



**Draft  
Statement  
of  
Accounts**

**2001/02**

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# EXPLANATORY FOREWORD

## ↑ Introduction

The accounts presented in this document cover the 2001/02 financial year. This foreword provides a brief explanation of the financial aspects of the Bracknell Forest Borough Council's activities and draws attention to the main characteristics of the Council's financial position.

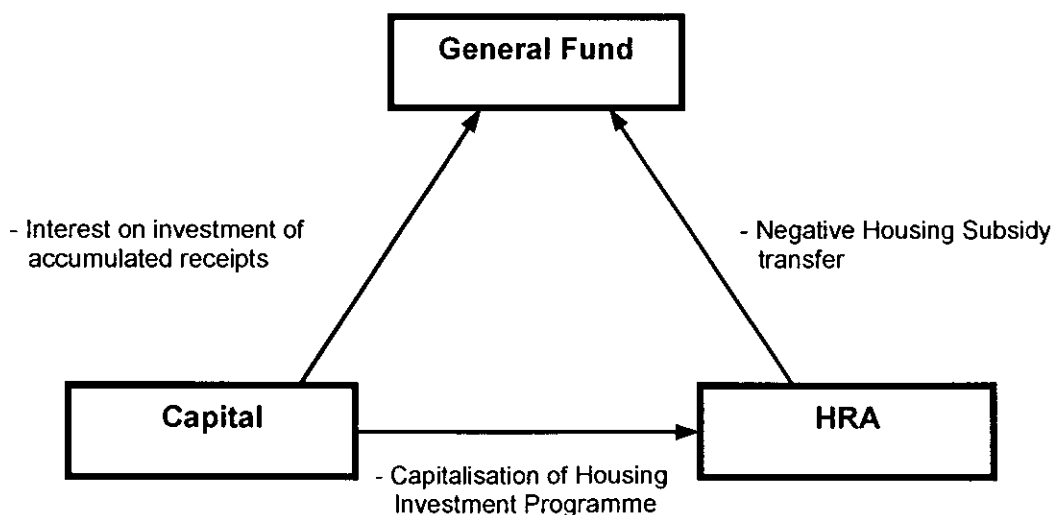
Being a Unitary Council which provides council housing, Bracknell Forest is required by legislation to account for its expenditure in three distinct categories:

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

**Housing Revenue Account** – Included within this account is all expenditure on the day to day management of the Council's housing stock. Expenditure is principally funded from council house rents.

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

Bracknell Forest is in an unusual financial position, shared with only a handful of other Councils in England. The Council is technically debt free and holds a relatively high level of accumulated capital receipts. However, the Council is responsible for a proportion of the debt of the former Berkshire County Council (£25m at 31 March 2002). The Council is also in a negative housing subsidy position (i.e. a transfer is made each year from the Housing Revenue Account to the General Fund Revenue Account, equivalent to the "surplus" on the HRA in accordance with the Government's model HRA used for housing subsidy calculation). The main consequence of this position is a high degree of inter-dependency between the three different accounts, as illustrated below.



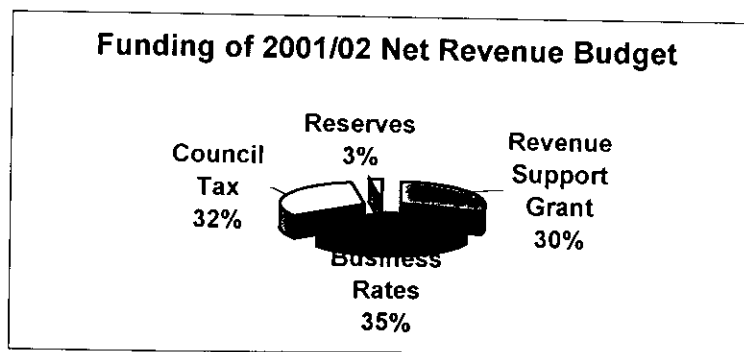
## EXPLANATORY FOREWORD

The accounting statements which follow this foreword are:

- **The Statement of Accounting Policies**, which details the legislation and principles on which the Statement of Accounts have been prepared;
- **The Consolidated Revenue Account**, which records all revenue expenditure and income in both the General Fund and the HRA, sources of finance and the movement in balances;
- **The Housing Revenue Account**, which records the revenue expenditure and income on this ringfenced account, the movement in balances and Housing Revenue Account capital expenditure;
- **The Consolidated Balance Sheet**, which records the assets and liabilities and the resources of the Authority at 31 March 2002;
- **The Statement of Total Movements in Reserves**, which draws together the recognised gains and losses of the Authority during the year to 31 March 2002, including those not recognised in the Consolidated Revenue Account;
- **The Cash Flow Statement**, which summarises the cash receipts and payments within the year;
- **The Collection Fund**, which records the Council Tax and Business Rates raised within the Borough during the year and how they are subsequently distributed;
- **The Statement of Responsibilities for the Statement of Accounts**, which identifies the officer who is responsible for the proper administration of the Authority's financial affairs.

## 2 Revenue Expenditure

At its meeting on 28 February 2001 the Council approved a net General Fund budget of £88.322m. Subsequently, budget carry forwards from 2000/01 totalling £0.112m were approved by the Strategy and Policy Committee at its meeting in July 2001, taking approved expenditure to £88.434m. This expenditure was to be met by general Government grant (Revenue Support Grant), business rate and Council Tax income and use of reserves, as shown in the chart below.



Net expenditure of £0.168m for the Housing Revenue Account for the financial year 2001/02 was also approved, with gross cash expenditure of £21.845m being funded largely from rental income and interest receipts.

## EXPLANATORY FOREWORD

In early August 2001 it became apparent through analysing departmental budgetary control returns that a potentially significant overspend was likely to be incurred by the year end on the General Fund if corrective action was not identified and implemented at an early stage. Work was consequently undertaken in all departments under the co-ordination of the Council's Corporate Management Team over the subsequent two months to clarify the scale of the problem (which was up to £1.7m) and to examine options to address it. This culminated in a report by the Borough Finance Officer to the Corporate Management Team in October 2001 which set out the actions proposed by all departments which would bring expenditure broadly in line with the budget overall. These actions were endorsed by all Directors and subsequently by Members at the meeting of the Strategy and Policy Committee in November 2001.

Three categories of saving were identified, as follows:

### General Housekeeping Measures

These were savings that could be achieved by restricting expenditure on the replacement of equipment, furniture, printing and other administrative expenses. In addition this group of savings also included savings in budgets as a result of reduced demand such as pupil numbers in Education. However, it was recognised that the effect of achieving these budget reductions would be to roll forward the programme of equipment etc. replacement through to next year and beyond. These reductions, therefore, could only be achieved on a one-off basis.

### Devolved Staffing Budgets (DSB)

Each Department reviewed staffing budgets to see if economies could be made without significantly affecting the level of service being provided.

### Delayed Projects

These covered budgets where schemes of work were planned for 2001/02 but Directors recommended not to carry out the work or to delay it until the next financial year given the projected overspend.

It was decided not to formally amend departmental budgets, but rather to agree variances from the approved budgets that would result in the predicted overspend being broadly matched. The net impact of the agreed changes is summarised in the following Table.

Department	Variance Reported in August	Agreed Budget Savings	Net Variance Agreed
	£'000	£'000	£'000
Corporate Services	-105	-250	-355
Education	10	-160	-150
Environment	189	-530	-341
Leisure Services	89	-89	0
Social Services & Housing	1,397	-500	897
Non Departmental Budgets	88	0	88
<b>Total</b>	<b>1,668</b>	<b>-1,529</b>	<b>139</b>

## EXPLANATORY FOREWORD

The table below compares actual out-turn expenditure incurred with the revised budgets for the year of £88.434m for the General Fund and £0.168m for the Housing Revenue Account. During the course of 2001/02 the Council adopted revised constitutional arrangements and moved from a Committee based structure to a Leader plus Executive Cabinet model. In addition, the Planning and Transportation and Public and Environmental Services departments were merged into a new Environment Department. The table below reflects the revised Bracknell Forest departmental structure, which is the basis for budgetary control responsibility within the Council.

In contrast, the information presented in the Consolidated Revenue Account (page 17) reflects the categories of expenditure specified in the Chartered Institute of Public Finance and Accountancy's Best Value Accounting Code of Practice. As such, the presentation is different, although the amounts to be met from Government grants and local taxation are obviously the same.

GENERAL FUND	Original Budget £000's	Latest Budget £000's	Actual £000's	Variance £000's
Corporate Services	6,657	7,508	7,300	(208)
Education	60,578	58,627	57,725	(902)
Environment	18,336	19,719	19,343	(376)
Leisure Services	8,560	8,806	8,997	191
Social Services and Housing	22,336	25,873	26,879	1,006
Transition costs written off	0	1,042	1,042	0
<b>Net cost of General Fund services</b>	<b>116,467</b>	<b>121,575</b>	<b>121,286</b>	<b>(289)</b>
Housing Revenue Account Transfer	(3,806)	(3,806)	(4,761)	(955)
Capital Charges	(28,450)	(27,506)	(27,506)	0
Deferred Charges	0	(5,599)	(5,614)	(15)
Debt Charges	3,000	3,000	2,993	(7)
Interest Receipts	(2,965)	(2,965)	(2,540)	425
Levying Bodies	3,726	3,726	3,725	(1)
Contingency Provision	350	9	0	(9)
<b>Net Budget Requirement</b>	<b>88,322</b>	<b>88,434</b>	<b>87,583</b>	<b>(851)</b>
Parish Precepts	1,736	1,736	1,736	0
Use of Earmarked Reserves	0	(112)	(143)	(31)
<b>Amount to be met from Government Grants and Local Taxation</b>	<b>90,058</b>	<b>90,058</b>	<b>89,176</b>	<b>(882)</b>
<b>Resources To Finance Above</b>				
Council Tax Payers	(30,132)	(30,132)	(30,132)	0
Collection Fund Deficit	115	115	115	0
Government Grants	(26,561)	(26,561)	(26,561)	0
National Non Domestic Rates	(31,367)	(31,367)	(31,367)	0
Contribution from General Reserves	(2,113)	(2,113)	(1,231)	882
	<b>(90,058)</b>	<b>(90,058)</b>	<b>(89,176)</b>	<b>882</b>
<b>HOUSING REVENUE ACCOUNT</b>				
Reduction in Working Balance	168	168	255	87

## EXPLANATORY FOREWORD

From the above it can be seen that an underspend of £0.882m occurred on the General Fund while there was an overspend of £0.087 on the Housing Revenue Account. Explanations for these variances are provided in the sections below.

### General Fund

When setting the 2001/02 budget, the Council elected to fund £0.5m of repairs and maintenance in the Housing Revenue Account from the Major Repairs Allowance, which was introduced under the Government's new Resource Accounting arrangements. This meant that the Council was not able to make full use of the transitional relief to the General Fund through the negative housing subsidy, resulting in a loss of potential income of the same amount. It was acknowledged at that stage that this approach would need to be re-evaluated during the year. At the end of the financial year, it was decided to fund the repairs and maintenance expenditure from capital receipts, rather than from the Major Repairs Allowance. This has enabled full use to be made of the transitional arrangements to increase the negative housing subsidy transfer to the General Fund by £0.5m, with no impact on the Housing Revenue Account. The impact of this change in funding is additional income accruing to the General Fund, which is the principal reason for the underspend that has occurred. This approach is consistent with the Council's policy of maximising revenue resources at the expense of capital resources wherever possible.

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

#### *Corporate Services*

- Agreed in year budget adjustments (-£0.355m) (see page 3 above)
- One-off staffing costs approved to be funded from the Structural Changes earmarked reserve (£0.132m)
- Costs to be funded from the Town Centre earmarked reserve (£0.139m)
- Increase in provision for bad debts for general debtors (£0.081m)
- Absorption of legal costs originally budgeted to be charged to capital (£0.085m)
- Lower than expected call on insurance excesses (-£0.194m), to be added to the Insurance Reserve
- Surplus on vehicles costs holding account (-£0.062m)

#### *Education*

- Agreed in year budget adjustments (-£0.150m) (see page 3 above)
- Reduced costs for pupils with special education needs due to the inability to find suitable placements (-£0.236m)
- Reductions in individual school fund budgets due to lower than predicted pupil numbers and savings in support to pupils with statements of special educational needs (-£0.115m)
- Underspend in match funding for Standards Fund grants that can now be spent until August in the year following original approval (-£0.253m). This sum has been approved as a budget carry forward into 2002/03.
- Underspends in school budgets (-£0.274m). These sums have been added to school reserves.
- Miscellaneous variances in management and support services (£0.052m)
- Overspend in home to school transport (£0.071m)

## EXPLANATORY FOREWORD

### *Environment*

- Agreed in year budget adjustments (-£0.341m) (see page 3 above)
- Underspend on staffing costs achieved through maintaining vacancies in various posts (-£0.080m)
- Lower than predicted expenditure on street cleansing (-£0.053m)
- Underspend in structure and local planning costs, mainly consultants fees (-£0.058m)
- Reduction in support to public transport operators, largely as a result of an overstated accrual being made in 2000/01 (-£0.085m)
- Increased income from planning application charges (-£0.045m)
- Refund from the Joint Planning Unit operated by the Royal Borough of Windsor and Maidenhead (-£0.031m)
- Net economy on recycling (-£0.020m)
- Deficit on the Landcape Services trading account (£0.199m)
- Deficit on the Building Control trading account, primarily due to a shortfall in income (£0.068m)
- One-off staffing costs approved to be funded from the Structural Changes earmarked reserve (£0.084m)

### *Leisure Services*

- Shortfall in income at Easthampstead Park conference centre, mainly due to a fall in commercial bookings (£0.084m)
- Shortfall in income from the Forest Spa, which has not returned to levels achieved prior to refurbishment (£0.029m)
- Additional maintenance costs at Harmanwater Swimming Pool and Community Centres (£0.019m)
- One-off staffing costs approved to be funded from the Structural Changes earmarked reserve (£0.021m)

### *Social Services & Housing*

- Agreed in year budget adjustments (£0.897m) (see page 3 above)
- Additional costs incurred in residential placements for children looked after and in transportation costs for children's services (£0.177m)
- Savings achieved through transferring the funding of some expenditure from the base budget to specific grants (-£0.250m)
- Deficit in the Building Maintenance trading account (£0.111m)
- Additional investment income accrued from negotiations to secure early receipt of Section 28A grant, however this needs to be included against interest receipts rather than Social Services and Housing (£0.108m)
- Savings resulting from payments related to the Care Standards Act which were delayed due to lengthy negotiations (-£0.055m)

### *Non Departmental Budgets*

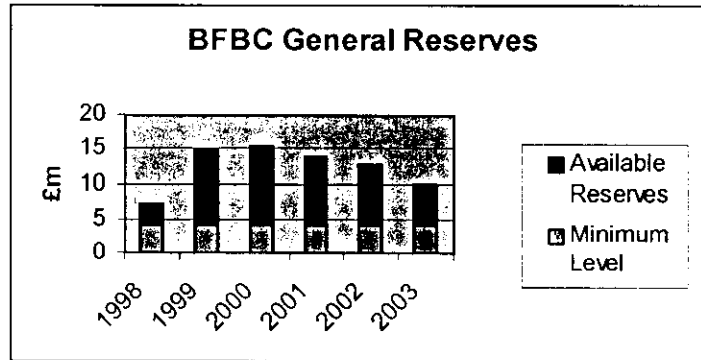
- Additional income received through the negative housing subsidy due partly to the decision to make full use of the transitional arrangements referred to on page 5 above and also as a result of a fall in rebates during the year (-£0.955m)
- Fall in interest receipts as a result of interest rates being lower than assumed in the budget (£0.425m). This includes the additional income received from investing Section 28A grant income for Social Services (see above).



## EXPLANATORY FOREWORD

It is known that the Council's current level of General Fund spending cannot continue indefinitely, as it exceeds the level of annually generated income. The impact of the underspend experienced in 2001/02 is to reduce the planned use of general reserves by almost £0.9m. This means that more resources are available to achieve the Council's aim of using reserves to assist the process of matching expenditure to income levels in the medium term, thereby achieving a "soft landing".

The chart below shows the movement in the level of general reserves since the Council became a Unitary Authority in 1998 up to the predicted level at March 2003 (assuming the actual use of reserves in 2002/03 matches the budgeted level).



### Housing Revenue Account

The overall position within the Housing Revenue Account shows a budget overspend of £0.087m for the year. The budget was closely monitored throughout the year and management actions were taken to address identified pressures with the intention of achieving a balanced budget at the year-end. The measures taken, coupled with some additional income due to house sales being lower than predicted, more than balanced operational expenditure within the Council's direct control. However, late pressures from external influences, principally interest rates and the deficit on the Landscaping trading account, have resulted in an overspend.

The predicted overspend means that the level of HRA balances at 31 March 2002 is below the level assumed when the 2002/03 budget was agreed. The lower than expected return on investment income was largely as a result of the poor performance of gilts during the year, which led to a low book valuation at the year end. It is currently anticipated that this book loss will be reversed by March 2003, subject to interest rates broadly matching the pattern predicted for 2002/03 and this should restore HRA balances to the expected level by the end of the 2002/03 financial year.

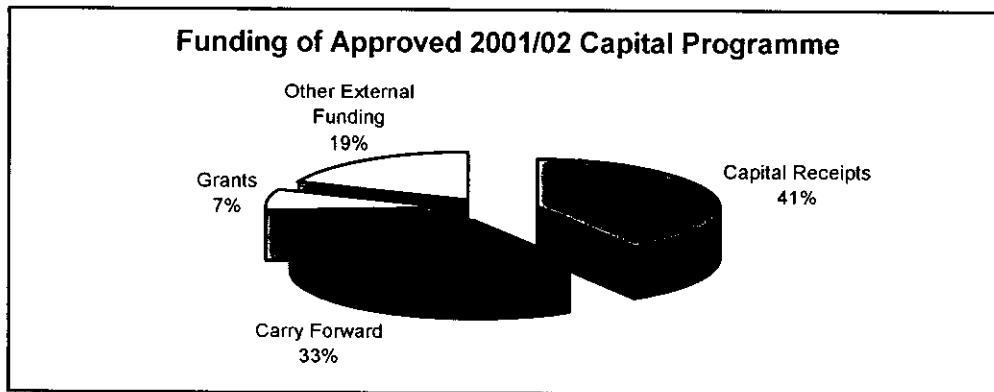
# EXPLANATORY FOREWORD

## 3 Capital Expenditure

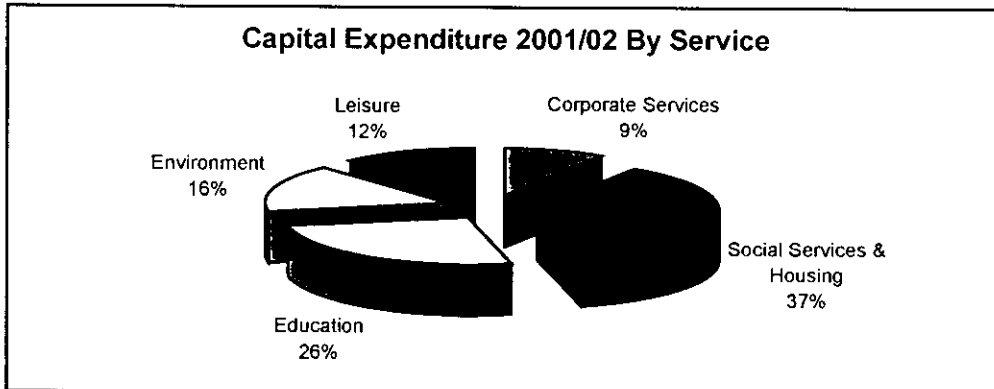
The Council funds its capital programme from three main sources:

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

At its meeting on 28<sup>th</sup> February 2001 the Council approved a three-year capital programme for 2001/02-2003/04 totalling £45.5m. Of this, £15.6m was approved for the 2001/02 financial year, plus a further £7.8m carried forward from 2000/01, to be funded as shown in the chart below.



The Council actually spent £17m on capital projects in 2001/02 to maintain and enhance its assets. The chart below illustrates the expenditure by service, with details of individual schemes and financing being provided in the table overleaf.



# EXPLANATORY FOREWORD

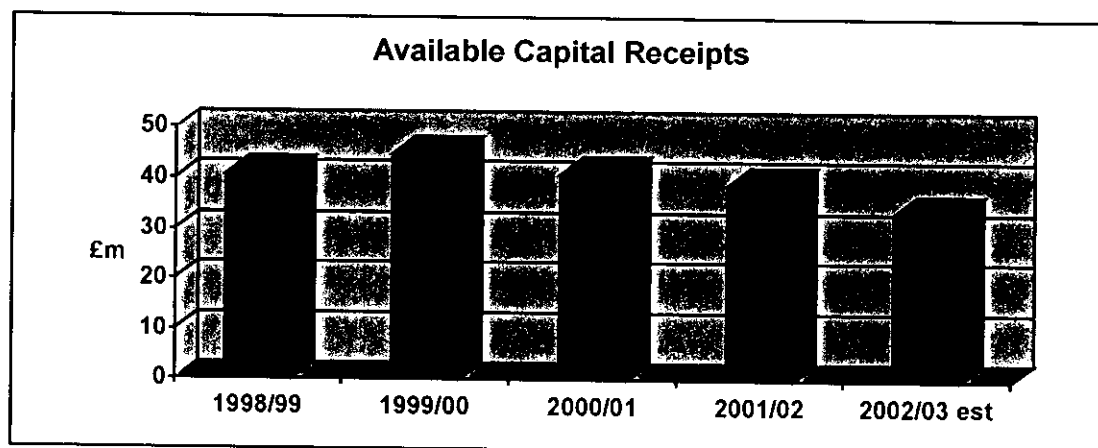
	£000's	£000's
<b>Social Services &amp; Housing</b>		
Housing Improvement Programme	1,968	
Housing Association Grants	3,297	
Social Services	196	
ISB Forest Care	282	
Housing Improvement Grants	232	
Other schemes	245	6,220
	<hr/>	
<b>Education</b>		
School Improvement Projects	1,440	
Maintenance of Buildings	1,004	
New Deal for Schools	574	
Reduction of Class Sizes	425	
Delegated Capital & Seed Challenge funds	584	
LEA contributions to Aided schools	4	
Other schemes	315	4,346
	<hr/>	
<b>Environment</b>		
Environmental Maintenance	181	
Waste Services	251	
Estate Car Parking improvements	71	
Highways Related Schemes	540	
Traffic Management	270	
Walking & Cycling Schemes	434	
Travel to School	201	
Bus & Rail Travel	172	
Local Safety Schemes	161	
Other schemes	445	2,726
	<hr/>	
<b>Leisure</b>		
Sports and Community Facilities	1,231	
Arts and Education Facilities	32	
Outdoor Recreation	5	
Support to external organisations	492	
Other schemes	318	2,078
	<hr/>	
<b>Corporate Resources</b>		
Property Maintenance	197	
IT schemes	1,212	
Other Schemes	226	1,635
	<hr/>	
<b>Total Capital Expenditure 2001/02</b>		<b>17,005</b>
		<hr/> <hr/>
<b>Financing</b>		
Capital Receipts		13,826
Grants/Contributions		3,179
		<hr/>
<b>Total Financing</b>		<b>17,005</b>
		<hr/> <hr/>

## EXPLANATORY FOREWORD

The Council is debt free and does not borrow to finance capital expenditure (further details are shown in the body of the Statement of Accounts).

At 1 April 2001 £40.9m of accumulated receipts were available to fund capital projects. During the year £8.5m of capital receipts were received mainly from the sale of council houses and £3.3m LASHG was reimbursed by the Housing Corporation that had been outstanding at 31 March 2001. Of the available receipts, £13.8m has been used to fund capital expenditure in 2001/02. In addition £3.2m of expenditure was funded from grants and contributions.

The chart below shows the level of accumulated capital receipts since the Council became a Unitary Authority in 1998 up to the predicted level at March 2003. (This is before any repayment of debt which could be up to £15m in 2002/03). If a debt repayment does take place then the level of accumulated receipts at 31 March 2003 would be £18.6m.



### 4 Euro

During the last financial year the Council has continued to review the impact of the euro on its ongoing operations. To assist in this process, the Council participates in the CIPFA Euro Forum, a national information-sharing group. Initial assessments have indicated that there will be little exposure to risk until the United Kingdom takes a decision to join the single currency. Prior to this, expenditure on euro activities will be minimal and should be absorbed within existing budgetary provision, together with expenditure incurred on other strategic planning activities.

## EXPLANATORY FOREWORD

Further information on the substance of the financial statements in this document can be obtained from Bracknell Forest Borough Council, by telephoning 01344 424642.

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# STATEMENT OF ACCOUNTING POLICIES

## 1 General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting: Statement of Recommended Practice ("the SORP"), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with guidance notes issued by CIPFA on application of Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRSs).

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

The accounts incorporate the requirements of the Best Value Accounting Code of Practice, introduced from 1<sup>st</sup> April 2000, which presents a new service expenditure analysis in the Consolidated Revenue Account and specifies the identification and disclosure of significant trading activities.

## 2 Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts. A de-minimis level for the capitalisation of capital expenditure is set at £5,000. Items of a capital nature below this limit are charged to revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. Fixed assets are valued on the following basis:

- land, operational properties and other operational assets are included in the balance sheet at either open market value for existing use or depreciated replacement cost. Council dwellings and shared equity properties are valued on the basis of Existing Use Value-Social Housing.
- non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value.
- infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation.

A rolling programme of revaluation of fixed assets is planned so that each asset will be revalued within a five year period from 1 April 1998. Each category of asset is reviewed annually and where there is reason to believe that its value has changed materially the valuation will be adjusted accordingly. Where an impairment loss is caused by a clear consumption of economic benefits (e.g physical damage) then this loss is recognised in the service revenue account and asset management account. The Authority does not hold any assets acquired under finance leases or deferred purchase schemes.

## STATEMENT OF ACCOUNTING POLICIES

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans and which, therefore, forms part of the capital financing reserve, or has not been used in funding capital expenditure in the year, is included in the balance sheet as usable receipts. Upon disposal, the net book value of the asset disposed of is written off against the fixed asset restatement reserve.

### 3 Depreciation

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

- assets which are held during the year are depreciated from the start of the year;
- depreciation is calculated using the straight-line method apart from vehicles which are calculated using the reducing balance method;
- no depreciation is charged on non-operational properties or land.

The Major Repairs Allowance is used as a proxy for depreciation on fully-owned council houses.

### 4 Charges to Revenue

General Fund service revenue accounts, central support services and statutory trading accounts are charged with a capital charge and, where required, any related impairment loss (due to a clear consumption of economic benefits) for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net asset values (6% on assets held at current value and 6% on assets held at historical cost). The total charge to individual services is determined on the basis of the capital employed in each service. Capital charges made to the HRA are the statutory capital financing charges.

Capital charges and relevant impairment losses which have been charged to services are credited to the Asset Management Revenue Account (AMRA). They therefore have a neutral impact on the amounts required to be raised from local taxation.

Finance costs (including interest payable) and the provision for depreciation are also charged to the Asset Management Revenue Account.

### 5 Deferred Charges

Deferred charges represent expenditure which may properly be capitalised but does not result in, or remain matched with, tangible fixed assets in the Council's ownership. This expenditure is charged to revenue in the year that it occurs with the exception of transition costs, which will remain as a deferred charge and be charged to revenue over the next seven years starting from 2001/02. The amounts charged to revenue are reversed out through the appropriation account by a transfer from the capital financing reserve so there is no net impact on the level of Council Tax.

# STATEMENT OF ACCOUNTING POLICIES

## 6 Government Grants and Contributions

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited initially to the Government grants deferred account or Section 106 applied account. Amounts are released to the asset management revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates. Where no depreciation is to be charged or where the capital expenditure does not lead to the creation of a fixed asset the amount used to finance capital expenditure is written off to the capital financing reserve.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

## 7 Leases

Rentals payable under operating leases are charged to revenue on an accruals basis.

## 8 Provisions

Provisions are recognised in accordance with FRS 12, when:

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

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

## 9 Reserves

Reserves include earmarked reserves representing sums "identified" for a specific purpose and unallocated reserves (balances) representing amounts set aside to meet unforeseen expenditure or accumulated resources that have not been spent or earmarked at the end of the accounting period. The Reserves that have been established and their movement in the year are detailed in the Statement of Total Movements in Reserves (page 42).



# STATEMENT OF ACCOUNTING POLICIES

## 10 Capital Reserves

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

- the Fixed Asset Restatement Reserve, which represents the balance of surpluses or deficits arising on the periodic revaluation of fixed assets and the write down of assets disposed of;
- the Capital Financing Reserve, which represents amounts that are required by statute to be set aside from capital receipts and the amount of capital expenditure financed from revenue, capital receipts, grants and contributions, and
- the Usable Capital Receipts Reserve, which represents those receipts available to finance new capital expenditure.

Capital reserves are not available for revenue purposes.

## 11 Sale of Fixed Assets

Receipts over £6,000 from the sale of fixed assets are treated as capital receipts. The Local Government and Housing Act 1989 requires a proportion of the cash received from the sale of assets outright, or paid by instalments, to be reserved and initially used to repay debt. Even though the Authority has no debt it is still required to set aside some of the capital receipts into the capital financing reserve. The balance of this reserve can then be used to fund capital expenditure. The receipts not reserved are held as usable capital receipts.

Interest received from sums set aside and usable receipts is credited to the General Fund (see also note 15).

Future instalments of principal are held as deferred capital receipts. The majority of these relate to mortgages granted by the Authority for the sale of council houses.

## 12 Debtors and Creditors

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

## STATEMENT OF ACCOUNTING POLICIES

### 13 Allocation of Support Services' Costs

The costs of support services are apportioned to services within all programme areas on an assessed basis e.g. staff time, number of transactions or space occupied.

### 14 Pensions

The Authority participates in two different schemes. Both schemes provide members with defined benefits relating to pay and service.

The schemes are as follows:

- Teachers – this is an unfunded scheme administered by the Department for Education and Employment (DfEE). The pension costs are charged to the accounts using the contribution rate set by the DfEE on the basis of a notional fund.
- Other Employees – subject to certain qualifying criteria, employees are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Authority's account in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees.

The assets and liabilities of this Authority's share of The Royal County of Berkshire Pension Fund are not included in the Balance Sheet. However, in accordance with changes in the SORP and the introduction of FRS 17 *Retirement Benefits* these statements now include a note to the Balance Sheet disclosing the Authority's assets and liabilities based on its future pension commitments. The Authority is moving towards full disclosure of both the future pension assets and liabilities by 2003/04 in accordance with the SORP.

### 15 Internal Interest

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

### 16 Investments

External investments are shown in the accounts at net realisable value.

### 17 Stocks and Work In Progress

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

## CONSOLIDATED REVENUE ACCOUNT

Statement of Net Expenditure	2001/02 Expenditure £000's	2001/02 Income £000's	2001/02 Net £000's	2000/2001 Net £000's
Central Services to the Public	9,668	(6,019)	<b>3,649</b>	3,229
Cultural, Environmental and Planning	25,040	(7,769)	<b>17,271</b>	16,968
Education Services	68,996	(10,333)	<b>58,663</b>	57,216
Housing Services (Note 1)	52,892	(25,319)	<b>27,573</b>	6,734
Highways, Roads and Transport	10,050	(1,661)	<b>8,389</b>	8,784
Social Services	34,632	(12,836)	<b>21,796</b>	21,104
Transition Costs capitalised from previous years written off (Note 15)	1,042	0	<b>1,042</b>	0
Corporate and Democratic Core	4,197	(40)	<b>4,157</b>	3,089
Unapportionable Central Overhead	313	0	<b>313</b>	312
<b>Net Cost of Services</b>	<b>206,830</b>	<b>(63,977)</b>	<b>142,853</b>	<b>117,436</b>
(Surpluses)/Deficits on Trading undertakings		Note 2	<b>1,153</b>	144
Precepts paid to Parish Councils			<b>1,736</b>	1,673
Negative HRA Subsidy		Notes 1,6	<b>0</b>	(6,807)
Asset Management Revenue Account		Notes 1,8	<b>(40,943)</b>	(14,104)
Interest and investment income			<b>(4,110)</b>	(1,499)
Levies		Note 3	<b>3,725</b>	3,734
<b>Net Operating Expenditure</b>			<b>104,414</b>	<b>100,577</b>
<b>Appropriations to/from Reserves</b>				
Housing Revenue Account deficit				
Transferred to HRA reserve			<b>(255)</b>	(1,156)
Contribution from Major Repairs Reserve			<b>(3,741)</b>	0
Contributions from other earmarked reserves			<b>(143)</b>	(407)
Contributions from capital reserves			<b>(5,500)</b>	(8,548)
Deferred Charges			<b>(5,599)</b>	(5,196)
<b>Amounts to be met from Government Grants and Local Taxation</b>			<b>89,176</b>	<b>85,270</b>
<b>Sources of Finance</b>				
Council Taxpayers			<b>(30,132)</b>	(27,742)
Collection Fund Surplus/Deficit			<b>115</b>	142
Government Grants			<b>(26,561)</b>	(23,962)
Distribution from NNDR Pool			<b>(31,367)</b>	(31,875)
<b>Net General Fund Deficit/(Surplus)</b>			<b>1,231</b>	<b>1833</b>
General Fund Opening Balance			<b>(13,691)</b>	(15,408)
Former Berkshire County Council Balances			<b>(95)</b>	(116)
<b>General Fund Closing Balance</b>			<b>(12,555)</b>	<b>(13,691)</b>

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 1 Presentation of the Consolidation Revenue Account

As stated in the explanatory foreword the Council operates a General Fund Revenue Account and a separate Housing Revenue Account (HRA). As required by the SORP, which has changed to reflect the introduction of Resource Accounting to the HRA, these two statements have been consolidated to form the Consolidated Revenue Account. This statement sets out the net costs of services for which the Council is responsible and demonstrates how these costs have been financed from Government Grants and income from taxpayers. The change in the SORP means that the 2001/02 accounts have been prepared in a slightly different way to previous years. The main differences relate to the presentation of costs and income associated with housing services, which are described below.

### Housing Services

The consolidated revenue account shows the full cost of housing services. With the introduction of resource accounting in the HRA, capital charges totalling £25.7m have been charged to the HRA for the first time in 2001/02. This has significantly increased the net cost of housing services. These additional capital charges are reversed out through the Asset Management Revenue Account and consequently have no impact on rent or Council Tax levels.

### Housing Subsidy

As in previous years a transfer has been made from the HRA to the General Fund in relation to negative subsidy of £4.761m. However on consolidation this transfer has been netted out and no longer shows on the face of the Consolidated Revenue Account.

## 2 Trading Operations

The Council has a number of activities which are classified as Trading Operations in accordance with CIPFA's Best Value Accounting Code of Practice. Details of activities to be disclosed for 2001/02 are set out below. Due to a review undertaken by the Council of all its potential trading operations, the activities below do not exactly correspond to those disclosed separately in 2000/01, although comparative figures are provided for completeness.

		£000's	£000's
The Authority operates the Bracknell Market collecting rental income from stallholders. The whole of the operating surplus is included as part of the General Fund account.	Expenditure	127	
	Rent Income	(182)	
	Operating Surplus		(55)
	<i>Surplus 2000/2001</i>	(21)	
The Authority operates nine Car Parks in Bracknell Town Centre and Crowthorne. The whole of the operating surplus or deficit is included as part of the General Fund account. The current year deficit represents the increased costs of capital charges due to the revaluation of the car park property.	Expenditure	2,056	
	Income	(1,350)	
	Operating Deficit		706
	<i>Surplus 2000/2001</i>	(190)	

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The Authority operates a Building Control Account in accordance with the Building Act 1984. The whole of the operating deficit is included as part of the General Fund account (see also note 12).	Expenditure	497	
	Income	<u>(360)</u>	
	Operating Deficit		137
	<i>Deficit 2000/2001</i>	166	
The Authority operates a former DSO for Landscape Services. The financial objective is to break even. The General Fund element of the operating deficit is included as part of the General Fund account. The balance of £39,000 is charged to the Housing Revenue Account.	Expenditure	2,069	
	Income	<u>(1,870)</u>	
	Operating Deficit		199
	<i>Deficit 2000/2001</i>	201	
The Authority operates a former DLO for Building Maintenance. The financial objective is to break even. The whole of the operating deficit or surplus is included as part of the General Fund account.	Expenditure	4,095	
	Income	<u>(3,984)</u>	
	Operating Deficit		111
	<i>Surplus 2000/2001</i>	(12)	
The Authority operates a Leisure Management contract through a former DSO. The financial objective is to break even. The whole of the operating surplus is included as part of the General Fund account.	Expenditure	5,158	
	Income	<u>(5,103)</u>	
	Operating Deficit		55
	<i>Surplus 2000/2001</i>	0	
The Authority operates a Housing Management contract. The financial objective is to break even. The whole of the operating surplus is included as part of the General Fund account.	Expenditure	1,423	
	Income	<u>(1,423)</u>	
	Operating Surplus		0
	<i>Surplus 2000/2001</i>	0	
<b>TOTAL</b>			<u><u>1,153</u></u>

### 3 Contributions to Joint Committees and Bodies

Bracknell Forest Borough Council contributes towards the costs of Magistrates' Courts, the Probation service and the Environment Agency. Bracknell Forest Borough is also a constituent member of the combined Fire Authority for Berkshire and is responsible for meeting its proportion of the cost of the service. These contributions are included in the Consolidated Revenue Account as levies.

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

Levies paid to these bodies during 2001/02 were:

	£000's
Berkshire Fire Authority	3,000
Environment Agency	607
Magistrates Courts	119
Probation Service	<u>(2)</u>
<b>Total Levies</b>	<u><u>3,724</u></u>

### 4 Publicity

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

	2001/02 £000's	2000/01 £000's
Recruitment Advertising	483	492
Other Advertising	215	262
Other Publicity	61	35
	<u>759</u>	<u>789</u>

### 5 Operating Leases

Payments of £0.512m (2000/01 £0.507m) were made in the year. Outstanding commitments of £26.138m (31 March 2001, £25.980m) were remaining at 31 March 2002.

Future commitments over the next five years are as follows:

2002/03	£0.622m
2003/04	£0.588m
2004/05	£0.544m
2005/06	£0.438m
2006/07	£0.428m

### 6 Negative HRA Subsidy

Central Government support, by way of Housing Subsidy, is calculated using a model Housing Revenue Account. This model is based on pre-set figures determined by the Government and the number of dwellings owned by the Authority. Negative Subsidy arises when the credits to the model Housing Revenue Account exceed the debits flowing from the expenditure side of the Account. When this occurs an equivalent sum has to be transferred from the actual Housing Revenue Account to the General Fund. In 2001/2002 this sum was £4.671m. As indicated in note 1, full consolidation of the General Fund and Housing Revenue Accounts means that this item nets off on the face of the Consolidated Revenue Account from 2001/02 onwards.

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 7 Local Authorities (Goods and Services) Act 1970

The Authority is empowered by this act to provide goods and services to other public bodies.

Professional services as detailed in the table below were provided to various bodies including the following:

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

Below is a summary of the income and expenditure of this nature.

	2001/02		2000/01	
	Expenditure	Income	Expenditure	Income
	£000's	£000's	£000's	£000's
<b>Social Services</b>				
Children & Families	308	(308)	350	(350)
Mental Health	69	(69)	281	(281)
Physical Disabilities	61	(61)	57	(57)
Home Care	12	(12)	14	(14)
Elderly	18	(18)	16	(16)
Learning Disability	337	(337)	129	(129)
Other	0	(0)	17	(17)
<b>Education Services</b>				
Education Library Service	694	(737)	745	(764)
	<b>1,499</b>	<b>(1,542)</b>	<b>1,609</b>	<b>(1,628)</b>

## 8 Asset Management Revenue Account

	2001/02	2000/01
	£000's	£000's
Capital Charges to Services	53,163	25,851
Release from S106 applied/Gov Grants Deferred Accounts	426	119
Less: Depreciation – General Fund	(6,954)	(6,007)
Less: Depreciation – HRA	(3,741)	(3,746)
Less: Debt Management Expenses	(1,951)	(2,113)
	<b>40,943</b>	<b>14,104</b>

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The balance on this account reflects the difference between capital charges made to services (which represent the economic cost of using assets) and the cost to the Authority of depreciation suffered on the assets in the year. The balance on this account is included in the Consolidated Revenue Account to ensure a neutral effect of capital charges on the amounts from Government grants and local taxation. The significant increase from 2000/01 is due to the introduction of Resource Accounting to the Housing Revenue Account.

### 9 Related Party Transactions

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

The Authority owns property that is leased to the South Hill Park Trust and also nominates 5 of the 14 trustees. The Authority has a Partnership agreement with the Trust and provided a grant in 2001/02 for £422,281. This included building repairs and maintenance of £14,126 and grounds maintenance of £17,395.

The Council retains a register of Members' interests, which is updated periodically. The register has been examined and does not highlight any material transactions that require disclosure.

The Council's Employee Code of Practice requires employees to declare to their managers any interests that could potentially bring about conflict with the interests of the Council. These include financial or non-financial interests with Council contractors or outside commitments. A questionnaire circulated to all first and second tier Officers on 31<sup>st</sup> March 2002 confirmed that no material transactions exist.

### 10 Remuneration of Employees

The following table shows the number of employees whose remuneration exceeded £40,000 in 2001/02.

Total Remuneration £000's	No Of Employees 2001/02	No Of Employees 2000/01
£40,000 - £49,999	31	29
£50,000 - £59,999	10	8
£60,000 - £69,999	3	3
£70,000 - £79,999	3	4
£80,000 - £89,999	1	1



# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 11 Members' Allowances

Members' Allowances paid in the financial year 2001/02 amounted to £431,710.32 (Basic Allowance £279,259.52, Attendance Allowance £24,615.88 and Special Responsibility Allowance £127,834.92), compared to £176,882.96 in 2000/01.

## 12 Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

Building Regulations Charging Account 2001/2002	Chargeable	Non Chargeable	Total Building Control
	2001/02 £000's	2001/02 £000's	2001/02 £000's
Expenditure			
Employee expenses	176	71	247
Transport	8	3	11
Supplies and Services	8	3	11
Central and support service charges	163	65	228
<b>TOTAL EXPENDITURE</b>	<b>355</b>	<b>142</b>	<b>497</b>
Income			
Building Regulation charges	(360)	0	(360)
<b>TOTAL INCOME</b>	<b>(360)</b>	<b>0</b>	<b>(360)</b>
<b>(Surplus)/Deficit for Year</b>	<b>(5)</b>	<b>142</b>	<b>137</b>

## 13 Agency Expenditure

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

# NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

## 14 Pensions

### Teachers' Pension Scheme

In 2001/02 the Authority paid £1.587m to the Department for Education and Skills in respect of teachers' pension costs, which represents 7.4% of teachers' pensionable pay. Employers' contributions are to increase to 8.35% for 2002/03. In addition, the Authority is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2001/02 these amounted to £0.212m, representing 0.99% of pensionable pay.

	2001/02		2000/01	
	Employers' Contribution	Added Years	Employers' Contribution	Added Years
Amount Paid	£1.587m	£0.212m	£1.470m	£0.323m
As a percentage of teachers' pensionable pay	7.4%	0.99%	7.4%	1.63%

The total capitalised cost of pensions for redundant employees who are members of the Teachers Pensions scheme, funded by the Authority, for 2001/02 was £15,691.

Further information can be obtained from: Teachers' Pensions  
Capita Business Services Ltd  
Mowden Hall  
Darlington  
DL3 9EE

Tel: 01325 745745

### Other Employees Pension Scheme

The Authority pays employer's contributions into the Royal County of Berkshire Pension Fund. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last relevant review being at 31 March 2001. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund. In 2001/02 the Authority paid an employer's contribution of £1.875m into the Pension Fund, representing 6.4% of pensionable pay. There were no added years awarded to other employees by the Authority.

	2001/02		2000/01	
	Employers' Contribution	Added Years	Employers' Contribution	Added Years
Amount Paid	£1.875m	£0.0m	£1.426m	£0.0m
As a percentage of pensionable pay	6.4%	0%	5.3%	0%

The Authority did not grant any compensatory added years to any employee who retired early. The ongoing liability from previous years' decisions recharged to the Consolidated Revenue Account for 2001/02 was £120,000 (when multiplied by a factor of 18, this represents a total liability of £2,160,000).

## NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

The total capitalised cost of pensions for redundant employees who are members of the Local Government Pension Scheme, funded by the Authority, for 2001/02 was £492,810.

The actuarial valuation states that the assets held at the valuation date, the market value being £983.0 million, were sufficient to cover 106% of accrued liabilities assessed at that date. On the advice of the Actuaries, employer contributions will rise to 7.9% for 2002/03.

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

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

Tel : 01628 798888

### 15 Transition Costs

The costs associated with the transition to becoming a Unitary Council were allowed by a Secretary of State decision to be capitalised and funded from capital resources. These costs were accumulated over a number of years up to 2000/01. These costs form part of the Deferred Charges on the Balance sheet on page 31, which are now required to be written off to revenue over the next seven years, beginning 2001/02. The amount charged to the Consolidated Revenue Account in 2001/02 of £1.042m represents 1/7<sup>th</sup> of the total accumulated costs. A compensating credit is made through the appropriations section to ensure that there is no impact on the level of Council Tax.

## HOUSING REVENUE ACCOUNT

	Notes	2001/02 £000's	2000/01 £000's
<b>Income</b>			
Gross Rental - Dwellings	2	(18,415)	(17,527)
Gross Rental - Other		(1,173)	(1,087)
Charges for Services and Facilities		(747)	(717)
Contributions towards expenditure		0	0
Appropriations from Other Services		(193)	(182)
		<u>(20,528)</u>	<u>(19,513)</u>
<b>Expenditure</b>			
Repairs and Maintenance		4,492	4,438
Supervision and Management		4,901	5,424
Rents, Rates and Other Charges		285	275
Rent Rebates	3	7,694	7,350
Negative Subsidy	8	4,761	6,807
Bad or Doubtful Debts	7	221	84
Cost of Capital Charge	10	21,916	0
Depreciation and Impairments of Fixed Assets	10	3,741	0
		<u>48,011</u>	<u>24,378</u>
<b>Net Cost of Services</b>		27,483	4,865
Net HRA income on the AMRA		(21,916)	0
HRA Investment Income		(1,571)	(5,420)
<b>Net Operating Expenditure</b>		3,996	(555)
<b>Appropriations</b>			
Transfer from Major Repairs Reserve (MRR)	11	(3,741)	0
Revenue Contribution to Capital Expenditure		0	1,710
<b>(Surplus)/Deficit for the year</b>		255	1,155
HRA Opening balance		<u>(378)</u>	<u>(1,533)</u>
HRA Closing Balance		<u>(123)</u>	<u>(378)</u>

# NOTES TO THE HOUSING REVENUE ACCOUNT

## 1 Resource Accounting in the Housing Revenue Account

The first stage of the Government's new Resource Accounting framework was implemented in 2001/02. The overall aim of Resource Accounting is to transform the HRA into a "Landlord's Account" by removing all the elements relating to Rent Rebates and by introducing a notional charge for the use of housing assets controlled by the authority. The removal of Rebates has not yet been implemented, however the following changes have been introduced from April 2001;

- A new cost of capital charge
- A depreciation charge on the Council's housing assets
- A new Major Repairs Allowance (MRA) to channel additional capital resources in the HRA

Many of the changes introduced are primarily book-keeping changes, and all things being equal, should not affect the resources available to the Council. However, due to the special position of Bracknell Forest in terms of its debt-free status, the implementation of Resources Accounting will significantly impact on the Authority and some 30 other negative-subsidy authorities. As a direct result of the introduction of the MRA the Council faces a significant loss of resources within the General Fund due to the reduction in negative subsidy transfer.

In order to limit this impact on the General Fund a transitional relief scheme was introduced by the Government that will dampen the loss over a 10-year period by enabling the authority to use the MRA resources to reduce the withdrawal of negative-subsidy over this period. Bracknell Forest has decided as part of its medium-term budget strategy to make maximum use of the transitional-relief scheme, whilst ensuring that an adequate level of investment was made within the HRA through the use of Capital Receipts.

## 2 Dwelling Rents

This is the total rent income due for the financial year after allowing for void properties. In 2001/02 the percentage of voids was 1.49% (equivalent to rental income of £277,461) as against the same percentage and £262,465 respectively for the previous year.

The average amount of time a property remained empty was 4.1 weeks, exactly the same as 2000/01.

A further amount of £60,146 (£130,992 in 2000/01) was lost due to major works being carried out, or properties empty and awaiting decisions as to their future. The large decrease was due mainly to the completed refurbishment of Glenfield House in Easthampstead.

Average rents (including shared ownership properties) were £58.21 per week at the end of 2001/02, an increase of £3.98 per week over the previous year.

## 3 Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. Approximately 45.7% (46.4% in 2000/01) of Council tenants received some help with the cost of rents and service charges during the year.

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 4 Reimbursement of Housing Benefit

The cost of Rent Rebates granted to tenants is included in the calculation of Housing Revenue Account subsidy and charged to the Housing Revenue Account in the year. The General Fund meets the cost of administering these benefits.

### 5 Housing Stock

The stock was made up as follows:

	2001/02	2000/01
Houses	2,982	3,066
Flats	2,308	2,340
Bungalows	850	851
Closing Stock	<u>6,140</u>	<u>6,257</u>

The change in the stock can be summarised as follows:

	2001/02	2000/01
Opening Stock	6,257	6,390
Less Sales	(112)	(130)
Additions	1	0
Conversions	(10)	0
Transfer to Commercial Leases	(1)	(3)
Transfer from Commercial Leases	5	0
Closing Stock	<u>6,140</u>	<u>6,257</u>

The figures above show the stock in the Housing Revenue Account for whole dwellings. The Authority also has 74 shared equity properties which equates to 34 dwellings.

#### Balance Sheet Valuation of Housing Stock

	As at 31 March 2002 £000's	As at 1 April 2001 £000's
Land	470	881
Houses	364,643	376,091
Other Property	123	123
TOTAL Valuation	<u>365,236</u>	<u>377,095</u>
<i>Split into:</i>		
Operational Assets	363,285	374,333
Non Operational Assets	1,951	2,762
TOTAL Valuation	<u>365,236</u>	<u>377,095</u>

# NOTES TO THE HOUSING REVENUE ACCOUNT

## Vacant Possession Value of dwellings

The Vacant Possession value of HRA Dwellings as at 1<sup>st</sup> April 2001 amounted to £563.518m. This is significantly higher than the valuation shown above and reflects the value of the housing stock at Open Market Value. The difference between the Balance Sheet valuation and the Vacant Possession value reflects the economic cost to the Government of providing council housing at less than open market rents.

## 6 Rent Arrears (Dwellings)

At the end of the year 2001/02 rent arrears as a proportion of net rent income was 4.84% compared to 4.55% at the end of 2000/01. The proportion of rent arrears against gross rent income increased from 2.93% to 3.09%.

	2001/02 £000's	2000/01 £000's
Arrears at Year End	629	564
Amounts written off	25	24

## 7 Provision for Doubtful Debts

The provision was increased by £220,797 to £920,453 reflecting the higher level of rent arrears, housing benefit overpayments and general debtors.

## 8 Negative HRA Subsidy

Central Government support, by way of Housing Subsidy is calculated using a model Housing Revenue Account. This model is based on pre-set figures determined by the Government and the number of dwellings owned by the Authority. Negative Subsidy arises when the credits to the model Housing Revenue Account exceed the debits flowing from the expenditure side of the Account. When this occurs an equivalent sum has to be transferred from the actual Housing Revenue Account to the General Fund.

In 2001/02 the Government introduced the Major Repairs Allowance (MRA). The effect of this for Negative Subsidy Authorities was to reduce the transfer £ for £ to the General Fund. In order to allow authorities in Negative Subsidy to adapt to such a significant reduction in transfer a transitional relief scheme was introduced. This allows authorities to make use of the MRA to dampen the effect of the reduced transfer. For 2001/02 Bracknell Forest has made maximum use of the available transitional relief and has used £3.68m of the MRA to offset the potential reduction in Negative Subsidy.

The Negative Subsidy in 2001/02 amounted to £4,761,141 (2000/01 £6,806,617).

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 9 Housing Capital Statement

Capital expenditure incurred in 2001/02 was as follows:

	£000's
<b>Renovation of Council Housing Stock</b>	
General Programme of Improvements and Repairs	1,968
<b>Total Housing Revenue Account Programme:</b>	1,968
 <b>Financing</b>	
Capital Receipts	1,968
Housing Revenue Account	0
<b>Total Financing</b>	1,968

Total capital receipts from disposals of land, houses and other property within the Authority's HRA during 2001/02 was £8.045m.

### 10 Depreciation and Capital Charge

The total charge for depreciation made for 2001/02 for properties within the HRA was:

	£000'
<b>Operational Assets</b>	
-Council Houses (MRA used as a proxy for depreciation)	3,678
-Shared Ownership Properties	63
<b>Non-Operational Assets</b>	0
<b>TOTAL</b>	3,741

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices. It has been accepted that the Major Repairs Allowance constitutes a reasonable estimate of depreciation for HRA properties. An additional charge of £63,000 has been made in respect of shared-ownership properties not covered by the MRA.

The Capital Asset charge (£21.9m) was calculated using 6% of the value of HRA assets (£365.2m, note 5). As a debt free authority no other charges are made in this respect.

### 11 Major Repairs Reserve

	2001/02 £000's
<b>Balance 1 April 2001</b>	0
Add: transfer of depreciation provision from Capital Financing Reserve	3,741
Less: Transfer to HRA re Major Repairs Allowance (MRA)	(3,678)
Less: Transfer to HRA re Depreciation not covered by MRA	(63)
<b>Balance as at 31 March 2002</b>	0



# CONSOLIDATED BALANCE SHEET

	Notes	2001/02 £000's	2000/01 £000's
<b>Fixed Assets</b>			
Operational Assets	1,3		
Council Dwellings	1,3	363,285	374,333
Other Land and Buildings	1,3	287,862	276,575
Vehicles, Plant and Equipment	1,3	4,518	4,694
Infrastructure Assets	1,3	37,400	37,260
Community Assets	1,3	429	399
Non-operational Assets	1,3		
Investment Properties	1,3	18,187	19,144
		<b>711,681</b>	<b>712,405</b>
Deferred Charges	6	6,254	7,296
Long-term Investments		54,025	50,690
Long-term Debtors	7	2,002	2,588
		<b>773,962</b>	<b>772,979</b>
<b>Total Long-term Assets</b>			
Current Assets			
Stocks and Work in Progress	8	452	555
Debtors	9	9,461	9,984
Investments		20,587	31,981
Cash and Bank	10	521	1,105
		<b>31,021</b>	<b>43,625</b>
<b>Current Liabilities</b>			
Creditors	11	(23,694)	(29,623)
Bank Overdraft		0	0
		<b>(23,694)</b>	<b>(29,623)</b>
<b>Total Assets less Current Liabilities</b>			
		<b>781,289</b>	<b>786,981</b>
Deferred Capital Receipts	12	(1,951)	(2,468)
Deferred Liabilities	13	(25,018)	(26,797)
Deferred Grants and other Contributions	14	(8,081)	(7,054)
Provisions	15	(263)	(414)
		<b>(35,313)</b>	<b>(36,733)</b>
<b>Total Assets less Liabilities</b>			
		<b>745,976</b>	<b>750,248</b>
Fixed Asset Restatement Reserve	17	647,170	649,554
Capital Financing Reserve	18	55,375	60,820
Usable Capital Receipts Reserve	19	25,732	20,688
Earmarked & Other Reserves	20	17,699	19,186
<b>Total Equity</b>		<b>745,976</b>	<b>750,248</b>

C.J. Herbert CPFA  
Borough Finance Officer  
25 September 2002

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 1 Movement of Fixed Assets

	Council Dwellings £'000's	Other Land and Buildings £'000's	Vehicles, Plant and Equipment £'000's	Infra- structure Assets £'000's	Community Assets £'000's	Non- Operational Properties £'000's	TOTAL £'000's
Value 31 March 2001	378,079	286,806	8,448	39,213	399	19,144	732,089
Revaluations	0	13,660	0	0	0	70	13,730
Adjustments	55	0	0	0	0	0	55
Additions	0	954	1,555	968	30	(157)	3,350
Disposals	(7,362)	0	(12)	0	0	(870)	(8,244)
<b>Gross Book Value 31 March 2002</b>	<b>370,772</b>	<b>301,420</b>	<b>9,991</b>	<b>40,181</b>	<b>429</b>	<b>18,187</b>	<b>740,980</b>
Depreciation b/fwd 1/4/2001	3,746	10,231	3,754	1,953	0	0	19,684
Depreciation for Year	3,741	4,395	1,731	828	0	0	10,695
Depreciation w/o	0	(1,068)	(12)	0	0	0	(1,080)
<b>Balance 31 March 2002</b>	<b>7,487</b>	<b>13,558</b>	<b>5,473</b>	<b>2,781</b>	<b>0</b>	<b>0</b>	<b>29,299</b>
<b>Net Book Value at 31 March 2001</b>	<b>374,333</b>	<b>276,575</b>	<b>4,694</b>	<b>37,260</b>	<b>399</b>	<b>19,144</b>	<b>712,405</b>
<b>Net Book Value at 31 March 2002</b>	<b>363,285</b>	<b>287,862</b>	<b>4,518</b>	<b>37,400</b>	<b>429</b>	<b>18,187</b>	<b>711,681</b>

## 2 Capital Expenditure and Financing

	2001/02 £000's	2000/01 £000's
<i>Capital Investment</i>		
Fixed Assets	12,357	14,493
Deferred Charges	4,648	6,939
Balance as at 31 March	<u>17,005</u>	<u>21,432</u>
<i>Sources of finance</i>		
Capital receipts	13,826	16,524
Government Grants and other contributions	3,179	3,198
Revenue Contributions	0	1,710
	<u>17,005</u>	<u>21,432</u>

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 3 Information on Assets Held

Fixed assets owned by the Council include the following:

	Number 31 March 2002	Number 31 March 2001
<b>Dwellings</b>		
Housing Revenue Account	6140	6257
Shared Equity Property	34	36
General Fund	1	1
<b>Operational Buildings</b>		
Town Hall	1	1
Other Offices	2	2
Sports Centres	4	4
Watersports Centre	1	1
Golf Course	1	1
Look Out Discovery Centre	1	1
Depots	1	1
Nursery	1	1
Surface Car Parks	11	11
Multi-storey Car Parks	2	2
Public Conveniences	6	6
Theatre	1	1
Bracknell Market	1	1
Cemetery and Crematorium	1	1
Schools	40	40
Pupil Referral Units	2	2
Libraries	10	10
Youth & Community	7	7
Social Services Establishments	12	12
Conference Centre	1	1
<b>Community Assets</b>		
Parks and Open Spaces	30	30
Community Centres	14	14
<b>Investment Properties</b>		
Commercial Property	231	231
Land Sites Awaiting Development	2	2

## 4 Capital Commitments

As at 31 March 2002, the Council was contractually committed to capital works which amounted to approximately £799,500. This includes £265,000 on the replacement window programme, £146,000 on the refurbishment of the swimming pool changing rooms at Bracknell Sports & Leisure Centre, £85,000 in relation to Broadmoor Primary library extension and £32,000 for the rechaining of escalators and lift work at Car Park 2.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 5 Fixed Asset Valuations

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations were carried out by Steve Booth BSc, ASVA, DipAF-Principal Valuation Surveyor. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000's	Other Land and Buildings £'000's	Vehicles, Plant and Equipment £'000's	Infra- structure Assets £'000's	Community Assets £'000's	Investment Properties £'000's	TOTAL £'000's
Valued at historic cost			9,991	40,181	429		50,601
Valued at current value in:							
Current year (01/4/01)		22,806				115	22,921
Last year (01/04/00)	386,239	18,437				8,186	412,862
Two years ago (01/04/99)		207,296					207,296
Three years ago (01/04/98)		49,135				8,635	57,770
Four years ago (01/04/97)							
Five years ago (01/04/96)						59	59
<b>TOTAL</b>	<b>386,239</b>	<b>297,674</b>	<b>9,991</b>	<b>40,181</b>	<b>429</b>	<b>16,995</b>	<b>751,509</b>

### 6 Deferred Charges

	2001/02 £000's	2000/01 £000's
Balance 1 April 2001	7,296	5,643
Expenditure- Improvement Grants	233	227
Expenditure-Local Government Reorganisation	0	1,654
Expenditure- Other	4,416	5,058
Amounts Written Down	<u>(5,691)</u>	<u>(5,286)</u>
Balance 31 March 2002	<u><u>6,254</u></u>	<u><u>7,296</u></u>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 7 Long Term Debtors

Loans have been advanced to mortgagors, housing associations and sporting organisations. The Authority has invested in a debenture (£10,000) for the provision of accommodation for the Association of District Councils.

	2001/02 £000's	2000/01 £000's
Physical Training and Recreation Act Loans	40	43
Housing Association Loans	502	685
Housing Act Advances Loans	52	65
Association of District Councils Loan	10	10
Sale of Council Houses Loans	855	1,145
Home Care Legal Charges	6	6
Loan to Warfield Parish Council	280	280
Car Loans to Employees	257	354
Balance at 31 March	<u>2,002</u>	<u>2,588</u>

### 8 Stocks and Work in Progress

	2001/02 £000's	2000/01 £000's
<b>Work in Progress</b>		
Rechargeable Works	23	7
Property Services	46	122
	<u>69</u>	<u>129</u>
<b>Stocks</b>		
Central Stores	205	204
Other	178	222
	<u>383</u>	<u>426</u>
Balance 31 March	<u>452</u>	<u>555</u>

### 9 Debtors

	2001/02 £000's	2000/01 £000's
Amounts Falling Due in One Year :		
Government Departments	1,476	999
Council House Tenants	1,148	976
Sundry Debtors	6,111	7,493
Mortgages	212	240
Payments in Advance	1,276	464
Car Loans to Employees	229	240
Collection Fund	1,172	1,354
	<u>11,624</u>	<u>11,766</u>
Provision for Doubtful Debts	<u>(2,163)</u>	<u>(1,782)</u>
Balance 31 March	<u>9,461</u>	<u>9,984</u>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 10 Cash and Bank

	2001/02 £000's	2000/2001 £000's
Cash at Bank	98	668
Cash in Hand	422	437
Balance 31 March	<u>520</u>	<u>1,105</u>

### 11 Creditors

	2001/02 £000's	2000/01 £000's
Government Departments	107	83
Council House Tenants	166	173
Returnable Deposits	708	750
Sundry Creditors	18,516	16,244
Income in Advance	2,612	10,031
Collection Fund	1,585	2,342
Balance 31 March	<u>23,694</u>	<u>29,623</u>

### 12 Deferred Capital Receipts

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

	2001/02 £000's	2000/01 £000's
Mortgages on Council Houses Sold	1,068	1,385
Housing Act Advances	52	65
Housing Association Loans	502	685
Loan to Warfield Parish Council	280	280
LGA Debenture	10	10
Recreation Loans	39	43
	<u>1,951</u>	<u>2,468</u>

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 13 Deferred Liabilities

On the abolition of the Berkshire County Council on 31<sup>st</sup> March 1998, all of its long term borrowing liabilities transferred to Reading Borough Council. Under the terms of regulations made and by agreement with the other Authorities in Berkshire, Bracknell Forest Borough Council and the other authorities, together with the Probation Service, are required to repay part of the liabilities over a period of 50 years. This therefore represents the future principal repayments to Reading Borough Council (£25.02m).

### 14 Deferred Grants and Other Contributions

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

	Opening Balance £000's	Receipts £000's	Payments £000's	Closing Balance £000's
Government Grants	802	2,520	(2,709)	613
Section 106 receipts unapplied	4,347	1,520	(613)	5,254
Section 106 receipts applied	1,905	476	(167)	2,214
	<u>7,054</u>	<u>4,516</u>	<u>(3,489)</u>	<u>8,081</u>

### 15 Provisions

Money is set aside for the ongoing maintenance of land transferred to the Authority under section 106 agreements. These monies are released annually to cover the Authority's costs in maintaining the land.

	Opening Balance £000's	Receipts £000's	Payments £000's	Closing Balance £000's
Maintenance S106 land	414	1	(152)	263

### 16 Discount on Sale of Council Houses

There is no provision made in the accounts for the discounts on council house sales, which are recoverable on resale within the pre-emption period.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 17 Fixed Asset Restatement Reserve

	2001/02 General Fund £000's	2001/02 HRA £000's	2001/02 Total £000's	2000/01 Total £000's
Opening Balance	284,425	365,129	649,554	529,814
Adjustments	0	55	55	(3)
Revaluation of assets	13,730	0	13,730	142,744
Disposal of assets	(870)	(7362)	(8,232)	(8,440)
Capital expenditure written down	(7,057)	(1,948)	(9,005)	(8,668)
Depreciation not charged in previous years	1,068		1,068	(5,893)
	<u>291,296</u>	<u>355,874</u>	<u>647,170</u>	<u>649,554</u>

### 18 Capital Financing Reserve

	2001/02 £000's	2000/01 £000's
Opening Balance	60,820	63,879
Capital Receipts Set Aside in Year	3,496	4,392
Capital Financing from:		
Capital Receipts	3,253	4,369
Government Grants/s106	2,586	494
HRA	0	1,710
Credit cover set aside	143	0
Lease payments made on credit arrangement	(15)	0
Principal repaid on Ex BCC debt	1,042	1,086
Less Write Down of Deferred Charges	(5,599)	(5,196)
Less Depreciation in excess of MRP	(6,529)	(9,634)
Less: MRA to MRR	(3,741)	0
Less: Premium on debt redemption	(81)	0
Less Deferred Capital Receipt created for loan to Warfield Parish Council	0	(280)
Closing Balance	<u>55,375</u>	<u>60,820</u>

### 19 Usable Capital Receipts Reserve

	2001/02 £000's	2000/01 £000's
Opening Balance	20,688	16,728
Capital Receipts	8,440	8,329
Capital Receipts Used for Financing	(3,253)	(4,369)
Capital Receipts used for Credit Cover	(143)	0
Closing Balance	<u>25,732</u>	<u>20,688</u>



## NOTES TO THE CONSOLIDATED BALANCE SHEET

### 20 Earmarked & Other Reserves

	2001/02 £000's	2000/01 £000's
<b>Earmarked Reserves</b>		
General Fund	3,961	4,014
School Balances	1,312	1,403
<b>Other Balances</b>		
General Fund	12,555	13,691
Housing Revenue Account	123	377
Collection Fund	(252)	(299)
	<u>17,699</u>	<u>19,186</u>

### 21 Provision for Credit Liabilities (Memorandum Account)

	2001/02 £000's	2000/01 £000's
Opening Balance	20,180	27,942
Reserved Capital Receipts	3,496	4,392
Financing of Capital Expenditure	(10,529)	(12,154)
Financing of premium on dent repayment	(82)	0
Credit cover set aside for Crowthorne Enterprise Centre	143	0
Lease payment for Crowthorne Enterprise Centre 01/02	(15)	0
Closing Balance	<u>13,193</u>	<u>20,180</u>

### 22 Regulated Companies

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

### 23 Contingencies

There is currently approximately £5m of potential liabilities that relate to the operations of the former Berkshire County Council. This is principally made up as follows:

- £2.5m for estimated insurance claims outstanding,
- £1m for the Berkshire archives building
- £1.5m for other legal claims.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

There are currently sufficient resources held by Reading Borough Council from the Berkshire County Council balances to meet these potential liabilities. As such, there is currently estimated to be no financial impact on Bracknell Forest. However, if in the future there were insufficient funds to meet future liabilities then Bracknell Forest would be liable for a share of any costs incurred.

### 24 Pensions

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

The Authority participates in two pension schemes:

- the Local Government Pension Scheme for civilian employees, administered by Royal Borough of Windsor and Maidenhead – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets
- the Teachers' Pension scheme – this is an unfunded defined contribution scheme. In accordance with FRS17 the assets and liabilities of this fund are not reflected in these financial statements.

In 2001/02, pensions costs have been charged to the Consolidated Revenue Account on the basis of contributions payable for the year to the Royal County of Berkshire Pension Fund (based on a formal actuarial valuation for 31 March 2001) and the pensions payable in the year to retired officers. However, at 31 March 2002, the Authority had the following overall assets and liabilities for pensions that have not been included in the balance sheet:

	<b>Local Government Pension Scheme £000's</b>
Estimated liabilities in scheme	(96,029)
Estimated assets in scheme	98,154
Net asset / (liability)	<u>2,125</u>

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Royal County of Berkshire Pension Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

## NOTES TO THE CONSOLIDATED BALANCE SHEET

	Local Government Pension Scheme
Rate of Inflation	2.8%
Rate of increase in salaries	4.8%
Rate of increase in pension	2.8%
Rate of discounting scheme liabilities	6.4%

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

	%
Equity investments	74%
Bonds	12%
Other assets	14%
	<hr/>
	100%

## STATEMENT OF TOTAL MOVEMENTS IN RESERVES

The Statement of Total Movements in Reserves brings together all the recognised gains and losses of the Authority during the financial year. The statement shows the gains/losses unrealised in the Consolidated Revenue Account and separates the movements between revenue and capital reserves. An analysis of movements, distinguished between gains and losses on the HRA and other General Fund services is given in Note 20 to the Consolidated Balance Sheet.

	Opening Balance £000's	Net Movement In year £000's	Unrealised (Gain)/ Loss on Revaluation £000's	Value of Assets Disposed £000's	Proceeds of disposal £000's	Financing of Fixed Assets £000's	Balance at 31 March 2001 £000's
<b>CAPITAL RESERVES</b>							
Fixed Asset Restatement Reserve	649,554	(7,882)	13,730	(8,232)	0	0	647,170
Capital Financing Reserve	60,820	(11,286)	0	0	0	5,841	55,375
Usable Capital Receipts Reserve	20,688	0	0	0	8,440	(3,396)	25,732
<b>Total Capital</b>	<b>731,062</b>	<b>(19,168)</b>	<b>13,730</b>	<b>(8,232)</b>	<b>8,440</b>	<b>2,445</b>	<b>728,277</b>
<b>REVENUE RESERVES</b>							
<b>Earmarked Reserves</b>							
Repairs and Renewals	440	(308)	0	0	0	0	132
Exceptional Environmental Conditions	500	0	0	0	0	0	500
Budget Carry Forwards	112	141	0	0	0	0	253
Insurance Fund	655	194	0	0	0	0	849
Cost of Structural Change	1,250	(250)	0	0	0	0	1,000
Development Claims	500	0	0	0	0	0	500
Regeneration of Bracknell	500	(131)	0	0	0	0	369
Corporate Innovations	0	250	0	0	0	0	250
Major Repairs Reserve	0	0	0	0	0	0	0
Education Library Service	57	52	0	0	0	0	109
Schools' Balances	1,403	(92)	0	0	0	0	1,311
<b>Other Reserves</b>							
General Fund	13,691	(1,136)	0	0	0	0	12,555
Housing Revenue Account	377	(254)	0	0	0	0	123
Collection Fund	(299)	47	0	0	0	0	(252)
<b>Total Revenue</b>	<b>19,186</b>	<b>(1,487)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,699</b>

The figure for General Fund revenue reserves includes £0.095m transferred from Berkshire County Council.

## CASH FLOW STATEMENT

2000/01		Notes	£000's	£000's	2001/02
£000's					£000's
	<b>Revenue Activities</b>				
	<b>Cash Outflows:</b>				
(62,755)	Cash paid to and on behalf of employees		(69,712)		
(91,882)	Other Operating cash payments		(89,874)		
(4,922)	Housing Benefit Paid out		(5,135)		
(42,833)	National Non-Domestic rate payments to the pool		(45,434)		
(4,138)	Precepts Paid		(4,356)		
<u>(206,530)</u>	<b>Total Expenditure</b>			<u>(214,511)</u>	
	<b>Cash Inflows:</b>				
10,204	Rents (after rebates)		10,721		
28,016	Council Tax Receipts		30,538		
40,988	National Non-Domestic rate receipts		44,921		
31,875	National Non-Domestic rate payments from the pool		31,366		
23,962	Revenue Support Grant		26,561		
4,499	DSS grants for benefits		4,922		
7,947	Other Government Grants	4	11,768		
16,404	Cash received for goods and services		18,937		
45,016	Other operating cash receipts		25,813		0
<u>208,911</u>	<b>Total Income</b>			<u>205,547</u>	
2,381	<b>Net Revenue Activities Cashflow</b>	1			<b>(8,964)</b>
	<b>Returns on Investment and Servicing of Finance</b>				
	<b>Cash Outflows:-</b>				
(2,153)	Interest Paid			(1,940)	
	<b>Cash Inflows:-</b>				
7,427	Interest Received			4,092	
<u>5,274</u>					<u>2,152</u>
	<b>Capital Activities</b>				
	<b>Cash Outflows:-</b>				
(14,696)	Purchase of fixed assets		(12,404)		
(6,910)	Deferred Charges		(4,708)		
(1,086)	Other capital cash payments		(1,861)		
<u>(22,692)</u>				<u>(18,973)</u>	
	<b>Cash Inflows:-</b>				
8,329	Sale of fixed assets		8,562		
2,045	Capital grants received	5	2,266		
4,518	Other capital cash receipts		6,314		
<u>14,892</u>				<u>17,142</u>	
(7,800)	<b>Net Capital Activities Cashflow</b>				<b>(1,831)</b>
	<b>Management of Liquid Resources</b>				
(15,638)	Liquid Resources	3			<b>(3,335)</b>
<u>(15,783)</u>	<b>Net Increase/(Decrease) in Cash</b>	2			<u><b>(11,978)</b></u>

## NOTES TO THE CASH FLOW STATEMENT

### 1 Reconciliation between the net surplus / deficit on the Consolidated Revenue Account to the Revenue Activities Net Cashflow

	£000's
Net deficit – Consolidated Revenue Account	(1,231)
Reserves from Berkshire County Council	95
Net deficit – HRA	(255)
Movement in Deficit -Collection Fund	(47)
Decrease in debtors	269
Decrease in stock and work in progress	103
Decrease in creditors	(5,929)
Decrease in provisions	(151)
Decrease in Earmarked Reserves	(144)
Other non cash movements	478
Less Servicing of finance items	(2,152)
<b>Revenue Activities Net Cashflow</b>	<b>(8,964)</b>

### 2 Movement in Cash and Cash Equivalents

	Balance at 31-Mar-2002 £000's	Balance at 01-Apr-2001 £000's	Movement 2001/02 £000's
Cash and Bank	521	1,105	(584)
Short Term Investments	20,587	31,981	(11,394)
	21,108	33,086	(11,978)

### 3 Movement in Liquid Resources

	Balance at 31-Mar-2002 £000's	Balance at 01-Apr-2001 £000's	Movement 2001/02 £000's
Long Term Investments	50,690	54,025	(3,335)

## NOTES TO THE CASH FLOW STATEMENT

### 4 Other Government Grants

	£000's
Council Tax Benefits	2,140
Standards Fund	2,015
School Standards Grant	1,205
Teachers Pay Refrom	1,155
Provision for 3 yr olds	743
Other Miscellaneous Grants	4,510
	<u>11,768</u>

### 5 Capital Grants

	£000's
New Deals for Schools	1,181
Devolved Capital to Schools	486
Konver	180
School Labs	175
Class Size Reduction	122
Other Miscellaneous Grants	122
	<u>2,266</u>

## THE COLLECTION FUND

	Notes	2001/02 £000's	2000/2001 £000's
<b>Income</b>			
Income from Council Tax	2	30,519	28,044
<b>Transfers from General Fund</b>			
Council Tax Benefits		2,280	2,126
Transitional Relief		0	0
<b>Income Collectable from Business Ratepayers</b>	3	44,740	40,700
<b>Contributions</b>	4		
Transfer of Previous Year's Collection Fund Deficit			
Thames Valley Police		10	10
Council Tax		115	125
Residual Community Charge		0	17
<b>Expenditure</b>		<u>77,664</u>	<u>71,022</u>
<b>Precepts and Demands from</b>			
Bracknell Forest Borough Council		30,132	27,742
Thames Valley Police	5	2,647	2,476
<b>Business Rate</b>			
Payment to National Pool		44,583	40,544
Costs of Collection		157	156
<b>Bad and Doubtful Debts</b>			
Provisions		1	(10)
Write -Offs	6	97	132
<b>Contributions</b>			
Adjustment of Previous Years' Community Charges		0	0
<b>Transfer of previous year's Surplus</b>			
Community Charge		0	0
Council Tax		0	0
		<u>77,617</u>	<u>71,040</u>
<b>(Surplus)/Deficit For The Year</b>		<u>47</u>	<u>18</u>
(Surplus)/Deficit At The Beginning Of Year		299	281
(Surplus)/Deficit For The Year		(47)	18
<b>(Surplus)/Deficit At The End Of Year</b>	7	<u>252</u>	<u>299</u>



# NOTES TO THE COLLECTION FUND

## 1 General

These accounts reflect the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts into the Consolidated Revenue Account (page 17) and the Consolidated Balance Sheet (page 31).

## 2 Council Tax

The Council's tax base for 2001/02 was 41,040. This is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings. This was calculated as follows:-

Band	Estimated Number of Taxable Properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A (Disabled)	11	$\frac{5}{9}$	6
A	1,281	$\frac{6}{9}$	854
B	3,128	$\frac{7}{9}$	2,433
C	14,468	$\frac{8}{9}$	12,860
D	7,182	$\frac{9}{9}$	7,182
E	6,710	$\frac{11}{9}$	8,201
F	4,080	$\frac{13}{9}$	5,893
G	1,811	$\frac{15}{9}$	3,018
H	169	$\frac{18}{9}$	339
			40,786
	Less allowance for losses on collection		(306)
	Add contributions in lieu from MoD		402
	Add allowance for new properties		158
	<b>Council Tax Base</b>		<b>41,040</b>

This Council Tax Base equates to a Council Tax income of £30.519m.

## 3 Income from Business Rates

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a Uniform Rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the National Non Domestic Rate Pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population.

Total Non-domestic Rateable Value 31 March 2002	£129,509,200
National Non-domestic Rate Multiplier 2001/02	43.0p

## NOTES TO THE COLLECTION FUND

### 4 Contributions

The amounts of £115,000 and £10,241 relate to the 2000/01 Council Tax deficit identified in the 2001/02 budget. This arose because fewer properties were built in the Bracknell area than budgeted for.

### 5 Precepts and Demands from Thames Valley Police

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

### 6 Bad and Doubtful Debts

A total of £96,758.54 was written off as irrevocable debts relating to Council Tax.

### 7 Collection Fund Surplus / Deficit

The effect of the variation between the actual tax base and the estimated tax base has created a deficit of £252,433.06. This deficit relating to Council Tax will be divided between Bracknell Forest Borough Council and Thames Valley Police Authority. Provision has been made for £115,000.00 to be transferred to the General Fund in the 2001/02 financial year and the balance with any further movements in the 2002/03 financial year.

# STATEMENT OF RESPONSIBILITIES

## 1 The Authority's Responsibilities

The Authority is required to:

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

## 2 The Borough Finance Officer's Responsibilities

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

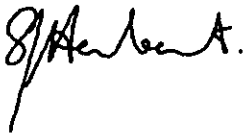
In preparing this Statement of Accounts, the Borough Finance Officer has:

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

The Borough Finance Officer has also:

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

I certify that the Statement of Accounts set out on pages 12 to 48 presents fairly the financial position of the Borough Council and its income and expenditure for the year ended 31 March 2002.



**C.J. Herbert CPFA**  
Borough Finance Officer  
25 September 2002

## AUDITOR'S REPORT

In accordance with the Audit Commission Act 1998 and the CIPFA Code of Practice on Local Authority Accounting: Statement of Recommended Practice in Great Britain.

We certify that we have completed the audit of the Statement of Accounts on pages 12 to 48 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 12 to 16.

### 1 Respective Responsibilities of the Borough Finance Officer and Auditors

As described on page 49 the Borough Finance Officer is responsible for the preparation of the Statement of Accounts. It is our responsibility to form an independent opinion, based on our audit, on the statement and to report our opinion thereon.

### 2 Basis of Opinion

We carried out our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards.

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Statement of Accounts. It also included an assessment of the significant estimates and judgements made by the Authority in the preparation of the Statement of Accounts and whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

### 3 Opinion

In our opinion the Statement of Accounts presents fairly the financial position of Bracknell Forest Borough Council at 31 March 2002 and its income and expenditure for the year then ended.

KPMG  
Chartered Accountants  
London

# GLOSSARY OF TERMS

## ACCRUALS

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

## ACTUARIAL GAINS AND LOSSES

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

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

## ASSET

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

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A fixed asset provides benefits to the Authority and to the services that it provides for a period of greater than one year. Infrastructure assets are fixed assets belonging to the Authority which do not necessarily have a resale value (eg highways), and for which a useful life-span cannot be readily assessed.

## BUDGET

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

## CAPITAL CHARGE

A notional charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. This comprises of a charge for depreciation and a capital financing charge. The capital financing charge is determined by applying a specified notional rate of interest to net asset values.

## CAPITAL EXPENDITURE

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

## CAPITAL RECEIPTS

The proceeds from the disposal of land or other assets.

## COMMUNITY ASSETS

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

## CONSISTENCY

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

## **GLOSSARY OF TERMS**

### **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.

### **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no local basis for apportioning these costs to services.

### **CREDIT COVER**

Under the Local Government & Housing Act (1989) certain lease transactions are defined as 'credit arrangements' and fall within the capital controls system. As such 'credit cover' must be set aside as part of the capital financing reserve. The amount of credit cover required is based on a formula contained within the Act. The identification of credit cover sets aside capital resources in the same way as if outright purchase had taken place. This credit cover can be met from capital receipts, revenue resources, or borrowing approvals. This Council has one such lease transaction, which falls with the definition of a credit arrangement, relating to the 15 year lease from Legal & General in relation to the Crowthorne Enterprise Centre. The Council has chosen to fund the necessary credit cover from useable capital receipts.

### **CREDITOR**

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

### **CURRENT SERVICE COST (PENSIONS)**

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

### **CURTAILMENT**

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

- a) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

### **DEBTOR**

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

## **GLOSSARY OF TERMS**

### **DEFERRED ASSETS AND LIABILITIES**

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

### **DEFERRED CHARGES**

Expenditure which may properly be capitalised, but which does not result in, or remain matched with, tangible assets.

### **DEFINED BENEFIT SCHEME**

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

### **DEFINED CONTRIBUTION SCHEME**

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

### **DEPRECIATION**

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

### **DIRECT SERVICE ORGANISATION (DSO)**

The term Direct Service Organisation (DSO) is used to cover both Direct Labour Organisations (DLOs) established under the Local Government, Planning and Land Act 1980 and DSOs established under the Local Government Act 1988 under a process of Compulsory Competitive Tendering. Such bodies formally existed until 2 January 2000 on which date the Local Government Act 1999 repealed Compulsory Competitive Tendering and introduced Best Value.

### **DISCRETIONARY BENEFITS**

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

### **EXPECTED RATE OF RETURN ON PENSIONS ASSETS**

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

## **GLOSSARY OF TERMS**

### **EXTRAORDINARY ITEMS**

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

### **FINANCE LEASE**

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

### **GOVERNMENT GRANTS**

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

### **INTEREST COST (PENSIONS)**

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

### **INVESTMENTS (NON-PENSIONS FUND)**

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

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

### **INVESTMENTS (PENSIONS FUND)**

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

### **LASHG**

Local Authorities may use their own capital resources to subsidise the provision of new social housing in their areas. This expenditure is refunded to the Local Authority by way of Local Authority Social Housing Grant by the Housing Corporation.



## GLOSSARY OF TERMS

### **MAJOR REPAIRS ALLOWANCE (MRA)**

The MRA represents the Government's estimate of the cost of maintaining the current condition of the housing stock and is based on the annual cost of replacing individual building components as they reach the end of their useful life. The MRA forms part of the overall subsidy paid to local authorities. However as a negative-subsidy authority Bracknell Forest does not actually receive cash as part of the subsidy settlement. The MRA allocation can be used as part of the transitional relief scheme introduced by the Government to enable negative-subsidy authorities to dampen the impact of Resource Accounting.

### **MAJOR REPAIRS RESERVE (MRR)**

A new reserve to be created from MRA contributions, for investment in large-scale capital investment schemes to improve Council dwellings and estates in future years.

### **NET BOOK VALUE**

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

### **NET CURRENT REPLACEMENT COST**

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

### **NET REALISABLE VALUE**

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

### **NON-OPERATIONAL ASSETS**

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services.

### **OPERATING LEASES**

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

### **OPERATIONAL ASSETS**

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **OPPORTUNITY COST**

The cost of an economic decision expressed in terms of the next best alternative foregone.

### **PAST SERVICE COST**

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

## GLOSSARY OF TERMS

### PENSIONS / FRS 17

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

### PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date.

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

### PRUDENCE

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

### RELATED PARTIES

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

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

Examples of related parties of an authority include:

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

## GLOSSARY OF TERMS

Examples of related parties of a pension fund include its:

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

These lists are not intended to be comprehensive.

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

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

### RELATED PARTY TRANSACTION

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

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- the provision of a guarantee to a third party in relation to a liability or obligation or a related party;
- the provision of services to a related party, including the provision of pension fund administration services;
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be comprehensive.

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

### RETIREMENT BENEFITS

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

### SCHEME LIABILITIES

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

# GLOSSARY OF TERMS

## SECTION 106

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

## STOCKS

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

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

## UNAPPORTIONABLE CENTRAL OVERHEADS

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

## USEFUL LIFE

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

## VESTED RIGHTS

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

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

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