

Notice of Meeting

Governance & Audit Committee – Advisory Meeting

Councillor Allen (Chairman),
Councillor Wade (Vice-Chairman),
Councillors Brossard, Gbadebo, Mrs Hayes MBE, Heydon, Leake
and Tullett

Wednesday 22 September 2021, 7.30 pm

Online Only - via MST



Agenda

Recommendations arising from this meeting will be considered in accordance with the delegations approved by Council on 28 April 2021.

Item	Description	Page
1.	Apologies for Absence	
	To receive apologies for absence and to note the attendance of any substitute members.	
2.	Declarations of Interest	
	<p>Members are asked to declare any disclosable pecuniary or affected interests in respect of any matter to be considered at this meeting.</p> <p>Any Member with a Disclosable Pecuniary Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.</p> <p>Any Member with an affected Interest in a matter must disclose the interest to the meeting. There is no requirement to withdraw from the meeting when the interest is only an affected interest, but the Monitoring Officer should be notified of the interest, if not previously notified of it, within 28 days of the meeting.</p>	
3.	Minutes of previous meeting	3 - 6
	To approve as a correct record the minutes of the meetings of the Committee held on 23 June 2021.	
4.	Urgent Items of Business	
	Any other items which, pursuant to Section 100B(4)(b) of the Local Government Act 1972, the Chairman decides are urgent.	
5.	External Audit: Audit Results Report	7 - 58
	To advise Members of a report by the Council's external auditor summarising the work carried out to discharge their statutory audit responsibilities.	

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	Reporting: Stuart McKellar	
6.	Financial Statements 2019/20	59 - 206
	To receive the Councils Financial Statements 2019/20. Reporting: Stuart McKellar	
7.	Strategic Risk Register	207 - 234
	To receive the updated Strategic Risk Register. Reporting: Sally Hendrick	
8.	Internal Audit Update	235 - 256
	To receive an update on progress on the annual Internal Audit Plan. Reporting: Sally Hendrick	
9.	Exclusion of Public and Press	
	To consider the following motion: That pursuant to Regulation 21 of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2000 and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of items 9 & 10 which involves the likely disclosure of exempt information under the following category of Schedule 12A of the Local Government Act 1972: (3) Information relating to the financial or business affairs of any particular person.	
10.	Counter Fraud Update	257 - 262
	An update on fraud cases and counter fraud activity since April 2021. Reporting: Sally Hendrick	

Sound recording, photographing, filming and use of social media is permitted. Please contact Hannah Harding, 01344 352308, Hannah.harding@bracknell-forest.gov.uk, so that any special arrangements can be made.

Published: 14 September 2021

EMERGENCY EVACUATION INSTRUCTIONS

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**GOVERNANCE & AUDIT COMMITTEE
23 JUNE 2021
7.30 - 8.40 PM**

Present:

Councillors Allen (Chairman), Wade (Vice-Chairman), Mrs Hayes MBE, Heydon, Leake and Neil

Apologies for absence were received from:

Councillors Tullett

4. Declarations of Interest

There were no declarations of interest.

5. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on the 24 March 21 and the Annual Meeting held on 28 April 21 be approved as a correct record, and signed by the Chairman.

6. Urgent Items of Business

There were no urgent items of business.

7. Internal Audit Annual Assurance Report 2020/21

Sally Hendrick, Head of Audit and Risk Management, reported to members on the Internal Audit Annual report.

It was confirmed to the committee that risk management and corporate governance arrangements were currently considered adequate. The Head of Audit and Risk Management was only able to give a partial opinion on the control environment. Improvement had been made since last year when only a limited assurance opinion could be given, however progress had slowed down due to the pandemic and further actions needed to be taken to ensure an adequate control environment.

The Head of Audit and Risk Management was unable to give an opinion on schools because auditors were not allowed on site during the pandemic. It was confirmed that a presence was required onsite to carry out certain elements within the schools. Steps were being taken to ensure that this can be progressed going forward including a pilot for remote audits.

Following questions, it was noted:

- There was a focus on issues relating to debt management and loans. It was questioned about whether this was a concern. Audit work in that area identified that this was an area which needed improvement. The pandemic and staffing pressure had held up progress on debt management. Debt management action was delegated to each service

area and these services had also had additional pressures during the last year which meant progress had been limited. It was questioned whether there was a case for bringing it under central control however it was explained that there would be difficulties in doing this especially around social care and was an area under view.

- It was questioned whether Stuart McKellar, Borough Treasurer, could circulate a response to address the viability of consolidating debt management for all council departments.

The committee **NOTED** the Internal Audit Annual Assurance report 2020/21.

8. **Standards Annual Report**

Sanjay Prashar, Borough Solicitor, reported to members on the Standards Annual Report from 1 April 2020 to 31 March 2021. It was noted that this covered both borough and parish councillors.

It was noted that there were 9 complaints this year. One complaint around bullying had resulted in a finding, whilst most of the others were resolved informally.

The Local Government Association (LGA) had now published their model code of conduct and the council's code of conduct would be revised considering this.

Following questions the following was noted:

- It was good to see sanctions put in place where it was considered that there was a breach in the code of conduct.
- Parish procedures should be reviewed to ensure that the chair would be notified of any breaches of the code.
- Any changes brought about by the model code of conduct review would be discussed with Parish and Town clerks so these changes could be implemented.

The committee **NOTED** the Standards outputs in 2020/21 as set out in the report

9. **Annual Governance Statement**

Sanjay Prashar, Borough Solicitor, reported to members on the annual governance statement. All authorities needed to produce an annual governance statement based on an analysis of structures and systems throughout the year as well as feedback from a questionnaire by senior officers. The methodology used was the Chartered Institute of Public Finance and Accountancy (CIPFA) 7 principles of good governance. Each principle has been given an assurance and there were some areas of significant change. The pandemic had been the biggest challenge last year and the Council had responded to it well. Remote working had also been a challenge, but it was felt that this has also been met with the benefit of the Microsoft Teams app.

The Governance Statement included an action plan with relevant updates. It was noted that the pandemic recovery plan had been delayed due to the government extension of lockdown and progress would be reviewed at the earliest opportunity.

There was also a planned review of the code of conduct. A report would be going to the Code of Conduct Working Group so the policy could be compared with the Local Government Associations Model code and any necessary updates made along with the whistle blowing policy.

Following a positive audit from the Information Commissioners Office there had been some follow up actions and it has been confirmed that they have concluded their enquiries. One action was to create a corporate contract register and this was being developed by the Information Governance project lead.

Following questions, it was noted:

- That there was not a clear methodology for assessment beyond the 7 key CIPFA principles. However, if there were any concerns then an assurance would not be given by the monitoring officer and this was considered throughout the year.
- That the monitoring officer was satisfied that the issues being covered by these principles were being addressed.
- It was confirmed that the code of conduct would be brought back to this committee in future.
- It was confirmed that the document was a statutory requirement.
- The report would be approved by the Chief Executive, the Leader and would be looked at by external audit to check for inconsistencies.

RESOLVED that the committee approve the draft Annual Governance Statement (“AGS”) and Action plan.

CHAIRMAN

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TO: GOVERNANCE AND AUDIT COMMITTEE
22 September 2021

EXTERNAL AUDIT: AUDIT RESULTS REPORT
(Executive Director: Resources)

1 PURPOSE OF REPORT

- 1.1 This report advises Members of a report by the Council's external auditor summarising the work carried out to discharge their statutory audit responsibilities.

2 SUPPORTING INFORMATION

- 2.1 The Code of Audit Practice requires the external auditor to provide a summary of the work they carried out to discharge their statutory audit responsibilities to 'those charged with governance'. It is also a requirement that this summary be considered ahead of the signing of the accounts by the external auditor, which must be no later than 30 November 2020.
- 2.2 It was not possible to meet the 30 November deadline due to delays in the completion of the audit of the Royal County of Berkshire Pension Fund by Deloitte LLP. Now that the detailed audit work is complete, the external auditor has issued a report. Andrew Brittain of Ernst & Young will be at the meeting to present the report and answer queries. The report is attached.

Contacts for further information

Stuart McKellar – 01344 352180
Stuart.mckellar@bracknell-forest.gov.uk

Arthur Parker – 01344 352158
Arthur.parker@bracknell-forest.gov.uk

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Bracknell Forest Council Audit results report

Year ended 31 March 2020

September 2021

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the top right corner of the logo area.

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September 2021



Dear Governance and Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Governance and Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Bracknell Forest Council for 2019/20.

We have substantially completed our audit of Bracknell Forest Council for the year ended 2019/20.

As set out on pages 5 to 9, a number of issues have arisen as a result of COVID-19 which impacted on our audit. Subject to concluding the outstanding matters listed in our report we confirm that we expect to issue an unqualified audit opinion on the financial statements.

This report is intended solely for the use of the Governance and Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Governance and Audit Committee meeting on 22 September 2021.

Yours faithfully

Andrew Brittain

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements with which auditors must comply, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature. This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. As appointed auditor, we take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



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01 Executive Summary

Executive Summary

Scope update

In our audit planning report for the March 2020 Governance and Audit Committee meeting, we provided Members with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to reporting timescales

- ▶ As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404 came into force on 30 April 2020. This announced a change to the publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

Changes to our risk assessment as a result of COVID-19

- ▶ **Valuation of Property Plant and Equipment (PPE) and Investment Property (IP)** - The Royal Institute of Chartered Surveyors (RICS), which sets the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of COVID-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's valuers. We consider that the material uncertainties disclosed by the valuers gave rise to an additional risk relating to disclosures on the valuation of PPE and IP.
- ▶ **Disclosures on Going Concern** - We are required to consider management's going concern assessment and the impact of COVID 19. We considered the unpredictability of the current environment gave rise to a risk that the Local Authority would not appropriately disclose the key factors relating to going concern, underpinned by management's assessment on the effects of COVID-19 and the Local Authority's actual year-end financial position and performance.
- ▶ **Events after the balance sheet date** - We identified an increased risk that further events after the balance sheet date concerning the current COVID-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needs to reflect the specific circumstances of the Local Authority.

Changes to the scope of our audit as a result of COVID-19

- ▶ We followed up any impact of COVID-19 on how internal controls operated, and revisited the risks around the valuation of PPE and investment property, and how officers had challenged the valuations provided to them by their specialists.

Changes in materiality

- ▶ In our Audit Planning Report, we communicated that our audit procedures would be performed using a materiality of £5.567m, with performance materiality at 75% of overall materiality of £4.175m, and a threshold for reporting misstatements of £278K. We have considered whether any change to our materiality is required in light of COVID-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remain appropriate.
- ▶ We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of 2% of gross expenditure, we have updated our overall materiality assessment to £5.629m. This results in updated performance materiality of £4.222m, and an updated threshold for reporting misstatements of £281k.



Executive Summary

Scope update

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports because of COVID-19. Due to the unprecedented events over the last sixteen months there is currently a requirement that all audit opinions issued by EY are consulted on centrally by the firm's Professional Practice Directorate to ensure a consistent and robust approach is taken. The changes to audit risks, audit approach and consideration on the impact on auditor reporting requirements have changed the level of work we needed to perform. There will be an impact on the audit fee, but we are not yet in a position to quantify this.

Executive Summary

Status of the audit

We have substantially completed our audit of Bracknell Forest Council's financial statements for the year ended 31 March 2020 and have performed the procedures outlined in our Audit Planning Report. Subject to satisfactory completion of the following outstanding items, we expect to issue an unqualified opinion on the Council's financial statements. However until work is complete, further amendments may arise:

Outstanding work includes:

- Receipt of the signed management representation letter
- Completion of subsequent events review
- Sending the WGA return to the NAO

We expect to issue the audit certificate at the same time as the audit opinion.

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Audit differences

There are no unadjusted audit differences arising from our audit at the current time.

At the date of this report, we have not identified any misstatements above the threshold that have been adjusted by management.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance and Audit Committee.



Executive Summary

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Bracknell Forest Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We note here that although we identified the valuation of assets as an area of focus, the impact of COVID-19 (both here and as it relates to potential post-balance sheet events) has exacerbated the issue.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance and Audit Committee.

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Executive Summary

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Value for money

We considered the Council's arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we noted one significant risk concerning financial resilience and the delivery of a robust medium term financial plan. We also revisited our risk analysis during the audit once the impact of COVID-19 began to appear and concluded that our original risk remained valid with no further additional significant risks identified. Refer to section 05 for full details.

We have no matters to report about the Council's arrangements to secure economy efficiency and effectiveness in its use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. As the Council falls under the NAO's reporting threshold, this work consists purely of a return to confirm this. The return is sent once we have finalised the financial statements.

Independence

Please see Section 09 for our update on Independence.



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Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What did we do and what judgements did we focus on?

We have:

- ▶ asked management about risks of fraud and the controls to address those risks;
- ▶ Ensured we understood the oversight given by those charged with governance of management's processes over fraud; and
- ▶ considered the effectiveness of management's controls designed to address the risk of fraud.

We also performed mandatory procedures regardless of specifically identified fraud risks, including:

- ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ assessing accounting estimates for evidence of management bias; and
- ▶ evaluating the business rationale for significant unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale.

What are our conclusions?

Based on the work completed to date we have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We have not identified any transactions during our audit which appeared unusual or outside the Council's normal course of business.



Areas of Audit Focus

Significant risk

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed that the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What did we do and what judgements did we focus on?

We have:

- 20 reviewed and tested revenue and expenditure recognition policies;
- reviewed and discussed with management any accounting estimates on revenue or expenditure recognition for evidence of bias;
- ▶ developed a testing strategy to test material revenue and expenditure streams, and reviewed and tested any material revenue cut-off at the year end;
- ▶ reviewed in-year financial capital projections and compared them to the year-end position;
- ▶ Tested PPE additions to ensure they were appropriately supported by documentary evidence, and that the expenditure incurred and capitalised is clearly capital in nature; and
- ▶ Sought to identify and understand the basis for any significant journals transferring expenditure from non-capital codes to PPE additions or from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions?

Based on the work completed to date we have not identified any inappropriately capitalised revenue expenditure.



Areas of Audit Focus

Significant risk

Valuation of land and buildings

What is the risk?

The Local Authority Accounting Code of Practice require the Council to make extensive disclosures within its financial statements regarding its land and buildings. The net book value of Property, Plant and Equipment (PPE) represents a significant balance (£540.489m as at 31 March 2020) in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. In the prior period we identified errors made in the valuation process. Given the £14.4 million adjustment in the 2018/19 accounts for land & building values, we classify this as a significant risk.

Additionally, the uncertain impact of COVID-19 on valuations and the material uncertainty clause (see page 5) included in the year-end valuation report reinforced our view that this should be classified as a significant risk.

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What did we do and what judgements did we focus on?

We have:

- ▶ Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ reviewed the internal challenge of external valuations by the Council's surveyor;
- ▶ Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre) and challenged the key assumptions used by the valuers;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE, and annually for Investment Property. We also considered if there are any specific changes to assets that have occurred and whether these have been communicated to the valuers;
- ▶ Reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested to confirm that accounting entries have been correctly processed and disclosed within the financial statements.
- ▶ Ensured the appropriate disclosure has been made in the accounts concerning any material uncertainty relating to year end valuations.
- ▶ Considered whether the disclosures relating to the above required an Emphasis of Matter within our audit opinion.



Areas of Audit Focus

Significant risk

Valuation of land and buildings (continued)

What are our conclusions?

We have not identified any issues with the data sent to, and the report produced by, the Authority's valuer.

Our sample testing of valuations back to key asset information used by the valuer showed that the valuations carried out were reasonable.

No issues were identified with the economic lives of assets.

Our testing of the journals for the valuation adjustments confirmed they have been accurately processed in the financial statements.

No issues were identified with the suitability of disclosures relating to the material uncertainty clauses included within the valuer report. We concluded an Emphasis of Matter paragraph was not needed within our audit opinion in respect of this.

Our work did not identify any material issues we need to report to you.



Areas of Audit Focus

Significant risk

Pension Net Liability Valuation

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What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Royal County of Berkshire Pension Fund, administered by the Royal Borough of Windsor and Maidenhead Unitary Authority (RBWM). At 31 March 2020 the pension fund deficit totalled £245 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund Administrator.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. This, alongside the impact of COVID-19 on asset values, led us to classify this as a significant risk.

In the prior year the 'McCloud' judgement impacted the estimate and resulted in an amendment of the net pension liability. We anticipate this will again be a key assumption in estimating the pension liability. We would expect the Authority's actuary to be basing their assumptions taking into account the Authority's specific membership profile and how it has been impacted by the judgement. We also note that there may be further developments in this area, potentially again coming after the balance sheet date.

What did we do and what judgements did we focus on?

We have:

- ▶ liaised with the auditors of the Berkshire County Council Pension Fund to obtain assurances over the information supplied to the actuary in relation to Bracknell Forest Council.
- ▶ assessed the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ Assessed the impact of the McCloud and Goodwin legal rulings on the IAS 19 liabilities, including adjustments made by the Council and its actuary (Barnett Waddingham) in the production of the financial accounts and valuation report.



Areas of Audit Focus

Significant risk Pension Net Liability Valuation (continued)

What are our conclusions?

We have assessed the work of the pension actuary (Barnett Waddingham) including the assumptions used. We have relied on the work of PWC - Consulting Actuaries commissioned by the NAO for all Local Government sector auditors, in turn reviewed by the EY actuarial team. We did not find any issues in this area. The accounting entries and disclosures within the Authority's financial statements had been carried out correctly based on the information the Authority received from the actuary.

We have liaised with the auditors (Deloitte) of Royal County of Berkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Authority. The response to our request was provided on 21 May 2021 however did not completely answer all the work we requested, and therefore we were required to carry out additional procedures and involve our EY pensions specialists to ensure we have the appropriate audit evidence.

Issues that have been identified by Deloitte in relation to their audit of the Royal County of Berkshire Pension Fund that members should be aware of are;

- ▶ Based on the evidence obtained from a walk-through of the key controls identified over maintaining member records; updating member records for employer monthly/annual data returns and changes identified by members, it was noted that there is no record of any formal checks performed over the data extracted from the administrative systems by a senior team member. As a result, Deloitte did not consider the controls to be designed and implemented satisfactorily and recommendations have been made to management in respect of those controls. We have considered the impact on the Council's accounts and we have concluded that this has no material effect on them.
- ▶ It was identified that there was a significant risk over the valuation of the longevity swap. The design and implementation of controls over the valuation of this investment at the Fund were tested. Based on the evidence obtained from a walk-through of the key control identified and it was noted that there was no record of any formal challenge by the Fund to the mortality assumption and discount rate. As a result, Deloitte did not consider the controls to be designed and implemented satisfactorily and recommendations have been made to management in respect of those controls. We have considered the impact on the Council's accounts and we have concluded that this has no material effect on them.
- ▶ During the audit work it was noted that the Fund made an unauthorised overnight loan to RBWM of £1.2m during the year ended 31 March 2020. This is a control weakness identified by Deloitte and an indicator of poor governance. Following consideration of the permissibility of the overnight loan and the associated control weakness, we understand that the Fund has reported the issue to the Pensions Regulator. This has not impacted the Council's audit, but is something members should be aware of.
- ▶ For the Council there was a reconciliation of the total number of active, deferred, pensioner and dependents members submitted to the actuary to the IAS19 Report produced by the Actuary. Differences of 1,318 were noted in relation to active members, 102 were noted in relation to deferred members (including "undecided" members), and 667 were noted in relation to pensioner and dependant members. The tests did not provide assurance on completeness and accuracy of individual employer membership data submitted to the actuary. Therefore we involved our EY pensions specialists to review this area in order to conclude there was not the potential for a material misstatement in the LGPS liabilities. The outcome of this work indicated a potential understatement of pensions liability of between £1.2m and £1.5m.
- ▶ No adjustments have been made to reflect the outcome of the Goodwin legal ruling. Again, we have involved our EY pensions specialists to assess the impact, and concluded an estimated understatement of pensions liability of between £0.5m to £1.0m. No audit differences are identified in relation to the McCloud legal ruling.

The judgemental differences identified in the two bullet points immediately above have not been amended by the Authority. These are reported in page 25 of this report.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What did we do?
<p>Going Concern Compliance with ISA 570</p> <p>This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.</p> <p>The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit Committee.</p> <p>The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'</p> <p>NAO guidance notes to auditors accepts that whilst the technical position regarding the going concern basis of accounting is clear, there may be a tension between the going concern assumption and the significant resource issues some authorities are facing.</p> <p>It is therefore important that authorities and auditors are aware of the requirements for assessing going concern in the local government context and consider the requirements of IAS 1 and the accounting code. Where relevant, this may require the inclusion of appropriate disclosure, for example within the narrative report.</p>	<p>We have:</p> <ul style="list-style-type: none"> ▶ Challenged and tested management's identification of events or conditions impacting going concern (i.e. the impact of Covid-19 on fees and charges), particularly areas where there is of the risk of management bias ▶ Carried out a greater amount of work to challenge management's assessment of going concern, which has included auditing cashflow forecasts covering a period of 12 months from the date of issuing the audited financial statements. ▶ Sought formal internal consultation over the appropriateness of the going concern assumptions at Bracknell Forest (and, indeed, all other audited local government bodies) ▶ Applied necessary consideration regarding the appropriateness of financial statement disclosures around going concern ▶ Carried out our work in the context of, and with due consideration of, the Practice Note 10 definition of public sector Going Concern <p>Our work did not identify any material issues we need to report to you.</p>

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

IFRS16 - leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2021/22. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- ▶ the identification of leases
- ▶ the recognition of right-of-use assets and liabilities and their subsequent measurement
- ▶ treatment of gains and losses
- ▶ derecognition and presentation and disclosure in the financial statements,
- ▶ the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- ▶ the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- ▶ the mechanics of making the transition in the 2021/22 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

What did we do?

The new standard was not included in the 19/20 CIPFA Code of Practice and has been delayed until 2022/23.

Full compliance with the revised standard for 2022/23 is likely to require a detailed review of existing lease and other contract documentation during 2021/22 in order to identify:

- ▶ all leases which need to be accounted for
- ▶ the costs and lease term which apply to the lease
- ▶ the value of the asset and liability to be recognised as at 1 April 2021 where a lease has previously been accounted for as an operating lease.

We have concluded that there is no impact on the 2019/20 financial statements.



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03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO BRACKNELL FOREST COUNCIL

Opinion

We have audited the financial of Bracknell Forest Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement; and
- Related notes to the Core Financial Statements 1 to 41;
- Collection Fund and related notes 1 to 4;
- Group related notes 1 to 2.

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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Bracknell Forest Council and Group as at 31 March 2020 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 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director: Resource's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director: Resource's has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Audit Report

Draft audit report

Our opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2019/20 **set out on pages 1 to 31**, other than the financial statements and our auditor's report thereon. The Executive Director: Resource is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, 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 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Audit Report

Draft audit report

Our opinion on the financial statements

Responsibility of the Executive Director: Resource

As explained more fully in the Statement of the Executive Director: Resource's Responsibilities set out on page 35, the Executive Director: Resource 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Executive Director: Resource is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Bracknell Forest Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Bracknell Forest Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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 Bracknell Forest Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 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 National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.



Audit Report

Draft audit report

Our opinion on the financial statements

Certificate

We certify that we have completed the audit of the accounts of Bracknell Forest Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Bracknell Forest Council as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bracknell Forest Council and Bracknell Forest Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading

[Date]

The maintenance and integrity of the Bracknell Forest Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

The level at which we highlight misstatements which have been identified during the course of our audit, and corrected by management, is £4.2m. We report to you all uncorrected misstatements greater than £281k.

At the date of this report, we have not identified any misstatements above the threshold that have been adjusted by management.

We have identified two judgemental differences. These both relate to the IAS 19 pension liability and are explained in page 16 of this report. Neither have been adjusted for by management.

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- i. Difference were identified in the member numbers reported in the IAS 19 report produced by the Actuary. We have involved our EY pensions colleague to assess the impact and concluded an estimated understatement of pension liability of between £1.2m and £1.5m.
- ii. No adjustments have been made in the Authorities accounts to the reflect the outcome of the Goodwin legal ruling. We have involved our EY pensions colleagues to assess the impact, and concluded an estimated understatement of pension liability of between £0.5m to £1.0m.

These judgement differences are individually and in aggregate below our materiality level (£4.2m) but above the level at which we report to you uncorrected misstatements (£281k).



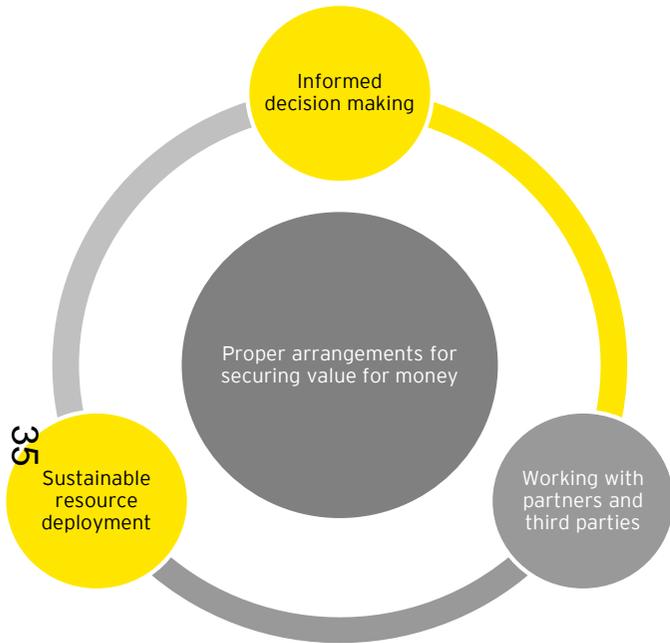
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Value for Money



Value for Money



Background

We are required to consider whether the Council has ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering the Council’s proper arrangements, we draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you must already have, and to report on through documents such as the Annual Governance Statement.

Impact of COVID-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance on the 2019/20 Value for Money assessment in the light of COVID-19.

This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider local authorities’ response to COVID-19 only as far as it relates to the 2019/20 financial year; only where the auditor sees clear evidence of a significant failure in arrangements because of COVID-19 during the financial year would it be appropriate to recognise a significant risk for the 2019/20 VFM arrangements conclusion.

Overall conclusion

We identified one significant risk around these criteria, the results of which are detailed on the following page.

Our work is not fully completed at the date of this report but we expect to have no matters to report about the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources.



Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
Delivery of a robust Medium Term Financial Plan (MTFP)		
<p>In the Council's four year Medium Term Financial Plan (MTFP) , reported to Cabinet in February 2019, the Council set a balanced budget for 2019/20. However, the cumulative shortfall of the MTFP through to 2020/21 is £9.4m, of which a £6m gap is predicted for 2020/21. The Council has a strategy in place to resolve the shortfall which is driven by commercial investment and transformational projects.</p> <p>The Council's transformational change programme is critical in enabling the Council to delivering the level of savings needed for a sustainable financial future, Progress is being made in the achievement of some £10.4 million of transformation savings and some £3.8 million of efficiency savings over the period of the MTFP until 2021/2022. There is also the planned "managed use" of the Council's Future Funding Reserve to smooth the impact of the Government planned changes to local government funding in 2020/21. £4.942 million of reserves was planned to be used in 2019/20, as part of setting a balanced budget for next year. It is estimated that there will be a balance of £17.8 million available on the Future Funding Reserve at the end of 2019/20.</p> <p>However, there is significant demand increases for Children's and Adult Social Care causing financial pressure in 19/20 and in future years which will require a higher level of savings and additional income than originally predicted to balance the 2020/21 budget. The Council's commercial programme now delivers its planned target of £3 million of income generation by 2019/20. The current focus of the Council's Corporate Management Team is, therefore, its need to review its prioritisation of transformation and enabling resources to continue its successful delivery of change.</p> <p>We will review the Council's Medium Term Financial Plan to assess whether the financial planning in place is sufficient to position the Council on a sustainable financial footing in the medium term.</p>	<p>Deploy resources in a sustainable manner</p>	<p>We:</p> <ul style="list-style-type: none"> assessed the key assumptions made within the annual budget and MTFP reviewed the progress made in identifying savings for 2020/21 and beyond assessed the effectiveness of project management by the Transformation Board in overseeing transformational projects and income generation opportunities reviewed the Council's business planning process for both generating savings and also undertaking commercial projects Reviewed the Council's response to the effect of Covid-19 on the MTFP <p>Our work did not identify any material issues we need to report to you.</p>



06 Other reporting issues

Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2019/20 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have no issues to raise.

Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations.

We have no matters to report at this stage.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We considered whether circumstances arising from Covid-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.

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Reliance on internal audit

We have not placed reliance on the work of internal audit during our audit of Bracknell Forest Council. however we have reviewed Internal Audit reports issued to management during the period to 31 March 2020 to ensure that any financial statement risks identified are considered in determining the extent of our audit procedures.



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08 Data Analytics



Use of Data Analytics in the Audit

- ▶ Data analytics – revenue recognition, income and expenditure, payroll

Analytics Driven Audit

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Data analytics

We used our data analysers to enable us to capture entire populations of the Council's financial data. These analysers:

- ▶ Help to identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Make identifying errors more likely than traditional, random sampling techniques.

In 2019/20, our use of these analysers in the authority's audit included testing journal entries and employee costs, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



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Independence

Independence

Confirmation

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning board report dated March 2020.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by you as well as by us. It is therefore important that you and your Governance and Audit Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the meeting of the Governance and Audit Committee on 22 September 2021.

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, senior management and its affiliates, including all services provided by us and our network to your Authority, senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The fees paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute are set out in our analysis of fees on the previous page.

We confirm that none of the services listed in our fee analysis has been provided on a contingent fee basis.

There are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2020 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2020>

Audit Fees

As part of our reporting on our independence, we set out a summary of the fees you have paid us in the year ended 31 March 2020. We confirm that we have not undertaken any non-audit work not allowed under the Ethical Standard. We have a separate Engagement Letter agreed with the Council to carry out certification of the Housing Benefit claim: this work has been completed. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO.

Public Sector Audit Appointments Ltd (PSAA) published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work. A breakdown of our fees is shown below. As reported in our Audit Plan, the agreed fee presented is based on a number assumptions, if any of these assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance before submission to the PSAA for approval.

4 Description	Final Fee	Planned	Final Fee
	2019/20	Fee	2018/19
	£	£	£
Audit Fee - Scale Fee	80,639	80,639	80,639
Audit Fee - Additional Work Variation (18/19 note 1; 19/20 note 2)	TBC	n/a	14,936
Non Audit Fee - Housing Benefit Certification Work	19,146	n/a	27,033
Total all fees	TBC	n/a	122,608

Note 1: We proposed a total additional fee of £14,936, to cover additional work, for 2018/19, on a value for money significant risks, valuations of property, plant and equipment, and work relating to the pension fund. The additional fee was agreed with management and approved by the PSAA.

Note 2:

We have previously reported to you that we do not believe the existing scale fees provide a clear link with a public sector organisation's risk and complexity and laid out the impact of regulatory changes which have caused that.

These factors were also reported in a national letter issued by EY to Chief Financial Officers and Chair of Audit Committees in February 2020.

We have discussed with the Council's Chief Financial Officer the implications of these factors on our assessment of your baseline fee to deliver a sustainable high-quality external audit. Our assessment is that the scale fee for Bracknell should be £126,000. The proposed increase reflects the increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for this Council as well as the changes and incremental increase in regulatory standards. The proposed increase in the baseline fee is relatively consistent with other Councils of a similar size, risk profile and complexity that EY audits.

In addition, for the 19/20 audit the impact of Covid-19, our expanded work on going concern and the issues relating to the LGPS pensions work on the audit have also impacted the volume of audit work that is required to be done. As we near the conclusion of the audit, we will be in a position to quantify the impact of these additional procedures and propose a variation to the Council's scale fee.

We will continue to discuss and share with the Chief Financial Officer our assessment of the audit fees required to safeguard audit quality and our professional standards. We will also report our proposed final position in the Annual Audit Letter to the Audit and Governance Committee.

We intend to report to PSAA our assessment of the variation required to the baseline fee and in doing so we will notify PSAA whether the Authority agree, partially agree or do not agree with our assessment. PSAA are ultimately responsible for determining the scale fee and any variations to it.

A close-up photograph of a person's hand reaching into a filing cabinet to touch a folder. The cabinet is filled with numerous folders of various colors (yellow, blue, white) and sizes, each containing stacks of papers. The background is a textured, light-colored wall.

10 Appendices

Appendix A

Required communications with the Governance and Audit Committee

There are certain communications that we must provide to the Governance and Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Terms of engagement	Confirmation by the Governance and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.		The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies, March 2020.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.		Audit planning report
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.		Audit planning report, March 2020
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 		Audit results report, 22 September 2021

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report, 22 September 2021
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results report, 22 September 2021
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Governance and Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results report, 22 September 2021
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Governance and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Governance and Audit Committee responsibility. 	Audit results report, 22 September 2021

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Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit results report, 22 September 2021
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report, March 2020</p> <p>Audit results report, 22 September 2021</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations 51	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Governance and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance and Audit Committee may be aware of 	We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit results report, 22 September 2021
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit planning report, March 2020 Audit results report, 22 September 2021

Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit results report, 22 September 2021
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report, 22 September 2021
Auditor's report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report, 22 September 2021
52 Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report, March 2020 Audit results report, 22 September 2021

Management representation letter

Management Rep Letter

Ernst & Young
Apex Plaza
Reading
RG1 1YE

Dear Andrew,

Bracknell Forest Council - Audit for the year ended 31 March 2020.

This letter of representations is provided in connection with your audit of the consolidated and council financial statements of Bracknell Forest Council ("the Group and Council") for the year ended 31 March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the Group and Council financial position of Bracknell Forest Council as of 31 March 2020 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and for the Council, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and for the Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and council financial statements. We believe the consolidated and council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and for the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. We have approved the consolidated and council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Group and for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and council financial statements taken as a whole.

Management representation letter

Management Rep Letter

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.
 - the audit; and

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and council financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Council, and committees including the Governance & Audit Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 June 2021
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Management representation letter

Management Rep Letter

6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. We have disclosed to you any cybersecurity breach that either occurred or that third parties (including regulatory agencies, law enforcement agencies and security consultants) had brought to our attention during the period under audit that could potentially be material to the financial statements.

55 D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 36 to the consolidated and council financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

F. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Going Concern

1. The consolidated and council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

I. Reserves

1. We have properly recorded or disclosed in the consolidated and council financial statements the useable and unusable reserves.

Management representation letter

Management Rep Letter

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment (“PPE”), the valuation of investment property, and the valuation of pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

59 Valuation of PPE, investment property and pension liability estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and council financial statements with respect to the accounting estimate(s) are complete, including the effects of the COVID-19 pandemic on the valuation of PPE, investment property and pension liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and council financial statements due to subsequent events, including due to the COVID-19 pandemic.

Yours faithfully,

(Executive Director: Resource)

(Chairman of the Governance & Audit Committee)

Appendix C

Regulatory update

Since the date of our last report to the Governance and Audit Committee, there have been a number of regulatory developments. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on Bracknell Forest Council 
Code of Audit Practice 2020	<ul style="list-style-type: none"> ▶ The updated Code of Audit Practice issued by the National Audit Office has introduced some significant changes to the requirements regarding auditors' work on the value for money conclusion, which will be applicable from 2020/21. 	<ul style="list-style-type: none"> ▶ The NAO are currently updating the Auditor Guidance Notes which will set out how the new Code of Audit Practice should be applied when carrying out value for money work. As such, the impact remains to be confirmed. ▶ Further updates will be provided when possible.
57 Going Concern - ISA (UK) 570 (Revised September 2019)	<ul style="list-style-type: none"> ▶ The standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, however EY expects to early-adopt the revised standard for all of our audits of periods ending on or after 30 June 2020. ▶ This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. 	<ul style="list-style-type: none"> ▶ Practice Note 10, which sets out how the auditing standards are applied in a public sector context, is currently being revised, including in light of the updated standard for Going Concern. As such, the impact is not clear at this stage. ▶ Further updates will be provided when possible.
Independence	<ul style="list-style-type: none"> ▶ The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and will be effective from 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to companies that are UK Public Interest Entities (PIEs). This prohibition will also extend to any UK parent and apply to all worldwide subsidiaries. A narrow list of permitted services will continue to be allowed. 	<ul style="list-style-type: none"> ▶ We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under the FRC Revised Ethical Standard 2019 which will be effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

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ED None

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TO: GOVERNANCE AND AUDIT COMMITTEE
22 September 2021

FINANCIAL STATEMENTS 2019/20
Executive Director: Resources

1 PURPOSE OF REPORT

- 1.1 In accordance with the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Coronavirus) Amendments Regulations 2020), the Director: Finance signed the draft 2019/20 Statement of Accounts on 20 July 2020. Copies of the accounts have been made available on the Council's website.
- 1.2 The accounts have been subject to audit by Ernst and Young LLP since the beginning of June. However, due to delays in the completion of the audit of the Royal County of Berkshire Pension Fund by Deloitte LLP it was not possible to bring the audited accounts to the Committee for authorisation before the revised deadline of 30 November 2020.
- 1.3 The pension fund audit has now been completed and this report summarises for Committee Members the key elements within the accounts and the findings of the audit.

2 RECOMMENDATIONS

That the Committee:

- 2.1 **Approves the Financial Statements for 2019/20 attached at Annexe A;**
- 2.2 **Authorises the Chairman of the meeting to sign and date the Statement of Accounts on behalf of the Committee;**
- 2.3 **Authorises the Chairman of the meeting to sign and date the Letter of Representation set out in Annexe B.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Accounts and Audit Regulations 2015 require the accounts to be approved by Council (or Committee of the Council) and the Chairman of the meeting to formally sign the accounts to certify that this has been undertaken.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

- 5.1 **Outturn Expenditure 2019/20**

Unrestricted

5.1.1 The Council, at its meeting on 27 February 2019, set a revenue budget for the 2019/20 financial year of £74.969m. The actual outturn for the General Fund is within budget with an under spend of -£0.646m. This is the twenty-second consecutive year the Council has managed to spend within its budget. As a result of the under spend the Council withdrew £1.968m from General Reserves rather than the £2.614m included in the Budget.

5.1.2 The most significant variances were:

- Within Children's Social Care there were additional costs because of an increase in the number of children being looked after, where 129 high cost care packages were required compared to 119 provided for in the budget. Care and accommodation costs exceeded the budget (£0.209m following an allocation of £2.525m from the Contingency Fund) as did employee costs (£0.243m). The increase in court cases also contributed to additional Special Guardianship Orders (£0.141m). Additional specialist legal support costs were also incurred (£0.195m).
- An overspend on externally provided adult social care, primarily due to an increase in the number of learning disability clients and the withdrawal of Continuing Health Care funding (£1.158m).
- Within Central passenger numbers were below budgeted levels resulting in an under spend on Concessionary Fares (-£0.126m). Additional income was also generated for Suitable Alternative Natural Greenspaces (SANGS) capacity (-£0.196m) and from monitoring of street works (-£0.108m), street naming and numbering (-£0.044m), the research and supply of Highway information (-£0.024m), Tree Services (-£0.060m) and from hay cutting (-£0.046m). This was partly offset by income being less than budgeted in Development Control (£0.296m).
- Within Delivery there were pressures in Industrial and Commercial Properties (£0.260m), Home to School Transport (£0.327m) and the Cemetery and Crematorium (£0.198m). There were however under spends in ICT (-£0.180m) and Waste Management (-£0.272m), and additional income from legal fees and car parks (-£0.230m) and reduced running costs at the car parks (-£0.189m).
- A significant under spend on interest budgets (-£2.530m). Additional income from CIL and the Business Rates pilot has significantly reduced the level of borrowing required by the Council. The Interest base budget also did not reflect the level of interest being generated from the loan to Downshire Homes Limited.
- Internally funded capital expenditure was financed from internal borrowing to spread the cost impact on revenue. The capital expenditure charged to the General Fund budget was therefore not required (-£0.463m). Higher than forecast capital receipts in 2018/19 and significant capital carry forwards into 2019/20 helped to create an under spend against the Minimum Revenue Provision (-£0.584m).
- An under-recovery of Business Rates income was met from a transfer from the Future Funding Reserve (£1.410m)
- An under spend on Council Wide budgets primarily relating to the full year impact of purchasing commercial properties in 2018/19 (-£0.428m).
- Transfers into the Transformation (£0.700m), Structural Changes (£1.400m), Schools Support (£0.160m) and School Masterplans and Feasibility Studies (£0.250m) Reserves, partly funded by the closure of the Community Capacity Reserve (-£1.260m).

A detailed comparison of the outturn and estimated expenditure is provided in the Narrative Report on pages 3 to 5 of the Financial Statements.

5.2 Changes to Accounting Policies and Disclosure Requirements

5.2.1 No changes were required this year.

5.3 Comprehensive Income and Expenditure Statement (CIES)

5.3.1 The Statement shows a surplus on the Provision of Services of -£11.7m. This is because the statement shows the cost of providing services in accordance with accounting practices, rather than the amount to be funded from taxation. The taxation position which shows the real impact on the General Fund is shown in the Movement in Reserves Statement. The CI&ES also includes gains and losses arising from the revaluation of assets and changes in pension liabilities. The total figure of -£101.0m explains the change in the net assets of the Council presented in the Balance Sheet. Individual Balance Sheet items are discussed in more detail below.

5.4 Provisions

5.4.1 The Council's balances contain specific provisions for known liabilities where the timing or amount of the liability is uncertain. These are considered each year as part of the budget cycle to ensure adequacy and need, and are again reviewed at the year end, in considering the annual accounts. Provisions have reduced by £1.7m to £8.6m (page 94 of the Financial Statements).

5.4.2 The reduction relates to movements on the provision for Business Rates appeals. 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 change in provision reflects the latest information on appeals. The position is increasingly difficult to predict following the 2017 valuation and the Valuation Office Agency's new Check, Challenge, Appeal process, through which very few appeals have been concluded to date across the country.

5.5 Revenue Reserves

5.5.1 These are the reserves of the authority at 31 March 2020, consisting of Earmarked Reserves, the General Reserve and other Revenue Reserves (e.g. the Pension Reserve).

5.5.2 Earmarked Reserves are sums of money which have been set aside for specific purposes. These are excluded from general balances available to support revenue or capital expenditure.

5.5.3 At the end of each year the Executive Director: Resources reviews earmarked reserves and adjusts them to reflect the changing risks the organisation faces. The movements identified were presented to the Executive in the Revenue Expenditure Outturn 2019/20 Report on 14 July 2020. The Council's Reserves and Balances Policy Statement which sets out the purpose of each reserve was included at Annexe D to that report. Earmarked Reserves totalling £57.2m, an increase of £7.4m on last year's figure, are summarised on page 95 of the Financial Statements. The largest

movements in the year relate to the Revenue Grants Unapplied Reserve (a £7.3m increase to £10.8m), which primarily relates to S106 income identified for revenue purposes, and the new reserve for Covid-19 (£2.3m) which holds the grant received in advance from Central Government for the costs of the pandemic. Earmarked reserves will help to balance the revenue budget over the medium term by smoothing the impact of changes in Business Rates income and central government funding decisions.

- 5.5.4 There are also a number of unusable revenue reserves, such as the Pension Reserve, so called because the Council is not able to utilise them to provide services. They are adjustment accounts which deal with situations where income and expenditure are recognised statutorily against the General Fund balance on a different basis from that expected by the Accounting Code of Practice. The Pension Reserve liability has decreased despite there being a negative return on assets (-1%). This is primarily due to revised projections for CPI (0.5% lower than last years), a reduction in the projection for salary increases and a slowdown in improvements in mortality projections.

General Reserves

- 5.5.5 The General Reserves balance at 31st March 2020 was £7.1m. Of this, £0.4m will be used to finance the 2020/21 budget, leaving £6.7m available (of which £4.5m is determined as the minimum prudent level).

5.6 Other Balance Sheet Items

- 5.6.1 The Balance Sheet shows that the Council holds Long Term Assets valued at £695.8m (excluding pension assets), with Other Land and Buildings (OLB) at £434.4m representing the most significant category. The overall value has increased by £37.4m compared to 2018/19. The most significant movements include:

- An increase in OLB primarily due to an increase in values following the revaluation of all the schools during 2019/20;
- an increase in the value of assets under construction with the most significant relating to the Downshire Way Duelling (£2.6m).

- 5.6.2 Due to its significant capital programme the Council began borrowing externally in 2016/17. Due to the Council's improved cash position during the year no further long term borrowing was required and short term borrowing decreased by £20.1m to £15.0m.

- 5.6.3 Within short term debtors the significant decrease in central government debt primarily relates to the governments share of the deficit on the Business Rates element of the Collection Fund in 2018/19 (£6.8m). In 2019/20 there is a surplus which is reflected in the Short Term Creditors figures (£3.2m) along with a significant prepayment of section 31 income relating to Business Rates reliefs (£2.3m). A breakdown of both figures can be found on page 94.

- 5.6.4 The reduction in Capital Grants and Other Contributions compared to last year reflects the transfer of the majority of S106 income to the Revenue Grants Unapplied Earmarked Reserve and the Capital Grants Unapplied Reserve.

5.7 Capital Financing Requirement

- 5.7.1 The Council's Capital Financing Requirement (CFR) decreased by £6.3m to £211.6m as at 31 March 2019, partly as a result of using Basic Need Grant to finance prior year expenditure on (£5.9m). 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. 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 19 (page 92) of the Financial Statements.

5.8 Audit of Accounts

- 5.8.1 The draft accounts have been subject to scrutiny by the Council's external auditor. Following the audit of the accounts no significant amendments were required to the Statement of Accounts. As part of the audit of the pension fund it was discovered that the pension liability had been underestimated by between £1.7m and £2.5m. As both figures are below the materiality threshold for the Council (£4.2m), it was decided not to amend the accounts. The difference has been included as an unadjusted judgmental difference in the audit results report included on the agenda.

5.9 Letter of Representation

- 5.9.1 The Letter of Representation (Annexe B) is a significant part of the audit process that enables the external auditor to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended. The Committee is asked to review and confirm its approval of the letter and authorise the Chairman to sign it on its behalf with the Executive Director: Resources.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 require the 2019/20 Statement of Accounts to be formally approved by Members (a Committee or Council) and signed by the Chairman / Mayor and the appointed auditor by 30 November 2020.

Executive Director: Resources

- 6.2.1 The Financial Statements 2019/20 is the published document which includes the 2019/20 Statement of Accounts. The Statement of Accounts includes the Movement in Reserves Statement, Comprehensive Income & Expenditure Statement, Balance Sheet, Cash Flow Statement, Collection Fund and Group Accounts together with notes which expand and explain the information in these statements.

Equalities Impact Assessment

- 6.3 None required.

Strategic Risk Management Issues

6.4 There are none arising directly from this report.

7 CONSULTATION

Not applicable.

Contacts for further information

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Arthur Parker – 01344 352158
Arthur.parker@bracknell-forest.gov.uk



Financial Statements 2019/20

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NARRATIVE REPORT

1 Introduction

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year giving certain specified information. This Narrative Report accompanies the accounts and 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. To assist readers, a glossary of accounting terms is included on pages 123 to 129.

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 Rates 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 assets with a life or more than one year 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 and external sources.

This Narrative Report 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 Executive Director: Resources.
 - **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 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 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

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(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 (investments that mature in three months or less) 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 by the Council during the year and how they are subsequently distributed.
- **The Group Accounts** include the group statements and associated notes for the Council and its wholly owned subsidiary Downshire Homes Ltd.

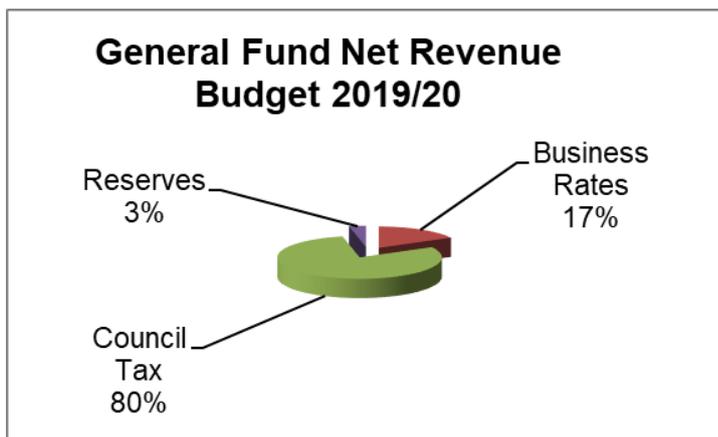
2 Revenue Expenditure

The Council, at its meeting on 27 February 2019, set a revenue budget for the 2019/20 financial year of £74.969m. The total authorised General Fund net expenditure for the 2019/20 financial year was £78.304m (including parish precepts of £3.335m). 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 a proportion of the Business Rates collected, Council Tax and the use of reserves, as shown in the following chart.

The table on page 5 compares actual outturn expenditure incurred with the amended budgets for the year for the General Fund. This table reflects the Council's directorate structure during 2019/20, which is the basis for the internal management of performance against budgets, as does the Comprehensive Income & Expenditure Statement.

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Changes in capital charges (-£0.7m), pension adjustments (-£4.8m) account for part of the movement on service directorate 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. Other significant adjustments included allocations from the Contingency Fund (£2.5m) and other Council Wide Budgets (-£0.7m) and transfers from reserves (£7.3m). Highways, The Look Out and Revenue Services were transferred from the Delivery Directorate to Central during the year (£8.1m).

Council spending was within budget for the twenty-second successive year. From the table on page 6 it can be seen that an under spend of -£0.646m occurred on the General Fund. In-year projections had indicated a likely overspend position was set to occur, which led to restrictions being placed on non-essential expenditure and recruitment during the year. These measures, together with a significantly better cash position arising from additional CIL and s106 income and slippage on capital programme schemes, helped turn this position round by the year end. The most significant variances from budget are explained in the sections below.

3 Major Revenue Variances

The major variances occurred in the following areas:

Central

- Within Planning, Development Control income was less than budgeted (£0.296m) and additional legal costs and external consultancy costs were incurred (£0.104m). Planning Policy underspent (-£0.063m) but this was partly offset by an overspend on the Local Development Framework (£0.055m).
- Passenger numbers were below budgeted levels resulting in an under spend on Concessionary Fares (-£0.126m).
- Additional income for Suitable Alternative Natural Greenspaces (SANGS) capacity (-£0.196m) and from monitoring of street works (-£0.108m), street naming and numbering (-£0.044m), the research and supply of Highway information (-£0.024m), Tree Services (-£0.060m) and from hay cutting (-£0.046m).
- Within Urban Traffic Management and Control there has been a reduction in the contract costs for Intelligent Transport Systems (-£0.037m) and cost of the Joint Arrangement (-£0.024m).
- The residents survey will now take place in 2020/21 (-£0.040m).

Delivery

- An overspend on Industrial and Commercial Properties, primarily due to the delay in the sale of two vacant buildings and the write off of uncollectible income

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(£0.260m), partly offset by underspends in Construction and Maintenance (-£0.076m), Office Accommodation (-£0.064m) and other property related budgets (-£0.053m).

- Underspends within Customer Services, in particular on licences (-£0.062m), and Registration of Electors/Elections (-£0.080m).
- An overspend in the Operations Unit primarily from increased Home to School Transport costs and other taxi charges (£0.327m).
- The finalisation of costs for Easthampstead Park Conference Centre resulted in an underspend, primarily from refunds (-£0.047m).
- An underspend within Legal Services primarily from additional fee income (-£0.083m).
- An underachievement of income at the Cemetery and Crematorium (£0.198m).
- An underspend in ICT relating to maintenance costs, equipment, photocopying and consultants' fees (-£0.180m).
- Within Waste Management, underspends on waste disposal (-£0.375m) and additional income from the brown bin service (-£0.058m) partly offset by additional contract costs on Waste Collection (£0.161m).
- An underspend on Car Parks resulting from additional income (-£0.147m) and a reduction in running costs (-£0.189m).
- An overspend on the leisure contract due to additional running costs and loss of income (£0.096m).

People

- Within Children's Social Care there were additional costs because of an increase in the number of children being looked after, where 129 high cost care packages were required compared to 119 provided for in the budget. Care and accommodation costs exceeded the budget (£0.209m following an allocation of £2.525m from the Contingency Fund) as did employee costs (£0.243m). The increase in court cases also contributed to additional Special Guardianship Orders (£0.141m). Additional specialist legal support costs were also incurred (£0.195m).
- An overspend on externally provided adult social care, primarily due to an increase in the number of learning disability clients and the withdrawal of Continuing Health Care funding (£1.158m). Staff vacancies were the main reason for underspends in the operational teams (-£0.163m) and at Waymead care home both staff vacancies and additional income resulted in an underspend (-£0.152m) These were partly offset by additional expenditure on Community Equipment due to an increase in charges and usage (£0.158m).
- An overspend on externally provided social care primarily due to an increase in the number of clients requiring support with memory & cognition (£1.197m).
- An under-achievement of income and additional costs within Forestcare (£0.108m).
- An underspend on Early Help and Communities due to savings identified on staffing (-£0.139m) and supplies and services (-£0.047m) and additional income (-£0.054m).

Non-Departmental / Council Wide

- A significant under spend on interest budgets (-£2.530m). Additional income from CIL and the Business Rates pilot has significantly reduced the level of borrowing required by the Council. The Interest base budget also did not reflect the level of interest being generated from the loan to Downshire Homes Limited or the discount offered by the Berkshire Pension fund for pre-funding the annual pension contributions.
- Internally funded capital expenditure was financed from internal borrowing to spread the cost impact on revenue. The capital expenditure charged to the General Fund budget was therefore not required (-£0.463m). Higher than forecast

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capital receipts in 2018/19 and significant capital carry forwards into 2019/20 helped to create an under spend against the Minimum Revenue Provision (-£0.584m).

- An under spend on Council Wide budgets primarily relating to the full year impact of purchasing commercial properties in 2018/19 (-£0.428m).
- The element of the Covid-19 LA Support grant used to meet the additional costs of Covid-19 in 2019/20 is recorded in Council Wide budgets (-£0.103m). The costs are reflected in the other Directorates' variance analysis.
- An under-recovery of Business Rates income was met from a transfer from the Future Funding Reserve.
- Transfers into the Transformation (£0.700m), Structural Changes (£1.400m), Schools Support (£0.160m) and School Masterplans and Feasibility Studies (£0.250m) Reserves, partly funded by the closure of the Community Capacity Reserve (-£1.260m).

Information on key performance indicators is included in quarterly service reports, presented to the Overview and Scrutiny panels.

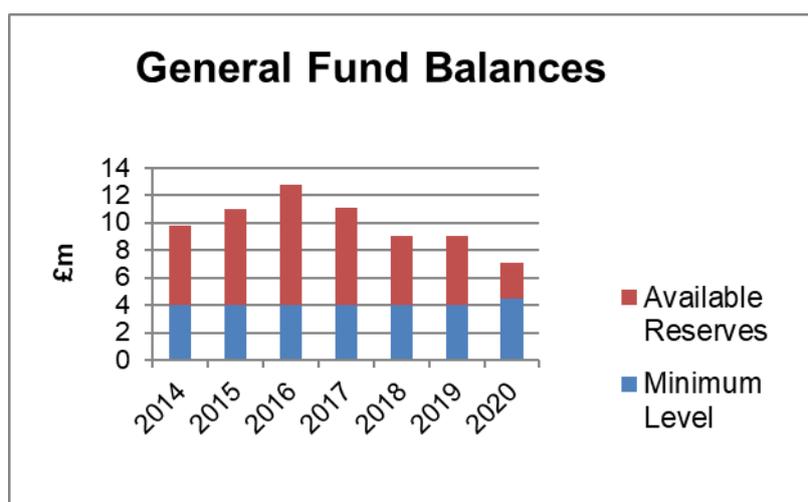
GENERAL FUND	Original Budget £000	Latest Budget £000	Actual £000	Variance £000
Central	9,416	20,354	20,034	(320)
Delivery	24,125	12,899	12,466	(433)
People	69,958	71,177	74,156	2,979
Net cost of General Fund services	103,499	104,430	106,656	2,226
Capital Charges & Revenue Expenditure Funded from Capital Under Statute	(13,511)	(12,802)	(12,802)	0
Capital Expenditure Charged to the General Fund	0	463	0	(463)
IAS 19 Pension Adjustment	(11,631)	(6,812)	(6,812)	0
Council Wide Services including Business Rates Growth	(13,631)	(13,596)	(12,626)	970
Interest Receipts	0	0	(1,337)	(1,337)
Interest Payable	2,879	4,984	3,791	(1,193)
Minimum Revenue Provision	2,221	2,795	2,222	(573)
Levying Bodies	113	113	109	(4)
S106 Contributions to Revenue	0	(8,325)	(8,325)	0
Contribution to Capital Reserves	(200)	0	0	0
Contingency	2,500	0	0	0
Covid-19 LA Support Grant	0	(2,289)	(2,392)	(103)
EU Exit Preparation Grant	0	(210)	(210)	0
New Homes Bonus Grant	(1,351)	(1,351)	(1,356)	(5)
Flood and Travel Related Grants	(15)	(14)	(18)	(4)
Net Budget Requirement	70,873	67,386	66,900	(486)
Parish Precepts	3,335	3,335	3,335	0
Contributions to/(from) Earmarked Reserves	4,096	7,583	7,423	(160)
Amount to be met from Government Grants and Local Taxation	78,304	78,304	77,658	(646)

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	Original Budget £000	Latest Budget £000	Actual £000	Variance £000
Resources to Finance Above				
Council Tax Payers	(62,754)	(62,754)	(62,754)	0
Collection Fund Surplus	5,369	5,369	5,369	0
Business Rates (locally retained element)	(18,305)	(18,305)	(18,305)	0
Contribution to/(from) General Reserves	(2,614)	(2,614)	(1,968)	646
Total Resources	(78,304)	(78,304)	(77,658)	646

4 General Reserves

As the actual outturn for 2019/20 was an under spend of -£0.646m, the Council withdrew £1.968m from General Reserves rather than the budgeted £2.614m. This means that more resources are available to assist the Council with balancing future years' budgets. The General Reserves balance at 31st March 2020 was £7.1m, with £0.4m committed to funding the 2020/21 revenue budget. With the Council facing additional costs and significantly reduced income as a consequence of the Government's measures to combat the Covid-19 pandemic, there is clearly a significant risk that there will be a need to draw further sums from reserves during 2020/21. The following chart shows the movement in the level of General Fund Balances including the minimum recommended prudent balance, which was increased to £4.5m in 2019/20. There is therefore potentially £2.6m available before reaching this level, although careful consideration will need to be given to the required level of General Reserves in future years as the on-going impact on spending and funding becomes clearer over the months ahead.



5 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 net pension liability and a pension reserve of £245.0m as at 31 March 2020. 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.

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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 2016, the employer future service funding rate was set at 14.3% of pensionable pay with the variable past service deficit element paid as a lump sum in each financial year (£2.914m in 2019/20).

Employee contribution rates currently range from 5.5% to 11.4% dependent upon actual salary.

6 Capital Expenditure

The Council has funded its capital programme from four main sources:

- Capital Receipts
- Government Grants
- Section 106 Receipts, Community Infrastructure Levy and other contributions
- Borrowing

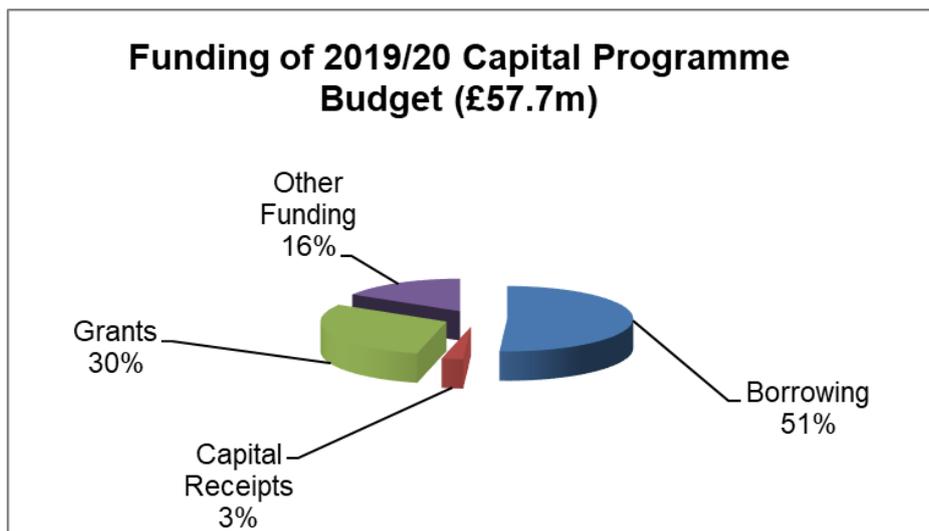
The Council had been heavily reliant on housing sales to generate new capital receipts. Following the transfer of the housing stock to Bracknell Forest Homes (now Silva Homes) in 2007/08, the Council received a share of any Right-To-Buy (RTB) proceeds in addition to a share of capital receipts from a VAT Shelter scheme. This agreement ceased in 2018/19.

The disposal of other assets has become increasingly important to the capital programme; however, it is important to give full consideration to options available when assets are no longer required for operational purposes. 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. The Council is also exploring other options in addition to disposal including a property joint venture in order to secure maximum benefit from its surplus assets, including the creation of on-going revenue income streams.

As the Council's accumulated capital receipts have been fully utilised the Council has to fund part of the 2019/20 capital programme from internal or external borrowing. Due to the size of its capital programme the Council started to borrow externally in 2016/17, having previously been debt free.

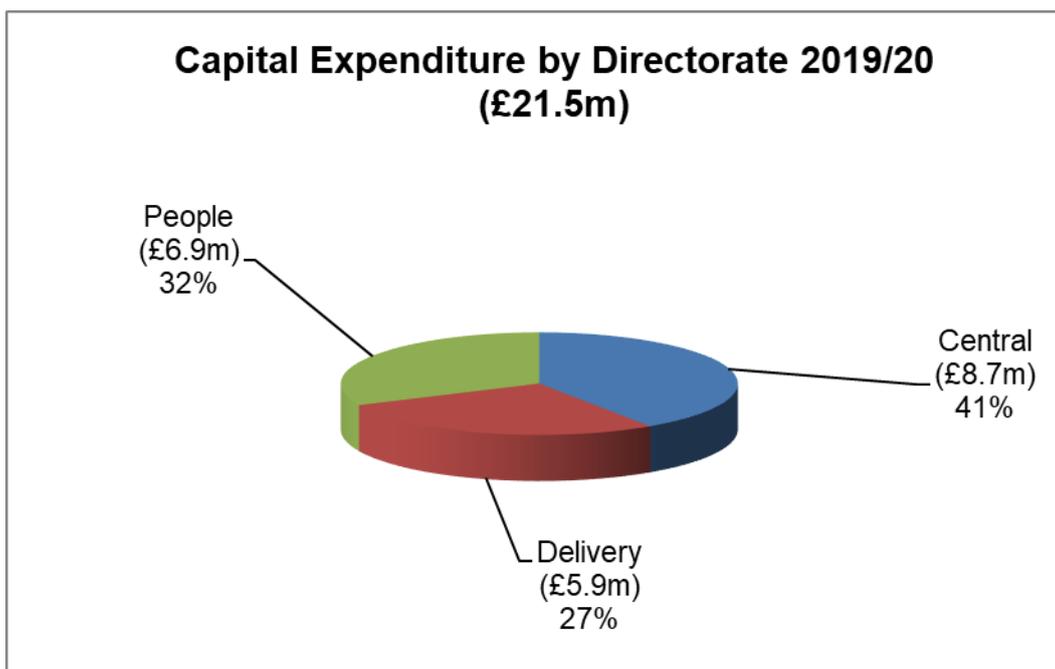
The Council originally approved a capital programme of £33.5m for 2019/20 (including £1m for unspecified Invest to Save Schemes), plus a further £24.2m carried forward from 2018/19, to be funded as shown in the following chart.

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The Council actually spent £21.5m on capital projects in 2019/20 to maintain and enhance existing assets and to create or purchase new assets. Many schemes included in the capital programme are both technically and logistically complex to implement. Issues such as planning approvals, land transfers and inclement weather can all lead to unavoidable delays. In addition, their financial scale requires a lengthy tender process to ensure the best price is obtained prior to letting the contract. It is therefore extremely difficult to complete such schemes within the financial year for which they are approved. The Council regularly reviews progress on the capital programme through its budget monitoring during the year and has established cash budget profiles to assist this.

The following chart illustrates the expenditure by service, with details of individual schemes and financing being provided in the table on page 9.



During the year, £5.2m of capital receipts were used to fund capital expenditure. The most significant receipts were from the sale of land and buildings (£2.6m) and Right to Buy receipts from Silva Homes (£2.2m).

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The net decrease (after repayments and refinancing) in the Council's Capital Financing Requirement (CFR) was £6.2m to £211.6m as at 31 March 2020. 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. The Council held £80m of loans on a long term basis from the Public Works Loans Board and £15m on a short term basis with several organisations at the year-end to help finance capital expenditure (see Note 34). 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 19.

The value of the Council's Long Term Assets was £695.8m as at 31 March 2020.

CAPITAL PROGRAMME EXPENDITURE 2019/20		
	£000	£000
Central		
Highways	2,437	
Replacement of LED Street Lights	674	
Access, Mobility, Transport and Travel Choice	493	
Local Safety Schemes	135	
Traffic Management	186	
Leisure - Outdoor Recreation	529	
Residential Street Parking	189	
Shoulder of Mutton Junction Improvements	196	
Martins Heron roundabout	569	
Downshire Way Duelling	2,555	
A3095 Improvement Scheme	497	
Community Centres	145	
Other Schemes	133	8,738
People		
Kings Academy Oakwood	490	
Primary School Projects	394	
Secondary School Projects	309	
Delegated Schools Capital	508	
Maintenance of Buildings	1,475	
Heathlands Re-development	531	
Loan to Downshire Homes Ltd	621	
Other Housing Schemes	1,356	
Other Schemes	1,184	6,868
Delivery		
Improvements and Capital Repairs	1,501	
Waste Management	2,054	
Civic Accommodation	498	
Leisure Schemes	567	
Cemetery and Crematorium	115	
ICT Schemes	629	
Other Schemes	550	5,914
Total Capital Expenditure 2019/20		21,520
FINANCING:		
Capital Receipts		5,249
Capital Grants & Contributions (incl. Community Infrastructure Levy)		14,380
Increase in Capital Financing Requirement		1,891
Total Financing		21,520

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7 Changes to Accounting Policies

There have been no changes to the Council's accounting policies in 2019/20

8 Provisions and Write-offs

The provision for Business Rates appeals 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 Council's share of the provision has decreased by £1.1m to £8.3m to reflect the latest information on appeals and the fact the Council was in a Berkshire wide 100% Business Rates retention pilot in 2018/19 and a 75% retention pilot in 2019/20. The position on appeals is increasingly difficult to predict following the 2017 valuation and the Valuation Office Agency's new Check, Challenge, Appeal process.

General Fund write-offs totalling £0.580m were made in 2019/20 the majority of which related to Adult Social Care, Housing and Commercial Properties.

9 Bracknell Town Centre Regeneration

The regenerated town centre, called The Lexicon Bracknell opened as planned on the 7 September 2017. The Lexicon has created a new social and cultural heart for the area, by bringing a high-quality mix of shops, restaurants and entertainment within vibrant public spaces to the town centre.

An extensive makeover of Princess Square started in the autumn of 2019 as part of the next stage in Bracknell town centre's regeneration. The work will transform Princess Square into a modern, light, bright and airy centre to house new brands, as well as give many of the current stores a brighter, lighter new space from which to trade. This major milestone in Bracknell town centre's overall regeneration was secured following the signing of a legal agreement last year between Bracknell Forest Council and its development partner, Bracknell Regeneration Partnership (BRP). The new look Princess Square will provide customers with the perfect blend of convenience and destination shops and eateries, as a natural extension and next phase of the regeneration of the town.

A further investment phase, to turn the old Bentalls unit into a vibrant new covered public space to be known as The Deck, will provide new food and retail units linking The Lexicon directly with the revitalised Princess Square. With planning work already well underway for this phase, The Deck was initially due for completion in 2022, although this is now subject to review given the economic impact of Covid-19. In total, the refurbishment of Princess Square and development of The Deck represent a further £30m of investment by the council and BRP.

10 Forward Look

Preparations for the Council's 2020/21 budget started last Summer against a backdrop of unprecedented levels of demand for services and uncertainty around Government funding.

During 2019/20 we have seen the costs of providing social care services to vulnerable children and adults increase significantly above the budgeted levels. Such increases are not unknown in local authorities and reflect both the rising number of people requiring support and the high costs of providing complex care needs.

We sought in-year savings across all services to ensure that the budget is not overspent. However, this set the scene for the 2020/21 budget, with service pressures of £8m overall requiring a much harder examination of all areas of expenditure than ever before. Savings

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totalling almost £5m have been identified and we will look to work closely with the small number of service users potentially affected to ensure any impact on them is minimised.

Looking ahead, the Government has committed to introducing significant changes to the local government funding system. These changes have been delayed by a further year, to 2022/23 at the earliest, although there is still a possibility that the Business Rates Baseline will be reset in 2021/22. Bracknell Forest could therefore still potentially lose in 2021/22 the benefit of a significant growth in business rates income it has seen in recent years, which is helping fund the Council's current revenue budget.

Given the current funding gap and our expectation that this will increase in 2021, the 2020/21 budget includes a maximum permitted Council Tax increase of 3.99%. Of this, 2% is to fund additional social care costs and the remainder helps support the overall budget. This represents an additional £1.00 per week for an average Band D property and will contribute an extra £2.4m of on-going funding. Even with this increase and the additional one-off Government grant, we will still need to use £0.4m from the Council's reserves to balance the budget and maintain services.

The 2020/21 budget will support delivery of a number of new initiatives including:

- In October 2019 businesses in Bracknell Forest voted in favour of plans to set up a Business Improvement District (BID), which will come into effect on 1 April 2020, securing a significant £3m to be spent on improving the area.
- To help tackle the growing issue of climate change, a new weekly food waste collection will start in 2021 for all houses in Bracknell Forest. To maximise the performance of the food waste collection service and to offset the cost, refuse collection frequency will be changed to once every three weeks. By recycling food waste, recycling rates will be increased, thereby reducing the financial cost of landfill, and food waste will be turned into both renewable energy and nonchemical fertilisers. This will generate savings which can help maintain other essential services, including supporting our most vulnerable residents.

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

- significant pressures on the Council's ability to balance its finances whilst maintaining satisfactory service standards, further exacerbated by the impact of Covid-19 on staffing and supplier resources, public finances and the wider economy;
- maintaining business as usual whilst delivering significant savings through the transformation programme and service re-design;
- the impact of the high use of long term locums and agency workers for key posts on finances and business resilience;
- uncertainty around the impact of Brexit, the financial and operational implications for services such as social care, contingency planning requirements and the potential impact for businesses located in the Borough;
- providing local school places for local children and the consequences if provision is not correct;
- the impact of demand led services and the need to plan for and respond to future and in-year demographic changes and national policy initiatives;
- sustaining adult social care services where there is a risk of insufficient external provision;
- effective safeguarding of children and vulnerable adults when there are external factors outside the Council's control;

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- potential budget reductions that may reduce the effectiveness of measures to maintain highways and assets.
- delivery of an IT Strategy and digital infrastructure that meets business and customer needs, compliance, information accuracy, greater reliance on end users and the threat of cyber attacks;
- maintaining adequate Business Continuity plans and procedures;
- maintaining an adequate internal control environment;
- the impact of changes in Continuing Health Care funding on finances

The Council's underlying financial strength and consistent track record in successful financial management means that it is better placed than many similar organisations to respond to these challenges.

11 Coronavirus (Covid-19) Pandemic

The Coronavirus (Covid-19) pandemic impacted at the very end of the financial year and therefore had very little direct financial impact on the 2019/20 statement of accounts.

Although the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March, the Council will experience significant challenges in the year ahead as it deals with the on-going crisis and its impact on all services. Its wide-ranging impact is reflected in the references to the pandemic in various parts of this narrative report

It is difficult to quantify the immediate and on-going impact at this stage with certainty, but the financial pressure on the Council will be substantial both in terms of additional costs and the loss of income. Currently the estimated financial impact is well in excess of the two tranches of funding received from Central Government to support the pandemic. The Council does however have General Reserves and Earmarked Reserves that it can draw upon to support the budget and ensure its financial resilience. Ministers have also acknowledged the scale of the impact on council finances and are considering a more comprehensive package of financial support.

The Council is working closely with central government and the health service to support businesses and residents. The Corporate Management Team has been meeting at least three times per week since mid-March to consider and lead the Council's response to the crisis and is being supported by Directorate Management Teams and several Task and Finish Groups focusing on particular areas. In addition to regular meetings with Executive Members to agree key strategies, the Chief Executive has been holding twice weekly briefing sessions with all Councillors.

Several key actions are being taken including:

- enacting Directorate Business Continuity Plans and adapting them to address the risk of COVID-19 where appropriate, liaising with other local areas through the Thames Valley Local Resilience Forum and a range of Berkshire-wide groups;
- monitoring and implementing central government and Public Health England guidance and best practice;
- working with key suppliers to ensure they continue to be financially viable and have put appropriate business continuity arrangements in place to avoid/mitigate the risk of disruption to critical services;
- identifying and working with vulnerable groups and individuals who may need additional support;
- working with volunteers to support local communities;

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- ensuring additional government support provided for businesses and Council Tax payers experiencing hardship is distributed in a timely manner whilst minimising the risk of fraud;
- identifying, monitoring and reporting to Government on the financial impact of the pandemic on costs and income;
- ensuring IT systems support remote working and the Council's website contains up to date information and advice on local services and national guidance;
- ensuring essential services continue to be delivered whilst avoiding all but critical face to face contact;
- monitoring and supporting Schools;
- regular communications with staff via MS Teams, video, email and phone with almost all staff now working from home;
- monitoring workforce statistics and staffing matters including staff health and safety;
- ensuring virtual council meetings can take place to maintain open and transparent decision making whilst observing social distancing.

Moving forward, the Council will need to review its Medium Term Financial Strategy in recognition of the impact of the pandemic. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, the delivery models employed and to focus on ensuring outcomes that are of the highest priority.

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:

Stuart McKellar Executive Director: Resources
Stuart.Mckellar@bracknell-forest.gov.uk

Arthur Parker Chief Accountant
Arthur.Parker@Bracknell-Forest.gov.uk

ANNUAL GOVERNANCE STATEMENT

Executive Summary

The Annual Governance Statement (AGS) provides an account of the processes and systems which give assurance for the effectiveness of the Council's discharge of its responsibilities. It covers the period 1 April 2019 to 31 March 2020.

A summary of assurance is given for each of the seven principles on which the Statement is based.

An update on the 2018/19 Annual Governance Statement Actions is included as **(Appendix A)**

Work underway or planned to address any governance issues for 2020/21 is set out in an Action Plan **(Appendix B)**

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. This Statement explains how the Council has complied with the code and also meets the requirements of regulation 6 (1)) of the Accounts and Audit Regulations 2015 in relation to the preparation of a statement on internal control

2 THE COUNCIL'S 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.

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Diagram 1 Overview of Bracknell Forest Council Governance Framework



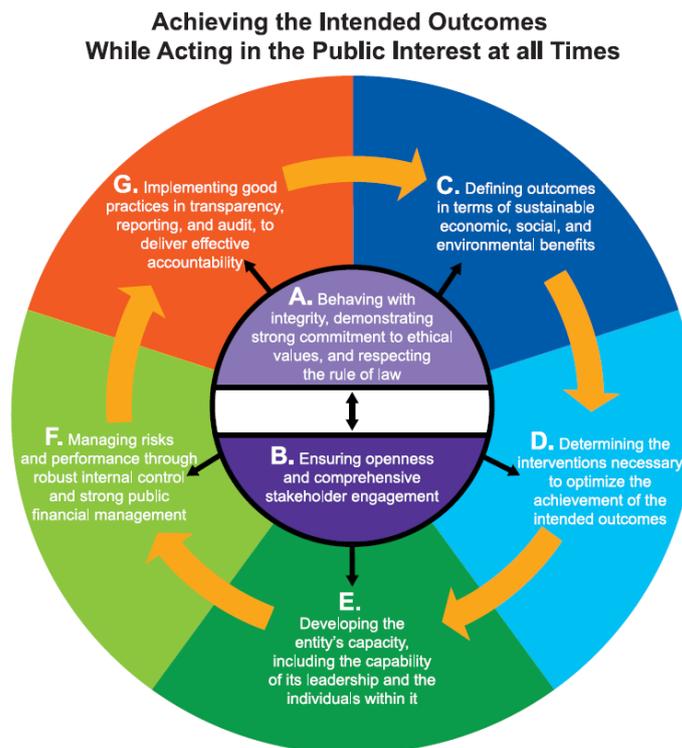
3 THE CIPFA GOVERNANCE ASSURANCE FRAMEWORK PRINCIPLES

The CIPFA/SOLACE Framework 2016- Delivering Good Governance in Local Government suggests that this Annual Governance Statement should include a brief description of the key elements of the governance framework that the Council has in place.

- 3.1 There are seven principles and sub-principles of Corporate Governance incorporated within the CIPFA/SOLACE framework and as set out in Diagram 2 below.

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Diagram 2. -The seven CIPFA Principles of Good Governance



- 3.2 Each element of the governance framework is considered in this Statement within the context of the seven CIPFA Principles of Good Governance. An opinion is provided below against each principle on the level of assurance that the governance arrangements can generate.

A. Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Assured ✓
The Council has adopted structures, systems and processes which reflect consistency with high ethical expectations of those in its service, including Members, Officers and outside Partners. A culture of compliance is also embedded with Code breaches, disciplinary issues, data protection infringements and whistleblowing referrals being reviewed, investigated and determined in accordance with defined processes.

- 3.3 Effective arrangements are in place for the discharge of the Head of Paid Service, Monitoring Officer and Section 151 Officer functions. The Chief Executive (Head of Paid Service) and Director-Finance (Section 151 Officer) are members of the Corporate Management Team and the Borough Solicitor has access to the Corporate Management Team in his role as Monitoring Officer.
- 3.4 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*:

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Practical Guidance for Local Authorities. The Internal Audit Plan for 2020/21 was approved by the Director: Finance in March 2020 under Delegated Authority as the Audit Committee was unable to meet due to COVID 19. During 2019/20 the Committee received summary reports on progress on the delivery of the Internal Audit Plan and key outcomes on completed work.

- 3.5 As required by the Localism Act 2011, the Council has adopted a Code of Conduct for Members. This sets out the standards of behaviour expected of members and is published within the Constitution and on the Council's website. All members completed the register of interests upon taking office and they receive annual reminders about personal interest declarations. This is also a standing item on all meeting agendas.
- 3.6 The Councillor Code of Conduct introduced the concept of Affected Interests in 2012. This was in response to the statutory changes in the Standards regime which had reduced the range of scenarios in which Councillors could be prohibited from participating in decision making where they retained a financial interest and was intended to cover scenarios not covered under the new statutory framework relating to Disclosable Pecuniary Interests..
- 3.7 The overall adherence to good standards of conduct amongst members remains at a high level with only four Code of Conduct breaches being referred to the Monitoring Officer of which none were upheld. The Committee for Standards in Public Life carried out a review of how the Standards regime has operated nationally and published its findings and recommendations for government in January 2019. The government's response to the CSPL's report is awaited though in the meantime it has asked the Local Government Association to produce a Model Code for all authorities to consider adopting. The draft Code is due to be published in the summer for consultation. As the Council's current code was adopted in 2012 it is proposed in the Appendix to this report that it is reviewed against the Model code in order that any examples of best practice set out in the Model Code can be incorporated if appropriate to local circumstances.
- 3.8 The Council determined in 2018 to no longer put forward nominations on the Boards of Voluntary Organisations in order to avoid the risk of conflicts of interests arising and to mitigate the risk of Members falling foul of rules relating to personal liability where such entities fall into financial difficulties.
- 3.9 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.
- 3.10 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, which are reviewed and updated periodically. Observance of such policies and procedures by Council employees is ensured through management overview and, if necessary, the disciplinary process. Across 2019/20 the disciplinary process was invoked on 18 occasions across the Council
- 3.11 The Council has an established whistleblowing policy to meet the legal requirements and ensure a route for challenges to processes or actions within the Council where complainants seek the protection of anonymity. Similarly it has a robust corporate complaints procedure in place and has throughout the year dealt with corporate complaints promptly.

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- 3.12 During the year substantial progress was made around the Corporate Information Governance arrangements with the Membership, content and frequency of Information Management Group Meetings being enhanced and all policies and procedures being updated. An Audit of the Council's GDPR function resulted in an "adequate" opinion and a further consensual audit was undertaken in late May with its recommendations awaited. Progress against these recommendations (once received) have in reflected in the AGS Action Plan (Appendix B)and will be reviewed accordingly.

B. Ensuring openness and comprehensive stakeholder engagement

Assured ✓

The Council exists to serve its residents and works effectively in partnership with a wide range of stakeholders It has a transparent decision making processes. The processes were challenged towards the end of the financial year due to the Covid-19 crisis and steps were taken immediately to ensure continuity of decision making.

Stakeholders

- 3.13 The Council establishes clear channels of communication with all sections of the community, other stakeholders and local partners, ensuring accountability and encouraging open consultation.
- 3.14 Formal consultation will generally only be undertaken where there is a statutory duty or legitimate expectation, and where there is a service or policy need to do so. Consultations are carried out in accordance with current national Consultation principles guidance . Individual services are required to maintain open channels of communications with relevant stakeholder groups and representative bodies where relevant to service planning.
- 3.15 During 2019/20 the Council continued to engage and consult with local communities and stakeholders in making decisions on changes to services it provides. To ensure access to residents and quality of consultations, the Council utilises an online consultation portal. Some of the key consultations carried out in the last year have been:
- Budget
 - Draft Bracknell Local Plan Revised Growth Strategy
 - Parks Survey (this is an ongoing survey)
 - School admission arrangements 2021/22
 - Crowthorne Neighbourhood Plan submission
 - Crime and Anti- Social Behaviour Survey
 - Public Space Protection Order Extension
- 3.16 The Council has approved Public Participation Schemes for its formal meetings. The schemes aim to enhance public engagement and give residents a further opportunity to inform Councillors about the things that concern them.
- 3.17 To increase transparency, make information more readily accessible to the citizen and to hold service providers to account the Council publishes information that it holds on its website. This includes the sets of information required by The Code of

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Recommended Practice for Local Authorities on Data Transparency (updated 2015).

- 3.18 The Council has a Petitions Scheme describing how petitions from residents will be dealt with by the Council. These enable a petitioner to speak with an Executive member or a committee, or to the Council if prescribed thresholds for signatures are reached. A response is made to each petition, explaining what the Council will or will not do in response.

Decision-making

- 3.19 The Council which meets monthly is the ultimate decision-making body and the principal forum for political debate. It takes decisions on the strategic aims that form the Policy Framework. It also determines the Council's budget following a process of member scrutiny. All Council meetings take place in public.
- 3.20 The Executive takes decisions on matters of Council policy and service delivery though much of the decision making is delegated to individual Executive Members and Senior Officers as described in the Scheme of Delegation. The non-executive responsibilities of the Council are discharged through its non-executive committees. As a result of the Covid-19 emergency arrangements were made for non-Executive powers residing in committees to be delegated to senior officers for a period of 3 months as at the time there were no legal powers to hold meetings remotely. Change in legislation during April combined with the Procurement of Microsoft Teams have subsequently helped overcome this issue with great success.
- 3.21 The work of the Executive is supported by the Overview and Scrutiny Commission and three Overview and Scrutiny Panels. The number of panels reduced in 2018 from four due to the Commission deciding to restructure its Panels and combine the Adult Social Care & Housing Panel with the Health Overview and Scrutiny Panel in order to develop a composite view across both areas. The Commission and Panels are comprised of non-Executive Members and review and scrutinise both Executive and non-Executive decisions. In addition to scrutinising such decisions, working groups of the Panel conduct in-depth investigations into particular topic areas which result in reports setting out detailed recommendations.
- 3.22 The Council's decision-making processes operate within a framework which presumes and promotes openness. Formal meetings are held in public and executive decisions are published on the Council's website. Agendas and reports for Executive and committee meetings are published at least five clear working days in advance. The use of powers to exempt information from publication or allow a committee to meet in private is minimised, being used when necessary and only after senior officer authorisation.
- 3.23 The Forward Plan describes all significant (key) decisions planned to be taken in the following four months and is published and updated at least monthly. The Constitution also prescribes the rules and constraints around urgent decisions (not notified in the Forward Plan) and the form and content of decision reports.
- 3.24 Communication to the public is via the Council's website, in public meetings and through social media.

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C. Defining outcomes in terms of sustainable economic, social and environmental benefits

Assured ✓

The Council has in place clear arrangements to define outcomes and monitor performance. In setting policies and strategies, it has adopted a long-term view about outcomes. The Council Plan was adopted in February 2020 for the - period from - 2019-2023 and has strategic themes underpinned by social, economic and environmental objectives.

- 3.25 During 2019-20 the Council developed a new Council Plan for 2019-23 which articulates a new narrative for the organisation to meet the challenges it faced. The Plan sets out six overarching strategic themes which form the vision for the Council. The strategic themes are each underpinned by annual priorities and key performance indicators which are reflected in each Directorate Service Plan. The main ways the strategic themes are communicated are via the Council's Public website, Intranet, Town and Country magazine (the Councils newspaper for residents) and Chief Executive's Briefings.
- 3.26 The Council Plan was 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.
- 3.27 Measures of success and key actions are cascaded internally through service plans, team business plans and individual performance development reviews. Delivery is monitored through:
- Quarterly Service Reports reviewed by the Executive Members, Chief Executive and the Corporate Management Team.
 - Quarterly Council Plan Overview Reports considered by the Executive.
 - Quarterly Service reports together with the Quarterly Council Plan Overview Report are then considered by the Overview and Scrutiny Commission or by the relevant Overview and Scrutiny Panel for their area.
- 3.28 All these reports are available on the Council's website and In Phase performance reporting system which was procured by the Council in 2019. 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.
- 3.29 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. Major partnership projects are monitored on a regular basis by the Corporate Management Team, the Executive and the Health and Wellbeing Board.
- 3.30 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. The Statement was updated in 2019/20.

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D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Assured✓

The Council takes decisions on interventions based on its published Council Plan setting outcomes for services and defining actions and targets for achieving them. Proposed interventions are recorded through Directorate Business Plans for ensuring the achievement of intended outcomes within set timescales. More significant interventions through service or organisational transformation are considered and overseen by the Transformation Board chaired by the Chief Executive.

- 3.31 All Directorates establish maintain and monitor Service Plans which set out the actions required to meet the outcomes set by the Council's Plan and the targets measures and milestones used to manage their delivery.
- 3.32 The Performance Dashboard on INSIGHT provides details on progress against the key actions and indicators of the Council Plan.
- 3.33 Decision reports provide the record of all significant decisions to implement service plans and spend and are required to show the intended outcomes, the rationale for the proposal, implications for Council's resources, other options considered, and engagement or consultation undertaken.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Assured✓

Officers are expected to have a clear sense of their purpose, roles and responsibilities in line with the Council's vision and the suite of policies and processes which support it. All officers are expected to have their performance monitored and their development needs identified and addressed through the Appraisal Framework within which specific elements exist for Leadership behaviours.

A Member Induction and continuing development system is in place to ensure that all elected members have a similar understanding of their roles and responsibilities when appointed or elected to particular positions within the Council. Officers and members have access to information, guidance and training to enable them to discharge their roles.

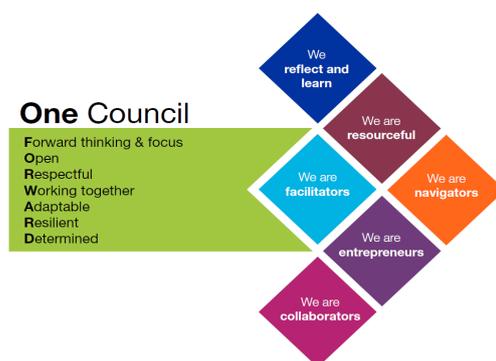
- 3.34 The Council has a comprehensive induction and training process in place for both Members and officers joining the Council.
- 3.35 Its Member Development Programme offers a range of learning and development opportunities including workshops, briefing seminars on specific topics and attendance at conferences. Members will have the opportunity to take part in a feedback programme to support effective reflection and future development planning. Identifying the most appropriate approach will form part of the new member development strategy. In January 2020 the Council was recognised as continuing to meet the standards required for Charter plus accreditation. Charter plus provides a robust framework which ensures Members are supported

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throughout their time on the Council. Member development continues to be an embedded part of the Council's culture and courses and seminars continue to be well attended. SEE recognises Bracknell Forest as demonstrating high innovation with regards to member development.

- 3.36 All levels of management within the Council have a designated role profile and these profiles are accessible via the Council's intranet (DORIS). Officers are given copies of their roles on appointment and are supported through induction training, their personal development review and supervision in understanding and developing their roles. Internally published HR procedures cover all aspects of performance and procedure to support managers. The Council's appraisal framework sets out the values and behaviours that officers are expected to demonstrate. These are illustrated in the diagram below.

Diagram 3 - Values and Behaviours



- 3.37 A broad internal training programme of courses is run each year for officers as well as specific professional training and this is supplemented by e-learning opportunities and also less formal learning such as mentoring and work shadowing schemes. 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 identify their learning and development objectives.

F. Managing risks and performance through robust internal control and strong public financial Management

Assured ✓

The Financial Regulations contained in the Constitution set out the rules to ensure robust internal control over the Council's finances. The system and arrangements for performance management and budget monitoring demonstrate sound internal monitoring and control. The Council has consistently achieved a level of fiscal prudence in recent years notwithstanding the challenging financial climate. Risks have been identified around the Council's wholly owned Housing Company which will need to be examined with a view to dissolution of the company to mitigate ongoing risks to the Directors.

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- 3.38 The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures which comply with the CIPFA “Good Practice Guide for Financial Regulations in a modern English Council”. Control is maintained through regular management information, management supervision, and a structure of delegation and accountability. External audit of the Council’s accounts is robust and unqualified assurance has been given. 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.’
- 3.39 As set out in section G below, Internal Audit identified areas for improvement and common areas of weakness during the 2018/19 audits. During 2019/20 progress has been made to address these areas of weakness and this is ongoing which is reflected in the Head of Audit and Risk Management’s annual opinion. The impact of COVID-19 has in some areas caused further delay in work to address these weaknesses and limited access to the auditors to undertake reviews to establish if these have been addressed.
- 3.40 The 2019/20 budget was set in a climate of rising demand for services. Throughout the year a process of monitoring the delivery of the necessary savings (transformation and efficiency) was in place, including regular reporting to the Transformation Board chaired by the Chief Executive and to the Executive on progress against savings targets. The Council continued to generate efficiency savings as well as through its transformation programme. It achieved a balanced budget but was dependant on an increase in Council tax and recourse to its reserves. It developed its commercial activities through acquisition of a property investment portfolio based on sound professional advice around appreciation of risk and reward. The Council was able to keep 75% of its business rate revenue for the second year running in 2019/20 under the Business rates pilot scheme.
- 3.41 Further projects are due for completion in 2020/21 as listed below which are designed in part to improve the Council’s financial health in the medium term as well as helping it to meet its social, economic and environmental aims as set out in the Council Plan.
- Procurement of Joint Venture to develop town centre sites
 - Procurement of Joint Venture Partner for Remediation and development of London Road landfill site
 - Development of new care facilities at the site of the former Heathlands Care Home
- 3.42 As the financial challenges the Council face continues it is essential that it strengthens its arrangements and continues to implement robust processes for identifying and monitoring savings targets in the immediate future.
- 3.43 The role of the S151 Officer is set out in the constitution with the statutory underpinning of the role emphasised in the scheme of delegation. The postholder has ensured robust oversight of financial propriety. They report directly to the Chief Executive and are involved in all major decision making preparation through membership of the Corporate Leadership Team.
- 3.44 The officer scheme of delegation was reviewed to reflect changes in the senior leadership structure. It is kept under review by the Borough Solicitor. Senior Officers are required to confirm, and where necessary, revise the effectiveness of the

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scheme of officer onward delegation to ensure decisions are taken lawfully under the correct authority.

- 3.45 Decisions made by the Council are subject to risk assessments which are made in accordance with the organisation's risk management processes. The Risk Management Strategy was approved by the Governance and Audit Committee on 28 June 2017 and includes the Council's priorities for developing risk management arrangements. The strategy is reviewed every three years and will be updated and reviewed by the Strategic Risk Management Group (SMRG) before going to the Governance & Audit Committee for approval in September 2020.
- 3.46 The Strategic Risk Management Group (SRMG) chaired by the Director of Finance meets quarterly and oversees the strategic risk register and health and safety arrangements. Information security management arrangements are now overseen by the Information Management Group which meets six weekly. During 2019/20 the Strategic Risk Register was updated and considered by SRMG on a quarterly basis and reviewed and approved three times by the Corporate Management Team which owns the Register. It was also reviewed three times by the Governance and Audit Committee with feedback provided. A further development during 2019/20 was to introduce deep dive reviews on individual risks in the Strategic Risk Register at CMT and the Governance and Audit Committee. Four risks were subject to deep dive review in September 2019 and January 2020. Actions to address strategic risks were updated and monitored during 2019/20 and key changes to strategic risks were summarised in the quarterly Corporate Performance Overview Report. An overarching risk register was developed to highlight the issues arising from COVID-19 and the actions being taken to respond and mitigate this. This was initially monitored weekly by the Corporate Management Team with frequency of monitoring reducing as the residual risk after mitigation reduced.
- 3.47 Project managers are required to maintain separate risk registers for all major projects and programmes. There is a process for recording and monitoring significant operational risks through directorate risk registers that are reviewed on a quarterly basis and these are used to inform the Strategic Risk Register.
- 3.48 In January 2020, an independent external review of risk management arrangements was undertaken by a risk management consultant. This reviewed the Risk Management Strategy, arrangements for maintaining and monitoring the Strategic Risk Register and directorate risk registers and the Risk Management Toolkit. The independent consultant concluded that these were compliant with good practice and proportionate for the size of the organisation. The consultant noted that they would be signposting other authorities to templates developed at Bracknell Forest which they considered to be exemplary models of risk register templates and complimented the Council on identifying its risk appetite in the form of target scores for each risk as many councils have yet to do this. The deep dives on individual strategic risks were also seen as good practice.
- 3.49 Members are engaged in the risk management process through the Governance and Audit Committee's review of the Strategic Risk Register and Member review of the Council Plan Overview Report.
- 3.50 The Head of Audit and Risk Management is required to conclude and report on the effectiveness of the internal control environment in her annual report. Her assessment of the control environment for 2019/20 was as follows:

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Based on internal audit work undertaken, the Head of Audit and Risk management is able to conclude there are adequate arrangements in place for risk management and corporate governance. There has been real improvement in the control environment during 2019/20 following the Corporate Management Team's clear focus on addressing issues highlighted in 2018/19. Significant weaknesses were found to exist in a much-reduced number of audits in 2019/20 compared with 2018/19. However, where follow up 2018/19 limited assurance audit reports were able to be completed, the significant control issues identified in the previous year and reported in the Head of Audit and Risk Management's opinion for 2018/19 were still present in 50% of cases. In many areas, the audits established that considerable work had already been undertaken to identify and start implementing a strategy to address weaknesses which had resulted in good progress having been made. However, senior managers have acknowledged that these will take more time to resolve. In other cases, we noted that real progress was being made and the levels of exceptions and non-compliance were reducing although still unacceptably high.

Due to pressure from COVID-19, some service areas were unable to accommodate scheduled audits in the latter part of the final quarter. This was exacerbated by delays in delivery by the main contractor for internal audit services. Internal Audit was, as a result of these factors, unable to access three service areas and two schools scheduled in quarter 4 for follow up of 2018/19 limited assurance reports to establish if significant weaknesses previously found in these areas had been addressed. Towards the end of the final quarter, audits had to be carried out remotely and in two cases remote working arrangements also affected access to systems with the result that testing could not be carried out as planned.

While acknowledging that improvements have been made, the Head of Audit and Risk Management's overall conclusion is that due to the above factors, only Limited Assurance can be given that the framework of internal control was adequate during 2019/20. The direction of travel is positive and if this is sustained, she would expect to be in a position to give a more favourable opinion in 2020/21.

Notwithstanding this conclusion, an assured finding is given against Principle F to reflect the fact that governance around the Internal control environment remains reasonably robust with a positive trajectory identifiable around Audit outcomes.

- 3.51 In 2016 the Council made a significant investment in setting up Downshire Homes Limited. This is a company limited by shares with an objective of creating efficiencies for the Council by obviating the need to purchase expensive temporary bed and breakfast accommodation for the homeless. The Company has largely succeeded in this objective. However, concerns were identified in 2019 relating to Health and Safety Compliance issues in many of the properties owned by the Company and managed by the Council. The vast majority of remedial work has recently been undertaken on the housing stock under the Direction of the Assistant Director: Early Help and Communities though a few inspections have been delayed as a result of access issues arising from Covid 19. Whilst the company's operations have significantly reduced revenue spend for the Council in the area of emergency housing, the company is itself likely to post a loss of around £160,000 for the 2019/20 Financial year. The Executive is expected to review proposals from the Board for the dissolution of the Company in 2020/21 with the property stock transferring back to the Council. There are financial, legal and reputational risks around this which will need to be managed carefully. Prudent Council side oversight of the process is captured in the Action Plan appended to this report.

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G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

Assured ✓

The Council has transparent processes in place through publication of the Forward Plan of key decisions, of agendas and reports of its meetings and those of its committees and of its key decision reports on the website. It publicises its pay policy statement in line with legislation as well as expenditure on contracts in excess of £5000 in value and all other expenditure in excess of £500. The Council has robust audit arrangements in place and there is regular audit reporting to the Council's Governance and Audit Committee.

- 3.52 All meetings of the Council and of the committees which discharge executive, non-executive or scrutiny functions take place in public and have their reports and minutes published on the Council's website. Executive Member and Committee decisions, agendas and reports are published on the website and are available to the press and public. This is driven by the publication of the Forward Plan of key decisions. A limited number of reports are considered in private session only when the subject meets the criteria.
- 3.53 Internal Audit provides an independent and objective annual appraisal of key financial systems through routine compliance testing and by undertaking a number of audit reviews within service departments in accordance with the Internal Audit Plan. The Head of Audit and Risk Management develops the Annual Internal Audit Plan which is then delivered by two external contractors and by Royal Borough of Windsor and Maidenhead and Wokingham joint internal audit team under an agreement made under Section 113 of the Local Government Act 1972.
- 3.54 Internal Audit provides an independent and objective annual appraisal of key financial systems through routine compliance testing and by undertaking a number of audit reviews within service departments in accordance with the Internal Audit Plan. The Head of Audit and Risk Management develops the Annual Internal Audit Plan which is then delivered by two external contractors and by Royal Borough of Windsor and Maidenhead and Wokingham joint internal audit team under an agreement made under Section 113 of the Local Government Act 1972.
- 3.55 The Head of Audit and Risk Management reports outcomes for all audits to the Corporate Management Team and the Governance and Audit Committee in quarterly progress reports. For audits where an inadequate or partial assurance opinion has been concluded, the Head of Audit and Risk Management reports details of the significant findings to the Corporate Management Team and the Governance and Audit Committee and follow-up audits should be carried out within 12 months to ensure that actions have been taken to address the areas of concern. For other audits, the Head of Audit and Risk Management obtains management updates on the progress on implementation of agreed recommendations and this information is also reported to the Corporate Management Team and the Governance and Audit Committee.
- 3.56 A proportion of the 2019/20 internal audit budget was set aside for purchasing counter fraud awareness training and counter fraud investigation services from Reading Borough Council's Corporate Investigation Team under an agreement made under Section 113 of the Local Government Act 1972. This has been used to support the Housing and Welfare services in investigating potential fraudulent housing application and welfare claims. Savings achieved to date have exceeded

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costs incurred and a successful business case has now been made for ring fenced funding to pilot counter fraud services during 2020/21.

- 3.57 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 2019/20, 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 2020/21 was approved by the Committee on 25 March 2020 although given the impact of the Covid-19 pandemic the scheduling of the audits is under review.
- 3.58 On 29th January 2020, the Council's external auditors issued an unqualified audit report on the Council's accounts for 2018/19.
- 3.59 The Annual Audit Letter for 2018/19 was presented to Governance and Audit Committee on 29th January 2020
- 3.60 The Key Findings set out in the Audit letter were as follows:-
- The Council's financial statements give a true and fair view of its financial position as at 31 March 2019 and of its expenditure and income for the year then ended.
 - Proper arrangements were in place to secure value for money in the Council's use of resources.
 - Other information published with the financial statements was consistent with the Annual Accounts.

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APPENDIX A

2019/20 Annual Governance Statement Action Plan Update

Item	Governance Point Raised in Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
1.	Post-election strategic planning to reflect manifesto of incoming administration	Refresh Council Plan and Directorate Service Plans	Corporate Management Team	Oct 19-Feb20	New Council Plan published February 2020
2.	Review Emergency Planning arrangements	Keep Corporate Business Continuity Management Plan updated And Communicate this cross Council	Keep Corporate Business Continuity Management Plan updated and Communicate this cross Council	31 Dec 19	Ongoing
3.	Align corporate risks with manifesto commitments of the new administration as well as key corporate objectives arising from the revised Council Plan. Directorate risk registers aligned with the new structure are developed	Review Strategic Risk register Directorate risk registers to be put in place for all directorates reflecting new structure		Dec 19 Dec 19	Completed Autumn 2019 Completed Autumn 2019
4.	Whilst the Council has undertaken a review of information governance in 2018 to meet the requirements of GDPR, further work is required to update Information	Update Information Governance procedures Submit 2019/20 NHS Data Security and Protection	SIRO SIRO	May19-Mar 20 31 March 20	Updated March 20 Submitted March 20

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Item	Governance Point Raised in Annual Governance Statement	Proposed Action	Owner	Comments/ Implementation Deadline	Update
	Governance policies and procedures and embed them into the business as usual culture of the Council	Toolkit Cross Council Information Asset register and data retention/disposal schedules to be updated to improve records management regime	SIRO	31 March 20	Published March 20
5.	Member training	Ensure provision of induction training for new members	Head of Democratic & Registration Services	31 July 2020	Completed
6.	Address common areas of weakness in internal control and ensure major weaknesses identified in audit reports are addressed	Monitoring of actions to address common areas of weakness Monitoring of all limited assurance audit reports	Corporate Management Team/DMTs	Ongoing	Follow up work has indicated that in 63% of cases where significant weaknesses reported in 2018/19 audits, the issues are still being addressed.

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APPENDIX B

2020/21 Annual Governance Statement Action Plan Update

	Item	Proposed action	Owner	Implementation deadline
1.	Follow up work has indicated that in 63% of cases significant weaknesses reported in 2018/19 audits, the issues are still being addressed. Address common areas of weakness in internal control and ensure major weaknesses identified in audit reports are addressed.	Monitoring of actions to address common Areas of weakness. Monitoring of all limited assurance audit reports.	Corporate Management Team DMTs	Ongoing
2.	ICO Information Governance Audit	Adopt and implement recommendations arising from the May 2020 ICO Audit	Information Management Group	As soon as practicable following the Audit
3.	Review Emergency Planning arrangements	Update Corporate Business Continuity Plan in light of Covid-19 experience	Corporate Management Team	January 2021
4.	Covid-19 recovery work	Ensure objectives arising from Covid-19 Recovery plan are implemented	Corporate Management Team	From July 2020-onwards
5.	Dissolve Downshire Homes Limited	Undertake all necessary shareholder actions to assist Downshire Homes Limited facilitate dissolution of	Executive	By 31 March 2021

ANNUAL GOVERNANCE STATEMENT

		company and ensure transfer of property assets to BFC. All Companies Act and HMRC obligations to be discharged.		
6.	Councillor Code of Conduct	Review Code of Conduct in light of publication of new Model Code by LGA	Code of Conduct Working Group	By 31 March 2021

Signed:



Paul Bettison
Leader of the Council
 01 July 2020



Timothy Wheadon
Chief Executive
 01 July 2020

on behalf of Bracknell Forest Council

INDEPENDENT AUDITOR'S REPORT TO BRACKNELL FOREST COUNCIL

Opinion

We have audited the financial statements of Bracknell Forest Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement; and
- Related notes to the Core Financial Statements 1 to 41;
- Collection Fund and related notes 1 to 4;
- Group related notes 1 to 2.

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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Bracknell Forest Council and Group as at 31 March 2020 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 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director: Resources use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director: Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts 2019/20, other than the financial statements and our auditor's report thereon. The Executive Director: Resources is responsible for the other information.

INDEPENDENT AUDITOR'S REPORT TO BRACKNELL FOREST COUNCIL

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information; we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, 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 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibilities of the Executive Director: Resources

As explained more fully in the Statement of the Executive Director: Resources' Responsibilities set out on page 37, the Executive Director: Resources 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Executive Director: Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO BRACKNELL FOREST COUNCIL

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether Bracknell Forest Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Bracknell Forest Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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, Bracknell Forest Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 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 National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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.

Certificate

We certify that we have completed the audit of the accounts of Bracknell Forest Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Bracknell Forest Council as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bracknell Forest Council and Bracknell

INDEPENDENT AUDITOR'S REPORT TO BRACKNELL FOREST COUNCIL

Forest Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading

** September 2021

The maintenance and integrity of the Bracknell Forest Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

APPROVAL OF ACCOUNTS

Certification

I confirm that these accounts were approved by the Governance and Audit Committee of the Council at its meeting on ** November 2020. The ** November 2020 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 Nick Allen
Chairman of Governance and Audit Committee

23 September 2021

STATEMENT OF RESPONSIBILITIES

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 Executive Director: Resources;
- 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 Executive Director: Resources' Responsibilities

The Executive Director: Resources 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 Director: Resources 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 Executive Director: Resources 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 2020 and of its income and expenditure for the year ended 31 March 2020.

Stuart McKellar CPFA
Executive Director: Resources

23 September 2021

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2019/20			Note	2018/19		
	Gross Expenditure £000	Gross Income £000	Net £000		Gross Expenditure £000	Gross Income £000	Net £000
Central	29,253	(6,435)	22,818		17,918	(4,706)	13,212
Delivery	35,313	(10,560)	24,753		52,501	(9,591)	42,910
People	200,659	(131,613)	69,046		189,806	(132,496)	57,310
Non / Council Wide	1,276	(8,326)	(7,050)	6	3,811	(946)	2,865
VAT refund	0	(0)	0		0	(2,299)	(2,299)
Cost of Services	266,501	(156,934)	109,567	5	264,036	(150,038)	113,998
Other Operating Expenditure							
Levies			109				108
Parish Council Precepts			3,335				3,255
Other Income from Capital Receipts that do not arise from the Disposal of an Asset			(2,359)				(851)
(Gain)/Loss on the Disposal of Property, Plant & Equipment			1,440	6			41,750
Other Pension Administration Costs			150	11			154
Financing and Investment Income and Expenditure							
(Surplus)/Deficit on Trading Operations			116				770
Interest Receivable and Similar Income			(1,337)	34			(969)
Interest Payable and Similar Charges			3,791	34			3,584
Income and Expenditure in Relation to Investment Properties			(7,267)	18			(6,548)
Changes in Fair Value of Investment Properties			(1,004)	18			6,991
(Gain)/Loss on the Disposal of Investment Properties			4	18			0
Net Interest on the Net Defined Benefit Pension Liability			6,755	11			6,875
Impairment losses / (gains)			703	34			510
Taxation and Non-specific Grant Incomes							
Council Tax Income			(63,262)				(60,149)
General and other Non-Ringfenced Government Grants			(10,465)	10			(7,147)
Business Rates Income and Expenditure			(26,637)	10			(42,154)
Capital Grants and Contributions			(25,378)	10			(20,807)
(Surplus) or Deficit on Provision of Services			(11,739)	5, 7			39,370
(Surplus) or Deficit on Revaluation of Non-Current Assets			(33,882)	29			(22,839)
Remeasurements of the Net Defined Benefit Pension Liability			(55,425)	11			(8,171)
Other Comprehensive Income and Expenditure			(89,307)				(31,010)
Total Comprehensive Income and Expenditure			(101,046)				8,360

MOVEMENT IN RESERVES STATEMENT

2019/20	General Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	9,060	49,763	0	11,960	70,783	150,343	221,126
Movement in Reserves During 2019/20							
Total Comprehensive Income and Expenditure	11,739	0	0	0	11,739	89,307	101,046
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 8)	(6,285)	0	92	6,832	639	(639)	0
Transfer (to)/from Earmarked Reserves	(7,423)	7,423	0	0	0	0	0
Increase/(Decrease) in Year	(1,969)	7,423	92	6,832	12,378	88,668	101,046
Balance at 31 March 2020	7,091	57,186	92	18,792	83,161	239,011	322,172

2018/19	General Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	9,047	30,668	0	13,810	53,525	176,869	230,394
Adjustment relating to the Waste PFI model	0	0	0	0	0	(908)	(908)
Adjusted Balance at 1 April 2018	9,047	30,668	0	13,810	53,525	175,961	229,486
Movement in Reserves During 2018/19							
Total Comprehensive Income and Expenditure	(39,370)	0	0	0	(39,370)	31,010	(8,360)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 8)	58,478	0	0	(1,850)	56,628	(56,628)	0
Transfer (to)/from Earmarked Reserves	(19,095)	19,095	0	0	0	0	0
Increase/(Decrease) in Year	13	19,095	0	(1,850)	17,258	(25,618)	(8,360)
Balance at 31 March 2019	9,060	49,763	0	11,960	70,783	150,343	221,126

BALANCE SHEET

	Notes	31 March 2020 £000	31 March 2019 £000
Property, Plant and Equipment			
Other Land and Buildings	17	434,384	401,367
Vehicles, Plant and Equipment	17	14,017	12,985
Infrastructure Assets	17	70,491	71,265
Community Assets	17	6,536	6,415
Assets Under Construction	17	15,061	10,691
	17	540,489	502,723
Heritage Assets		271	249
Investment Property	18	127,386	127,176
Intangible Assets		1,941	1,760
Long Term Debtors	21	25,725	26,496
Long Term Assets		695,812	658,404
Current Assets			
Inventories		64	65
Short Term Debtors	22	30,527	38,491
Cash and Cash Equivalents	23	17,668	16,164
Assets Held for Sale	17	0	833
		48,259	55,553
Current Liabilities			
Short Term Borrowing	34	(15,039)	(35,089)
Short Term Creditors	24	(52,969)	(48,453)
Provisions	25	(8,562)	(10,333)
		(76,570)	(93,875)
Long Term Liabilities			
Long Term Creditors	26	(18,911)	(19,208)
Waste PFI Donated Asset Account (deferred income)	15	(908)	(996)
Long Term Borrowing	34	(80,000)	(80,000)
Capital Grants and Other Contributions	10	(491)	(12,464)
Net Pension Liability	11	(245,019)	(286,288)
		(345,329)	(398,956)
Net Assets		322,172	221,126
Usable Reserves			
General Reserves		7,091	9,060
Earmarked Reserves	27	57,186	49,763
Usable Capital Receipts Reserve		92	0
Capital Grants Unapplied Reserve	28	18,792	11,960
		83,161	70,783
Unusable Reserves			
Revaluation Reserve	29	179,516	149,869
Capital Adjustment Account	30	299,995	285,453
Collection Fund Adjustment Account	32	8,250	4,140
Deferred Capital Receipts Reserve	31	1,446	1,689
Pension Reserve	11	(245,019)	(286,288)
Accumulated Absences Account	33	(5,177)	(4,520)
		239,011	150,343
Total Reserves		322,172	221,126

These financial statements replace the unaudited financial statements certified by Stuart McKellar on 20 July 2020.

Stuart McKellar CPFA
Executive Director: Resources
23 September 2020

CASH FLOW STATEMENT

		2019/20	2018/19
	Note	£000	£000
Cash Flows from Operating Activities			
Surplus or (Deficit) on Provision of Services		11,739	(39,370)
Adjust for Non Cash Movements			
Depreciation		16,226	14,104
Impairment & Revaluation Downwards of Non-Current Assets		(5,038)	7,265
Amortisation of Intangibles		424	251
Changes in Fair Value of Investment Properties		(1,004)	6,991
Changes in Provisions		(1,771)	1,825
Impairment losses/(gains)		703	510
Amortisation of Long Term Creditors		(64)	(65)
Carrying amount of Non-Current Assets sold		4,077	47,526
Amounts posted from the Donated Assets Account		(89)	(89)
Changes in Inventory		1	24
Changes in Interest Debtors		(384)	(136)
Changes in Interest Creditors		(603)	179
Changes in Debtors		2,506	2,418
Changes in Creditors		3,702	8,216
Changes in Net Pension Liability		14,156	18,334
Adjust for Items that are Investing or Financing Activities		(30,398)	(26,688)
Net Cash Flow From Operating Activities		14,183	41,295
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		(20,479)	(55,616)
Purchase of Short Term and Long Term Investments		0	0
Other Payments for Investing Activities		(421)	(12,255)
Proceeds from Sale of Non-Current Assets		2,904	6,273
Other Receipts from Investing Activities		15,414	24,570
Net Cash Flow From Investing Activities		(2,582)	(37,028)
Cash Flows from Financing Activities			
Repayment of Short Term and Long Term Borrowing	35	(50,000)	(35,000)
Cash receipts of Short Term and Long Term Borrowing	35	30,000	50,000
Capital Element of PFI Contracts	35	(361)	(333)
Council Tax and Business Rates Adjustments		10,264	(16,059)
Net Cash Flow From Financing Activities		(10,097)	(1,392)
Net (Decrease)/Increase in Cash and Cash Equivalents in the Period		1,504	2,875
Cash and Cash Equivalents as of the Beginning of the Period	23	16,164	13,289
Cash and Cash Equivalents as of the End of the Period	23	17,668	16,164

The cash flows for operating activities include the following items:

	2019/20	2018/19
	£000	£000
Interest received	953	834
Interest paid	(4,394)	(3,405)

NOTES TO THE CORE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 Basis of Preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 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 levied in the reporting period.

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 Schools

The Code of Practice on Local Authority Accounting confirms that the balance of management control for council maintained schools lies with the Council. Maintained schools comprise Community and Community Special schools, Voluntary Aided and Voluntary Controlled schools. The Code also stipulates that these schools' assets, liabilities, reserves and cash flows are recognised in the council financial statements rather than in Group Accounts. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council. Whether the associated buildings and land are included in the Balance Sheet is determined by the accounting policy for Property, Plant and Equipment.

1.9 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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 any 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.

Operational land and buildings are subsequently measured at Current Value. Current Value is primarily based on the amount that would be paid for the asset in its existing use. Current Value is estimated using a depreciated replacement cost approach when the asset is specialised and/or rarely sold (such as a school). Surplus assets are measured at Fair Value which is based on best market value.

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 Reserve. 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 Current 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 the depreciation that would have been charged if the loss had not been recognised.

NOTES TO THE CORE FINANCIAL STATEMENTS

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
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.

No depreciation is charged on land, community assets (as they are held in perpetuity with no determinable useful life) 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.

1.10 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.

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.

1.11 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 (best market 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

1.12 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.

1.13 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

1.14 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.

1.15 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

1.16 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.

1.17 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 and contingent rent.

Services Received

The Fair Value of services received in the year is recorded under Cost of Services in the Comprehensive Income and Expenditure Statement.

PFI Assets

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

PFI Liabilities

A PFI liability and a deferred creditor are recognised at the same time the PFI asset is recognised. The deferred creditor (donated asset account) reflects the proportion of the assets funded by third party revenues and is released over the life of the contract. The PFI is measured initially at the same amount as the PFI asset less the deferred creditor and is subsequently measured at amortised cost. Both liabilities are 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.

1.18 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

1.19 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.

1.20 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.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets, those measured at:

- amortised cost;
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The council's business model is to hold investments to collect contractual cash flows and all payments are solely that of principal and interest. All financial assets are therefore measured at amortised cost.

Financial assets measured at amortised cost 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.

Expected Credit Loss Model for Financial Assets

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

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

Derecognition

A financial asset is considered for derecognition 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. Any gains and losses that arise on derecognition are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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 Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.21 Fair Value

The Council measures Surplus Assets and Investment Properties and some of its financial instruments, such as finance leases and its PFI arrangement, at Fair Value at each reporting date. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the 31 March. The Fair Value measurement assumes that the transaction takes place in the principal or most advantageous market for the asset or liability.

When measuring the Fair Value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of observable inputs where available. The Fair Value hierarchy categorises inputs as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities.

Level 2 – other inputs that are observable for the asset or liability, either directly or indirectly.

NOTES TO THE CORE FINANCIAL STATEMENTS

Level 3 – unobservable inputs for the asset or liability.

1.22 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

NOTES TO THE CORE FINANCIAL STATEMENTS

payments of benefits is recognised in the Balance Sheet. The People Directorate 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 2016. 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

NOTES TO THE CORE FINANCIAL STATEMENTS

(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.

1.23 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 and contributions 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.

Community Infrastructure Levy (CIL)

The levy is charged on most new developments in the Borough with appropriate planning consent, based on a locally determined charging schedule. The levy must be spent on

NOTES TO THE CORE FINANCIAL STATEMENTS

infrastructure (such as transport, schools and social care facilities) or used to meet administrative expenses (up to 5%). It will partly replace Section 106 developer contributions.

CIL is received without outstanding conditions and is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy set out for capital grants and contributions above.

1.24 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.

1.25 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.

1.26 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

1.27 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.

1.28 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:

- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle

Amendments to the IAS19 standard require that when a plan amendment, curtailment or settlement occurs during a reporting period the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event.

Although full adoption will not be required until 1 April 2020, the Council is required to disclose the estimated effect of the changes in these financial statements. None of these standards are expected to have a material impact on the information contained in the Council's financial statements.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 the way local government is financed and future levels of funding. 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 Councils 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 £6.2m as at 31 March 2020) are recognised as Property, Plant and Equipment on the Balance Sheet.

Schools Property

The Council recognises the land and buildings used by schools in accordance with the accounting policy for Property, Plant and Equipment. These assets are recognised in the Balance Sheet if it is probable that the future economic benefits or service potential associated with them will flow to the Council or the schools within its control.

The Council has completed an assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets.

All Community schools are owned and controlled by the Council and the land and buildings used by these schools are therefore included on the Council's Balance Sheet.

There are four Voluntary Aided (VA) Schools within the Council's area. The Council owns and controls the playing fields at two of the schools and these assets are included on the Balance Sheet. The remaining land and building assets are owned by the Oxford or Portsmouth Diocese or other trustees. There has been no reassignment of rights for these assets that would pass control of the economic benefits and service potential to the school or governing body. These assets are used under licences rather than leases which pass no interest to the schools and are terminable by the trustees at any time without causal action. In practice their continued agreement to permit the schools as entities to use the assets

NOTES TO THE CORE FINANCIAL STATEMENTS

means that the trustees (or owners) are perpetually reasserting this control and this has not been passed to the school. They are therefore not recognised as assets of the school or included in the Balance Sheet.

There are three Voluntary Controlled (VC) Schools within the Council's area. Elements of the land (including the playing fields) and buildings are owned and controlled by the Council and are therefore reflected in the Balance Sheet. The remaining assets are owned by the Oxford Diocese and another trustee under similar licence arrangements to VA schools. These assets are therefore not recognised as assets of the school or included in the Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. Thus the land and building assets are not included on the Council's Balance Sheet. There are nine academies (four Secondary Schools and five Primary Schools) within the Council's area.

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

Land and buildings are shown at Current Value for operational assets and Fair Value for surplus assets, 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 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) are used to ensure that those assets not scheduled to be revalued are not materially misstated in the Balance Sheet.

At the current time, it is not possible to accurately predict the longevity and severity of the impact of the Coronavirus (Covid-19) pandemic on the economy. At the valuation date, less weight can be given to previous market evidence for comparison purposes, to inform opinions of value. Our valuations are therefore reported based on 'material valuation uncertainty' per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case.

Values have been based on the situation prior to the pandemic, on the assumption that these will be restored when the property market becomes more fluid. This also reflects the fact that the public's and businesses' behaviour only started to be impacted in the last two weeks of March.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

estimated that the annual depreciation charge for buildings would increase by £1.230m if all the useful lives were reduced by one year.

Fair Value measurements

When the Fair Values of non-financial assets, financial assets and financial liabilities cannot be measured based on quoted prices in active markets it is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing Fair Values.

For Investment Properties the most significant valuation assumption used is that the rental yield (rental as a percentage of property value) achievable on most Investment Properties is equivalent to that achieved on a recent and comparable property purchase. A 1% change in the estimated yield would result in a £15.8m change in value of the whole portfolio.

The valuation of the Council's surplus land asset assumes it is comparable to similar assets in the local market with planning permission.

At the current time, it is not possible to accurately predict the longevity and severity of the impact of Coronavirus (Covid-19) pandemic on the economy. The Council has experienced no impact of the pandemic on rental values for units within Bracknell Forest which we have recently marketed. There is likely to be significant uncertainty over the coming months, which may result within certain markets in an increase in yields and a fall in capital values. However, there is no specific evidence that at the current time this has occurred and no specific evidence that the valuations set out in the accounts should be changed

The impact of a 1% change in interest rates on the Fair Value of Financial Instruments is covered in Note 34.

Future Payments under the Waste PFI Scheme

The estimates of the future payments to the contractor are based on assumptions regarding inflation (assumed to average 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 15. 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 15.

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 2020 without completing a full valuation. However, the actuary is satisfied that the approach of rolling forward the previous valuation data from 31 March 2016 to 31 March 2020 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 (£493.5m) and projected service cost (£15.8m).

NOTES TO THE CORE FINANCIAL STATEMENTS

Sensitivity Analysis	Present Value of Total Obligation		Projected Service Cost	
	+0.1%	-0.1%	+0.1%	-0.1%
	£m	£m	£m	£m
Adjustment to discount rate	(9.8)	10.0	(0.4)	0.4
Adjustment to long term salary increase	0.6	(0.6)	0.0	0.0
Adjustment to pension increases and deferred revaluation	9.4	(9.2)	0.4	(0.4)
Adjustment to life expectancy assumptions	19.6	(18.8)	0.5	(0.5)

Impairment of Financial Instruments

At 31 March 2020, the Council had a trade debtors' balance of £13.71m. 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. If collection rates were to deteriorate, a doubling of the percentage used to calculate the impairment for general debts would require an additional £0.94m to be set aside as an allowance.

Additional allowances are also made for several other debts, in particular Housing Benefits, Business Rates and Council Tax. These totalled £2.75m as at 31 March 2020. Doubling the percentage used to calculate these debts would require an additional £1.04m to be set aside.

The economic impact of the pandemic has made the estimation of impairments more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts. An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on historic experience and success rates experienced in collection. There has been insufficient evidence so far to suggest that allowances should be increased upwards.

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 is based on a historic sample of staff covering a range of pay grades, locations and directorates. 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 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 £0.22m for teaching staff.

Provision for Business Rates Appeals

The Council has made a provision of £11.28m for outstanding Business Rates appeals. This is based on the latest list of outstanding rating proposals provided by the Valuation Office Agency and external advice from rating agents, 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 Council's proportion of 74% equating to £8.35m. A 1% change in the estimate would result in a £0.11m increase or decrease in the provision required for appeals (£0.08m for the Council).

NOTES TO THE CORE FINANCIAL STATEMENTS

5 EXPENDITURE AND FUNDING ANALYSIS

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

	2019/20			2018/19		
	Net Expenditure Chargeable to the General Reserve £000	Adjustments between the Accounting & Funding Basis £000	Net Expenditure in the CIES £000	Net Expenditure Chargeable to the General Reserve £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000
Central	15,899	6,919	22,818	11,304	1,907	13,211
Delivery	19,558	5,195	24,753	23,678	19,232	42,910
People	58,760	10,286	69,046	48,176	9,134	57,310
Non Departmental /Council Wide	(8,106)	1,056	(7,050)	(500)	3,366	2,866
VAT refund	0	0	0	(2,299)	0	(2,299)
Net Cost of Services	86,111	23,456	109,567	80,359	33,639	113,998
Other Income and Expenditure	(91,565)	(29,741)	(121,306)	(99,467)	24,839	(74,628)
(Surplus) or Deficit on Provision of Services	(5,454)	(6,285)	(11,739)	(19,108)	58,478	39,370
Opening General Reserve balance	9,060			9,047		
Plus Surplus/(Deficit) on the General Fund	5,454			19,108		
Transfer (To)/From Earmarked Reserves	(7,423)			(19,095)		
Closing General Reserve balance	7,091			9,060		

NOTES TO THE CORE FINANCIAL STATEMENTS

Analysis of adjustments within the Expenditure and Funding Analysis

The table below analyses the adjustments column in the Expenditure and Funding Analysis between capital, pension and other adjustments.

2019/20				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £000	Net Pensions Adjustments £000	Other Adjustments £000	Total Adjustments £000
Central	5,474	1,401	44	6,919
Delivery	4,560	744	(109)	5,195
People	2,586	4,644	3,056	10,286
Non Departmental /Council Wide	0	439	617	1,056
Net Cost of Services	12,620	7,228	3,608	23,456
Other Income and Expenditure from the Expenditure and Funding Analysis	(29,608)	6,928	(7,061)	(29,741)
Difference between the General Fund Surplus / Deficit and the Surplus / Deficit on the Provision of Services in the CIES	(16,988)	14,156	(3,453)	(6,285)

2018/19				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £000	Net Pensions Adjustments £000	Other Adjustments £000	Total Adjustments £000
Central	750	1,114	43	1,907
Delivery	18,091	1,213	(72)	19,232
People	2,554	4,346	2,234	9,134
Non Departmental /Council Wide	0	4,532	(1,166)	3,366
Net Cost of Services	21,395	11,205	1,039	33,639
Other Income and Expenditure from the Expenditure and Funding Analysis	26,405	7,129	(8,695)	24,839
Difference between the General Fund Surplus / Deficit and the Surplus / Deficit on the Provision of Services in the CIES	47,800	18,334	(7,656)	58,478

Further details of individual adjustments and where they impact in the Comprehensive Income and Expenditure Statement is included in the following table.

NOTES TO THE CORE FINANCIAL STATEMENTS

CIES	Capital Adjustments	Pension Adjustments	Other Adjustments
Cost Of Services	Adds in depreciation and amortisation, impairments and revaluation changes for property plant and equipment, and any revenue funded from capital under statute.	The removal of the council's pension contributions as allowed by statute and their replacement with current and past service costs and (gains)/losses from settlements.	Removes non-ringfenced grants managed by directorates. Transfers to/(from) the accumulated absences account. Removes impairment movements from directorates
Other Operating Expenditure	Adjusts for the (gain)/loss on disposal of property plant and equipment and income from capital receipts that do not arise from a disposal.	Adds in other pension administration costs.	
Financing and Investment Income and Expenditure	For investment property adjusts for any (gain)/loss on disposal and movements in fair value. Also deducts the Minimum Revenue Provision.	Adds in the net interest on the defined benefit liability.	Adds impairment movements
Taxation and Non-Specific Grant Incomes	Adds in capital grants and contributions applied to finance capital or transferred to capital reserves during the year.		Adds non-ringfenced grants managed by directorates. Adjusts for the difference between what is chargeable under statutory regulations for Council Tax and Business Rates and the income recognised under generally accepted accounting practices.

Directorate Income

Fees, charges & other service income received on a directorate basis is analysed below:

Directorates	2019/20	2018/19
	Income from Services £000	Income from Services £000
Central	(5,811)	(4,001)
Delivery	(9,130)	(8,372)
People	(12,744)	(10,774)
Non Departmental /Council Wide	(8,327)	(2,997)
Total	(36,012)	(26,144)

NOTES TO THE CORE FINANCIAL STATEMENTS

The 2019/20 figure includes S106 income which has been earmarked for revenue purposes and has therefore been recorded as income before being transferred to the Revenue Grants Unapplied Reserve to be allocated over a number of years (£7.6m).

6 MATERIAL ITEMS OF INCOME AND EXPENDITURE

Highways Services, the Look Out and Revenues Services moved from the Delivery Directorate to the Central Directorates during the year. This has significantly reduced expenditure and income on Delivery and visa versa for Central in 2019/20. Changes in capital charges between years account for the majority of the other movements on these Directorates.

Within the People Directorate, additional expenditure on the demand led services, in particular social care, and on the Schools Budget partly offset by a reduction in spend on Housing Benefits account for the change in expenditure between years. As Housing benefits and the Schools Budget are largely grant funded this has also had an impact on income levels.

Within Council Wide Services the 2018/19 expenditure figure is much higher due to the past service pension cost relating to the McCloud judgement (see Note 11). The 2019/20 income figure includes S106 income earmarked for revenue services which has been recorded as income but will be spent over several years via allocations from the Revenue Grants Unapplied Reserve.

Outside the Cost of Services, the largest change between years relates to the loss on the disposal of Property, Plant and Equipment. In 2018/19 a significant element of the loss related to Kings Academy Binfield (£40.1m), which was completed and transferred to King's Group Academies during the year.

NOTES TO THE CORE FINANCIAL STATEMENTS

7 EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's income and expenditure is analysed below. The subjective analysis is based on the Service Reporting Code of Practice for Local Authorities.

Expenditure and Income	2019/20 £000	2018/19 £000
Employee expenses	112,653	110,602
Employee expenses – Voluntary Aided Schools	3,869	3,665
Other service expenses	138,549	133,618
Revenue impact of capital items ¹	13,060	71,345
Interest payments	3,791	3,584
Precepts & levies	3,444	3,363
Net Interest on the Net Defined Benefit Pension Liability	6,755	6,875
Other pension administration costs	150	154
Total Expenditure	282,271	333,206
Fees, charges & other service income	(44,634)	(38,556)
Interest and investment income	(1,337)	(969)
Other income from capital receipts that do not arise from the disposal of an asset	(2,359)	(851)
Income from Council Tax and Business Rates	(89,899)	(102,303)
Government grants and contributions	(155,781)	(151,157)
Total Income	(294,010)	(293,836)
(Surplus) or Deficit on the Provision of Services	(11,739)	39,370

¹ This includes depreciation and amortisation, impairments, Revenue Expenditure Funded from Capital under Statute, valuation changes for non-current assets and any gain or loss resulting from their disposal.

NOTES TO THE CORE FINANCIAL STATEMENTS

8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2019/20	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Reversal of items relating to capital expenditure (transferred to the Capital Adjustment Account)	30	16,698	0	0	16,698	(16,698)	0
Changes in Fair Value of Investment Properties	30	(1,004)	0	0	(1,004)	1,004	0
Movement in Waste PFI Donated Asset Account (deferred income)	30	(89)			(89)	89	0
Capital Grants and Contributions Applied including Community Infrastructure Levy receipts	30	(9,048)	0	0	(9,048)	9,048	0
Statutory provision for the financing of capital investment	30	(2,222)	0	0	(2,222)	2,222	0
Capital grants and contributions unapplied transferred to the capital reserve	28	(16,330)	0	16,330	0	0	0
Application of grants to capital financing	28 30	0	0	(9,498)	(9,498)	9,498	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(2,661)	2,661	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	30	0	(5,249)	0	(5,249)	5,249	0
Costs of non-current asset disposals met from the Capital Receipts Reserve		27	(28)	0	(1)	1	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	31	0	243	0	243	(243)	0
Transfer of income from Capital Receipts that do not arise from the disposal of an Asset		(2,359)	2,359	0	0	0	0
Repayment of loans	30	0	106	0	106	(106)	0
Retirement benefits transferred to the Pension Reserve	11	24,528	0	0	24,528	(24,528)	0
Employer's Pension Contributions transferred from the Pension Reserve	11	(10,372)	0	0	(10,372)	10,372	0
Council Tax and Business Rates income (transfers to or (from) the Collection Fund Adjustment Account)	32	(4,110)	0	0	(4,110)	4,110	0
Remuneration (transfers (to) or from the Accumulated Absences Account)	33	657	0	0	657	(657)	0
Total Adjustments		(6,285)	92	6,832	639	(639)	0

NOTES TO THE CORE FINANCIAL STATEMENTS

2018/19	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Reversal of items relating to capital expenditure (transferred to the Capital Adjustment Account)	30	70,130	0	0	70,130	(70,130)	0
Changes in Fair Value of Investment Properties	30	6,991	0	0	6,991	(6,991)	0
Movement in Waste PFI Donated Asset Account (deferred income)	30	(89)			(89)	89	0
Capital Grants and Contributions Applied including Community Infrastructure Levy receipts	30	(17,427)	0	0	(17,427)	17,427	0
Statutory provision for the financing of capital investment	30	(1,798)	0	0	(1,798)	1,798	0
Capital grants and contributions unapplied transferred to the capital reserve	28	(3,379)	0	3,379	0	0	0
Application of grants to capital financing	28 30	0	0	(5,229)	(5,229)	5,229	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(5,881)	5,881	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	30	0	(7,047)	0	(7,047)	7,047	0
Costs of non-current asset disposals met from the Capital Receipts Reserve		105	(108)	0	(3)	3	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	31	0	392	0	392	(392)	0
Transfer of income from Capital Receipts that do not arise from the disposal of an Asset		(851)	851	0	0	0	0
Repayment of loans	30	0	31	0	31	(31)	0
Retirement benefits transferred to the Pension Reserve	11	28,217	0	0	28,217	(28,217)	0
Employer's Pension Contributions transferred from the Pension Reserve	11	(9,883)	0	0	(9,883)	9,883	0
Council Tax and Business Rates income (transfers to or (from) the Collection Fund Adjustment Account)	32	(6,492)	0	0	(6,492)	6,492	0
Remuneration (transfers (to) or from the Accumulated Absences Account)	33	(1,165)	0	0	(1,165)	1,165	0
Total Adjustments		58,478	0	(1,850)	56,628	(56,628)	0

NOTES TO THE CORE FINANCIAL STATEMENTS

9 SCHOOLS

Although schools are separate entities the Code stipulates that their assets, liabilities, reserves and cash flows are recognised in the council financial statements rather than in Group Accounts. An analysis of these schools by category and type is shown below:

2019/20	Category and Type of School							Grand Total
	Community				Voluntary Aided	Voluntary Controlled		
	Primary	Secondary	Special	Total	Primary	Primary		
Number	16	3	1	20	4	3	27 ¹	
	£000	£000	£000	£000	£000	£000	£000	
Net Spend	26,354	18,962	4,243	49,559	4,000	3,450	57,009	
Deficits Surpluses	470 (1,401)	590 (294)	0 (324)	1,060 (2,019)	0 (147)	43 (13)	1,103 (2,179)	

¹School amalgamations have reduced the number of schools by two during the year.

2018/19	Category and Type of School							Grand Total
	Community				Voluntary Aided	Voluntary Controlled		
	Primary	Secondary	Special	Total	Primary	Primary		
Number	17	3	1	21	4	4	29	
	£000	£000	£000	£000	£000	£000	£000	
Net Spend	24,598	18,723	3,677	46,998	3,840	4,191	55,029	
Deficits Surpluses	125 (2,045)	928 (238)	0 (318)	1,053 (2,601)	6 (195)	91 (32)	1,150 (2,828)	

The Council also runs a pupil referral unit which falls outside the main categories of school. This cost £0.821m to run in 2019/20, with an accumulated year end surplus of -£0.023m which will be carried forward into 2020/21 (Net spend of £0.806m with an accumulated year end surplus of -£0.051m in 2018/19). In addition to the balances held by schools in the table above, one academy school has an outstanding loan in the value of £0.061m which is recognised as a liability to the academy in the Commercial Transfer Agreements and being repaid.

Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Agency to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools

NOTES TO THE CORE FINANCIAL STATEMENTS

Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2019/20 are as follows:

	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2019/20 before Academy recoupment			94,080
Academy figure recouped for 2019/20			22,396
Total DSG after Academy recoupment for 2019/20			71,684
Plus: Brought forward from 2018/19			4,607
Less: Carry forward to 2020/21 agreed in advance			0
Agreed initial budgeted distribution in 2019/20	23,297	52,994	76,291
In year adjustments	(765)	765	0
Final budget distribution for 2019/20	22,532	53,759	76,291
Less: Actual central expenditure	20,708		20,708
Less: Actual ISB deployed to schools		54,097	54,097
Plus: Local authority contribution for 2019/20	0	338	338
Carry forward to 2020/21	1,824	0	1,824

New provisions have been put into Regulation 8, paragraphs (7) and (8), and Schedule 2 Part 8 of the School and Early Years Finance (England) Regulations 2020, requiring local authorities to carry forward overspends of DSG to their schools budget either in the year immediately following or the year after. Under the new legislation any deficit must be funded from future DSG income unless specific permission is granted by the secretary of state not to do so.

The £1.824m carry forward balance identified above includes several earmarked reserves together with a general unallocated balance which has for the first time moved into a deficit position. The budget strategy is to carry the whole of the deficit forward to be dealt with in the Schools Budget for the new financial year, in accordance with paragraph 8(7)(a) of the 2020 regulations.

The carry forward balance can be broken down as follows:

	£000
New / expanding schools: start-up / diseconomies	746
New / expanding schools: increases in Business Rates	364
New SEN Resource Provision start-up / diseconomies	459
SEN Transformation Reserve	356
School meals re-tender mobilisation costs	40
General unallocated balance	-141
	1,824

NOTES TO THE CORE FINANCIAL STATEMENTS

10 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

	2019/20	2018/19
	£000	£000
Basic Needs	0	736
Local Transport Plan (LTP)	4,394	4,445
Other Government Grants	1,878	1,971
S106 Contributions	13,277	3,140
Community Infrastructure Levy (CIL)	3,756	8,480
Thames Valley Berkshire Local Enterprise Partnership Contributions	1,800	1,605
Other Capital Contributions	273	430
Total	25,378	20,807

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.

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.

The Covid-19 LA Support Grant will be used to cover costs incurred in responding to the coronavirus pandemic and loss of income, of which only a small proportion fell in 2019/20.

The Improved Better Care Fund can be used to meet adult social care needs, reduce pressures on the NHS, including supporting more people to be discharged from hospital when ready, and to ensure that the local social care provider market is supported

No Revenue Support Grant was receivable in 2019/20 or 2018/19 as the Council was part of a Berkshire Wide business rates retention pilot in both years.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2019/20	2018/19
	£000	£000
Covid-19	2,392	0
New Homes Bonus Grant	1,356	1,772
EU Exit Preparation Grant	210	105
Troubled Families Grants	260	257
Housing and Council Tax Benefit Subsidy Administration Grant	347	380
Special Educational Needs (SEND) Grant	0	88
SEND Preparation for Employment Grant	0	39
School Improvement Monitoring and Brokering Grant	122	120
Small Business Rates Relief Grant	2,746	2,451
Family Safeguarding Project Fund	0	896
Independent Living Fund Grant	248	256
Adult Social Care Support Grant	618	226
Improved Better Care Fund	1,118	0
Waste PFI Deferred Income	89	89
Disabled Facilities Grant	853	333
Other non-ringfenced revenue grants	106	135
General and Non-ringfenced Government Grants	10,465	7,147
Business Rates Income	47,408	72,636
Business Rates Tariff	(20,827)	(30,544)
Business Rates Levy	56	62
Business Rates Income and Expenditure	26,637	42,154
Total	37,102	49,301

Grants and Contributions Credited to Services

	2019/20	2018/19
	£000	£000
Dedicated Schools Grant (including pupil premium)	74,328	73,193
Sixth Form Funding	1,845	2,297
Other Schools Grants and Contributions	4,690	4,317
Housing Benefit Subsidy	23,096	27,172
Public Health Grant	3,943	4,050
Better Care Fund	6,450	6,046
Other Grants and Contributions	4,492	5,929
Donations	412	252
Total	119,256	123,256

Grants and Contributions - Receipts in Advance

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

For revenue grants and contributions these totalled £2.983m (£0.662m in 2018/19), of which the most significant related to S31 Business Rates Relief Grant for 2020/21 paid in 2019/20 (£2.302m).

Capital Grants and Contributions - Receipts in Advance

	31 March 2020	31 March 2019
	£000	£000
Short Term Creditors		
Devolved Formula Capital	509	760
Other Government Grants	724	205
Waste PFI deferred income	89	89
Long Term Liabilities		
Section 106 contributions ¹	491	12,464
Waste PFI deferred income	908	996
Total	2,721	14,514

¹Section 106 contributions arise from planning agreements, which govern the utilisation of the receipts. The majority of the receipts have now been recognised as revenue and either applied or an equivalent amount transferred to the Revenue Grants Unapplied Reserve or the Capital Grants Unapplied Account.

11 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	2019/20			2018/19
	Non-schools	Schools	Total	No of Employees
£50,000 - £54,999	35	44	79	52
£55,000 - £59,999	20	16	36	34
£60,000 - £64,999	10	17	27	20
£65,000 - £69,999	6	7	13	5
£70,000 - £74,999	2	11	13	14
£75,000 - £79,999	2	3	5	5
£80,000 - £84,999	2	3	5	1
£85,000 - £89,999	4	1	5	4
£90,000 - £94,999	6	2	8	2
£95,000 - £99,999	1	1	2	1
£100,000 - £104,999	0	1	1	1
£105,000 - £109,999	1	0	1	1
£110,000 - £114,999	0	1	1	0
£125,000 - £129,999	1	0	1	0
£130,000 - £134,999	0	0	0	1
Total	90	107	197	141
2018/19 Comparatives	74	67		

¹ The total remuneration includes redundancy and settlement payments where applicable.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 Director: Finance and Borough Solicitor posts.

Remuneration of Senior Employees 2019/20

Post Title (and Name if over £150,000)	Salary	Pension Contributions	Total Including Pension Contributions
	£000	£000	£000
Chief Executive – T Wheadon ¹	201	9	210
Executive Director: People – N Edwards	156	22	178
Executive Director: Delivery	131	18	149
Director: Finance	112	16	128
Director: Place, Planning and Regeneration	104	15	119
Director: Organisational Development, Transformation and HR ²	128	11	139
Borough Solicitor	106	15	121
Strategic Director of Public Health ³	25	0	25
Total	963	106	1,069

¹Includes returning officer payments of £0.023m due to the two elections held during the year.

²The Director: Organisational Development, Transformation and HR left the Council on 31 December 2019, this figure includes exit costs.

³The remuneration for this post is shared equally between the six Berkshire unitary councils.

NOTES TO THE CORE FINANCIAL STATEMENTS

Remuneration of Senior Employees 2018/19

Post Title (and Name if over £150,000)	Salary	Pension Contributions	Total Including Pension Contributions
	£000	£000	£000
Chief Executive – T Wheadon	178	25	203
Director of Resources ¹	124	7	131
Director of Children, Young People and Learning - N Edwards ²	34	5	39
Executive Director: People – N Edwards ²	117	17	134
Director of Adult Social Care, Health and Housing ³	48	7	55
Interim Executive Director: Delivery ³	78	11	89
Executive Director: Delivery ⁴	5	1	6
Director of Environment, Culture and Communities ⁵	122	7	129
Borough Treasurer ⁶	24	4	28
Director: Finance ⁶	85	12	97
Director: Place, Planning and Regeneration ⁷	58	8	66
Director: Organisational Development, Transformation and HR ⁷	58	8	66
Borough Solicitor	103	15	118
Strategic Director of Public Health Bracknell Forest ⁸	78	11	89
Strategic Director of Public Health ⁹	13	0	13
Total	1,125	138	1,263

This reflects the revised Corporate Management Team, introduced in September 2018, plus the monitoring officer (Borough Solicitor) and the Strategic Directors of Public Health. No expense allowances were paid during the year.

¹The Director of Resources left the Council on 31 August 2018, this figure includes redundancy costs

²Due to a restructure, the Director of Children Young People and Learning became the Executive Director: People on 1 July 2018

³Due to a restructure, the Director of Adult Social Care, Health and Housing became the Interim Executive Director: Delivery from 1 September 2018 to 17 March 2019.

⁴The Executive Director: Delivery was appointed on 18 March 2019.

⁵The Director of Environment, Culture and Communities left the Council on 31 August 2018, this figure includes redundancy costs

⁶The Borough Treasurer became the Director: Finance on 1 July 2018

⁷Both directors were appointed on 1 September 2018

⁸The Strategic Director of Public Health Bracknell Forest left the authority on 23 January 2019

⁹The remuneration for this post is shared between the six Berkshire unitary councils. There were two post holders during the year. Bracknell Forest's share of the costs was 7.1% until the end of January and 16.67% thereafter.

NOTES TO THE CORE FINANCIAL STATEMENTS

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	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
£0-£20,000	6	18	13	11	19	29	112	206
£20,001 - £40,000	4	9	0	3	4	12	124	340
£40,001 - £60,000	1	2	1	3	2	5	101	233
£60,001 - £80,000	0	2	0	0	0	2	0	140
£80,001- £100,000	0	1	0	0	0	1	0	88
£100,001- £150,000	2	2	0	0	2	2	246	496
Total	13	34	14	17	27	51	583	1,503

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 £0.583m (£1.503m in 2018/19) were comprised of redundancy, settlements and other payments £0.310m (£0.887m), pay in lieu of notice £0.034m (£0.091m) and pension fund contributions to preserve unreduced benefits (pension strain) £0.239m (£0.525m). 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 Council cannot 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 Council'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.

	2019/20		2018/19	
	Employers' Contribution	Additional Benefits	Employers' Contribution	Additional Benefits
Amount Paid	£5.347m	£0.234m	£4.215m	£0.284m
As a percentage of teachers' pensionable pay	16.5%	0.9%	16.5%	1.1%
The expected Employers' Contribution for 2020/21 is £5.440m				

NOTES TO THE CORE FINANCIAL STATEMENTS

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 on-going 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 2016. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund. The current contribution rate is 14.3% of pensionable pay for current service plus a lump sum payment of £2.914m to cover the past service deficit element (14.3% and £2.489m in 2018/19).

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement and Movement in Reserves

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:

	2019/20 £000	2018/19 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	17,184	16,656
Past Service Cost including curtailments	439	5,174
(Gain)/Loss from Settlements	0	(642)
Other Operating Expenditure		
Other Pension Administration Costs	150	154
Financing and Investment Income and Expenditure:		
Net Interest Expense	6,755	6,875
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	24,528	28,217
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)	9,742	(3,153)
Actuarial (Gains) and Losses arising on changes in financial assumptions	(49,729)	25,404
Actuarial (Gains) and Losses arising on changes in demographic assumptions	(5,730)	(30,422)
Other Actuarial (Gains)/Losses on Assets	(1,462)	0
Experience (Gain)/Loss on Defined Benefit Obligation	(8,246)	0
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(30,897)	20,046
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.	(24,528)	(28,217)
Actual Amount Charged Against the General Fund for Pensions in the Year:		
Employer's Contributions Payable to Pension Scheme	10,372	9,883

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 2020 £000	31 March 2019 £000
Present value of funded obligation	490,515	534,501
Fair Value of scheme (plan) assets	(248,433)	(253,059)
Net funded liability	242,082	281,442
Present value of unfunded obligation	2,937	4,846
Net liability arising from the defined benefit obligation	245,019	286,288

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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

	31 March 2020	31 March 2019
	£000	£000
Liabilities as of the Beginning of the Period	539,347	522,289
Current Service Cost	17,184	16,656
Interest Cost	12,802	13,113
Contributions by Scheme Participants	3,180	3,002
Remeasurements		
Actuarial (Gains) and Losses arising from changes in financial assumptions	(49,729)	25,404
Actuarial (Gains) and Losses arising from changes in demographic assumptions	(5,730)	(30,422)
Experience Loss/(Gain) on Defined Benefit Obligation	(8,246)	0
Past Service Costs including Curtailments	439	5,174
Benefits Paid plus Unfunded Pension Payments	(15,396)	(14,134)
Unfunded Pension Payments	(399)	(399)
Liabilities assumed/(extinguished) on Settlements	0	(1,336)
Liabilities as of the end of the period	493,452	539,347

The liabilities show the underlying commitments that the Council has to pay in retirement benefits. There has been an increase in the value of the defined benefit obligation. The key financial assumptions required for determining liabilities are the discount rate, linked to corporate bond yields, and the rate of future inflation. The bond yield at 31 March 2020 is lower than that at 31 March 2019. As a result, the discount rate used is slightly lower resulting in a higher value being placed on the defined benefit obligation. Projections for CPI are 0.5% lower than last year which will have significantly decreased the value of liabilities as it impacts on pension increases. The reduction in salary increases will also reduce the liability. Changes in demographic assumptions have also had the same effect, primarily because mortality improvements have been much lower than previously forecast. The impact of changes in assumptions is covered in more detail in Note 4.

An allowance was made for the potential impact of the McCloud & Sargeant judgements ('transitional protection' offered to some members of the judges and fire fighters' schemes as part of the 2015 pension reforms amounted to unlawful age discrimination with a knock on effect for the Local Government Pension Scheme) in the figures provided for 2018/19 with the adjustment (£4.405m) shown as a Prior Service Cost. This allowance is therefore incorporated in the roll forward approach (rolling forward the last full valuation data to 31 March 2020) used for 2019/20 and has been remeasured at the accounting date along with the normal LGPS liabilities.

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the movements in the Fair Value of scheme (plan) assets:

	31 March 2020	31 March 2019
	£000	£000
Assets as of the Beginning of the Period	253,059	246,164
Interest income	6,047	6,238
Remeasurements		
Return on Plan Assets (excluding the amount included in the Net Interest Expense)	(9,742)	3,153
Other Actuarial Gains and Losses	1,462	0
Other Administration Expenses	(150)	(154)
Employer Contributions	10,372	9,883
Contributions by Scheme Participants	3,180	3,002
Benefits Paid	(15,795)	(14,533)
Settlement prices received/(paid)	0	(694)
Assets as of the end of the period	248,433	253,059

The overall return on assets was -1% (4% in 2018/19) resulting in a reduction in asset values. Asset performance was volatile during the year, particularly in the last couple of months as a result of the current coronavirus pandemic which exerted a downward pressure on returns.

The total contribution expected to be made to the Royal County of Berkshire Pension Fund in 2020/21 is £10.151m.

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		Assets Held	
	31 March 2020		31 March 2019	
	£000	%	£000	%
Cash and Cash Equivalents	29,338	12	20,840	8
Bonds				
Government (Gilts)	0	0	0	0
Other ¹	23,124	9	34,923	14
Equities ²	140,274	56	135,871	54
Property ³	34,134	14	35,768	14
Target Return Portfolio (Unit Trust)	10,464	4	12,136	5
Commodities ⁴	1,464	1	1,968	1
Infrastructure ⁴	20,366	8	24,214	9
Longevity Insurance	(10,731)	(4)	(12,661)	(5)
Total	248,433	100	253,059	100

¹Other Bonds are all overseas investments

²93% of Equities are overseas investments (94% in 2018/19)

³Property pooled funds include UK and overseas (70%) elements

⁴All commodities and 19% of infrastructure investments are overseas investments

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2016 rolled forward allowing for different financial assumptions about mortality rates, salary levels, etc. Barnett Waddingham, an independent firm of actuaries, has assessed the Royal County of Berkshire Pension Fund liabilities.

These assumptions are set with reference to market conditions at 31 March 2020 and will vary depending on the duration of the employer's liabilities, estimated at 20 years. The (Single Equivalent) Discount Rate is based on notional cash flows relating to the annualised Merrill Lynch AA rated corporate bond yield curve.

As future pension increases are based on CPI rather than RPI, an assumption has been made that CPI will be 0.8% below RPI (1.0% in 2018/19). Salary increases are assumed to be 0.8% above CPI in addition to a promotional scale (1.5% above CPI in 2018/19).

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

	2019/20	2018/19	
	%	%	%
	Both	Former BCC	BFC
Rate of inflation - RPI	2.70	3.50	3.40
Rate of inflation - CPI	1.90	2.50	2.40
Rate of increase in salaries	2.90	N/A	3.90
Rate of increase in pensions	1.90	2.50	2.40
Discount Rate	2.35	2.25	2.40
Mortality assumptions from age 65:	Age	Age	Age
Longevity at 65 for current pensioners			
Men	21.5	22.0	22.0
Women	24.1	24.0	24.0
Longevity at 65 for pensioners retiring in 20 years			
Men	22.9	23.7	23.7
Women	25.5	25.8	25.8
Members will exchange half of their commutable pension for cash at retirement.			
A weighted average retirement age is used for all active members.			
The proportion of the membership that had taken up the option under the new scheme to pay 50% of contributions for 50% of benefits at the previous valuation date will remain the same.			

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	31 March 2020	31 March 2019
	£000	£000
Surplus /(Deficit) as of beginning of the period	(286,288)	(276,125)
Remeasurements	55,425	8,171
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	(24,528)	(28,217)
Employer's pension contributions and direct payments to pensioners payable in the year	10,372	9,883
Surplus /(Deficit) as of end of the period	(245,019)	(286,288)

The figures include the Council's share of the Former Berkshire County Council Pension Fund Liability.

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

12 MEMBERS' ALLOWANCES & EXPENSES

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

	2019/20	2018/19
	£000	£000
Allowances	574	570
Expenses	5	7
Total	579	577

13 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 Service and the London Road Landfill Site through joint operations and provides services to the five other Berkshire Unitary 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2019/20			2018/19		
	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
Public Health	7,781	(7,640)	141	8,274	(8,125)	149
Other	2,323	(1,897)	426	1,853	(1,532)	321
Total	10,104	(9,537)	567	10,127	(9,657)	470

14 LEASES

OPERATING LEASES

Council as Lessee

The Council leases various land and/or buildings under non-cancellable operating lease agreements. The lease terms range from 1 to 99 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 6 years.

The non-cancellable operating lease expenditure charged to the relevant service line in the Comprehensive Income and Expenditure Statement during the year is £0.641m, a combination of £0.432m for properties and £0.209m for equipment and vehicles (2018/19 £0.417m for properties and £0.113m for equipment and vehicles).

The Council paid contingent rent of £0.023m during the year (2018/19 £0.019m).

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

	31 March 2020			31 March 2019		
	Land and Buildings	Equipment & Vehicles	Total	Land and Buildings	Equipment & Vehicles	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	105	133	238	123	109	232
Later than one year but not more than five years	372	144	516	384	121	505
Later than five years	4,514	0	4,514	4,608	0	4,608
Total	4,991	277	5,268	5,115	230	5,345

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 149 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

	31 March 2020	31 March 2019
	£000	£000
Not later than one year	5,758	5,958
Later than one year but not more than five years	21,734	21,695
Later than five years	33,817	38,898
Total	61,309	66,551

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 £0.726m (2018/19 £0.609m).

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

	31 March 2020	31 March 2019
	£000	£000
Not later than one year	5,671	5,876
Later than one year but not more than five years	21,423	21,384
Later than five years	31,743	36,272
Total	58,837	63,532

The Council received contingent rent during the year of £0.717m (2018/19 £0.600m) for Investment Property.

FINANCE LEASES

Council as Lessee

The Council leases various properties under non-cancellable finance lease agreements. The property lease terms range from 1 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 2020	31 March 2019
	Land and Buildings £000	Land and Buildings £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	0	0
Non-current	4,624	4,624
	4,624	4,624
Finance costs payable in future years	47,346	48,640
Minimum lease payments	51,970	53,264

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	31 March 2020	31 March 2019
	Land and Buildings	Land and Buildings
	£000	£000
Not later than one year	1,295	1,295
Later than one year but not more than five years	4,053	4,054
Later than five years	46,622	47,915
Total	51,970	53,264

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 £0.424m (2018/19 £0.680m) for Longshot Lane and The Avenue Car Park.

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 2020	31 March 2019
	Land and Buildings	Land and Buildings
	£000	£000
Not later than one year	416	412
Later than one year but not more than five years	1,201	1,113
Later than five years	760	796
Total	2,377	2,321

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 £0.096m (2018/19 £0.087m).

Council as Lessor

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

In 2014 the Council entered into a finance lease over a 999 year period with Thames Valley Housing Association for the combined Adastron House/Byways site.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The gross investment is made up of the following amounts:

	31 March 2020	31 March 2019
	Land and Buildings	Land and Buildings
	£000	£000
Finance lease debtor (net present value of minimum lease payments):		
Current	0	0
Non-current	1,015	1,250
	1,015	1,250
Unearned Finance income	4,499	5,637
Gross Investment in the Leases	5,514	6,887

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 2020	31 March 2019
	Land and Buildings	Land and Buildings
	£000	£000
Not later than one year	46	58
Later than one year but not more than five years	185	230
Later than five years	5,283	6,599
Total	5,514	6,887

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 (2018/19 £0.0m).

15 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. 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. The PFI model was amended last year resulting in some adjustments to opening values.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

	2019/20 £000	2018/19 £000
Value as of the beginning of the period	(4,590)	(5,189)
Adjustment for revised PFI model		266
Adjusted Value as of the beginning of the period		(4,923)
Payments during the year	361	333
Value as of the end of the period	(4,229)	(4,590)

The contract generates an annual income stream from third party income. The income is held on the balance sheet as a deferred creditor (Donated Asset Account) and released to the Comprehensive Income and Expenditure Statement over the life of the contract as follows.

	31 March 2020 £000	31 March 2019 £000
Within 1 year	89	89
2 to 5 years	355	355
6 to 10 years	443	443
11 to 15 years	109	198
Total	996	1,085

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

Obligations payable in	As at 31 March 2020				Total payable £000
	2020/21 £000	2-5 yrs £000	6-10 yrs £000	11-15 yrs £000	
Repayment of Liability	314	1,221	2,040	654	4,229
Interest	309	1,019	686	48	2,062
Payment for Services	1,626	7,157	9,977	2,654	21,414
Total	2,249	9,397	12,703	3,356	27,705

Obligations payable in	As at 31 March 2019				Total payable £000
	2019/20 £000	2-5 yrs £000	6-10 yrs £000	11-15 yrs £000	
Repayment of Liability	361	1,167	1,947	1,115	4,590
Interest	336	1,106	832	123	2,397
Payment for Services	1,514	6,962	9,705	4,747	22,928
Total	2,211	9,235	12,484	5,985	29,915

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	Other Land & Buildings	2019/20 Vehicles, Plant, Furniture & Equipment	Total PFI Assets	Other Land & Buildings	2018/19 Vehicles, Plant, Furniture & Equipment	Total PFI Assets
	£000	£000	£000	£000	£000	£000
Cost/Valuation						
As of the beginning of the period	5,257	1,907	7,164	5,508	1,917	7,425
Adjustment ¹				(251)	(10)	(261)
Adjusted opening balance				5,257	1,907	7,164
In year movements	0	0	0	0	0	0
As of the end of the period	5,257	1,907	7,164	5,257	1,907	7,164
Depreciation						
As of the beginning of the period	250	367	617	251	300	551
Adjustment ¹				(251)	(10)	(261)
Adjusted opening balance				0	290	290
Depreciation for Year	250	77	327	250	77	327
As of the end of the period	500	444	944	250	367	617
Net Book Value as of the beginning of the period	5,007	1,540	6,547	5,257	1,617	6,874
Net Book Value as of the end of the period	4,757	1,463	6,220	5,007	1,540	6,547

¹Following a review of the PFI model, adjustments were required to the historic cost and current value of assets in 2018/19 in order to correct the associated figures in the Balance Sheet. The overall net impact on asset values was zero.

16 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.

	2019/20 £000	2018/19 £000
Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	81	81
Fees payable to external auditor for the certification of grant claims and returns for the year	27	22
Fees payable in respect of other services provided by the external auditor during the year	20	8
Grant claim fees under/(over) accrued in previous year	5	0
Rebate received for previous year	(10)	0
Total	123	111

NOTES TO THE CORE FINANCIAL STATEMENTS

17 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

	2019/20						
	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 2019	411,422	42,184	103,878	6,415	0	10,691	574,590
Additions	4,245	3,048	4,890	64	0	5,478	17,725
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	27,774	0	0	0	0	0	27,774
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	1,801	0	0	(5)	0	0	1,796
Disposals	(7,166)	(2,458)	(1,336)	0	0	0	(10,960)
Reclassification (to)/from Assets Held for Sale	(335)	0	0	0	0	(81)	(416)
Other Reclassifications	304	283	52	62	0	(1,027)	(326)
At 31 March 2020	438,045	43,057	107,484	6,536	0	15,061	610,183
Accumulated Depreciation & Impairments							
At 1 April 2019	10,055	29,199	32,613	0	0	0	71,867
Depreciation charge	9,364	2,150	4,712	0	0	0	16,226
Depreciation written out to the Revaluation Reserve	(6,109)	0	0	0	0	0	(6,109)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(3,160)	0	0	0	0	0	(3,160)
Depreciation written out on disposal	(6,489)	(2,309)	(332)	0	0	0	(9,130)
At 31 March 2020	3,661	29,040	36,993	0	0	0	69,694
Net Book Value at 31 March 2020	434,384	14,017	70,491	6,536	0	15,061	540,489
Net Book Value at 31 March 2019	401,367	12,985	71,265	6,415	0	10,691	502,723
Nature of asset holding							
Owned	428,326	12,554	70,491	6,536	0	15,061	532,968
Finance lease	1,301	0	0	0	0	0	1,301
PFI	4,757	1,463	0	0	0	0	6,220
Net Book Value at 31 March 2020	434,384	14,017	70,491	6,536	0	15,061	540,489

NOTES TO THE CORE FINANCIAL STATEMENTS

	2018/19						
	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	£000
Cost/Valuation							
At 1 April 2018	416,682	40,762	95,995	6,403	0	44,969	604,811
Adjustment for revised Waste PFI Model	(251)	(10)	0	0	0	0	(261)
Adjusted at 1 April 2018	416,431	40,752	95,995	6,403	0	44,969	604,550
Additions	2,895	2,022	6,175	18	0	11,731	22,841
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	7,861	0	0	0	0	0	7,861
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,159)	(5)	0	(6)	0	0	(9,170)
Disposals	(40,124)	(1,381)	(1,347)	0	0	0	(42,852)
Reclassification (to)/from Assets Held for Sale	(8,461)	0	0	0	0	0	(8,461)
Other Reclassifications	41,979	796	3,055	0	0	(46,009)	(179)
At 31 March 2019	411,422	42,184	103,878	6,415	0	10,691	574,590
Accumulated Depreciation & Impairments							
At 1 April 2018	21,323	28,308	29,224	0	0	0	78,855
Adjustment for revised Waste PFI Model	(251)	(10)	0	0	0	0	(261)
Adjusted at 1 April 2018	21,072	28,298	29,224	0	0	0	78,594
Depreciation charge	8,563	1,896	3,645	0	0	0	14,104
Depreciation written out to the Revaluation Reserve	(14,978)	0	0	0	0	0	(14,978)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(4,602)	0	0	0	0	0	(4,602)
Depreciation written out on disposal	0	(995)	(256)	0	0	0	(1,251)
At 31 March 2019	10,055	29,199	32,613	0	0	0	71,867
Net Book Value at 31 March 2019	401,367	12,985	71,265	6,415	0	10,691	502,723
Net Book Value at 31 March 2018	395,359	12,454	66,771	6,403	0	44,969	525,956
Nature of asset holding							
Owned	396,360	11,445	71,265	6,415	0	10,691	496,176
Finance lease	0	0	0	0	0	0	0
PFI	5,007	1,540	0	0	0	0	6,547
Net Book Value at 31 March 2019	401,367	12,985	71,265	6,415	0	10,691	502,723

NOTES TO THE CORE FINANCIAL STATEMENTS

Valuation basis

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at Current or 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 Head of Property & Facilities, although for some assets an external firm of valuers was used to determine building costs. 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 values on a Depreciated Replacement Cost basis 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

The valuation of the Council's surplus land asset assumes it is comparable to similar assets in the local market with planning permission. This is a level 2 valuation under the Fair Value hierarchy.

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 2019/20 rolling programme were not materially misstated in the Balance sheet. As a result, £70m of the 2019/20 assets listed below were revalued using the index.

	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	41,150	107,484	6,536	0	15,061	170,231
Valued at current or Fair Value as at:							
2019/20	330,769	0	0	0	0	0	330,769
2018/19	39,811	0	0	0	0	0	39,811
2017/18	23,552	0	0	0	0	0	23,552
2016/17	15,422	1,907	0	0	0	0	17,329
2015/16	28,491	0	0	0	0	0	28,491
Total Cost or Valuation	438,045	43,057	107,484	6,536	0	15,061	610,183

The outbreak of Coronavirus (Covid-19) Pandemic has produced an unprecedented set of circumstances on which to base a valuation judgement. Consequently, at the valuation date, less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. Our valuations are therefore reported on the basis of 'material

NOTES TO THE CORE FINANCIAL STATEMENTS

valuation uncertainty.' Consequently, less certainty and a higher degree of caution should be attached to our valuations than would normally be the case.

18 INVESTMENT PROPERTY

	2019/20	2018/19
	£000	£000
Balance at the beginning of the period	127,176	103,095
Additions:		
Purchases	0	30,728
Subsequent expenditure	182	344
Disposals	(1,060)	0
Reclassifications from PPE	84	0
Net gains/losses from Fair Value adjustments	1,004	(6,991)
Balance at the end of the period	127,386	127,176

Of the balance as at 31 March 2020, £0.585m relates to properties held under finance leases (£0.350m in 2018/19) and £126.801m to properties owned by the Council (£126.826m in 2018/19). At 31 March 2020, all Investment Properties were let under operating leases with the exception of nine properties currently without tenants and three properties held for future sale. The value of the properties let under operating leases was £122.271m (£121.455m in 2018/19).

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, except where the lease terms specify otherwise.

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 2020	31 March 2019
	£000	£000
Rental Income from Investment Property	(8,319)	(7,707)
Operating Expenses Arising from Investment Property	1,052	1,159
Net Gain	(7,267)	(6,548)

Valuation basis

The Fair Value of Investment Property has been measured using a market approach, taking into account existing lease terms and rentals and information gathered from managing the Council's Investment Property portfolio. It was conducted by Steve Booth, the Head of Property and Facilities, in accordance with the methodologies and estimation bases set out in the professional standards of the Royal Institution for Chartered Surveyors.

The most significant valuation assumption used is that the rental yield (rental as a percentage of property value) achievable on most Investment Properties is equivalent to that achieved on a recent and comparable property purchase.

NOTES TO THE CORE FINANCIAL STATEMENTS

There is limited activity within the local market for equivalent properties. As the local rental yield is based on two recent transactions, the valuations have been categorised as level 2 of the Fair Value hierarchy. These transactions show an increase in yield compared to last year which has resulted in a lower fair value for the whole portfolio.

To estimate the Fair Value of Investment Property, the highest and best use of each asset needs to be considered. Although alternative uses were assessed as part of the process, this was considered to be their current use. There has therefore been no change in the valuation techniques used during the year for Investment Properties.

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 2020	31 March 2019
	£000	£000
Opening Capital Financing Requirement	217,853	186,121
Adjustment relating to the revised Waste PFI model		908
Adjusted Opening Capital Financing Requirement		<u>187,029</u>
<i>Capital Investment</i>		
Property, Plant and Equipment	17,725	22,841
Investment Property	182	31,072
Intangible Assets	386	101
Revenue Expenditure Funded from Capital under Statute	2,542	1,982
Long Term Debtors	685	7,479
	<u>21,520</u>	<u>63,475</u>
<i>Sources of Finance</i>		
Capital Receipts	(5,249)	(7,047)
Disposal costs incurred in advance of the Capital Receipt	(2)	(1)
Government Grants and Other Contributions	(20,222)	(23,716)
Sums Set Aside from Revenue:		
Waste PFI Donated Asset Account (deferred income)	(89)	(89)
Minimum Revenue Provision	(2,222)	(1,798)
	<u>(27,784)</u>	<u>(32,651)</u>
Closing Capital Financing Requirement	211,589	217,853
Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	(571)	(569)
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	(5,693)	31,393
Increase/(Decrease) in Capital Financing Requirement	(6,264)	30,824

NOTES TO THE CORE FINANCIAL STATEMENTS

20 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 2020 are as follows.

Capital Scheme	31 March 2020
	£000
Town Centre Regeneration	6,000
Downshire Way Dualling	858
Ascot Heath Schools Amalgamation	731
King's Academy Equipment	428
Heathlands Redevelopment	642
Total	8,659

21 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. A further capital loan was made to Downshire Homes Ltd (DHL) during the year, which is a wholly owned subsidiary of the Council. Its purpose is to provide accommodation for homeless people and people with learning disabilities. By setting up the company the Council has been able to save costs by increasing the supply of such accommodation. In 2019/20 DHL acquired a further 2 properties and now owns 65, 60 of which are used as homeless accommodation and 5 as shared accommodation for people with learning disabilities.

	31 March 2020	31 March 2019
	£000	£000
Local Authorities		
Loan to Warfield Parish Council	32	40
Loan to Downshire Homes Ltd	20,313	19,692
Other Entities and Individuals		
Housing Association Loans	0	0
Sale of Council Houses Loans	15	15
Car Loans to Employees	415	397
Rent to Mortgage Properties	376	376
South Hill Park Loan	69	10
Mortgages	597	699
Shared Equity Property Finance Leases	731	980
Byways/Adastron Finance Lease	445	445
Construction Industry Levy	2,732	3,842
Total	25,725	26,496

NOTES TO THE CORE FINANCIAL STATEMENTS

22 SHORT TERM DEBTORS

	31 March 2020	31 March 2019
	£000	£000
Central Government Bodies	2,311	9,185
Other Local Authorities	2,076	1,932
NHS Bodies	3,979	2,872
Public Corporations and Trading Funds	6	3
Other Entities and Individuals	22,155	24,499
Total	30,527	38,491

The significant decrease in central government debt primarily relates to the governments share of the deficit on the Business Rates element of the Collection Fund in 2018/19. In 2019/20 there is a surplus which is reflected in the creditors figures.

23 CASH AND CASH EQUIVALENTS

	31 March 2020	31 March 2019
	£000	£000
Investments With Original Maturities of 3 Months or Less	16,803	14,855
Cash held by the Council	6	6
Bank Balance / (Overdraft)	859	1,303
Total	17,668	16,164

24 SHORT TERM CREDITORS

	31 March 2020	31 March 2019
	£000	£000
Central Government Bodies	10,553	5,178
Other Local Authorities	5,967	7,157
NHS Bodies	1,089	685
Public Corporations and Trading Funds	111	0
Other Entities and Individuals	35,249	35,433
Total	52,969	48,453

In 2019/20 income from the Collection Fund is payable to central government resulting in a significant creditor (£3.2m). Central Government's share of other Business Rates related creditors also increased under the 2019/20 pooling arrangement.

25 PROVISIONS

2019/20	Town Centre Regeneration	Business Rates Appeals	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2019	507	9,416	410	10,333
Additional provisions	0	455	9	464
Unused amounts reversed	(333)	0	(210)	(543)
Amounts used	(168)	(1,524)	0	(1,692)
Balance at 31 March 2020	6	8,347	209	8,562

NOTES TO THE CORE FINANCIAL STATEMENTS

2018/19	Town Centre Regeneration £000	Business Rates Appeals £000	Construction £000	Total £000
Balance at 1 April 2018	507	7,592	410	8,509
Additional provisions	0	2,543	0	2,543
Unused amounts reversed	0	0	0	0
Amounts used	0	(719)	0	(719)
Balance at 31 March 2019	507	9,416	410	10,333

The provision for Business Rates shows an overall decrease and reflects the latest information on appeals and the fact the Council was in a 75% retention pilot in 2019/20 (100% in 2018/19). The position is increasingly difficult to predict following the 2017 valuation and the Valuation Office Agency's new Check, Challenge, Appeal process.

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 2020/21.

26 LONG TERM CREDITORS

	31 March 2020 £000	31 March 2019 £000
Other Entities and Individuals		
PFI Obligations	3,914	4,229
Finance Lease Obligations	4,624	4,624
Peel Centre Prepaid Rent	9,463	9,527
Deposits	910	828
Total	18,911	19,208

27 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.
- 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

- The Future Funding Reserve is used to smooth the impact of changes in Business Rates income and central government funding decisions.
- The Transformation Reserve is used to meet the upfront costs of the Council's transformation programme aimed at identifying significant savings that can be incorporated into future years' budgets. The ICT Transformation Reserve is specifically for ICT developments.
- 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.

2019/20	Balance at 1 April £000	Transfers Out £000	Transfers In £000	Balance at 31 March £000
Earmarked Reserves				
Schools' Balances Held Under a Scheme of Delegation	1,558	(1,077)	534	1,015
Other Schools' Balances	4,659	(3,539)	727	1,847
Insurance & Uninsured Claims	2,952	(22)	129	3,059
Cost of Structural Change	2,290	(532)	1,400	3,158
Regeneration of Bracknell Town Centre	1,792	(479)	3,000	4,313
Future Funding	19,822	(1,676)	0	18,146
Transformation	3,622	(1,843)	1,400	3,179
Public Health	1,560	0	159	1,719
Better Care Fund	2,091	(254)	485	2,322
ICT Transformation	1,000	0	0	1,000
Commuted Maintenance of Land	1,688	(52)	0	1,636
Revenue Grants Unapplied	3,509	(969)	8,241	10,781
Covid-19 Reserve	0	0	2,289	2,289
Other	3,220	(2,309)	1,811	2,722
Total	49,763	(12,752)	20,175	57,186
Total movements in 2018/19	30,668	(4,521)	23,616	49,763

28 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.

	2019/20 £000	2018/19 £000
Opening Balance	11,960	13,810
Received	16,330	3,394
Repaid	0	(15)
Applied to Capital Financing	(9,498)	(5,229)
Closing Balance	18,792	11,960

NOTES TO THE CORE FINANCIAL STATEMENTS

29 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.

	2019/20	2018/19
	£000	£000
As of the beginning of the period	149,869	136,195
Adjustment relating to the revised Waste PFI model		(852)
Adjusted as of the beginning of the period		135,343
Upward revaluation of assets	38,526	22,858
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,644)	(19)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	33,882	22,839
Difference between Current/Fair Value depreciation and historical cost depreciation	(3,051)	(2,695)
Accumulated gains on assets sold or scrapped	(1,184)	(5,618)
Amount written off to the Capital Adjustment Account	(4,235)	(8,313)
Closing Balance	179,516	149,869

30 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 Current or 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2019/20	2018/19
	£000	£000
Balance at 1 April	285,453	322,755
Adjustment relating to the revised Waste PFI model		(56)
Adjusted Balance at 1 April		322,699
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	(16,226)	(14,104)
Revaluation Losses on Property Plant & Equipment	5,038	(7,265)
Amortisation of Intangible Assets	(424)	(251)
Revenue Expenditure Funded from Capital under Statute	(1,009)	(984)
Amount of non-current assets written off as part of the gain/loss on sale	(4,077)	(47,526)
	(16,698)	(70,130)
Adjusting amounts written out of the Revaluation Reserve	4,235	8,313
Net written out amount of the cost of non-current assets consumed in the year	(12,463)	(61,817)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	5,249	7,047
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9,048	17,427
Application of Capital Grants and Contributions to capital financing from the Capital Grants Unapplied Reserve	9,498	5,229
Statutory provision for the financing of capital investment	2,222	1,798
Prior year costs of non-current asset disposals met from in-year Capital Receipts	1	3
	26,018	31,504
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,004	(6,991)
Movements in the Waste PFI Donated Asset Account (deferred income) credited to the Comprehensive Income and Expenditure Statement	89	89
Repayment of loans	(106)	(31)
Balance at 31 March	299,995	285,453

NOTES TO THE CORE FINANCIAL STATEMENTS

31 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.

	2019/20	2018/19
	£000	£000
As of the beginning of the period	1,689	2,081
Shared Equity Property Finance Leases	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(243)	(392)
Closing Balance	1,446	1,689

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	31 March
	2020	2019
	£000	£000
Mortgages on Council Houses Sold	15	15
Housing Association Loans	0	0
Loan to Warfield Parish Council	40	48
Rent to Mortgage Properties	376	376
Shared Equity Property Finance Leases	570	805
Byways/Adastron House Finance Lease	445	445
Total	1,446	1,689

32 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 change in the balance primarily relates to Business Rates and the need to significantly increase the provision for appeals. This has created a deficit on the Collection Fund.

	2019/20	2018/19
	£000	£000
As of the beginning of the period	4,140	(2,352)
Net change during the year	4,110	6,492
Closing Balance	8,250	4,140

NOTES TO THE CORE FINANCIAL STATEMENTS

33 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.

	2019/20	2018/19
	£000	£000
As of the beginning of the period	4,520	5,685
Net change during the year	657	(1,165)
Closing Balance	5,177	4,520

34 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets	Current	31 March 2020		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Debtors – Amortised Cost	23,099	25,725	48,824	61,614
Total Financial Assets	23,099	25,725	48,824	61,614
Non-financial Assets	7,428	0	7,428	7,428
Total	30,527	25,725	56,252	69,042
Financial Liabilities				
Borrowings – Amortised Cost	15,331	80,000	95,331	158,133
Creditors – Amortised Cost	35,869	9,446	45,315	88,154
Total Financial Liabilities	51,200	89,446	140,646	246,287
Non-financial Liabilities	16,808	0	16,808	16,808
Total	68,008	89,446	157,454	263,095

NOTES TO THE CORE FINANCIAL STATEMENTS

Financial Assets	Current	31 March 2019		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Debtors – Amortised Cost	23,169	26,496	49,665	57,972
Total Financial Assets	23,169	26,496	49,665	57,972
Non-financial Assets	15,322	0	15,322	15,322
Total	38,491	26,496	64,987	73,294
Financial Liabilities				
Borrowings – Amortised Cost	35,884	80,000	115,884	139,143
Creditors – Amortised Cost	32,581	9,850	42,431	79,923
Total Financial Liabilities	68,465	89,850	158,315	219,066
Non-financial Liabilities	15,077	0	15,077	15,077
Total	83,542	89,850	173,392	234,143

Cash and cash equivalents, which include Money Market Funds held at amortised cost, are also financial instruments and are detailed in Note 23.

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. For completeness they are included in non-financial assets and liabilities in the tables above.

Fair Value of Assets and Liabilities carried at Amortised Cost

All the Council's financial liabilities and financial assets represented by amortised cost and long term debtors and creditors 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 PWLB and non-PWLB loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures (a Level 2 valuation using discounted cash flows);
- For PFI contracts and finance leases, premature repayment rates from the Public Works Loans Board (PWLB) have been applied to provide the Fair Value under PWLB debt redemption procedures. These financial liabilities are held by and under the control of the providers rather than the Council. This valuation basis is therefore

NOTES TO THE CORE FINANCIAL STATEMENTS

only a Level 3 approximation of the net present value of the arrangements based on PWLB rates;

- 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.

As the fair value of loans payable is based on PWLB premature repayment rates it includes a penalty charge for early redemption in addition to charging a premium for the additional interest that would be paid. A supplementary measure of the additional interest that the Council will pay as a result of its borrowing commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £95.3m would be valued at £116.7m.

In both valuation approaches the fair value of borrowing liabilities is greater than the carrying amount which shows a notional future loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders above current market rates.

The Fair Value of long term creditors is also significantly higher than the carrying amount because the interest rates payable for the PFI contract and the Longshot Lane and The Avenue Car Park finance leases is higher than the prevailing rates estimated to be available at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest above current market rates.

The Fair Value of the assets is significantly higher than the carrying amount because the Council's portfolio of long term debtors includes a fixed rate loan to Downshire Homes Ltd of £20.3m (£19.7m in 2018/19) 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.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

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:

Income, Expense, Gains and Losses	2019/20 Surplus or Deficit on the Provision of Services £000	2018/19 Surplus or Deficit on the Provision of Services £000
Interest Revenue – financial assets measured at amortised cost	1,337	969
Interest expense	(3,791)	(3,584)

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:

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

The key issues within the strategy were:

- The Authorised Limit for 2019/20 was set at £266m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £250m. This is the expected level of debt and other long term liabilities during the year.

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 & Poor's Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria for the Council 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-, a viability rating of A- and a support rating of 1.

NOTES TO THE CORE FINANCIAL STATEMENTS

- UK Banks or Building Societies.
 - 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	1 year	£7m
Money Market Funds	On-Call	£7m
Debt Management Account Deposit Facility	6 months	£7m
UK Local Authorities	1 year	£7m

The full Investment Strategy for 2019/20 was approved by Full Council on 27 February 2019 and is available, along with the treasury management strategy, on the Council website at <https://www.bracknell-forest.gov.uk/sites/default/files/documents/treasury-management-report-2019-to-2020.pdf>.

The Council’s maximum exposure to credit risk in relation to its deposits in financial institutions and money market funds of £17.7m 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 2020 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Amounts Arising from Expected Credit Losses

An analysis of long term debtors is included in Note 21. Risk for each category has not increased significantly and remains low; therefore, losses have been assessed on the basis of 12-month expected losses. After considering each category of debt, no loss allowances have been made. The most significant debts relate to the loan to Downshire Homes Ltd (£20.3m) and Construction Industry Levy (CIL) payments (£2.7m). The interest payable on the loan is factored into DHL’s business model and the loan is secured against the properties owned by DHL. CIL for larger developments is payable in instalments potentially over several years. The development cannot progress if CIL payments are not made.

A simplified lifetime loss approach is used for trade, lease and housing related receivables based on a provision matrix. Fixed provision rates are used depending on the number of days that a receivable is past due and the type of debt. The change in loss allowance for the year on these debts is shown in the following table. The impairment loss/(gain) charged to the Comprehensive Income and Expenditure Statement is the movement in the allowance plus any write offs.

Loss Allowance	2019/20	2018/19
	£000	£000
Opening Balance as at 1 April	2,624	2,425
Movements	123	199
As at 31 March	2,747	2,624
Write offs	580	311
Impairment losses /(gains)	703	510

NOTES TO THE CORE FINANCIAL STATEMENTS

Loss allowances are also held for Council Tax (£0.506m) and Business Rates debts (£0.420m) using a provision matrix. These are not financial instruments and any movement in the allowance or write offs are charged to the Collection Fund.

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 2020 was £1.176m (2018/19 £0.809m).

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

The Council commenced borrowing in 2016/17 and therefore now has a debt portfolio. 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. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

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 financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- 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 borrowed a total of £80m from the Public Works Loans Board on a long term basis (£0m in 2019/20) and holds £15.3m with a number of organisations on a short term basis to finance capital expenditure.

NOTES TO THE CORE FINANCIAL STATEMENTS

The maturity analysis of these borrowings is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Lower Limit	Upper Limit	31 March 2020 £000	31 March 2019 £000
Less than one year	0%	100%	15,331	35,884
Between 5 and 10 years	0%	100%	30,000	30,000
More than 40 years	0%	100%	50,000	50,000
Total	0%	100%	95,331	115,884

The Council has longer term financial liabilities relating to finance leases and PFI arrangements and the maturity analyses are disclosed in Notes 14 and 15 to these accounts.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and 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:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall
- 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.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and 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, similarly the drawing of longer term fixed rate borrowings would be postponed.

NOTES TO THE CORE FINANCIAL STATEMENTS

According to this assessment strategy, at 31 March 2020, 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	(259)
Impact on Surplus or Deficit on the Provision of Services	(259)
Decrease in Fair Value of fixed rate investment assets	5,059
Impact on Other Comprehensive Income and Expenditure	5,059
Decrease in Fair Value of fixed rate borrowing and other liabilities (no impact on the Comprehensive Income and Expenditure Statement)	33,152

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

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

Foreign exchange risk – The Council has no financial assets or liabilities denominated in foreign currencies.

35 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2019 £000	Financing Cash Flows £000	Other Non- cash Changes £000	31 March 2020 £000
Long Term Borrowings	80,000	0	0	80,000
Short Term Borrowings	35,089	(20,000)	(50)	15,039
Finance Lease Liabilities	4,624	0	0	4,624
PFI Liabilities	4,590	(361)	0	4,229
Total Liabilities from Financing Activities	124,303	(20,361)	(50)	103,892

	1 April 2018 £000	Financing Cash Flows £000	Other Non- cash Changes £000	31 March 2019 £000
Long Term Borrowings	70,000	10,000	0	80,000
Short Term Borrowings	30,034	5,000	55	35,089
Finance Lease Liabilities	4,624	0	0	4,624
PFI Liabilities	5,189	(333)	(266)	4,590
Total Liabilities from Financing Activities	109,847	14,667	(211)	124,303

NOTES TO THE CORE FINANCIAL STATEMENTS

36 CONTINGENCIES

Contingent Liabilities

The Council gave a number of warranties to Silva 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 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.

37 POOLED BUDGETS

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

Pooled Budget: Better Care Fund

The Better Care Fund pooled budget was established on 1 April 2015 and incorporates the intermediate care pooled budget that existed in prior years. This new pooled budget aims to improve person-centred co-ordinated care through integration of Council and NHS services. The agreement is between Bracknell Forest Council and Bracknell and Ascot Clinical Commissioning Group.

The Better Care Fund consists of a number of schemes, some of which are managed by the Council and some by the Clinical Commissioning Group. The schemes include:

- Multi-disciplinary care teams, bringing together health and social care professionals to help individuals manage long term conditions.
- Integrated care teams to assist people transferring from hospital to home.
- A falls prevention advisory service, providing falls risk assessments and support in the community.

A summary of gross income and gross expenditure is provided below.

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000	£000	£000
Financial Year 2019/20	11,450¹	11,110	4,186
Financial Year 2018/19	10,046 ²	11,331	4,864

¹ The Council £9.569m and the Clinical Commissioning Group £1.881m

² The Council £8.547m and the Clinical Commissioning Group £1.499m

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 Clinical Commissioning Groups covering the same geographical area. The pooled budget is administered by the lead authority West Berkshire Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

The aim of the partnership is to improve the integration of health and social care community equipment services to meet the needs of users. A summary of income and expenditure is provided below.

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000	£000	£000
Financial year 2019/20	9,913	9,913	533
Financial year 2018/19	8,947	8,947	403

38 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 7 and the grant analysis in Note 10.

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 12. 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.

39 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 31st March 2020, the Council administered, £1.57m within 125 bank accounts (£1.60m as at 31st March 2019).

NOTES TO THE CORE FINANCIAL STATEMENTS

Additionally, as part of these responsibilities, four residential properties were under the Council's management. The assets are not owned by the Council and have not therefore been included in the financial statements.

40 PRIOR PERIOD ADJUSTMENTS

No prior period adjustments were required in 2019/20.

41 NON-ADJUSTING POST BALANCE SHEET EVENTS

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 Stuart McKellar, the Executive Director: Resources, on 23 September 2021.

Some asset valuations are based upon income generation, most significantly the town centre Car Parks, and consequently could be disproportionately impacted by Coronavirus (Covid-19) pandemic. As at the balance sheet date there had been an immaterial loss of income. The forecast impact of the current four month loss of income upon their valuations is a potential impairment totalling £1.5m. The impact of the pandemic upon asset valuations is very uncertain at the current time and will continue to be monitored.

THE COLLECTION FUND

Business Rates £000	2019/20	Total £000	Notes	Business Rates £000	2018/19	Total £000
	Council Tax £000				Council Tax £000	
			Income			
	76,006	76,006	Council Tax Receivable		71,399	71,399
72,894		72,894	Business Rates Receivable	2	74,196	74,196
157		157	Less: Transitional Protection Payments Receivable			
73,051	76,006	149,057	Total Income	74,196	71,399	145,595
			Apportionment of Previous Year's Estimated Surplus / (Deficit)			
5,581		5,581	Central Government	(3,107)		(3,107)
4,942	427	5,369	Bracknell Forest Council	(3,045)	(115)	(3,160)
106	21	127	Royal Berkshire Fire Authority	(62)	(6)	(68)
	58	58	Police and Crime Commissioner		(15)	(15)
10,629	506	11,135	Apportionment Total	(6,214)	(136)	(6,350)
			Expenditure			
			Precepts, Demands and Shares			
(18,403)		(18,403)	Central Government			
(54,471)	(62,754)	(117,225)	Bracknell Forest Council	(69,034)	(60,600)	(129,634)
(736)	(3,021)	(3,757)	Royal Berkshire Fire Authority	(697)	(2,915)	(3,612)
	(9,401)	(9,401)	Police and Crime Commissioner		(8,257)	(8,257)
			Charges to Collection Fund			
			Transitional Protection Payments Payable	230		230
			Less: write offs in excess of provision	(163)	(118)	(281)
90	(241)	(151)	Less: Increase/ (Decrease) in Allowance for Impairments	(169)	(44)	(213)
(1,769)		(1,769)	Less: Increase/ (Decrease) in Provision for Appeals	5,982		5,982
	19	19	Less: S13A Discretionary Reliefs			
(150)		(150)	Less: Cost of Collection	(141)		(141)
(75,439)	(75,398)	(150,837)	Total Expenditure	(63,992)	(71,934)	(135,926)
8,241	1,114	9,355	Movement on the fund balance	4	3,990	3,319
(958)	(583)	(1,541)	(Surplus)/Deficit brought forward		(4,948)	88
7,283	531	7,814	(Surplus)/Deficit as at 31 March	4	(958)	(583)

NOTES TO THE COLLECTION FUND

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 Thames Valley Police and Crime Commissioner and the Royal Berkshire Fire Authority as well as itself 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 15 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 2020	£167,203,687
	(£172,966,180 31 March 2019)

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

Business Rate Multiplier - Standard	50.4p (49.3p 2018/19)
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Business Rate Multiplier - Small Business	49.1p (48.0p 2018/19)
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(A property with a rateable value below £50,999)

3 Council Tax

The Council's tax base for 2019/20 was 45,573. 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.

NOTES TO THE COLLECTION FUND

This was calculated as follows:-

Band	Actual Number of Properties	Estimated Number of Taxable Properties after effect of discounts & exemptions	Ratio	Band D Equivalent Dwellings
A (Disabled)	0	4	5/9 ^{ths}	2
A	1,553	1,359	6/9 ^{ths}	906
B	4,406	3,802	7/9 ^{ths}	2,957
C	17,821	16,299	8/9 ^{ths}	14,488
D	9,456	8,812	9/9 ^{ths}	8,812
E	7,923	7,512	11/9 ^{ths}	9,181
F	4,904	4,714	13/9 ^{ths}	6,810
G	2,339	2,262	15/9 ^{ths}	3,770
H	258	247	18/9 ^{ths}	494
	48,660			47,420
				Less allowance for losses on collection (213)
				Less allowance for Council Tax Reduction Scheme (2,556)
				Add contributions in lieu from the Ministry of Defence 268
				Add allowance for new properties 654
				Council Tax Base 45,573

4 Collection Fund Surplus / Deficit

A surplus of £9.355m has been achieved on the Collection Fund, broken down into a £1.114m surplus on Council Tax (a £0.671m deficit in 2018/19) and a £8.241m surplus on Business Rates (a £3.990m surplus in 2018/19). The balance of the Fund carried forward is a £7.814m surplus.

Share of Surplus / (Deficit)	Opening Balance £000	Council Tax £000	Business Rates £000	Closing Balance £000
Bracknell Forest Council	4,141	935	3,175	8,251
Central Government	(5,581)	0	4,984	(597)
Police & Crime Commissioner	(68)	134	0	66
Royal Berkshire Fire Authority	(33)	45	82	94
Total	(1,541)	1,114	8,241	7,814

GROUP ACCOUNTS

Introduction

The Council is required to produce Group Accounts if it has material interests in subsidiaries, associates and joint ventures.

Downshire Homes Ltd (DHL) is a separate entity 100% owned and controlled by the Council and as such is classified as a wholly owned subsidiary. Its purpose is to acquire properties that can be used to house homeless families or provide learning disability accommodation. A key incentive to the Council in doing this is that the homeless accommodation rent levels from DHL are less expensive than other short term solutions such as Bed & Breakfast accommodation and it enables the Council to discharge its homeless duty by placing households in secure tenancies. It also ensures more capacity in the local market for Learning Disability client accommodation, which in turn should help the Council manage cost pressures.

DHL became operational in 2016/17. Due to continued investment in the company Group Accounts are now deemed to be required on the grounds of materiality. In 2019/20 DHL acquired a further 2 properties and now owns 65, 60 of which are used as homeless accommodation and 5 as shared accommodation for people with learning disabilities. An operating loss of £0.631m was made in 2019/20 (£0.834m loss in 2018/19). The accounts for DHL have been prepared on the same basis as the Council's accounts. It also has the same accounting period and follows the same accounting policies as the Council. The ongoing future of DHL will be considered during 2020/21.

A subsidiary is consolidated by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of the Council in the financial statements. Intragroup balances and transactions are eliminated.

The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities. Notes have been included where they are materially different to those for the Council's accounts.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2019/20			2018/19		
	Gross Expenditure £000	Gross Income £000	Net £000	Gross Expenditure £000	Gross Income £000	Net £000
Central	29,253	(6,382)	22,871	17,918	(4,662)	13,256
Delivery	35,313	(10,559)	24,754	52,501	(9,533)	42,968
People	201,271	(132,349)	68,922	190,564	(133,065)	57,499
Non Departmental / Council Wide	1,276	(8,326)	(7,050)	3,811	(946)	2,865
VAT refund	0	(0)	0	0	(2,299)	(2,299)
Cost of Services	267,113	(157,616)	109,497	264,794	(150,505)	114,289
Other Operating Expenditure						
Levies			109			108
Parish Council Precepts			3,335			3,255
Other Income from Capital Receipts that do not arise from the Disposal of an Asset			(2,359)			(851)
(Gain)/Loss on the Disposal of Property, Plant & Equipment			1,440			41,750
Other Pension Administration Costs			150			154
Financing and Investment Income and Expenditure						
(Surplus)/Deficit on Trading Operations			116			770
Interest Receivable and Similar Income			(664)			(480)
Interest Payable and Similar Charges			3,791			3,584
Income and Expenditure in Relation to Investment Properties			(7,267)			(6,548)
Changes in Fair Value of Investment Properties			(1,004)			6,991
(Gain)/Loss on the Disposal of Investment Properties			4			0
Net Interest on the Net Defined Benefit Pension Liability			6,755			6,875
Impairment losses/ (gains)			703			510
Taxation and Non-specific Grant Incomes						
Council Tax Income			(63,259)			(60,148)
General and other Non-Ringfenced Government Grants			(10,465)			(7,147)
Business Rates Income and Expenditure			(26,637)			(42,154)
Capital Grants and Contributions			(25,378)			(20,807)
(Surplus) or Deficit on Provision of Services			(11,133)			40,151
Tax Expenses of Downshire Homes Ltd			25			55
Group (Surplus) or Deficit			(11,108)			40,206
(Surplus) or Deficit on Revaluation of Non-Current Assets			(33,863)			(22,841)
Remeasurements of the Net Defined Benefit Pension Liability			(55,425)			(8,171)
Other Comprehensive Income and Expenditure			(89,288)			(31,012)
Total Comprehensive Income and Expenditure			(100,396)			9,194

GROUP MOVEMENT IN RESERVES STATEMENT

2019/20	General Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	DHL Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	9,060	49,763	0	11,960	70,783	150,343	221,126	(1,691)	219,435
Movement in Reserves During 2019/20									
Total Comprehensive Income and Expenditure	12,486	0	0	0	12,486	89,307	101,793	(1,397)	100,396
Adjustments Between Group Accounts and Authority Accounts	(747)	0	0	0	(747)	0	(747)	747	0
Adjustments Between Accounting Basis and Funding Basis Under Regulations	(6,285)	0	92	6,832	639	(639)	0	0	0
Transfer (to)/from Earmarked Reserves	(7,423)	7,423	0	0	0	0	0	0	0
Increase/(Decrease) in Year	(1,969)	7,423	92	6,832	12,378	88,668	101,046	(650)	100,396
Balance at 31 March 2020	7,091	57,186	92	18,792	83,161	239,011	322,172	(2,341)	319,831

2018/19	General Reserves	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	DHL Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	9,047	30,668	13,810	53,525	176,869	230,394	(857)	229,537
Adjustment relating to the Waste PFI model	0	0	0	0	(908)	(908)	0	(908)
Adjusted Balance at 1 April 2018	9,047	30,668	13,810	53,525	175,961	229,486	(857)	228,629
Movement in Reserves During 2018/19								
Total Comprehensive Income and Expenditure	(38,769)	0	0	(38,769)	31,010	(7,759)	(1,435)	(9,194)
Adjustments Between Group Accounts and Authority Accounts	(601)	0	0	(601)	0	(601)	601	0
Adjustments Between Accounting Basis and Funding Basis Under Regulations	58,478	0	(1,850)	56,628	(56,628)	0	0	0
Transfer (to)/from Earmarked Reserves	(19,095)	19,095	0	0	0	0	0	0
Increase/(Decrease) in Year	13	19,095	(1,850)	17,258	(25,618)	(8,360)	(834)	(9,194)
Balance at 31 March 2019	9,060	49,763	11,960	70,783	150,343	221,126	(1,691)	219,435

GROUP BALANCE SHEET

	Notes	31 March 2020 £000	31 March 2019 £000
Property, Plant and Equipment			
Other Land and Buildings	1	452,875	419,692
Vehicles, Plant and Equipment	1	14,017	12,985
Infrastructure Assets	1	70,491	71,265
Community Assets	1	6,536	6,415
Assets Under Construction	1	15,061	10,691
		558,980	521,048
Heritage Assets		271	249
Investment Property		127,386	127,176
Intangible Assets		1,941	1,760
Long Term Debtors		5,403	6,802
Deferred Tax Asset		0	25
Long Term Assets		693,981	657,060
Current Assets			
Inventories		64	65
Short Term Debtors		29,821	37,978
Cash and Cash Equivalents		17,954	16,390
Assets Held for Sale		0	833
		47,839	55,266
Current Liabilities			
Short Term Borrowing		(15,039)	(35,089)
Short Term Creditors		(53,059)	(48,513)
Provisions		(8,562)	(10,333)
		(76,660)	(93,935)
Long Term Liabilities			
Long Term Creditors		(18,911)	(19,208)
Waste PFI Donated Asset Account (deferred income)		(908)	(996)
Long Term Borrowing		(80,000)	(80,000)
Capital Grants and Other Contributions		(491)	(12,464)
Net Pension Liability		(245,019)	(286,288)
		(345,329)	(398,956)
Net Assets		319,831	219,435
Usable Reserves			
General Reserves		6,344	8,459
Earmarked Reserves		57,186	49,763
Income and Expenditure Reserve		(1,599)	(1,114)
Usable Capital Receipts Reserve		92	0
Capital Grants Unapplied Reserve		18,792	11,960
		80,815	69,068
Unusable Reserves			
Revaluation Reserve		179,521	149,893
Capital Adjustment Account		299,995	285,453
Collection Fund Adjustment Account		8,250	4,140
Deferred Capital Receipts Reserve		1,446	1,689
Pension Reserve		(245,019)	(286,288)
Accumulated Absences Account		(5,177)	(4,520)
		239,016	150,367
Total Reserves		319,831	219,435

These financial statements replace the unaudited financial statements certified by Stuart McKellar on 20 July 2020.

Stuart McKellar CPFA
Executive Director: Resources
23 September 2021

GROUP CASH FLOW STATEMENT

	2019/20	2018/19
	£000	£000
Cash Flows From Operating Activities		
Surplus or (Deficit) on Provision of Services	11,133	(40,151)
Adjust for Non Cash Movements		
Depreciation	16,415	14,252
Impairment & Revaluation Downwards of Non-Current Assets	(4,781)	7,805
Amortisation of Intangibles	424	251
Changes in Fair Value of Investment Properties	(1,004)	6,991
Changes in Provisions	(1,771)	1,825
Impairment losses/(gains)	703	510
Amortisation of Long Term Creditors	(64)	(65)
Carrying amount of Non-Current Assets sold	4,077	47,526
Amounts posted from the PFI Donated Asset Account	(89)	(89)
Changes in Inventory	1	24
Changes in Interest Debtors	(199)	12
Changes in Interest Creditors	(603)	179
Changes in Debtors	2,495	2,355
Changes in Creditors	3,750	8,369
Changes in Net Pension Liability	14,156	18,334
Adjust for Items that are Investing or Financing Activities	(30,398)	(26,688)
Net Cash Flow From Operating Activities	14,245	41,440
Cash Flows from Investing Activities		
Purchase of Non-Current Assets	(21,111)	(63,267)
Purchase of Short Term and Long Term Investments	0	0
Other Payments for Investing Activities	209	(4,657)
Proceeds from Sale of Non-Current Assets	2,904	6,392
Other Receipts from Investing Activities	15,414	24,451
Net Cash Flow From Investing Activities	(2,584)	(37,081)
Cash Flows from Financing Activities		
Repayment of Short Term and Long Term Borrowing	(50,000)	(35,000)
Cash receipts of Short Term and Long Term Borrowing	30,000	50,000
Capital Element of PFI Contracts	(361)	(333)
Council Tax and Business Rates Adjustments	10,264	(16,059)
Net Cash Flow From Financing Activities	(10,097)	(1,392)
Net (Decrease)/Increase in Cash and Cash Equivalents in the Period	1,564	2,967
Cash and Cash Equivalents as of the Beginning of the Period	16,390	13,423
Cash and Cash Equivalents as of the End of the Period	17,954	16,390

The cash flows for operating activities include the following items:

	2019/20	2018/19
	£000	£000
Interest received	462	493
Interest paid	(4,394)	(3,405)

NOTES TO THE GROUP FINANCIAL STATEMENTS

1 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

	2019/20						
	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 2019	429,747	42,184	103,878	6,415	0	10,691	592,915
Additions	4,876	3,048	4,890	64	0	5,478	18,356
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	27,755	0	0	0	0	0	27,755
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	1,355	0	0	(5)	0	0	1,350
Disposals	(7,166)	(2,458)	(1,336)	0	0	0	(10,960)
Reclassification (to)/from Assets Held for Sale	(335)	0	0	0	0	(81)	(416)
Other Reclassifications	304	283	52	62	0	(1,027)	(326)
At 31 March 2020	456,536	43,057	107,484	6,536	0	15,061	628,674
Accumulated Depreciation & Impairments							
At 1 April 2019	10,055	29,199	32,613	0	0	0	71,867
Depreciation charge	9,553	2,150	4,712	0	0	0	16,415
Depreciation written out to the Revaluation Reserve	(6,109)	0	0	0	0	0	(6,109)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(3,349)	0	0	0	0	0	(3,349)
Depreciation written out on disposal	(6,489)	(2,309)	(332)	0	0	0	(9,130)
At 31 March 2020	3,661	29,040	36,993	0	0	0	69,694
Net Book Value at 31 March 2020	452,875	14,017	70,491	6,536	0	15,061	558,980
Net Book Value at 31 March 2019	419,692	12,985	71,265	6,415	0	10,691	521,048
Nature of asset holding							
Owned	446,817	12,554	70,491	6,536	0	15,061	551,459
Finance lease	1,301	0	0	0	0	0	1,301
PFI	4,757	1,463	0	0	0	0	6,220
Net Book Value at 31 March 2020	452,875	14,017	70,491	6,536	0	15,061	558,980

NOTES TO THE GROUP FINANCIAL STATEMENTS

	2018/19						
	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 2018	428,386	40,762	95,995	6,403	0	44,969	616,515
Adjustment for revised Waste PFI Model	(251)	(10)	0	0	0	0	(261)
Adjusted at 1 April 2018	428,135	40,752	95,995	6,403	0	44,969	616,254
Additions	10,547	2,022	6,175	18	0	11,731	30,493
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	7,885	0	0	0	0	0	7,885
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,095)	(5)	0	(6)	0	0	(10,106)
Disposals	(40,243)	(1,381)	(1,347)	0	0	0	(42,971)
Reclassification (to)/from Assets Held for Sale	(8,461)	0	0	0	0	0	(8,461)
Other Reclassifications	41,979	796	3,055	0	0	(46,009)	(179)
At 31 March 2019	429,747	42,184	103,878	6,415	0	10,691	592,915
Accumulated Depreciation & Impairments							
At 1 April 2018	21,549	28,308	29,224	0	0	0	79,081
Adjustment for revised Waste PFI Model	(251)	(10)	0	0	0	0	(261)
Adjusted at 1 April 2018	21,298	28,298	29,224	0	0	0	78,820
Depreciation charge	8,711	1,896	3,645	0	0	0	14,252
Depreciation written out to the Revaluation Reserve	(14,978)	0	0	0	0	0	(14,978)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(4,976)	0	0	0	0	0	(4,976)
Depreciation written out on disposal	0	(995)	(256)	0	0	0	(1,251)
At 31 March 2019	10,055	29,199	32,613	0	0	0	71,867
Net Book Value at 31 March 2019	419,692	12,985	71,265	6,415	0	10,691	521,048
Net Book Value at 31 March 2018	406,837	12,454	66,771	6,403	0	44,969	537,434
Nature of asset holding							
Owned	414,685	11,445	71,265	6,415	0	10,691	514,501
Finance lease	0	0	0	0	0	0	0
PFI	5,007	1,540	0	0	0	0	6,547
Net Book Value at 31 March 2019	419,692	12,985	71,265	6,415	0	10,691	521,048

NOTES TO THE GROUP FINANCIAL STATEMENTS

Valuations

DHL property valuations are carried out annually and are therefore included in 2019/20 below.

	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	41,150	107,484	6,536	0	15,061	170,231
Valued at current or Fair Value as at:							
2019/20	349,260	0	0	0	0	0	349,260
2018/19	39,811	0	0	0	0	0	39,811
2017/18	23,552	0	0	0	0	0	23,552
2016/17	15,422	1,907	0	0	0	0	17,329
2015/16	28,491	0	0	0	0	0	28,491
Total Cost or Valuation	456,536	43,057	107,484	6,536	0	15,061	628,674

2 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets	Current	31 March 2020		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Debtors – Amortised Cost	22,393	5,403	27,796	27,796
Total Financial Assets	22,393	5,403	27,796	27,796
Non-financial Assets	7,428	0	7,428	7,428
Total	29,821	5,403	35,224	35,224
Financial Liabilities				
Borrowings – Amortised Cost	15,331	80,000	95,331	158,133
Creditors – Amortised Cost	35,959	9,446	45,405	88,448
Total Financial Liabilities	51,290	89,446	140,736	246,581
Non-financial Liabilities	16,808	0	16,808	16,808
Total	68,098	89,446	157,544	263,389

NOTES TO THE GROUP FINANCIAL STATEMENTS

Financial Assets	Current	31 March 2019		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Debtors – Amortised Cost	22,731	6,827	29,558	29,558
Total Financial Assets	22,731	6,827	29,558	29,558
Non-financial Assets	15,322	0	15,322	15,322
Total	38,053	6,827	44,880	44,880
Financial Liabilities				
Borrowings – Amortised Cost	35,884	80,000	115,884	139,143
Creditors – Amortised Cost	32,641	9,850	42,491	79,983
Total Financial Liabilities	68,525	89,850	158,375	219,126
Non-financial Liabilities	15,077	0	15,077	15,077
Total	83,602	89,850	173,452	234,203

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:

Income, Expense, Gains and Losses	2019/20 Surplus or Deficit on the Provision of Services £000	2018/19 Surplus or Deficit on the Provision of Services £000
Interest Revenue – financial assets measured at amortised cost	664	480
Interest expense	(3,791)	(3,584)

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.

GLOSSARY

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.

COMMUNITY INFRASTRUCTURE LEVY

A levy charged on most new developments in the Borough with appropriate planning consent, which will be spent on infrastructure (such as transport, schools and social care facilities).

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.

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.

CURRENT VALUE

The Current Value of Property, Plant and Equipment used to support service delivery will be based on existing use where there is an active market or Depreciated Replacement Cost where assets are specialised or rarely sold (for example a school).

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).

GLOSSARY

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.

DEPRECIATED REPLACEMENT COST

The current cost of replacing an asset, based on a modern equivalent asset less deductions for physical deterioration.

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.

GLOSSARY

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.

GLOSSARY

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 INITIATIVE (PFI)

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

POST BALANCE SHEET EVENTS

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

GLOSSARY

- 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 current or 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.

SUBSIDIARY

An entity controlled by the Council.

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.

GLOSSARY

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

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23 September 2021

Ernst & Young
Apex Plaza
Reading
RG1 1YE

Dear Andrew,

Bracknell Forest Council – Audit for the year ended 31 March 2020.

This letter of representations is provided in connection with your audit of the consolidated and council financial statements of Bracknell Forest Council (“the Group and Council”) for the year ended 31 March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the Group and Council financial position of Bracknell Forest Council as of 31 March 2020 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and for the Council, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and for the

RESOURCES DIRECTORATE

Bracknell Forest Council, Time Square, Market Street, Bracknell, Berkshire RG12 1JD
T: 01344 352000 www.bracknell-forest.gov.uk

Letter of representations: Audit of Group and Council financial statements

Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and council financial statements. We believe the consolidated and council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and for the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. We have approved the consolidated and council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 for the Group and for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and council financial statements taken as a whole.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;

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- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and council financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Council, and committees including the Governance & Audit Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 June 2021
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. We have disclosed to you any cybersecurity breach that either occurred or that third parties (including regulatory agencies, law enforcement agencies and security

RESOURCES DIRECTORATE

Letter of representations: Audit of Group and Council financial statements

consultants) had brought to our attention during the period under audit that could potentially be material to the financial statements.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 36 to the consolidated and council financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

F. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Going Concern

1. The consolidated and council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

I. Reserves

1. We have properly recorded or disclosed in the consolidated and council financial statements the useable and unusable reserves.

RESOURCES DIRECTORATE

Letter of representations: Audit of Group and Council financial statements

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment ("PPE"), the valuation of investment property, and the valuation of pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

Valuation of PPE, investment property and pension liability estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and council financial statements with respect to the accounting estimate(s) are complete, including the effects of the COVID-19 pandemic on the valuation of PPE, investment property and pension liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and council financial statements due to subsequent events, including due to the COVID-19 pandemic.

Yours faithfully,

(Executive Director: Resources)

(Chairman of the Governance & Audit Committee)

RESOURCES DIRECTORATE

Bracknell Forest Council, Time Square, Market Street, Bracknell, Berkshire RG12 1JD
T: 01344 352000 www.bracknell-forest.gov.uk

Summary of uncorrected misstatements

Entity: Bracknell Forest Council

Period Ended: 31-Mar-2020

Currency: £

SAD consultation limit:

PM: 5,628,693

TE: 4,221,520

Nominal amount: 281,435

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the current period		Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Debit/(Credit)	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)			

Factual misstatements:

<Title of the misstatement>													

Projected misstatements:

<Title of the misstatement>													

Judgmental misstatements:

1	20 BFC	Consideration of the impact of Goodwin on Pensions Liability											
		Past service cost							986,000				
		Pensions Liability					(986,000)						

2	20 BFC	Consideration of the impact of Membership differences on Pensions Liability											
		Past service cost							1,479,000				
		Pensions Liability					(1,479,000)						

Total of uncorrected misstatements before income tax			0	0	0		(2,465,000)	0	2,465,000	0			0
---	--	--	---	---	---	--	-------------	---	-----------	---	--	--	---

Total of uncorrected misstatements			0	0	0		(2,465,000)	0	2,465,000	0			0
---	--	--	---	---	---	--	-------------	---	-----------	---	--	--	---

Financial statement amounts													
-----------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--

Effect of uncorrected misstatements on F/S amounts			0.0%	0.0%	0.0%		0.0%	0.0%		0.0%		0.0%	
--	--	--	------	------	------	--	------	------	--	------	--	------	--

Do not remove any categories of misstatements above, even if there are no misstatements; removing these categories may adversely affect the financial statements for comparability.

Memo: Total of non-taxable items (marked 'X' above)													0
Uncorrected misstatements before income tax								0.0%		0			0
Less: Tax effect of misstatements at current year marginal rate										0			0

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Summary of uncorrected misstatements

Entity:

Period Ended:

Currency:

SAD consultation limit:

PM:

TE:

Nominal amount:

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the prior period		
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
		the formulas or template functionality.										
		Uncorrected misstatements in income tax								0		0
		Cumulative effect of uncorrected misstatements after tax but before turnaround						0.0%		0		0
		Turnaround effect of prior period uncorrected misstatements										
										After tax	Memo: Before tax	
		All factual and projected misstatements:								0	0	
		Judgmental misstatements (Note 3):								0	0	
		Cumulative effect of uncorrected misstatements, after turnaround effect						0.0%		0		
		Current year income before tax										
		Current year income after tax										0

(Note 1) In evaluating whether uncorrected misstatements are material, we also evaluate the misstatements in relation to the specific accounts and disclosures involved.

(Note 2) When appropriate for the entity's circumstances, we may not need to distinguish the effect on assets and liabilities between current and non-current (e.g., a non-classified balance sheet).

(Note 3) Not all the prior period's judgmental misstatements turnaround in the current period. When experience in the current period shows that management's estimate in the prior period was correct and ours was not, we do not include those misstatements in the turnaround effect of prior period uncorrected misstatements.

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**TO: GOVERNANCE AND AUDIT COMMITTEE
22ND SEPTEMBER 2021**

**STRATEGIC RISK UPDATE
Head of Audit and Risk Management**

1 PURPOSE OF REPORT

1.1 This report presents the updated Strategic Risk Register.

2 RECOMMENDATIONS

2.1 The Governance and Audit Committee to provide feedback for CMT on the Strategic Risk Register attached

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure Council; has identified all its key risks so that these can be appropriately manages and mitigated.

4 Alternative Options Considered

4.1 There are no alternatives.

5 SUPPORTING INFORMATION

5.1 The Register was last reviewed by the Strategic Risk Management Group(SRMG) on 12th August and the Corporate Management team (CMT) on 8th September 2021 and the following changes have been made following review:

- To increase Risk 1 on finance in response to anticipated overspends and the need to identify saving for 2022/23 to secure a balanced budget;
- To increase Risk 3 on adult social care where both the unmitigated and current residual scores have both increased due to the impact of COVID 19 which has put pressure on adult social care providers and hence the supply chain;
- To increase Risk 8 on data protection risk as the volume of sensitive data handled has increased, hence the opportunities and therefore the risks for breaches has also risen; and
- To increase Risk 12 on children's social care due to greater pressure in the supply of places available resulting in difficulties in finding suitable placements for children.

6. Consultation and Other Considerations

Legal Advice

6.1 There are no specific legal implications arising from the recommendations in this Report.

Financial Advice

6.2 There are no financial implications arising from this report.

Other Consultation Responses

- 6.3 The register was reviewed by SRMG and CMT on 12th August and 8th September respectively.

Equalities Impact Assessment

- 6.4 Not applicable.

Strategic Risk Management Issues

- 6.5 A robust Strategic Risk Register that is a complete and up to date record of the significant corporate risks is essential for effective risk management, enabling the Council to prioritise resources to identify and implement actions to address the threats to the achievement of the Council's objectives and make informed decisions

Background Papers

Risk Management Strategy

Contact for further information

Sally Hendrick, Head of Audit and Risk Management - 01344 352092

APPENDIX 1

RISK MATRIX- STRATEGIC RISK REGISTER CURRENT RESIDUAL RISK SCORES AND RAG RATING AS RED, AMBER OR GREEN

209

LIKELIHOOD

5					
4				3. Special education needs 4. Adult social care supply chain and socio economic risks ↑ 12 Children's Social care ↑	
3			10. control environment 11. COVID 8. Data protection ↑	1. Finance and economic ↑ 7. Cyber 2. Staffing 9. Business continuity	
2			7. IT Strategy	6.. Safeguarding children and vulnerable adults	
1					
	1	2	3	4	5

- Likelihood:**
 5 Very High
 4 High
 3 Significant
 2 Low
 1 Almost Impossible
- Impact:**
 5 Catastrophic
 4 Critical
 3 Major
 2 Marginal
 1 Negligible

IMPACT

STRATEGIC RISK REGISTER SEPTEMBER 2021

Strategic Theme 1: Value for money																																						
Risk 1: Significant pressures on the Council’s ability to balance its finances whilst maintaining satisfactory service standards		Risk Owner: Executive Director: Resources																																				
<p>Risk Rating (Likelihood x Impact)</p> <p>Unmitigated 5 x 5</p> <p>Current Residual 3 x 4</p> <p>Target Risk Score 2 x 4</p> <p>Potential Impact</p> <ul style="list-style-type: none"> Strategic objectives and statutory duties not met 	<p style="text-align: center;">Finance Risk</p> <table border="1"> <caption>Finance Risk Data</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Current</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Qtr 3 19/20</td> <td>25</td> <td>20</td> <td>8</td> </tr> <tr> <td>Qtr 4 19/20</td> <td>25</td> <td>20</td> <td>8</td> </tr> <tr> <td>Qtr 1 20/21</td> <td>25</td> <td>20</td> <td>8</td> </tr> <tr> <td>Qtr 2 20/21</td> <td>25</td> <td>20</td> <td>8</td> </tr> <tr> <td>Qtr 3 20/21</td> <td>25</td> <td>20</td> <td>8</td> </tr> <tr> <td>Qtr 4 20/21</td> <td>25</td> <td>8</td> <td>8</td> </tr> <tr> <td>Qtr 1 21/22</td> <td>25</td> <td>8</td> <td>8</td> </tr> <tr> <td>Qtr 2 21/22</td> <td>25</td> <td>12</td> <td>8</td> </tr> </tbody> </table>	Quarter	Unmitigated	Current	Target	Qtr 3 19/20	25	20	8	Qtr 4 19/20	25	20	8	Qtr 1 20/21	25	20	8	Qtr 2 20/21	25	20	8	Qtr 3 20/21	25	20	8	Qtr 4 20/21	25	8	8	Qtr 1 21/22	25	8	8	Qtr 2 21/22	25	12	8	<p>Rationale for current score: Current risk score increased due to forecast overspend and early stages of 22/23 budgeting process where savings have still to be identified to secure a balanced budget.</p> <p>Rationale for target risk score Achieving a sustainable financial position is a core responsibility.</p> <p>Current RAG rating Amber</p>
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<p>Current Actions <i>(What we are currently doing about the risk)</i></p> <ul style="list-style-type: none"> The approach to budget monitoring has been changed to reflect the level of unpredictability. Now identifying best and worst case scenarios and tracking use of the covid contingency. Monthly returns are being provided to MHCLG, supporting the need for additional Government resources to be provided to cover the unprecedented additional costs arising from Covid-19 measures Approved plans are in place to invest in projects that will both provide improved local facilities for residents and reduce costs / increase income to mitigate future spending pressures, e.g. Heathlands and the Property Joint Venture. Regular updates on these projects are provided to CMT. Preparations have started for the 22/23 budget with significant uncertainty at this stage around the level of resources available 	<p>Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>Specific focus in Covid-19 “recovery” work to identify opportunities to change to systems and processes with lessons learned from working arrangements since March</td> <td>Executive Director: Finance</td> <td>Ongoing</td> </tr> </tbody> </table>		Officer responsible	Target date	Specific focus in Covid-19 “recovery” work to identify opportunities to change to systems and processes with lessons learned from working arrangements since March	Executive Director: Finance	Ongoing
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Strategic Theme 1: Value for money
Strategic Theme 2: Economic resilience
Strategic Theme 3: Education and skills
Strategic Theme 4: Caring for residents and their families
Strategic Theme 5: A clean, green and responsibly sustainable place
Strategic Theme 6: Communities

Risk 2: Staffing pressures **Risk Owner:**
CMT

<p>Risk Rating (Likelihood x Impact)</p> <ul style="list-style-type: none"> Unmitigated 5 x 4 Current Residual 3 x 4 Target Risk Score 3 x 3 <p>Potential Impact</p> <ul style="list-style-type: none"> Increased financial pressures due to high reliance on locums and agency workers Increased reliance on market premia and retention payments due to labour market pressures i.e. social workers and specialists post Potential for weakness in resilience in key areas as locums and agency workers can leave at shorter notice. 	<p>Staffing Pressures Risks</p> <table border="1"> <caption>Staffing Pressures Risks Data</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Current</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Qtr 4 19/20</td> <td>20</td> <td>16</td> <td>9</td> </tr> <tr> <td>Qtr 1 20/21</td> <td>20</td> <td>16</td> <td>9</td> </tr> <tr> <td>Qtr 2 20/21</td> <td>20</td> <td>16</td> <td>9</td> </tr> <tr> <td>Qtr 3 20/21</td> <td>20</td> <td>12</td> <td>9</td> </tr> <tr> <td>Qtr 4 20/21</td> <td>20</td> <td>12</td> <td>9</td> </tr> <tr> <td>Qtr 1 21/22</td> <td>20</td> <td>12</td> <td>9</td> </tr> <tr> <td>Qtr 2 21/22</td> <td>20</td> <td>12</td> <td>9</td> </tr> </tbody> </table>	Quarter	Unmitigated	Current	Target	Qtr 4 19/20	20	16	9	Qtr 1 20/21	20	16	9	Qtr 2 20/21	20	16	9	Qtr 3 20/21	20	12	9	Qtr 4 20/21	20	12	9	Qtr 1 21/22	20	12	9	Qtr 2 21/22	20	12	9	<p>Rationale for current score: Reduction in difficulties currently being experienced in recruiting to key technical posts due to pressures in the market and delays arising from COVID 19.</p> <p>Rational for target risk score Staff are the key resource in delivering key services and providing support to front line services.</p> <table border="1"> <tr> <td>Current RAG rating</td> <td style="background-color: red; color: white;">Red</td> </tr> </table>	Current RAG rating	Red
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<ul style="list-style-type: none"> The loss of experienced permanent staff and replacement with less experienced agency personnel. 																												
<ul style="list-style-type: none"> Current Actions(What we are currently doing about the risk) Management information on long term, high cost locums/ agency workers now being produced for peer review at CMT. Retendered neutral agency vendor contract New campaign out for OTs Preparing an ongoing campaign for Children's Social Workers to reduce the number of recruits that are currently coming through from agencies at an extra cost. New mobile friendly job application form Regional benchmarking of salary and benefits paid by other local authorities – part of recruitment project which will inform future recruitment and retention strategy Small budget set aside to boost visibility and target applicants free of charge for specific adverts for traditionally hard to fill posts. Well-being initiatives and research activity underway that will diagnose support needed to staff Current HR-OD redesign process is implementing instant win improvements to processes and systems for recruiting managers and potential applicants i.e. mobile application functionality People – workforce board – meeting monthly to discuss, plan and optimise staffing budget across services Exit interviews are undertaken with it being possible to request a full one. Hard to recruit areas are being targeted. Market premia is being implemented where required plus, where applicable, consultants are being moved to employee status Staff wellbeing surveys being undertaken on a quarterly basis in response to additional pressures from COVID 	<p>Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th data-bbox="869 446 1434 475"></th> <th data-bbox="1434 446 1707 475">Officer responsible</th> <th data-bbox="1707 446 1896 475">Target date</th> </tr> </thead> <tbody> <tr> <td data-bbox="869 475 1434 613">The move to use of permanent/fixed terms contracts as an alternative to locums and agency arrangements is progressing with 4 locum posts having already been or in the process of being converted to permanent posts.</td> <td data-bbox="1434 475 1707 613">CMT</td> <td data-bbox="1707 475 1896 613">Ongoing</td> </tr> <tr> <td data-bbox="869 613 1434 751">Well being and employee experience will be a focus of the HR-OD offer currently being planned to contribute to retention of staff which will be a priority within the future Recruitment and Retention Strategy.</td> <td data-bbox="1434 613 1707 751">Assistant Director: HR and OD</td> <td data-bbox="1707 613 1896 751">Ongoing</td> </tr> <tr> <td data-bbox="869 751 1434 889">HR-OD service restructure will refocus service offer and Talent Manager role will then plan and write business plan offer.</td> <td data-bbox="1434 751 1707 889">Assistant Director: HR and OD</td> <td data-bbox="1707 751 1896 889">Ongoing</td> </tr> <tr> <td data-bbox="869 889 1434 976">Consideration of applying market premiums and other retention incentives within the other services where agency costs are increasing.</td> <td data-bbox="1434 889 1707 976">CMT</td> <td data-bbox="1707 889 1896 976">As necessary</td> </tr> <tr> <td data-bbox="869 976 1434 1029">Non-monetary offers need to be considered</td> <td data-bbox="1434 976 1707 1029">Assistant Director: HR and OD</td> <td data-bbox="1707 976 1896 1029">Ongoing</td> </tr> <tr> <td data-bbox="869 1029 1434 1141">New Home Working Policy to be introduced which will relax requirements for location of employees facilitating recruitment from a wider pool of candidates</td> <td data-bbox="1434 1029 1707 1141">CMT</td> <td data-bbox="1707 1029 1896 1141">Ongoing</td> </tr> <tr> <td data-bbox="869 1141 1434 1279">Working with the neutral agency vendor to review current arrangements and re-embed with managers the benefits of going through the agency vendor to reduce off contract spend.</td> <td data-bbox="1434 1141 1707 1279">Assistant Director: HR and OD</td> <td data-bbox="1707 1141 1896 1279">31 October 2021</td> </tr> <tr> <td data-bbox="869 1279 1434 1399">Looking at ways to make the recruitment process more efficient for all parties by exploring/utilising aspects of the systems that we currently do not use.</td> <td data-bbox="1434 1279 1707 1399">Assistant Director: HR and OD</td> <td data-bbox="1707 1279 1896 1399">Ongoing</td> </tr> </tbody> </table>		Officer responsible	Target date	The move to use of permanent/fixed terms contracts as an alternative to locums and agency arrangements is progressing with 4 locum posts having already been or in the process of being converted to permanent posts.	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- Managers Handbook developed and awaiting review before issuing

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Strategic Theme 3: Education and skills

Risk 3: Council unable to ensure children with special education needs receive timely and appropriate support for their education due to the rate at which demand is increasing and insufficient internal resources to respond effectively.

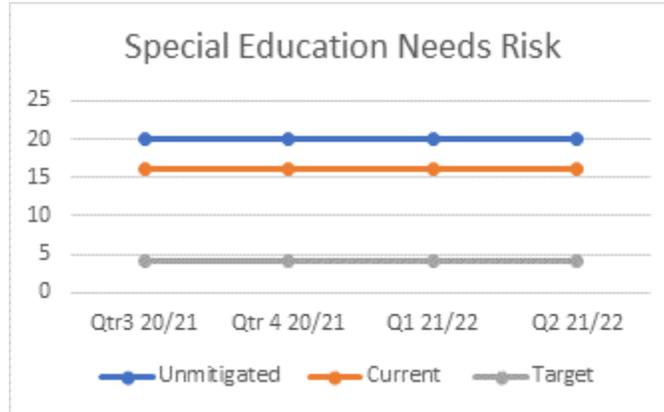
Risk Owners: People DMT

Risk Rating (Likelihood x Impact)

Unmitigated 5 x 4
 Current Residual 4x 4
 Target Risk Score 2 x 3

Potential Impact

- Failure to meet demand for support to children with higher level education needs and their parents
- Statutory duties not met due to pressure on services
- Increased budget pressures owing to market inability to meet demand and competition driving up places



Rationale for current score:

Steep increase in children with an EHCP. Increased pressures on internal resources to deliver education psychology, undertaking the identification, assessment and monitoring of provision for children that require an Education Health Care Plan (EHCP) 2, parental guidance and dispute avoidance and resolution exacerbated by high staff turnover. DfE funding does not cover increased cost of using the private, voluntary and independent private sector to cover shortfall in internal resources.

Rationale for target risk score

Risk appetite is fairly low due to statutory responsibilities to safeguard and educate.

Current RAG rating Red

Current Actions (*What we are currently doing about the risk*)

- SEND Commissioning Strategy & Plan developed
- High Needs Block project progressing: commissioning framework in development, realignment of budget, high levels of scrutiny
- Restructure of SEN Team and changes in processes
- Review and restructure of SEN Support Services
- SEN Task and Finish Group
- SEND Improvement Board set up with all stakeholders
- Review of current Education Establishment sites and feasibility study to explore what additional provision can be developed within borough, which will reduce cost and provide more local places: Specialist Resource Provision x 8 have been developed to provide on school site specialist units

Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities

	Officer responsible	Target date
Lead commissioning officer to take forward the implementation priorities set out within the SEN Commissioning Plan and Action Plan	AD Commissioning	Ongoing
Increase resources to facilitate development and implementation of improved annual review processes and placement decisions	AD Education & Learning	Ongoing
Commitment to a cross-service governance panel of the delivery of the SEN commissioning plan that also includes partners from Health.	AD Education & Learning	Ongoing
Making available commissioning support and consistency in procuring and maintaining SEND provision through appropriate resources and additional capacity,	AD Commissioning	Ongoing

Strategic Theme 4: Caring for residents and their families																																						
<p>Risk 4: Council unable to sustain delivery of services to support adult social care needs due to uncertainty of changes in demand arising from socio-economic factors and insufficient external provision for adult social care.</p>		<p>Risk Owners: Executive Director: People</p>																																				
<p>Risk Rating (Likelihood x Impact) Unmitigated 5x4 Current Residual 4 x 4 Target Risk Score 3 x 3 Potential Impact</p> <ul style="list-style-type: none"> • Failure to meet demand. • Statutory duties not met. • Increased budget pressures • Needing to move people from one setting to another at short notice 	<p style="text-align: center;">Adult Social Care Supply and Demand</p> <table border="1"> <caption>Adult Social Care Supply and Demand Data</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Current</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Qtr 3 19/20</td> <td>16</td> <td>9</td> <td>9</td> </tr> <tr> <td>Qtr 4 19/20</td> <td>16</td> <td>9</td> <td>9</td> </tr> <tr> <td>Qtr 1 20/21</td> <td>25</td> <td>16</td> <td>9</td> </tr> <tr> <td>Qtr 2 20/21</td> <td>25</td> <td>16</td> <td>9</td> </tr> <tr> <td>Qtr 3 20/21</td> <td>16</td> <td>12</td> <td>9</td> </tr> <tr> <td>Qtr 4 20/21</td> <td>16</td> <td>12</td> <td>9</td> </tr> <tr> <td>Q1 21/22</td> <td>16</td> <td>12</td> <td>9</td> </tr> <tr> <td>Q2 21/22</td> <td>20</td> <td>16</td> <td>9</td> </tr> </tbody> </table>	Quarter	Unmitigated	Current	Target	Qtr 3 19/20	16	9	9	Qtr 4 19/20	16	9	9	Qtr 1 20/21	25	16	9	Qtr 2 20/21	25	16	9	Qtr 3 20/21	16	12	9	Qtr 4 20/21	16	12	9	Q1 21/22	16	12	9	Q2 21/22	20	16	9	<p>Rationale for current score: The unmitigated and current residual scores have both increased due to the impact of COVID 19 which has put pressure on adult social care providers and hence the supply chain.</p> <p>Rationale for target risk score With changes in the adult social care provider market, the Council will have to accept a higher level of risk.</p> <p>Current RAG rating Amber</p>
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<p>Current Actions (What we are currently doing about the risk)</p> <ul style="list-style-type: none"> • People Care Governance board in place to manage any strategic provider safeguarding and quality issues • Continuing rollout and development of contract monitoring toolkit and approach • East Berks Commissioners group developed during COVID is ensuring a collaborative approach to market management including a specific task and finish group reviewing capacity • East Berks COVID Care governance group meets weekly to support providers where there is an outbreak and support a co-ordinated response • Market Position Statement is currently in development • Development of Heathlands is progressing • Regular provider forum's ensure we are kept up to speed with emerging issues • Use of the NHS capacity tracker to assess local supply • Risk and Issue log in place and reviewed across operations, safeguarding and commissioning 3 times a week that includes and market capacity issues and risks 	<p>Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>Develop the Market Position Statement with the Market</td> <td>AD: Commissioning</td> <td>Ongoing</td> </tr> <tr> <td>Continue to work across East Berks as a collaborative approach to manage market gaps and encourage strategic supplier management</td> <td>Executive Director: People</td> <td>Ongoing</td> </tr> <tr> <td>Council is currently reviewing domiciliary care market and , reviewing the CBS framework</td> <td>AD: Commissioning</td> <td>Ongoing</td> </tr> </tbody> </table>		Officer responsible	Target date	Develop the Market Position Statement with the Market	AD: Commissioning	Ongoing	Continue to work across East Berks as a collaborative approach to manage market gaps and encourage strategic supplier management	Executive Director: People	Ongoing	Council is currently reviewing domiciliary care market and , reviewing the CBS framework	AD: Commissioning	Ongoing																									
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<ul style="list-style-type: none"> Care home resilience plans developed during pandemic. These were considered to be examples of exemplary practice by the Local Government Association and ADASS (the safeguarding adults network). Linked into the national social care sector COVID Support Task Force which oversees implementation of the Government's care home support package . Financial support provided to social care providers between April and July to meet costs and loss of income associated to Covid outbreak Review of Adults Conversations Model, conversation 3, as part of transformation project Assess purchasing intentions based on the current appraisal of the range of support. Analysis prepared on the annual impact of demographic change as part of the council's budget setting process Reducing demand through prevention / reablement / review of existing care packages Finance tracker reviewed monthly and intelligence used to address pressure points 	which had effect of reduction of supply available in the borough		
	Place Summit, which will contribute towards a contemporary understanding of our local problem profile	Executive Director:People	Ongoing
	Review of Better Care Fund to identify areas of service improvement	Executive Director:People	Ongoing
	Covid 19 may have altered the profile of Older People and their subsequent long-term needs. Further national work would be required before we can do any modelling on this.	Executive Director:People	Ongoing

Strategic Theme 4: Caring for residents and their families																																						
Risk 5: The Council does not identify and discharge all its responsibilities for safeguarding children and vulnerable adults		Risk Owner Executive Director:People																																				
<p>Risk Rating (Likelihood x Impact) Unmitigated: 5 x 5 Current residual: 2 x 4 Target Risk Score 2 x 3</p> <p>Potential Impact</p> <ul style="list-style-type: none"> Death or serious injury Prosecution Detrimental impact on council reputation Censure by inspection Public dissatisfaction Relationship with partners impaired 	<p style="text-align: center;">Safeguarding Risks</p> <table border="1"> <caption>Safeguarding Risks Data</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Current</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Qtr 3 19/20</td> <td>25</td> <td>8</td> <td>4</td> </tr> <tr> <td>Qtr 4 19/20</td> <td>25</td> <td>8</td> <td>4</td> </tr> <tr> <td>Qtr 1 20/21</td> <td>25</td> <td>8</td> <td>4</td> </tr> <tr> <td>Qtr 2 20/21</td> <td>25</td> <td>10</td> <td>6</td> </tr> <tr> <td>Qtr 3 20/21</td> <td>25</td> <td>8</td> <td>6</td> </tr> <tr> <td>Qtr 4 20/21</td> <td>25</td> <td>8</td> <td>6</td> </tr> <tr> <td>Qtr 1 21/22</td> <td>25</td> <td>8</td> <td>6</td> </tr> <tr> <td>Qtr 2 21/22</td> <td>25</td> <td>8</td> <td>6</td> </tr> </tbody> </table>	Quarter	Unmitigated	Current	Target	Qtr 3 19/20	25	8	4	Qtr 4 19/20	25	8	4	Qtr 1 20/21	25	8	4	Qtr 2 20/21	25	10	6	Qtr 3 20/21	25	8	6	Qtr 4 20/21	25	8	6	Qtr 1 21/22	25	8	6	Qtr 2 21/22	25	8	6	<p>Rationale for current score: Active controls in place to mitigate risk.</p> <p>Rationale for target risk score Increased in Qtr 2 as the Government's guidance had been that the full suite of safeguarding measures could not be delivered due to COVID-19.</p> <p>Current RAG rating Amber</p>
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Current Actions *(What we are currently doing about the risk)*

- Continue to roll our safeguarding awareness programmes for all internal staff and stakeholders
- Adherence to the pan-Berkshire safeguarding children procedures
- Training provided for all staff as identified in induction and through appraisal process
- All staff have regular supervision as per the council's policy
- Ensure that the audit programme for children's social care is adhered to
- Supervision and appraisal policy in place and applied including review of PDP
- Embedding of Family Safeguarding Model of practice to ensure strong evidence-based practice with highly skilled and trained workers
- Opportunity for greater collaboration with local stakeholders through the People Safeguarding Board covering Adults and Children is being implemented
- Ensure that people are fully involved with the safeguarding process
- Promote positive risk management by ensuring people are supported to identify risks associated with those actions and have risk management plans in place
- Multi-agency risk framework now in place
- Make Safeguarding Personal as per the Care Act 2014 in place
- Dedicated work on contextual safeguarding
- Identification and delivery of relevant training and development for staff
- Regular audits of practice including case audits and supervision files
- Regular monitoring of data and information
- Annual reporting to DMT, Executive Director for People, Chief Executive and Safeguarding Board
- CSE and missing focused work
- Work of the Safeguarding Board in prevention / communication
- Review of school related policy documents where there is a potential risk of harm, e.g. administration of medicine and review of training
- Highlight headteacher and governor responsibilities
- School visits / activity logs / systems
- Ensuring staff are kept up to date with training and developments in practice, within a partnership environment

Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities

	Officer responsible	Target date
• Mechanism for reporting and learning from serious and untoward incidents being developed	AD: Commissioning	Ongoing
• Review of current policy portfolio	Executive Director: People	Ongoing
• Ensure learning from ministerial serious case reviews is a rolling programme	People DMT	Ongoing
• Embed new policy mechanism for reporting and learning from serious and untoward incidents.	People DMT	Ongoing
• Place Summit, which will contribute towards a contemporary understanding of our local problem profile	Executive Director: People	Ongoing ?
• Reorganisation of our safeguarding and QA teams, establishing effective leadership structures with the aim of instilling a culture of greater rigour and continuous improvement	AD: Commissioning	Ongoing?
• Recruit to 3 permanent Head of Service roles in the coming months and we have appointed a full-time Principal Social Worker who will be transitioning into the role.	AD: CSC	Ongoing?
• Implementation of Tri-X policy portfolio for adults and children's services	AD: Commissioning	Ongoing

Strategic Theme 1: Value for money
 Strategic Theme 2: Economic resilience
 Strategic Theme 3: Education and skills
 Strategic Theme 4: Caring for residents and their families
 Strategic Theme 5: A clean, green and responsibly sustainable place
 Strategic Theme 6: Communities

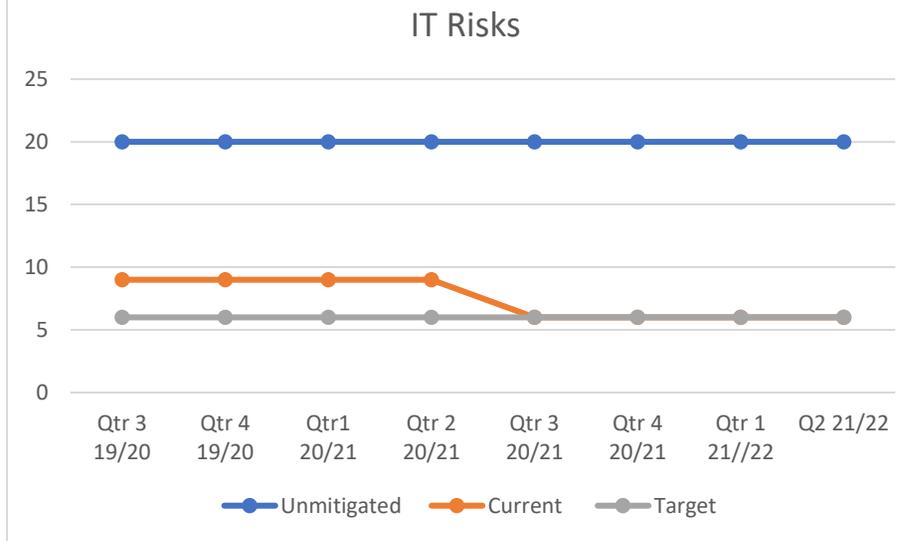
Risk 6: IT Strategy and digital infrastructure fails to meet the needs of the organisation.

Risk Owners:
 Executive Director
 Delivery

Risk Rating (Likelihood x Impact)

Unmitigated 4 x 5
 Current Residual 2 x 3
 Target Risk Score 2 x 3

Potential Impact
 Disruption to services.
 Failure to meet statutory duties.



Rationale for current score:

Actions have been identified and are being implemented to address weaknesses identified in technical infrastructure and systems that are not fit for purpose. There is now a clear strategy plus an assessment has been undertaken.

Rationale for target risk score
 Appetite is low due to dependency on IT for delivery of all services

Current RAG rating Green

Current Actions (What we are currently doing about the risk)

- Improvement programme being implemented and updates being provided and being monitored at CMT on a regular basis
- New Digital and ICT Strategy for 2021 to 2021 has now been approved
- Networking Strategy developed for approval
- Remedial work to fix infrastructure issues continuing.
- Cloud migration strategy underway
- Phase four of Office 365 programme being scoped, to ensure we maximise the return on our investment in the Enterprise Licensing

Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities

	Officer responsible	Target date

Strategic Theme 1: Value for money
 Strategic Theme 2: Economic resilience
 Strategic Theme 3: Education and skills
 Strategic Theme 4: Caring for residents and their families
 Strategic Theme 5: A clean, green and responsibly sustainable place
 Strategic Theme 6: Communities

Risk 7 IT controls or staff vulnerabilities fail to prevent a cyber attack and/or unable to respond effectively to an attack to enable IT services to be sustained.

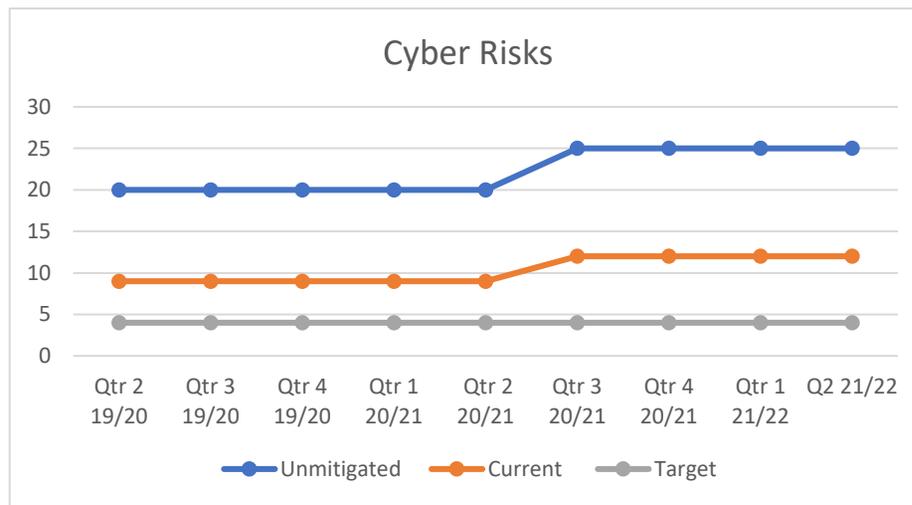
Risk Owners:
 Executive Director
 Delivery

Risk Rating (Likelihood x Impact)

Unmitigated 5 x 5
 Current Residual 3 x 4
 Target Risk Score 2 x 2

Potential Impact

- Disruption to services.
- Failure to meet statutory duties.
- Reputational damage.
- Financial loss



Rationale for current score:

The inherent likelihood of cyber-attacks against local authorities has risen with more sustained and intense attacks. The current likelihood of the risk materialising has hence increased. The impact of an attack is mitigated by improving cyber security controls in IT, and Disaster Recovery and Business Continuity arrangements. An external review of cyber risk controls is currently ongoing which will identify if this risk can now be reduced.

Rationale for target risk score

Appetite is low due to dependency on IT for delivery of all services.

Current RAG rating Amber

Current Actions *(What we are currently doing about the risk)*

- Cyber Security policies all re-written and published on the intranet
- Microsoft SCP ATP II Licensing acquired for advanced security on Office 365- Outlook, Office, SharePoint and Teams as well as security and compliance on all Council data.

Further Mitigation *(what more should we do to reduce risk to our risk appetite level) and opportunities*

	Officer responsible	Target date
Technical training for two staff in ICT has been completed. Two further staff have been enrolled on training. Cyber security e-learning has been made available to the whole organisation. Work is being taken forward to identify the most effective way to mitigate the risk of phishing such as further training and	Assistant Director: Customer Experience, Digital & IT	30/6/21

<ul style="list-style-type: none"> Windows Defender ATP deployed for the best in class anti-virus protection for all laptops. MS Intune deployed for protection of smartphones PSN compliant Members of government early warning groups such as NCSC (National Cyber-Security Council) and SEGWARP (Warning, Advice and Reporting Point) Mandatory Information security and GDPR training before access is given to systems Disaster Recovery Plan and Action Plan for the systematic recovery of systems. Disaster Recovery contract with a provider to get systems up and running and an Action Plan for the systematic recovery of systems Cyber risks monitored through Delivery risk register Risks of cyber attacks covered regularly in IT newsletter NCSC Cyber Security training package undertaken by staff in IT and Digital Services New VPN with Split Tunnelling has been implemented. Microsoft Defender Advanced Threat Protection web filtering has been implemented. External review of cyber controls is underway. This will deliver recommendations on technical improvements, ICT staff development and organisation-wide staff training that will help to improve our cyber resilience. New VPN configuration reduces risk of successful cyber-attack. Cyber training identified 	developing anti- phishing policies. To consider if carrying out simulations tests would be an effective way of raising awareness and vigilance to the threat of phishing		
	The new Networking Strategy will mean each component on the network performs independently as a security component, and this will be implemented over the next year..	Assistant Director: Customer Experience, Digital & IT	31/12/21
	Deploying MS Azure B2B to enable secure collaborative working with partner organisations. A proposal to use Windows Virtual Desktop was considered at IT Steering Group on 11/8/20. This will facilitate secure working with partners and extend BYOD to include all hardware. Windows Virtual Desktop currently being tested by users.	Assistant Director: Customer Experience, Digital & IT	30/6/21
	Cyber Essentials Certification project to be restarted following departure of the project manager.	Assistant Director: Customer Experience, Digital & IT	30/9/21
	Sign-up to MS Sentinel for cyber attack management when servers begin moving to Azure .	Assistant Director: Customer Experience, Digital & IT	31/10/21
	Exploring feasibility of procuring cyber insurance	Head of Audit and Risk Management Assistant Director: Customer Experience, Digital & IT	31/12/21

<ul style="list-style-type: none"> • New network strategy developed will enable greater resilience against cyber attacks • Cyber review undertaken and action plan is in development to address recommendations 	
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Strategic Theme 1: Value for money
Strategic Theme 2: Economic resilience
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Strategic Theme 6: Communities

Risk 8: Council unable to comply with data protection/security requirements to secure data resulting in inappropriate disclosure, loss or theft of sensitive data.

Risk Owners:
 Executive Director
 Delivery

Risk Rating (Likelihood x Impact)

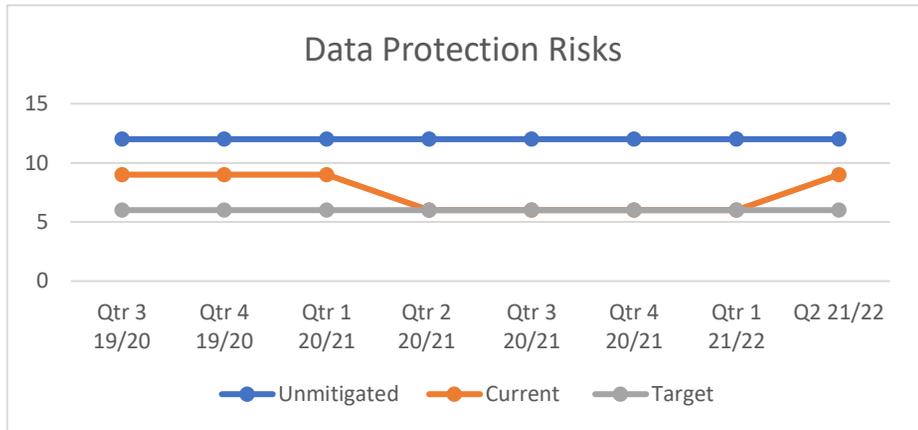
 Unmitigated 3 x 4

 Current Residual 3 x 3

 Target Risk Score 2 x 3

Potential Impact

 Fines/penalties. Disruption to services. Failure to meet statutory duties. Removal of access to external databases and systems e.g. DWP



Rationale for current score:
 The ICO follow up inspection of 2021 has been completed with no further comment on the compliance landscape. However, as the volume of sensitive data handled has increased, the opportunities and therefore the risks for breaches has also risen. This risk profile therefore has changed due to increase in quantum rather than lack of effectiveness of control

Rationale for target risk score
 In addition to the financial risk, financial penalties are now very high and will be increasing further hence the Council will seek to

		minimise the risk of these being incurred. <table border="1" data-bbox="1598 272 1978 334"> <tr> <td data-bbox="1598 272 1843 334">Current RAG rating</td> <td data-bbox="1843 272 1978 334">Amber</td> </tr> </table>	Current RAG rating	Amber															
Current RAG rating	Amber																		
<p>Current Actions <i>(What we are currently doing about the risk)</i></p> <ul style="list-style-type: none"> Annual GDPR online training for all staff (95% target achieved for 2021/22) The Information Management Group with new terms of reference and new membership is meeting regularly to review action plans, corporate lessons learnt and performance data DPO / SIRO monitoring information security breaches for trends and systemic failures. Working with Information Management Group and reporting to CMT to report issues and roll out process changes. Monitoring of Subject Access Requests is now a standard agenda item for the Information Management Group and Corporate Management Team. Information Governance Leads have been identified and trained. Internal review has been completed and changes made following first year of operation. The Information Asset Register is now complete and CMT have agreed how this will be maintained going forward CMT have agreed how the Information Asset Register with fit into EDRMS which will provide the retention and destruction framework. All teams have now migrated their data into the EDRMS (SharePoint) file structures so that all held data now has markers for sensitive data and had a retention schedule attached to it. Security of data in personal folders has been increased by moving these to the cloud based One Drive with onward programme to see this in EDRMS. Audit by the Information Commissioner's Officer complete with no further comments. Action plan and process of continuous improvement now embedded in practise. 	<p>Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities</p> <table border="1" data-bbox="1087 524 1978 1344"> <thead> <tr> <th data-bbox="1087 524 1633 613"></th> <th data-bbox="1633 524 1829 613">Officer responsible</th> <th data-bbox="1829 524 1978 613">Target date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1087 613 1633 841">The DPO role has transferred from the Legal service to the IT service, allowing greater links between the technology and the business process. The new DPO will be introducing automation to some of the compliance processes, reducing the number of staff handling each request. This in turn reduces the risk of a breach</td> <td data-bbox="1633 613 1829 841">Executive Director: Delivery</td> <td data-bbox="1829 613 1978 841">31/10/20</td> </tr> <tr> <td data-bbox="1087 841 1633 1008">CMT has agreed to deploy the new National Graduate Trainees for their first placement in IG. This will give needed capacity to the organisation to complete a full stock take of DIPA and ensure that these are current and up to date</td> <td data-bbox="1633 841 1829 1008">Executive Director: Delivery</td> <td data-bbox="1829 841 1978 1008">31/12/21</td> </tr> <tr> <td data-bbox="1087 1008 1633 1122">Progress on the action plan arising out of the ICO inspection to be monitored by the Information Management Group.</td> <td data-bbox="1633 1008 1829 1122">Executive Director: Delivery</td> <td data-bbox="1829 1008 1978 1122">Ongoing</td> </tr> <tr> <td data-bbox="1087 1122 1633 1230">Review of the work of the IG divisional leads to complete lessons learnt exercise and roll out further embedding of the role and role outcome</td> <td data-bbox="1633 1122 1829 1230">Executive Director: Delivery</td> <td data-bbox="1829 1122 1978 1230">31/10/21</td> </tr> <tr> <td data-bbox="1087 1230 1633 1344">Roll out guidance and training for Information Asset Owners (IAO), embedding corporate ownership and clear accountability</td> <td data-bbox="1633 1230 1829 1344">Executive Director: Delivery</td> <td data-bbox="1829 1230 1978 1344">31/3/22</td> </tr> </tbody> </table>		Officer responsible	Target date	The DPO role has transferred from the Legal service to the IT service, allowing greater links between the technology and the business process. The new DPO will be introducing automation to some of the compliance processes, reducing the number of staff handling each request. This in turn reduces the risk of a breach	Executive Director: Delivery	31/10/20	CMT has agreed to deploy the new National Graduate Trainees for their first placement in IG. This will give needed capacity to the organisation to complete a full stock take of DIPA and ensure that these are current and up to date	Executive Director: Delivery	31/12/21	Progress on the action plan arising out of the ICO inspection to be monitored by the Information Management Group.	Executive Director: Delivery	Ongoing	Review of the work of the IG divisional leads to complete lessons learnt exercise and roll out further embedding of the role and role outcome	Executive Director: Delivery	31/10/21	Roll out guidance and training for Information Asset Owners (IAO), embedding corporate ownership and clear accountability	Executive Director: Delivery	31/3/22
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Strategic Theme 1: Value for money
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Risk 9: The Council's Business Continuity Management (BCM) fails to effectively deal with potential threats and risks.

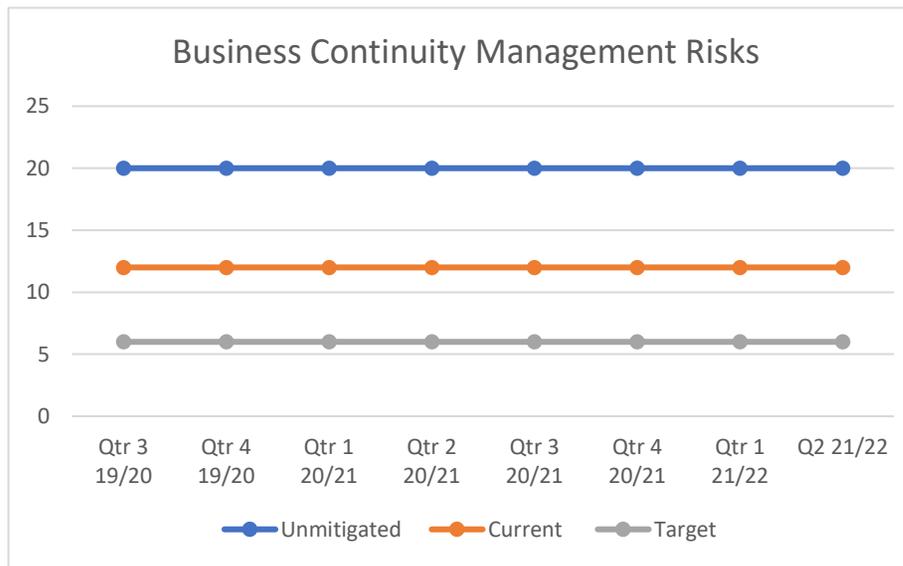
Risk Owners:
 Executive
 Director:
 Delivery

Risk Rating (Likelihood x Impact)

Unmitigated 4 x 5
 Current Residual 3 x 4
 Target Risk Score 2 x 3

Potential Impact

- Lack of ability to respond in a coordinated manner during a Business Continuity event, particularly when affecting the whole Council over prolonged periods.#
- Enforcement action under the Civil Contingencies Act 2004.
- Reputational damage.



Rationale for current score:

The risk remains significant because the improvement programme put in place is not completed as this has been overtaken by events with COVID-19 and planned actions have not yet been completed as originally intended. There will be a need to look at the new ways of working after recovery following COVID-19 as this may mean the new Business Continuity Plan that was due to be developed will be different to what was expected pre-Covid-19. There is also the potential impact of Brexit on service continuity e.g. the impact of the shortage of HGV drivers on delivery of necessary supplies.

Rationale for target score

The Council has agreed that as minimum the level of improvement should take the Council to Low risk if not best practice.

Current RAG rating Amber

Current Actions *(What we are currently doing about the risk)*

- Following the external review an action plan is now in place to ensure all service and corporate business continuity plans covering essential and critical functions are in place and robust by 30 September 2021
- Service Business Continuity Liaison Officers and Emergency Planning Liaison Officers have been identified to work with the Emergency Planning Unit
- Business Impact Analysis Workshops and Drop-in Sessions have taken place.
- Recovery Workshops have taken place.
- A number of Service Plans are now in place and being reviewed.
- The Service Plans which have not been completed are being targeted in order to complete the update of all plans by 15 September 2021.
- From September 2021 the 3 year programme of exercising specific service plans and the corporate plans along with the annual light touch revision and 3 yearly review of the plans will be put in place.

Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities

	Officer responsible	Target date
Developing strategic governance document for business continuity	Emergency Planning	September 2021
All Service & Corporate Plans to be in place	All Services & Emergency Planning	September 2021
Formal review programme in place	Emergency Planning	December 2021
Service and/ or Corporate Exercises programme in place	Emergency Planning	December 2021
Undertake corporate business continuity exercise	Emergency Planning & All services	March 2022

Strategic Theme 1: Value for money
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Risk 10: Weaknesses in the internal control environment.

Risk Owners:
CMT/DMTs

Risk Rating (Likelihood x Impact)

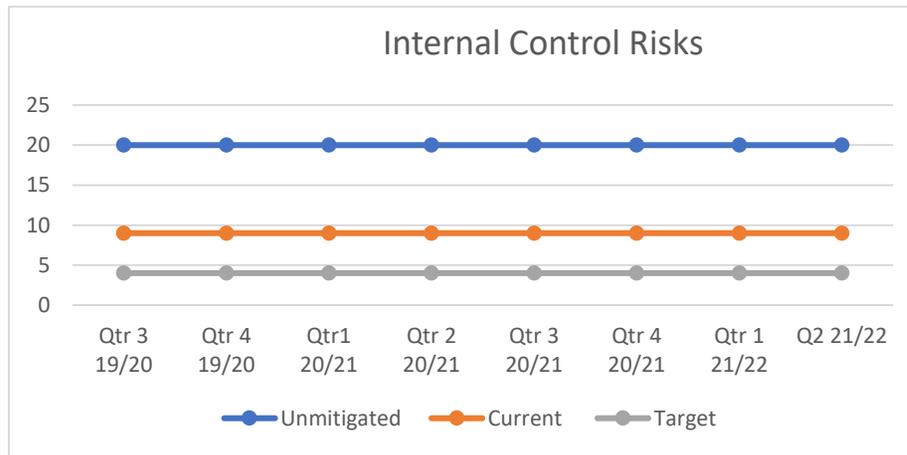
Unmitigated 5 x 4

Current Residual 3 x 3

Target Risk Score 2 x 2

Potential Impact

Increased potential for financial loss, fraud and safeguarding issues.
 Reputational damage.
 External sanction.



Rationale for current score:

Risk reducing as action taken is improving the control environment but more time is needed to ensure this is embedded effectively.

Rationale for target risk score

Appetite is low as ensuring that an effective control environment is in place is fundamental to ensuring the organisation's objectives are met and is a statutory requirement under the Accounts and Audit Regulations.

Current RAG rating Amber

Current Actions *(What we are currently doing about the risk)*

- Limited assurance audit reports monitored at DMTs.
- Follow up audits of limited assurance areas being completed during 2020/21
- Regular review of reporting to CMT on impact of audit deferrals and outcomes on 20/21 audit opinion

Further Mitigation *(what more should we do to reduce risk to our risk appetite level) and opportunities*

	Officer responsible	Target date
Regular specific slots at CMT and DMTs on audit and governance	CMT/DMTs	31/3/21

Strategic Theme 1: Value for money
 Strategic Theme 2: Economic resilience
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Risk 11: Council unable to deliver essential services and meet the needs of the community due to pressures from coronavirus on internal staff resources and external suppliers providing critical functions and increased demands for support arising from people and groups requiring support.

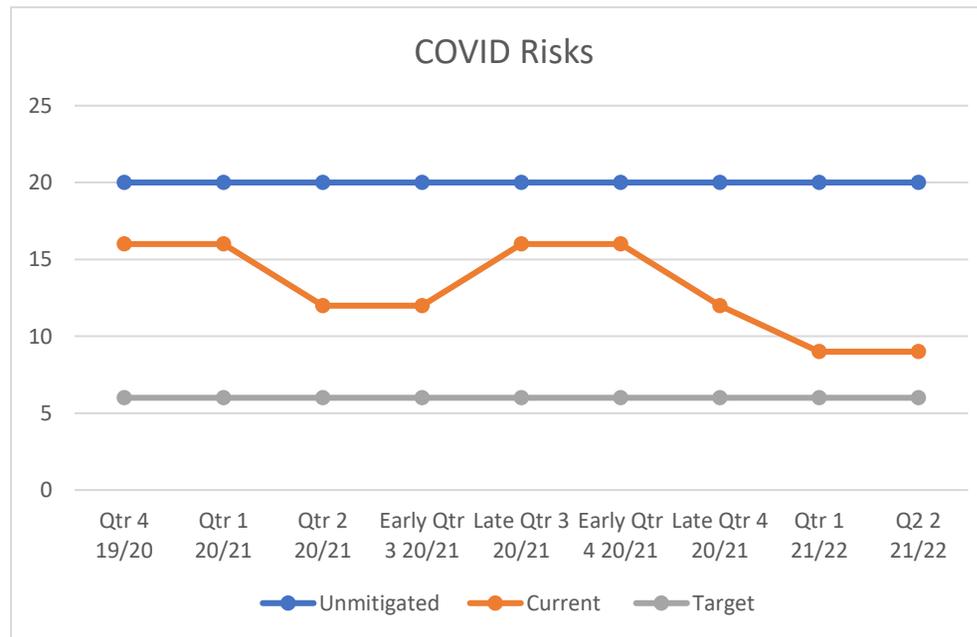
Risk Owners: CMT

Risk Rating (Likelihood x Impact)

Unmitigated 4 x 5
 Current Residual 3 x 3
 Target Risk Score 2 x 3

Potential Impact

- Council unable to deliver statutory/ Covid functions effectively to all groups needing support
- Reputational damage
- Continued loss of income from income generating services
- Staff isolation
 Exposure to fraud, particularly in respect of administration of emergency Government financial support package
- Council is not able to support the Test and Trace , functions and effectively manage Local outbreaks
- Sustained increase in Hardship and welfare support requests



Rationale for current score:

The stable prevalence of Covid within the Borough is easing the strain on most council services particularly in relation to Hospital Capacity/discharge, Social Care, Education however some services remain under additional pressure and new Covid responsibilities are drawing resources away from some planned works and some business as usual which impacts on staffing and is creating backlogs in small areas of the Council.

Rationale for target score

During a flu pandemic the Council has a key role to play in ensuring that its existing and new essential services to the community are maintained and adapted as well as assisting with Government support initiatives.

Current RAG rating Amber

Current Actions (What we are currently doing about the risk)

- Continuing to follow the advice of the Government and Public Health England
- Coronavirus (COVID-19) CMT Gold Group meets once a week to consider the potential impacts on staff, service provision and the wider Bracknell Forest community and coordinate the Council's response and recovery. Task and Finish Groups set up to feed into the CMT Gold meeting, and aid effective decision making
- Public Health Team and covid-19 policy team monitoring central government guidance and best practice
- All departments tasked with enacting their Business Continuity Plans where required and adapting them to address the risk of COVID-19 where appropriate
- Service areas working with key suppliers ensuring that they have put appropriate business continuity arrangements in place to avoid/mitigate the risk of disruption to critical services
- Identifying and working with vulnerable groups/ individuals who may need additional support during the pandemic response
- Communication with staff now taking place via teams, email and phone with almost all staff continuing to work from home (although office space is now available), weekly CX update, and once weekly all member briefing
- Communication with staff advising them on actions to take if they suspect they have symptoms, testing, self isolation and the methods of recording this, so we have an accurate workforce picture. Those going to the workplace need to undertake testing before doing so.
- The council is planning and delivering internal communication and engagement to encourage staff vaccine take up and to home test
- Financial reporting changed to enable identification of any Covid-19 related spend, so that the impact is properly recorded and future claims of financial support from Government can be substantiated
- IT capacity is under continual review
- Many face to face contacts are carried out remotely and measures for agreed face to face contact have been agreed at SLG including the appropriate PPE for the specific settings.
- Monitoring and supporting Schools
- Staffing matters are being dealt with through an HR Grouping, with regular reporting of absence to CMT Gold
- Community information pack delivered to all households
- High-level community impact assessment complete and a Covid Resident's Survey presented to the Executive. The community impact assessment was updated in June and a second Covid Resident's Survey has now concluded.
- Participation in the Local Resilience Forum (when required)
- Detailed verification checks introduced around payment of business support grants
- Changes to contractual arrangements to provide additional financial support to suppliers include standard anti-fraud clauses, mirroring those adopted by Government

Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities

	Officer responsible	Target date
Monitor absences arising from suspected cases of coronavirus and divert staff to critical services where required	CMT /AD's	ongoing
Regular communications with staff and the public as the situation develops via various media streams	CMT	ongoing
Follow and adhere to any national guidance /instruction on Home working, isolation and other service delivery matters	CMT	ongoing
Community hub response key area of activity to support vulnerable people and those self isolating	CMT /AT	ongoing
Staffing matters under constant review with requirements to work outside normal contracted hours and different roles, being considered through a re-assignment programme	CMT/HR	ongoing
Business and Suppliers support group working through business / financial related matters when required to do so	CMT/ SMC	ongoing
School Support being co-ordinated through the Local Authority – enabling consistency of message	CMT/RM	ongoing
Representation on the LRF (Response and Recovery) provided as required	AH /Emergency Planning	ongoing
Maintain vigilance for potential fraud risk as a result of changes to processes to enable quick transactions and payments to suppliers and emergency support to individuals	SLG	Ongoing
Working on the basis of national predictions for Deaths, infection rates and recovery	CMT/PH	ongoing
PPE Cell to run and manage supplies of PPE for the Council and providers	KW/CG	ongoing
Established Testing team to administer testing for covid-19	KW/CP	ongoing
Established a methodology for Recovery Principles agreed by the Executive	AH/CMT	ongoing

<ul style="list-style-type: none"> • <i>Wokingham BC internal audit team commissioned to review our approach to administering the small business grants, recognising the need to ensure adequate, proportionate anti-fraud measures are being adopted</i> • <i>Outbreak Management Cell has developed a Local OutbreakMangement Plan to respond to and manage local outbreaks this has been signed off by the NHS and PHE</i> • <i>Work on recovery/renewal is underway both at a Bracknell Forest and Berkshire level</i> • <i>Local contact tracing continues to identify those individuals who have tested positive and not been contacted by NHS Test and Trace</i> • <i>Public Health dashboard provides close to real time information on cases and outbreaks</i> • <i>Working with Health on the vaccination rollout particularly helping with Comms messaging.</i> • <i>Community testing set up with access to tests for anyone working or living within Bracknell Forest (in Bracknell Town Centre)</i> 	<i>Data collection on service and community impact being collected to review for trends and to contribute to recovery including resident Covid Impact Survey</i>	<i>CMT/AT</i>	<i>ongoing</i>
	<i>Care Home Resilience Plan developed across the ICS area</i>	<i>SM/ThW</i>	<i>Ongoing</i>
	<i>Outbreak Management 7 day a week requirement Resources identified</i>	<i>KW/CP/CMT</i>	<i>Ongoing</i>
	<i>Comms messages about Vaccinations continue to be provide through various media forms</i>	<i>AT</i>	<i>Ongoing</i>
	<i>Community Testing up and running with 1 venue in the Borough.</i>	<i>CP/KW</i>	<i>ongoing</i>

Strategic Theme 3: Education and skills																																										
Risk 12: Children’s Social Care demand and supply challenges related to the market for services and associated financial pressures		Risk Owner: Executive Director: People																																								
<p>Risk Rating (Likelihood x Impact) Unmitigated 5 x 4 Current Residual 4 x 4 Target Risk Score 2 x 3</p> <p>Potential Impact</p> <ul style="list-style-type: none"> • Statutory responsibilities not met • Significant budget overspends resulting from increased costs of external placements • Harm to individual children who are not in suitably high quality placements • Adverse effect on staff morale • Adverse effect on external inspections / assessments 	<table border="1"> <caption>Children's Social Care Demand and Supply Risks</caption> <thead> <tr> <th>Quarter</th> <th>Unmitigated</th> <th>Current</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Qtr 2 19/20</td> <td>20</td> <td>12</td> <td>6</td> </tr> <tr> <td>Qtr 3 19/20</td> <td>20</td> <td>16</td> <td>6</td> </tr> <tr> <td>Qtr 4 19/20</td> <td>20</td> <td>16</td> <td>6</td> </tr> <tr> <td>Qtr 1 20/21</td> <td>20</td> <td>16</td> <td>6</td> </tr> <tr> <td>Qtr 2 20/21</td> <td>20</td> <td>16</td> <td>6</td> </tr> <tr> <td>Qtr 3 20/21</td> <td>20</td> <td>16</td> <td>6</td> </tr> <tr> <td>Qtr 4 20/21</td> <td>20</td> <td>9</td> <td>6</td> </tr> <tr> <td>Qtr 1 21/22</td> <td>20</td> <td>9</td> <td>6</td> </tr> <tr> <td>Q2 21/22</td> <td>20</td> <td>16</td> <td>6</td> </tr> </tbody> </table>	Quarter	Unmitigated	Current	Target	Qtr 2 19/20	20	12	6	Qtr 3 19/20	20	16	6	Qtr 4 19/20	20	16	6	Qtr 1 20/21	20	16	6	Qtr 2 20/21	20	16	6	Qtr 3 20/21	20	16	6	Qtr 4 20/21	20	9	6	Qtr 1 21/22	20	9	6	Q2 21/22	20	16	6	<p>Rationale for current score: <i>Risk is now higher due to greater pressure in the supply of places available resulting in difficulties in finding suitable placements for children.</i></p> <p>Rationale for target risk score Appetite low due to impact on financial planning</p> <p>Current RAG rating Red</p>
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Qtr 1 21/22	20	9	6																																							
Q2 21/22	20	16	6																																							
<p>Current Actions (What we are currently doing about the risk)</p> <ul style="list-style-type: none"> • Transformation programme focusing on developing in-house foster service • Regular performance monitoring and reporting to DMT, Children’s SMT and Transformation Board • Access to resource team in place to source best possible placements at cost and quality when in-house not available • Strong partnership relationships • Regular reporting to the Safeguarding Board and DMT • Demand increase has had additional resources • Transformation under Family Safeguarding Model has provided additional staff in two of the family safeguarding teams – aiming to reduce number of children who become looked after • Monitoring the data to assess for impact of Covid • Frameworks in place with South East local authorities for residential care, independent foster care and semi-independent accommodation seeking to influence market cost and quality • Access to Resources Team in place to secure VFM from placements 	<p>Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities</p> <table border="1"> <thead> <tr> <th></th> <th>Officer responsible</th> <th>Target date</th> </tr> </thead> <tbody> <tr> <td>Marketing strategy to recruit additional foster carers to support children with higher needs</td> <td>AD CSC</td> <td>Ongoing</td> </tr> <tr> <td>Joint Working between council and wider partners including new HWB strategy</td> <td>AD CSC</td> <td>Ongoing</td> </tr> <tr> <td>Sustainability of funding for FSM</td> <td>AD CSC</td> <td>Ongoing</td> </tr> <tr> <td>New sufficiency strategy for children’s placements under development</td> <td>AD CSC</td> <td>Ongoing</td> </tr> <tr> <td>Placements workstream within council looking to optimise process and secure best placements at best cost</td> <td>AD CSC</td> <td>Ongoing</td> </tr> </tbody> </table>		Officer responsible	Target date	Marketing strategy to recruit additional foster carers to support children with higher needs	AD CSC	Ongoing	Joint Working between council and wider partners including new HWB strategy	AD CSC	Ongoing	Sustainability of funding for FSM	AD CSC	Ongoing	New sufficiency strategy for children’s placements under development	AD CSC	Ongoing	Placements workstream within council looking to optimise process and secure best placements at best cost	AD CSC	Ongoing																							
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RISK MATRIX

LIKELIHOOD

5					
4					
3					
2					
1					
	1	2	3	4	5

Likelihood:

- 5 Very High
- 4 High
- 3 Significant
- 2 Low
- 1 Almost Impossible

Impact:

- 5 Catastrophic
- 4 Critical
- 3 Major
- 2 Marginal
- 1 Negligible

IMPACT

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CRITERIA FOR ASSESSING LIKELIHOOD

PROBABILITY	SCORE	DEFINITION
Almost impossible	1	Rare (0-5%). The risk will material only in exceptional circumstances.
Low	2	Unlikely (5-25%). This risk will probably not materialise.
Significant	3	Possible (25-75%). This risk might materialise at some tim
High	4	Likely (75-95%). This risk will probably materialise at least once.

Very High	5	Almost certain (>95%). This risk will materialise in most circumstances.
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CRITERIA FOR ASSESSING IMPACT

	Negligible	Minor	Major	Critical	Catastrophic
Score	1	2	3	4	5
Disruption to established routines/operational delivery	No interruption to service. Minor industrial disruption.	Some disruption manageable by altered operational routine.	Disruption to a number of operational areas within a location and possible flow to other locations.	All operational areas of a location compromised. Other locations may be affected.	Total system dysfunction. Total shutdown of operations
Damage to reputation	Minor adverse publicity in local media.	Significant adverse publicity in local media.	Significant adverse publicity in national media.	Significant adverse publicity in national media. Senior management and/or elected Member dissatisfaction.	Senior management and/or elected Member resignation/removal.
Political	Could have a major impact one departmental objective but no impact on a Council Medium Term Objective	Could have a major impact one or more departmental objective but no impact on a Council Medium Term Objective	Could have a major impact on a Departments objective with some impact on a Council Medium Term Objective	Council severely impact the delivery of a Council Medium Term Objective	Council would not be able to meet multiple Medium Term Objectives.
Security	Non notifiable or reportable incident.	Localised incident. No effect on operations.	Localised incident. Significant effect on operations.	Significant incident involving multiple locations.	Extreme incident seriously affecting continuity of operations.

	Negligible	Minor	Major	Critical	Catastrophic
Score	1	2	3	4	5
Financial (Council as a whole/ single dept.)	<1% of monthly budget	>2% of monthly budget	<5% of monthly budget	<10% of monthly budget	<15% of monthly budget
General environmental and social impacts	No lasting detrimental effect on the environment i.e. noise, fumes, odour, dust emissions, etc. of short term duration	Short term detrimental effect on the environment or social impact i.e. significant discharge of pollutants in local neighbourhood.	Serious local discharge of pollutants or source of community annoyance in general neighbourhood that will require remedial attention.	Long term environmental or social impact e.g chronic and significant discharge of pollutants.	Extensive detrimental long term impacts on the environment and community e.g catastrophic and/or extensive discharge of persistent hazardous pollutants.
Corporate management	Localised staff and management dissatisfaction.	Broader staff and management dissatisfaction.	Senior management and /or elected Member dissatisfaction. Likelihood of legal action.	Senior management and/or elected Member dissatisfaction. Legal action.	Senior management and/or elected Member resignation/removal.
Operational management	Staff and line management dissatisfaction with part of a local service area.	Dissatisfaction disrupts service.	Significant disruption to services.		Resignation/removal of local management.
Workplace health and safety	Incident which does not result in lost time.	Injury not resulting in lost time.	Injury resulting in lost time. Compensatable injury.	Serious injury /stress resulting in hospitalisation.	Fatality (not natural causes)
Legal	Minor breach resulting in small	Regulatory breach resulting in small	Major regulatory breach resulting in	Severe regulatory breach resulting in	Very severe regulatory impact that

	Negligible	Minor	Major	Critical	Catastrophic
Score	1	2	3	4	5
	finest and minor disruption for an short period	finest and short term disruption for an short period	major finest and short term disruption for an short period	severe finest and disruption for an extended period	threatens the strategic objectives of the Council

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To: **Governance and Audit Committee**
22nd September 2021

Internal Audit Update **Head of Audit and Risk Management**

1 Purpose of Report

1.1 This report presents the update on progress on the annual Internal Audit Plan.

2 Recommendations

2.1 **To note the update on progress on the Internal Audit Plan for 2021/22.**

3 Reasons for Recommendations

3.1 To ensure the Council complies with statutory requirements for internal audit.

4 Alternative Options Considered

4.1 There are no alternatives.

5 Supporting Information

Internal Audit

5.1 Delivery of the Council's internal audit services in 2021/22 is being delivered as follows:

- TIAA Ltd who will undertake IT audit;
- Farsight Consulting who will audit schools,
- Wokingham Council's Business Assurance team delivering internal under services under a S113 agreement;
- One temporary senior auditor working who has been with us since July 2020 and leaves us in early September; and
- two permanent in-house senior auditors who joined us in the summer of 2021.

5.2 Progress against the 2021/22 Internal Audit Plan is set out in Appendix 1. There has been some delay in progressing the 21/22 Audit Plan as a backlog of 20/21 audits deferred to late qtr 4 or early qtr 1 of 21/22 at management request had first to be cleared, schools scheduled to be audited were not prepared to have audits undertaken until the autumn and the new senior auditors were not able to join us until July and August.

6 Consultation and Other Considerations

Legal Advice

6.1 There are no specific legal implications arising from the recommendations in this Report.

Financial Advice

6.2 There are no financial implications arising from this report.

Equalities Impact Assessment

6.3 Not applicable.

Strategic Risk Management Issues

6.4 A robust internal audit service is essential for ensuring proper processes are in place for effective control.

Background Papers

Internal Audit Plan 2021/22

Internal Audit Charter

Contact for further information

Sally Hendrick, Head of Audit and Risk Management - 01344 352092



**BRACKNELL FOREST COUNCIL
HEAD OF AUDIT AND RISK
MANAGEMENT'S INTERIM REPORT**

SEPTEMBER 2021

Sally Hendrick
Head of Audit and Risk Management
Sally.hendrick@bracknell-forest.gov.uk
01344 352092

1.BACKGROUND

- 1.1 The Council is required under the Accounts and Audit (Amendment) (England) Regulations to “maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal control.” This report summarises the activities of Internal Audit for the period April to 31st August 2021 drawing together progress on the Annual Internal Audit Plan, risk management and other activities carried out by Internal Audit.

2. INTERNAL AUDIT

- 2.1 The basic approach adopted by Internal Audit falls broadly into four types of audit:
- System reviews provide assurance that the system of control in all activities undertaken by the Council is appropriate and adequately protects the Council’s interests.
 - Regularity (financial) checking helps ensure that the accounts maintained by the Council accurately reflect the business transacted during the year. It also contributes directly towards the external auditor’s audit of the annual accounts.
 - Computer/IT audits, carried out by specialist audit staff, provide assurance that an adequate level of control exists over the provision and use of computing facilities
 - Certification as required by relevant Government departments that grant monies have been spent in accordance with grant terms and conditions.
- 2.2 Recommendations are made after individual audits, leading to an overall assurance opinion for the system or establishment under review and building into an overall annual assurance opinion on the Council’s operations called the Head of Internal Audit Annual Opinion. The different categories of recommendation and assurance opinions are set out in the following tables.
- 2.3 Since 1st April 2019 we have been categorising our **audit opinions** according to our assessment of the controls in place and the level of compliance with these controls as follows::

	Good - There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to the achievement of objectives and this is being complied with. Recommendations will only be of low priority.
	Adequate - there is basically a sound system of control but there are some areas of minor weakness and/or some areas of non- compliance which put the system/process objectives at risk. Recommendations will only be low or moderate in priority.
	Partial - there are areas of weakness and/or non- compliance with control which put the system/process objectives at risk and undermine the system’s overall integrity.

	Recommendations may include major recommendations but could only include critical priority recommendations if mitigated by significant strengths elsewhere.
	Inadequate - controls are weak across a number areas of the control environment and/or not complied with putting the system/process objectives at significant risk. Recommendations will include major and/or critical recommendations
	None - There is no control framework in place and management is inadequate leaving the system open to risk of significant error or fraud.

2.4 We categorise our recommendations according to their level of priority as set out below:

	Critical - Critical and urgent in that failure to address the risk could lead to factors such as significant financial loss, significant fraud, serious safeguarding breach, critical loss of service, critical information loss, failure of major projects, intense political or media scrutiny. Remedial action must be taken immediately.
	Major - failure to address issues identified by the audit could have significant impact such as high financial loss, safeguarding breach, significant disruption to services, major information loss, significant reputational damage or adverse scrutiny by external agencies. Remedial action to be taken urgently.
	Moderate - failure to address issues identified by the audit could lead to moderate risk factors materialising such as medium financial loss, fraud, short term disruption to non-core activities, scrutiny by internal committees, limited reputational damage from unfavourable media coverage. Prompt specific remedial should be taken.
	Low - failure to address issues identified by the audit could lead to low level risks materialising such as minor errors in system operations or processes, minor delays without impact on service or small financial loss. Remedial action is required.

3. SUMMARY OF INTERNAL AUDIT RESULTS TO DATE

- 3.1 The Annual Internal Audit Plan for 2021/22 was considered and approved by the Governance and Audit Committee on 24th March 2021. The delivery of the individual audits during 2021/22 is being undertaken by
- TIAA Ltd who will undertake IT audit;
 - Farsight Consulting who will audit schools,
 - Wokingham Council's Business Assurance team delivering internal under services under a S113 agreement;
 - One temporary senior auditor working who has been with us since July 2020 and leaves us in early September; and
 - two permanent in-house senior auditors who joined us in the summer of 2021.
- 3.2 There has been some delay in progressing the 21/22 Audit Plan as a backlog of 20/21 audits deferred to late qtr 4 or early qtr 1 of 21/22 at management request had first to be cleared, schools scheduled to be audited were not prepared to have audits undertaken until the autumn and the new senior auditors were not able to join us until July and August.
- 3.3 Between April to August 2021, 1 grant audit and 4 reports/memos were finalised, 3 reports/memos were issued in draft awaiting management responses, 5 reports were

issued in draft for discussion, 1 draft report was at quality review stage and 13 audits were work in progress.

- 3.4 Details on the status and outcome of all audits are attached at Appendix A. A summary of the outcome of finalised and audits with reports issued in draft are set out below.

2021/22 ASSURANCE LEVELS	NUMBER OF AUDITS TO DATE	2020/21 ASSURANCE LEVELS	NUMBER OF AUDITS
Good	2	Good	4
Adequate	2	Adequate	15
Partial	1	Partial	10
Inadequate	0	Inadequate	0
No assurance	0	No assurance	0
Total for Audits with an Opinion	5	Total for Audits with an Opinion	29
Memos and reports with Major Recommendation and no Opinion	0	Memos and reports with Major Recommendation and no Opinion	4
Other Follow Up Memos/ Reports with no Opinion	2	Other Follow Up Memos/ Reports with no Opinion	3
Total Audits	7	Total Audits	36
Grant Certifications	1	Grant Certifications	7
Overall Total	8	Overall Total	43

Identified High Priority Control Issues

- 3.5 Audits which have identified high priority recommendations will generally be revisited in 2022/23, to ensure successful implementation of agreed recommendations. No critical recommendations have been raised to date in 2020/21 however a number of recommendations falling under our major recommendation category have been raised as set out below:

AUDITS WHERE HIGH PRIORITY ISSUES HAVE BEEN IDENTIFIED SINCE THE LAST UPDATE IN THE INTERNAL AUDIT 20/21 ANNUAL REPORT IN JUNE 2021		
<ul style="list-style-type: none"> Security camera controls 	<p>Three major recommendations were raised relating to gaps in the CCTV policy and non compliance that should be addressed, ensuring that there is adequate signage at camera locations and setting rules and developing procedures for access and sharing of data.</p>	<p>ASSURANCE OPINION: PARTIAL</p>

Update of Previous Audits with High Priority Recommendations

3.6 Since April 2021, we have followed up one audit from 2020/21 where significant weaknesses had been identified (reactive maintenance). The Head of Audit and Risk Management can report that issues previously identified have been addressed.

Quality Assurance and Improvement Programme

3.7 As shown below, no completed client questionnaires had been received to date for 2021/22. In 92% of cases internal audit delivered the first draft report within 15 days of the exit meeting.

	Client Questionnaires		Draft Report /Memo Produced within 15 Days of Exit meeting
	Received	Satisfactory	
1st April to 31st August 2021	-	-	92%
2020/21	9	89%	60%

4. PROGRESS ON INTERNAL CONTROL ENVIRONMENT 2021/22

4.1 It is still too early in the financial year to make a reliable assessment on the direction of travel of the control environment. Progress to improve the control environment will be monitored quarterly based on the outcome of the audits undertaken and in particular identifying whether agreed management actions for areas previously found to have significant control weaknesses have been implemented as this has been a key factor in the Head of Audit and Risk Management's annual opinion on the control environment for the last 3 years.

5. RISK MANAGEMENT

- 5.1 The Strategic Risk Register has already been reviewed twice by the Strategic Risk Management Group (SRMG) and once by the Corporate Management Team. Directorate risk registers continue to be updated quarterly.

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	inadequate	Critical	Major	Moderate	Low	
subsequent action plan implementation												
Business Continuity												"D" Audit deferred to qtr 1 of 22/23 as Business continuity project delayed due to COVID
Complaints Process	August 21											Draft issued for discussion
Corporate Governance infrastructure –People only												Qtr 3 audit
E+ card- general control, IT controls and information governance arrangements with contractors												Work in progress
Grant Reviews and Certifications Bus Service Operator												Work in progress
Troubled Families	24/6/21	30/6/21	✓	N/A – Memo to support PBR submission								Finalised
Troubled Families- March 2022 submission												Qtr 4 audit
Green Homes Grants compliance audit												Work in progress
COVID Restart grants												Work in Progress

3. CORE FINANCIAL SYSTEMS

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Reconciliations												Qtr 3 audit
Staff establishment costs (Joint HR and Finance audit budgeted under OD, Transformation and HR)												Qtr 3 audit
Banking - advisory audit												Qtr 3 audit
Council Tax												Qtr 3 audit
Business Rates												Qtr 3 audit
Creditors												Qtr 4 audit
Housing Benefit and Council Tax Reduction												Qtr 3 audit

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4. IT AUDIT

IT AUDIT	Start Date	Date of Draft Report	Key Indicator Me*	Assurance Level				Critical	Major	Moderate	Low	Status
				Good	Adequate	Partial	Inadequate					
Transport routing	August 2021											Work in progress
Emergency Duty Service System												Qtr 3 audit
Forestcare IT systems including telephony												Deferred to qtr 4 due to delays

5. PLACE, PLANNING, AND REGENERATION

AUDIT	Start Date	Date of Draft Report	Key Indicator met	Assurance Level				Recommendation priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
SANGs	May 2021	16/7/21	✓	N/A – Advisory memo							1	“D” Finalised
S106 – Use of the monies in compliance with development in the relevant geographic area		11/8/21	✓	✓							6	“D” Draft report issued
Tree service	1/9/21											Work in progress
Street lighting follow up (partial assurance opinion 2019/20)												Qtr 4 audit
Development Control												Work in progress
Building Control and land charges												Qtr 3 audit
Public Health												Qtr 4 audit

6. CHIEF EXECUTIVE’S OFFICE

AUDIT	Start Date	Date of Draft Report	Key Indicator met*	Assurance Level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Transformation support costs advisory review												Qtr 3 audit

7. DELIVERY

AUDIT	Start Date	Date of Draft Report	Key Indicator met*	Assurance level				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Public Protection Partnership (Follow up- partial assurance 2020/21)												Qtr 3 audit
Reactive Maintenance (Follow up- partial assurance 2020/21)	August 2021	27/8/21	✓	N/A- Follow up memo. All recommendations addressed								Finalised
Commercial property (Follow up- partial assurance 2020/21)												Qtr 3 audit
Cemetery and Crematorium	12/7/21											"D" Draft report being quality reviewed
Everyone Active Covid support		30/6/21	✓	✓								Finalised
Green Homes Grants	July 2021	31/8/21	✓									Draft report issued for discussion

8. PEOPLE

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance levels				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Transport in CTPLD- advisory review												"D" Qtr 3 audit
Direct payments- advisory piece on fraud triggers												Work in progress
Financial assessments												Qtr 3 audit
Preparation for new Liberty Safeguard regulations – advisory piece												Qtr 3 audit
Deputyships and appointees												Qtr 3 audit
Commissioning due diligence checks												Qtr 3 audit
Children's placements												"D" Qtr 4 audit
Supervision- advisory review covering ASC and Mental Health												Qtr 3 audit
Breakthrough follow up(Follow up- partial assurance 2020/21)p												Qtr 3 audit

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance levels				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Group supervision and Motivational interviews												Audit cancelled at request of service area
Permanency planning	August 2021											Work in Progress
Post leaving Care												Qtr 3 audit
Larchwood	26/7/21											Work in Progress
Glenfield- mental health supported living	August 2021											"D" Work in Progress
Youth Offending service												Cancelled by service area
Forestcare												Late Quarter 2 audit
Disabled Facilities Grants-												Qtr 4 audit
Homelessness procurement advisory piece												Late Qtr 2 audit
Housing Management follow up												Qtr 4 audit
COVID Test and trace grants												Qtr 3 audit
Open Learning Centre												Late quarter 2 audit

AUDIT	Start Date	Date of Draft Report	Key Indicator Met*	Assurance levels				Recommendation Priority				Status
				Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	
Nursery provider support payments												Deferred to qtr 4 at service area request

9. SCHOOLS

AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	Status
School census												Qtr 3 audit
Services to schools- Can Do	12/8/21											Work in Progress
Free school meals												Qtr 3 audit
Fox Hill (follow up -Ltd 2017/18 and 2018/19)												"D" Qtr 3 audit
The Pines												"D" Qtr 3 audit
Woodenhill (follow up -Ltd 2018/19)												"D" Qtr 3 audit
Ascot heath (reaudit-Ltd 2018/19)												"D" Qtr 3 audit
Sandhurst (follow up partial 19/20)												"D" Qtr 3 audit
Kennel Lane follow up												"D" Qtr 3 audit
St Michael's Easthampstead												"D" Qtr 3 audit

AUDIT	Start Date	Date of Draft Report	Key Indicator Met	Good	Adequate	Partial	Inadequate	Critical	Major	Moderate	Low	Status
(follow up partial 19/20)												
Whitegrove	7/6/21	29/7/21	X									"D" Draft for discussion issued
Binfield												"D" Qtr 3 audit
St Michael's Sandhurst												"D" Qtr 3 audit
Winkfield												"D" Qtr 3 audit
Owlsmoor												"D" Qtr 3 audit

APPENDIX 2

2020/21 AUDITS IDENTIFYING SIGNIFICANT ISSUES		
AUDIT	RATING	CURRENT AUDIT STATUS
• Debt Management	PARTIAL	To be re-audited in Qtr 4
• Management of Essential Car User Allowances and Mileage	PARTIAL	To be followed up in Qtr 4
• Public Protection Partnership	PARTIAL	To be followed up in Qtr 3
• Management of Commercial Properties	PARTIAL	To be followed up in Qtr 4
• Reactive Maintenance	PARTIAL	Followed up and all significant issues raised have been addressed
• Cyber	PARTIAL	To be followed up in Qtr 3
• Agresso IT System Follow Up	FOLLOW UP HENCE NO OPINION BUT MAJOR RECOMMENDATIONS RAISED	To be followed up in Qtr 3
• Creditors	PARTIAL	To be re-audited in Qtr 4
• Business Rates	BOTH PARTIAL	To be re-audited in Qtr3
• Council Tax and council tax		
• Domiciliary Care Follow up	FOLLOW UP HENCE NO OPINION BUT MAJOR RECOMMENDATION STILL OUTSTANDING	To be re-audited in Qtr 1 of 22/23
• Breakthrough	PARTIAL	To be followed up in Qtr 3

OTHER AUDITS AREAS WHERE SIGNIFICANT ISSUES IDENTIFIED PRE 20/21 WERE STILL OUSTANING AT 31/3/21	CURRENT AUDIT STATUS
<ul style="list-style-type: none"> ● Forestcare (Follow Up Memo. 2019/20 Also limited in 2017/18) 	Forestcare will be re-audited at the end of Qtr 2
<ul style="list-style-type: none"> ● Adult Social Care Pathway (Qtr 4 2017/18 Audit) 	To be followed up in Qtr 4
<ul style="list-style-type: none"> ● Loans for Housing Rents and Deposits 	To be followed up as part of the debt management audit in Qtr 4 of 21/22
<ul style="list-style-type: none"> ● Public Health 	To be re-audited in Qtr 4
<ul style="list-style-type: none"> ● Disabled Facilities Grants 	To be re-audited in Qtr 3
<ul style="list-style-type: none"> ● ICT Continuity Management 	To be re-audited as part of business continuity in Qtr 1 of 22/23

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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