



# Financial Statements

West Berkshire Council 2021/22



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# Annual Financial Report Year Ending 31 March 2022

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Annual Governance Statement 2021/22 and Written Statements

# Annual Governance Statement

## 1. Scope of Responsibility

- 1.1 West Berkshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. West Berkshire Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, West Berkshire Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 This Statement explains how West Berkshire Council has complied with the Code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit Regulations

2015 in relation to the review of its system of internal control in accordance with best practice, and that the review be reported in an Annual Governance Statement.

- 1.4 The Council is currently undertaking a comprehensive review of its Constitution to improve its governance and decision making. The Council is also delivering an action plan following a corporate peer challenge led by the Local Government Association November 2019.

## 2. The Purpose of the Governance Framework

- 2.1 The purpose of the governance framework is to ensure that the authority directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes, and ensuring that these work effectively. It works with the Council's Performance Management Framework to ensure that the Council has in place strategic objectives reflecting the

needs of the community and is monitoring the achievement of these objectives through delivery of appropriate, cost-effective services.

- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Berkshire Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at West Berkshire Council for the year ended 31 March 2022 and up to the date of approval of the Statement of Accounts. The Governance and Ethics Committee approved a Code of Local Governance at its meeting in April 2022 which supports the framework for the compilation of the Annual Governance Statement.

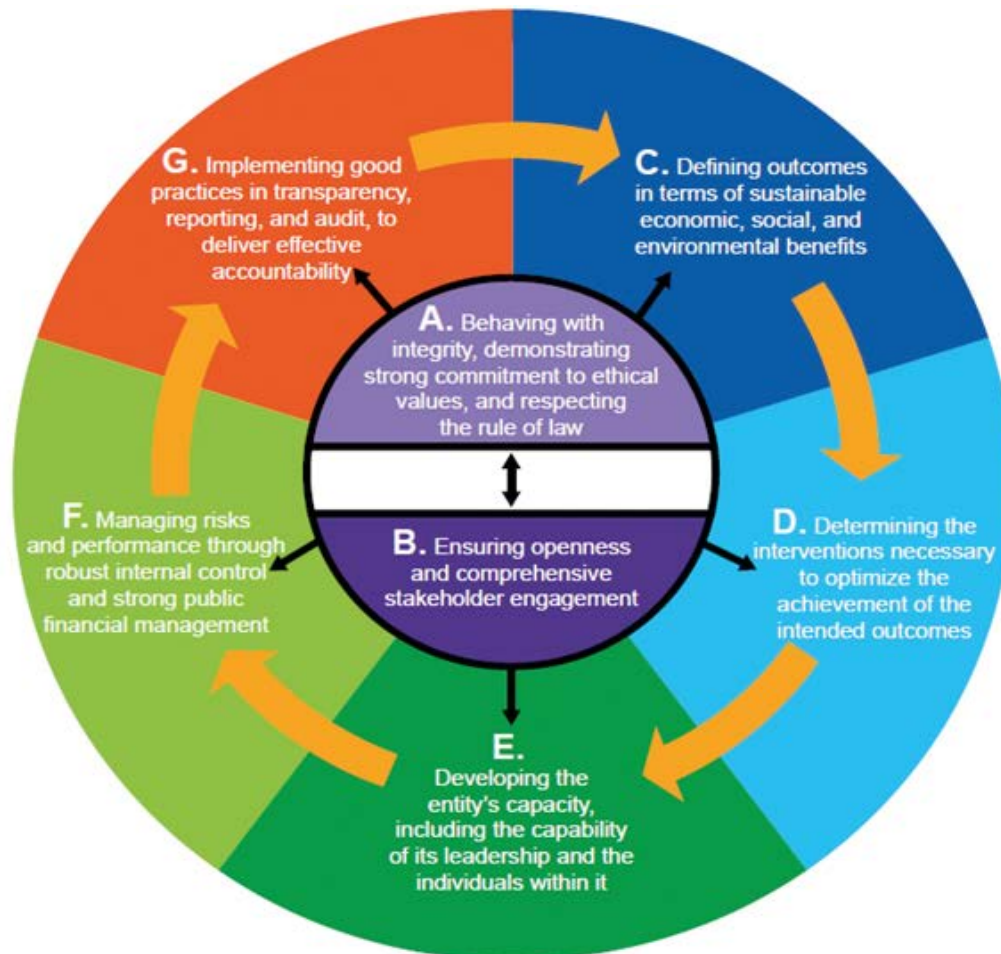
### 3. The Principles of Good Governance

3.1 The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:

### 4. Methodology for preparing the Annual Governance Statement

4.1 The Annual Governance Statement has been prepared using a process similar to that used in previous years, including:

- The review of the annual Internal Audit report and quarterly internal audit progress reports.



- The work of the Finance and Governance Group reviewing the Constitution on an annual basis and referring changes to the Governance and Ethics Committee and Council.
- The approval of the Annual Governance Statement. By the Governance and Ethics Committee at the same time as the final approval of the financial statements, and that it is signed off by the Chief Executive or Section 151 Officer and Leader of the Council.
- Review of the Corporate Risk Register by the Corporate Board (quarterly) and Governance & Ethics Committee (twice yearly).
- Responding positively to external regulators such as OFSTED, the Information Commissioner, the Local Government Ombudsman and external auditor Grant Thornton.

### 5. The Governance Framework

5.1 There are a number of key elements to the systems and processes that comprise the Council's governance arrangements. These elements form our local Code of Governance and these are underpinned by the CIPFA

/ SOLACE framework above and core principles of good governance which are:-

- Focusing on the purpose of the Authority and on outcomes for the local community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.
- Developing the capacity and capability of Members and Officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

5.2 The Council has arrangements for managing risk in its Risk Management Strategy which was approved at the Governance and Ethics Committee in April 2022.

## 6. Review of effectiveness

6.1 The Authority has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Heads of Service / Service Directors who have responsibility for the development and maintenance of a sound governance environment.

6.2 This review is articulated in the Code of Corporate Governance approved by the Governance and Ethics Committee in April 2022.

6.3 It is important to reflect on the previous year's key areas for improvement as well as a review of governance for the year past. The Covid pandemic continued to put a lot of pressure on the Council's governance structures. For the start of the year the Council was operating through an emergency planning framework with 'GOLD' meetings taking place weekly. Though specifically in respect of the Covid response, the GOLD meetings did change the usual governance framework and meant that a lot of the Council's focus was on the Covid pandemic and supporting residents

and businesses. The Council continued to provide online meetings, and for public meetings, re-commenced in person meetings (in line with Government policy), which were also streamed online from May 2021. The Council also refurbished its Council Chamber during 2021-22 which necessitated a move to a temporary chamber within the Market Street offices from December 2021. This move was successfully completed and enabled the Council to continue its democratic work and also enhance this with the return of Full Council meetings in person with sufficient space for all members to meet whilst social distancing rules were in place.

6.4 During the financial year 2021-22 the Council also changed Chief Executive. Structurally, the Council is operating under the same governance setup during 2021-22 as it was previously, but as highlighted in this AGS, one initial area of focus for the new Chief Executive has been on reviewing the internal governance structure to build on lessons from the pandemic and to reduce internal bureaucracy to make the Council more streamlined in its internal decision making processes.

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- 6.5 Another area of focus for the Council's governance is the review of the Constitution. Meetings of the Constitution Review task group have been taking place with some papers brought to the Governance and Ethics Committee e.g. changes to the Budget Council meeting were successfully implemented. Further work needs to be progressed through the task group and brought through to the Governance and Ethics Committee in the coming months as it is important for the effective governance of the Council that there is a regular review of the Constitution to ensure good governance.
- 6.6 The Council's Children and Family Services were subject to an Ofsted inspection during 2021-22.
- 6.7 For 2021-22 the AGS had three areas for improvement; two of these- project capacity and digital transformation- have been continued through into the 2022-23 financial year, and one- Asset Management- has been removed from the AGS.
- 6.8 In 2022-23 the Executive is due to consider a new Asset Management strategy. Though not all actions from the internal audit report and follow up are complete, this has been removed from the AGS as progress has been demonstrated and it ceases to remain a key issue for improvement as the new strategy provides a greater focus, especially around process.
- 6.9 Assurance statements from Service Directors/Heads of Service have also been received and have highlighted the following as the main issues:
- (a) Staff understanding of their role in delivering the Strategic Priorities;
  - (b) Scheme of delegation for financial management - to ensure it is up to date;
  - (c) Arrangements for the identification of fraud risks;
  - (d) Reliance on corporate limited resources for project management.
- 6.10 Reflecting on the above items, further work is ongoing on these. For example the new Council Strategy will pick up the first item for 2023-27; this was also raised in the staff survey and can be referenced to the report on DLUHC reviews that came to the Governance and Ethics Committee in April 2022. The scheme of delegation is being reviewed as part of the constitution review currently being undertaken and the identification of fraud risks will be highlighted in future risk reports; extra training has been provided in 2021-22 to promote this work. The last issue on project management is reflected in the AGS below.

## Key Governance areas for improvement

6.11 The Council faces a number of issues and areas of significant change that will require consideration and action as appropriate over the coming years and these are:

Issue	Detail	Action	Owner/Date
Capacity to deliver	Ensuring that the Council has sufficient and appropriately qualified staff to deliver its programme of projects while maintaining frontline services to residents and businesses.	Additional resources and effective management of the project governance structure following the S&G restructure	Service Director (S&G) – March 2023
Review of governance	External review of governance currently undertaken with summary report to the Chief Executive detailing proposals for enhanced internal governance and streamlining.	Changes to be made by the Chief Executive to the internal governance structures of the Council	Chief Executive – October 2022
Constitution Review	Provide an enhanced update to the Constitution bringing through best practice and knowledge of what works most effectively to streamline decision making and enhance transparency.	Constitution Review to complete during 2022-23	Service Director (S&G) – March 2023



## 7. Assurance Summary

- 7.1 Good governance is about operating properly. It is the means by which the Council shows that it is taking decisions for the good of its residents, in a fair, equitable and open way. It also requires standards of behaviour that support good decision-making – collective and individual integrity, openness and honesty. It is the foundation for the effective delivery of good quality services that meet the needs of the users. It is fundamental to demonstrating that public money is well spent. Without good governance, the Council would find it difficult to operate services successfully.
- 7.2 The Internal Audit Opinion for 2021/22 is that the Council's framework of governance, risk management and management control is 'reasonable' and that audit testing carried out during the year has demonstrated controls to be working in practice. The assessments contained within this document highlight that there are effective arrangements in place to deliver good governance but that three key areas are highlighted to further improve our governance.

- 7.3 We propose, over the coming year, to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

A handwritten signature in black ink, appearing to read 'LD'.

**Lynne Doherty**  
Leader  
of the Council

Date: 29 July 2022

A handwritten signature in black ink, appearing to read 'Nigel Lynn'.

**Nigel Lynn**  
Chief Executive

Date: 29 July 2022



Executive Director's Narrative Statement 2021/22

# Executive Director's Narrative Statement 2021/22

## 1. Finance and Resources

The overall financial performance of the Council remains robust from activity during 2021-22. The overall level of General Fund reserve remains at above the minimum level set out and the performance measures of the Council have continued to demonstrate that services are delivered to a good standard. As highlighted throughout these financial statements there remained a significant impact due to Covid-19 as well as, to a much less extent in 2021-22 the impact of the war in Ukraine, and towards the end of the year an increase in inflation and so cost pressures. Within this context, performance has remained strong in many areas, and where there were unachieved targets, these were well understood and often impacted due to the pandemic.

There are a lot of unknowns for Local Government finance in the future. The impact of the Covid-19 pandemic will be felt for a number of years and is likely to change how public services are delivered in the long term. The Government Spending Review (SR22) that was announced in October 2021 was for a three year period for Local Government overall, but the Local Government Finance Settlement (LGFS) was only for a one year period, 2022-23. The absence of a longer term financial

envelope for Local Government does mean that there remains significant uncertainty over the financial position from 2023-24. The inflationary rises seen during the 2022-23 financial year will continue to put pressure on the national and local financial position. The Council has had an ongoing focus on ensuring strong financial management and resilience to ensure that, irrespective of this uncertainty, it has sufficient financial reserves as well as a medium term financial planning framework, to continue to operate its services to the public and deliver the Council Strategy.

The 2021/22 financial year saw the Council return a surplus overall to increase its General Fund (£12.9 million as at 31.3.2022 v £12.1 million as at 31.3.2021) due to the underspend that occurred in 2021-22 and continued movements on business rates as part of the unwinding of Covid-19 support schemes. The advisory Section 151 General Fund level for financial year 2022/23 has been assessed at £7m as part of the budget setting process. Overall the Council's usable reserves remain robust to enable the Council to respond to planned and unseen future events, and for the 2022-23 financial year the Council is utilising some of this accumulated General Fund reserve to support the delivery of services.

The Council projects its finances over the medium term to ensure it is in a sustainable position to deliver essential public services

and finance the delivery of its corporate plans. The Medium Term Financial Strategy (MTFS), looks to a four year horizon; enough to provide some stability over an increasingly volatile financial future, but short term enough so that the first year represents the budget proposals for 2022-23, and for the next three years there are a variety of themes included which form the basis of the future savings areas. The MTFS also includes information on financing the capital strategy and how the scale and profile of this strategy has an impact on the overall financial position of the Council. The longer term outlook is dominated by three key factors: firstly, the macro-economic recovery from the Covid-19 pandemic and the impact that this will have on the UK economy, secondly the impact on Government reform in Adult Social Care, and thirdly, the long awaited Fair Funding review and proposed further business rates retention proposals for 2023-24 and beyond which should have a significant impact on the Council's finances and hopefully provide some longer term financial planning certainty.

The Council continues to pride itself on ensuring that services deliver high outcomes and offer value for money; sound and prudent financial management supports this objective. The outturn for the financial year 2021/22 will help to support the Council's resilience as well as having continued to deliver a wide range of well-received services.

## 2. District of West Berkshire

West Berkshire spans 272 square miles. The district lies at the convergence of two key roads – the M4 and the A34, both providing direct links with key urban centres in the southern region (London, Reading, Southampton, Bristol, Oxford and Swindon). The district has good rail links, with London less than an hour away and further connections, via Reading, to all the mainline routes throughout the country.

The district services an estimated population of 161,400, split between a demographic of 129,800 under 65 year olds and 31,600 residents over 65 years old (source: Census 2021). District residents predominately reside within Newbury, Thatcham, Hungerford and the urban areas of Tilehurst, Purley on Thames and Calcot, in the East of the District. The employment rate is 84.7% compared to the Great Britain average of 74.8% (source: Nomisweb, December 2021). The % rate of violent crime per 1,000 population across the district is 21.6% compared to 29.3% across the Thames Valley Police area (source: police.uk, December 2021).

## 3. West Berkshire Council

The Council provides over 700 functions across the district and supports 66,700 households (source: Census 2021). 95% of schools in the area have been judged good or better by Ofsted as at 31 March 2022.

The Council is made up of 43 Councillors who are elected every four years by the people registered to vote in West Berkshire. There are 24 electoral wards, each ward is represented by up to three Councillors. Politically the Council is currently composed of 24 Conservatives, 16 Liberal Democrats and three Green Party Councillors.

## 4. Council Strategy

The Council Strategy was refreshed in 2020/21 with a renewed focus on six priority areas. There is an accompanying action plan to deliver the Strategy by March 2023. In light of Covid-19, the Strategy has been reviewed to consider the implications of the outbreak on our future work.



West Berkshire Council Strategy 2019-2023

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## 5. Council Performance Achievements

Performance for 2021/22 shows that the Council continued to ensure core business service delivery whilst also managing the response to the ongoing impact of the Covid-19 pandemic. Core business areas achieved strong performance. The majority of the measures achieved challenging targets set to maintain the best quartile comparative position nationally. Achievements to note were Covid-19 targeted testing and tracing activity, the timeliness of financial assessments, a “Good” rating for our Children and Families Service (set against a backdrop of significant demand increase and staff recruitment pressures) and the number of maintained schools that have been judged “Good” or “Better” by Ofsted. Improvement activity through the Council Strategy priorities for improvement continued to progress, with the majority of measures targeted for this year achieved. Areas of

achievement to note include the Befriender programme, the development of the Inward Investment Prospectus, the increased availability of electric charging points in Council-maintained car parks, a 5th best national ranking for low levels of young people not in education, employment or training (NEET), the development of the Newbury Town Centre Masterplan and increased people numbers able to access full fibre broadband.

The Influencer measures indicate that the district continued to fare well, when compared with other parts of the country, in relation to the cumulative number of cases of Covid-19 and vaccination rates. The social care indicators followed national trends with notable increases in demand for social care (Adults and Children) services. The economic indicators (economic activity, business rated properties, planning applications) continued to show strong resilience and good recovery.

## 6. Financial Performance

The 2021/22 financial year presented a significant number of financial challenges for the Council in supporting residents and local businesses. The 2021/22 net revenue budget of £142 million was set in March 2021 (see Table 2). During 2021/22, the Council has continued to play a significant and positive role in responding to the pandemic, from helping to coordinate the community response, supporting local businesses and working with schools. The overall outturn is interlinked to the impact of the pandemic and the use of Covid-19 resources provided by Central Government and the Clinical Commissioning Group. Funding received from Government to date for Covid-19, and the Council's level of General Fund reserves, meant that the Council was well placed to continue its efforts on response and recovery from Covid-19. The Covid-19 grant underspend from 2020-21 has been used to fund the ongoing pandemic response as well as funds from Government for 2021-22, including a quarter year of the income compensation scheme.

In 2020-21, the Council was awarded £9.6 million of un-ringfenced emergency expenditure grant from Central Government and claimed £2.8 million of emergency funding for lost income. Overall emergency grant funding totalled £12.4 million and losses totalled £9.5 million, so the balance

Covid Funding 2021/22	General Grants 2021/22		
	Emergency Expenditure Grant	Income compensation Scheme	General
	£000	£000	£000
Grants brought forward	(2,947)		(2,947)
Track and Trace	(79)		(79)
Grants 2021/22	(3,257)	(971)	(4,228)
<b>Total grants available</b>	<b>(6,282)</b>	<b>(971)</b>	<b>(7,254)</b>
<b>To be awarded to services:</b>			
Adult Social Care	2,144	156	2,300
Children & Family Services	412	0	412
Education	171	10	181
Communities & Wellbeing	471	70	541
<b>People</b>	<b>3,198</b>	<b>236</b>	<b>3,434</b>
Development & Planning	(3)	48	45
Public Protection	121	5	127
Environment	642	273	915
<b>Place</b>	<b>760</b>	<b>326</b>	<b>1,086</b>
Finance & Property	43	76	119
Commissioning	0	0	0
ICT	286	0	286
Strategy & Governance	147	5	151
<b>Resources</b>	<b>476</b>	<b>81</b>	<b>557</b>
CEX	0		0
<b>Recovery</b>	<b>106</b>		<b>106</b>
<b>Total to be awarded to services</b>	<b>4,540</b>	<b>643</b>	<b>5,183</b>
Bus Routes	395		395
Car parking loss of income 21/22		500	500
Awarded from reserve	112		112
<b>Total awarded</b>	<b>5,047</b>	<b>1,143</b>	<b>6,190</b>
<b>Grant Remaining</b>	<b>(1,235)</b>	<b>172</b>	<b>(1,064)</b>
Commitments 2022/23			866
Collection fund support			198
<b>Grant Remaining</b>			<b>0</b>

**Table 1: Covid Funding 2021/22**

of £2.9 million was put to an earmarked Covid-19 reserve to use during 2021/22. In 2021-22, the Council has received a further £3.2 million emergency grant and has claimed £1 million in lost income through the Government scheme. There is £1 million grant remaining which has been committed as part of the 2022-23 budget build.

Further non-ringfenced grants were received during 2020-21 for New Burdens, Control Outbreak Management Fund (COMF), Clinically Extremely Vulnerable (CEV) and Test and Trace. At year end, £3.3 million of this was put to the Covid-19 reserve. There is now £1.6 million of this remaining and this will be used to support these areas during 2022-23. Table 1 details 2021/22 Covid-19 funding.

The revenue outturn is a £0.2 million underspend, which has been added to the Council's general reserves. The outturn is after taking account of any funds carried forward to 2022-23, which comprise of moving unspent funding and grants into earmarked reserves to spend next year, including the Public Health grant and Covid-19 grants, net of any drawdowns from earmarked reserves to support services in 2021-22.

Directorate Summary	Final Net Budget	Outturn	(Under)/over spend					
			Quarter One	Quarter Two	Quarter Three	Quarter Four		
			Year end forecast	Year end forecast	Year end forecast	Variance to budget	Carried forward to 2022/23	Final variance
	£000	£000	£000	£000	£000	£000	£000	£000
People	81,203	81,466	59	1,153	1,322	263	1,389	1,652
Place	29,829	28,887	231	(654)	(275)	(943)	37	(905)
Resources	15,011	14,026	405	364	219	(984)	1,163	179
Chief Executive	561	579	0	18	15	18	0	18
Capital Financing	15,058	13,878	(1,000)	(1,222)	(1,236)	(1,179)	0	(1,179)
<b>Total</b>	<b>141,661</b>	<b>138,836</b>	<b>(305)</b>	<b>(341)</b>	<b>44</b>	<b>(2,825)</b>	<b>2,589</b>	<b>(236)</b>

**Table 2: 2021/22 Budget and Outturn**

## 7. Financial Performance – Financial Context of the Council

As at the Balance Sheet date the Council holds total assets of £712.3 million which include:

- Operational land and buildings and intangible assets of £557.2 million
- Investment property of £72.6 million, inclusive of a commercial property portfolio of £59.0 million.

Total liabilities of £681.3 million include:

- Long term borrowing of £186.9 million;
- The pension scheme potential future liability of £382.5 million.

The Council's Balance Sheet includes £77.3 million of useable reserves available to fund future spending plans and £46.3 million (deficit) of unusable reserves. The net Balance Sheet position as at 31.3.2022 is £31.0 million

Assets £711.3 Million	Liabilities (£681.3) Million	Usable Reserves £77.3 Million	Unusable Reserves (£46.3) Million
<ul style="list-style-type: none"> <li>• Plant, Property &amp; Equipment (PPE) &amp; Intangible Assets</li> <li>• £557.2 Million</li> <li>• Investment Property</li> <li>• £72.6 Million</li> <li>• Current Assets (e.g. cash and cash equivalents)</li> <li>• £82.5 Million</li> </ul>	<ul style="list-style-type: none"> <li>• Pension Fund Liability</li> <li>• £382.5 Million</li> <li>• Long Term Borrowing</li> <li>• £186.9 Million</li> <li>• Other Liabilities (e.g. creditors)</li> <li>• £111.9 Million</li> </ul>	<ul style="list-style-type: none"> <li>• General Fund</li> <li>• £12.9 Million</li> <li>• Usable Earmarked Revenue Reserves</li> <li>• £34.8 Million</li> <li>• Usable Capital Reserves</li> <li>• £29.6 Million</li> </ul>	<ul style="list-style-type: none"> <li>• Unusable Pension Liability</li> <li>• £382.5 Million</li> <li>• Other Unusable Reserves (e.g. Collection Fund and Dedicated Schools Grant)</li> <li>• (£336.2) Million</li> </ul>

*Table 3: Summary Balance Sheet as at 31.3.2022*

## 8. Total Resources

### Council Assets

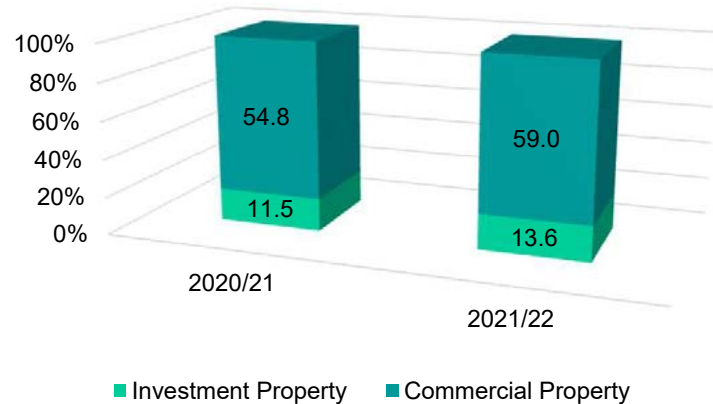
Chart 2 notes that the Council's assets have grown by £8.9 million to £712.3 million as at 31.3.2022. Operational assets have increased in value over the period as a result of significant investment by the Council.

During the financial year £29.9 million was invested on operational assets and community-based assets through the

Council's approved capital programme. Key projects undertaken include:

- Investing in the Council's corporate estate;
- Improved cycle paths, transport management systems, roads, bridges and footpaths;
- Investment into education facilities including investment in new educational settings within the district.

The Council's investment property portfolio increased in value at revaluation by £6.2 million. As at 31.3.2022 the portfolio held a



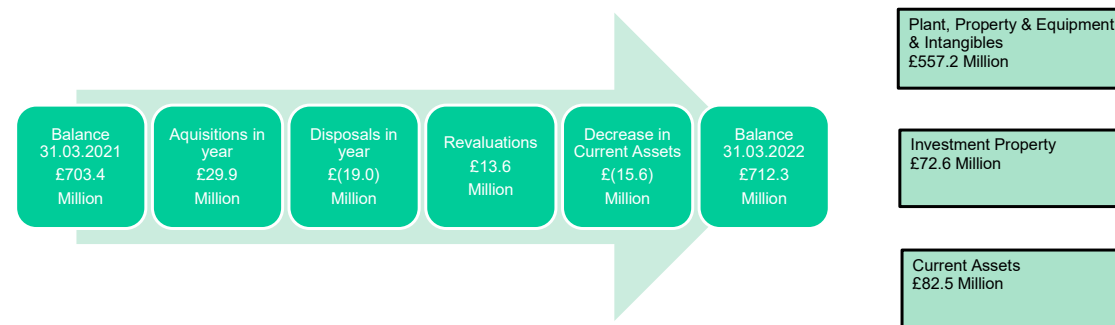
**Chart 1: Investment and Commercial Property**

balance of £72.6 million split between general investment property of £13.6 million and a commercial property portfolio of £59.0 million.

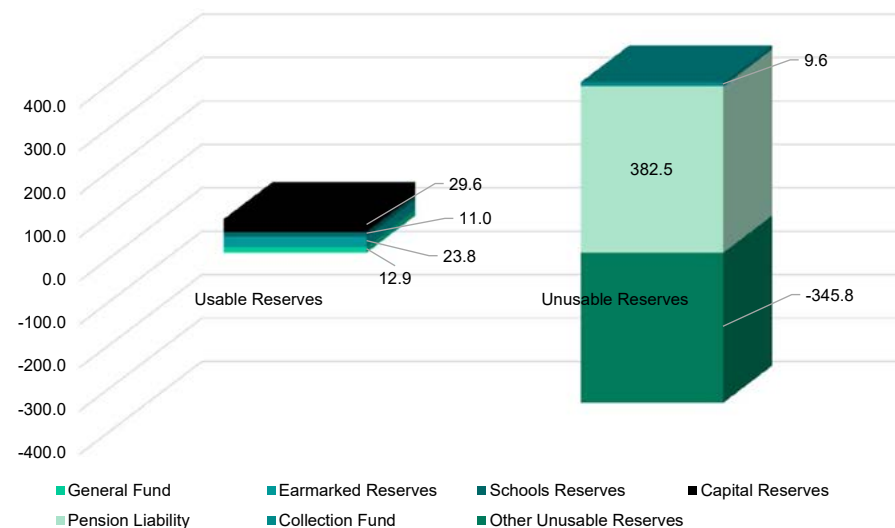
In respect of the commercial property portfolio, the portfolio continues to provide additional net income of approximately £0.7 million per annum to the Council to support the delivery of core services.

### Council Reserves

In respect of the overall net reserves position (usable plus unusable), reserves have increased to £31.0 million as at 31.3.2022. A reduction in usable reserves has been noted, this driven by releases of Section 31 reliefs held within earmarked reserves to offset the Collection Fund Deficit repayment and utilisation of capital reserves to support the delivery of the capital programme, reducing the requirement of the Council to incur external borrowing costs.



**Chart 2: Assets as at 31.3.2022**



**Chart 3: Usable and Unusable Reserves as at 31.3.2022**



Chart 3 shows that usable reserves are split between capital reserves of £29.6 million and revenue reserves of £47.7 million as at 31.3.2022. The General Fund is £12.9 million with a further £23.8 million of funding held in earmarked reserves, this including £9.6 million of Section 31 reliefs to cover Collection Fund deficit repayments and £2.6 million of Covid-19 related funding planned for utilisation in support of the 2022/23 revenue budget. Schools reserves of £11 million are consolidated within the Balance Sheet.

As at 31.3.2022, capital reserves are inclusive of £5.7 million of capital receipts. Capital receipts are predominantly used to finance the Council's approved Capital Strategy, reducing the requirement for external borrowing. Capital receipts received post-2016 are applied to fund transformational projects during the duration of the approved Council Strategy under the Flexible Use of Capital Receipts Policy.

Unusable reserves have moved from a £118 million deficit position at 31 March 2021 to a £46.3m million deficit at 31 March 2022. The increase in unusable reserves primarily relates to the decrease in the pension fund liability (£426.7 million at 31.3.2021 v £382.5 million at 31.3.2022), and a reduction in the Collection Fund deficit (£23.1 million at 31.3.2021 v £9.6

million at 31.3.2022). Unusable reserves are amounts set aside that the Council is unable to use to fund service expenditure because they are unrealised or notional, i.e. they are not cash backed and relate to accounting adjustments.

The advisory Section 151 General Fund level for financial year 2022/23 is 5 percent of the Council's approved net revenue budget of £146.48 million, and as at 31.3.2022 the General Fund (net of earmarked reserve provision) is £12.9 million. Overall the Council's usable reserves remain robust in order to enable the Council to respond to planned and unseen future events.

## 9. Future Challenges, Medium Term Financial Planning (MTFS)

There remains a high degree of uncertainty regarding future funding levels for local government, incorporating consideration of the long awaited proposed Fair Funding assessment. For 2021-22, this funding review has not occurred, nor has it for 2022-23. The Fair Funding assessment initially outlined a range of proposals such as:

- The deprivation top-up;
- The additional population top-up;
- The fixed amount for each Local Authority;

- Density and sparsity assumed no changes as the impact of removal cannot be wholly assessed.

The Council has determined that this uncertainty is not yet sufficient to indicate that the assets of the Council might be impaired as a result of a need to close facilities and reduce service levels / fundamental service changes. The Council prepares a detailed four year Medium-Term Financial Strategy, which models risks and assists in identifying the corrective actions required to mitigate those risks. In light of reduced levels of Revenue Support Grant receipts, the Council continues to identify additional income streams and new working arrangements, such as the pursuance of joint operating ventures. The Council remains aware of the need to balance budgets in forthcoming financial years but is mindful of these future funding uncertainties in addition to the wider legacy impacts of the Covid-19 pandemic upon service delivery.

The Council projects its finances over the medium term to ensure it is in a sustainable position to deliver essential public services and finance the delivery of its corporate plans. The MTFS looks to a four year horizon; this sufficient to provide some stability over an increasingly volatile financial future, but short term enough so that the first year represents

the budget proposals for 2022-23, and for the next three years there are a variety of themes included which form the basis of the future savings areas. The MTFS also includes information on financing the capital strategy and how the scale and profile of this strategy has an impact on the overall financial position of the Council. The longer term outlook is dominated by three key factors; firstly, the macro-economic recovery from the Covid-19 pandemic and the impact that this will have on the UK economy; secondly the impact on Government reform in Adult Social Care, and thirdly, the long awaited Fair Funding review and proposed further business rates retention proposals for 2023-24 and beyond, which should have a significant impact on the Council's finances and hopefully provide some longer term financial planning certainty.

The delivery of the MTFS cannot occur through the Council alone. A significant proportion (50%) of the Council's budget is delivered through partners in the private, public and voluntary sectors. The Council's proposals for future financial stability will involve all of these partners including where there are proposals to invest in infrastructure, deliver core services and transform how the Council delivers its services in the future.

The delivery of the strategy is also dependent on the Government and most importantly the DLUHC (Department for Levelling Up, Housing and Communities) review of 'fair funding' and further business rates retention.

This Fair Funding review was originally due to impact on the 2020-21 budget but is now most likely to come into effect from 2023-24 at the earliest, and most likely after this date. The review has not been consulted upon yet, so figures included in the MTFS are indicative, but the working assumption in the MTFS is (beyond the known figures for 2022-23):

- (a) No new additional monies are provided to the Council as part of the Spending Review 2022-23 (both the services grant and lower tier services grant are expected to be removed, but their value is assumed to remain in a reworked funding system);
- (b) The notion of no 'negative Revenue Support Grant (RSG) is maintained and incorporated into the new fair funding model;
- (c) That there is eventually a hard reset of business rates to a new baseline so growth above the existing baseline is not retained by WBC – at a cost of £4m per annum – but a transitional funding scheme comes into place

to mitigate this impact over a 3 year period, but this reset does not occur in 2023-24;

- (d) Extra funds for ASC beyond the £0.3m are provided in 2023-24 and 2024-25 but these are allocated for new costs in Adult Social Care due to the implications of the ASC reforms;
- (e) New Homes Bonus is removed and replaced with a funding system that delivers equivalent levels of reward to 2022-23;
- (f) Council Tax referendum levels remain at 2%, and ASC Council Tax precept levels revert to 1% from 2023-24;
- (g) Inflation (although currently at its highest level for many years), reverts to 2% in the longer term.

The MTFS over the period 2022/23 – 2024/25 includes cost base reductions of £22.8 million alongside investment provision of £22 million in support of Council Strategy priorities, post Covid-19 pandemic responses and increases in capital financing to support the Capital Strategy. During the period 2022/23 to 2026/27, the Council has approved a Capital Strategy and supporting programme of £220.4 million.

## Statement of Responsibilities

### The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Executive Director for Resources) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Financial Statements.

### The Section 151 Officer's responsibilities

The Executive Director for Resources is responsible for the preparation of the Financial Statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Financial Statements, the Executive Director for Resources has:

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

The Executive Director for Resources has also:

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

### Confirmation of Section 151 Officer

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2022 and its income and expenditure for the year then ended on that date.

A handwritten signature in black ink, appearing to read 'J Holmes', written over a horizontal line.

**Joseph Holmes**  
Executive Director for Resources,  
s151 Officer

Date: 29 July 2022

# Independent auditor's report to the members of West Berkshire Council

## Report on the Audit of the Financial Statements

### Disclaimer of opinion

We were engaged to audit the financial statements of West Berkshire Council (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial

statements for the year ended 31 March 2022 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2022 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

### Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### Opinion on other matters required by the Code of Audit Practice

The Executive Director for Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority, the Executive Director for Resources and Those Charged with Governance for the financial statements**

As explained in the Statement of 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 Executive Director for Resources. The Executive Director for Resources is responsible for the preparation of the Financial Statements, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice

on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director for Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director for Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Governance Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

## Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matters.

### Responsibilities of the Authority

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

### Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of

the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s

Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

## Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of West Berkshire Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

*Sophia Brown*

**Sophia Brown**, Key Audit Partner

for and on behalf of Grant Thornton UK LLP,  
Local Auditor

London | 21 November 2024



Core Financial Statements

## Comprehensive Income and Expenditure Statement:

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or

rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may differ from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21 (Draft)				2021/22			
Expenditure	Income	Net Expenditure	Comprehensive Income and Expenditure Statement		Expenditure	Income	Net Expenditure
£000	£000	£000		Note	£000	£000	£000
233,988	(157,292)	76,696	People Directorate	7	258,225	(163,946)	94,279
57,591	(16,506)	41,085	Place Directorate	7	62,726	(20,085)	42,641
72,163	(42,579)	29,584	Resources Directorate	7	65,684	(38,751)	26,933
1,133	(820)	313	Chief Executive	7	832	(15)	817
<b>364,875</b>	<b>(217,197)</b>	<b>147,678</b>	<b>Cost of services</b>		<b>387,467</b>	<b>(222,797)</b>	<b>164,670</b>
9,273	0	9,273	Other operating expenditure	10	13,049	0	13,049
15,084	(3,821)	11,263	Financing and investment income and expenditure	11	10,974	(4,093)	6,881
25,378	(203,837)	(178,459)	Taxation and non-specific grant income and expenditure	12	24,637	(182,423)	(157,786)
<b>414,610</b>	<b>(424,855)</b>	<b>(10,245)</b>	<b>Deficit/(surplus) on the provision of services</b>	13	<b>436,127</b>	<b>(409,313)</b>	<b>26,814</b>
1,734	(3,245)	(1,511)	Surplus on the revaluation of property, plant and equipment assets	24.1	10,060	(16,696)	(6,636)
113,125	0	113,125	Remeasurement of the net defined benefit liability	24.5	0	(63,985)	(63,985)
<b>114,859</b>	<b>(3,245)</b>	<b>111,614</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>10,060</b>	<b>(80,681)</b>	<b>(70,621)</b>
<b>529,469</b>	<b>(428,100)</b>	<b>101,369</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>446,187</b>	<b>(489,994)</b>	<b>(43,807)</b>



## Movement in Reserves Statement:

The Movement in Reserves Statement shows the movement from the start of the year to the end on different reserves held by the Authority, analysed into 'Usable

Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. This Statement shows how the in-year movements of the Authority's reserves are broken down between gains and losses incurred in accordance with generally

accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Movement in Reserves Statement	Note	General Fund	Earmarked General Fund Reserves	Schools Reserves	General Fund Total	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2021/22</b>										
Balance at 1 April 2021 brought forward		12,117	38,515	8,020	58,652	6,526	33,724	98,902	(111,692)	(12,790)
<b>Movement in reserves during 2021/22</b>										
Deficit on the provision of services	13	(26,814)	0	0	(26,814)	0	0	(26,814)	0	(26,814)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	70,621	70,621
Total Comprehensive Income and Expenditure		(26,814)	0	0	(26,814)	0	0	(26,814)	70,621	43,807
Adjustments between Accounting Basis and Funding Basis under Regulations	8	15,928	0	0	15,928	(783)	(9,931)	5,214	(5,214)	0
<b>Movement during 2021/22</b>		<b>(10,886)</b>	<b>0</b>	<b>0</b>	<b>(10,886)</b>	<b>(783)</b>	<b>(9,931)</b>	<b>(21,600)</b>	<b>65,407</b>	<b>43,807</b>
<b>Transfers to Earmarked Reserves</b>	9	11,682	(14,684)	3,002	0	0	0	0	0	0
<b>Balance at 31 March 2022 carried forward</b>		<b>12,913</b>	<b>23,831</b>	<b>11,022</b>	<b>47,766</b>	<b>5,743</b>	<b>23,793</b>	<b>77,302</b>	<b>(46,285)</b>	<b>31,017</b>
<b>2020/21 (Draft)</b>										
Balance at 1 April 2020 brought forward		8,029	23,334	5,409	36,772	5,453	27,822	70,047	18,532	88,579
Reclassifications		0	100	(100)	0	0	0	0	0	0
<b>Movement in reserves during 2020/21</b>										
Surplus on the provision of services	13	10,245	0	0	10,245	0	0	10,245	0	10,245
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	(111,614)	(111,614)
Total Comprehensive Income and Expenditure		10,245	0	0	10,245	0	0	10,245	(111,614)	(101,369)
Adjustments between Accounting Basis and Funding Basis under Regulations	8	11,635	0	0	11,635	1,073	5,902	18,610	(18,610)	0
<b>Movement during 2020/21</b>		<b>21,880</b>	<b>0</b>	<b>0</b>	<b>21,880</b>	<b>1,073</b>	<b>5,902</b>	<b>28,855</b>	<b>(130,224)</b>	<b>(101,369)</b>
<b>Transfers to Earmarked Reserves</b>	9	(17,792)	15,081	2,711	0	0	0	0	0	0
<b>Balance at 31 March 2021 carried forward</b>		<b>12,117</b>	<b>38,515</b>	<b>8,020</b>	<b>58,652</b>	<b>6,526</b>	<b>33,724</b>	<b>98,902</b>	<b>(111,692)</b>	<b>(12,790)</b>

## Balance Sheet:

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category is usable reserves i.e. those reserves that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves, amounts that the Authority is unable to use to fund service delivery. This category includes reserves that hold realised gains and losses (the Revaluation Reserve, for example), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between Accounting Basis and Funding Basis under Regulations'.

31 March 2021 (Draft)	Notes	31 March 2022
£'000		£'000
<b>Non-current:</b>		
349,057	Property, plant and equipment	14
188,461	Infrastructure assets	14.1
66,315	Investment properties	16
1,374	Intangible assets	17
50	Long-term debtors	18
<b>605,257</b>	<b>Long-term assets</b>	<b>629,776</b>
<b>Current:</b>		
3,458	Assets held for sale	2,091
14,000	Short-term investments	18
8	Inventories	10
59,595	Short-term debtors	19
21,080	Cash and cash equivalents	20
<b>98,141</b>	<b>Current assets</b>	<b>82,514</b>
<b>Current:</b>		
(6,388)	Short-term borrowings	18
(65,816)	Short-term creditors	21
(2,444)	Provisions	22
(5,651)	Grant receipts in advance - revenue	33.2
(5,178)	Grant receipts in advance - capital	33.2
<b>(85,477)</b>	<b>Current liabilities</b>	<b>(92,508)</b>
<b>Long-term:</b>		
(11,483)	Long-term creditors	18
(9)	Provisions	22
(191,848)	Long-term borrowings	18
(420,381)	Other long-term liabilities	38.1
(6,990)	Grant receipts in advance - capital	33.2
<b>(630,711)</b>	<b>Long-term liabilities</b>	<b>(588,765)</b>
<b>(12,790)</b>	<b>Net assets/(liabilities)</b>	<b>31,017</b>
<b>Reserves</b>		
(98,902)	Usable reserves	23
111,692	Unusable reserves	24
<b>12,790</b>	<b>Total reserves</b>	<b>(31,017)</b>

## Cash Flow Statement:

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

2020/21 (Draft) £'000	Cash Flow Statement	Notes	2021/22 £'000
10,245	Net (deficit)/surplus on the provision of services	13	(26,814)
28,030	Adjustments to net (deficit)/surplus on the provision of services for non - cash movements	25	56,053
	Adjustments to net (deficit)/surplus on the provision of services for investing and financing activities		142
<b>38,275</b>	<b>Net cash flows from operating activities</b>		<b>29,381</b>
(23,523)	Investing activities	26	(24,330)
(9,570)	Financing activities	27	(6,341)
<b>5,182</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,290)</b>
15,898	Cash and cash equivalents at the beginning of the reporting period		21,080
<b>21,080</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>20</b>	<b>19,790</b>



## Note 1: Accounting Policies

### 1. General Principles

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2021/22, these proper accounting practices principally comprise:

- The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code);
- The Service Reporting Code of Practice 2021/22 (SeRCOP);
- The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (SI 2003 No 3146, as amended).

The Statement of Accounts has been prepared using the going concern and accruals bases. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

<b>Asset class</b>	<b>Accounting basis in the CIES</b>
Property, plant and equipment - dwellings	Existing Use Value (EUV) - social housing
Property, plant and equipment - other land and buildings	Current value, comprising EUV. Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, the current value is measured at depreciated replacement cost.
Property, plant and equipment - surplus assets	Fair value
Investment properties	Fair value
Intangible assets	Amortised historical cost
Financial instruments	Fair value
Pension assets	Fair value
Pension liabilities	Measured on an actuarial basis (see Note 38.1)

## 2. Going Concern Concept

The Local Authority's financial statements shall be prepared on a going concern basis; that is, the accounts are prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

## 3. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, these amounts are carried as inventory in the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the

services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Accruals are recognised where the value exceeds £5,000;
- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation. A key income stream for the Council is Adult Social Care client income, in the region of 35% of total budgeted income for 2021/22. The associated accounting treatment has been reviewed.

Other income amounts received by the Council include government grants and contributions, Council Tax and Business Rates and these sums fall outside the scope of this assessment.

## 4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours without material penalty. Cash equivalents are highly liquid investments that mature in no more than three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

## 5. Prior period adjustments, changes in accounting policies, estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes are accounted for retrospectively. No prior period adjustments have been recognised in 2021/22. The Council has not adopted any other new accounting standards or amendments which have a significant impact upon the Council's financial position.

## 6. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding capital assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible capital assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to a prudent amount determined by the Authority in accordance with statutory guidance. See Accounting Policy 21.5 - Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisation (not charged through the Revaluation Reserve) are adjusted by way of a transaction in the Capital Adjustment Account via the Movement in Reserves Statement.

## 7. Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and 29 July 2022 (the date when this Statement of Accounts has been authorised for issue). Two types of events can be identified:

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

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

## 8. Interests in companies and other entities

Where the Council has material interests in subsidiary and associate companies, these will be consolidated into Group Accounts on a line-by-line basis for subsidiaries, and the equity method for associates, once accounting policies have been aligned with the Council where appropriate, and any intra-group transactions have been eliminated. For 2021/22, the Council holds no such interests, and therefore no Group Accounts have been prepared.

## 9. Investment Properties

Investment properties are properties that are held solely to earn rental income and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The line is also credited/debited with gains/losses on the disposal of properties, measured as the difference between the carrying amount and sale proceeds. Accounting regulations do not permit unrealised gains and losses to impact the General Fund. Therefore, such gains and losses are reversed out of the General Fund (via the Movement in Reserves Statement) and posted to the Capital Adjustment Account.

## 10. Overheads

The costs of overheads and support services are managed separately, and therefore these service segments are reported separately and in accordance with the Council's arrangements for accountability and financial performance.

## 11. Revenue Expenditure funded by Capital under Statute

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund Total via the Movement in Reserves Statement to the Capital Adjustment Account and is included in the Capital Expenditure Financing disclosure within Note 35.

## 12. Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the Council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

The grant or contribution is credited to the relevant service line (attributable

revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

As was the case in 2020/21, the Council received a series of grants including compensation for Business Rates Reliefs from Central Government to support the overall response to the Covid-19 pandemic. The financial impact of receipt of these grants is detailed in the Council's outturn and this Statement of Accounts. The grants and Business Rates Reliefs were administered in accordance with Central Government guidance and legislation.

Following the receipt of a grant, the Council had to assess whether in administering the grant it was acting as an agent or principal.

Where the Council was acting as agent, the following accounting treatment conditions applied:

- It was acting as an intermediary between the recipient and the appropriate Government Department;
- It did not have 'control' of the grant conditions, and there was no flexibility in determining the level of grant payable.



Where the Council acted as principal, it was able to exercise its own discretion when determining the amount of grant payable.

Only those sums which are principal in nature have been treated as income of the Council in the Comprehensive Income and Expenditure Statement.

### **13. Community Infrastructure Levy**

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Authority charges for and collects the levy, and this is a planning charge. The levy income will be used to fund a number of infrastructure projects to support the commencement date of the development of the area. The receipt of CIL is limited by regulations. It is therefore recognised at the commencement date of development in the Comprehensive Income and Expenditure Statement in accordance with the core accounting policy for Grants and Contributions detailed above.

### **14. Business Improvement Districts (BID)**

A Business Improvement District (BID) scheme applies to a defined area in Newbury Town Centre. The BID is managed and operated by Newbury Business Improvement District Community Interest Company. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme and accounts for income and expenditure, including contributions to the BID project, within the relevant service lines in the Comprehensive Income and Expenditure Statement.

### **15. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Earmarked reserves are identified within the General Fund Total in the Movement in Reserves Statement. Where expenditure has been incurred which is to be financed from an earmarked reserve, the expenditure is charged to the relevant service area within the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. An amount is then transferred from the earmarked reserve to the General Fund Total via an entry in the Movement in Reserves Statement.

### **16. Schools**

Local authority-maintained schools are considered to be under the control of the Council. Consequently, the income, expenditure, assets and liabilities of maintained schools are accounted for within the Statement of Accounts. Other types of school, such as academies and free schools, are outside of the Council's control, and are therefore not included in this Statement of Accounts.

### **17. Value Added Tax**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs (HMRC) and all VAT paid is recoverable.

## 18. Joint Operations

Jointly-controlled operations are where the parties involved have joint control of an arrangement and have rights to the asset and obligations relating to the activities undertaken in conjunction with other operators. These activities often involve the utilisation of the assets and resources of the operators rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs, and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure incurred and the share of income earned from the activity of the operation.

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

## 19. Provisions, Contingent Assets and Liabilities

### Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place that gives the Council a legal or constructive obligation that in all likelihood requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

### Contingent Assets

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place that gives the Council a legal or constructive obligation that in all likelihood requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a Note to the Accounts where it is probable that there will be an inflow of economic benefit or service potential.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts.

## 20. Revenue Recognition

The Council's various income streams have been assessed and classified in accordance with the Code and revenue has been recognised accordingly. Specific consideration has been given to:

- Implied or stated contractual terms for exchange transactions;
- Obligating events and/or conditions attached to non-exchange transactions, where a party receives something of value without directly giving value in exchange;
- Significance of the income stream to the Council.

## 21. Property, Plant and Equipment

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefit or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (such as repairs and maintenance) is charged as an expense when it is incurred.

Property, plant and equipment is recognised where the initial cost or value exceeds £5,000.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the cost of dismantling and removing the item and restoring the site on which it is located.

Infrastructure, community assets, assets under construction and vehicles, plant and equipment are then carried in the Balance Sheet at depreciated historical cost. Other categories of Property, Plant and Equipment are subsequently re-measured at existing use or fair value. Assets are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. The Council engages external valuation specialists to determine updated asset valuations.

### Revaluation

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## 21.1 Impairment

Assets are assessed at each year-end to determine whether there is an indication of impairment. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, these are accounted for in the same way as revaluation losses.

## 21.2 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (eg freehold land and certain community assets) and assets that are not yet available for use, such as assets under construction.

Depreciation is calculated on the following bases:

- Buildings – reducing balance over the useful life of the property as estimated by a qualified valuer;
- Vehicles, plant, furniture and equipment – reducing balance over the life of the asset, usually 10 years;
- Infrastructure – reducing balance

over the life of the asset, usually 10 to 40 years;

- IT assets – straight-line allocation over the useful life of the asset, usually five years.

Where an asset is material and has major components whose cost is significant to the total cost of the asset and have markedly different useful lives, such components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## 21.3 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, is accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Any disposal receipts in excess of £10,000 are categorised as capital receipts and must be credited to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax but is subject to separate arrangements for capital financing. Amounts reflected in the Comprehensive Income and Expenditure Statement are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

## 21.4 Asset Reclassification

The Council adheres to CIPFA and RICS guidance on the classification of properties. Where a property has had a change of use, the Council will reflect this in the Accounts. Movements between asset classes are usually between Property, Plant and Equipment and Investment Properties. Upon reclassification, assets are subsequently valued in line with the relevant class of asset. In certain cases a property may be used for a combination of investment and operational purposes. In these instances, the Council will split the valuation of the property between Property, Plant and Equipment and Investment Properties, and reflect this in the Accounts.

## 21.5 Minimum Revenue Provision (MRP)

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards a provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with the established MRP policy.

## 21.6 Componentisation

The Code requires that each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Within the Council's asset portfolio there are a number of asset classes where componentisation will not be considered, including:

- Equipment – as this is considered immaterial; and
- Asset classes which are not depreciated – such as land, investment properties, heritage assets, community assets, surplus assets and assets held for sale.

The remaining assets, which are housed within the operational portfolio, are often

of a specialised nature such as schools and leisure centres. The Council requests that the valuer provides component information for each individual asset. This is subsequently reviewed to determine whether or not the inclusion of a component value will have a material impact upon depreciation. For 2021/22, a componentisation de minimis of £3million has been implemented. The change in policy will only be applied to each asset as it falls due to be revalued. Any asset (including acquisitions) that has had capital expenditure added to it during the financial year will also be considered.

Where individual assets fall below the de minimis threshold, but are collectively above this level, these assets should be assessed for componentisation where generally treated together elsewhere.

## 22. Heritage Assets

These assets have historical, artistic or scientific importance and are held primarily for their contribution to art and culture. Heritage assets are deemed to have infinite lives and are not subject to depreciation, but the carrying amounts are reviewed where there is evidence of impairment such as physical damage. Any impairment is recognised and measured in accordance with the Council's general accounting policy on impairment.

## 23. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Council as a result of past events, and future economic benefit or service potential must be expected to flow from the intangible asset to the Council. The most common class of intangible asset in local authorities is computer software. If an item does not meet the definition of an intangible asset (identifiability, control and future economic benefits), expenditure to acquire it or generate it internally is recognised as an expense when incurred.

Upon recognition, an intangible asset is measured at cost. Expenditure incurred on an intangible asset after it has been recognised will normally be charged to the surplus or deficit on the provision of services as incurred. Only rarely will subsequent expenditure meet the recognition criteria in the Code. Where this occurs, the expenditure is recognised in the carrying amount of the intangible asset.

The Council applies amortisation to intangible assets with finite useful lives on a reducing balance basis over the useful life of the asset, and from the point at which the asset is available for use.

Assets with indefinite useful lives are not amortised but are tested for impairment

annually, and whenever there is an indication that the asset may be impaired. The useful life of the asset shall be reviewed annually thereafter.

## 24. Leases

Rentals paid by the Council under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased asset. Charges are accounted for on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

Where the Council grants an operating lease over a property or a Property, Plant and Equipment asset, the item is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments made.

## 25. Private Finance Initiatives (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services, passes to the PFI contractor. As the Authority is deemed to control the services that are provided under such PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on the Balance Sheet within Property, Plant and Equipment. The original recognition of these assets at fair value (based upon the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The Authority has one PFI contract, and this is with Veolia ES West Berkshire Limited.

Non-current assets recognised in the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment assets owned by the Authority.

The annual amounts payable to PFI scheme operators are analysed into five elements:

- **fair value of the services received during the year** – debited to the relevant service line in the

Comprehensive Income and Expenditure Statement;

- **finance cost** – an interest charge of 6.1% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **payment towards liability** – applied to write down the Balance Sheet liability owed to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- **lifecycle replacement costs** – a proportion of the amount payable is posted to the Balance Sheet as a prepayment and subsequently recognised as an addition within Property, Plant and Equipment when the relevant works are eventually undertaken. This accounting is in accordance with the Code's adaption of IFRIC 12 Service Concession Arrangements.

## 26. Financial Instruments

Financial instruments are recognised within the Balance Sheet when the Council becomes a party to their contractual provisions. These instruments are initially measured at fair value.

### Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. This means that the amount presented in the Balance Sheet is the outstanding principal sum repayable plus accrued interest. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based upon the carrying amount of the liability multiplied by the effective rate of interest for the instrument.

### Financial Assets

Financial assets are subsequently measured in one of two ways:

- Amortised cost – assets whose contractual terms are basic lending arrangements in that these assets give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding which the Council holds under a business model whose objective is to collect those cash flows;

- Fair value – all other financial assets.

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable plus accrued interest. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based upon the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line as they arise.

## 27. Employee Benefits

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line within the Comprehensive Income and Expenditure Statement.

### Post-Employment Benefits: Pensions

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to fund the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

Employees of the Council are members of three separate pension schemes:

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

The Local Government Pension Scheme provides defined benefits to members, specifically retirement lump sums and pensions, earned as employees working for the Council, or for related parties. Under IAS 19 and CIPFA Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when these amounts are earned by employees rather than when the benefits are eventually paid as pensions. The Council will make an Employer contribution in the region of £15.9m in 2022/23 to reduce the scheme liability.

The Teachers and NHS plans are defined benefit schemes which are accounted for as defined contribution schemes. This is because the arrangements for these schemes mean that future defined benefit liabilities are not readily identifiable, and therefore no liabilities for future payment of benefits are recognised in the Balance Sheet. Services are charged with employer contributions to the Teachers and NHS schemes in the Comprehensive Income and Expenditure Statement within the appropriate financial year. The Council's 2022/23 Employer contribution level is at 23.68% in respect of the Teachers' scheme.

## Defined Benefit Pension Schemes

### Local Government Pension Scheme

The liabilities of the Royal Berkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method - specifically an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, including mortality rate assumptions, employee turnover rates and estimates of projected earnings for current employees. This future liability is then discounted back to present value using a discount rate determined by reference to market yields at the Balance Sheet date of high quality corporate bonds.

The assets of the Royal Berkshire Pension Fund attributable to the Council are held in the Balance Sheet at fair value.

The change in the net pension liability is analysed into the following components:

1. Service cost. This comprises current service cost (allocated in the Comprehensive Income and Expenditure Statement) to the services for which the employees worked, and past service cost – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement;

2. Net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
3. Re-measurements - comprising the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) charged to the Pension Reserve as Other Comprehensive Income and Expenditure and actuarial gains and losses (changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation date or because the actuary has updated their assumptions). These sums are charged to the Pension Reserve as Other Comprehensive Income and Expenditure;
4. Contributions paid to the Pension Fund are charged to the General Fund via an accounting entry in the Movement in Reserves Statement to replace the service cost items above discretionary benefits.

### Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements of employees. Any resulting liabilities are accrued in the year of the award and are



accounted for using the same policies applied for liabilities relating to the Royal Berkshire Pension Fund.

### **Curtailments**

The cost of curtailments arising as a result of the payment of unreduced pensions on early retirement have been calculated by the Actuary. The amounts calculated are the curtailment costs which affect the Council's Local Government Pension Scheme liabilities.

## **28. Collection Fund**

The Collection Fund shows the transactions of the billing authority in relation to the collection of Council Tax and Non-Domestic Rates from local taxpayers, and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting Non-Domestic Rates and Council Tax belong to the bodies concerned, including major preceptors, the billing authority and Central Government. The Council's share of Council Tax and Business Rates income is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the Code. Income due from Council Tax and ratepayers is recognised in full at 1 April, this date being the start of the financial year.

The Council's share of Council Tax and Business Rates income is reflected in the Comprehensive Income and Expenditure Statement on an agency basis, consistent with the requirements of the Code.

However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

The Council, as a billing authority, is statutorily required under Section 89 of the Local Government Finance Act 1988 to maintain a separate Collection Fund account as agent into which all transactions relating to collection of Business Rates and Council Tax income from taxpayers and distribution to local government bodies and Central Government are made. The Collection Fund account is accounted for separately from the General Fund.

Surpluses or deficits on the council tax income and distributions are apportioned to the relevant precepting body in the following financial year in proportion to each body's Band D Council Tax amount.

### **Council Tax**

Council tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The number of properties in each band and calculation of the tax base (adjusted to reflect relevant discounts and exemptions) is approved by Full Council annually as part of the budget-setting process.

### **National Non-Domestic Rates**

The Council collects Business Rates for its area based on rateable values (as determined by the Valuation Office Agency) and multiplier indices as determined by Central Government. The total income estimated to be received in the year is notified to related bodies in the immediately preceding January in accordance with statutory regulations.

## **29. Termination Benefits**

Termination benefits are charged on an accruals basis to the appropriate service or to the specified segment in the appropriate line in the Comprehensive Income and Expenditure Statement (where these sums relate to pensions enhancements) at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

## Note 2 Accounting standards issued but not yet adopted

In accordance with the Code, there is a requirement for the Authority to disclose a change in accounting policy to be applied retrospectively unless alternative transition arrangements are specified in the Code. The Code specifies in Paragraph 3.3.4.3 that the Authority should disclose information relating to an impact resulting from those changes to new accounting standards issued but not yet adopted. In April 2022, CIPFA confirmed deferral of the mandatory implementation of IFRS 16 Leases to 1 April 2024, this standard having originally been scheduled for implementation from 1 April 2022 onwards. Consequently, there are no changes in accounting requirements for 2022/23 that are anticipated to have a material impact upon the Council's financial performance or financial position.

## Note 3 Critical judgements in applying accounting policies

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

The critical judgements made in the Statement of Accounts are:

### 3.1 Schools

- The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the Statement of Accounts according to whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied;
- The Council has considered its accounting classification for each school and accordingly school assets for community schools have been recognised within the Balance Sheet;
- The Council has not recognised assets relating to academies, voluntary aided, voluntary controlled or foundation secondary schools as it is of the opinion that these assets

are not controlled by the Council. In the case of voluntary aided and voluntary controlled schools, these assets were deemed to be controlled by the relevant dioceses following consultation and review;

- The transfer of schools to academies is recognised as a disposal from the Council's Balance Sheet on the date that the school converts to academy status. No impairment is recognised by the Council prior to the transfer.

### 3.2 Pension Fund

The administering authority for the Pension Fund is the Royal Borough of Windsor and Maidenhead. The Pension Fund Committee oversees the management of the fund and day-to-day administration is undertaken by a team within the administering authority. Some functions are undertaken by the Council's professional advisor - Barnett Waddingham. Further to consultation between the two parties, the administering Authority is responsible, with professional advice from the consultant Actuaries, for preparing and maintaining the Investment and Funding Strategy Statement. Generally a defined benefit pension scheme is exposed to a number of risks including investment, interest rate, inflation and longevity risks.

### 3.3 Covid-19 pandemic

Whilst the Council acknowledges the continuing requirement to set accurate assumptions and allow for inherent uncertainties, the end of the Covid-19 pandemic and move to a 'new normal' has added additional strategic challenge which has heightened risk when determining future estimates.

### 3.4 PPE valuation uncertainty

The UK's official departure from the European Union (EU) and the Covid-19 pandemic both continued to create uncertainty in relation to a number of operational and strategic factors within construction markets (and costs associated with these markets) during 2021/22.

### 3.5 Future funding of Local Government

There remains a high degree of uncertainty regarding future funding levels for local government, incorporating consideration of the long awaited proposed Fair Funding assessment. For 2021-22 this funding review has not occurred, nor has it for 2022-23. The Fair Funding assessment initially outlined a range of proposals such as:

- The deprivation top-up;
- The additional population top-up;
- The fixed amount for each Local Authority;
- Density and sparsity assumed no changes as the impact of removal cannot be wholly assessed.

The Authority has determined that this uncertainty is not yet sufficient to indicate that the assets of the Council might be impaired as a result of fundamental service changes. The Authority prepares a detailed four year Medium-Term Financial Strategy, which models risks and assists in identifying the corrective actions required to mitigate those risks. In light of reduced levels of Revenue Support Grant receipts, the Authority continues to identify additional income streams and new working arrangements, such as the pursuance of joint operating ventures. The Authority remains aware of the need to balance budgets in forthcoming financial years but is mindful of these future funding uncertainties in addition to the wider legacy impacts of the Covid-19 pandemic upon service delivery.

### 3.6 Business Rate Retention Scheme

The Authority has a 49% share in the Scheme, with Central Government having 50% and The Royal Berkshire Fire and Rescue Service holding 1%. The Authority's Business Rates Collection Fund has been adversely affected during 2021/22 and 2020/21; the main factor driving the increased deficit balances being the award of additional funding sums granted to businesses as financial support during the Covid-19 pandemic. The reliefs were not funded through Section 31 grants. These amounts were not originally forecasted in the Authority's NNDR1 Returns, and therefore Net Collectables generated have been significantly lower than originally anticipated. The preceptors have received Section 31 grants to fund the reliefs applied, which are excluded from the Collection Fund amounts within the Authority's Comprehensive Income and Expenditure Statement. The Authority has therefore utilised this additional grant funding to pay the higher deficit repayments falling due in 2021/22, and will continue to adopt this policy during 2022/23.

## Note 4: Assumptions regarding the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimates that are based upon assumptions made by the Authority regarding the future

or events that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with full certainty, actual results could be materially different from the original assumptions

and estimates. The items in the Authority's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows. Where uncertainties occur within the comparative year this will be stated.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Valuations of Property, Plant and Equipment	Land and Property asset valuations have been subject to ongoing market review and these effects may theoretically be variable between valuation methods and assumptions. For specialised assets valued using the Depreciated Replacement Cost (DRC) method, a valuation impairment/increase may be relevant within the financial year to 31 March 2022.	As DRC properties will be based upon the RICS BCIS Cost guides and componentised valuations and based on Gross Value, this could impact a total of £0.672m for assets valued using the DRC methodology on a +/- 1% movement variation.  As reported, no relevant impairment factor was identified and therefore no resulting downward valuation (Gross Value) would be realised.
Existing Use Value (EUV)/Fair Value (FV) measurements	Non-specialised assets valued at the EUV or FV bases were subject to increases of between -3.5% and +7.5% depending on the sector, with no resulting changes to Community Assets. A variation of between 4% and 15% has been noted within Development Land.	There were sixteen assets valued as PPE (EUV) and one asset as Investment (FV) which were not land assets, and therefore the resulting impact if an impairment of -3.5% was applied would be £0.4m. All other assets valued were land sites.
Pension Liability	Estimation of the net liability to pay pension costs falling due is driven by a series of complex accounting judgements, including the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy assumptions and unexpected returns on Pension Fund assets. The Authority has engaged Barnett Waddingham as Actuary to provide expert advice regarding the assumptions to be applied.	The effects on the net pension liability of changes to individual assumptions can be measured. The sensitivity analysis from the Actuary has indicated increases of around 0.1% to the discount rate over the triennial period. For example, a +0.1% increase in the discount rate assumption would result in a decrease in projected service cost to £29.4m. An increase in life expectancy assumptions by 1 year would result in an increase in projected service cost to £31.5m. Details of actuarial assumptions are shown in Note 38.
Business Rates Appeals	The Council has reduced its appeals provision during 2021/22. Historically this has been based upon the application of the national average percentage of 4.7% of the Net Collectable. A higher percentage of 5.7% was used during 2021/22 due to the level of uncertainty surrounding the potential effects of Covid-19 on appeals. DLUHC has since provided clarity on this issue via an announcement in 2022/23 that businesses cannot submit Rateable Value appeals owing to material changes in operational circumstances; these arising as a result of Covid-19 impacts.	If the provision for appeals requirement was increased by 2% above the NNDR3 provision, this would equate to an increase of £1.4m shared across Central Government (50%), The Royal Berkshire Fire and Rescue Service (1%) and West Berkshire Council (49%).

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## Note 5: Material items of income and expenditure

The CIPFA Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of material items should be disclosed in a Note to the Accounts. The following items fall within this category:

- Dedicated Schools Grant (DSG) – 2021/22 expenditure of £105.4m (2020/21: £96.9m) was supported by in-year DSG Grant funding;
- Covid-19 grant funding – the Council received a total of £5.7m in 2021/22 (2020/21: £12.0m). Further details are disclosed within Note 33.1 – Grant Income.

## Note 6: Events after the Balance Sheet date

After preparing the Statement of Accounts for 2021/22, and after the Balance Sheet date of 31 March 2022, the Section 151 office authorised the Statement of Accounts for issue on 29 July 2022. There are no adjusting Post Balance Sheet Events.

## Note 7: Expenditure and Funding Analysis:

The Expenditure and Funding Analysis shows how annual expenditure is funded from resources (government grants, rents, council tax and business rates) by local

authorities in comparison with the resources earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under

generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Council's key reportable segments are the individual Directorates as defined within the organisational structure.

2020/21			2021/22			
Net expenditure chargeable to the General Fund	Adjustments (see Note 7A)	Net expenditure in the Comprehensive Income and Expenditure Statement	Expenditure and Funding Analysis	Net expenditure chargeable to the General Fund	Adjustments (see Note 7A)	Net expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
50,994	25,702	76,696	People Directorate	78,298	15,981	94,279
27,245	13,840	41,085	Place Directorate	36,463	6,178	42,641
19,699	9,885	29,584	Resources Directorate	22,524	4,409	26,933
313	0	313	Chief Executive	817	0	817
<b>98,251</b>	<b>49,427</b>	<b>147,678</b>	<b>Net cost of services</b>	<b>138,102</b>	<b>26,568</b>	<b>164,670</b>
(120,131)	(37,792)	(157,923)	Other income and expenditure	(127,216)	(10,640)	(137,856)
<b>(21,880)</b>	<b>11,635</b>	<b>(10,245)</b>	<b>Deficit/(surplus) on the provision of services</b>	<b>10,886</b>	<b>15,928</b>	<b>26,814</b>
(36,772)			<b>Opening General Fund 1 April</b>	(58,652)		
(11,635)			Adjustments between Accounting Basis and Funding Basis	(15,928)		
(10,245)			Less/plus deficit/(surplus) on the provision of services	26,814		
<b>(58,652)</b>			<b>Closing General Fund 31 March</b>	<b>(47,766)</b>		

## Note 7A: Note to the Expenditure and Funding Analysis:

Adjustments between Accounting Basis and Funding Basis under Regulations:

**Column 1 - Adjustments for capital purposes** – this column adds in depreciation and impairment and

revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

**Column 2 - Net change for pension adjustments** Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income: For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs. For financing and investment income and expenditure-net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

**Column 3 - Statutory adjustments** Other differences between amounts debited/credited to the Comprehensive Income and Expenditure

Statement and amounts payable/receivable to be recognised under statute:

For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts. The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under Statutory Regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

2020/21				2021/22				
Adjustments for capital purposes	Net change for pension adjustments	Statutory adjustments	Total adjustments	Adjustments between Accounting Basis and Funding Basis under Regulations	Adjustments for capital purposes	Net change for pension adjustments	Statutory adjustments	Total adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
9,888	15,011	803	25,702	People Directorate	6,031	10,324	(374)	15,981
5,324	8,083	433	13,840	Place Directorate	1,717	4,628	(167)	6,178
3,803	5,773	309	9,885	Resources Directorate	1,664	2,848	(103)	4,409
0	0	0	0	Chief Executive	0	0	0	0
<b>19,015</b>	<b>28,867</b>	<b>1,545</b>	<b>49,427</b>	<b>Net cost of services</b>	<b>9,412</b>	<b>17,800</b>	<b>(644)</b>	<b>26,568</b>
(37,336)	(14,754)	14,298	(37,792)	Other income and expenditure from Expenditure and Funding Analysis	(9,990)	8,383	(9,033)	(10,640)
<b>(18,321)</b>	<b>14,113</b>	<b>15,843</b>	<b>11,635</b>	<b>Difference between General Fund surplus and Comprehensive Income and Expenditure Statement deficit/(surplus) on the provision of services</b>	<b>(578)</b>	<b>26,183</b>	<b>(9,677)</b>	<b>15,928</b>

## Note 7B: Segmental income

Income received according to the Authority's operating segments is analysed as follows:

2020/21		2021/22
Income from services	Segmental income	Income from services
£'000		£'000
(157,292)	People Directorate	(163,946)
(16,506)	Place Directorate	(20,085)
(42,579)	Resources Directorate	(38,751)
(820)	Chief Executive	(15)
<b>(217,197)</b>	<b>Total income analysed on a segmental basis</b>	<b>(222,797)</b>

## Note 8: Adjustments between Accounting Basis and Funding Basis under Regulations

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are summarised as follows:

2021/22	Usable Reserves			
	General Fund Total	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
<b>Adjustments to revenue resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Deployment of Dedicated Schools Grant (DSG) - transferred to the DSG Adjustment Account	4,426	0	0	(4,426)
Pension costs (transferred to (or from) the Pension Reserve)	26,183	0	0	(26,183)
Council Tax and NNDR (transferred to (or from) the Collection Fund Adjustment Account)	(13,459)	0	0	13,459
Holiday pay (transferred to (or from) the Accumulated Absences Account)	(644)	0	0	644
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	17,620	142	0	(17,762)
<b>Total adjustments to revenue resources</b>	<b>34,126</b>	<b>142</b>	<b>0</b>	<b>(34,268)</b>
<b>Adjustments between revenue and capital resources</b>				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(7,286)	0	0	7,286
<b>Total adjustments between revenue and capital resources</b>	<b>(7,286)</b>	<b>0</b>	<b>0</b>	<b>7,286</b>
<b>Adjustments to capital resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	12	(925)	0	913
Application of capital grants to capital financing transferred to the Capital Adjustment Account	(13,688)	0	(7,167)	20,855
Application of capital expenditure amounts within the Capital Grants Unapplied Account	2,764	0	(2,764)	0
<b>Total adjustments to capital resources</b>	<b>(10,912)</b>	<b>(925)</b>	<b>(9,931)</b>	<b>21,768</b>
<b>Total adjustments</b>	<b>15,928</b>	<b>(783)</b>	<b>(9,931)</b>	<b>(5,214)</b>



## Note 8: Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

2020/21	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Total £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	
<b>Adjustments to revenue resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Accumulated Dedicated Schools Grant (DSG) deficit (transferred to the DSG Adjustment Account)	(1,461)	0	0	1,461
Pension costs (transferred to (or from) the Pension Reserve)	14,113	0	0	(14,113)
Council Tax and NNDR (transferred to (or from) the Collection Fund Adjustment Account)	15,759	0	0	(15,759)
Holiday pay (transferred to (or from) the Accumulated Absences Account)	1,545	0	0	(1,545)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	25,707	0	0	(25,707)
<b>Total adjustments to revenue resources</b>	<b>55,663</b>	<b>0</b>	<b>0</b>	<b>(55,663)</b>
<b>Adjustments between revenue and capital resources</b>				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(7,360)	0	0	7,360
<b>Total adjustments between revenue and capital resources</b>	<b>(7,360)</b>	<b>0</b>	<b>0</b>	<b>7,360</b>
<b>Adjustments to capital resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	(1,073)	1,073	0	0
Application of capital grants to capital financing transferred to the Capital Adjustment Account	(37,336)	0	7,643	29,693
Application of capital expenditure amounts within the Capital Grants Unapplied Account	1,741	0	(1,741)	0
<b>Total adjustments to capital resources</b>	<b>(36,668)</b>	<b>1,073</b>	<b>5,902</b>	<b>29,693</b>
<b>Total adjustments</b>	<b>11,635</b>	<b>1,073</b>	<b>5,902</b>	<b>(18,610)</b>

## Note 9: Movements in Earmarked General Fund Reserves

	Balance at 1 April 2020	Transfers out 2020/21	Transfers in 2020/21	Reclassifications	Balance at 31 March 2021	Transfers out 2021/22	Transfers in 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balances held by schools under a scheme of delegation	5,409	0	2,711	(100)	8,020	0	3,002	11,022
DSG overspend	(100)	0	0	100	0	0	0	0
Special expenses	(4)	0	10	0	6	(4)	0	2
Self-insurance fund	1,144	(4)	0	0	1,140	(82)	82	1,140
Long-term commitment	711	(58)	0	0	653	(59)	0	594
Specific earmarked reserves	16,944	0	12,692	0	29,636	(27,882)	18,603	20,357
Waste management strategy	150	(3)	0	0	147	(80)	0	67
Covid Reserve	3,279	0	2,637	0	5,916	(5,691)	776	1,001
Council Tax Volatility Reserve	1,210	(193)	0	0	1,017	(550)	203	670
<b>Total Earmarked General Fund Reserves</b>	<b>28,743</b>	<b>(258)</b>	<b>18,050</b>	<b>0</b>	<b>46,535</b>	<b>(34,348)</b>	<b>22,666</b>	<b>34,853</b>

## Note 10: Other operating expenditure

Other operating expenditure reported includes Parish Council precepts costs, all levies payable and losses generated from the in-year disposal of non-current assets.

2020/21	2021/22
Net expenditure £'000	Net expenditure £'000
4,364 Parish Council precepts	4,494
158 Levies	165
0 Miscellaneous amounts	(1,105)
4,751 Losses on the disposal of non-current assets	9,495
<b>9,273 Total</b>	<b>13,049</b>

## Note 11: Financing and investment income and expenditure

Financing and investment income and expenditure includes interest receivable and payable on the Council's investment portfolio. The Council's net rental income on the properties it holds purely for investment purposes is also included. It also includes the interest element of the pension fund liability.

2020/21			2021/22
Net expenditure	Financing and investment income and expenditure	Note	Net expenditure
£'000			£'000
	7,496	Interest payable and similar charges	7,286
	6,776	Net interest on the net defined benefit liability	8,683
	(261)	Interest receivable and similar income	(155)
	(2,748)	Income and expenditure in relation to investment properties and changes in their fair value	(8,933)
	<b>11,263</b>	<b>Total</b>	<b>6,881</b>

## Note 12: Taxation and non-specific grant income and expenditure

This note consolidates all non-specific grants and contributions receivable that cannot be identified with individual service expenditure and therefore cannot be credited to the gross income amount relevant to the service area. All capital grants and contributions are credited to non-specific grant income even if service-specific. The note also identifies the Council's proportion of council tax and business rates used to fund in-year service activities.

2020/21		2021/22
Net income	Taxation and non-specific grant income and expenditure	Net income
£'000		£'000
(105,546)	Council tax income	(108,627)
2,769	Business Rate Retention Scheme	(10,991)
0	Other income	(3,267)
(38,100)	Non-ringfenced government grants	(23,013)
(37,582)	Capital grants and contributions	(11,888)
<b>(178,459)</b>	<b>Total</b>	<b>(157,786)</b>

## Note 13: Income and expenditure analysed by nature

2020/21	The Authority's income and expenditure is analysed as follows:	2021/22
£'000		£'000
147,887	Employee benefit expenses	162,665
236,229	Other service expenses	242,610
13,725	Depreciation, amortisation and impairment	9,412
7,496	Interest payments	7,286
4,522	Precepts and levies	4,659
4,751	Losses on disposal of non-current assets	9,495
<b>414,610</b>	<b>Total expenditure</b>	<b>436,127</b>
(57,186)	Fees, charges and other service income	(65,264)
(261)	Interest and investment income	(155)
(128,155)	Income from Council Tax and NNDR	(144,255)
(239,253)	Government grants and contributions	(199,639)
<b>(424,855)</b>	<b>Total income</b>	<b>(409,313)</b>
<b>(10,245)</b>	<b>Deficit/(surplus) on the provision of services</b>	<b>26,814</b>

## Note 14: Property, Plant and Equipment

The Accounting Policies for Property, Plant and Equipment are disclosed in Note 1-Section 21.

<b>Movements in 2021/22</b>						
	<b>Other land and buildings</b>	<b>Vehicles, plant, furniture &amp; equipment</b>	<b>Community assets</b>	<b>Surplus assets</b>	<b>Assets under construction</b>	<b>Total property, plant and equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation 1 April 2021</b>	334,676	23,015	20	2,980	7,432	368,123
Additions	10,876	2,638	18	16	318	13,866
Revaluation increases recognised in the revaluation reserve	4,996	0	74	0	0	5,070
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	2,166	0	20	(42)	0	2,144
Derecognition-disposals	(33)	0	0	0	0	(33)
Derecognition-other	(1,539)	(4,589)	0	0	(7,607)	(13,735)
Assets reclassified (to)/from held for sale	598	0	0	(471)	0	127
Other movements in cost or valuation	63	0	0	0	0	63
<b>At 31 March 2022</b>	<b>351,803</b>	<b>21,064</b>	<b>132</b>	<b>2,483</b>	<b>143</b>	<b>375,625</b>
<b>Accumulated depreciation and impairment</b>						
<b>At 1 April 2021</b>	(4,672)	(14,394)	0	0	0	(19,066)
Depreciation charge	(3,920)	(2,116)	0	0	0	(6,036)
Depreciation written out to the revaluation reserve	2,806	0	0	0	0	2,806
Depreciation written out to the surplus/deficit on the provision of services	0	0	0	0	0	0
Impairment losses recognised in the surplus/deficit on the provision of services	932	0	0	0	0	932
Derecognition-disposals	1	0	0	0	0	1
Derecognition-other	28	4,221	0	0	0	4,249
Other movements in depreciation and impairment	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>(4,825)</b>	<b>(12,289)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,114)</b>
<b>Net book value</b>						
<b>At 31 March 2022</b>	<b>346,978</b>	<b>8,775</b>	<b>132</b>	<b>2,483</b>	<b>143</b>	<b>358,511</b>
<b>At 31 March 2021</b>	<b>330,004</b>	<b>8,621</b>	<b>20</b>	<b>2,980</b>	<b>7,432</b>	<b>349,057</b>

## Note 14: Property, Plant and Equipment (continued)

Movements in 2020/21						
	Other land and buildings	Vehicles, plant, furniture & equipment	Community assets	Surplus assets	Assets under construction	Total property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation 1 April 2020</b>	336,454	25,292	20	0	4,260	366,026
Additions	7,201	2,621	0	11	3,172	13,005
Donations	0	0	0	0	0	0
Revaluation decreases recognised in the revaluation reserve	(1,048)	0	0	0	0	(1,048)
Surplus assets revaluation increases/(decreases) charged to reserves	0	0	0	0	0	0
Revaluation decreases recognised in the surplus/deficit on the provision of services	(1,588)	0	0	0	0	(1,588)
Derecognition-disposals	(2,341)	(266)	0	0	0	(2,607)
Derecognition-other	(455)	(4,632)	0	0	0	(5,087)
Assets reclassified (to)/from held for sale	(3,547)	0	0	2,969	0	(578)
Other movements in cost or valuation	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>334,676</b>	<b>23,015</b>	<b>20</b>	<b>2,980</b>	<b>7,432</b>	<b>368,123</b>
<b>Accumulated depreciation and impairment</b>						
<b>At 1 April 2020</b>	(2,071)	(16,269)	0	0	0	(18,340)
Depreciation charge	(3,795)	(1,939)	0	0	0	(5,734)
Depreciation written out to the revaluation reserve	1,006	0	0	0	0	1,006
Depreciation written out to the surplus/deficit on the provision of services	0	0	0	0	0	0
Impairment losses recognised in the surplus/deficit on the provision of services	168	0	0	0	0	168
Derecognition-disposals	0	188	0	0	0	188
Derecognition-other	20	3,626	0	0	0	3,646
Other movements in depreciation and impairment	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>(4,672)</b>	<b>(14,394)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(19,066)</b>
<b>Net book value</b>						
<b>At 31 March 2021</b>	<b>330,004</b>	<b>8,621</b>	<b>20</b>	<b>2,980</b>	<b>7,432</b>	<b>349,057</b>
<b>At 31 March 2020</b>	<b>334,383</b>	<b>9,023</b>	<b>20</b>	<b>0</b>	<b>4,260</b>	<b>347,686</b>

## Note 14.1: Infrastructure assets

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Gross cost and accumulated depreciation amounts for infrastructure assets for the 2021/22 and 2020/21 financial years have not been reported as there is currently no established methodology that can be applied to accurately apportion gross book values between cost and depreciation. The net book values of infrastructure assets disclosed in the note in respect of both financial years are unaffected, and the Council has concluded that this presentation does not have a materially adverse impact upon the understandability of the financial statements.

Movements in 2021/22	
	Infrastructure assets £'000
<b>Opening Net Book Value 1 April 2021</b>	188,461
Additions	14,225
Revaluation increases / (decreases) recognised in the revaluation reserve	0
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(312)
Derecognition - disposals	0
Derecognition - other	0
Assets reclassified (to) / from held for sale	0
Other movements in cost or valuation	(63)
Depreciation charge	(5,859)
Depreciation written out to the revaluation reserve	0
Depreciation written out to the surplus / deficit on the provision of services	0
Impairment losses / (reversals) recognised in the surplus	
. Deficit on the provision of services	112
Derecognition - disposals	0
<b>Net Book Value 31 March 2022</b>	<b>196,564</b>

Comparative movements: Movements in 2020/21	
	Infrastructure assets £'000
<b>Opening Net Book Value 1 April 2020</b>	178,514
Additions	16,563
Revaluation increases / (decreases) recognised in the revaluation reserve	0
Surplus assets revaluation increases / (decreases) charged to reserves	0
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	0
Derecognition - disposals	0
Derecognition - other	(374)
Assets reclassified (to) / from held for sale	0
Other movements in cost or valuation	0
Depreciation charge	(6,242)
Depreciation written out to the revaluation reserve	0
Depreciation written out to the surplus / deficit on the provision of services	0
Impairment losses / (reversals) recognised in the surplus	
. Deficit on the provision of services	0
Derecognition - disposals	0
Derecognition - other	0
Other movements in depreciation and impairment	0
<b>Net Book Value 31 March 2021</b>	<b>188,461</b>

## Note 14.2: Revaluations

	Other land and buildings £'000	Vehicles, plant, furniture & equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total property, plant and equipment £'000
<b>Carried at historical cost</b>	0	8,775	196,564	38	0	143	205,520
<b>Valued at current value as at:</b>							
31 March 2022	138,950	0	0	94	2,484	0	141,528
31 March 2021	34,291	0	0	0	0	0	34,291
31 March 2020	128,630	0	0	0	0	0	128,630
31 March 2019	43,055	0	0	0	0	0	43,055
31 March 2018	2,050	0	0	0	0	0	2,050
<b>Total cost or valuation</b>	<b>346,976</b>	<b>8,775</b>	<b>196,564</b>	<b>132</b>	<b>2,484</b>	<b>143</b>	<b>555,074</b>

## Note 15: Heritage Assets

The Berkshire Record Office (BRO) holds the historic archives of the Royal County of Berkshire. Located in Reading, the building was built and is owned by West Berkshire Council on land owned by Reading Borough Council. The staff are employed by Reading Borough Council. The purpose of the BRO is to locate and preserve archives and records relating to the Royal County of Berkshire and its people, and make them available for all to research. Established in 1948, the BRO is run as a joint service for the six district Councils that provide local services in Berkshire - [www.berkshirerecordoffice.org.uk/](http://www.berkshirerecordoffice.org.uk/)

The West Berkshire Museum is a Council service. It is responsible for the protection and care of approximately 35,000 objects relating to the history of the district from prehistoric times to the present day -

<https://westberkshiremuseumcollections.org/>. The collections are grouped into the following categories: Archaeology, Archive, Costume, Decorative Art, Ephemera, Fine Art, Geology, Horology, Jewellery, Map, Militaria, Natural History, Numismatics, Photograph, Trade and Industry, Social History. The majority of objects in the collection have been gifted and have local significance. Subject to the approval of the Museum Collections Development Panel, the Museum may dispose of items from the collection, although this will only happen in exceptional circumstances, for example when the item does not fit the criteria of the Acquisition and Disposal Policy, the item is a hazard to health, or the condition of the item is so poor it can no longer be appropriately displayed or cared for.

The Museum acquires archaeology declared as Treasure through the Portable

Antiquities Scheme and has done so since the scheme started in 1997. Following the declaration of Treasure, the items go through two valuation processes, the second settling on a market value agreed by the Treasure Valuation Committee (TVC) administered by the Treasure Section at the British Museum. The collective value of Treasure acquired by the Museum to date is £121,590.

Officers have determined that other assets held are of local cultural significance but are not of a sufficiently material valuation in the context of this Statement of Accounts.

The Council has commenced a project to obtain current values for Museum collection assets for insurance purposes. This exercise will be completed in stages, beginning in the 2022/23 financial year.



## Note 16.1: Investment Properties

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

	2020/21	2021/22
	£'000	£'000
Rental income from Investment Properties	3,529	3,938
Upward/(downward) revaluations	(277)	5,742
Direct operating expenses arising from Investment Properties	(504)	(747)
<b>Net gain</b>	<b>2,748</b>	<b>8,933</b>

The following table summarises the movement in the fair value of Investment Properties during the year:

Movement in the fair value of Investment Properties	2020/21	2021/22
	£'000	£'000
<b>Balance at the start of the year</b>	66,570	66,315
<b>Additions:</b>		
Purchases	22	499
Construction	0	0
Subsequent expenditure	0	0
Disposals	0	0
Net gains/(losses) from fair value adjustments	(277)	5,742
<b>Transfers:</b>		
To Property, Plant and Equipment	0	0
Other changes	0	0
<b>Balance at the end of the year</b>	<b>66,315</b>	<b>72,556</b>

There have been no changes in the techniques used to value Investment Properties during 2021/22.

## Note 16.2: Fair value hierarchy of Investment Properties

Fair value hierarchy 2021/22				
Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2022 £'000
Commercial units	0	72,556	0	72,556
<b>Total</b>	<b>0</b>	<b>72,556</b>	<b>0</b>	<b>72,556</b>

Fair value hierarchy 2020/21				
Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2021 £'000
Commercial units	0	66,315	0	66,315
<b>Total</b>	<b>0</b>	<b>66,315</b>	<b>0</b>	<b>66,315</b>

### Fair value measurement of non-financial assets:

The Authority's accounting policy for fair value measurement of financial assets is disclosed in Note 1.26. The Authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction

to sell the asset takes place either:

- in the principal market for the asset; or
- in the absence of a principal market, in the most advantageous market for the asset.

The Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by

selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Level 2 assets are financial assets and liabilities that do not have regular market pricing but whose fair values can be determined based upon other data or market prices. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets which are not active and inputs (other than quoted prices) that are observable for the asset or liability, examples including implied volatilities and credit spreads.

No transfers within the applicable asset categories have occurred during 2021/22.

## Note 17: Intangible Assets

The Authority accounts for its software, licences and internally-generated software as intangible assets, to the extent that the software is not part of a particular Information Technology system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of benefit to the Authority.

2020/21			2021/22		
Internally generated assets	Other assets	Total	Internally generated assets	Other assets	Total
£'000	£'000	£'000	£'000	£'000	£'000
0	5,942	5,942	0	3,139	3,139
0	(4,929)	(4,929)	0	(1,765)	(1,765)
<b>0</b>	<b>1,013</b>	<b>1,013</b>	<b>0</b>	<b>1,374</b>	<b>1,374</b>
<b>Additions:</b>					
0	675	675	0	1,268	1,268
0	(314)	(314)	0	(395)	(395)
0	(3,478)	(3,478)	0	(901)	(901)
0	3,478	3,478	0	783	783
0	0	0	0	0	0
<b>0</b>	<b>1,374</b>	<b>1,374</b>	<b>0</b>	<b>2,129</b>	<b>2,129</b>

## Note 18: Financial Instruments

The Accounting Policies for Financial Instruments are disclosed in Note 1-Section 26.

### Note 18.1: Financial Assets and Liabilities

The following categories of Financial Instruments are carried in the Balance Sheet:

2020/21					2021/22				
Non - current		Current			Financial assets	Non - current		Current	
Investments	Debtors	Investments	Debtors	Investments		Debtors	Investments	Debtors	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
0	0	8,201	0	Fair value through profit and loss	0	0	14,807	0	
0	50	0	0	Amortised cost - soft loans	0	16	0	0	
0	0	26,879	19,331	Amortised cost - other	0	0	22,983	17,753	
				Fair value through other					
0	0	0	0	comprehensive income - designated equity instruments	0	0	0	0	
0	0	0	0	Fair value through other comprehensive income - other	0	0	0	0	
<b>0</b>	<b>50</b>	<b>35,080</b>	<b>19,331</b>	<b>Total financial assets</b>	<b>0</b>	<b>16</b>	<b>37,790</b>	<b>17,753</b>	

2020/21					2021/22				
Non - current		Current			Financial liabilities	Non - current		Current	
Borrowings	Creditors	Borrowings	Creditors	Borrowings		Creditors	Borrowings	Creditors	
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
0	0	0	0	Fair value through profit and loss	0	0	0	0	
203,331	0	6,388	27,537	Amortised cost	197,561	0	5,770	31,938	
<b>203,331</b>	<b>0</b>	<b>6,388</b>	<b>27,537</b>	<b>Total financial liabilities</b>	<b>197,561</b>	<b>0</b>	<b>5,770</b>	<b>31,938</b>	
0	0	0	0	Non - financial liabilities	0	0	0	0	
<b>203,331</b>	<b>0</b>	<b>6,388</b>	<b>27,537</b>	<b>Total</b>	<b>197,561</b>	<b>0</b>	<b>5,770</b>	<b>31,938</b>	

## Note 18.2: Financial Instruments

Income, expense, gains and losses:

2020/21			2021/22	
Surplus on the provision of services	Income, expense, gains and losses		Deficit on the provision of services	
£'000			£'000	
		<b>Net (gains)/losses on interest income/expenditure:</b>		
	(261)	Investment income/interest	(155)	
	7,496	Interest expense	7,286	
	<b>7,235</b>	<b>Total net gains/losses</b>	<b>7,131</b>	

## Note 18.3: Fair Values of Financial Assets and Liabilities

The fair values of financial assets and liabilities held by the Authority are carried in the Balance Sheet at amortised cost. The fair values can be estimated by calculating the present value of cash flows that will be generated during the remaining life of the applicable instrument. The fair values attached to borrowings often differ to their carrying amounts due to interest rate variances, in that average rates of interest on the Council's borrowings are often higher than current rates for new borrowing.

2020/21			2021/22		
Carrying amount	Fair value	Financial liabilities	Carrying amount	Fair value	
£'000	£'000		£'000	£'000	
191,848	232,918	Financial liabilities held at amortised cost - PWLB loans	186,891	198,883	
6,388	6,388	Short-term borrowings at amortised cost	5,770	5,770	
11,483	15,363	PFI and finance lease liabilities	10,670	13,011	
<b>209,719</b>	<b>254,669</b>	<b>Total</b>	<b>203,331</b>	<b>217,664</b>	

2020/21			2021/22		
Carrying amount	Fair value	Financial assets	Carrying amount	Fair value	
£'000	£'000		£'000	£'000	
21,080	21,084	Financial assets held at amortised cost-cash and cash equivalents	19,790	19,790	
14,000	14,050	Financial assets held at amortised cost - short-term investments	18,000	18,000	
50	50	Long - term debtors	16	16	
<b>35,130</b>	<b>35,184</b>	<b>Total</b>	<b>37,806</b>	<b>37,806</b>	

## Note 19: Debtors

2020/21		2021/22
£'000	Debtors	£'000
10,976	Trade receivables	11,887
3,169	Prepayments	2,660
21,242	Council Tax and NNDR receivables	8,524
24,208	Other receivable amounts	19,552
<b>59,595</b>	<b>Total</b>	<b>42,623</b>

## Note 20: Cash and cash equivalents

The balance of Cash and cash equivalents comprises the following elements:

2020/21		2021/22
£'000	Cash and cash equivalents	£'000
	1 Cash held by the authority	1
21,079	Bank accounts and other cash deposits	19,789
<b>21,080</b>		<b>19,790</b>

## Note 21: Creditors

2020/21		2021/22
£'000	Creditors	£'000
25,702	Trade payables	24,344
9,828	Receipts in advance	5,002
30,286	Other payables	35,871
<b>65,816</b>	<b>Total</b>	<b>65,217</b>

## Note 22: Provisions

Business Rates appeals are split between preceptors on a % allocation basis. The Council's precept share of the Collection Fund remained unchanged at 49% (as at 31 March 2022). The impact upon the Council's Business Rates Appeals Provision during the year was a reduction of £1,046,000.

Current provisions	Crookham (extraction of minerals) £'000	Business Rates provision for appeals £'000	Other provisions £'000	Total £'000
<b>Balance at 1 April 2021</b>	0	2,444	0	2,444
Additional provisions made in 2021/22	0	251	0	251
Amounts used in 2021/22	0	(1,046)	0	(1,046)
Unused amounts reversed in 2021/22	0	0	0	0
Unwinding of discounting in 2021/22	0	0	0	0
<b>Balance at 31 March 2022</b>	<b>0</b>	<b>1,649</b>	<b>0</b>	<b>1,649</b>

Non-current provisions	Crookham (extraction of minerals) £'000	Business Rates provision for appeals £'000	Other provisions £'000	Total £'000
<b>Balance at 1 April 2021</b>	9	0	0	9
Additional provisions made in 2021/22	0	0	0	0
Amounts used in 2021/22	0	0	0	0
Unused amounts reversed in 2021/22	0	0	0	0
Unwinding of discounting in 2021/22	0	0	0	0
<b>Balance at 31 March 2022</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>9</b>

## Note 23: Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement in Reserves Statement.

## Note 24: Unusable Reserves

2020/21		2021/22
£'000	Unusable Reserves	£'000
180,138	Revaluation Reserve	183,643
155,377	Capital Adjustment Account	169,800
(420,381)	Pension Reserve	(382,579)
(23,122)	Collection Fund Adjustment Account	(9,663)
1,461	Dedicated Schools Grant (DSG) Adjustment Account	(2,965)
(5,165)	Accumulated Absences Account	(4,521)
<b>(111,692)</b>	<b>Total Unusable Reserves</b>	<b>(46,285)</b>

The Council holds no unusable Financial Instruments Reserves as all applicable balances are short-term in nature, and none meet the definition of a Reserve.

### Note 24.1: Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and gains are lost;
- used in the provision of services and the gains are consumed through depreciation or;
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the Balance Sheet within the Capital Adjustment Account.

2020/21		2021/22
£'000	Revaluation Reserve	£'000
<b>182,830</b>	<b>Balance at 1 April</b>	<b>180,138</b>
0	Restatement to brought forward balance	(524)
<b>182,830</b>	<b>Restated brought forward balance</b>	<b>179,614</b>
3,245	Upward revaluation of assets	16,696
(1,734)	Downward revaluation of assets and impairment losses not charged to the deficit/(surplus) on the provision of services	(10,060)
<b>1,511</b>	<b>Surplus or deficit on the revaluation of non-current assets not posted to the deficit/(surplus) on the provision of services</b>	<b>6,636</b>
0	Assets held for sale	0
(1,722)	Difference between fair value depreciation and historical cost depreciation	(1,655)
(2,481)	Accumulated losses on assets sold or scrapped	(952)
<b>(4,203)</b>	<b>Amount written off to the capital account</b>	<b>(2,607)</b>
<b>180,138</b>	<b>Balance at 31 March</b>	<b>183,643</b>



## Note 24.2: Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all transactions posted to the account, apart from those involving the Revaluation Reserve.

2020/21	Capital Adjustment Account	2021/22
£'000		£'000
<b>139,828</b>	<b>Balance at 1 April</b>	<b>155,377</b>
0	Restatement to brought forward balance	(1,277)
<b>139,828</b>	<b>Restated brought forward balance</b>	<b>154,100</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(11,976)	Charges for depreciation and impairment of non-current assets	(11,895)
(1,435)	Revaluation gains/(losses) on property, plant and equipment	2,878
(314)	Amortisation of intangible assets	(395)
(6,954)	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	(5,922)
	Non - current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
(2,270)		(8,684)
0	Gain on recognition of donated assets	3,267
<b>(22,949)</b>		<b>(20,751)</b>
1,722	Adjusting amounts written out of the Revaluation Reserve	1,655
	<b>Net written out amount of the cost of non-current assets</b>	
<b>1,722</b>	<b>consumed in the year</b>	<b>1,655</b>
	<b>Capital financing applied in the year:</b>	
	Application of grants to capital financing from the Capital Grants	
29,693	Unapplied Account	20,855
0	Use of the Capital Receipts Reserve to finance capital expenditure	913
	Statutory provision for the financing of capital investment charged against the General Fund	
7,360		7,286
<b>37,053</b>		<b>29,054</b>
	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	
(277)		5,742
<b>155,377</b>	<b>Balance at 31 March</b>	<b>169,800</b>

## Note 24.3: Collection Fund Adjustment Account

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

2020/21		2021/22
£'000	Collection Fund Adjustment Account	£'000
(2,025)	<b>Council Tax - balance at 1 April</b>	(1,464)
	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the 561 year in accordance with statutory requirements	794
(1,464)	<b>Council Tax - balance at 31 March</b>	(670)
(5,338)	<b>Business Rates - balance at 1 April</b>	(21,658)
(16,320)	Amount by which Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Business Rates income calculated for the year in accordance with statutory requirements	12,665
(21,658)	<b>Business Rates - balance at 31 March</b>	(8,993)
(23,122)	<b>Collection Fund balance at 31 March</b>	(9,663)

## Note 24.4: Accumulated Absences Account

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

2020/21		2021/22
£'000	Accumulated Absences Account	£'000
(3,620)	<b>Balance at 1 April</b>	(5,165)
(1,545)	Amount by which officers' remuneration charged to the Comprehensive Income and Expenditure Statement on the accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	644
(5,165)	<b>Balance at 31 March</b>	(4,521)

## Note 24.5: Pension Reserve

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

2020/21		2021/22
£'000	Pension Reserve	£'000
<b>(293,143)</b>	<b>Balance at 1 April</b>	<b>(420,381)</b>
<b>(113,125)</b>	Remeasurement of the net defined benefit liability	63,985
	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the	
<b>(28,867)</b>	Comprehensive Income and Expenditure Statement	<b>(41,810)</b>
	Employer's pension contributions and direct payments to the	
14,754	pensioners payable in the year	15,627
<b>(420,381)</b>	<b>Balance at 31 March</b>	<b>(382,579)</b>

## Note 24.6: Dedicated Schools Grant (DSG) Adjustment Account

The Dedicated Schools Grant Adjustment Account houses the accumulated deficit on the Council's deployment of Dedicated Schools Grant as at 31 March 2022, with statutory accounting arrangements requiring an in-year transfer from the General Fund.

2020/21	2021/22
Dedicated Schools Grant (DSG) Adjustment Account	
£'000	£'000
<b>0 Balance at 1 April</b>	<b>1,461</b>
0 Restatement to brought forward balance	(2,922)
<b>0 Restated balance at 1 April</b>	<b>(1,461)</b>
In-year deficit arising from the deployment of Dedicated Schools	
1,461 Grant (DSG)	(1,504)
<b>1,461 Balance at 31 March</b>	<b>(2,965)</b>

## Note 25: Cash flow statement - operating activities

The cashflows for operating activities include the following items:

2020/21	2021/22
Cash flow statement - operating activities	
£'000	£'000
(261) Interest received	(155)
7,496 Interest paid	7,286
<b>7,235</b>	<b>7,131</b>
<b>Net (deficit)/surplus on the provision of services adjusted for non - cash movements:</b>	
11,976 Depreciation	11,895
(152) Impairment	(1,044)
314 Amortisation	395
32,119 Increase in creditors	10,023
(31,486) Decrease/(increase) in debtors	16,972
1 (Increase)/decrease in inventories	(2)
14,113 Movement in pension liability	26,183
Other non - cash items charged to the net (deficit)/surplus on	
1,145 the provision of services	(8,369)
<b>28,030 Total non-cash movements</b>	<b>56,053</b>

## Note 26: Cash flow statement - investing activities

The (deficit)/surplus on the provision of services has been adjusted for the following items that are investing activities:

2020/21		2021/22
£'000	Cash flow statement - investing activities	£'000
	Purchase of property, plant and equipment, investment properties and intangible assets	(29,858)
(30,265)	Other payments for investing activities	0
(18)	Proceeds from the sale of property, plant and equipment, investment properties and intangible assets	9,495
4,717	Other receipts from investing activities	(3,967)
2,043	<b>Net cash flows from investing activities</b>	<b>(24,330)</b>
<b>(23,523)</b>		

## Note 27: Cash flow statement - financing activities

The (deficit)/surplus on the provision of services has been adjusted for the following items that are financing activities:

2020/21		2021/22
£'000	Cash flow statement - financing activities	£'000
	Cash receipts of short-term borrowings and long-term borrowings	5,965
7,388	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance-sheet PFI contracts	(766)
(722)	Repayments of short-term borrowings and long-term borrowings	(11,540)
(16,236)	<b>Net cash flows from financing activities</b>	<b>(6,341)</b>
<b>(9,570)</b>		

## Note 28: Pooled Budgets

The pooled budget for Berkshire Community Equipment Service was established on 1 April 2012 under Section 31 of the Health Act 1999. A Section 75 agreement exists between the six Unitary Authorities in Berkshire and the two NHS Clinical Commissioning Groups covering the same geographical area. The pooled budget arrangement is administered by the lead authority, West Berkshire Council, on behalf of the partnership. The aim of the partnership is, through their collective purchasing power, to ensure cost-effective service delivery for the population of Berkshire.

The Better Care Fund (BCF) was established in 2015 as a pooled budget under Section 75 of the 2006 National Health Service Act. It is a programme spanning both the NHS and local government which seeks to provide an integrated health and social care service. The Council entered into a Section 75 agreement with NHS Berkshire West Clinical Commissioning Group to comply with the requirements of the Better Care Fund (BCF), the aims and benefits of which include:

1. Improving the quality and efficiency of Health and Social Care Services.
2. Meeting the National Conditions set by NHS England and Local Objectives.
3. Making more effective use of resources through the establishment and maintenance of a pooled fund for revenue expenditure on the services.

2020/21		2021/22
<b>Berkshire Community Equipment Service</b>		
<b>£'000</b>		<b>£'000</b>
<b>Funding provided to the pooled budget:</b>		
(1,019)	West Berkshire	(1,144)
(6,278)	Berkshire Clinical Commissioning Groups	(6,476)
(3,260)	Other unitary authorities	(3,465)
(139)	Other (limited/CIC)	(216)
<b>(10,696)</b>	<b>Total income</b>	<b>(11,301)</b>
<b>Expenditure met from pooled budget:</b>		
1,019	West Berkshire	1,144
6,278	Berkshire Clinical Commissioning Groups	6,476
3,260	Other unitary authorities	3,465
139	Other (limited/CIC)	216
<b>10,696</b>	<b>Total expenditure</b>	<b>11,301</b>

2020/21		2021/22
<b>Better Care Fund (Revenue)</b>		
<b>£'000</b>		<b>£'000</b>
<b>Funding provided to the pooled budget:</b>		
(5,811)	NHS Berkshire West CCG	(6,139)
<b>(5,811)</b>	<b>Total income</b>	<b>(6,139)</b>
<b>Expenditure met from the pooled budget:</b>		
<b>West Berkshire:</b>		
781	Physical Support	859
639	Memory and Cognition Support	681
2,059	Learning Disabilities Support	2,168
667	Carers Support	693
1,436	Reablement	1,512
229	Other	226
<b>5,811</b>	<b>Total expenditure</b>	<b>6,139</b>

## Note 29: Members Allowances

The Authority paid the following amounts to Members of the Authority during the year:

Members' Allowances	2020/21	2021/22
	£'000	£'000
Salaries	485	501
Car allowances	2	5
Employees'/members' expenses	0	0
<b>Total</b>	<b>487</b>	<b>506</b>

## Note 30.1: Officer Remuneration

The remuneration paid to senior officers was as follows:

Senior Officers' Remuneration		Note	Salary, fees and allowances	Bonuses	Expenses	Benefits in kind	Pension contributions	Total
			£	£	£	£	£	£
Chief Executive - Nick Carter	2020/21		148,988	0	0	5,000	33,522	187,510
Chief Executive (acting) - Susan Halliwell	2021/22	A	21,409	0	0	0	4,706	26,115
Chief Executive (current) - Nigel Lynn	2021/22	B	70,165	0	0	0	16,489	86,654
Executive Director - People	2020/21		129,465	0	0	120	29,130	158,715
	2021/22		132,777	0	0	120	31,203	164,100
Executive Director - Place	2020/21	C	122,529	0	0	0	27,569	150,098
	2021/22		111,355	0	0	0	26,169	137,524
Executive Director - Resources	2020/21		127,410	0	0	0	28,667	156,077
	2021/22		130,686	0	0	0	30,711	161,397
Head of Education	2020/21		87,033	0	0	3,500	19,582	110,115
	2021/22		88,556	0	0	3,500	20,811	112,867
Service Director - Strategy and Governance	2020/21		90,420	0	0	0	20,345	110,765
	2021/22		93,568	0	0	0	21,988	115,556
Service Director - Communities and Wellbeing	2020/21	D	21,876	0	0	0	4,922	26,798
	2021/22		91,458	0	26	0	20,574	112,058
Service Director - Development and Regulation	2020/21		0	0	0	0	0	0
	2021/22	E	55,962	0	0	0	13,151	69,113
Service Director - Environment	2020/21	F	90,420	0	53	120	20,345	110,938
	2021/22		93,568	0	0	120	21,988	115,676
Service Director - Adult and Social Care	2020/21	F	90,776	0	0	120	20,419	111,315
	2021/22		93,843	0	0	120	22,048	116,011

Notes:

A: Postholder was Acting Chief Executive between August and October 2021, the payment of temporary acting up payments ceased on 17 October 2021

B: Employment commenced 16 October 2021

C: Postholder commenced employment 1 January 2021, role held by previous occupant to 31 December 2020

D: New post for 2020/21, employment commenced 4 January 2021

E: New post for 2021/22, employment commenced 6 September 2021

F: New post for 2020/21, employment commenced 1 April 2020

## Note 30.2: Officer Remuneration

The Authority's employees receiving more than £50,000 remuneration for the year (excluding Employer's pension contributions) were paid the following amounts:

2020/21			2021/22	
Council employees	School employees	Remuneration band £	Council employees	School employees
38	46	50,000 - 54,999	46	81
33	26	55,000 - 59,999	49	38
22	19	60,000 - 64,999	22	30
12	12	65,000 - 69,999	11	17
11	11	70,000 - 74,999	23	14
1	4	75,000 - 79,999	8	9
0	1	80,000 - 84,999	3	13
2	2	85,000 - 89,999	3	3
10	3	90,000 - 94,999	0	0
0	0	95,000 - 99,999	1	1
1	2	100,000 - 104,999	4	1
0	1	105,000 - 109,999	1	3
0	2	110,000 - 114,999	0	0
0	0	115,000 - 119,999	0	2
0	0	120,000 - 124,999	0	1
2	0	125,000 - 129,999	1	0
0	0	130,000 - 134,999	0	1
0	0	135,000 - 139,999	0	1
0	0	140,000 - 144,999	0	0
0	0	145,000 - 149,999	0	0
1	0	150,000 - 154,999	0	0



## Note 30.3: Exit packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

2020/21					2021/22				
(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band [(b) + (c)]	(e) Total cost of exit packages in each band	(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies	(c) Number of other departures agreed	(d) Total number of exit packages by cost band [(b) + (c)]	(e) Total cost of exit packages in each band	
				£'000					£'000
<b>Council employees</b>									
0	3	3	23	0 - 20,000	2	7	9	76	
0	0	0	0	20,001 - 40,000	1	0	1	26	
0	0	0	0	40,001 - 60,000	2	0	2	102	
0	0	0	0	60,001 - 80,000	0	0	0	0	
0	0	0	0	80,001 - 100,000	0	0	0	0	
0	0	0	0	100,001 - 150,000	0	0	0	0	
0	0	0	0	150,001 - 200,000	0	0	0	0	
0	0	0	0	200,001 - 250,000	1	0	1	239	
<b>0</b>	<b>3</b>	<b>3</b>	<b>23</b>	<b>Total</b>	<b>6</b>	<b>7</b>	<b>13</b>	<b>443</b>	
<b>School employees</b>									
3	3	6	23	0 - 20,000	4	4	8	41	
0	0	0	0	20,001 - 40,000	0	1	1	25	
0	0	0	0	40,001 - 60,000	0	0	0	0	
0	0	0	0	60,001 - 80,000	0	0	0	0	
0	0	0	0	80,001 - 100,000	0	0	0	0	
0	0	0	0	100,001 - 150,000	0	0	0	0	
<b>3</b>	<b>3</b>	<b>6</b>	<b>23</b>	<b>Total</b>	<b>4</b>	<b>5</b>	<b>9</b>	<b>66</b>	

## Note 31: External audit costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the Authority's external auditor (Grant Thornton) and KPMG:

	2020/21	2021/22
External audit costs	£'000	£'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	147	92
Fees payable to KPMG in respect of grant claims and returns for the year	12	10
Fees payable to Grant Thornton in respect of teachers' pension for the year	7	5
Refund from Public Sector Audit Appointments	0	(15)
<b>Total</b>	<b>166</b>	<b>92</b>

External audit fees payable to Grant Thornton in 2021/22 include an amount of £38k provided for in respect of additional 2021/22 audit costs.

## Note 32: Disclosure of deployment of Dedicated Schools Grant

The Authority's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). The DSG allocation is largely based on the number of pupils recorded in the previous October school census. An element of DSG is recouped by the Department to fund academy schools in the Authority's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2018.

The Schools Budget includes elements for a range of educational services provided on an authority-wide basis (mainly for children educated out of maintained school settings including special needs placements) and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained primary and secondary school.

Details of the deployment of DSG received for 2021/22 is as follows:

Disclosure of deployment of Dedicated Schools Grant	2021/22		Total £'000
	Central expenditure £'000	Individual Schools Budget £'000	
Final DSG for 2021/22 before academy and high needs recoupment			149,306
Academy and high needs figure recouped for 2021/22			(45,569)
Total DSG after academy and high needs recoupment for 2021/22			103,737
<b>Agreed initial budgeted distribution in 2021/22</b>	<b>19,744</b>	<b>83,993</b>	<b>103,737</b>
In-year adjustments	122	0	122
<b>Final budget distribution for 2021/22</b>	<b>19,866</b>	<b>83,993</b>	<b>103,859</b>
Less: Actual central expenditure	(21,088)	0	(21,088)
Less: Actual ISB deployed to schools	0	(84,275)	(84,275)
<b>Carried forward to 2022/23</b>	<b>(1,222)</b>	<b>(282)</b>	<b>(1,504)</b>
DSG Unusable Reserve (2020/21) - Note 24.6			(1,461)
Addition to DSG Unusable Reserve (2021/22) - Note 24.6			(1,504)
<b>Total DSG Unusable Reserve (2021/22) - Note 24.6</b>			<b>(2,965)</b>
<b>Net DSG position (2021/22)</b>			<b>(2,965)</b>

## Note 33.1: Grant Income

Agent and principal are key criteria in determining the accounting treatment of income amounts received. An agent arranges for a third party to provide services to an end customer whilst a principal directly provides those services. Accordingly, only those sums which are principal in nature have been treated as Authority income. All grant and contribution amounts received in 2021/22 and 2020/21 were assessed in detail, and the principal items below were credited to the Comprehensive Income and Expenditure Statement:

2020/21		2021/22
<b>Grants credited to taxation and non-specific grant income</b>		
<b>£'000</b>		<b>£'000</b>
<b>Non-ring fenced government grants</b>		
2,630	Adult Social Care Support grant	2,820
0	Additional Restrictions Grant	2,298
1,820	New Homes Bonus	1,147
71	Community Safety grant	0
24,352	Collection Fund Section 31 grants	11,329
9,133	Covid-19 grants	4,227
75	Home to School Transport grant	135
19	Other	1,057
<b>38,100</b>	<b>Total non-ringfenced government grants</b>	<b>23,013</b>
<b>Capital grants</b>		
964	Section 106 contributions	0
7,086	Community Infrastructure Levy (CIL)	2,516
29,532	Capital grants and contributions	9,372
<b>37,582</b>	<b>Total capital grants</b>	<b>11,888</b>
<b>Contributions, reimbursements and donations from government credited to services</b>		
<b>£'000</b>		<b>£'000</b>
96,919	Dedicated Schools Grant (DSG)	102,397
2,787	Teachers' Pension Grant	279
26,621	Housing Benefit Subsidy	24,622
	Learning Support Council, Skills and Education Funding	
11,760	Agencies	10,761
5,905	Public Health	5,945
11,995	Covid-19 grant funding	5,693
2,313	Private Finance Initiative (PFI)	2,312
636	Improved Better Care Fund	783
371	Housing Benefit Administration	375
729	Unaccompanied Asylum Seekers	1,132
483	Rough Sleeping Initiative	730
404	Independent Living Fund	404
329	Troubled Families	0
2,319	Other specific government grants	6,038
<b>163,571</b>	<b>Total government grants credited to services</b>	<b>161,471</b>

## Note 33.2: Grant receipts in advance

The Authority's current liabilities and long-term liabilities relating to grant receipts in advance within the Balance Sheet are as follows:

2020/21	2021/22
<b>Grant receipts in advance - current liabilities</b>	
<b>£'000</b>	<b>£'000</b>
<b>Grant receipts in advance (capital grants)</b>	
(119) LEP (Local Enterprise Partnership)	(119)
0 Community Infrastructure Levy (CIL)-contributions for town/parishes	(337)
(1,081) Homes and Communities Agency (HCA)	(1,081)
(666) Section 106 developer contributions	(564)
(428) Section 278	(428)
(2,166) DEFRA	(2,189)
0 Department for Education High Needs grant	(500)
0 Housing grants	(82)
(718) Local Transport Capital Funding	(5,260)
<b>(5,178) Total grant receipts in advance (capital grants)</b>	<b>(10,560)</b>
<b>Grant receipts in advance (revenue grants)</b>	
(2,716) Covid-19 Local Restrictions grants	2,298
(176) Adult Skills and Community Learning	(141)
(434) Better Care Fund	(179)
(360) Improved Better Care Fund	(360)
(355) Public Protection Partnership	(221)
(302) National Leisure Recovery Fund	(65)
0 Early Years Funding	(7)
(20) Universal Infant Free School Meals grant	(23)
0 School Improvement (including Phonics)	(108)
0 Supporting Families	(425)
0 Energy Rebate schemes	(7,034)
0 Afghan relocations and assistance policy grant	(436)
(491) Other Covid-19 grants	(724)
(797) Other non-Covid-19 grants	(1,887)
<b>(5,651) Total grant receipts in advance (revenue grants)</b>	<b>(9,312)</b>
<b>Grant receipts in advance - long-term liabilities</b>	
<b>£'000</b>	<b>£'000</b>
<b>Grant receipts in advance (capital grants)</b>	
(6,864) Section 106 developer contributions	(8,490)
(126) Invest to Save	(126)
<b>(6,990) Total grant receipts in advance (capital grants)</b>	<b>(8,616)</b>

## Note 34: Related parties

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

2020/21	Related parties	2021/22
£'000		£'000
	290 Mary Hare School	228
	1,312 Parkwood Leisure	0
	141 Volunteer Centre (West Berkshire)	96
	77 St Bartholomew's School	96
	348 NHS Berkshire West CCG	131
<b>2,168</b>	<b>Total</b>	<b>551</b>

## Note 35: Capital expenditure financing

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

2020/21	Capital expenditure financing	2021/22
£'000		£'000
239,868	Opening capital financing requirement	240,034
0	Restatement to opening capital financing requirement	34,916
<b>239,868</b>	<b>Restated opening capital financing requirement</b>	<b>274,950</b>
	<b>Capital investment</b>	
26,396	Property, plant and equipment	24,506
22	Investment properties	499
675	Intangible assets	1,268
6,954	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	5,922
3,172	Assets under construction	317
	<b>Sources of finance</b>	
(29,693)	Government grants, other contributions and capital receipts	(21,768)
0	Sums set aside from revenue	0
0	Direct revenue contributions	0
(7,360)	Minimum Revenue Provision (MRP)	(7,286)
<b>240,034</b>	<b>Closing capital financing requirement</b>	<b>278,408</b>
	<b>Explanation of movements in the year:</b>	
0	Increase in underlying need to borrow (supported by government financial assistance)	0
7,526	Increase in underlying need to borrow (unsupported by government financial assistance)	45,660
(7,360)	Statutory provision for repayment of debt (MRP)	(7,286)
0	Assets acquired under PFI contracts	0
<b>166</b>	<b>Total</b>	<b>38,374</b>

## Note 36.1: Authority as a lessor - Operating leases

The Council is a lessor for a number of operating leases, with the majority relating to land and buildings assets.

The following table represents the minimum lease instalments payable:

2020/21	2021/22
£'000	£'000
3,212 Not later than one year	3,163
12,460 Later than one year and not later than five years	12,319
35,298 Later than five years	32,105
<b>50,970</b>	<b>47,587</b>

## Note 36.2: Authority as a lessee - Operating leases

The Council has a number of operating leases relating to land, buildings, vehicles and office equipment. The land and buildings include social care facilities, schools and playing fields.

The following table represents the minimum lease instalments payable:

2020/21	2021/22
£'000	£'000
520 Not later than one year	979
1,837 Later than one year and not later than five years	3,155
2,003 Later than five years	3,089
<b>4,360</b>	<b>7,223</b>

The expenditure charged to the relevant Directorate lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2020/21	2021/22
£'000	£'000
1,589 Minimum lease payments	1,487
0 Contingent rents	0
<b>1,589</b>	<b>1,487</b>

## Note 37.1: Private Finance Initiatives (PFI) and similar contracts - payments

The Council entered into a PFI contract with Veolia ES West Berkshire Limited in March 2008 for the provision of waste collection and disposal services. The contract included provision of an Integrated Waste Management Facility (IWMF), built on Council owned land at Padworth Sidings. This £25.97m facility opened on 19 October 2011, and is recognised as both an asset and liability in the Balance Sheet. However, whilst capital repayments actually commenced from 1 April 2013 notional capital payments have been spread over the 21 years from the month of opening to the end of the PFI contract on 30 September 2032.

The future payment stream is estimated as follows:

	Payment for services £'000	Reimbursement of capital expenditure £'000	Interest £'000	Total £'000
Payable in 2022/23	18,276	813	701	19,790
Payable within two to five years	78,445	3,780	2,276	84,501
Payable within six to ten years	110,420	6,176	1,393	117,989
Payable within eleven to fifteen years	11,516	714	43	12,273
<b>Total</b>	<b>218,657</b>	<b>11,483</b>	<b>4,413</b>	<b>234,553</b>

## Note 37.2: Private Finance Initiatives (PFI) and similar contracts - liability

The payments have been calculated to compensate Veolia ES West Berkshire Limited for the fair value of the services provided, the capital expenditure incurred and interest payable. The capital asset movement recognised by the Council and the associated outstanding PFI liability for capital expenditure incurred by Veolia ES West Berkshire Limited is disclosed below. At the end of the contract, the IWMF will revert, at no residual cost, back to the Council.

The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2020/21	2021/22
	£'000	£'000
Balance outstanding at start of year	12,971	12,249
Payments made during the year	(722)	(766)
<b>Balance outstanding at end of year</b>	<b>12,249</b>	<b>11,483</b>

## Note 38.1: Pension liability recognised in the Balance Sheet

2020/21		2021/22
Local Government Pension Scheme	Pension liability recognised in the Balance Sheet	Local Government Pension Scheme
£'000		£'000
728,769	Obligations in relation to pension fund	731,092
(316,294)	Fair value of Fund assets (bid value)	(355,937)
<b>412,475</b>	<b>Deficit</b>	<b>375,155</b>
7,906	Present value of unfunded obligation	7,424
<b>420,381</b>	<b>Net defined benefit liability</b>	<b>382,579</b>

2020/21		2021/22
Local Government Pension Scheme	Reconciliation of opening and closing balances of the fair value of Fund assets	Local Government Pension Scheme
£'000		£'000
<b>268,419</b>	<b>Opening fair value of Fund assets</b>	<b>316,294</b>
6,442	Interest on assets	6,232
28,222	Return on assets less interest	36,701
10,754	Other actuarial (losses)/gains	(6,357)
(163)	Administrative expenses	(300)
14,754	Contributions by employer including unfunded	15,627
4,148	Contributions by scheme participants and other employers	4,213
(16,282)	Estimated benefits paid plus unfunded net of transfers in	(16,427)
0	Settlement prices paid	(46)
<b>316,294</b>	<b>Closing fair value of Fund assets</b>	<b>355,937</b>



## Note 38.2: Asset and benefit obligation reconciliation

2020/21		2021/22	
Funded liabilities: Local Government Pension Scheme	Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Funded liabilities: Local Government Pension Scheme	
£'000		£'000	
<b>561,562</b>	<b>Opening defined benefit obligation</b>	<b>736,675</b>	
22,091	Current service cost	32,825	
13,055	Interest cost	14,615	
165,934	Change in financial assumptions	(35,181)	
(6,269)	Change in demographic assumptions	0	
(7,564)	Experience loss/(gain) on defined benefit obligation	1,540	
	0 Liabilities extinguished on settlements	(113)	
(15,784)	Estimated benefits paid net of transfers in	(15,951)	
	0 Past service costs, including curtailments	369	
4,148	Contributions by Scheme participants and other employers	4,213	
(498)	Unfunded pension payments	(476)	
<b>736,675</b>	<b>Closing defined benefit obligation</b>	<b>738,516</b>	

## Note 38.3: Fair value of scheme assets

2020/21		2021/22	
Asset breakdown			
£'000		£'000	
192,059	Equities	220,879	
50,598	Other bonds	57,561	
38,360	Property	42,582	
14,133	Cash	7,434	
12,734	Target Return Portfolio	1,061	
25,320	Infrastructure	43,555	
(16,910)	Longevity Insurance	(17,135)	
<b>316,294</b>	<b>Total</b>	<b>355,937</b>	

## Note 38.4: Defined benefit pension scheme - key assumptions

2020/21		2021/22
Funded liabilities: Local Government Pension Scheme		Funded liabilities: Local Government Pension Scheme
	Assumed life expectancy from age 65 (years)	
<b>Retiring today:</b>		
	21.2 Males	21.3
	23.9 Females	24.0
<b>Retiring in 20 years:</b>		
	22.5 Males	22.6
	25.4 Females	25.4
<b>Financial assumptions:</b>		
	2.00% Discount rate	2.60%
	2.85% Pension increases	3.25%
	3.85% Salary increases	4.25%

## Note 38.5: Sensitivity analysis

Sensitivity analysis	£'000	£'000	£'000
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	723,663	738,516	753,688
Projected service cost	29,383	30,229	31,098
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	739,660	738,516	737,380
Projected service cost	30,246	30,229	30,213
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	752,432	738,516	724,877
Projected service cost	31,089	30,229	29,390
<b>Adjustment to life expectancy assumptions</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	769,791	738,516	708,557
Projected service cost	31,501	30,229	29,003

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## Note 39.1: Nature and extent of risks arising from financial instruments risk

The Council's borrowing and investment activities expose it to a variety of financial risks. The key risks are:

Credit risk – the possibility that other parties might fail to pay amounts due to the Council;

Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;

Market risk - the possibility that financial loss might arise for the Council as a result of changes in financial markets such as interest rates and stock market movements;

The Covid-19 pandemic has continued to impact global financial markets during 2021/22. The Council's basic categories of risk remain unchanged but the significance of these risks has been influenced considerably by the pandemic.

### The Council's overall procedures for managing risk

The Council's overall risk procedures focus on the unpredictability of financial markets and implementing restrictions to mitigate those risks. The procedures for managing risk are defined within a legal framework based on the Local Government Act 2003 and associated regulations. These procedures require the Council to comply with the CIPFA Prudential Code (2019), the Treasury Management in the public services Code of Practice and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

By formally adopting the requirements of CIPFA Treasury Management in the public services Code of Practice;

By the adoption of a treasury policy statement and treasury management clauses within its financial regulations/standing orders/constitution;

By approving annually in advance prudential and treasury indicators for the following 3 years limiting:

The Council's overall borrowing;

The maximum and minimum exposures to fixed and variable rates;

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The maximum and minimum exposures to the maturity structure of debt;

The maximum annual exposures to investments maturing beyond a year;

By approving an Investment Strategy for the next year setting out criteria for both investing and selecting investment counterparties in compliance with Government guidance.

Performance against these indicators is forecast at or before the start of the new financial year as part of the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. The Treasury Management Strategy for 2022/23 was approved by Council on 3 March 2022 and is available on the Council's website.

Actual performance is also reported to the Council Executive in November or December each year (the mid-year position) and in September (the final position at the end of the financial year).

### **Credit risk**

Credit risk arises mainly from the investment of surplus funds with banks, building societies and other local authorities as well as credit exposures to the Council's customers. The Council's investment strategy aims to minimise credit risk by ensuring that funds are only invested with financial institutions which meet minimum criteria for credit worthiness. This is measured either with reference to a recognised national credit rating agency or, in the case of building societies, to the size of their asset base. The strategy also imposes maximum sums which can be invested with financial institutions within each category (a maximum of £5 million with institutions) and states that fixed-term deposits should not normally be for longer than one year.

Allowances for impairment losses have been determined for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including any balances at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council's treasury management advice specialist is Arlingclose. The Council reviews the established investment strategy on an ongoing basis to reflect advice provided by Arlingclose in relation to the credit risk presented by different types of financial institution and alternative financial instruments.

## Note 39.2: Nature and extent of risk – financial instruments

	2020/21	2021/22
	£'000	£'000
<b>Interest rate risk</b>		
Increase in interest payable on variable rate borrowings	0	0
Increase in interest receivable on variable rate investments	329	183
Increase in government grant receivable for financing costs	0	0
Decrease in fair value of investments held at FVPL	(9)	(15)
<b>Impact on surplus or deficit on provision of services</b>	<b>320</b>	<b>168</b>
<b>Impact on other comprehensive income and expenditure</b>	<b>320</b>	<b>168</b>
Decrease in fair value of loans and investments at amortised cost*	(13)	(22)
Decrease in fair value of fixed rate borrowing*	(37,625)	(28,179)

\*No impact on Other Comprehensive Income and Expenditure

### Credit risk exposure:

Credit risk exposure	Credit risk rating	Gross carrying amount 2021/22 £'000
12 month expected credit losses	AAAmmf	14,807
	A+	4,983
	AA-	0
	Debt Management Office	10,500
	Unrated Local Authorities	7,500
<b>Total 12 month expected credit losses</b>		<b>37,790</b>
Significant increase in credit risk since initial recognition	N/A	0
Credit-impaired at 31 March	N/A	0
Simplified approach	N/A	0
<b>Total investments</b>		<b>37,790</b>

### Liquidity risk

A detailed cashflow forecast is maintained to ensure that funds are available to meet the Council's outgoings on a day-to-day basis. The Council is also able to borrow funds on a short-term basis from other local authorities to cover any day to day cash flow needs. The Council is also able to borrow on a longer term basis from the Public Works Loans Board (PWLB) for the purpose of financing the construction, acquisition or improvement of capital assets. The timing of long-term borrowing is planned to align with cashflow needs.

## Borrowings

Since 2006, the Council's borrowing strategy has been to finance capital expenditure on operational assets through annuity loans over a period which relates to the estimated useful life of the asset. This means that loans should be repaid in full when the assets financed reach the end of their useful life and that a significant proportion of borrowing does not mature for repayment at any one time. This approach has helped to minimise the Council's risk of being unable to raise finance to meet its commitments.

The Council will continue to review the established borrowing strategy during 2021/22, with assistance from Arlingclose, to determine whether it is possible to make savings in borrowing costs by borrowing over different periods and potentially from different lenders without significantly increasing the Council's exposure to liquidity and market risks.

## Liquidity risk

2020/21		2021/22
£'000	Liquidity risk	£'000
6,388	Less than one year	5,770
5,770	Between one and two years	5,780
16,908	Between two and five years	16,379
180,653	More than five years	175,402
<b>209,719</b>	<b>Total liquidity risk</b>	<b>203,331</b>

## Market risk

The Council's borrowing strategy aims to eliminate the risk of exposure to future increases in interest rates by undertaking most short-term and long-term borrowing at fixed rates of interest. This approach could theoretically prevent the Council from benefitting from future decreases in interest rates. However, this is not considered a significant risk as interest rates remain comparably low to historic trend and this policy enables the Council to allow for future payments of interest on long-term loans, as outlined within the Medium-Term Financial Strategy (MTFS). The Council also takes into account forecast future changes in interest rates when planning how much it can afford to borrow to fund capital expenditure over the medium term (typically three to five years).

The Council minimises its exposure to market risk in respect of investments by investing at fixed rates for longer periods (of up to one year) when interest rates are expected to remain

steady or fall and for shorter periods when interest rates are expected to rise in the short term. The Council has hitherto opted not to take advantage of the potentially higher interest rates which might be available from investing over periods of more than one year in order to minimise its credit and liquidity risk profiles.

During the financial year, and at 31 March 2022, all of the Council's loans and fixed-term investments were at fixed rates of interest.

### The Council's borrowing strategy:

The Council's Treasury Management Strategy will determine whether it is possible to make savings in borrowing costs by borrowing over different periods and potentially from different lenders without significantly increasing the Council's exposure to liquidity and market risks. Given the significant cuts to public expenditure, and in particular to local Government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt Portfolio. With short-term interest rates continuing to be at much lower levels overall than long-term rates, it is likely to be more cost-effective in the short-term to either use internal funding or source short-term loan financing.

### Note 40: Capital commitments

At 31 March 2022, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years budgeted to cost £10.5m (31 March 2021: £11m). The major commitments are:

Cost centre	Capital commitments £'000
Adult Social Care	45
Communities and Wellbeing	937
Development and Regulation	459
Education	1,780
Environment	5,975
Finance and Property	744
Information and Communications Technology	563
Strategy and Governance	33
<b>Total</b>	<b>10,536</b>



Collection Fund

*Bluebell woods*



## Note 41.1: Collection Fund Statement

2020/21		2021/22	
Council Tax	Business Rates	Council Tax	Business Rates
£'000	£'000	£'000	£'000
<b>Collection Fund Statement</b>			
<b>Income</b>			
(124,022)	0	(127,943)	0
0	(48,889)	0	(71,603)
(539)	0	(564)	0
<b>(124,561)</b>	<b>(48,889)</b>	<b>(128,507)</b>	<b>(71,603)</b>
<b>Contributions towards previous year's Collection Fund deficit:</b>			
0	0	0	(19,618)
(1,473)	(3,715)	(983)	(20,313)
(194)	0	(130)	0
(62)	(33)	(41)	(403)
<b>(1,729)</b>	<b>(3,748)</b>	<b>(1,154)</b>	<b>(40,334)</b>
<b>Expenditure</b>			
<b>Precepts and demands:</b>			
0	43,525	0	44,160
106,488	42,653	108,822	43,277
14,103	0	15,113	0
4,408	870	4,505	883
<b>124,999</b>	<b>87,048</b>	<b>128,440</b>	<b>88,320</b>
<b>Charges to the Collection Fund:</b>			
0	1,208	0	272
15	214	18	42
250	237	35	(57)
0	807	0	(1,623)
0	259	0	257
369	0	236	0
<b>634</b>	<b>2,725</b>	<b>289</b>	<b>(1,109)</b>
<b>Apportionment of previous year's Collection Fund deficit:</b>			
0	456	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<b>0</b>	<b>456</b>	<b>0</b>	<b>0</b>
<b>123,904</b>	<b>86,481</b>	<b>127,575</b>	<b>46,877</b>
<b>Movements on the Collection Fund:</b>			
<b>(657)</b>	<b>37,592</b>	<b>(932)</b>	<b>(24,726)</b>
2,374	5,486	1,717	43,078
<b>1,717</b>	<b>43,078</b>	<b>785</b>	<b>18,352</b>

## Note 41.2: Collection Fund Distribution of Deficit

The Business Rates deficit has reduced as a consequence of deficit repayments made during 2021/22, with West Berkshire Council contributing an amount of £20.3m. Within the Council's Earmarked General Fund Reserves as at 31 March 2022, £8.99m has been set aside to facilitate the deficit repayments in future years, funded through Section 31 Grants.

2020/21			2021/22	
Council Tax	Business Rates	Collection Fund deficit carried forward	Council Tax	Business Rates
£'000	£'000		£'000	£'000
0	20,990	Central Government	0	9,176
1,465	21,657	West Berkshire Council	670	8,992
191	0	Thames Valley Police Authority	87	0
61	431	Royal Berkshire Fire Authority	28	184
<b>1,717</b>	<b>43,078</b>		<b>785</b>	<b>18,352</b>

## Note 41.3: Council Tax Bandings

Council Tax base	Band	Net dwellings	Multiplier	Band D equivalent	
Disabled	A	2.00	5/9	1.12	
up to £40,000	A	1,867.31	6/9	1,244.88	
over £40,000	up to £52,000	B	4,702.21	7/9	3,657.26
over £52,000	up to £68,000	C	16,461.97	8/9	14,632.84
over £68,000	up to £88,000	D	15,669.83	9/9	15,669.83
over £88,000	up to £120,000	E	9,918.40	11/9	12,122.49
over £120,000	up to £160,000	F	6,567.28	13/9	9,486.05
over £160,000	up to £320,000	G	4,422.79	15/9	7,371.31
over £320,000	H	710.15	18/9	1,420.30	
		60,321.94		<b>65,606.08</b>	
	Adjustment for losses on collection		x	0.996	
	<b>Council Tax base</b>			<b>65,343.65</b>	

## Note 41.4: Business Rates Multiplier

2020/21	2021/22	
Rateable value		
£'000	£'000	
98,726	Business Rates gross rateable value	99,794
51.2p	Standard Business Rate	51.2p
49.9p	Small Business Rate	49.9p
(49,837)	Reliefs and transitions	(28,191)
<b>48,889</b>	<b>Net Business Rates receivable</b>	<b>71,603</b>

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## Glossary of Terms

**12-month expected credit losses** – The expected credit losses for a financial asset that are projected for the possible default events that might happen only in the next financial year.

**Academy school** – State-funded schools for which the Council has no responsibility but which are often created by being transferred from the Council's control.

**Accounting Code of Practice** – The Code of Practice on Local Authority Accounting in the United Kingdom, published annually by CIPFA. It contains the provisions that the Council must comply with in preparing the Statement of Accounts.

**Accounting standards** – The pronouncements of standard setting bodies that local authorities are required to follow (subject to adaptation by the Accounting Code). Primarily the IFRS framework administered by the International Accounting Standards Board.

**Accounting policies** – The specific principles, bases, conventions, rules and practices the Council applies in preparing and presenting the financial statements.

**Accounts and Audit Regulations 2015** – The statutory rules that establish requirements for internal control and financial systems and specify the arrangements for the annual accounts and audit process.

**Accruals accounting** – A basis of accounting in which the effects of transactions and other events on an authority's resources are accounted for when the effects occur; not when the relevant cash receipts or payments take place. For instance, employee costs are treated as an expense as

employees provide services to the authority, not when salaries are paid.

**Actuarial gains and losses** – Changes in the Council's pension's liabilities calculated at the end of the previous year as a result of actual events being different from those predicted by the actuary or because the actuary has updated their assumptions.

**Actuary** – The expert engaged by the Council to calculate its pension's liabilities.

**Adjustment account** – A statutory reserve in the Balance Sheet that allows the General Fund Total to be managed so that expenditure can have an impact on the setting of council tax in a different year from that in which it would be an expense under proper accounting practices.

**Administering authority** – An authority that is responsible for administering a pension fund under the Local Government Pension Scheme.

**Amortisation** – The spreading of the cost of an asset over a number of financial years to fairly represent the period over which the Council benefits from the asset.

**Amortised cost** – A method of measuring financial instruments that ignores changes in fair value but takes into account the spreading of transactional costs over the instrument term and the impact of any concessionary interest rates.

**Annual Governance Statement** – A statement published with the Statement of Accounts prepared in accordance with the CIPFA/SOLACE publication Delivering Good Governance in Local Government: Framework. It assesses the effectiveness of the

arrangements the Council has put in place to govern decision-making and accountability.

**Assets** – Present economic resources controlled by the Council as a result of past events. Assets include the Council's property, cash and investments and sums owed by other parties.

**Asset held for sale** – An asset (or group of assets and liabilities) whose value will be recovered principally through sale rather than through its continued use in the provision of services.

**Assets under construction** – Property, plant and equipment that is being constructed for use by the Council but which is not yet operational.

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**Billing authority** – An authority that is responsible for administering the collection of council tax and business rates, including issuing bills and distributing amounts collected to other authorities.

**Business rates** – The tax raised on non-domestic properties, based each year on a multiplier set by the Government applied to an assessment of the value of the property.

**Business rates retention** – The system under which the Council is able to keep a proportion of the business rates raised in any year in excess of a baseline measure.

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**Capital expenditure** – The expenditure incurred by the Council that is intended to provide longer-term benefits and qualifies to be paid for from capital resources, rather than charged to revenue as it is incurred. The definition covers expenditure that results in the recognition of non-current assets in the Balance sheet and other transactions specified within Government regulations.

**Capital financing** – The Council’s arrangements for meeting the cost of capital expenditure, covering capital grants and contributions, capital receipts and charges to revenue over the period that will benefit from the expenditure.

**Capital Financing Requirement** – The measure of the Council’s capital expenditure that has yet to be financed, as defined in the Prudential Code. It increases as capital expenditure is incurred and reduces when resources are set aside as capital finance.

**Capital grants** – Grants given to meet the cost of capital expenditure.

**Capital Grants Unapplied Account** – The total in the Balance Sheet of capital grants that have not yet been used and will have to be repaid if conditions for their use are not met.

**Capital programme** – The Council’s plans for capital expenditure, usually detailing the individual projects that are to be carried out, their budgeted cost and the expenditure incurred to date on them.

**Capital receipts** – Income received from the sale of non-current assets (particularly property) and from other transactions specified in Government regulations. Their use is largely restricted to financing capital expenditure.

**Capital Receipts Reserve** – The reserve in the Balance Sheet that holds the capital receipts that have yet to be applied to financing capital expenditure.

**Cash** - Notes and coins held by the Council and money in bank accounts that can be withdrawn on demand.

**Cash equivalents** – Investments that are comparable to cash, being short-term, highly liquid

and readily convertible to known amounts of cash and unlikely to change in value.

**CIPFA** – The Chartered Institute of Public Finance and Accountancy - the accountancy body primarily concerned with public services that issues guidance on accounts preparation for local authorities.

**Collection Fund** – The separate accounting arrangements for the collection of council tax and business rates and the sharing of the proceeds between the Council, Government and other public bodies.

**Community assets** – Property, plant or equipment that the Council intends to hold in perpetuity that has no determinable life (such as open spaces) and which may have restrictions on its disposal (excluding heritage assets).

**Community schools** - State-funded schools for which the Council is responsible for owning the land and buildings, employing the staff and determining admissions.

**Componentisation** - The process of splitting an asset into its component parts so that depreciation can be calculated separately for components with different useful lives.

**Contingent asset** – An asset that the Council might be able to recognise as a result of event that has happened before the year-end, but whose existence will not be confirmed until an uncertain future occurrence (not wholly within the Council’s control) either takes place or does not.

**Contingent liability** – A possible obligation for the Council that arises as a result of an event that has happened before the year-end, but whose existence will not be confirmed until an uncertain future occurrence (not wholly within the Council’s control) either takes place or does not.

**Cost of services** – The line in the Comprehensive Income and Expenditure Statement that summarises the Council’s net expenditure on providing services, before considering non-service specific items.

**Council tax** – The tax raised on households, based each year on the position of the property in eight valuation bands A to H.

**Credit risk** – The risk that a party that the Council has lent money to or has made an investment with will not repay some or all of the loan or investment.

**Creditors** – The organisations and individuals that the Council owes money to.

**Current asset** – An asset that the Council expects to realise or consume in the provision of services within the next twelve months.

**Current liability** – A liability that the Council expects to settle within the next twelve months.

**Debtors** – The organisations and individuals that owe the Council money.

**Dedicated Schools Grant (DSG)** – The Government funding provided to the Council to support the Schools Budget.

**Dedicated Schools Grant (DSG) Adjustment Account** – An adjustment account that accumulates overspends on the Schools Budget. This is an unusable reserve.

**Deficit** – An excess of expenditure over income.

**Defined benefit scheme** – A pension scheme where the future benefits receivable by pensioners are guaranteed and sufficient contributions have to be paid into the fund to ensure that payments will be affordable.

**Defined contribution scheme** – A pension scheme where the contributions payable into the fund are fixed and the benefits receivable by pensioners will depend upon the assets that the fund has accumulated to pay them.

**Depreciated historical cost** – A measurement basis for items of property, plant and equipment reflecting the cost of acquiring an asset and any subsequent enhancement less the depreciation charged over the asset's life to date.

**Depreciated replacement cost** – A valuation method for items of property, plant and equipment based on the current cost of replacing an asset with a modern equivalent, less deductions for the physical deterioration of the asset.

**Depreciation** – The charge made for the use of an item of property, plant or equipment during the year, based on the systematic allocation of its depreciable amount over its useful life.

**Derecognition** – The process by which assets and liabilities are removed from the Balance Sheet, as a result of being disposed of, consumed or settled.

**Direct revenue financing** – Financing capital expenditure from revenue rather than from capital resources.

**Earmarked reserves** – Amounts of revenue reserves that have been identified as cover for future spending plans or contingencies.

**Existing use value (EUV)** – A basis for valuing property, plant and equipment that estimates a sale price for an asset disregarding potential alternative uses and any other characteristics of the asset that would make its market value different from the expenditure needed to replace the remaining service potential at least cost.

**Fair value** – The price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants.

**Fair value through other comprehensive income financial assets** – Investments for which gains and losses in fair value are recognised on the Balance Sheet but do not impact on the Council's income as they arise but only when the investment matures or is sold. Defined as financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling investments, and which have the form of a basic lending arrangement.

**Fair value through profit or loss financial assets** – Defined as financial assets that do not qualify for measurement at amortised cost or fair value through other comprehensive income. Movements in their fair value are recognised as income and expenditure when they arise.

**Finance lease** – A lease whose terms transfer to the lessee substantially all the risks and rewards that an owner of property would have.

**Financial instrument** – A contract that gives one party a financial asset and the other party a financial liability (or an equity instrument), such as a loan, credit terms for the purchase of goods or services or a share in a company.

**Foundation schools** – State-funded schools for which the Council has no responsibility for owning the land and buildings, employing the staff or determining admissions.

**General Fund** – The fund into which the Council pays all its revenue income and from which it incurs all its revenue expenditure, unless specifically mandated by law not to.

**Heritage assets** – Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (such as historic buildings, museum collections and public art).

**Historical cost** – An accounting convention based upon the amounts that items actually cost to acquire or construct and the cost of their subsequent enhancement, rather than the values that they currently have.

**IAS** – International Accounting Standard - the title for the various standards issued by the IASB before 2003.

**IASB** – International Accounting Standards Board

**IFRIC** – The title of interpretations of IFRS issued by the IFRS Interpretations Committee and its predecessors

**IFRS** – International Financial Reporting Standards - the suite of standards issued by the IASB that form the basis for the Code of Practice on Local Authority Accounting. Also the title for the various individual standards issued by the IASB from 2003 onwards.

**Impairment** – A fall in the value of an asset to the Council (whether it will be sold or continue in use) below the amount it is recorded in the Balance Sheet.

**Intangible assets** – Assets that do not have physical substance, such as computer software, licences and websites supporting the Council's services.

**Inventories** – Assets such as raw materials, building supplies and retail stock that will be used to produce goods or provide services or be sold as part of the Council's normal activities.

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**Investment property** – Land and/or buildings held solely to earn rentals or to benefit from increases in their value (or both), and not for use in the production or supply of goods or services, for administrative purposes or for sale as part of the Council's normal business.

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**Lease** – An arrangement under which a lessor conveys the right to use an asset to a lessee in return for a payment or series of payments. The definition can include arrangements that are not leases in the legal sense.

**Lease liabilities** – The amounts recognised in the Balance Sheet for the payments the Council is due to make as lessee under finance leases.

**Lease receivables** – The amounts recognised in the Balance Sheet for the payments the Council is due to receive as lessor under finance leases.

**Lease term** – The non-cancellable period for which a lessee has contracted to lease an asset, together with periods covered by options for the lessee to extend, where it is reasonably certain when the lease is entered into that the lessee will exercise the options.

**Lessee** – The party to a lease acquiring the right to use the leased asset.

**Lessor** – The party to a lease that owns the asset and conveys the right to use it to the lessee.

**LGPS** – The Local Government Pension Scheme - the scheme that most officers of the Council are members of.

**Liabilities** – Liabilities are present obligations of the Council to transfer an economic resource as a result of past events. They include borrowings and amounts owed by the Council.

**Liquidity risk** – The risk that the Council might at any time not have sufficient cash to make payments that are due.

**Long term asset** – An asset that the Council does not expect to realise or consume in the provision of services within the next twelve months.

**Long term liability** – A liability that the Council does not expect to settle within the next twelve months.

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**Market risk** – The risk that the Council might make losses on financial instruments from adverse movements in market prices, such as changes in variable interest rates or quoted prices for investments.

**MRP (Minimum Revenue Provision)** – The method by which capital expenditure is financed by setting aside amounts from revenue over the useful life of the relevant asset (or in accordance with some other methodology that prudently approximates this).

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**Net assets** – The amount by which assets in the Balance Sheet exceed liabilities.

**Non-current asset** – An asset that the Council does not expect to realise or consume in the provision of services within the next twelve months.

**Non-current liability** – A liability that the Council does not expect to settle within the next twelve months.

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**Operating leases** – Any lease that does not meet the definition of a finance lease.

**Other comprehensive income and expenditure** – Items in the Comprehensive Income and Expenditure Statement that do not arise as a result of the provision of services but from revaluations of assets and remeasurements of net pensions liabilities.

**Outturn** – An actual financial outcome, usually used in relation to expenditure incurred against a budget.

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**Past service cost** – The change in pension's liabilities relating to employee service in previous years as result of changes to the pension scheme or the ending of the Council's responsibility for employees transferred to another organisation.

**PFI (Private Finance Initiative)** – Contracts under which an operator constructs or enhances an asset and then provides services on behalf of the Council through the use of that asset in return for payment. Payments are normally based on a fixed annual sum but can be reduced if the operator does not achieve targets for availability of the asset or standards of service. The arrangement usually includes transfer of ownership of the asset to the Council at the end of the contract.

**Pooled budget** – An arrangement where two or more organisations contribute resources and agree how they will be spent so as to meet common objectives.

**Precept** - A statutory annual demand from another authority for funding which a billing authority will meet by raising council tax.

**Prepayments** – Payments made by the Council in advance of goods or services being supplied.

**Property, plant and equipment** – A class of assets with physical substance that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes (and expected to be used for more than one year).

**Provision** – A liability of the Council where there is uncertainty about when it will be settled and/or how much the Council will have to pay. The estimated amount that will be required to settle the liability is charged as an expense when the Council recognises the obligation.

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**Prudential Code** – The Code of Practice for capital financing issued by CIPFA. The Council is required by law to have regard to the Code when taking decisions about incurring capital expenditure and taking out borrowing.

**PWLB (Public Works Loan Board)** – A lending facility operated on behalf of HM Treasury that provides loans to local authorities and other public bodies.

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**Related parties** – Persons or entities with which the Council has a relationship, such as a company in which the Council has an interest or an organisation that is controlled by a member or chief officer.

**Reserves** – The balances in the Balance Sheet that show variously the revenue and capital resources available to support the provision of services by the Council, the cumulative effect of statutory adjustments to manage the availability of those resources for particular financial years, and balances of revaluation gains and losses on assets that have yet to be realised.

**Residual value** – The amount that an item of property, plant or equipment could be sold for (less costs of disposal), if it were in the condition expected at the end of its useful life.

**Revenue expenditure** – Expenditure on the day-to-day costs of providing services. Defined technically as the expenditure of the Council that does not meet the definition of capital expenditure.

**REFCUS (revenue expenditure funded from capital under statute)** – Expenditure that would normally be charged to revenue resources but which Government regulations allow to be treated as capital expenditure and funded from capital receipts or MRP.

**RICS** – Royal Institution of Chartered Surveyors - responsible for the professional standards applied in valuing local government property.

**RSG** – Revenue Support Grant - Government funding for general revenue expenditure, given to authorities deemed to have insufficient income from other sources.

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**Section 106 receipts** – Monies received from developers and other parties to compensate for the adverse impact of granting planning permission (e.g. building a school to service a new housing development).

**SeRCOP** – CIPFA's Service Reporting Code of Practice, which provides a standard classification for local government services and guidance on how to assign expenditure to those services.

**Specific government grant** – Grant that is required to be applied to revenue expenditure meeting criteria specified by the donor.

**Surplus** – An excess of income over expenditure.

**Surplus assets** – Property, plant or equipment that is not being used to provide services but that does not meet the criteria for an investment property or an asset held for sale.

**Surplus/deficit on the provision of services** – The line in the Comprehensive Income and Expenditure Statement that summarises the Council's net expenditure on providing services, after considering non-service specific items.

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**Unusable reserves** – The reserves in the Balance Sheet that are not balances of usable resources, comprising revaluation reserves and adjustment accounts.

**Usable reserves** – The reserves in the Balance Sheet that are balances of usable resources, both revenue and capital.

**Useful life** – The period for which an asset is expected to be available for use by the Council.

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**Voluntary aided schools** – Schools for which the Council is responsible for funding their running costs and the majority of capital expenditure but another party (usually a faith-based organisation) is responsible for employing the staff and administering admissions and owns the land and buildings.

**Voluntary controlled schools** – State-funded schools for which the Council is responsible for employing the staff and administering admissions, but the land and buildings are owned by another party (usually a faith-based organisation).