Annex

Bracknell Forest Council

Financial Statements 2013/14

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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 107 to 113.

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, a proportion of the Business Rate income collected, 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'.

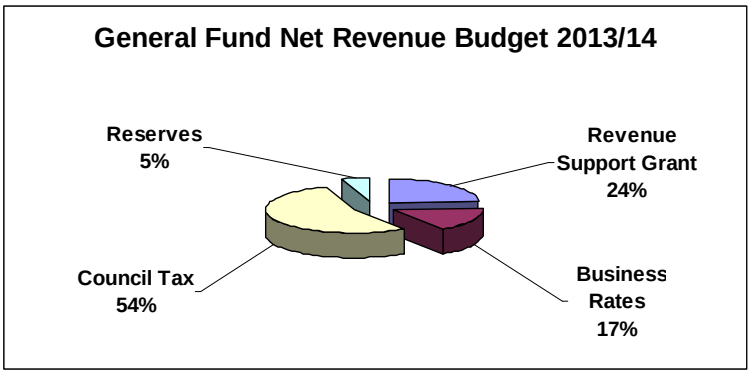
- **The Cash Flow Statement**, which shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net 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 27 February 2013, set a revenue budget for the 2013/14 financial year of £76.255m. The total authorised General Fund net expenditure for the 2013/14 financial year was £87.881m (including parish precepts of £2.642m). 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), a proportion of the Business Rates collected, Council Tax and the use of reserves, as shown in the following chart.



The Health and Social Care Act 2012 transferred substantial health improvement duties to councils in 2013/14. The Council received a ring-fenced Public Health grant allocation of £2.772m during 2013/14 as a consequence and has worked with partners to establish local priorities that will deliver better outcomes for the community. A core team, hosted by the Council and headed up by a Strategic Director of Public Health, is responsible for the delivery of services across the six Berkshire unitary councils. The cost of this team and the Berkshire wide programmes are shared by all six councils under a joint arrangement. In addition there is a local team which focuses specifically on the services provided to Bracknell Forest residents.

Council Tax Support was localised in 2013/14 with each council having to set up its own local scheme. Previously 100% of the costs could be reclaimed from Central Government but under the new arrangements the benefit is accounted for as a Council Tax discount and a fixed amount of grant is paid to the Council as part of its general government grant allocation. As a result, changes in government support, take up of benefit or collectability of Council Tax will now impact directly on the Council's financial position.

The Business Rates Retention Scheme was introduced in 2013/14 and councils now retain an element of the Business Rates collected locally rather than paying all Business Rates into a national pool and then receiving a centrally determined allocation based on an assessment of need. The new system aims to give councils an incentive to encourage economic development by allowing them to retain some (50%) of their Business Rates growth. A local scheme also means that the Council shares in the risks associated with collection, reductions, reliefs and appeals. Further details can be found in section 8 on page 11 and under the Collection Fund disclosure on page 103.

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 2013/14, 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 valuations (£5.7m), depreciation (£1.0m), revenue expenditure funded from capital under statute (£2.8m) and pension adjustments (£0.6m) 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.

The Council was within budget for the sixteenth successive year. From the table it can be seen that an under spend of -£1.224m occurred on the General Fund. The most significant variances from budget are explained in the sections below.

GENERAL FUND	Original Budget £000	Latest Budget £000	Actual £000	Variance £000
Corporate Services (including Chief Executive's)	7,414	9,296	8,846	(450)
Children, Young People and Learning	24,232	27,165	27,155	(10)
Adult Social Care, Health and Housing	35,872	38,384	37,673	(711)
Environment, Culture & Communities	32,972	36,004	35,343	(661)
Net cost of General Fund services	**100,490**	**110,849**	**109,017**	**(1,832)**
Capital Charges & Revenue Expenditure Funded from Capital Under Statute	(12,974)	(22,392)	(22,392)	0
Capital Expenditure Charged to the General Fund	1,100	1,504	1,100	(404)
IAS 19 Pension Adjustment	(2,993)	(3,628)	(3,628)	0
Council Wide Services	782	142	(53)	(195)
Interest Receipts	(383)	(464)	(639)	(175)
Interest Payable	0	578	578	0
Icelandic Banks Impairment Reversal	0	(116)	(116)	0
Minimum Revenue Provision	1,322	1,611	1,572	(39)
Levying Bodies	97	97	105	8
S106 Contributions to Revenue	0	(291)	(291)	0
Contribution to Capital Reserves	(300)	0	0	0
Contingency	2,000	511	0	(511)
New Homes Bonus Grant	(2,084)	(2,084)	(2,084)	0
Council Tax Freeze Grant	(1,710)	(1,710)	(1,710)	0
Capitalisation Provision Redistribution Grant	0	0	(117)	(117)
Local Services Support Grant	(58)	(78)	(78)	0
Net Budget Requirement	**85,289**	**84,529**	**81,264**	**(3,265)**
Parish Precepts	2,642	2,642	2,642	0
Contributions to/(from) Earmarked Reserves	(50)	710	2,207	1,497
Amount to be met from Government Grants and Local Taxation	**87,881**	**87,881**	**86,113**	**(1,768)**
Levy payment relating to the surplus on the Business Rates element of the Collection Fund	0	0	2,544	2,544
Less Contribution from Business Rates Equalisation Reserve	0	0	(2,000)	(2,000)
Revised Amount to be met from Government Grants and Local Taxation	**87,881**	**87,881**	**86,657**	**(1,224)**
Resources To Finance Above				
Council Tax Payers	(47,625)	(47,625)	(47,625)	0
Collection Fund Surplus	(268)	(268)	(268)	0
Revenue Support Grant	(20,891)	(20,891)	(20,891)	0
Business Rates (locally retained element)	(14,704)	(14,704)	(14,704)	0
Contribution to/(from) General Reserves	(4,393)	(4,393)	(3,169)	1,224
Total Resources	**(87,881)**	**(87,881)**	**(86,657)**	**1,224**

3 Major Revenue Variances

The major variances occurred in the following areas:

Corporate Services/Chief Executive's Office

- A Business Rates refund relating to Time Square (-£0.105m). Following changes to the accounting treatment for Business Rates, the budget set aside for discretionary rates relief was not required (-£0.039m).
- The end of rent free periods and higher occupancy levels led to the income received for the Peel Centre exceeding budget by -£0.146m.
- Fewer social care training courses were held during the year resulting in an under spend (-£0.035m). Expenditure on town centre events was also down because of the redevelopment (-£0.030m).

Children, Young People and Learning

- Within Learning and Achievement the staffing budget under spent by -£0.194m from a combination of factors including difficulties in recruiting to vacant posts and the agreed transfer of costs supporting high needs pupils to the Schools Budget. Overall, income earned from trading exceeded budget by -£0.073m. Of this -£0.021m was earned at the Bracknell Open Learning Centre through additional lettings and courses, and -£0.052m by the School Improvement Team from courses and consultancy.
- After the in-year allocation of £0.416m from the Contingency, support to Looked after Children (including childcare solicitors), over spent by £0.226m. This reflects a significant increase in the number of children coming into the care system and continues the trend from previous years of increasing numbers and costs.
- Staffing difficulties were experienced within children's social care which required higher than expected use of agency staff (£0.174m). This was offset by additional income, in particular from adoption fees (-£0.167m).

Adult Social Care, Health and Housing

- Within Learning Disabilities planned in year savings were achieved for Bracknell Day Services and Waymead. These combined with a decrease in the number and cost of care packages generated a significant under spend (-£1.058m).
- Increases in the numbers requiring support and the cost of individual care packages combined with the staff vacancy factor not being achieved resulted in overspends within Older People and Long Term Conditions (£0.503m) and Mental Health (£0.605m).
- A reduction in the bad debt provision for Housing Benefits (-£0.745m), partly offset by an adjustment to reflect the actual Housing Benefits claim (£0.187m) and increases in bad debt provision for Rent Deposits and Rent in Advance (£0.220m). Under spends also resulted from the low level of take up of the Welfare Provision budget (-£0.170m) and unbudgeted rental income from Council owned properties (-£0.168m).

Environment, Culture and Communities

- Concessionary Fares under spent as fare increases were less than budgeted and passenger numbers reduced (-£0.095m). An under spend was also achieved on devolved staffing budgets (-£0.052m) due to the number of vacancies, street lighting (-£0.048m) and the Local Development Framework (-£0.071m).
- Within Waste Management increases in tonnages caused an over spend for the year and a contractual dispute has resulted in additional legal costs (£0.169m).

- Additional income generated at the Look Out car park (-£0.147m), the Cemetery and Crematorium (-£0.150m) and within Development Control (-£0.219m). The latter results from an increase in the number and size of applications

Non-Departmental / Council Wide Budgets

- Higher cash balances have been sustained throughout the year resulting in additional interest. Cash flow has benefitted from changes in grant profiles from central government and the local collection of Business Rates, in particular the addition to the local list of a significant rate-payer (-£0.175m).
- Additional grant income from the Department for Communities and Local Government to compensate for the loss of income resulting from the increase in Small Business Rates Relief in 2013/14 (-£0.189m) and for the Council's share of the funds initially held back to meet potential capitalisation directions that were not actually required (-£0.117m).
- With the exception of the Time Square works, internally funded capital expenditure was financed from internal borrowing to spread the cost impact on revenue. An element of the Revenue Contributions to Capital budget was therefore not required (-£0.404m).
- The contingency was not fully allocated during the year (-£0.511m).
- During 2013/14 a large multi-national company was transferred on to the Council's valuation list which materially increased the level of Business Rates collected locally. This helped to create a significant surplus on the Business Rates element of the Collection Fund which can only be used to support future budgets. However the levy due to Central Government for the additional rates has to be charged to 2013/14. This led to an unbudgeted pressure of £2.544m. The Business Rates Equalisation Reserve has been used to fund £2.000m of this, with the balance coming from the overall Council under spend.
- The following changes were made to earmarked reserves by utilising the overall under spend:

    - A Members Initiative Reserve of £0.630m was created (£0.015m per Member) to fund another round of small projects based on members' knowledge of local ward priorities or in conjunction with partners and other stakeholders.
    - A Residents Parking Scheme Reserve was created (£0.140m). The reserve will be used to meet the net cost of the trial scheme in six zones around the Town Centre for the first two years.
    - A further £0.200m was transferred into the Insurance Reserve to cover future uninsured losses and forecast increase in premiums.
    - A further £0.200m was transferred into the School Masterplans and Feasibility Studies Reserve to increase the balance to £0.500m. Due to the number and cost of the master plans currently being commissioned around increases in pupil numbers, it was felt that a larger reserve was required to meet any abortive costs that may arise from schemes not proceeding to full implementation.
    - The balances on the Economic Development Reserve and Transformation Reserve were increased to £0.550m (+£0.176m) and to £0.500m (+£0.151m) to make additional funds available for future projects.

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 in 2011/12 and a payment

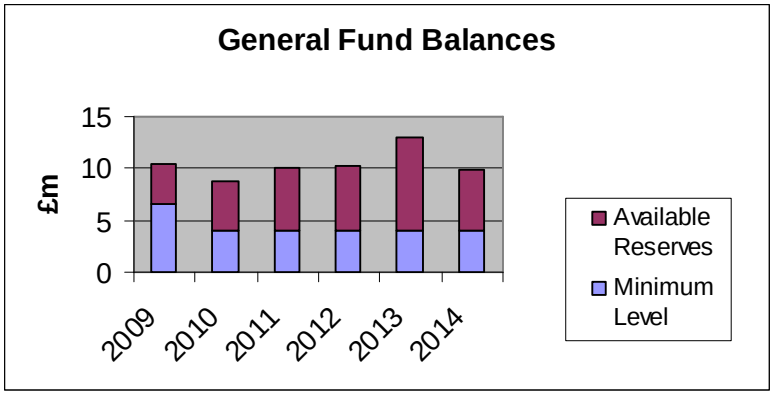
of £2.521m made by the Winding up Board. The balance payable will be held in Icelandic Krónur in an interest bearing escrow account in Iceland until the currency controls are relaxed by the Icelandic Government. This represents approximately 19% of the total amount payable and as at 31 March 2014 was valued in the accounts at £0.672m indicating that the original deposit is likely to be recovered in full. The timing of the final payment is uncertain and there are still legal issues to be resolved regarding the exchange rate at which payments have been made.

For Heritable, a total repayment of £0.344m (16.7%) was received in 2013/14 bringing the total to date to 94% of the claim (£1.930m). The Administrators have retained a reserve of £39.3m (equivalent to 3.5%) to fully provide for legal and administrative costs associated with a claim by LBI hf (formerly Landsbanki Islands hf). They do not intend to make any further distributions until the conclusion of the claim; with the timing and amount dependant on the progress and outcome of the associated trial.

5 General Fund Balances

The actual outturn for 2013/14 was an under spend of £1.224m. The Council has therefore withdrawn £3.169m from General Fund Balances as opposed to a budgeted withdrawal of £4.393m. The General Fund Balance at 31st March 2014 is therefore £9.813m. 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 Balances 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 £164.1m as at 31 March 2014. 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. After the valuation on 31 March 2010, the employer future service funding rate was set at 13% of pensionable pay and the variable past service deficit element paid as a lump sum in each financial year (£1.626m in 2013/14).

The actuarial valuation completed as at 31 March 2013 indicated that the assets of the Fund now represent 75% (81% on 31 March 2010) of the accrued liabilities of the Fund. The impact of this change will not be significant in 2014/15.

Employee contribution rates currently range from 5.5% to 7.5% dependant upon actual salary but under the revised pension scheme will range from 5.5% to 11.4% from 1 April 2014.

7 Capital Expenditure

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

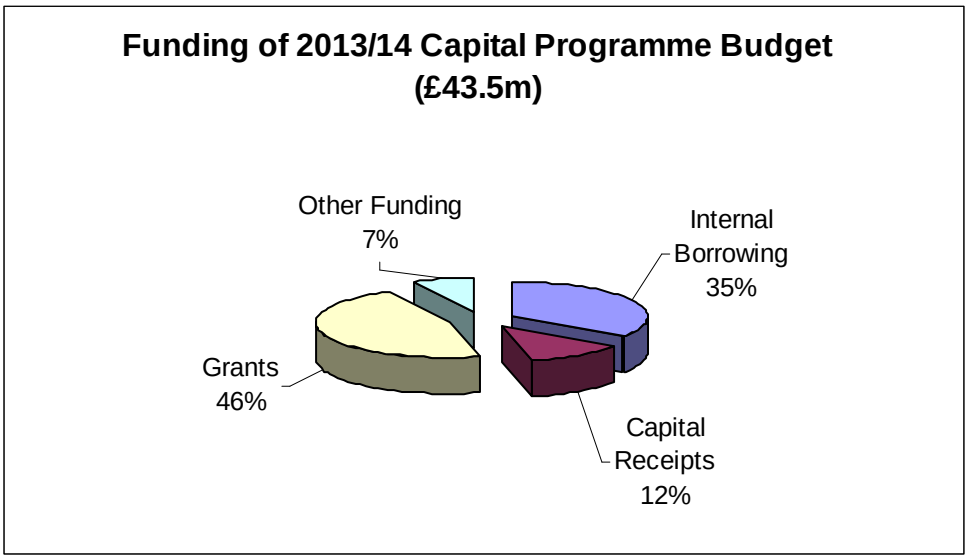
- Capital Receipts
- Government Grants
- Section 106 Receipts and other contributions

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.

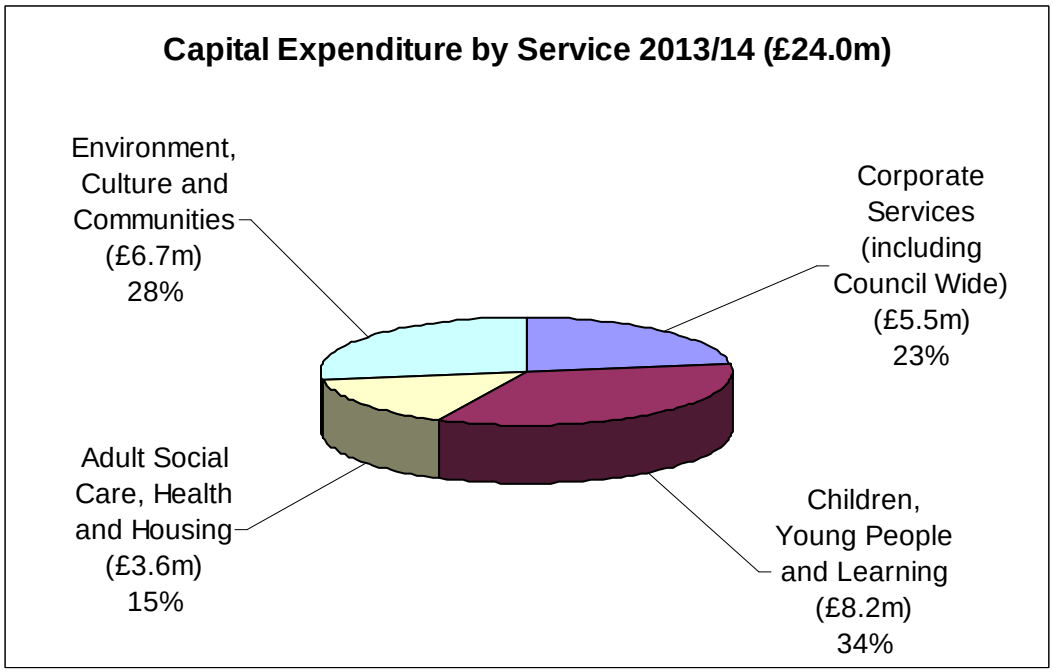
As the Council's accumulated capital receipts have been fully utilised the Council has to fund part of the 2013/14 capital programme from internal borrowing. Once the Council's current level of investments is exhausted, which is expected to be within the next 2 years, the Council will need to borrow externally.

The Council originally approved a capital programme of £25.2m for 2013/14, plus a further £18.3m carried forward from 2012/13, to be funded as shown in the following chart.



The Council actually spent £24.0m on capital projects in 2013/14 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 10.



During the year, £4.545m of capital receipts were used to fund capital expenditure. The most significant receipts were from the sale of properties (£1.420m), the VAT Shelter scheme (£0.614m) and the RTB-sharing scheme with Bracknell Forest Homes (£2.322m).

The net increase (after repayments) in the Council's Capital Financing Requirement (CFR) was by £3.3m to £49.5m as at 31 March 2014. 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 2014 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 £542.8m as at 31 March 2014.

CAPITAL PROGRAMME EXPENDITURE 2013/14		
	£000	£000
Corporate Services (including Council Wide Schemes)		
ICT Schemes	1,202	
Time Square Refurbishment Works	2,674	
Improvements, Maintenance & Refurbishment of Buildings	1,406	
Other Schemes	220	5,502
Children, Young People and Learning		
Crown Wood Primary School	2,853	
Meadow Vale Primary School	1,409	
Other Primary School Projects	596	
Delegated Schools Capital	584	
Maintenance of Buildings	2,039	
Blue Mountain Learning Village	191	
Secondary School Schemes	407	
Other Schemes	155	8,234
Adult Social Care, Health and Housing		
Garth Extra Care Housing Scheme	1,567	
Other Housing e.g. the Enabling More Affordable Homes Scheme	1,953	
Other Schemes	118	3,638
Environment, Culture and Communities		
Highways	3,978	
Access, Mobility and Travel Choice	178	
South Hill Park Grounds Restoration	132	
Traffic Management	372	
Travel to School	212	
Local Safety Schemes	153	
Parking	112	
Waste Management	140	
Disabled Facilities	537	
Leisure - Outdoor Recreation	243	
Leisure - Minor Works	164	
Cemetery and Crematorium	95	
Other Schemes	337	6,653
Total Capital Expenditure 2012/13		**24,027**
FINANCING:		
Capital Receipts		4,545
Capital Grants & Contributions		13,501
Revenue Contribution		1,100
Increase in Capital Financing Requirement		4,881
Total Financing		**24,027**

8 Changes to Accounting Policies

Following the introduction of the Business Rates Retention Scheme in 2013/14 where councils retain an element of the Business Rates collected locally; there has been a change in the way this income is accounted for. Business Rates are collected for the Council and on behalf of the Government and the Royal Berkshire Fire Authority under an agency arrangement. In a similar way to Council Tax, the Collection Fund is now used to account for Business Rates with the budgeted level of income plus any surplus or deficit on the Business Rates element of the Collection Fund at the year end shared between the interested parties. As the Council collects more Business Rates than the Government determined baseline funding level a tariff payment is made to the Government for the difference. In addition a levy payment is made for any growth in business rates to limit the percentage increase in funding for a council to the percentage increase in Business Rates. Further details can be found under the Collection Fund disclosure on page 103.

The June 2011 amendments to the International Standard on Employee Benefits have now been adopted. The main changes relate to post-employment benefits and are focused on the reclassification of components, changes in definitions, enhanced disclosures and the replacement of the interest cost on the defined benefit obligation and the expected return on pension assets with a single net interest cost based on the net defined benefit liability and the pension discount rate. The changes have no net impact on the General Fund or the Balance Sheet as the resulting increase in charge to the Surplus/Deficit on the Provision of Services is reversed out in the Movement in Reserves Statement. The Comprehensive Income & Expenditure Statement, Movement in Reserves Statement and Cash Flow Statement have been restated for 2013/14. Further details can be found in Note 39.

9 Provisions and Write-offs

A new provision was created for Business Rates appeals in 2013/14. This is required to cover the liabilities arising from the refunding of ratepayers who successfully appeal against the rateable value of their properties on the rating list. The requirement results from the introduction of the Business Rates Retention Scheme. The Council's share of the provision is £2.31m.

General Fund write-offs totalling £0.27m were made in 2013/14. The bulk of these related to temporary accommodation debtors.

10 Bracknell Town Centre Regeneration

Bracknell Forest Council is working in partnership with Bracknell Regeneration Partnership and other landowners to make the new town centre vision a reality. The demolition required for the regeneration of the northern area of Bracknell Town Centre has now been completed. The next big step started in March with a £5 million scheme of road changes (in particular affecting The Ring) which will pave the way for the new shops, restaurants and cinema complex. A map of the road changes is available online at http://www.bracknell-forest.gov.uk/bracknelltowncentreroadworks. Further information and announcements on the regeneration can also be found at http://regeneration.bracknell.com.

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

Balancing the budget for 2014/15 has been a challenge. The Council's Funding Assessment (Revenue Support Grant plus Business Rates Baseline Funding) was reduced

by £2.5m (7%) compared to 2013/14. 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 £4m will be delivered in the next financial year and £3.2m of balances (including the £0.6m Collection Fund surplus) 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 2014/15 Financial Settlement the Government published headline figures for 2015/16. Government grant will continue to decline with the Funding Assessment reducing from -£34.287m in 2014/15 to -£30.575m in 2015/16, representing a £3.7m (11%) reduction.

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 the 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 and the introduction of the Better Care Fund and its impact on funding and the way services will be delivered in the future), the transference of risks resulting from the retention of Business Rates by councils and the localisation of Council Tax support;
- 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 Borough Council ("The Council") is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and 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 2014 and up to the date of approval of the 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 six overarching corporate priorities which are underpinned by 11 medium term objectives and 72 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 corporate priorities 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 business plans and individual performance and 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.

3.1.5 The Council needs to be confident that it has accurate, complete and timely performance information in order to plan and manage services to the public; ensure good decision-making and to effectively provide feedback and report on the quality of Council services to service users, residents, partners and Government. To ensure this, the Council has a Data Quality Statement, which is reviewed annually. The Data Quality Statement provides details on how the Council aims to achieve a consistently high level of data quality. Good quality data is the responsibility of every member of staff who collects, calculates, inputs or uses performance data during the course of their work. The various roles are outlined within the statement.

3.1.6 Securing the re-development of Bracknell Town Centre is a particular priority of the Council. Whilst responsibility for delivery of the re-development principally rests with the major landowner, Bracknell Regeneration Partnership, the Council has a key role in its capacities as local planning authority, local highway authority and as owner of some landholdings within Bracknell Town Centre. Responsibility for the Planning and Highways aspects of the re-development rests with the Environment Culture and Communities department and (as regards Planning) the Planning Committee. At officer level the Chief Executive's department co-ordinates the other work of the Council required for the re-development with particular input from the Legal, Finance and Property sections. The Council has engaged external professional support where the in-house service does not possess either sufficient capacity or experience. The work of the Council on Town Centre re-development is overseen by an Executive Committee, the Bracknell Town Centre Regeneration Committee, which Committee also has responsibility for those critical decisions on Town Centre re-development which fall within the ambit of Executive functions (e.g. decisions required to be taken by the Council in its capacity as landowner).

3.2 Roles and Responsibilities

3.2.1 The Constitution of the 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 Member 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 Member 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 Legislation requires all local authorities to appoint officers to discharge statutory responsibilities and those requirements are reflected in the Council's Constitution. Effective arrangements have been put in place by the Council for the discharge of those responsibilities. In particular, the following officers have statutory roles:-

Chief Executive	-	acts as the Head of Paid Service in accordance with the Local Government and Housing act 1989 with responsibility for overall organisation and management of Council staff.
Borough Solicitor	-	appointed as the Council's Monitoring Officer with responsibility for drawing to the attention of the Council any action or proposed action which has or may result in any breach of law.
Borough Treasurer	-	designated as having responsibility for the proper administration of the Council's financial affairs.
Director of Corporate Services	-	has responsibility for promoting the role of the Overview and Scrutiny Commission and its Panels.

3.2.3 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.

3.2.4 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 Panels conduct in-depth investigations into particular topic areas which result in reports setting out detailed recommendations.

3.2.5 The 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).

3.2.6 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 2013/14, 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 2014/15 was approved by the Committee.

3.3 Risk Management

3.3.1 The 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 includes the Council's priorities for developing risk management arrangements. The Strategy was updated during Quarter 4 and reviewed by the Corporate Management Team in Quarter 4 before being approved by the Governance and Audit Committee on 1st April 2014.

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 2013/14 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 2013/14 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 Financial Regulations and has been communicated to all staff.

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 2013/14 it continued to implement the Information Management Strategy, monitor information security incidents that occurred and communicate policies to staff. An Internal Audit report on Information Security issued during 2013/14 made a number of recommendations a number of which have been implemented with the implementation of the remainder on-going.

3.5 Change Management

The Council ensures effective management of change. It conducts Equality Impact Assessments when appropriate and has put in place 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. Major projects use a project planning methodology.

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 2013/14 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 awarde d 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 and briefing 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 2013/14 a number of consultations sought the views of the community. In line with the Community Engagement Strategy, to ensure access and quality of consultations, the Council utilises corporate consultation software which also provides a feedback mechanism.

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 and 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 2013/14 the Council continued to implement its Partnership Community Engagement Strategy and strategy for Equalities.

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 2013/14 the Council implemented action plans to mitigate key risks.

3.8.5 The Council has approved Public Participation Schemes for the Overview and Scrutiny Commission, and its Panels and the Health and Well Being Board. The schemes aim to enhance public engagement and give residents a further opportunity to inform Councillors about the things that concern them.

3.8.6 Throughout 2013/14 the Council continued to comply with requirements relating to data transparency. The Council publishes extensive information as required by the Code of Recommended Practice for Local Authorities on Data Transparency and has made further information publically available identified as the subject of frequent requests under the Freedom of Information Act. The Council has adopted an enhanced publication scheme and has published information through a new data share website which enables easier navigation, searching and data exporting facilities.

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 2013/14, 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 2013/14 the Head of Audit and Risk Management gave the following opinion:-

- from the internal audit work carried out during the year, 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 where a limited assurance opinion has been given;
- 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.

The Governance and Audit Committee

4.7 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 2013/14, 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 2014/15 was approved by the Committee.

The Governance Working Group

4.8 The Corporate Management Team has established a Governance Working Group, chaired by the Borough Solicitor. The Group oversees the implementation of the actions identified in the Annual Governance Statement Action Plan

The Constitution

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

Annual Compliance Assessment

4.10 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

4.11 On 30 September 2013 the Council's external auditors issued an unqualified audit report on the Council's accounts for 2012/13.

The Annual Audit Letter for 2012/13 was presented to Governance and Audit Committee on 28 January 2014.

The Key Findings set out in the Audit letter were:-

- the process for producing the 2012/13 accounts, including the supporting working papers, was good and there were very few issues arising from the audit.
- the Council has proper arrangements in place both for securing financial resilience and for challenging how it secures economy, efficiency and effectiveness
- no major areas of concern were identified as regards whole of government accounts but one inconsistency relating to the disclosure of pensions was reported
- no areas of concern were identified as regards the Annual Governance Statement for 2012/13.

5. The Ethical Culture

5.1 The Council has approved and published on the Council's web-site a set of values which underpin the work of the Council.

5.2 As required by the Localism Act 2011, the Council has adopted a Code of Conduct for Members. The Council has also put in place other protocols relating to the way in which Members should conduct themselves in carrying out their work as Councillors, notably the Planning Protocol for Members and the Member and officer Protocol. The Council has an approved Code of Conduct for Employees together with a number of policies and procedures which regulate how Council officers should discharge their duties. Observance of such policies and procedures by Council employees is ensured through management overview and, if necessary, the disciplinary process.

5.3 The Council has retained 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 is constituted as an advisory committee reporting to the Governance and Audit Committee. During 2013/14 the Standards Committee met twice, making recommendations (subsequently adopted) concerning (inter alia) updating the Member and officer Protocol the financial threshold for the registration of gifts and hospitality by Councillors and a new Planning Protocol for Members.

6. NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring deductions from salary, employer's contributions and payments to the scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with timescales detailed in the Regulations.

7 Review of the Effectiveness of the Governance Framework

We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** by the Governance Working Group and the Governance and Audit Committee at its meeting on 14 July 2014 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.

8 Significant Governance Issues

8.1 Actions taken during 2013/14 to improve governance.

The Council has progressed implementation of most of the actions identified in the 2012/13 Annual Governance Statement and 2012/13 Action Plan. This included;

- adopting a new Planning Protocol for Members.
- implementing the policy approved by Corporate Management Team as to mandatory training of officers on Data Protection and Information Security
- raising awareness of Information Management policies with staff
- raising awareness of requirements regarding the registration of gifts and hospitality

Following review by the Borough Solicitor and by the Borough Treasurer it was decided that an update on the gifts and hospitality section of the Employee Code of Conduct was not required.

8.2 Actions identified during the review of effectiveness to be taken during 2014/15

8.2.1 On-going Actions for Previous Action Plans

The Council has adopted a number of Information Management Policies in order to prevent breaches of information security breaches and comply with applicable legislation. Raising staff awareness of such policies is a continual process, as are taking a pro-active approach to fraud and updating the Business Continuity Plan.

8.2.2 Updating the Data Transparency Code

DCLG will extend the Data Transparency Code to further categories of information.

8.2.3 Review CIPFA Guidance on Audit Committees

CIPFA has recently published revised guidance on the role of Audit Committees in local government. The guidance will be reviewed and a report presented to the Governance and Audit Committee for consideration.

Signed:

Cllr P.D. Bettison
Leader of the Council
September 2014

T.R. Wheadon
Chief Executive
September 2014

on behalf of Bracknell Forest Council

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST BOROUGH 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 2014 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 40; the Collection Fund and the related notes 1 to 8. 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 2013/14.

This report is made solely to the members of Bracknell Forest 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 26, 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 2013/14, 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 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Council as at 31 March 2014 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 2013/14.

Opinion on other matters

In our opinion, the information given in the Financial Statements 2013/14 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we 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 (updated as at December 2012);

- 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 October 2013, 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 2014.

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 October 2013, we are satisfied that, in all significant respects, Bracknell Forest Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the accounts of Bracknell Forest 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
Southampton

25 September 2014

Certification

I confirm that these accounts were approved by the Governance and Audit Committee of the Council at its meeting on 24 September 2014. The 24 September 2014 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 Peter Heydon
Chairman of Governance and Audit Committee

24 September 2014

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 2014 and of its income and expenditure for the year ended 31 March 2014.

Alan Nash FCCA CPFA
Borough Treasurer

24 September 2014

MOVEMENT IN RESERVES STATEMENT

2013/14	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 2013		**12,982**	**18,378**	**0**	**9,307**	**40,667**	**348,974**	**389,641**
Movement in Reserves During 2013/14								
Surplus or (Deficit) on Provision of Services		(16,708)	0	0	0	(16,708)	0	(16,708)
Other Comprehensive Income and Expenditure		0	0	0	0	0	(6,236)	(6,236)
Total Comprehensive Income and Expenditure		**(16,708)**	**0**	**0**	**0**	**(16,708)**	**(6,236)**	**(22,944)**
Adjustments Between Accounting Basis and Funding Basis Under Regulations								
Charges for Depreciation and Impairment of Non-current Assets	29	13,376	0	0	0	13,376	(13,376)	0
Revaluation losses on PPE and Intangible Assets	29	5,671	0	0	0	5,671	(5,671)	0
Changes in Fair Value of Investment Properties	29	(629)	0	0	0	(629)	629	0
Amortisation of Intangible Assets	29	551	0	0	0	551	(551)	0
Capital Grants and Contributions Applied	29	(7,342)	0	0	0	(7,342)	7,342	0
Revenue Expenditure Funded From Capital Under Statute	29	2,794	0	0	0	2,794	(2,794)	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	7,400	0	0	0	7,400	(7,400)	0
Statutory provision for the financing of capital investment	29	(1,572)	0	0	0	(1,572)	1,572	0
Capital expenditure charged against the General Fund balance	29	(1,100)	0	0	0	(1,100)	1,100	0
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	27	(4,191)	0	0	4,191	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	27 29	0	0	0	(5,532)	(5,532)	5,532	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	30	(1,868)	0	1,340	0	(528)	528	0
Use of the Capital Receipts Reserve to finance new capital expenditure	29	0	0	(4,545)	0	(4,545)	4,545	0
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals		19	0	(19)	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	30	0	0	131	0	131	(131)	0
Income From Capital Receipts That do not Arise From the Disposal of an Asset		(3,016)	0	3,016	0	0	0	0
Repayment of loans	29	0	0	77	0	77	(77)	0
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on Provision of Services	9	18,102	0	0	0	18,102	(18,102)	0
Employer's Pension Contributions to the Royal County of Berkshire Pension Fund Payable in the year	9	(8,094)	0	0	0	(8,094)	8,094	0
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements	31	(6,265)	0	0	0	(6,265)	6,265	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	32	(90)	0	0	0	(90)	90	0
		13,746	**0**	**0**	**(1,341)**	**12,405**	**(12,405)**	**0**
Net Increase/(Decrease) Before Transfers to Earmarked Reserves		**(2,962)**	**0**	**0**	**(1,341)**	**(4,303)**	**(18,641)**	**(22,944)**
Transfer (to)/from Earmarked Reserves		(207)	207	0	0	0	0	0
Increase/(Decrease) in Year		**(3,169)**	**207**	**0**	**(1,341)**	**(4,303)**	**(18,641)**	**(22,944)**
Balance at 31 March 2014		**9,813**	**18,585**	**0**	**7,966**	**36,364**	**330,333**	**366,697**

MOVEMENT IN RESERVES STATEMENT

2012/13 Restated	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		(7,900)	0	0	0	(7,900)	0	(7,900)
Other Comprehensive Income and Expenditure		0	0	0	0	0	17,656	17,656
Total Comprehensive Income and Expenditure		**(7,900)**	**0**	**0**	**0**	**(7,900)**	**17,656**	**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
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 Surplus/Deficit on Provision of Services	9	16,919	0	0	0	16,919	(16,919)	0
Employer's Pension Contributions to the Royal County of 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	31	(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	32	296	0	0	0	296	(296)	0
		12,439	**0**	**0**	**(498)**	**11,941**	**(11,941)**	**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**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2013/14				2012/13 Restated		
	Gross Expenditure £000	Gross Income £000	Net £000	Note	Gross Expenditure £000	Gross Income £000	Net £000
Central Services to the Public	4,608	(1,219)	3,389		9,715	(6,985)	2,730
Cultural and Related Services	20,821	(8,699)	12,122		18,171	(8,166)	10,005
Environment and Regulatory Services	13,484	(3,585)	9,899		13,860	(3,097)	10,763
Planning Services	7,040	(3,126)	3,914		11,126	(5,969)	5,157
Children's and Education Services	121,259	(89,837)	31,422		119,137	(88,188)	30,949
Other Housing Services	38,832	(33,403)	5,429		38,148	(32,936)	5,212
Highways and Transport Services	11,609	(1,422)	10,187		11,166	(2,292)	8,874
Adult Social Care	43,494	(9,953)	33,541		41,821	(9,386)	32,435
Public Health	2,735	(2,780)	(45)		0	(0)	0
Corporate and Democratic Core	4,428	(12)	4,416		4,309	(9)	4,300
Non Distributed Costs	474	(12)	462		745	(9)	736
Cost of Services	**268,784**	**(154,048)**	**114,736**	6	268,198	(157,037)	111,161
Other Operating Expenditure							
Levies			105				97
Parish Council Precepts			2,642				2,842
Payments to the Government Housing Capital Receipts Pool			0				0
Other Income from Capital Receipts that do not arise from the Disposal of an Asset			(3,016)				(2,675)
(Gain)/Loss on the disposal of Property, Plant & Equipment			5,563	6			1,426
Other Pension Administration Costs			171	9			141
Financing and Investment Income and Expenditure							
(Surplus)/Deficit on Trading Operations			989	15			797
Interest Receivable and Similar Income			(639)	34			(807)
Interest Payable on PFI Unitary Payments			407	34			418
Interest Payable on Finance Leases			171	34			171
Income and Expenditure in Relation to Investment Properties			(2,001)	18			(1,898)
Changes in Fair Value of Investment Properties			(629)	18			(1,049)
(Gain)/Loss on the Disposal of Investment Properties			(16)				(168)
Impairment reversal - Financial Instruments			(116)	34			0
(Gain)/Loss on Financial Instrument Exchange Differences			0	34			(46)
Net Interest on the Net Defined Benefit Pension Liability			6,105	9			6,032
Taxation and Non-specific Grant Incomes							
Council Tax Income			(48,339)				(51,739)
General and other Non-Ringfenced Government Grants			(29,479)	8			(17,954)
Business Rates income and Expenditure			(18,413)	8			(23,873)
Capital Grants and Contributions			(11,533)	8			(14,976)
(Surplus) or Deficit on Provision of Services			**16,708**				7,900
(Surplus) or Deficit on Revaluation of Non-Current Assets			(1,879)	28			(19,329)
Remeasurements of the Net Defined Benefit Pension Liability – BFC			10,835	9			(2,935)
Remeasurements of the Net Defined Benefit Pension Liability – Former BCC Fund			(2,720)	9			4,608
Other Comprehensive Income and Expenditure			**6,236**				(17,656)
Total Comprehensive Income and Expenditure			**22,944**				(9,756)

BALANCE SHEET

	Notes	31 March 2014 £000	31 March 2013 £000
Property, Plant and Equipment			
Other Land and Buildings	17	**436,468**	441,165
Vehicles, Plant and Equipment	17	**13,327**	15,377
Infrastructure Assets	17	**45,321**	45,614
Community Assets	17	**5,800**	1,365
Surplus Assets	17	**7,453**	6,499
Assets Under Construction	17	**5,239**	2,429
	17	**513,608**	512,449
Heritage Assets		**223**	168
Investment Property	18	**24,442**	29,220
Intangible Assets		**551**	956
Long Term Debtors	20	**3,961**	3,769
Long Term Assets		**542,785**	546,562
Current Assets			
Short Term Investments	34	**14,727**	14,957
Inventories		**230**	247
Short Term Debtors	21	**15,345**	15,131
Cash and Cash Equivalents	22	**35,639**	15,102
		65,941	45,437
Current Liabilities			
Short Term Borrowing	34	**(1,500)**	0
Short Term Creditors	23	**(48,064)**	(29,914)
Provisions	24	**(5,201)**	(3,532)
		(54,765)	(33,446)
Long Term Liabilities			
Long Term Creditors	25	**(16,256)**	(16,076)
Capital Grants and Other Contributions	8	**(6,936)**	(6,887)
Net Pension Liability	9	**(164,072)**	(145,949)
		(187,264)	(168,912)
Net Assets		**366,697**	389,641
Usable Reserves			
General Fund		**9,813**	12,982
Earmarked Reserves	26	**18,585**	18,378
Capital Grants Unapplied Reserve	27	**7,966**	9,307
		36,364	40,667
Unusable Reserves			
Revaluation Reserve	28	**148,298**	150,793
Capital Adjustment Account	29	**342,073**	346,848
Collection Fund Adjustment Account	31	**6,474**	209
Deferred Capital Receipts Reserve	30	**2,668**	2,271
Pension Reserve	9	**(164,072)**	(145,949)
Accumulated Absences Account	32	**(5,108)**	(5,198)
		330,333	348,974
Total Reserves		**366,697**	389,641

These financial statements replace the unaudited financial statements certified by Alan Nash on 20 June 2014.

Alan Nash FCCA CPFA
Borough Treasurer
24 September 2014

CASH FLOW STATEMENT

	Note	2013/14 £000	2012/13 Restated £000
Cash Flows From Operating Activities			
Surplus or (Deficit) on Provision of Services		**(16,708)**	(7,900)
Adjust for Non Cash Movements			
Depreciation		**13,376**	14,510
Impairment & Revaluation Downwards of Non-Current Assets		**5,671**	5,655
Amortisation of Intangibles		**551**	459
Changes in Fair Value of Investment Properties		**(629)**	(1,049)
Changes in Provisions		**1,669**	2,630
Impairment of Financial Instruments		**(116)**	0
Foreign Exchange (Gain)/Loss		**0**	(46)
Amortisation of Long Term Creditors		**(119)**	(119)
Carrying amount of Non-Current Assets sold		**7,400**	2,915
Changes in Inventory		**17**	(48)
Changes in Interest Debtors		**2**	2
Changes in Debtors		**(1,939)**	(3,650)
Changes in Creditors[1]		**8,021**	(909)
Changes in Net Pension Liability		**10,008**	9,491
Adjust for Items that are Investing or Financing Activities		**(10,375)**	(19,002)
Net Cash Flow From Operating Activities		**16,829**	2,939
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		**(19,500)**	(24,742)
Purchase of Short Term and Long Term Investments		**0**	0
Other payments for investing activities		**(71)**	(199)
Proceeds from Sale of Non-Current Assets		**1,321**	1,159
Proceeds from Short Term and Long Term Investments		**347**	7,192
Other receipts from investing activities		**10,249**	15,221
Net Cash Flow From Investing Activities		**(7,654)**	(1,369)
Cash Flows from Financing Activities			
Cash receipts of Short Term and Long Term Borrowing		**1,500**	0
Capital Element of PFI Contracts		**(169)**	(158)
Capital Element of Finance Leases		**(1)**	(9)
Council Tax and Business Rates Adjustments[1]		**10,032**	(760)
Net Cash Flow From Financing Activities		**11,362**	(927)
Net (Decrease)/Increase in Cash and Cash Equivalents in the Period		**20,537**	643
Cash and Cash Equivalents as of the Beginning of the Period	**22**	**15,102**	14,459
Cash and Cash Equivalents as of the End of the Period	**22**	**35,639**	15,102

[1] The significant change between years is primarily due to the introduction of the Business Rates Retention Scheme in 2013/14.

The cash flows for operating activities include the following items:

	2013/14 £000	2012/13 £000
Interest received	**641**	809
Interest paid	**(578)**	(589)

1 ACCOUNTING POLICIES

1.1 Basis of Preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2013/14 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 and Business Rates are 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, Business Rates, 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 (which is revalued), 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 number of sculptures 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.

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 if the enhancement 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 (this does not apply to Investment Properties). 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 from the General Fund Balance 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 also receive a charge for the amortisation of intangible assets and where required any 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 under Long Term Assets. 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 Long Term Assets, 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 asset 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.

Long Term Assets recognised under a finance lease are 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 asset – 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.

Creditors 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.

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 can no longer withdraw the offer of those benefits.

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 2013. 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 components:

(i) Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year;
- past service cost – the change in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years or from plan curtailments;
- gains or losses on settlements - transactions that eliminate all further legal or constructive obligations for part or all of the benefits provided under the plan;

(ii) Other Pension Administration Costs which are those that are directly related to the management of plan assets. These are included under Other Operating Expenditure.

(iii) Net interest on the net defined benefit liability - the change during the period in the net defined benefit liability. It is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period adjusted for contribution and benefit payments during the year.

(iv) Remeasurements comprising:

- differences between the return on plan assets and interest income on plan assets calculated as part of the net interest on the net defined benefit liability;
- actuarial gains and losses which result from events not coinciding with assumptions made at the last actuarial valuation or the actuaries updating the assumptions.

(v) Contributions paid into the Royal County of Berkshire Pension Fund, and

(vi) Benefits paid.

Current service costs are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked. Past service costs and any settlements are reflected in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs. Net interest expense is reflected in Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement.

Remeasurements 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 the 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 Distributed 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 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 the following new or amended standards by the Code of Practice will result in changes in accounting policy:

- IFRS 10 *Consolidated Financial Statements* (May 2011)
- IFRS 11 *Joint Arrangements* (May 2011)
- IFRS 12 *Disclosure of Interests in Other Entities* (May 2011)
- IAS *27 Separate Financial Statements* (as amended in May 2011)
- IAS 28 *Investments in Associates and Joint Ventures* (as amended in May 2011)
- IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (as amended in December 2011)
- IAS 1 *Presentation of Financial Statements* (as amended in May 2011)

Although full adoption will not be required until 1 April 2014, the Council is required to disclose the estimated effect of the changes in these financial statements.

The first five standards relate to Group Accounts. IFRS 10 replaces the provisions in IAS 27 in relation to control and consolidation. It introduces a new principle of control where control exists if an entity possesses power over an investee, has exposure to variable returns from its involvement and has the ability to use its power to affect the level of returns.

IFRS 11 replaces IAS *31 Interests in Joint Ventures*. In addition the accounting requirements for joint ventures have been moved to IAS 28. If control exists under IFRS 10, but it is determined that an investor does not control an entity by itself, then a joint arrangement may exist. IFRS 11 now defines these arrangements as either:

- joint operations which require that an entity accounts for its share of the rights to assets and obligations for liabilities of the underlying arrangement, or
- joint ventures which require that an entity only has rights to the net assets of the arrangement.

Joint operations are accounted for by recognition of the entity's share of assets, liabilities revenues and expenses arising from a joint operation. Where the arrangement is classified as a joint venture, consolidation is required which should be accounted for using the equity method as described by IAS 28.

IFRS 12 replaces the majority of the disclosure requirements in IAS 27, IAS 28 and IAS 31 and requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, an entities interest in other entities and their effect on its finances.

The Council does not currently need to produce Group Accounts and these standards are not anticipated to change this or to require additional disclosures.

In December 2011 amendments were issued to IAS 32. The amendments clarify the requirements for offsetting financial instruments. The Council does not net off Financial Assets and Financial Liabilities.

The IAS1 amendments relate to the minimum comparative information required in respect of the preceding period. There will be no significant impact on the Council's accounts.

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 model. 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 £7.8m as at 31 March 2014) 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 preliminary view set out by CIPFA was that non-current assets used by voluntary controlled and voluntary aided schools should not be recognised in local authority balance sheets. A more recent consultation launched in February 2014 reverses the earlier view and supports the inclusion of these assets on the Balance Sheet. The latter approach has now been incorporated in the 2014/15 Code of Practice.

In Bracknell Forest there are 6 Voluntary Aided Schools and 4 Voluntary Controlled Schools and only the proportion of the assets owned by the Council are included on the Balance Sheet. This position will now need to be reviewed for the 2014/15 accounts and could potentially have a material impact on the value of Property, Plant and Equipment. The value of these assets currently not included on the Balance Sheet is estimated as approximately £33m (using historic values and applying an approved industry index).

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:

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 2013/14 to ensure that those assets not scheduled to be revalued in the 2013/14 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’s 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 £0.454m if all the useful lives were reduced by one year.

The Council has reviewed its process for calculating depreciation on additions and disposals and has concluded it would be more efficient not to depreciate non-current assets in the year of addition but to depreciate them in the year of disposal. This is not expected to generate a material under or over estimate of depreciation in comparison to the previous practice of depreciating in the year of addition but not in the year of disposal. This is a change in accounting estimate rather than a change in accounting policy and has therefore only been recognised in the 2013/14 figures.

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 2014 without completing a full valuation. However, the actuary is satisfied that the approach of rolling forward the previous valuation data from 31 March 2013 to 31 March 2014 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 change in the significant actuarial assumptions 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.

Sensitivity Analysis	Present Value of Total Obligation		Projected Service Cost	
	Total	Change	Total	Change
	£000	£000	£000	£000
Adjustment to discount rate				
+0.1%	350,850	(6,511)	10,288	(234)
0.0%	357,361	0	10,522	0
-0.1%	363,998	6,637	10,761	239
Adjustment to long term salary increase				
+0.1%	358,312	951	10,522	0
0.0%	357,361	0	10,522	0
-0.1%	356,414	(947)	10,522	0
Adjustment to pension increases and deferred revaluation				
+0.1%	363,149	5,788	10,765	243
0.0%	357,361	0	10,522	0
-0.1%	351,685	(5,676)	10,284	(238)
Adjustment to mortality age rating assumption				
+1 year	344,887	(12,474)	10,163	(359)
None	357,361	0	10,522	0
-1 year	369,945	12,584	10,883	361

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 in 2011/12 and a payment of £2.521m received; however there are still legal issues to be resolved regarding the exchange rates used for the conversion to sterling. 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 (£0.67m at 31 March 2014). For Heritable 94% of the deposit plus accrued interest up to the 6 October 2008 has been repaid. The Administrators have retained a reserve of £39.3m (equivalent to 3.5%) to fully provide for legal and administrative costs associated with a claim by LBI hf (formerly Landsbanki Islands hf). They do not intend to make any further distributions until the conclusion of the claim and therefore none have been assumed in the accounts.

At 31 March 2014, the Council had a trade debtors' balance of £3.29m. 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 £0.41m to be set aside as an allowance.

Additional provisions are also made for a number of other debts, in particular Housing Benefits, Business Rates and Council Tax. These provisions totalled £2.74m as at 31 March 2014. Most Housing debts are provided for at 100%, however doubling the percentage used to calculate Business Rates and Council Tax debts would require an additional £0.43m to be set aside.

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 had been no material change in the accrual between 2009/10 and 2011/12, no adjustment was made in 2012/13 or 2013/14. 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 £0.23m for teaching staff.

Provision for Business Rates Appeals

The Council has made a provision of £4.72m for outstanding Business Rates appeals. This is based on the latest list of outstanding rating list proposals provided by the Valuation Office Agency, taking into account factors such as the settled claims history for the Council, changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The provision is split between the Council, Central Government and the Royal Berkshire Fire Authority with the Councils proportion of 49% equating to £2.31m.

A 1% change in the estimate would result in a £0.05m increase or decrease in the provision required for appeals (£0.02m for the Council).

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:

2013/14	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	(3,810)	(4,099)	(6,056)	(16,654)	(30,619)
Government grants & contributions	(667)	(88,827)	(54,866)	(1,605)	(145,965)
Total Income	(4,477)	(92,926)	(60,922)	(18,259)	(176,584)
Employee expenses	10,544	72,531	14,302	16,357	113,734
Other service expenses	7,978	35,130	77,760	25,120	145,988
Support service recharges	(9,179)	2,983	2,894	3,161	(141)
Total Expenditure	9,343	110,644	94,956	44,638	259,581
Net Expenditure	4,866	17,718	34,034	26,379	82,997

Last year Corporate Services income and expenditure included receipts and payments of £3.9m relating to Town Centre Compulsory Purchase Orders and £5.8m concerning Council Tax Benefit Support. The former was one-off and the latter is now administered via a Council Tax discount rather than reclaiming expenditure.

The comparative increase in Adult Social Care, Health and Housing grant and contributions income reflects the transfer of Learning Disability and Health Reform Grant (-£8.0m in 2012/13) into formula grant, the receipt of Public Health Grant in 2013/14 (-£2.8m) and the creation of an agency agreement for county wide Public Health services within Berkshire (a -£10.8m contribution from the other Berkshire unitary councils). The Public Health changes also explain the comparative increase in Other Service Expenses.

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**

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.

2013/14	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	**4,866**	**17,718**	**34,034**	**26,379**	**82,997**
Capital charges (including depreciation and amortisation, revaluation downwards and impairments plus revenue expenditure funded from capital under statute)	**3,805**	**7,681**	**2,878**	**8,028**	**22,392**
IAS 19 Pension Adjustments	**175**	**1,756**	**761**	**936**	**3,628**
Cost of Services in Explanatory Foreword	**8,846**	**27,155**	**37,673**	**35,343**	**109,017**

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.

	2013/14 £000	2012/13 £000
Net expenditure in the Departmental Analysis	**82,997**	70,872
Net expenditure of services and support services not included in the Analysis	**281**	(577)
Amounts included in Cost of Services in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	**26,338**	25,622
Amounts included in the Analysis not included in the Cost of Services in the Comprehensive Income and Expenditure Statement	**5,120**	15,244
Cost of Services in Comprehensive Income and Expenditure Statement	**114,736**	111,161

The transfer of Early Intervention Grant and Learning Disability and Health Reform Grant into formula grant in 2013/14 is the main reason for the increase in the Departmental Net Expenditure and the decrease in the value of adjusting items above. The value of the two grants was £12.7m in 2013/14.

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.

2013/14	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	(30,619)	(335)	0	5,399	(25,555)	0	(25,555)
Interest and investment income	0	0	0	0	0	(639)	(639)
Other income from capital receipts that do not arise from the disposal of an asset	0	0	0	0	0	(3,016)	(3,016)
Income from Council Tax	0	0	0	0	0	(48,339)	(48,339)
Government grants and contributions	(145,965)	0	0	17,472	(128,493)	(59,425)	(187,918)
Total income	**(176,584)**	**(335)**	**0**	**22,871**	**(154,048)**	**(111,419)**	**(265,467)**
Employee expenses	113,734	218	3,642	(2,747)	114,847	171	115,018
Other service expenses	145,988	398	304	(14,036)	132,654	0	132,654
Support service recharges	(141)	0	0	(428)	(569)	0	(569)
Depreciation, amortisation and impairment	0	0	13,927	(540)	13,387	0	13,387
Revaluation losses on Property, Plant and Equipment	0	0	5,671	0	5,671	0	5,671
Revenue expenditure funded from capital under statute	0	0	2,794	0	2,794	0	2,794
Precepts & levies	0	0	0	0	0	2,747	2,747
Gain or loss on disposal of non-current assets	0	0	0	0	0	5,547	5,547
Surplus or deficit on trading undertakings	0	0	0	0	0	989	989
Interest payments	0	0	0	0	0	578	578
Income and Expenditure in relation to Investment Property	0	0	0	0	0	(2,001)	(2,001)
Movement in fair value of investment properties	0	0	0	0	0	(629)	(629)
Financial Instruments - Impairment Reversal	0	0	0	0	0	(116)	(116)
Net Interest on the Net Defined Benefit Pension Liability	0	0	0	0	0	6,105	6,105
Total expenditure	**259,581**	**616**	**26,338**	**(17,751)**	**268,784**	**13,391**	**282,175**
(Surplus) or deficit on the provision of services	**82,997**	**281**	**26,338**	**5,120**	**114,736**	**(98,028)**	**16,708**

2012/13 Restated	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	141	110,485
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)
Net Interest on the Net Defined Benefit Pension Liability	0	0	0	0	0	6,032	6,032
Total expenditure	**247,391**	**329**	**25,622**	**(5,144)**	**268,198**	**8,763**	**276,961**
(Surplus) or deficit on the provision of services	**70,872**	**(577)**	**25,622**	**15,244**	**111,161**	**(103,261)**	**7,900**

6 EXCEPTIONAL AND MATERIAL ITEMS OF INCOME AND EXPENDITURE

No items of income or expenditure have been treated as exceptional items in 2013/14.

Within the Cost of Services, the comparative increases in Net Cost for Highways, Roads and Transport primarily relate to one-off income adjustments in 2012/13 for supervision fee income and deposits (£1.0m). The Net Cost of Planning Services has reduced due to comparative decreases in capital charges (revaluations downward and capital expenditure not adding value) and additional Development Control income. The Net Cost of Cultural and Related Services has increased due to comparative increases in capital charges. The increase in Net Cost for Central Services primarily relates to the Time Square refurbishment, severance payments, increases in capital charges and additional ICT costs incurred to achieve Public Services Network (for sharing information with central government) compliance.

The loss on the disposal of Property, Plant and Equipment primarily relates to the de-recognition of components rather than direct sales. Components were replaced for Time Square (£2.3m), Schools (£1.0m) and a number of infrastructure assets (£1.3m). A number of assets were also transferred to the Bracknell Regeneration Partnership in exchange for the lease of an operational building on preferential terms.

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 2013/14). 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 2013. The Schools Budget includes elements for a range of educational services provided on a council-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 2013/14 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2013/14 before Academy recoupment			78,481
Academy figure recouped for 2013/14			3,503
Total DSG after Academy recoupment for 2013/14			74,978
Brought forward from 2012/13			1,484
Carry forward to 2014/15 agreed in advance			-384
Agreed initial budgeted distribution in 2013/14	15,715	60,363	76,078
In year adjustments	-788	691	-97
Final budget distribution for 2013/14	14,927	61,054	75,981
Less actual central expenditure	13,367		13,367
Less actual ISB deployed to schools		61,054	61,054
Plus local authority contribution for 2013/14	0	0	0
Carry forward to 2014/15	1,560	0	1,944[1]

[1]Total carry forward is the carry forward on central expenditure plus the carry forward to 2014/15 agreed in advance.

8 GRANT & CONTRIBUTIONS INCOME AND BUSINESS RATES

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

	2013/14	2012/13
	£000	£000
Basic Needs	3,294	6,539
Other Government Grants	6,055	6,255
S106 Contributions	2,025	1,882
Other Capital Contributions	159	300
Total	**11,533**	14, 976

Revenue Grants & Contributions

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 Business Rates income and expenditure.

In 2013/14 Early Intervention Grant and Learning Disability and Health Reform Grant were incorporated into the Council's general grant funding along with Council Tax Support Grant which results from the localisation of Council Tax Support on 1 April 2013. These grants are distributed to the Council through a combination of Revenue Support Grant and as part of Business Rates Retention Baseline Funding. Further details of the Business Rates Retention Scheme introduced in 2013/14 can be found under the Collection Fund disclosure on page 103.

The Council did not increase Council Tax in 2013/14 and therefore received a Council Tax Freeze Grant of £0.5m which is equivalent to a 1% increase in Council Tax. Unlike the 2012/13 Council Tax Freeze Grant which was for one year only, the 2013/14 grant will be payable in 2014/15 and will be rolled into Revenue Support Grant from 2015/16.

The New Homes Bonus is designed to encourage the development of new properties. Grant is provided for each new home built or property brought back into use and is paid each year for 6 years.

Education Services Grant was introduced in 2013/14 and is allocated to councils on a simple per-pupil basis. It replaces the Local Authority Central Spend Equivalent Grant (LACSEG) and the relevant element of the Council's formula grant. It is intended to fund the cost of services that councils must provide centrally, without charge, to schools.

	2013/14	2012/13
	£000	£000
Revenue Support Grant	22,102	463
Local Services Support Grant	78	347
Council Tax Freeze Grant	498	1,220
New Homes Bonus Grant	2,084	1,318
Early Intervention Grant	0	4,701
Learning Disability and Health Reform Grant	0	7,961
Troubled Families Coordination Grant	210	187
Council Tax Reform Grant	0	84
Housing and Council Tax Benefit Subsidy Administration Grant	651	694
High Street Innovation Fund Grant	0	100
Real Time Passenger Information Grant	0	179
Local Sustainable Transport Fund Grant	341	199
Education Services Grant	2,122	0
Special Educational Needs Reform Grant	75	0
Localising Support for Council Tax - Transitional Grant	119	0
Small Business Rates Relief Grant	189	0
Local Welfare Provision Grant	211	0
Adoption Reform Grant	215	0
Local Reform and Community Voices Grant	64	0
Capitalisation Provision Redistribution Grant	117	0
Disabled Facilities Grant	304	342
Other non-ringfenced revenue grants	99	38
Other non-ringfenced capital grants used to finance revenue	0	121
General and Non-ringfenced Government Grants	29,479	17,954
Business Rates Income	32,037	
Business Rates Tariff	(10,769)	
Business Rates Levy	(2,855)	
National Business Rates		23,873
Business Rates Income and Expenditure	18,413	23,873
Total	47,892	41,827

Grants and Contributions Credited to Services

	2013/14	2012/13
	£000	£000
Dedicated Schools Grant (including pupil premium)	77,285	74,640
Sixth Form Funding	4,532	4,335
Housing Benefit Subsidy	32,834	32,462
Council Tax Benefit Subsidy	0	5,764
Public Health Grant	2,772	0
Other Grants and Contributions	10,461	11,814
Donations	609	515
Total	128,493	129,530

Council Tax Benefit Subsidy is no longer received following the localisation of Council Tax Support. Support is now provided via a Council Tax discount.

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 2014	31 March 2013
	£000	£000
Short Term Creditors		
Other Government Grants	205	147
Contributions	478	249
Total	**683**	396

Capital Grants and Contributions - Receipts in Advance

	31 March 2014	31 March 2013
	£000	£000
Short Term Creditors		
Other Government Grants	**247**	492
Basic Needs	**461**	0
Long Term Liabilities		
Section 106 contributions	**6,936**	6,887
Total	**7,644**	7,379

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, except for those that have been disclosed individually.

Total Remuneration[1]	2013/14 No of Employees Non-schools	Schools	Total	2012/13 No of Employees
£50,000 - £54,999	31	21	52	51
£55,000 - £59,999	12	23	35	35
£60,000 - £64,999	2	12	14	19
£65,000 - £69,999	6	6	12	11
£70,000 - £74,999	2	4	6	8
£75,000 - £79,999	1	2	3	4
£80,000 - £84,999	9	0	9	5
£85,000 - £89,999	2	2	4	6
£90,000 - £94,999	0	0	0	1
£95,000 - £99,999	0	1	1	1
£100,000 - £104,999	0	0	0	1
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	1	1	2
Total	**65**	**72**	**137**	144

2012/13 Comparatives	67	77

[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, the Strategic Director of Public Health and the statutory Borough Treasurer and Borough Solicitor posts.

Remuneration of Senior Employees 2013/14

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	156.6	0	156.6	20.4	177.0
Assistant Chief Executive	83.7	0	83.7	10.9	94.6
Director of Corporate Services	115.7	0	115.7	15.0	130.7
Director of Children, Young People and Learning	112.9	0	112.9	14.7	127.6
Director of Adult Social Care, Health and Housing	112.9	0	112.9	14.7	127.6
Director of Environment, Culture and Communities	112.9	0	112.9	14.7	127.6
Borough Treasurer	94.6	0	94.6	12.3	106.9
Borough Solicitor	89.1	0	89.1	11.6	100.7
Strategic Director of Public Health[1]	14.8	0	14.8	1.9	16.7
Total	**893.2**	**0**	**893.2**	**116.2**	**1,009.4**

[1] The remuneration for this post is shared between the six Berkshire unitary councils. This is Bracknell Forest's share (13.5%).

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**

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	
	2013/14	2012/13	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13
£0-£20,000	**29**	21	**28**	28	**57**	49	**246**	152
£20,001 - £40,000	**5**	4	**0**	2	**5**	6	**147**	175
£40,001 - £60,000	**1**	0	**0**	0	**1**	0	**47**	0
£60,001 - £80,000	**0**	0	**0**	0	**0**	0	**0**	0
£80,001+	**0**	0	**0**	0	**0**	0	**0**	0
Total	**35**	25	**28**	30	**63**	55	**440**	327

The Authority terminated the contracts of 32 employees in 2013/14 (22 in 2012/13). 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 £0.440m (£0.327m in 2012/13) were comprised of redundancy, settlements and other payments £0.239m (£0.246m), pay in lieu of notice £0.078m (£0.062m) and pension fund contributions to preserve unreduced benefits (pension strain) £0.123m (£0.019m). Pension strain is a cost payable to the Pension Fund.

PENSIONS

Teachers' Pension Scheme

Contributions to the Scheme by employers and employees are set at rates determined by the Secretary of State, taking advice from the Scheme's actuary. The Scheme's payments are partially funded by the employer and employee contributions, the balance of funding being provided by Parliament through general taxation. The Teachers' Pension Scheme has proposed a new Scheme employer contribution rate of 16.4% from September 2015.

The Council can not be held directly liable for the actions of other entities within the Scheme and there is no agreed allocation of any Scheme surplus or deficit on the authority's withdrawal from the plan. The Scheme does not issue information about the level of participation of this council in the plan compared with other participating entities.

	2013/14		2012/13	
	Employers' Contribution	**Additional Benefits**	Employers' Contribution	Additional Benefits
Amount Paid	**£4.361m**	**£0.260m**	£4.281m	£0.273m
As a percentage of teachers' pensionable pay	**14.1%**	**0.8%**	14.1%	0.9%
The expected Employers' Contribution for 2014/15 is £4.405m				

The Council is also responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme, consisting of ongoing annual payments 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.

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 (£1.626m in 2013/14).

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. Prior year comparatives have been restated where appropriate to reflect the June 2011 changes to IAS19 *Employee Benefits* and further details can be found in Note 39.

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:

	2013/14 £000	2012/13 Restated £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	**11,722**	10,707
Past Service Cost including curtailments	**104**	39
Other Operating Expenditure		
Other Pension Administration Costs	**171**	141
Financing and Investment Income and Expenditure:		
Net Interest Expense	**6,105**	6,032
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	**18,102**	16,919
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement – Remeasurements of the Net Defined Benefit Liability		
Return on Plan Assets (excluding the amount included in the Net Interest Expense)	**3,146**	(11,307)
Actuarial (Gains) and Losses arising on changes in financial assumptions	**4,716**	12,646
Actuarial (Gains) and Losses arising on changes in demographic assumptions	**(15,864)**	0
Other Actuarial (Gains)/Losses on Assets[1]	**20,120**	0
Experience (Gain)/Loss on Defined Benefit Obligation	**(4,003)**	334
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**26,217**	18,592
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post Employment Benefits in accordance with the Code.	**(18,102)**	(16,919)
Actual Amount Charged Against the General Fund for Pensions in the Year:		
Employer's Contributions Payable to Pension Scheme	**8,094**	7,428

[1]A correction to the estimate of the assets attributable to Bracknell Forest following the triennial valuation of the Fund

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	31 March 2014 £000	31 March 2013 £000
Present value of funded obligation	**351,411**	346,457
Fair value of scheme (plan) assets	**(193,289)**	(206,557)
Net funded liability	**158,122**	139,900
Present value of unfunded obligation	**5,950**	6,049
Net liability arising from the defined benefit obligation	**164,072**	145,949

The unfunded obligation 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.

The net liability 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.

Reconciliation of the movements in the present value of scheme liabilities (defined benefit obligation):

	31 March 2014	31 March 2013 Restated
	£000	£000
Liabilities as of the Beginning of the Period	**352,506**	322,398
Current Service Cost	**11,722**	10,707
Interest Cost	**15,518**	14,644
Contributions by Scheme Participants	**3,007**	2,800
Remeasurements		
Actuarial Gains and Losses arising from changes in financial assumptions	**4,716**	12,645
Actuarial Gains and Losses arising from changes in demographic assumptions	**(15,864)**	0
Experience Loss/(Gain) on Defined Benefit Obligation	**(4,003)**	334
Past Service Costs including Curtailments	**104**	39
Benefits Paid	**(9,911)**	(10,621)
Unfunded Pension Payments	**(434)**	(440)
Liabilities as of the end of the period	**357,361**	352,506

The liabilities show the underlying commitments that the Council has to pay in retirement benefits.

Reconciliation of the movements in the fair value of scheme (plan) assets:

	31 March 2014	31 March 2013 Restated
	£000	£000
Assets as of the Beginning of the Period	**206,557**	187,613
Interest income	**9,413**	8,611
Remeasurements		
Return on Plan Assets (excluding the amount included in the Net Interest Expense)	**(3,146)**	11,307
Other Actuarial Gains and Losses	**(20,120)**	0
Other Administration Expenses	**(171)**	(141)
Employer Contributions	**8,094**	7,428
Contributions by Scheme Participants	**3,007**	2,800
Benefits Paid	**(10,345)**	(11,061)
Assets as of the end of the period	**193,289**	206,557

The actual return on scheme assets in the year was £6.3m (£19.9m in 2012/13). Large changes can arise due to volatile market conditions and this year saw a lower fund performance in the year – a 3% return compared to the exceptional return of 11% last year.

The total contribution expected to be made to the Royal County of Berkshire Pension Fund in 2014/15 is £7.521m.

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:

	Assets Held 31 March 2014		Assets Held 31 March 2013	
	£000	**%**	£000	**%**
Cash and Cash Equivalents[1]	**3,865**	**2**	0	0
Bonds				
Government (Gilts)	**1,933**	**1**	2,066	1
Other	**30,927**	**16**	33,049	16
Equities[2]	**81,181**	**42**	84,687	41
Property[3]	**23,195**	**12**	20,655	10
Target Return (Unit Trust)	**34,792**	**18**	18,589	9
Commodities[4]	**17,396**	**9**	18,591	9
Infrastructure[4]	**7,732**	**4**	10,328	5
Hedge Funds	**0**	**0**	18,589	9
Longevity Insurance[5]	**-7,732**	**-4**	N/A	N/A
Total	**193,289**	**100**	206,554	100

[1]49% of Cash relates to Unit Trust Investments, 84% of which are UK based.
[2]64% of Equities are overseas investments
[3]Property is a pooled fund with both UK and overseas elements
[4]Commodities and infrastructure are all overseas investments
[5]The longevity insurance contract that the Fund holds has been accounted for as a reduction in assets in 2013/14 (accounted for as a liability in 2012/13).

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 2013 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. Since 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 2014. The discount rate is the annualised yield at the 20 year (BCC 13 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 20 years (BCC 13 years). This measure has historically overestimated future increases in the RPI and so in the past a deduction of 0.25% has been made to derive the RPI assumption. However, the evidence for this in recent periods is weaker and no deduction has been made at 31 March 2014. The RPI assumption is therefore 3.6% (BCC 3.4%). 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. 2.8% (BCC 2.6%). This is a reasonable estimate for the future differences in the indices, based on the different calculation methods.

Salary increases are assumed to be 1.8% above CPI in addition to a promotional scale. However, this has been overlaid with the assumption that from 31 March 2013 to 31 March 2016 salaries will rise at 1% per annum.

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

	2013/14		2012/13	
	%	**%**	%	%
	Former BCC	**BFC**	Former BCC	BFC
Rate of inflation - RPI	**3.4**	**3.6**	3.1	3.4
Rate of inflation - CPI	**2.6**	**2.8**	2.3	2.6
Rate of increase in salaries	**4.40**	**4.60**	4.25	4.55
Rate of increase in pensions	**2.6**	**2.8**	2.3	2.6
Discount Rate	**4.1**	**4.5**	3.3	4.6
Mortality assumptions from age 65:	**Age**	**Age**	Age	Age
Longevity at 65 for current pensioners				
Men	**22.7**	**22.7**	23.1	23.1
Women	**26.0**	**26.0**	25.7	25.7
Longevity at 65 for pensioners retiring in 20 years				
Men	**24.9**	**24.9**	25.1	25.1
Women	**28.3**	**28.3**	27.6	27.6

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

Active members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.

10% of active members will take up the option under the new scheme to pay 50% of contributions for 50% of benefits.

For 2013/14 onwards the expected return on assets and the interest cost have been replaced with a single net interest cost, which effectively sets the expected return on assets to be equal to the discount rate.

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:

	31 March 2014	31 March 2013 Restated
	£000	£000
Surplus /(Deficit) as of beginning of the period	**(145,949)**	(134,785)
Remeasurements	**(8,115)**	(1,673)
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	**(18,102)**	(16,919)
Employer's pension contributions and direct payments to pensioners payable in the year	**8,094**	7,428
Surplus /(Deficit) as of end of the period	**(164,072)**	(145,949)

The figures include the Council's share of the Former Berkshire County Council Pension Fund Liability of £30.965m (2012/13 £32.916m).

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:

	2013/14	2012/13
	£000	£000
Allowances	**581**	582
Expenses	**10**	11
Total	**591**	**593**

11 AGENCY EXPENDITURE & INCOME

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

The Council acts as the lead council for Public Health, 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.

	2013/14		
	Expenditure	Income	Net Expenditure
	£000	£000	£000
Public Health	12,256	(12,141)	115
Adult Social Care - Emergency Duty Team	815	(786)	29
Children's & Education Services - Education Library Service	536	(515)	21
Environmental & Regulatory Services - London Rd Landfill Site	187	(161)	26
Total	13,794	(13,603)	191

The Health and Social Care Act 2012 transferred Public Health to councils in 2013/14.

	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

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 2 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 10 years.

The non-cancellable operating lease expenditure charged to the relevant service line in the Comprehensive Income and Expenditure Statement during the year is £0.585m, a combination of £0.216m for properties and £0.369m for equipment and vehicles (2012/13 £0.281m for properties and £0.357m for equipment and vehicles).

The Council paid no contingent rent during the year following the surrender of the relevant lease (2012/13 £0.078m).

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

	31 March 2014			31 March 2013		
	Land and Buildings	**Equipment & Vehicles**	**Total**	Land and Buildings	Equipment & Vehicles	Total
	£000	**£000**	**£000**	£000	£000	£000
Not later than one year	**116**	**325**	**441**	159	331	490
Later than one year but not more than five years	**384**	**322**	**706**	378	464	842
Later than five years	**5,069**	**0**	**5,069**	5,161	0	5,161
Total	**5,569**	**647**	**6,216**	5,698	795	6,493

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 2014	31 March 2013
	£000	£000
Not later than one year	**1,662**	1,411
Later than one year but not more than five years	**5,113**	4,197
Later than five years	**23,500**	22,290
Total	**30,275**	27,898

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 £0.719m (2012/13 £0.695m).

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

	31 March 2014	31 March 2013
	£000	£000
Not later than one year	**1,488**	1,218
Later than one year but not more than five years	**4,753**	3,768
Later than five years	**20,350**	19,192
Total	**26,591**	24,178

The Council received contingent rent during the year of £0.711m (2012/13 £0.687m) for investment property.

FINANCE LEASES

Council as Lessee

The Council leased two vehicles under non-cancellable finance lease agreements which both had a lease term of 10 years. The leases did not have purchase options but did have the option to extend the lease. The leases were not extended and came to an end in 2013/14.

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 2014		31 March 2013	
	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**	**0**	0	1
Non-current	**1,452**	**0**	1,452	0
	1,452	**0**	1,452	1
Finance costs payable in future years	**9,472**	**0**	9,643	0
Minimum lease payments	**10,924**	**0**	11,095	1

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**	**0**	171	1
Later than one year but not more than five years	**683**	**0**	683	0
Later than five years	**10,070**	**0**	10,241	0
Total	**10,924**	**0**	11,095	1

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 (2012/13 £0.318m) 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 2014	31 March 2013
	Land and Buildings	Land and Buildings
	£000	£000
Not later than one year	**425**	239
Later than one year but not more than five years	**1,309**	680
Later than five years	**1,476**	543
Total	**3,210**	1,462

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 £0.074m (2012/13 £0.080m).

Council as Lessor

Under the Council's My HomeBuy Scheme, the Council has purchased, then leased out its share of twenty-two 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 Association 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 2014	31 March 2013
	Land and Buildings	Land and Buildings
	£000	£000
Finance lease debtor (net present value of minimum lease payments):		
Current	**0**	0
Non-current	**1,537**	1,356
	1,537	1,356
Unearned Finance income	**14,081**	13,253
Gross Investment in the Leases	**15,618**	14,609

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 2014	31 March 2013
	Land and Buildings	Land and Buildings
	£000	£000
Not later than one year	**64**	55
Later than one year but not more than five years	**256**	222
Later than five years	**15,298**	14,332
Total	**15,618**	14,609

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 (2012/13 £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 £571m as at 31 March 2014, 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 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:

	2013/14	2012/13
	£000	£000
Value as of the beginning of the period	**(6,164)**	(6,322)
Payments during the year	**170**	158
Value as of the end of the period	**(5,994)**	(6,164)

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

	As at 31 March 2014					
Obligations payable in	**2014/15**	**2-5 yrs**	**6-10 yrs**	**11-15 yr**	**16-20 yrs**	**Total payable**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Reimbursement of Capital Expenditure	**182**	**862**	**1,465**	**2,065**	**1,421**	**5,995**
Interest	**395**	**1,446**	**1,425**	**840**	**134**	**4,240**
Payment for Services	**6,073**	**27,362**	**39,931**	**45,377**	**27,112**	**145,855**
Total	**6,650**	**29,670**	**42,821**	**48,282**	**28,667**	**156,090**

	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**

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

	2013/14			2012/13		
	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	**6,466**	**2,139**	**8,605**	6,515	1,469	7,984
Additions	**0**	**0**	**0**	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	**0**	**0**	**0**	591	670	1,261
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	**0**	**0**	**0**	(640)	0	(640)
As of the end of the period	**6,466**	**2,139**	**8,605**	6,466	2,139	8,605
Depreciation						
As of the beginning of the period	**239**	**294**	**533**	593	303	896
Depreciation for Year	**239**	**71**	**310**	239	116	355
Depreciation written out to the Revaluation Reserve	**0**	**0**	**0**	(117)	(125)	(242)
Depreciation written out to the Surplus/Deficit on the Provision of Services	**0**	**0**	**0**	(476)	0	(476)
As of the end of the period	**478**	**365**	**843**	239	294	533
Net Book Value as of the beginning of the period	**6,227**	**1,845**	**8,072**	5,922	1,166	7,088
Net Book Value as of the end of the period	**5,988**	**1,774**	**7,762**	6,227	1,845	8,072

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.

	2013/14	2012/13
	£000	£000
Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	139	138
Fees payable to external auditor for the certification of grant claims and returns for the year	39	49
Fees payable in respect of other services provided by the external auditor during the year	2	21
Grant claim fees under/(over) accrued in previous year	(2)	(4)
Rebate received for previous year	(15)	0
Total	**163**	204

15 TRADING OPERATIONS

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

	2013/14		
		£000	£000
Forestcare provides out of hours contact centre services for a range of organisations. Cumulative deficit over last three financial years: £0.907m	Expenditure	1,176	
	Rental Income	(875)	
	Operating Deficit		301
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: £0.186m.	Expenditure	303	
	Rental Income	(290)	
	Operating Deficit		13
The Council operates the Bracknell Market collecting rental income from stallholders. Cumulative deficit over last three financial years: £0.088m.	Expenditure	92	
	Rental Income	(67)	
	Operating Deficit		25
The Council operates eight Car Parks in Bracknell Town Centre and Crowthorne. Cumulative deficit over last three financial years: £3.820m	Expenditure	1,515	
	Income	(849)	
	Operating Deficit		666
Smart Connect Cumulative surplus over last three financial years: (£0.051m)	Expenditure	37	
	Income	(53)	
	Operating Surplus		(16)
Total Trading Operations Deficit/(Surplus)			**989**

	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

16 MINIMUM REVENUE PROVISION (MRP)

The Council has calculated its Minimum Revenue Provision for the year as £1.572m (2012/13 £1.364m) which is transferred to the Capital Adjustment Account and reduces the Capital Financing Requirement. This is made up as follows:

	2013/14 £000	2012/13 £000
MRP (based on the Capital Financing Requirement at 1 April excluding the Waste PFI and finance leases)	**1,283**	1,078
Principal payable on finance leases	**1**	9
Principal payable on Waste PFI	**169**	158
Prepaid rent amortisation	**119**	119
Total MRP	**1,572**	1,364

17 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

	2013/14						
	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 2013	452,842	38,324	62,699	1,365	7,382	2,429	565,041
Additions	8,966	1,867	2,640	55	0	6,826	20,354
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(4,215)	0	0	0	0	0	(4,215)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,270)	(264)	(2)	(46)	0	0	(5,582)
Disposals	(5,028)	(35)	(1,486)	0	(883)	0	(7,432)
Reclassification (to)/from Assets Held for Sale	(842)	(135)	0	0	(900)	0	(1,877)
Other Reclassifications	1,468	155	487	4,426	1,906	(4,016)	4,426
At 31 March 2014	**447,921**	**39,912**	**64,338**	**5,800**	**7,505**	**5,239**	**570,715**
Accumulated Depreciation & Impairments							
At 1 April 2013	11,677	22,947	17,085	0	883	0	52,592
Depreciation charge	7,469	3,746	2,138	0	23	0	13,376
Depreciation written out to the Revaluation Reserve	(6,050)	0	0	0	0	0	(6,050)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(286)	0	0	0	0	0	(286)
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	(1,239)	(10)	(206)	0	(883)	0	(2,338)
Reclassification (to)/from Assets Held for Sale	(81)	(98)	0	0	(8)	0	(187)
Other Reclassifications	(37)	0	0	0	37	0	0
At 31 March 2014	**11,453**	**26,585**	**19,017**	**0**	**52**	**0**	**57,107**
Net Book Value at 31 March 2014	**436,468**	**13,327**	**45,321**	**5,800**	**7,453**	**5,239**	**513,608**
Net Book Value at 31 March 2013	441,165	15,377	45,614	1,365	6,499	2,429	512,449

Nature of asset holding							
Owned	430,352	11,553	45,321	5,800	7,453	5,239	505,718
Finance lease	128	0	0	0	0	0	128
PFI	5,988	1,774	0	0	0	0	7,762
Net Book Value at 31 March 2014	**436,468**	**13,327**	**45,321**	**5,800**	**7,453**	**5,239**	**513,608**

	2012/13						
	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-Structure Assets	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**

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 although in some cases an external valuer was used. 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 2013/14 rolling programme were not materially misstated in the Balance sheet. As a result a group of assets consisting of schools and car parks were revalued according to an approved industry index to bring the asset valuations in line with the current building costs. This review decreased the value of non-current assets by £0.8m.

	Other Land & Buildings	Vehicles, Plant Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construct-ion	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historic cost	0	37,996	64,338	5,800	7,505	5,239	120,878
Valued at fair value as at:							
2013/14	342,216	0	0	0	0	0	342,216
2012/13	49,332	1,916	0	0	0	0	51,248
2011/12	24,458	0	0	0	0	0	24,458
2010/11	25,022	0	0	0	0	0	25,022
2009/10	6,893	0	0	0	0	0	6,893
Total Cost or Valuation	**447,921**	**39,912**	**64,338**	**5,800**	**7,505**	**5,239**	**570,715**

18 INVESTMENT PROPERTY

	2013/14 £000	2012/13 £000
Balance at the beginning of the period	**29,220**	28,913
Additions:		
Purchases	**0**	0
Subsequent expenditure	**0**	21
Disposals	**(983)**	(420)
Net gains/losses from fair value adjustments	**629**	1,049
Reclassification (to)/from Property, Plant and Equipment	**(4,424)**	(343)
Balance at the end of the period	**24,442**	29,220

Three Investment Properties were sold during the year, generating capital receipts of £1.0m. Five further properties were transferred as part of the Town Centre redevelopment. Two non-current assets previously classified as Investment Properties have now been transferred to Community Assets. Of the balance as at 31 March 2014, £0.379m relates to properties held under finance leases (£0.484m in 2012/13) and £24.063m to properties owned by the Council (£28.736m in 2012/13). At 31 March 2014, all Investment Properties were let under operating leases with the exception of 1 property currently without tenants and 2 properties held for future sale. The value of the properties let under operating leases was £23.554m (£27.393m in 2012/13).

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 2014 £000	31 March 2013 £000
Rental Income From Investment Property	**(2,773)**	(2,522)
Direct Operating Expenses Arising From Investment Property	**772**	624
Net Gain	**(2,001)**	(1,898)

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). This is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	31 March 2014	31 March 2013
	£000	£000
Opening Capital Financing Requirement	**46,184**	41,704
Capital Investment		
Property, Plant and Equipment	**20,354**	23,867
Heritage Assets	**11**	0
Investment Property	**0**	21
Intangible Assets	**155**	229
Revenue Expenditure Funded from Capital under Statute	**3,421**	1,585
Long Term Debtors	**86**	163
	24,027	25,865
Sources of Finance		
Capital Receipts	**(4,545)**	(3,882)
Government Grants and Other Contributions	**(13,501)**	(16,139)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	**(1,100)**	0
Minimum Revenue Provision	**(1,572)**	(1,364)
	(20,718)	(21,385)
Closing Capital Financing Requirement	**49,493**	46,184
Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	**(500)**	(505)
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	**3,809**	4,985
Increase/(Decrease) in Capital Financing Requirement	**3,309**	4,480

20 LONG TERM DEBTORS

The Council makes loans to a number of organisations and individuals and acts as the lessor for a number of finance leases. As part or the town centre regeneration, the council has also exchanged assets for an operating lease at Ocean House under preferential terms.

	31 March 2014	31 March 2013
	£000	£000
Other Local Authorities		
Loan to Warfield Parish Council	**83**	87
Other Entities and Individuals		
Housing Association Loans	**395**	408
Housing Act Advances Loans	**0**	0
Sale of Council Houses Loans	**21**	24
Car Loans to Employees	**409**	448
Rent to Mortgage Properties	**376**	376
South Hill Park Loan	**18**	20
Mortgages	**956**	983
Shared Equity Property Finance Leases	**1,272**	1,061
Byways Finance Lease	**362**	362
Asset Disposal/Ocean House Lease	**69**	0
Total	**3,961**	3,769

21 SHORT TERM DEBTORS

	31 March 2014 £000	31 March 2013 £000
Central Government Bodies	1,919	4,686
Other Local Authorities	1,259	600
NHS Bodies	697	125
Public Corporations and Trading Funds	0	5
Other Entities and Individuals	11,470	9,715
Total	**15,345**	15,131

Due to changes in the accounting for Business Rates and Housing Benefits Subsidy in 2013/14, income is no longer due for them from Central Government. There has also been a significant reduction in the amount of grant income outstanding from Central Government compared to last year.

22 CASH AND CASH EQUIVALENTS

	31 March 2014 £000	31 March 2013 £000
Investments With Original Maturities of 3 Months or Less	33,881	15,781
Cash held by the Council	20	20
Bank Balance / (Overdraft)	1,738	(699)
Total	**35,639**	15,102

The Council's cash balances and investments are significantly higher than last year due to changes in grant profiles from central government and the introduction of the Business Rates Retention Scheme on 1 April 2013. The transfer of a large multi-national company onto the Council's valuation list also materially increased the level of Business Rates collected locally leading to a large surplus on the Collection Fund.

23 SHORT TERM CREDITORS

	31 March 2014 £000	31 March 2013 £000
Central Government Bodies	16,042	3,943
Other Local Authorities	3,356	1,960
NHS Bodies	612	274
Public Corporations and Trading Funds	0	11
Other Entities and Individuals	28,054	23,726
Total	**48,064**	**29,914**

Following the introduction of the Business Rates Retention Scheme on 1 April 2013, £12.0m is now owed to Central Government for its share of the surplus on the Business Rates element of the Collection Fund and for the levy payment relating to additional Business Rates income.

24 PROVISIONS

2013/14	Town Centre Regeneration £000	Business Rates Appeals £000	Other £000	Total £000
Balance at 1 April 2013	3,072	0	460	3,532
Additional provisions	314	2,311	190	2,815
Unused amounts reversed	(111)	0	(57)	(168)
Unwinding of discounting	0	0	0	0
Amounts used	(667)	0	(311)	(978)
Balance at 31 March 2014	**2,608**	**2,311**	**282**	**5,201**

A new provision was created for Business Rates appeals in 2013/14. This is required to cover the liabilities arising from the refunding of ratepayers who successfully appeal against the rateable value of their properties on the rating list. The requirement results from the introduction of the Business Rates Retention Scheme on 1 April 2013. The timing and value of refunds is uncertain and is dependant on decisions to be taken by the Valuation Office Agency.

The Town Centre Regeneration provisions cover the potential cost of Compulsory Purchase Orders (CPOs) served on tenants in the northern section of Bracknell Town Centre and in Market Place. Actual payments are subject to negotiation and it has been assumed that outstanding claims can be finalised in 2014/15.

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

25 LONG TERM CREDITORS

	31 March 2014 £000	31 March 2013 £000
Other Entities and Individuals		
PFI Obligations	**5,813**	5,994
Finance Lease Obligations	**1,451**	1,451
Peel Centre Prepaid Rent	**8,512**	8,631
Deposits	**480**	0
Total	**16,256**	16,076

Deposits for leasehold properties, private street works and highways adoptions under Section 38 agreements have been split between long and short term creditors in 2013/14.

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 2014/15.

- 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 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.

2013/14	Balance at 1 April 2013	Transfers Out During 2013/14	Transfers In During 2013/14	Balance at 31 March 2014
	£000	£000	£000	£000
Earmarked Reserves				
Schools' Balances Held Under a Scheme of Delegation	4,471	(416)	316	4,371
Other Schools' Balances	1,484	(352)	812	1,944
Repairs and Renewals	46	(4)	9	51
Budget Carry Forwards	449	(449)	719	719
Insurance & Uninsured Claims	2,266	(108)	481	2,639
Cost of Structural Change	1,975	(311)	0	1,664
Education Library Service	110	(21)	0	89
Commuted Maintenance of Land	217	(13)	35	239
S106 and Travel Plan Monitoring	99	0	10	109
Capital Feasibility Studies	86	(81)	0	5
Icelandic Banks	346	0	149	495
Financial Systems Upgrade	49	(9)	0	40
Property Searches Chargeable Account	63	0	54	117
Business Rates Equalisation	2,000	(2,000)	0	0
Transformation	435	(86)	151	500
Demographic Pressures & Projects	759	(156)	106	709
Revenue Grants Unapplied	1,802	(465)	604	1,941
Early Intervention	465	(112)	0	353
Economic Development	456	(82)	176	550
School Masterplans & Feasibility Studies	300	0	200	500
Repairs and Maintenance	500	(6)	0	494
Residents Parking Scheme	0	0	140	140
Members Initiatives	0	0	630	630
Public Health Reserve	0	0	286	286
Total	**18,378**	**(4,671)**	**4,878**	**18,585**

Comparative movements in 2012/13	Balance at 1 April 2012	Transfers Out During 2012/13	Transfers In During 2012/13	Balance at 31 March 2013
	£000	£000	£000	£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**

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.

	2013/14	2012/13
	£000	£000
Opening Balance	**9,307**	9,805
Received	**4,191**	9,230
Applied to Capital Financing	**(5,532)**	(9,728)
Closing Balance	**7,966**	9,307

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.

	2013/14	2012/13
	£000	£000
As of the beginning of the period	**150,793**	134,290
Upward revaluation of assets	**10,491**	24,943
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**(8,612)**	(5,614)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**1,879**	19,329
Difference between fair value depreciation and historical cost depreciation	**(2,712)**	(2,633)
Accumulated gains on assets sold or scrapped	**(1,662)**	(193)
Amount written off to the Capital Adjustment Account	**(4,374)**	(2,826)
Closing Balance	**148,298**	150,793

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.

	2013/14	2012/13
	£000	£000
Balance at 1 April	346,848	346,740
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	(13,376)	(14,510)
Revaluation Losses on Property Plant & Equipment	(5,671)	(5,655)
Amortisation of Intangible Assets	(551)	(459)
Revenue Expenditure Funded from Capital under Statute	(2,794)	(920)
Amount of non-current asset written off on sale as part of the gain/loss on sale to the Comprehensive Income and Expenditure Statement	(7,400)	(2,915)
	(29,792)	(24,459)
Adjusting amounts written out of the Revaluation Reserve	4,374	2,826
Net written out amount of the cost of non-current assets consumed in the year	(25,418)	(21,633)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	4,545	3,882
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	7,342	5,746
Application of Capital Grants and Contributions to capital financing from the Capital Grants Unapplied Reserve	5,532	9,728
Statutory provision for the financing of capital investment	1,572	1,364
Capital expenditure charged against the General Fund balance	1,100	0
	20,091	20,720
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	629	1,049
Repayment of loans	(77)	(28)
Balance at 31 March	**342,073**	346,848

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.

	2013/14	2012/13
	£000	£000
As of the beginning of the period	2,271	1,792
Shared Equity Property Finance Leases	182	137
Byways Finance Lease	0	362
Asset disposal/Ocean House Lease	346	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(131)	(20)
Closing Balance	**2,668**	2,271

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 2014 £000	31 March 2013 £000
Mortgages on Council Houses Sold	25	27
Housing Act Advances	0	1
Housing Association Loans	408	420
Loan to Warfield Parish Council	87	91
Rent to Mortgage Properties	376	376
Shared Equity Property Finance Leases	1,175	994
Byways Finance Lease	362	362
Seymour House disposal/Ocean House Lease	235	0
Total	**2,668**	2,271

31 COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and Business Rates payers compared with the income calculated for the year in accordance with statutory requirements. The significant change in the balance relates to the surplus on Business Rates which was included in the Collection Fund for the first time in 2013/14.

	2013/14 £000	2012/13 £000
As of the beginning of the period	209	124
Net change during the year	6,265	85
Closing Balance	**6,474**	209

32 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.

	2013/14 £000	2012/13 £000
As of the beginning of the period	5,198	4,902
Net change during the year	(90)	296
Closing Balance	**5,108**	5,198

33 COMMITMENTS

Capital Commitments

Estimated commitments for capital expenditure for significant schemes that had started, or where legal contracts had been entered into, as of 31 March 2014 are as follows.

Capital Scheme	£000
Time Square Accommodation	795
Time Square Power Generator	164
Great Hollands Community Centre & Library	246
The Parks Community Centre/Sports Pavilion	176
Replace existing Combined Heat & Power Units – Coral Reef/Leisure Centre	348
Maintenance of Car Parks	150
Crown Wood - Phase 3	809
Total	**2,688**

Other Long Term Contracts

The Council is committed to making payments under the following major contracts as of 31 March 2014:

Contract	Contractor	Contract Expiry Date	Approximate Annual Value £000
Highways (including Street Lighting)	Ringway Highway Services Ltd	30/09/2021	6,000
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
Time Square Refurbishment	Brymor Contractors Ltd	30/06/2014	3,577
Landscaping (includes schools)	Continental Landscapes	30/09/2021	1,002
Building & Engineering Repair and Maintenance Services	Graham Facilities Management	15/05/2015	1,000
Programme Manager and Multi Discipline Works	Atkins Limited	01/07/2018	1,000
Utilities (Gas and Electricity)	EDF, Corona Energy and British Gas	Various	632
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
Office & Public Building Cleaning	KGB Cleaning & Support Services Ltd	03/01/2016	800
Street Cleansing	Continental Landscapes	30/09/2021	762
Car Park Management, Equipment Supply, Maintenance and Enforcement Services	Vinci Park Services Ltd	30/06/2015	740
Insurance and Claims Handling Services	Chubb Insurance, Topmark Adjustors, Risk Management Partners, Allianz Insurance PLC, Osaco SA UK, Travellers Insurance Company	31/03/2016	611
Connexions Berkshire Partnership	Adviza (Formerly Connexions)	31/08/2016	600
Provision of Road Based Transport Services	Courtney Coaches Ltd, First Beeline Buses Ltd, London United Busways Ltd	01/12/2016	707
Various individual adult social care packages	Radian Support, Dimensions, Excel Support, Sandridge House, Birdsgrove and Link Nursing & Care Agency	Ongoing	10,007
			32,348

34 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	31 March 2014			
	Short Term	Long Term	Total	Fair Value
	£000	£000	£000	£000
Investments – Loans and Receivables (including accrued interest)	14,727	0	14,727	14,727
Debtors – Loans and Receivables	0	3,961	3,961	3,995
Debtors – Financial Assets Carried at Contract Amount	12,134	0	12,134	12,134
Total Financial Assets	**26,861**	**3,961**	**30,822**	**30,856**
Loans - Financial Liabilities Carried at Amortised Cost	1,500	0	1,500	1,500
Creditors – Financial Liabilities Carried at Contract Amount	27,819	0	27,819	27,819
Creditors – Financial Liabilities Carried at Amortised Cost (PFI and finance leases)	181	7,265	7,446	12,779
Total Financial Liabilities	**29,500**	**7,265**	**36,765**	**42,098**

	31 March 2013			
	Short Term	Long Term	Total	Fair Value
	£000	£000	£000	£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

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, Business 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.

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 has long term liabilities (the PFI contract and Longshot Lane finance lease) 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:

2013/14	Loans and Receivables	Financial Liabilities Carried at Amortised Cost	Total
	£000	£000	£000
Interest expense	0	(578)	(578)
Impairment Losses	0	0	0
Total Expense in Surplus or Deficit on the Provision of Services	0	(578)	(578)
Interest Income	606	0	606
Interest Income Accrued on Impaired Financial Assets	33	0	33
Impairment Reversal	116	0	116
Gain on exchange rate difference	0	0	0
Total Income in Surplus or Deficit on the Provision of Services	755	0	755
Net Gain/(Loss) for the Year	755	(578)	177

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

Key Risks

The Council's activities expose it to a variety of financial risks. 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;
- Refinancing risk – the possibility that the Council might be required 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 27 February 2013 and is available on the Council website at http://www.bracknell-forest.gov.uk/treasury-management-and-investment-strategy-2013-to-2014.pdf. The key issues within the strategy were:

- The Authorised Limit for 2013/14 was set at £61m. This is the maximum limit of external borrowings or other long term liabilities.

- The Operational Boundary was expected to be £56m. 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 27 February 2013 and is available on the Council website at http://www.bracknell-forest.gov.uk/treasury-management-and-investment-strategy-2013-to-2014.pdf.

The key areas are as follows:

- The minimum criteria for investment counterparties are:
  - In light of the changing economic backdrop, the shift in the relative importance of credit-ratings and the sector's requirement for a more sophisticated approach to counterparty selection, the Council's Treasury Management advisers have developed a modelling approach. This utilises credit ratings from the three main credit rating agencies supplemented with overlays of credit watches and outlooks in a weighted scoring system. This is then combined with Credit Default Swap (CDS) spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. This service uses a wider array of information than just primary

ratings and by using a risk weighted scoring system does not give undue preference to just one agency's ratings. The minimum credit rating that the Council will use will be a short term rating of F1 and a long term rating of A-, with Viability ratings of BB+ and a Support rating of 3.
  - 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

The Council's maximum exposure to credit risk in relation to its deposits in banks, building societies and money market funds of £49.7m (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 2014 that this was likely to crystallise.

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 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 2014	Historical experience of default	Adjustment for market conditions at 31 March 2014	Estimated maximum exposure to default at 31 March 2014	Estimated maximum exposure to default at 31 March 2013
	£000	%	%	£000	£000
	(a)	(b)	(c)	(a * c)	
Customers (trade debtors)	**3,291**	**8.4%**	**8.4%**	**276**	254
TOTAL	**3,291**			**276**	254

The Council does not generally allow credit for its customers, such that £2.054m of the £3.291m balance is past its due date for payment.

The past due but not impaired amount can be analysed by age as follows:

	31 March 2014	31 March 2013
	£000	£000
Less than one month	**1,058**	282
One to three months	**265**	212
Three months to four months	**163**	36
More than five months	**568**	548
	2,054	1,078

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 2014 was £0.02m (2012/13 £0.02m).

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. Recoveries are expressed as a percentage of the Council's claim in the administration, which includes interest accrued up to 6 October 2008. A total repayment of £0.344m (16.7%) was received in 2013/14 bringing the total to date to 94% of the claim (£1.930m). The Administrators have retained a reserve of £39.3m (equivalent to 3.5%) to fully provide for legal and administrative costs associated with a claim by LBI hf (formerly Landsbanki Islands hf). They do not intend to make any further distributions until the conclusion of the claim; with the timing and amount dependant on the progress and outcome of the associated trial. The accounts assume that no further repayments will be received

Glitnir Bank is an Icelandic entity. The Council's preferential creditor status for the Glitnir deposit was confirmed in 2011/12 and a payment of £2.521m received; however there are still legal issues to be resolved regarding the exchange rates used for the conversion to sterling. 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 2014 was valued in the accounts at £0.672m. The timing of the final payment is uncertain. The escrow account accrues interest at 4.2% 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 2014. As the exchange rate remained the same compared to 31 March 2013, there was no gain/loss to be reflected in the Comprehensive Income and Expenditure Statement (as required by 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 2014 £000**	**Cumulative Impairment £000**
Heritable Bank	29/04/08	19/12/08	2,000	5.95	0	318
Glitnir Bank	01/04/08	31/3/09	3,000	6.43	0	675
Glitnir Escrow A/c	16/03/12		579	4.20	672	0

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

Bank	Credited 2013/14 £000	Received 2013/14 £000	Credited 2012/13 £000	Received 2012/13 £000
Heritable Bank	**(5)**	**0**	(17)	0
Glitnir Escrow Account	**(28)**	**(4)**	(21)	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	(240)
Impact on Surplus or Deficit on the Provision of Services	**(240)**
Decrease in fair value of fixed rate investment assets	244
Impact on Other Comprehensive Income and Expenditure	**244**
Decrease in fair value of fixed rate liabilities (no impact on the Comprehensive Income and Expenditure Statement)	**1,460**

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.

35 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.

The provision for business rates appeals is based on appeals that were lodged by 31 March 2014. There are potentially a number of other appeals that could be lodged relating to 2013/14 and earlier years but it is not possible to determine the likelihood or quantify the impact on the Collection Fund.

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.

36 POOLED BUDGETS

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 has been 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 2013/14	**3,351**	**3,351**	**1,657**
Financial Year 2012/13	3,215	3,215	1,675

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 2013/14	**5,621**	**5,621**	**253**
Financial year 2012/13	5,227	5,227	181

37 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 2013/14 for £0.428m. Costs associated with building repairs and maintenance (£0.042m), carbon allowances (£0.006m) and grounds maintenance (£0.095m) 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 officers whose responsibilities could be relevant. The declarations confirmed that no material related party transactions exist.

38 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 2014, the Council administered £1.24m within 133 bank accounts (£1.25m as at 31 March 2013). Additionally, as part of these responsibilities, two residential properties were under the Council's management. The assets are not owned by the Council and have therefore not been included in the financial statements.

39 PRIOR PERIOD ADJUSTMENTS

The Comprehensive Income and Expenditure Statement has been restated for 2012/13 to reflect the changes in accounting policy brought about by the June 2011 amendments to IAS 19 *Employee Benefits.* The pension interest cost and expected return on pension assets entry has been replaced with a single net interest cost based on the net defined benefit liability and the pension discount rate. Other pension administration costs are also now charged to Other Operating Expenditure rather than being deducted from the return on assets. "Remeasurements" are charged to Other Comprehensive Income & Expenditure which comprise any return on plan assets that has not been included in net interest as well as actuarial gains and losses. Disclosures have also been enhanced to aid the understanding of the pension entries.

Extract from the Comprehensive Income and Expenditure Statement – only affected lines are shown

2012/13	Original Net Expenditure £000	Restatement £000	Restated Net Expenditure £000
Other Operating Expenditure			
Other Pension Administration Costs	0	141	141
Financing and Investment Income and Expenditure			
Net Interest on the Net Defined Benefit Pension Liability	4,470	1,562	6,032
(Surplus) or Deficit on Provision of Services	**6,197**	**1,703**	**7,900**
Remeasurements of the Net Defined Benefit Pension Liability - BFC	(1,316)	(1,619)	(2,935)
Remeasurements of the Net Defined Benefit Pension Liability - Former BCC Fund	4,692	(84)	4,608
Other Comprehensive Income & Expenditure	**(15,953)**	**(1,703)**	**(17,656)**

The changes have no net impact on the General Fund or the Balance Sheet. The resulting increase in charge to the Surplus/Deficit on the Provision of Services is reversed out in the Movement in Reserves Statement as follows:

Adjustment to the Movement in Reserves Statement

2012/13	General Fund & Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Total Comprehensive Income and Expenditure			
Surplus or (Deficit) on Provision of Services	(1,703)	0	(1,703)
Other Comprehensive Income & Expenditure	0	1,703	1,703
Adjustments Between Accounting Basis and Funding Basis Under Regulations			
Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on Provision of Services	1,703	(1,703)	0

The figures affected in the Cash Flow Statement are as follows:

	Original Cash Flow £000	Restatement £000	Restated Cash Flow £000
Cash Flows From Operating Activities			
Surplus or (Deficit) on Provision of Services	(6,197)	(1,703)	(7,900)
Adjust for Non Cash Movements			
Changes in Net Pension Liability	7,788	1,703	9,491

40 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 24 September 2014. There were no post balance sheet events.

THE COLLECTION FUND

	Notes	2013/14 Business Rates £000	2013/14 Council Tax £000	2013/14 Total £000	2012/13 Business Rates £000	2012/13 Council Tax £000	2012/13 Total £000
Income							
Council Tax Receivable	3		**57,550**	**57,550**		61,256	61,256
Business Rates Receivable	2	**71,688**		**71,688**	52,065		52,065
Less Transitional Protection Payments Payable		**(872)**		**(872)**	0		0
		70,816	**57,550**	**128,366**	52,065	61,256	113,321
Expenditure							
Apportionment of Previous Year Surplus							
Central Government	6	**0**		**0**	0		0
Bracknell Forest Council	6	**0**	**268**	**268**	0		0
Royal Berkshire Fire Authority	6	**0**	**13**	**13**	0	0	0
Police and Crime Commissioner	6		**36**	**36**		0	0
Precepts, Demands and Shares							
Central Government	4	**26,743**		**26,743**	51,922		51,922
Bracknell Forest Council	4	**26,209**	**47,625**	**73,834**	0	51,654	51,654
Royal Berkshire Fire Authority	4	**535**	**2,494**	**3,029**	0	2,484	2,484
Police and Crime Commissioner	4		**6,472**	**6,472**		6,885	6,885
Charges to Collection Fund							
Less: write offs	5	**794**	**61**	**855**		102	102
Less: Increase/(Decrease) in Bad Debt Provision		**(222)**	**50**	**(172)**		31	31
Less: Increase/(Decrease) in Provision for Appeals		**4,717**		**4,717**	0		0
Less: Cost of Collection		**143**		**143**	143		143
Less: Disregarded Amounts		**1**		**1**	0	0	0
		58,920	**57,019**	**115,939**	52,065	61,156	113,221
(Surplus)/Deficit for the year	7	**(11,896)**	**(531)**	**(12,427)**	0	(100)	(100)
(Surplus)/Deficit at the beginning of the year		**0**	**(247)**	**(247)**	0	(147)	(147)
(Surplus)/Deficit for the year		**(11,896)**	**(531)**	**(12,427)**	0	(100)	(100)
(Surplus)/Deficit at the end of the year		**(11,896)**	**(778)**	**(12,674)**	0	(247)	(247)

1 Accounting Policy

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 Business Rates (Non-Domestic Rates) and Council Tax, and illustrates the way in which these have been distributed to preceptors, Central Government 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. 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 also collects Business Rates on behalf of Central Government and the Royal Berkshire Fire Authority.

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, its preceptors and Central Government. The preceptors' and Central Government's shares 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 Movement in Reserves Statement.

For Council Tax, 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 Council Tax element of the Collection Fund (as estimated at 31 January) for the previous year. For Business Rates it equals the Council's proportionate share of income (as estimated before the start of the year) plus/less the Council's share of the surplus/deficit on the Business Rates element of the Collection Fund (as estimated at 31 January) for the previous year plus the tariff and levy payments due for the year.

2 Income from Business Rates

The Council collects Business Rates for its area which is based on local rateable values multiplied by a Uniform Rate.

Total Business Rateable Value 31 March 2014	£169,718,340 (£132,831,730 31 March 2013)

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

Business Rate Multiplier - Standard 47.1p (45.8p 2012/13)

Business Rate Multiplier - Small Business 46.2p (45.0p 2012/13)

3 Council Tax

The Council's tax base for 2013/14 was 41,120. 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	5	5/9ths	3
A	1,689	1,405	6/9ths	937
B	4,294	3,594	7/9ths	2,795
C	17,578	15,703	8/9ths	13,958
D	8,943	8,264	9/9ths	8,264
E	7,731	7,276	11/9ths	8,893
F	4,657	4,464	13/9ths	6,448
G	2,151	2,083	15/9ths	3,472
H	255	230	18/9ths	460
	47,298			45,230
		Less allowance for losses on collection		(339)
		Less allowance for Council Tax Reduction Scheme		(4,380)
		Add contributions in lieu from MoD		248
		Add allowance for new properties		361
		Council Tax Base		**41,120**

This Council Tax Base equates to a Council Tax charge during the year of £68.722m less reductions including discounts and exemptions, to reach a Council Tax income of £57.550m.

4 Precepts, Demands and Shares

The Council collects precepts within the Council Tax from the Local Taxpayers for the Thames Valley Police Authority and the Royal Berkshire Fire Authority. The Council acts as agent for the Royal Berkshire Fire Authority and Central Government in collecting their share of Business Rates.

5 Bad Debts and Write-offs of Uncollectable Amounts

A total of £0.061m was written off as irrecoverable debts relating to Council Tax. Last year, debts written off were £0.102m. The Council tax bad debt provision has increased by £0.050m to £0.396m.

A total of £0.794m was written off as irrecoverable debts relating to Business Rates. The most significant write off (approximately £0.5m) related to Public Safety Charitable Trust Ltd who operated a rate avoidance scheme in a number of large premises in several council areas. Whilst the company lost the case in the High Court, the company faced a multi-million-pound bill for Business Rates and was subsequently wound up. The Business Rates bad debt provision was reduced by £0.222m to £1.299m.

6 Contributions

The payments of £0.268m, £0.013m and £0.036m during the year relate to the 2012/13 Council Tax surplus identified in the 2013/14 budget. There was no Council Tax surplus distributed to the major preceptors during 2012/13 relating to the 2011/12 surplus.

7 Provision for Appeals

A provision of £4.717m has been made to reflect Business Rates appeals made to the Valuation Office Agency that are outstanding as at the 31st March 2014. The provision results from the introduction of the Business Rates Retention Scheme in 2013/14.

8 Collection Fund Surplus / Deficit

A surplus of £12.427m has been achieved on the Collection Fund, broken down into Council Tax £0.531m and Business Rates £11.896m. Last year a surplus of £0.100m was achieved on Council Tax. The balance of the Fund carried forward is a £12.674m surplus.

During 2013/14 a large multi-national company was transferred on to the Council's valuation list which materially increased the level of Business Rates collected locally. This is the main reason a significant surplus was generated on Business Rates. The increase in the Council Tax surplus is due in the main to a lower than anticipated take up of the Local Council Tax Benefit Support Scheme.

Share of Surplus	Opening Balance £000	Council Tax £000	Business Rates £000	Closing Balance £000
Bracknell Forest Council	208	446	5,829	6,483
Central Government	0	0	5,948	5,948
Police & Crime Commissioner	28	62	0	90
Royal Berkshire Fire Authority	11	23	119	153
Total	**247**	**531**	**11,896**	**12,674**

GLOSSARY

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.

BUSINESS RATES TARIFF
Central government calculates a funding level for every council each financial year. Should a council expect to receive more in non-domestic rates than its funding level then a tariff payment is made to Central Government.

BUSINESS RATES LEVY
Levies are charges on councils that experience “growth” and pay a tariff. “Growth” for levy purposes occurs when a council's Business Rates revenue increases faster than its funding level (which will increase with RPI). The levy limits the percentage increase in funding for a council so that it is no more than the percentage increase in Business Rates.

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.

CONSUMER PRICE INDEX (CPI)
A measure of inflation published monthly by the Office for National Statistics that measures the change in the cost of a basket of retail goods and services. Unlike the Retail Price Index (RPI), the CPI takes the geometric mean of prices to aggregate items at the lowest levels, instead of the arithmetic mean and excludes mortgage interest payments.

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 defined benefit pension scheme liabilities expected to arise from employee service in the current period.

CURTAILMENT
A curtailment happens when a council significantly reduces the number of employees covered by a defined benefit pension plan and may arise as a result of an isolated event such as the closing of a part of a council, discontinuance of an operation or termination or suspension of a plan.

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.

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.

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.

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.

NET INTEREST COST ON THE NET DEFINED BENEFIT PENSION LIABILITY
For a defined benefit scheme, the change in the net liability during the period because the benefits are one period closer to settlement.

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 change 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 changes to, retirement benefits or a curtailment.

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.

REMEASUREMENTS OF THE NET DEFINED BENEFIT PENSION LIABILITY
Comprised of actuarial gains and losses and any return on plan assets not already included in the net interest calculation.

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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