/12
	£000	£000
Dedicated Schools Grant (including pupil premium)	74,640	73,506
Standards Fund	0	1,590
Sixth Form Funding	4,335	4,530
Housing Benefit Subsidy	32,462	30,953
Council Tax Benefit Subsidy	5,764	5,939
Other Grants and Contributions	11,814	13,058
Donations	515	627
Total	**129,530**	130,203

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 2013	31 March 2012
	£000	£000
Short Term Creditors		
Other Government Grants	147	205
Contributions	249	605
Total	**396**	810

Capital Grants and Contributions - Receipts in Advance

	31 March 2013	31 March 2012
	£000	£000
Short Term Creditors		
Other Government Grants	**492**	870
Long Term Liabilities		
Section 106 contributions	**6,887**	8,644
Total	**7,379**	**9,514**

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

9 EMPLOYEE BENEFITS

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.

Total Remuneration[1]	2012/13 No of Employees Non-schools	Schools	Total	2011/12 Restated No of Employees
£50,000 - £54,999	30	21	51	42
£55,000 - £59,999	14	21	35	32
£60,000 - £64,999	5	14	19	16
£65,000 - £69,999	4	7	11	13
£70,000 - £74,999	1	7	8	4
£75,000 - £79,999	4	0	4	8
£80,000 - £84,999	5	0	5	7
£85,000 - £89,999	3	3	6	3
£90,000 - £94,999	1	0	1	0
£95,000 - £99,999	0	1	1	2
£100,000 - £104,999	0	1	1	2
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	2
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	2	2	0
Total	**67**	**77**	**144**	131
2011/12 Comparatives	61	70		

[1] The total remuneration includes redundancy payments where applicable.

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 2012/13

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	156.7	0	156.7	20.4	177.1
Assistant Chief Executive	83.9	0	83.9	10.9	94.8
Director of Corporate Services	115.8	0	115.8	15.0	130.8
Director of Children, Young People and Learning	113.0	0	113.0	14.7	127.7
Director of Adult Social Care, Health and Housing	110.8	0	110.8	14.4	125.2
Director of Environment, Culture and Communities	113.0	0	113.0	14.7	127.7
Borough Treasurer	93.2	0	93.2	12.1	105.3
Borough Solicitor	89.2	0	89.2	11.6	100.8
Total	**875.6**	**0**	**875.6**	**113.8**	**989.4**

Remuneration of Senior Employees 2011/12 Restated

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	156.7	0.0	156.7	20.4	177.1
Assistant Chief Executive	84.1	0.0	84.1	10.9	95.0
Director of Corporate Services	115.8	0.2	116.0	15.0	131.0
Director of Children, Young People and Learning	110.8	0.0	110.8	14.4	125.2
Director of Adult Social Care and Health	108.6	0.0	108.6	14.1	122.7
Director of Environment, Culture and Communities	113.0	0.0	113.0	14.7	127.7
Borough Treasurer[1]	50.1	0.0	50.1	6.5	56.6
Borough Treasurer[2]	66.9	0.0	66.9	8.7	75.6
Borough Solicitor	89.3	0.0	89.3	11.6	100.9
Total	**895.3**	**0.2**	**895.5**	**116.3**	**1,011.8**

[1] The Borough Treasurer retired on the 26 September 2011.
[2] The new Borough Treasurer, who assumed the responsibilities of the post on the 1 July 2011, has an annualised salary of £0.1m.

EXIT PACKAGES & TERMINATION BENEFITS

The number of exit packages with total cost per band and total cost of compulsory and other redundancies are set out below:

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Departures		Total No		Total Cost £000	
	2012/13	2011/12	**2012/13**	2011/12	**2012/13**	2011/12	**2012/13**	2011/12
£0-£20,000	**21**	38	**28**	19	**49**	57	**152**	504
£20,001 - £40,000	**4**	8	**2**	1	**6**	9	**175**	245
£40,001 - £60,000	**0**	4	**0**	0	**0**	4	**0**	190
£60,001 - £80,000	**0**	1	**0**	0	**0**	1	**0**	62
£80,001+	**0**	1	**0**	0	**0**	1	**0**	85
Total	**25**	52	**30**	20	**55**	72	**327**	1,086

The Authority terminated the contracts of 22 employees in 2012/13 (61 in 2011/12). The number of compulsory redundancies in the table above differs from this because the exit packages reflect the year in which any redundancy payments or liabilities are accounted for. Other departures include agreed settlements and contract terminations arising, for example, on ill health grounds or during probationary periods.

Liabilities are charged to the Comprehensive Income and Expenditure Statement during the year in which the Council is committed to them. The liabilities of £0.327m (£1.086m in 2011/12) were comprised of redundancy, settlements and other payments £0.246m (£0.747m), pay in lieu of notice £0.062m (£0.107m) and pension fund contributions to preserve unreduced benefits (pension strain) £0.019m (£0.232m). Pension strain is a cost payable to the Pension Fund.

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.

	2012/13		2011/12 Restated	
	Employers' Contribution	**Additional Benefits**	Employers' Contribution	Additional Benefits
Amount Paid	**£4.281m**	**£0.273m**	£4.337m	£0.266m
As a percentage of teachers' pensionable pay	**14.1%**	**0.9%**	14.1%	0.9%

The 2011/12 comparators have been restated to exclude the teachers' pension contributions collected and paid on behalf of an academy school during the period.

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 13% of pensionable pay for current service plus a lump sum payment to cover the past service deficit element (£1.43m in 2012/13).

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:

	2012/13 £000	2011/12 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	**10,707**	8,196
Settlements and Curtailments	**39**	(392)
Financing and Investment Income and Expenditure:		
Interest Cost	**14,644**	14,404
Expected Return on Scheme Assets	**(10,174)**	(11,227)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**15,216**	10,981
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Actuarial Gains and Losses - BFC and Former BCC Fund	**3,376**	57,244
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**18,592**	68,225
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.	**(15,216)**	(10,981)
Actual Amount Charged Against the General Fund for Pensions in the Year:		
Employer's Contributions Payable to Pension Scheme	**7,428**	7,252

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £102.1m (2011/12 a £98.7m loss).

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of scheme liabilities:

	2012/13 £000	2011/12 £000
Liabilities as of the Beginning of the Period	**322,398**	261,592
Current Service Cost	**10,707**	8,196
Interest Cost	**14,644**	14,404
Contributions by Scheme Participants	**2,800**	2,845
Actuarial Gains and Losses	**12,979**	45,526
Losses on Curtailments	**39**	135
Benefits Paid	**(10,621)**	(8,810)
Unfunded Pension Payments	**(440)**	(436)
Liabilities Extinguished on Settlement	**0**	(1,054)
Liabilities as of the end of the period	**352,506**	322,398

The present value of the pension liability arising from wholly unfunded benefits awarded in the past is £6.049m (2011/12 £5.565m). 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 Council when the pensioner payments are made.

Reconciliation of the fair value of scheme assets:

	2012/13 £000	2011/12 £000
Assets as of the Beginning of the Period	187,613	187,780
Expected Rate of Return	10,174	11,227
Actuarial Gains and Losses	9,603	(11,718)
Employer Contributions	7,428	7,252
Contributions by Scheme Participants	2,800	2,845
Benefits Paid	(11,061)	(9,246)
Payment of Bulk Transfer Value on Settlement	0	(527)
Assets as of the end of the period	**206,557**	187,613

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 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 £19.8m (£0.5m in 2011/12). Large changes can arise due to volatile market conditions and this year saw a good fund performance in the year – an increase in the total fund of about £118m compared to a small loss last year.

Scheme History

	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Defined Benefit Obligation	(352,506)	(322,398)	(261,592)	(303,964)	(188,264)
Scheme Assets	206,557	187,613	187,780	160,973	119,825
Surplus/(Deficit)	(145,949)	(134,785)	(73,812)	(142,991)	(68,439)

The liabilities show the underlying commitments that the Council has to pay in retirement benefits. The net liability of £146m (£135m in 2011/12) 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. Changes to the scheme to be introduced on 1 April 2014 will also affect the deficit going forwards.

The total contribution expected to be made to the Royal County of Berkshire Pension Fund in 2013/14 is £7.242m.

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. For 2012/13, different assumptions have been made for this Council and the former Berkshire County Council (BCC).

These assumptions are set with reference to market conditions at 31 March 2013. The discount rate is the annualised yield at the 24 year (BCC 11 year) point on the Merill Lynch AA rated corporate bond curve which has been chosen with consideration of the duration of the employer's liabilities, estimated at 24 years (BCC 11 years). 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 3.4% (BCC 3.1%). As future pension increases are 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. 2.6% (BCC 2.3%). This is a reasonable estimate for the future differences in the indices, based on the different calculation methods.

Salary increases are then assumed to be 1.15% above RPI in addition to a promotional scale.

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

	2012/13		2011/12
	%	**%**	%
	BFC	**Former BCC**	
Rate of inflation - RPI	**3.4**	**3.1**	3.3
Rate of inflation - CPI	**2.6**	**2.3**	2.5
Rate of increase in salaries	**4.55**	**4.25**	4.45
Rate of increase in pension	**2.6**	**2.3**	2.5
Rate of discounting scheme liabilities	**4.6**	**3.3**	4.6
Mortality assumptions from age 65:	**Age**	**Age**	Age
Longevity at 65 for current pensioners			
Men	**23.1**	**23.1**	23.0
Women	**25.7**	**25.7**	25.6
Longevity at 65 for future pensioners			
Men	**25.1**	**25.1**	25.0
Women	**27.6**	**27.6**	27.6
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 (31 March 2013) %	**Long Term Expected Return (31 March 2012) %**	**Assets Held 31 March 2013 %**	**Assets Held 31 March 2012 %**
Equity Investments	**N/A**	6.7	**41**	35
Gilts			**1**	0
Other Bonds	**N/A**	4.6	**21**	25
Property	**N/A**	4.8	**10**	10
Cash	**N/A**	3.0	**0**	2
Alternative Assets	**N/A**	5.0	**27**	28
Total	**N/A**	5.4	**100**	100

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the IAS19 discount rate. Therefore a disclosure of an expected return assumption for the year to 31 March 2014 is not required.

For the year to 31 March 2013, the expected return was 5.4% per annum, which has been used to determine the profit and loss charge for the year ended 31 March 2013.

History of Experience Gains and Loans

	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000
Experience adjustments on Scheme Assets	**9,600**	(11,713)	13,035	32,137	(62,804)
Experience adjustments on Scheme Liabilities	**(338)**	(1,935)	(4,011)	(1,083)	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:

	2012/13 %	2011/12 %	2010/11 %	2009/10 %	2008/09 %
Differences between the expected and actual return on Assets	**4.65**	(6.24)	6.94	19.96	(52.41)
Experience gains and losses on Liabilities	**0.10**	0.60	1.53	0.36	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 2013 £000	Year to 31 March 2012 £000
Surplus /(Deficit) as of beginning of the period	**(134,785)**	(73,812)
Actuarial Gains/(Losses) on pension assets and liabilities	**(3,376)**	(57,244)
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	**(14,776)**	(10,545)
Employer's pension contributions and direct payments to pensioners payable in the year	**6,988**	6,816
Surplus /(Deficit) as of end of the period	**(145,949)**	(134,785)

The figures include the Council's share of the Former Berkshire County Council Pension Fund Liability of £32.916m (2011/12 £27.376m).

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: 0845 6027237

10 MEMBERS' ALLOWANCES & EXPENSES

The following amounts were paid to members of the Council during the year:

	2012/13	2011/12
	£000	£000
Allowances	582	590
Expenses	11	7
Total	**593**	**597**

11 AGENCY EXPENDITURE & INCOME

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 five other Berkshire Unitary Councils.

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

		2012/13	
	Expenditure	Income	Net Expenditure
	£000	£000	£000
Adult Social Care - Emergency Duty Team	829	(792)	37
Children's & Education Services - Education Library Service	563	(572)	(9)
Environmental & Regulatory Services - London Rd Landfill Site	126	(110)	16
Total	**1,518**	**(1,474)**	**44**

	Expenditure	2011/12 Income	Net Expenditure
	£000	£000	£000
Adult Social Care - Emergency Duty Team	819	(733)	86
Children's & Education Services - Education Library Service	644	(558)	86
Environmental & Regulatory Services - London Rd Landfill Site	124	(96)	28
Total	1,587	(1,387)	200

12 LEASES

OPERATING LEASES

Council as Lessee

The Council leases various land and/or buildings under non-cancellable operating lease agreements. The lease terms range from 1 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 £0.638m, a combination of £0.281m for properties and £0.357m for equipment and vehicles (2011/12 £0.280m for properties and £0.304m for equipment and vehicles).

The Council paid contingent rent of £0.078m during the year (2011/12 £0.078m).

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

	31 March 2013			31 March 2012		
	Land and Buildings	**Equipment & Vehicles**	**Total**	Land and Buildings	Equipment & Vehicles	Total
	£000	**£000**	**£000**	£000	£000	£000
Not later than one year	**159**	**331**	**490**	275	302	577
Later than one year but not more than five years	**378**	**464**	**842**	715	560	1,275
Later than five years	**5,161**	**0**	**5,161**	5,254	0	5,254
Total	**5,698**	**795**	**6,493**	6,244	862	7,106

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 2013	31 March 2012
	£000	£000
Not later than one year	**1,411**	1,670
Later than one year but not more than five years	**4,197**	4,305
Later than five years	**22,290**	21,999
Total	**27,898**	27,974

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 £0.695m (2011/12 £0.636m).

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

	31 March 2013	31 March 2012
	£000	£000
Not later than one year	**1,218**	1,485
Later than one year but not more than five years	**3,768**	3,804
Later than five years	**19,192**	19,255
Total	**24,178**	24,544

The Council received contingent rent during the year of £0.687m (2011/12 £0.625m) for investment property.

FINANCE LEASES

Council as Lessee

The Council leases two vehicles under non-cancellable finance lease agreements which both have a lease term of 10 years. The leases do not have purchase options but do have the option to extend the lease.

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 2013		31 March 2012	
	Land and Buildings	**Equipment & Vehicles**	Land and Buildings	Equipment & Vehicles
	£000	**£000**	£000	£000
Finance lease liabilities (net present value of minimum lease payments):				
Current	**0**	**1**	0	8
Non-current	**1,452**	**0**	1,452	2
	1,452	**1**	1,452	10
Finance costs payable in future years	**9,643**	**0**	9,813	0
Minimum lease payments	**11,095**	**1**	11,265	10

The total future minimum lease payments will be payable over the following periods:

	31 March 2013		31 March 2012	
	Land and Buildings	**Equipment & Vehicles**	Land and Buildings	Equipment & Vehicles
	£000	**£000**	£000	£000
Not later than one year	**171**	**1**	171	9
Later than one year but not more than five years	**683**	**0**	683	1
Later than five years	**10,241**	**0**	10,411	0
Total	**11,095**	**1**	11,265	10

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 £0.318m (2011/12 £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 are as follows:

	31 March 2013	31 March 2012
	Land and Buildings	Land and Buildings
	£000	£000
Not later than one year	**239**	417
Later than one year but not more than five years	**680**	437
Later than five years	**543**	249
Total	**1,462**	1,103

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 £0.080m (2011/12 £0.078m).

Council as Lessor

Under the Council's My HomeBuy Scheme, the Council has purchased, then leased out its share of nineteen properties to participating residents over a 125 year period.

In October 2012 the Council entered into a finance lease over a 999 year period with Thames Valley Housing Authority for land on the Byways site to be used for the development of affordable homes.

The gross investment in the leases is equal to the minimum lease payments expected to be received over the remaining terms, as the properties and land are expected to have a nil residual value when the leases come to an end. The minimum lease payments comprise settlement of the long term debtors for the interest in the properties and land acquired by the lessees and finance income that will be earned by the Council in future years whilst the debtors remains outstanding.

The gross investment is made up of the following amounts:

	31 March 2013	31 March 2012
	Land and Buildings	Buildings
	£000	£000
Finance lease debtor (net present value of minimum lease payments):		
Current	**0**	0
Non-current	**1,356**	856
	1,356	856
Unearned Finance income	**13,253**	4,123
Gross Investment in the Leases	**14,609**	4,979

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 2013	31 March 2012
	Land and Buildings	Buildings
	£000	£000
Not later than one year	**55**	40
Later than one year but not more than five years	**222**	160
Later than five years	**14,332**	4,779
Total	**14,609**	4,979

No allowance has been made for uncollectible amounts. For My Homebuy the lease payments are stepped during the first 5 years and no defaults are anticipated.

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 (2011/12 £0.0m).

13 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 £594m as at 31 March 2013, 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:

	2012/13			2011/12		
	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	6,515	1,469	7,984
Additions	0	0	0	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	591	670	1,261	0	0	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(640)	0	(640)	0	0	0
As of the end of the period	6,466	2,139	8,605	6,515	1,469	7,984
Depreciation						
As of the beginning of the period	593	303	896	376	217	593
Depreciation for Year	239	116	355	217	86	303
Depreciation written out to the Revaluation Reserve	(117)	(125)	(242)	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	(476)	0	(476)	0	0	0
As of the end of the period	239	294	533	593	303	896
Net Book Value as of the beginning of the period	5,922	1,166	7,088	6,139	1,252	7,391
Net Book Value as of the end of the period	6,227	1,845	8,072	5,922	1,166	7,088

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 is as follows:

	2012/13 £000	2011/12 £000
Value as of the beginning of the period	**(6,322)**	(6,527)
Payments during the year	**158**	205
Value as of the end of the period	**(6,164)**	(6,322)

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

			As at 31 March 2013			
Obligations payable in	**2013/14**	**2-5 yrs**	**6-10 yrs**	**11-15 yr**	**16-20 yrs**	**Total payable**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Reimbursement of Capital Expenditure	**169**	**806**	**1,369**	**1,928**	**1,892**	**6,164**
Interest	**407**	**1,502**	**1,520**	**973**	**245**	**4,647**
Payment for Services	**5,830**	**26,015**	**38,940**	**44,243**	**36,657**	**151,685**
Total	**6,406**	**28,323**	**41,829**	**47,144**	**38,794**	**162,496**

			As at 31 March 2012			
Obligations payable in	**2012/13**	**2-5 yrs**	**6-10 yrs**	**11-15 yr**	**16-20 yrs**	**Total payable**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Reimbursement of Capital Expenditure	158	753	1,279	1,800	2,332	6,322
Interest	418	1,554	1,609	1,098	386	5,065
Payment for Services	5,592	24,609	37,992	43,088	45,996	157,277
Total	6,168	26,916	40,880	45,986	48,714	168,664

14 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 Council's external auditors.

	2012/13 £000	2011/12 £000
Fees payable to the external auditor[1] with regard to external audit services carried out by the appointed auditor for the year	**138**	214
Fees payable to external auditor[1] for the certification of grant claims and returns for the year	**49**	53
Fees payable in respect of other services provided by the external auditor[1] during the year	**21**	0
Grant claim fees under/(over) accrued in previous year	**(4)**	16
Total	**204**	283

[1] The Council's external auditor was the Audit Commission in 2011/12 and Ernst and Young LLP in 2012/13

15 TRADING OPERATIONS

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

	2012/13	£000	£000
Forestcare provides out of hours contact centre services for a range of organisations. Cumulative deficit over last three financial years: £0.979m	Expenditure	**1,127**	
	Rental Income	**(852)**	
	Operating Deficit		**275**
Building Control Trading Account. The Council sets charges in relation to Building Regulations work that aim to recover all costs incurred. Cumulative deficit over last three financial years: £0.211m.	Expenditure	**322**	
	Rental Income	**(236)**	
	Operating Deficit		**86**
The Council operates the Bracknell Market collecting rental income from stallholders. Cumulative deficit over last three financial years: £0.201m.	Expenditure	**93**	
	Rental Income	**(72)**	
	Operating Deficit		**21**
The Council operates nine Car Parks in Bracknell Town Centre and Crowthorne. Cumulative deficit over last three financial years: £2.990m	Expenditure	**1,382**	
	Income	**(944)**	
	Operating Deficit		**438**
Smart Connect Cumulative surplus over last three financial years: (£0.032m)	Expenditure	**39**	
	Income	**(62)**	
	Operating Surplus		**(23)**
Total Trading Operations Deficit/(Surplus)			**797**

ForestCare and Building Control have been included for the first time in 2012/13 as they meet the definition of trading activities. The figures for 2011/12 have not been restated as the impact on the Comprehensive Income and Expenditure Statement was not material.

	2011/12	£000	£000
The Council operates the Bracknell Market collecting rental income from stallholders. Cumulative deficit over last three financial years: £0.213m.	Expenditure	117	
	Rental Income	(75)	
	Operating Deficit		42
The Council operates nine Car Parks in Bracknell Town Centre and Crowthorne. Cumulative deficit over last three financial years: £1.893m	Expenditure	3,953	
	Income	(1,237)	
	Operating Deficit		2,716
Smart Connect Cumulative surplus over last three financial years: (£0.019m)	Expenditure	38	
	Income	(50)	
	Operating Surplus		(12)
Total Trading Operations Deficit/(Surplus)			2,746

The significant deficit on the car parks in 2011/12 primarily relates to the downward revaluation of a number of car parks which resulted in a capital charge of £2.5m against the revenue budget.

16 MINIMUM REVENUE PROVISION (MRP)

The Council has calculated its Minimum Revenue Provision for the year as £1.364m (2011/12 £1.010m) which is transferred to the Capital Adjustment Account and reduces the Capital Financing Requirement. This is made up as follows:

	2012/13 £000	2011/12 £000
MRP (based on the Capital Financing Requirement at 1 April excluding the Waste PFI and finance leases)	**1,078**	621
Principal payable on finance leases	**9**	65
Principal payable on Waste PFI	**158**	205
Prepaid rent amortisation	**119**	119
Total MRP	**1,364**	1,010

17 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-Structure Assets	2012/13 Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation							
At 1 April 2012	446,991	52,132	59,389	1,313	6,283	1,991	568,099
Additions	13,194	3,275	2,467	52	921	3,958	23,867
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(1,602)	670	0	0	0	0	(932)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,679)	(513)	(41)	0	0	0	(6,233)
Disposals	(592)	(17,436)	(1,107)	0	(921)	0	(20,056)
Reclassification (to)/from Assets Held for Sale	(13)	0	0	0	0	0	(13)
Other Reclassifications	543	196	1,991	0	1,099	(3,520)	309
At 31 March 2013	**452,842**	**38,324**	**62,699**	**1,365**	**7,382**	**2,429**	**565,041**
Accumulated Depreciation & Impairments							
At 1 April 2012	25,080	36,161	15,107	0	147	0	76,495
Depreciation charge	7,322	4,347	2,105	0	736	0	14,510
Depreciation written out to the Revaluation Reserve	(20,137)	(125)	0	0	0	0	(20,262)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(578)	0	0	0	0	0	(578)
Impairment losses (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Depreciation written out on disposal	(10)	(17,436)	(127)	0	0	0	(17,573)
Reclassifications	0	0	0	0	0	0	0
At 31 March 2013	**11,677**	**22,947**	**17,085**	**0**	**883**	**0**	**52,592**
Net Book Value at 31 March 2013	**441,165**	**15,377**	**45,614**	**1,365**	**6,499**	**2,429**	**512,449**
Net Book Value at 31 March 2012	421,911	15,971	44,282	1,313	6,136	1,991	491,604
Nature of asset holding							
Owned	434,807	13,524	45,614	1,365	6,499	2,429	504,238
Finance lease	131	8	0	0	0	0	139
PFI	6,227	1,845	0	0	0	0	8,072
Net Book Value at 31 March 2013	**441,165**	**15,377**	**45,614**	**1,365**	**6,499**	**2,429**	**512,449**

2011/12	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infra-Structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost/Valuation							
At 1 April 2011	429,614	46,790	57,418	1,257	6,283	6,608	547,970
Additions	6,775	3,797	2,754	38	0	11,652	25,016
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	9,521	0	0	0	0	0	9,521
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,750)	(15)	(1)	(1)	0	0	(5,767)
Disposals	(1,530)	(650)	(1,804)	0	0	0	(3,984)
Reclassification (to)/from Assets Held for Sale	(556)	0	0	0	0	0	(556)
Other Reclassifications	8,917	2,210	1,022	19	0	(16,269)	(4,101)
At 31 March 2012	**446,991**	**52,132**	**59,389**	**1,313**	**6,283**	**1,991**	**568,099**
Accumulated Depreciation & Impairments							
At 1 April 2011	20,561	31,969	14,054	0	98	0	66,682
Depreciation charge	6,194	4,501	1,893	0	49	0	12,637
Depreciation written out to the Revaluation Reserve	(1,185)	0	0	0	0	0	(1,185)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(47)	0	0	0	0	0	(47)
Impairment losses (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	106	0	0	0	0	0	106
Depreciation written out on disposal	(549)	(294)	(840)	0	0	0	(1,683)
Reclassifications	0	(15)	0	0		0	(15)
At 31 March 2012	**25,080**	**36,161**	**15,107**	**0**	**147**	**0**	**76,495**
Net Book Value at 31 March 2012	**421,911**	**15,971**	**44,282**	**1,313**	**6,136**	**1,991**	**491,604**
Net Book Value at 31 March 2011	409,053	14,821	43,364	1,257	6,185	6,608	481,288

Nature of asset holding							
Owned	415,856	14,791	44,282	1,313	6,136	1,991	484,369
Finance lease	133	14	0	0	0	0	147
PFI	5,922	1,166	0	0	0	0	7,088
Net Book Value at 31 March 2012	**421,911**	**15,971**	**44,282**	**1,313**	**6,136**	**1,991**	**491,604**

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.

Valuations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is professionally 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. Regardless of the actual valuation date, these valuations are reviewed to ensure they are materially accurate as at 31 March.

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 revaluations of Property, Plant and Equipment. Other Land and Buildings are revalued on a five year rolling programme, however the Council also undertook an index based revaluation review to ensure that those assets not scheduled to be revalued in the 2012/13 rolling programme were not materially misstated in the Balance sheet. As a result a group of assets consisting mostly of schools and leisure centres were revalued according to an approved industry index to bring the asset valuations in line with the current building costs. This review increased the value of non-current assets by an additional £18.4m.

	Other Land & Buildings £000	Vehicles, Plant Furniture & Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construct-ion £000	Total Property, Plant and Equipment £000
Carried at historic cost	0	36,408	62,699	1,365	7,382	2,429	110,283
Valued at fair value as at:							
2012/13	377,590	1,916	0	0		0	379,506
2011/12	32,368	0	0	0		0	32,368
2010/11	24,946	0	0	0		0	24,946
2009/10	17,438	0	0	0		0	17,438
2008/09	500	0	0	0		0	500
Total Cost or Valuation	**452,842**	**38,324**	**62,699**	**1,365**	**7,382**	**2,429**	**565,041**

18 INVESTMENT PROPERTY

	2012/13 £000	2011/12 £000
Balance at the beginning of the period	**28,913**	25,556
Additions:		
Purchases	**0**	0
Subsequent expenditure	**21**	192
Disposals	**(420)**	(260)
Net gains/losses from fair value adjustments	**1,049**	912
Reclassification from Property, Plant and Equipment	**(343)**	2,513
Balance at the end of the period	**29,220**	28,913

One Investment Property was sold during the year at 5A Faringdon Drive, generating a capital receipt of £0.6m.

Of the balance as at 31 March 2013, £0.484m relates to properties held under finance leases (£0.517m in 2011/12) and £28.736m to properties owned by the Council (£28.396m in 2011/12). At 31 March 2013, all Investment Properties were let under operating leases with the exception of 7 properties currently without tenants and 4 properties held for future sale. The value of the properties let under operating leases was £27.393m (£27.022m in 2011/12).

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 2013 £000	31 March 2012 £000
Rental Income From Investment Property	**(2,522)**	(2,474)
Direct Operating Expenses Arising From Investment Property	**624**	618
Net Gain	**(1,898)**	(1,856)

19 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 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 2013	31 March 2012
	£000	£000
Opening Capital Financing Requirement	**41,704**	32,522
Capital Investment		
Property, Plant and Equipment	**23,867**	25,016
Investment Property	**21**	192
Intangible Assets	**229**	366
Revenue Expenditure Funded from Capital under Statute	**1,585**	2,146
Long Term Debtors	**163**	358
	25,865	28,078
Sources of Finance		
Capital Receipts	**(3,882)**	(2,381)
Government Grants and Other Contributions	**(16,139)**	(15,505)
Sums Set Aside from Revenue:		
Minimum Revenue Provision	**(1,364)**	(1,010)
	(21,385)	(18,896)
Closing Capital Financing Requirement	**46,184**	41,704
Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	**(505)**	(617)
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	**4,985**	9,799
Increase/(Decrease) in Capital Financing Requirement	**4,480**	9,182

20 LONG TERM DEBTORS

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

	31 March 2013	31 March 2012
	£000	£000
Other Local Authorities		
Loan to Warfield Parish Council	**87**	91
Other Entities and Individuals		
Housing Association Loans	**408**	421
Housing Act Advances Loans	**0**	1
Sale of Council Houses Loans	**24**	25
Car Loans to Employees	**448**	396
Rent to Mortgage Properties	**376**	376
South Hill Park Loan	**20**	21
Mortgages	**983**	833
Shared Equity Property Finance Leases	**1,061**	888
Byways Finance Lease	**362**	0
Total	**3,769**	3,052

21 SHORT TERM DEBTORS

	31 March 2013 £000	31 March 2012 £000
Central Government Bodies	4,686	2,230
Other Local Authorities	600	748
NHS Bodies	125	200
Public Corporations and Trading Funds	5	0
Other Entities and Individuals	9,715	7,433
Total	**15,131**	10,611

22 CASH AND CASH EQUIVALENTS

	31 March 2013 £000	31 March 2012 £000
Investments With Original Maturities of 3 Months or Less	**15,781**	14,178
Cash held by the Council	**20**	20
Bank Balance / (Overdraft)	**(699)**	261
Total	**15,102**	14,459

23 SHORT TERM CREDITORS

	31 March 2013 £000	31 March 2012 £000
Central Government Bodies	3,943	4,510
Other Local Authorities	1,960	3,071
NHS Bodies	274	788
Public Corporations and Trading Funds	11	107
Other Entities and Individuals	23,726	23,198
Total	**29,914**	31,674

24 PROVISIONS

2012/13	**Town Centre Regeneration £000**	**Other £000**	**Total £000**
Balance at 1 April 2012	**738**	**164**	**902**
Additional provisions	**2,809**	**460**	**3,269**
Unused amounts reversed	**0**	**(30)**	**(30)**
Unwinding of discounting	**0**	**0**	**0**
Amounts used	**(475)**	**(134)**	**(609)**
Balance at 31 March 2013	**3,072**	**460**	**3,532**

2011/12	Town Centre Regeneration £000	Other £000	Total £000
Balance at 1 April 2012	1,700	22	1,722
Additional provisions	0	164	164
Unwinding of discounting	0	0	0
Amounts used	(962)	(22)	(984)
Balance at 31 March 2013	738	164	902

The Council has served notices of entry under the Compulsory Purchase Order (CPO) process, to some tenants in the northern section of Bracknell Town Centre. Once the premises have been acquired by the Council, they will then be transferred to the Council's development partner, Bracknell Regeneration Partnership, so that regeneration work can commence. A new provision has been set up to cover the costs of this CPO process. Actual payments are subject to negotiation and it has been assumed that these negotiations, in addition to those outstanding for the Market Square CPO process from last year, can be finalised in 2013/14.

25 LONG TERM CREDITORS

	31 March 2013 £000	31 March 2012 £000
Other Entities and Individuals		
PFI Obligations	**5,994**	6,164
Finance Lease Obligations	**1,451**	1,452
Peel Centre Prepaid Rent	**8,631**	8,750
Total	**16,076**	16,366

26 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 most significant reserves are as follows:

- 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 2013/14.

- 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.

- The Business Rates Equalisation Reserve is required to manage the volatility in business rates income expected to result from its localisation and the impact of the town centre redevelopment.

- The Revenue Grants Unapplied Reserve holds resources equivalent to unspent grant income received without conditions which are released from the reserve as the associated expenditure is incurred.

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

2012/13	Balance at 1 April 2012 £000	Transfers Out During 2012/13 £000	Transfers In During 2012/13 £000	Balance at 31 March 2013 £000
Earmarked Reserves				
Schools' Balances Held Under a Scheme of Delegation	4,531	(149)	89	4,471
Other Schools' Balances	1,448	(320)	356	1,484
Repairs and Renewals	29	0	17	46
Budget Carry Forwards	501	(501)	449	449
Insurance & Uninsured Claims	2,188	(50)	128	2,266
Cost of Structural Change	1,500	(125)	600	1,975
Education Library Service	101	0	9	110
Commuted Maintenance of Land	142	(13)	88	217
S106 and Travel Plan Monitoring	81	0	18	99
Local Economy Steering Group	6	(6)	0	0
Capital Feasibility Studies	149	(63)	0	86
Icelandic Banks	262	0	84	346
Financial Systems Upgrade	56	(7)	0	49
Property Searches Chargeable Account	26	0	37	63
Business Rates Equalisation	2,000	0	0	2,000
Transformation	500	(65)	0	435
Demographic Pressures & Projects	699	(271)	331	759
Revenue Grants Unapplied	1,179	(527)	1,150	1,802
Early Intervention	500	(35)	0	465
Economic Development and Town Centre Regeneration	657	(201)	0	456
School Masterplans & Feasibility Studies	0	0	300	300
Repairs and Maintenance	0	0	500	500
Total	**16,555**	**(2,333)**	**4,156**	**18,378**

Comparative movements in 2011/12	Balance at 1 April 2011 £000	Transfers Out During 2011/12 £000	Transfers In During 2011/12 £000	Balance at 31 March 2012 £000
Earmarked Reserves				
Schools' Balances Held Under a Scheme of Delegation	2,776	0	1,755	4,531
Other Schools' Balances	838	(326)	936	1,448
Repairs and Renewals	35	(6)	0	29
Budget Carry Forwards	410	(410)	501	501
Insurance & Uninsured Claims	2,119	(50)	119	2,188
Cost of Structural Change	1,594	(840)	746	1,500
Regeneration of Bracknell Town Centre	235	(235)	0	0
Education Library Service	100	0	1	101
Commuted Maintenance of Land	142	0	0	142
S106 and Travel Plan Monitoring	71	0	10	81
Local Economy Steering Group	6	0	0	6
Capital Feasibility Studies	191	(42)	0	149
Icelandic Banks	2,341	(2,200)	121	262
Social Care Winter Pressures	212	(212)	0	0
Education Initiatives	150	(150)	0	0
Financial Systems Upgrade	100	(44)	0	56
Property Searches Chargeable Account	0	0	26	26
Business Rates Equalisation	0	0	2,000	2,000
Transformation	0	0	500	500
Demographic Pressures & Projects	0	0	699	699
Revenue Grants Unapplied	0	0	1,179	1,179
Early Intervention	0	0	500	500
Economic Development and Town Centre Regeneration	0	0	657	657
Total	**11,320**	**(4,515)**	**9,750**	**16,555**

27 CAPITAL GRANTS UNAPPLIED RESERVE

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions but which have yet to be applied to meet expenditure.

	2012/13	2011/12
	£000	£000
Opening Balance	**9,805**	4,807
Received	**9,230**	6,897
Applied to Capital Financing	**(9,728)**	(1,899)
Closing Balance	**9,307**	9,805

28 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.

	2012/13	2011/12
	£000	£000
As of the beginning of the period	**134,290**	125,708
Upward revaluation of assets	**24,943**	10,761
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**(5,614)**	(55)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**19,329**	10,706
Difference between fair value depreciation and historical cost depreciation	**(2,633)**	(2,090)
Accumulated gains on assets sold or scrapped	**(193)**	(34)
Amount written off to the Capital Adjustment Account	**(2,826)**	(2,124)
Closing Balance	**150,793**	134,290

29 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 enhancements 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.

	2012/13	2011/12
	£000	£000
Balance at 1 April	**346,740**	350,188
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	**(14,510)**	(12,744)
Revaluation Losses on Property Plant & Equipment	**(5,655)**	(5,720)
Amortisation of Intangible Assets	**(459)**	(498)
Revenue Expenditure Funded from Capital under Statute	**(920)**	(1,768)
Amount of non-current asset written off on sale as part of the gain/loss on sale to the Comprehensive Income and Expenditure Statement	**(2,915)**	(3,283)
	(24,459)	(24,013)
Adjusting amounts written out of the Revaluation Reserve	**2,826**	2,124
Net written out amount of the cost of non-current assets consumed in the year	**(21,633)**	(21,889)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	**3,882**	2,381
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**5,746**	12,258
Application of Capital Grants and Contributions to capital financing from the Capital Grants Unapplied Reserve	**9,728**	1,899
Statutory provision for the financing of capital investment	**1,364**	1,010
	20,720	17,548
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	**1,049**	912
Repayment of loans	**(28)**	(19)
Balance at 31 March	**346,848**	346,740

30 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.

	2012/13	2011/12
	£000	£000
As of the beginning of the period	1,792	1,347
Shared Equity Property Finance Leases	137	467
Byways Finance Lease	362	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(20)	(22)
Closing Balance	**2,271**	1,792

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 2013 £000	31 March 2012 £000
Mortgages on Council Houses Sold	27	30
Housing Act Advances	1	2
Housing Association Loans	420	433
Loan to Warfield Parish Council	91	95
Rent to Mortgage Properties	376	376
Shared Equity Property Finance Leases	994	856
Byways Finance Lease	362	0
Total	**2,271**	1,792

31 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 (i.e. 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.

	2012/13 £000	2011/12 £000
As of the beginning of the period	**4,902**	4,535
Net change during the year	**296**	367
Closing Balance	**5,198**	4,902

32 COMMITMENTS

Capital Commitments

There were no material capital commitments as of 31 March 2013.

Other Long Term Contracts

The Council is committed to making payments under the following major contracts as of 31 March 2013:

Contract	Contractor	Contract Expiry Date	Approximate Annual Value £000
Highway Maintenance	Ringway Highway Services Ltd	30/09/2014	4,600
Refuse and Recycling Collection Services	SITA UK Ltd	31/03/2019	1,750
Home to School Transport	Berkshire Education Travel Ltd, JJM & Zulu Cars Ltd and Crown Wheelchair Travel	31/08/2014	1,436
Highways Electrical Maintenance	Raynesway Construction Southern Ltd	31/03/2014	1,200
Learning Disabilities Community Based Support	Choice Support, Dimensions, HFT and Lifeways	13/07/2013	1,000
Building & Engineering Repair and Maintenance Services	Graham Facilities Management	15/05/2015	1,000
Utilities (Gas and Electricity)	EDF, Corona Energy and British Gas	31/03/2015	923
School Meals Service for Educational Establishments	ISS Facility Services Education	23/07/2017	874
Provision of Agency staff under the ESPO MSTAR Framework	Comensura Ltd	04/03/2016	850
Street Lighting	Balfour Beatty Ltd	31/03/2014	800
Office & Public Building Cleaning	KGB Cleaning & Support Services Ltd	03/01/2016	800
Car Park Management, Equipment Supply, Maintenance and Enforcement Services	Vinci Park Services Ltd	30/06/2015	740
Insurance and Claims Handling Services	Travelers Insurance, Allianz Insurance, Risk Management Partners & Chubb Insurance	31/03/2016	740
Connexions Berkshire Partnership	Adviza (Formerly Connexions)	31/08/2016	600
Accommodation based services and Housing related support for vulnerable adults	Look Ahead Housing and Care	31/08/2017	572
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
			22,704

33 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	31 March 2013			
	Short Term £000	Long Term £000	Total £000	Fair Value £000
Investments – Loans and Receivables (including accrued interest)	14,957	0	14,957	14,957
Debtors – Loans and Receivables	0	3,769	3,769	3,807
Debtors – Financial Assets Carried at Contract Amount	8,634	0	8,634	8,634
Total Financial Assets	23,591	3,769	27,360	27,398
Creditors – Financial Liabilities Carried at Contract Amount	23,956	0	23,956	23,956
Creditors – Financial Liabilities Carried at Amortised Cost (PFI and finance leases)	171	7,445	7,616	16,297
Total Financial Liabilities	24,127	7,445	31,572	40,253

	31 March 2012			
	Short Term £000	Long Term £000	Total £000	Fair Value £000
Investments – Loans and Receivables (including accrued interest)	21,978	119	22,097	22,097
Debtors – Loans and Receivables	0	3,052	3,052	3,097
Debtors – Financial Assets Carried at Contract Amount	7,365	0	7,365	7,365
Total Financial Assets	29,343	3,171	32,514	32,559
Creditors – Financial Liabilities Carried at Contract Amount	26,991	0	26,991	26,991
Creditors – Financial Liabilities Carried at Amortised Cost (PFI and finance leases)	167	7,616	7,783	14,072
Total Financial Liabilities	27,158	7,616	34,774	41,063

Cash and cash equivalents which are also financial instruments are detailed in Note 22.

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 asset are credited/debited to the Comprehensive Income and Expenditure Statement.

The debtors and creditors figures exclude statutory debtors and creditors relating to Council Tax, National Non-Domestic Rates, teachers and local government superannuation, government grants, VAT and HMRC PAYE deductions. As there is no contract in place, these are not considered to be financial instruments.

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 PFI contracts and finance leases, 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 the Heritable Icelandic bank deposit, which is included in the accounts at its impaired value, no fair value calculation has been made and it is included in the fair value column above at its carrying amount.

The fair value of the assets is slightly higher 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 higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain attributable to the commitment to receive interest above 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:

2012/13	Loans and Receivables	Financial Liabilities Carried at Amortised Cost	Total
	£000	£000	£000
Interest expense	0	(589)	(589)
Impairment Losses	0	0	0
Total Expense in Surplus or Deficit on the Provision of Services	**0**	**(589)**	**(589)**
Interest Income	769	0	769
Interest Income Accrued on Impaired Financial Assets	38	0	38
Gain on exchange rate difference	46	0	46
Total Income in Surplus or Deficit on the Provision of Services	**853**	**0**	**853**
Net Gain/(Loss) for the Year	**853**	**(589)**	**264**

2011/12	Loans and Receivables	Financial Liabilities Carried at Amortised Cost	Total
	£000	£000	£000
Interest expense	0	(603)	(603)
Impairment Losses	(101)	0	(101)
Total Expense in Surplus or Deficit on the Provision of Services	(101)	(603)	(704)
Interest Income	731	0	731
Interest Income Accrued on Impaired Financial Assets	222	0	222
Total Income in Surplus or Deficit on the Provision of Services	953	0	953
Net Gain/(Loss) for the Year	852	(603)	249

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 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.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 29 February 2012 and is available on the Council website at http://www.bracknell-forest.gov.uk/treasury-management-and-investment-strategy-2012-to-2013.pdf. The key issues within the strategy were:

- The Authorised Limit for 2012/13 was set at £45m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was expected to be £41m. This is the expected level of debt and other long term liabilities during the year.

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 29 February 2012 and is available on the Council website at http://www.bracknell-forest.gov.uk/treasury-management-and-investment-strategy-2012-to-2013.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
Viability A- (minus)	Financial Strength C	
Support 1 to 2		

  - In addition to the criteria above part nationalised UK banks can be included while they continue to be part nationalised or meet the ratings above
  - 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 Banks and Building Societies	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 Council's maximum exposure to credit risk in relation to its deposits in banks, building societies and money market funds of £30.2m (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 Council's deposits, but there was no evidence at the 31 March 2013 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 2013	Historical experience of default	Adjustment for market conditions at 31 March 2013	Estimated maximum exposure to default at 31 March 2013	Estimated maximum exposure to default at 31 March 2012
	£000	%	%	£000	£000
	(a)	(b)	(c)	(a * c)	
Customers (trade debtors)	**2,678**	**9.5%**	**9.5%**	**254**	271
TOTAL	**2,678**			**254**	271

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 £1.078m of the £2.678m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2013	31 March 2012
	£000	£000
Less than one months	**282**	742
One to three months	**212**	213
Three months to four months	**36**	40
More than five months	**548**	695
	1,078	1,690

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 2013 was £0.02m (2011/12 £0.09m).

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.

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. A total repayment of £0.192m was received (9.4%) in 2012/13 bringing the total to date to 77.2% of the claim (£1.586m). A further 10.8% is expected to be received in 2013/14, taking the total repayment up to 88%.

Recoveries are expressed as a percentage of the Council's claim in the administration, which includes interest accrued up to 6 October 2008. Although the timing of repayments has changed since last year the carrying amount has not been adjusted because of the uncertainty surrounding the actual payment dates and the immaterial impact on the impairment already reflected in the accounts.

Glitnir Bank is an Icelandic entity. The Council's preferential creditor status for the Glitnir deposit was confirmed last year and a payment of £2.521m received. The balance payable will be held in Icelandic Krónur in an interest bearing escrow account in Iceland until the currency controls are relaxed by the Icelandic Government. This represents approximately 19% of the total amount payable and as at 31 March 2013 was valued in the accounts at approximately £0.64m. The timing of the final payment is uncertain. The escrow account accrues interest at 3.4% (4.2% from 22 June 2012) per annum. As the escrow account is in Icelandic Krónur the sterling value of the deposit was calculated using the sterling spot exchange rate as at 31 March 2013. The exchange rate gain between the value of the deposit on the 31 March 2012 and the value as at 31 March 2013 has been taken to the Comprehensive Income and Expenditure Statement in accordance with IAS 21 - the Effects of Changes in Foreign Exchange Rates.

Carrying amounts are as follows:

Bank	Date Invested	Maturity Date	Amount Invested £000	Interest Rate %	Carrying Amount at 31 March 2013 £000	Cumulative Impairment £000	Exchange Rate Difference 2012/13 £000
Heritable Bank	29/04/08	19/12/08	2,000	5.95	222	434	0
Glitnir Bank	01/04/08	31/3/09	3,000	6.43	0	675	0
Glitnir Escrow A/c	16/03/12		579	4.20	641	0	46

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

Bank	Credited 2012/13 £000	Received 2012/13 £000	Credited 2011/12 £000	Received 2011/12 £000
Heritable Bank	**(17)**	**0**	(28)	0
Glitnir Bank	**0**	**0**	(193)	0
Glitnir Escrow Account	**(21)**	**0**	(1)	0

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 12 and 13 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 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	(235)
Impact on Surplus or Deficit on the Provision of Services	**(235)**
Decrease in fair value of fixed rate investment assets	213
Impact on Other Comprehensive Income and Expenditure	**213**
Decrease in fair value of fixed rate liabilities (no impact on the Comprehensive Income and Expenditure Statement)	**2,347**

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 balance of the Council's deposit with Glitnir is now held in Icelandic Krónur in an interest bearing escrow account in Iceland due to the imposition of currency controls. The Council is therefore exposed to fluctuations in currency exchange rates, over which it has no control. Any exchange rate differences at 31 March are charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 21 - the Effects of Changes in Foreign Exchange Rates.

34 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; and
- Environmental claims e.g. land contamination for 10 years for which the Council has taken out insurance to limit its exposure.

The maximum exposure to these potential liabilities is estimated to be £2.2m.

There are currently other potential known liabilities relating to employment issues which might give rise to claims in the future.

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.

35 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 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 2012/13	**3,215**	**3,215**	**1,675**
Financial Year 2011/12	2,858	2,858	1,585

Pooled Budget: Community Equipment Services

A revised pooled budget for Community Equipment was established on 1 April 2012 under Section 75 of the NHS Act 2006. The arrangement exists between the six unitary authorities in Berkshire and the Primary Care Trusts covering the same geographical area. 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 overleaf.

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000	£000	£000
Financial year 2012/13	**5,227**	**5,227**	**181**
Financial year 2011/12	2,809	2,809	181

Investment in Companies: Adviza Partnership

Connexions Berkshire Ltd merged with Connexions Thames Valley to form Adviza Partnership from the 1st September 2012.

The purpose of the Adviza Partnership 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. Its aim 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 2012/13	**Unavailable**	**Unavailable**	**457**
Financial year 2011/12	75	(1,943)*	636
Financial year 2010/11	475	819	934

* The net asset position without the adjustment for potential future pension liabilities was £2.012 million.

The signed accounts for 2012/13 will not be available until 30 September 2013. The Adviza Partnership 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 24 Trustees who represent a wide range of organisations and in the event of the company being wound up, the liability of each trustee is limited to £10. From the 1st September 2012, Bracknell Forest is no longer a member of the Board of Trustees having resigned following the merger.

36 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 2012/13 for £0.419m. Costs associated with building repairs and maintenance (£0.020m), carbon allowances (£0.003m) and grounds maintenance (£0.094m) were also incurred.

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 declarations confirmed that no material related party transactions exist.

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.

37 THIRD PARTY FUNDS

The Council administers a number of bank accounts on behalf of clients by acting as the appointee or deputy. The clients concerned can no longer manage their own affairs, usually because of mental incapacity or severe physical disability. As at 31 March 2013, the Council administered £1.25m within 128 bank accounts. (£0.96m as at 31 March 2012). Additionally, as part of these responsibilities, two residential properties and two vehicles were under the Council's management. The assets are not owned by the Council and have therefore not been included in the financial statements.

38 PRIOR PERIOD ADJUSTMENTS

No prior period adjustments were required in 2012/13.

39 NON-ADJUSTING POST BALANCE SHEET EVENT

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 Alan Nash, the Borough Treasurer, on 30 September 2013.

When the new arrangements for the retention of business rates came into effect on 1 April 2013, the Council assumed responsibility for part of the liability for refunding ratepayers who successfully appeal against the rateable value of their properties on the rating list. This will include amounts that were paid over to Central Government in respect of 2012/13 and prior years. The Council's share of the liability is estimated to be £1.6m.

	Notes	2012/13 £000	2011/12 £000
Income			
Income from Council Tax	2	**55,567**	54,796
Transfers from General Fund			
Council Tax Benefits		**5,689**	5,831
Income Collectable from Business Ratepayers	3	**52,065**	52,484
		113,321	113,111
Expenditure			
Precepts and Demands from			
Bracknell Forest Council	4	**51,654**	51,211
Thames Valley Police	4	**6,885**	6,837
Royal Berkshire Fire Authority	4	**2,484**	2,466
Business Rate			
Payment to National Pool		**51,922**	52,342
Costs of Collection		**143**	142
Bad and Doubtful Debts			
Provisions		**31**	51
Write –Offs	5	**102**	91
Contributions	6		
Transfer of Previous Year's Collection Fund Surplus			
Bracknell Forest Council General Fund		**0**	100
Thames Valley Police		**0**	13
Royal Berkshire Fire Authority		**0**	5
		113,221	113,258
(Surplus)/Deficit for the year	7	**(100)**	147
(Surplus)/Deficit at the beginning of the year		**(147)**	(294)
(Surplus)/Deficit for the year		**(100)**	147
(Surplus)/Deficit at the end of year		**(247)**	(147)

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.

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 in the Statement of Accounts the surplus/deficit on the Collection Fund is 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 Comprehensive Income and Expenditure Statement. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by statute to be credited to the General Fund is taken to a 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 Council'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 2012/13 was 44,620. 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	6	5/9ths	3
A	1,672	1,333	6/9ths	889
B	4,277	3,508	7/9ths	2,729
C	17,514	15,458	8/9ths	13,741
D	8,829	8,058	9/9ths	8,058
E	7,701	7,184	11/9ths	8,780
F	4,561	4,349	13/9ths	6,282
G	2,131	2,033	15/9ths	3,388
H	252	213	18/9ths	426
	46,937			44,296
		Less allowance for losses on collection		(332)
		Add contributions in lieu from MoD		251
		Add allowance for new properties		405
		Council Tax Base		**44,620**

This Council Tax Base equates to a Council Tax charge during the year of £67.711m less reductions including discounts and exemptions, to reach a Council Tax income of £55.567m.

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 2013 £132,831,730 (£133,682,320 31 March 2012)

Rateable Values are externally assessed on a five yearly national basis by the Valuation Office.

National Non-domestic Rate Multiplier - Standard 2012/13 45.8p (43.3p 2011/12)

National Non-domestic Rate Multiplier - Small Business 2012/13 45.0p (42.6p 2011/12)

From April 2013 a new Business Rate Retention scheme has been introduced by the Government. The new system will allow councils to retain some growth in Business Rates but will also make them share in the risks associated with collection and appeals. The new scheme is an agency arrangement; the cash collected belonging proportionately to the Council, Central Government (by means of its central share) and the Royal Berkshire Fire Authority. The use of the Collection Fund Adjustment Account will be extended to cover Business Rates. Businesses will see no change in the way their business rate bills are calculated.

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 £101,636 was written off as irrecoverable debts relating to Council Tax. Last year, debts written off were £90,625.

6 Contributions

There was no Council Tax surplus distributed to the major preceptors during 2012/13 relating to the 2011/12 surplus. The payments of £99,850, £13,339 and £4,812 made during 2011/12 relate to the 2010/11 Council Tax surplus identified in the 2011/12 budget.

7 Collection Fund Surplus / Deficit

A surplus of £100,401 has been achieved on the Collection Fund. Last year a deficit of £147,231 was achieved. The balance of the Fund carried forward is a £247,526 surplus.

The surplus as at the 31st March 2013 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 Comprehensive Income and Expenditure Statement 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.

ASSET
An item having value in monetary terms. Assets are defined as current or non-current.

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A non-current 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 non-current assets used in the provision of services. The main elements are depreciation, amortisation and the revenue impact of downward revaluations.

CAPITAL EXPENDITURE
Expenditure on the acquisition, creation or enhancement of a non-current asset which will be used beyond the current accounting period.

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 non-current assets.

COMMUNITY ASSETS
Assets that the Council 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.

CONTINGENT RENT
Contingent rent is the difference between the original rent and the revised rent following a rent review.

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 Council to an individual or company at the end of the 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 Council by an individual or company at the end of the accounting period.

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 Council'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 Council 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
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 a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

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 Council. 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 `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 to other bodies, usually to a Registered Social Landlord.

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 and any impairments.

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

OPERATING LEASES
A lease where the risks and rewards of ownership of the 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
Events that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

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 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.

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.

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.

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.

SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP)
The code contains a standard definition of services and total cost to ensure consistency between local authorities for reporting and comparison purposes.

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 Council will derive benefits from the use of a non-current 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.

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