Financial Statements

West Berkshire Council 2022/23

West Berkshire
COUNCIL

Annual Financial Report Year Ending 31 March 2023

Contents

Annual Governance Statement 2022/23 and Written Statements

Purley on Thames

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 has currently undertaking a comprehensive review of its Constitution to improve its governance and decision making. The Council has delviered an action plan following a corporate peer challenge led by the Local Government Association November 2019 and is expecting its next Peer Review during 2023-24.

2. The Purpose of the Governance Framework

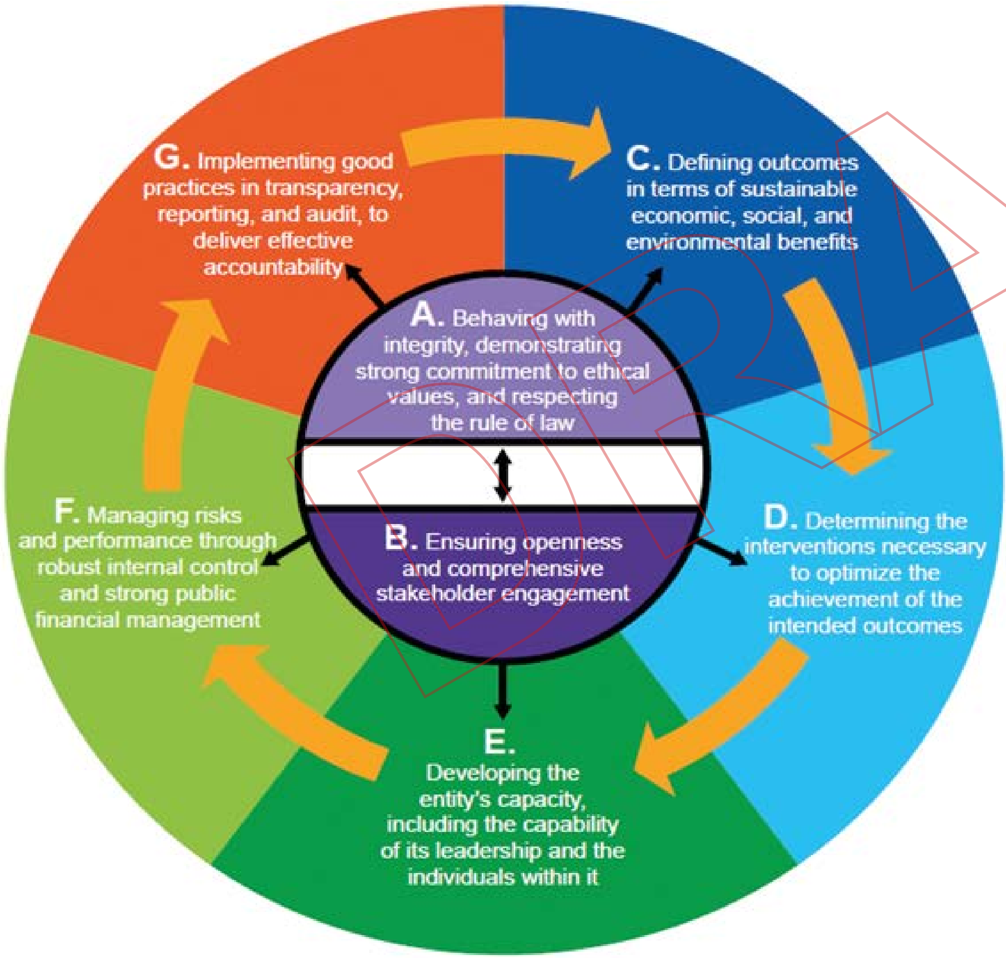
2.1 The purpose of the governance framework is to ensure that the authority directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach 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 2023 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 2021 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:

- 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 annual basis and referring changes to the Governance and Ethics Committee and Council
- The Audit and Governance Committee approves the Annual Governance Statement at the same time as the final approval of the financial statements and is signed off by the Chief Executive 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, the Care Quality Commission (CQC) 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 endorsed by the Governance and Ethics Committee and approved by the Executive in April 2021.

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 and is supported by the Corporate Programme Office.

6.2 This review is articulated in the Code of Corporate Governance approved by the Governance and Ethics Committee in April 2021, and the Code of Corporate Governance.

6.3 It is important to reflect on the previous year's key areas for improvement and its impact on governance. A key emergent issue has been the significant increase in inflation which has remained in double figures for the first time in many decades for much of the 2022-23 financial year. This has presented some significant financial pressures, especially in respect of social care, energy and pay costs. This has risen up the corporate risk register as an issue and impacts on financial resilience with a significant use of reserves forecast for 2022-23, alongside further pressure for the 2023-24 financial year. Indeed, for the 2023-24 budget, the Council has put some of the largest amounts of investment into the budget in its history, most of which is inflation linked. Allied to inflation has been the difficultly of recruiting staff in particular areas, especially in social care services due to a variety of reasons, including inflation and comparative pay with other sectors. This item has been added to the AGS due to increasing risk around having a higher proportion of agency staff from an operational and financial point of view.

6.4 To assist with the challenges, and opportunities, arising from the Covid-19 pandemic and subsequent financial pressures arising through high inflation, the Council is putting in place a corporate transformation programme to increase its customer focus and efficiency. This will be a key part of the Council's focus for the year ahead, and ensuring it is successful will require effective governance. The review undertaken by the Chief Executive of existing governance arrangements has been completed and this provides an opportunity for a more streamlined and effective approach during the year ahead. This item has remained on the AGS to ensure that it is embedded during the year ahead and delivers the clarity and streamlining anticipated from its proposals.

6.5 For 2022-23 the AGS had three areas for improvement; one of these, in respect of governance has been continued through into the 2022-23 financial year, and two have been removed from the AGS on capacity to deliver projects and the Constitution review. Though capacity always remains under pressure, projects are very closely monitored through the enhanced programme management office. The Constitution review is majority completed, with the large items on how the Council runs at the start of the Constitution complete and approved by the Full Council.

6.6 The issue of timeliness of external audit certification of the financial statements has not been included for the AGS for 22-23 but may well be for 2023-24. At the time of writing, the 2020-21 financial statements audit was still not completed and the 2021-22 were partially completed. This is not inconsistent with the rest of Berkshire and the national pictures. As at the start of April 2023, only 16 of 149 upper tier authorities (including West Berkshire) had seen the completion of the 2021-22 financial statements by their external auditors. Grant Thornton at West Berkshire provide regular updates to the Governance Committee and so members are kept appraised of progress, and expect to complete their audit of the 2021-22 financial statements in the Summer 2023. The Government's decision to bring forward the completion deadline for Council's for the production of financial statements to the 31st May (but leave a four month period for external audit to complete their audit) is unlikely to help the position in the short term and that condenses more audit work into a short period, as well as increasing the pressures on local government finance teams to complete the financial statements in line with Government deadlines

7. Key Governance areas for improvement

7.1 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:

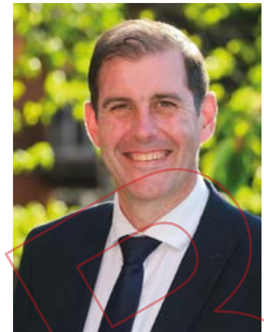
Issue	Detail	Action	Owner/Date
Financial resilience	Ensuring adequate levels of reserves, the achievability of savings, and the identification of further savings in light of a very high savings requirement and very high inflation for 2022-23.	Ensure Revenue Budget is set for 2024-25 with sufficient reserves and in year balanced budget.	Executive Director (Resources) / 1.3.2024
Staff recruitment and retention	Ensuring sufficient staffing levels to deliver services without a significant impact on the customer in light of national shortages in some business critical service areas, as well as significant change in senior management postholders. Move the focus away from agency and interim structures into a high proportion of WBC employed staff	Reduce agency spend and decreased staff turnover through talent attraction posts to enhance recruitment and retention, and changed internal processes.	Chief Executive / March 2024
The delivery of a Transformation programme	Delivering and monitoring of a transformation programme and funding to demonstrate it meets criteria and improves services. Link to business case for each project.	Creation of a transformation programme with projects identified, and already in existence, to enhance customer experience and efficiencies	Service Director (Transformation) / March 2024
New governance structure	The roll out, understanding and compliance with this new structure to enable faster operational decisions to be made and support the delivery of the Council Strategy.	Implementation of the new governance structure with a review of its delivery in 2023-24	Chief Executive / December 2023

8. Assurance Summary

8.1 Good governance is about operating properly. It is the means by which the Council shows that it is taking decision for the good of its residents, in 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.

8.2 The Internal Audit Opinion for 2022/23 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 four key areas are highlighted to further improve our governance.

8.3 We propose, over the coming year, to take steps to help 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.



Lee Dillon
Leader
of the Council

Date: 31st May 2023

Nigel Lynn
Chief Executive

Date: 31st May 2023

Executive Director's Narrative Statement 2022/23

The Phoenix Centre, Newbury

Executive Directors Narrative Statement 2022/23

1. Overview

The 2022/23 financial year has seen some significant financial pressures on the Council, which the Council has responded to by protecting its General Fund reserve to minimum level set, by releasing almost all other available reserves whilst undertaking in year cost control measures. The decline in reserves and financial resilience is also reflected in the Annual Governance Statement as the Council's number one governance concern. During 2022/23 inflationary pressures were significant for the Council, especially in Adult Social Care, with a large overspend driven in part by inflation. The impact of the Covid-19 pandemic has continued to be felt with a £750,000 lack of car parking income compared to budget, and the cost of living and wider inflationary pressures has helped to increase staffing pressures, with growing demand also meaning a significant overspend due the use of agency staffing. the Russian invasion of Ukraine, and a range of different UK Government policies, has presented a significant number of financial challenges for the Council in supporting residents and local businesses, which the Council has risen to, most notably in its welcoming as part of the wider community of a significant number of displaced people during 2022/23.

The Council's outturn position was a net expenditure figure of £149.3 million against an original budget of £143.8 million, generating an overspend position of £5.4 million. During the financial year £19.4 million of Earmarked reserves were released to support the in year revenue budget and the proposed 2023/24 revenue budget. As at the Balance Sheet date the Council's General Fund was at the section 151 minimum level of £7.2 million. After deployment of significant reserves in 2022/23, the Council now holds (including the General Fund), usable reserves of £47.6 million (£77.3 million as at 31.3.2022). Robust cost management and focused delivery of planned revenue savings will be a key in financial year 2023/24, the Council must ensure that it at least achieves a break even position, and the 2023/24 budget has seen investment of over £20m which is a historically high level of investment, with around half of this investment accounting for inflationary linked pressures in social care, energy and the waste management contract.

The Council continues to pride itself on ensuring services deliver high outcomes and offer value for money, sound and prudent financial management supports this objective. 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 2023-24, 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. Key planning themes in the MTFS include:

- That the fair funding review and business rate baseline reset does not occur until 2025-26 at the earliest (this has been confirmed by Government) and it is assumed that these do not take place during the life of the MTFS – this assumption will be revised in future years when Government plans are clearer

- Adult Social care (ASC) funding remains uncertain in the longer term with a nil assumed impact on WBC from the proposed care reforms in future years
- New Homes Bonus is proposed to be removed but replaced with a funding system that delivers equivalent levels of reward to 2023-24 in future years – Government are due to release information before the 2024-25 finance settlement
- The assumed permitted Council Tax increases remain at 2.99% and ASC Council Tax precept levels at 2% - any authority proposing an increase above these levels must hold a local referendum
- Inflation remains at 2% in the longer term – forecasts are that for 2024-25 inflation could be below this level

The MTFS includes cost avoidance proposals of £5.8 million, £1.8 million of income generation, service transformation of £0.6 million, service reform of £0.8 million, disinvestment of £0.1 million and reserve usage of £1.8 million. The MTFS considers investment as well as savings. Investment set aside over the next four years amounts to £15 million. This includes a wide range of areas and remains in line with the Council Strategy ambitions – i.e. investment to achieve the Strategy, continue to build on our strengths and investment in infrastructure to deliver the Council Strategy and other supporting strategies. The MTFS also includes at least a £1m contribution to reserves from 2024-25 each year to build back the specific risk reserves across the Council and it is crucial that this occurs to enhance financial resilience.

Joseph Holmes
Executive Director for Resources,
s151 Officer

Date: 31 May 2023

2. Council Performance Achievements

Performance for 2022/23 showed that delivery of our Core Business activities remained strong despite some challenges relating to staff retention and recruitment evident across all areas of work. Particularly strong performance was achieved in relation to: countryside and open spaces, timeliness of providing benefits, our culture, leisure and library services, economic development support for businesses, allocation of school places according to parents' preferences, waste management (including recycling) and the collection of business rates.

Improvement activity through the Council Strategy priorities for improvement continued to progress, with the majority of measures targeted for this year being achieved. Areas of achievement to note include: people who feel safe and had their concerns met after having used our Adult Social Care Services, successful outcomes from early response support for parents and children and number of young people (including with special needs) involved in work experience.

The Influencer measures indicated that the district continued to fare well. The high demand on our services remained elevated due to Covid-19 pressures. In some cases demand started to decrease compared to the previous periods, but the main social care demand measures are still increasing.

3. Financial Performance

The 2022/23 net revenue budget of £143.8 million was set in March 2022. The budget was built with a Council Tax requirement of £110.1 million, requiring a Council Tax increase of 1% and an Adult Social Care precept of 3%, effectively raising £1.1 million and £3.2 million respectively as additional local taxation. A balanced budget was achieved through planned utilisation of £4 million of reserves and a cost reduction programme of £5.3 million.

During 2022/23 inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, has resulted in UK interest rates having been volatile right across the curve, from Bank Rate through to 50-year gilt yields. CPI inflation picked up to what should be a peak reading of 11.1% in October 2022, although hopes for significant falls from this level are dependent on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. The expectation was the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%. Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%. The economic environment during 2022/23 has presented a significant number of financial challenges for the Council in supporting residents and local businesses.

The Council's outturn position consisted of £135.3 million of expenditure on provision of direct services with a further £14.0 million of capital financing costs (i.e. the charge to revenue made in respect of funding for borrowing undertaken to finance the capital programme). In effect an overall outturn net expenditure figure of £149.3 million against an original budget of £143.8 million, generating an overspend position of £5.4 million.

During 2022/23 key inflationary pressures were realised across services with the main impacts felt within Adult Social Care where 73% of the service is commissioned from external providers. The Council took steps within the year to mitigate the impact of rising inflation through agreeing a 5.6% standard increase with external providers. The number of clients accessing long term support services also increased above forecast levels during the year placing, 1777 clients were in receipt of support packages at the yearend.

The 2022 Local Government Pay Award was agreed at £1.9k per employee which equated to an average 5% increase, creating an additional unbudgeted pressure of approximately £1.8 million. 41% of the Council net budget relates to employee pay. The Council employs 1700 staff across the wider Council estate (excluding schools).

The Council still continues to feel the impacts of the Covid pandemic. From an income perspective, car parking / season ticket income has significantly reduced compared to pre Covid pandemic levels as the trend for online shopping has not abated and town centres continue to experience reduced footfall. Levels of Business Rates remain lower than pre pandemic levels. The Government has provided a number of section 31 reliefs to mitigate the impacts on Local Authorities.

Capital financing accounts for 9% of total revenue expenditure incurred. The Council is required to make prudent provision for capital financing costs under the Prudential Code (updated in 2021). Capital financing is a combination of direct financing costs (i.e. repayment of long term debt) and indirect costs (i.e. Minimum Revenue Provision which is effectively a charge to the revenue budget for repaying external debt). During 2022/23 £39.5 million of capital expenditure was incurred on approved projects across the district in support of the Council Strategy.

However, capital is financed a year in arrears, therefore cost associated with delivery of the 2022/23 capital programme will be incurred in financial year 2023/24. Capital financing incurred in 2022/23 relates to expenditure incurred in historic financial years. Recent economic instability has been reflected in significant increases to Local Government borrowing from the PWLB (Public Works and Loans Board), with rates for a 25 year annuity loan now on average at near 5% compared to a historic average of 2.5%. In a rising interest environment, the Council will face

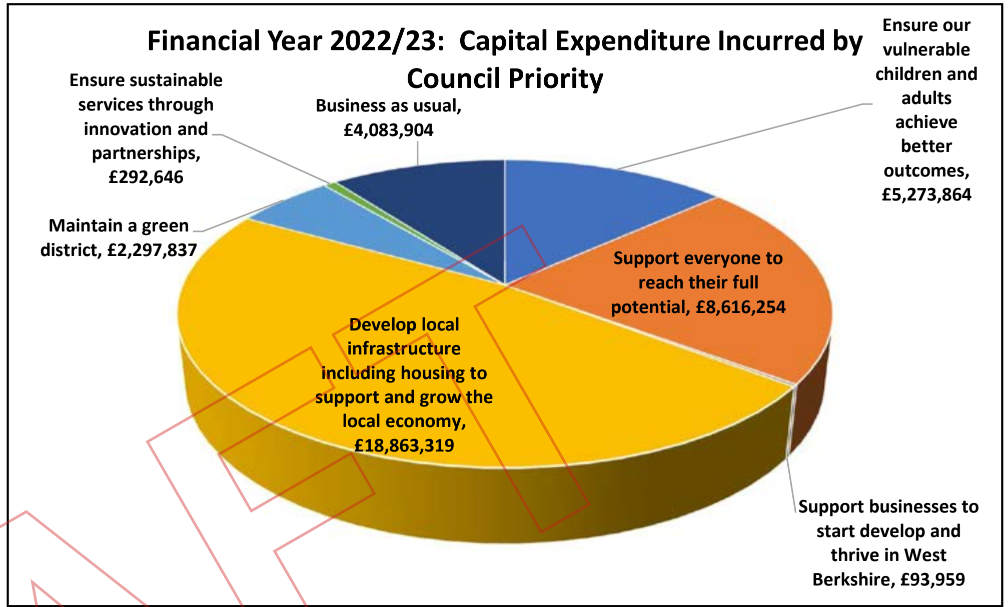


Chart 2: 2022/23 Expenditure by Council Priority

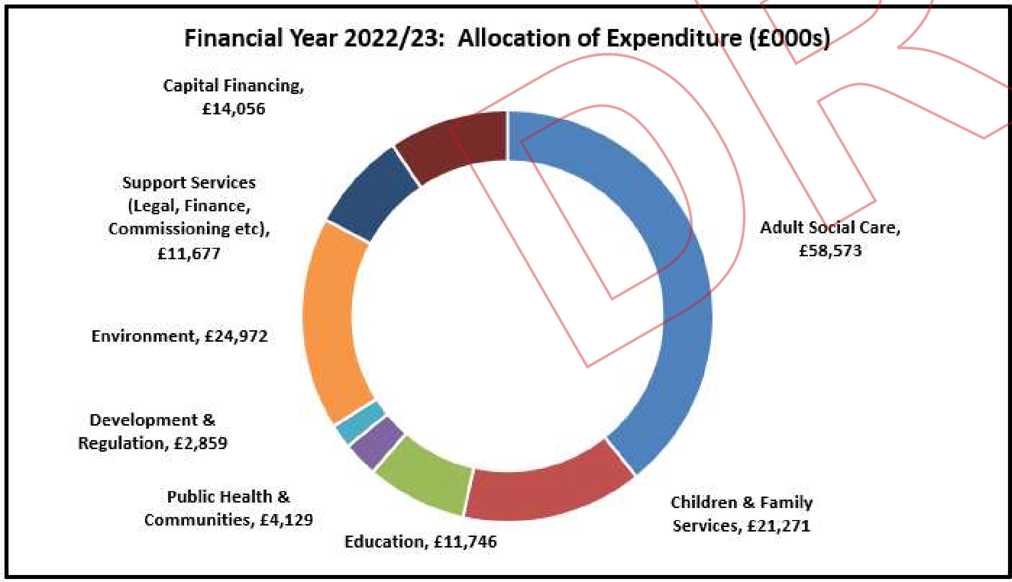


Chart 1: 2022/23 expenditure by Service

risks of increased cost on any new external borrowing undertaken to support delivery of planned capital works, in addition to general cost inflationary pressures. The capital programme approved by Council Committee in March 2022 was set with the expectation to undertake £14.5 million of new long term borrowing alongside £8.1 million of short term borrowing during 2022/23. During the current financial year officers have sought to mitigate risk through a strategy of not undertaking long term borrowing in respect of PWLB financing and, instead focusing on supporting delivery of the capital programme through short term borrowing and cash balances. The strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, has reduced risk and keep interest costs low.

Financial Context – Balance Sheet Review

As at the Balance Sheet date the Council holds total assets of £700.9 million (£712.3 million as at 31.3.2022), liabilities of £420.0 million (£681.3 million as at 31.3.2022), usable reserves of £47.6 million (£77.3 million as at 31.3.2022), and unusable reserves of £233.3 million (46.3 million as at 31.3.2022).

The Council's assets have reduced in value over the financial year, primarily in

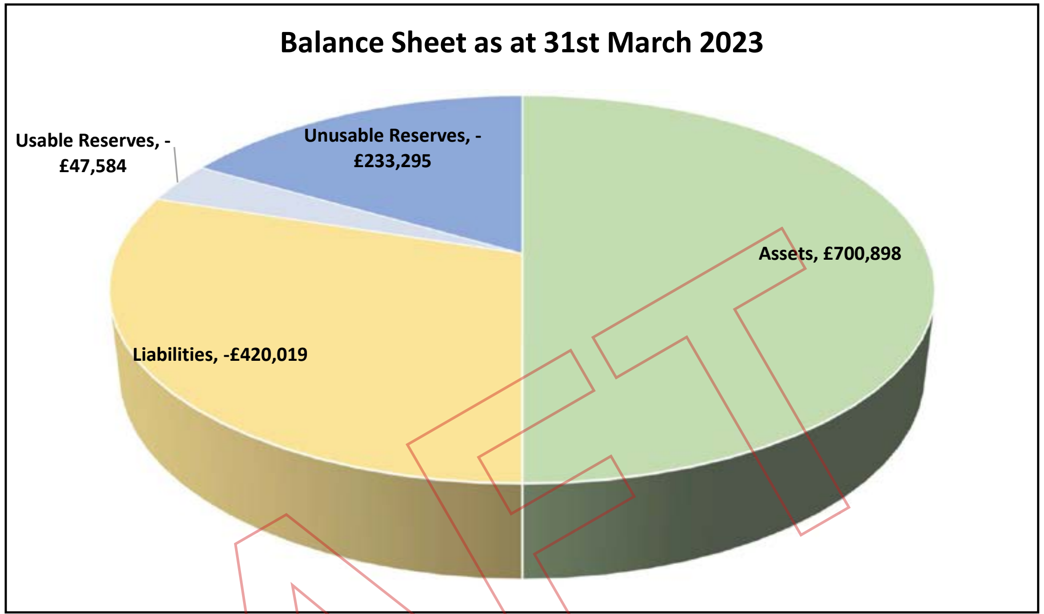


Chart 3: Balance Sheet Breakdown as at 31.3.2023

Assets £700.9 Million	Liabilities (£420.0) Million	Usable Reserves £47.6 Million	Unusable Reserves £233.3 Million
• Plant, Property & Equipment (PPE) & Intangible Assets • £573.2 Million	• Pension Fund Liability • £123.5 Million	• General Fund • £7.2 Million	• Unusable Pension Liability • £123.5 Million
• Investment Property • £65.4 Million	• Long Term Borrowing • £182.0 Million	• Usable Earmarked Revenue Reserves • £18.4 Million	• Other Unusable Reserves (e.g. Collection Fund and Dedicated Schools Grant) • (£356.8) Million
• Current Assets (e.g. cash and cash equivalents) • £62.3 Million	• Other Liabilities (e.g. creditors) • £114.5 Million	• Usable Capital Reserves • £22.0 Million	

Table 1: Summary Balance Sheet as at 31.3.2023

the value of investment property (£65.4 million as at 31.3.2023 and £72.6 million as at 31.3.2022). The Council's investment portfolio is split between general investment property of £13.1 million and a commercial property portfolio of £52.3 million.

The commercial property portfolio has seen a net decrease in value over the reporting period, driven by downturns on valuations for retail warehousing and office space. The commercial property portfolio provides annually, an approximate net income stream of £3.3 million (prior to financing costs including MRP), contributing to the cost of delivery core Council services.

During the reporting period the Council deployed significant levels of earmarked

Names and address of property	Property type	Valuation at 31 March 2021 £'000	Valuation at 31 Dec 2022 £'000
Dudley Port Petrol Filling Station, Tipton	Petrol Filling Station	3765	4,155
79 Bath Road, Chippenham	Retail Warehouse	11775	9,250
Lloyds Bank, 104 Terminus Road, Eastbourne	Retail	1800	1,675
Aldi/Iceland, Cleveland Gate Retail Park, Gainsborough	Retail Warehouse	6300	5,825
303 High Street and 2 Waterside South, Lincoln	Retail	2950	2,900
3&4 The Sector, Newbury Business Park	Office	18010	14,950
Sainsbury's, High Street, North Allerton	Retail	7185	6,835
Ruddington Fields Business Park, Mere Way, Nottingham	Office	7200	6,700
Valuation per draft 2022/23 Statement of Accounts		**58,985**	**52,290**

Directly Owned Property - Purchase not funded by borrowing ["Investment Property"]

Names and address of property	Property type	Valuation at 31 March 2021 £'000	Valuation at 31 Dec 2022 £'000
The Stone Building, The Wharf, Newbury	Café	31	25
Rainbow Nursery, Priory Road, Hungerford	Children's Nursery	40	35
Clappers Farm/Beech Hill Farm, Grazely	Tenanted Smallholding	1800	1,750
Bloomfield Hatch Farm, Grazely	Tenanted Smallholding	1100	1,000
Shaw Social Club, Almond Avenue, Shaw	Community Centre	70	70
Swings n Smiles, Lower Way, Thatcham	Children's Day Centre	400	375
Units 1 to 7, Kennet Enterprise Centre, Hungerford	Industrial	565	520
London Road Industrial Estate, Newbury	Industrial	9565	9,350
Valuation per draft 2022/23 Statement of Accounts		**13,571**	**13,125**

Table 2: Valuations by Property

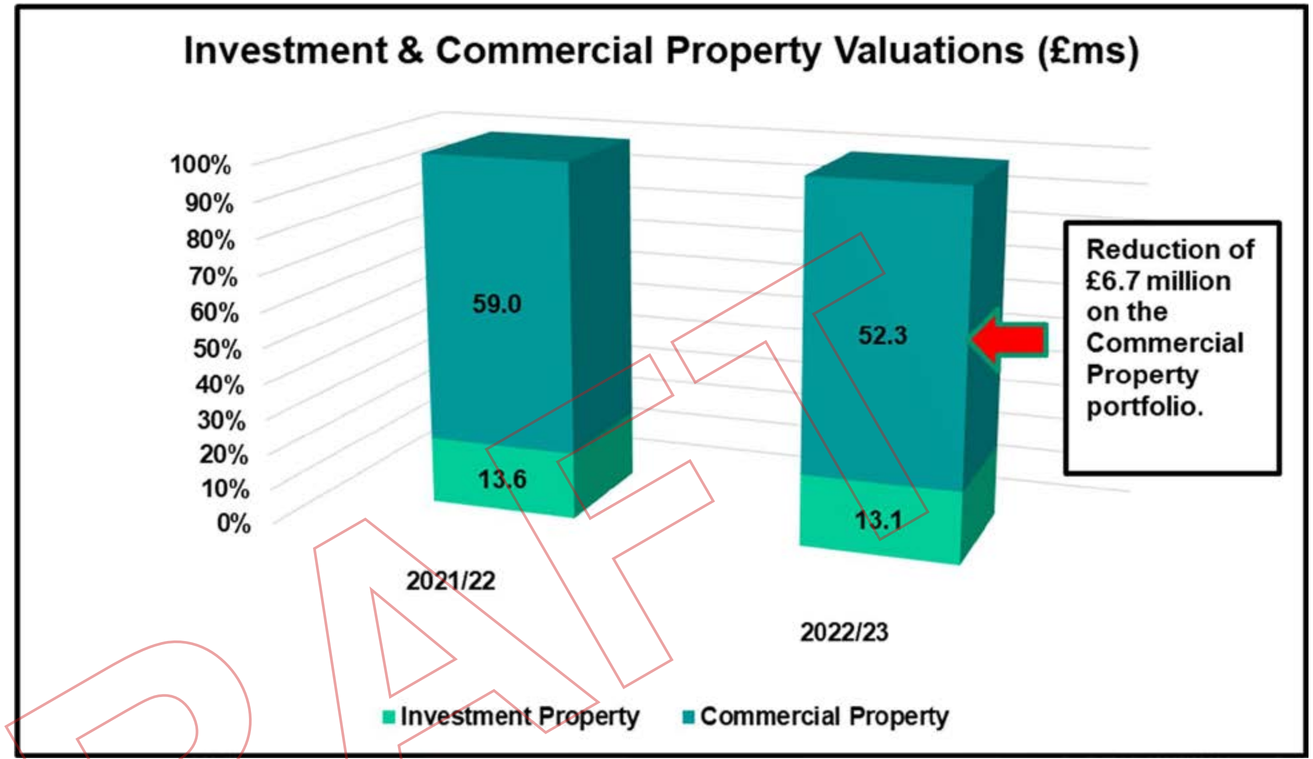


Chart 4: Investment and Commercial Property

revenue reserves in support of service delivery. At the Balance Sheet date the Council held usable reserves of £47.6 million (£77.3 million as at 31.3.2022) and unusable reserves of £233.3 million (46.3 million as at 31.3.2022).

As at the Balance Sheet date the Council's General Fund was at the minimum level of £7.2 million. During the financial year £19.4 million of Earmarked reserves were released to support the in year revenue budget and the proposed 2023/24 revenue budget. Earmarked revenue reserves of £4.3 million, focused on insurance and Public Health are now held. The significant reduction in revenue reserves, combined with a minimum General Fund level does place financial pressure on the Council. Robust cost management and focused delivery of planned revenue savings will be a key focus in financial year 2023/24.

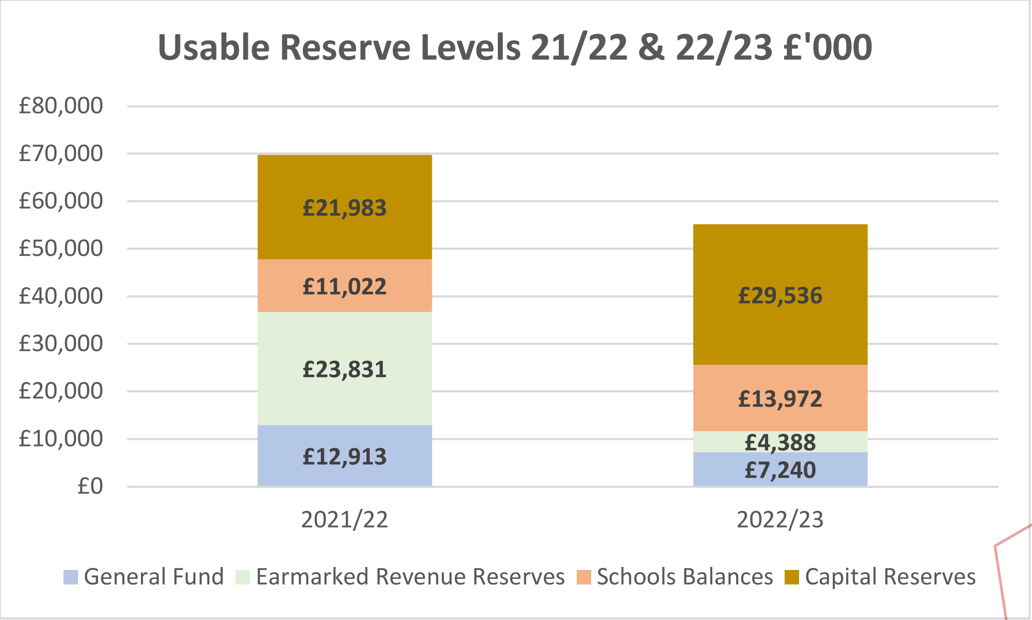


Chart 5: Usable and Unusable Reserves as at 31.3.2023

At the Balance Sheet date, £14.0 million of schools reserves are consolidated into the Council's balance Sheet. Schools balances increased £2.9 million over the reporting period, driven by an increase in balances for special schools. Nine primary schools reported deficit positions at the year end, an increase of three schools compared to 31.3.2022.

Usable capital reserves: At the Balance Sheet date the Council held £1.5 million of unapplied capital receipts and £20.5 million of unapplied external funding (Community Infrastructure Levy, grants without conditions). Capital sums are held for financing of future capital projects and forecast to be deployed in financial year 2023/24. £1.4 million of capital receipts held are to be deployed in support of the Council's transformation agenda under the approved capital Strategy and the Flexible use of capital Receipts Policy.

In respect of unusable reserves of £233.3 million, the year on year move in reserves primarily relates to the decrease in the pension fund liability (£382.6 million at 31.3.2022 v £123.5 million at 31.3.2023), and a reduction in the Collection Fund deficit (£9.7 million at 31.3.2022 v £5.0 million surplus at 31.3.2023). Unusable reserves are amounts set aside that the Council is unable to use to fund expenditure because they are unrealised or notional, i.e. they are not cash backed and relate to accounting adjustments.

Currently a statutory override is in place for Dedicated Schools Grant (DSG) deficits. The override allows Local Authorities to transfer accumulated deficits from the General Fund to unusable reserves. A cumulative £4.8 million deficit on the DSG is currently held within the Council's unusable reserves. This deficit has increased by £1.7 million over the reporting period. The statutory override has been in place since the financial year beginning 1.4.2020 and has been extended to include the year ending 31.3.2026. Potential removal of the override does constitute a significant financial risk to the Council's General Fund. The Council is actively engaged in deficit recovery plans to move the Dedicated Schools Grant to a balanced position as at the year ending 31.3.2026.

Future Challenges, Medium Term Financial Planning (MTFS)

There remains a high degree of uncertainty regarding future funding levels for local government, the long awaited proposed Fair Funding review has not occurred, Local Authorities currently plan on an annual basis. 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. The Council remains aware of the need to balance budgets in forthcoming financial years but is mindful of future funding uncertainties in addition to the wider impacts of current fiscal instability and 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; 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 2023/24, 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 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 longer term outlook is dominated by a range of factors; firstly, the macro-economic recovery from the Covid-19 pandemic and the impact that this has had, and will have on the UK economy including inflation and interest rates; secondly the impact on Government reform in Adult Social Care and other services such as planning policy which will alter financial planning assumptions, and thirdly, the long awaited fair funding review and proposed further business rates retention proposals for 2025-26 and beyond which should have a significant impact on the Council's finances and hopefully provide some longer term financial planning certainty. Key planning themes in the MTFS include:

- That the fair funding review and business rate baseline reset does not occur until 2025-26 at the earliest (this has been confirmed by Government) and it is assumed that these do not take place during the life of the MTFS – this assumption will be revised in future years when Government plans are clearer
- Adult Social care (ASC) funding remains in the longer term with a nil impact on WBC from the proposed care reforms in future years
- New Homes Bonus is removed but replaced with a funding system that delivers equivalent levels of reward to 2023-24 in future years – Government are due to release information before the 2024-25 finance settlement
- The assumed permitted Council Tax increases remain at 2.99% and ASC Council Tax precept levels at 2% - any authority proposing an increase above these levels must hold a local referendum
- Inflation remains at 2% in the longer term – forecasts are that for 2024-25 inflation could be negative

The MTFS includes cost avoidance proposals of £5.8 million, £1.8 million of income generation, service transformation of £0.6 million, service reform of £0.8 million, disinvestment of £0.1 million and reserve usage of £1.8 million. There is a gap between proposals at present and the total savings requirement in the MTFS, but this highlights that proposals are being considered in advance of their requirement to ensure greater medium term financial planning. At present there is a requirement of £10.8m of which at least £3.7m has been identified in proposals for future budgets.

The MTFS considers investment as well as savings. Investment set aside over the next four years amounts to £15 million. This includes a wide range of areas and remains in line with the Council Strategy ambitions – i.e. investment to achieve the Strategy, continue to build on our strengths and investment in infrastructure to deliver the Council Strategy and other supporting strategies.

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 2023 and its income and expenditure for the year then ended on that date.

Joseph Holmes
Executive Director for Resources,
s151 Officer

Date: 31 May 2023

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 2023, which comprise 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 2022/23.

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 2023 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 2023 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 2023 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 and the Executive Director for Resources

As explained more fully 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 2022/23, 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 they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

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.

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 2023.

We have nothing to report in respect of the above matter except on 16 April 2024 we identified:

- Significant weakness in the Authority's arrangements for financial sustainability. This was in relation to the following:

The Council incurred a net overspend in 2022/23 and reduced the balance on the General Fund to near the minimum prudent level. The Council has high debts, falling property valuations and low reserves, which will make it difficult for the Council to absorb the overspends it is forecasting. We recommend that the Council monitors its financial position and the impact of spending controls closely. As a priority, the Council should consider all possible options, including those that focus on people Directorate contract spend but also other areas of the revenue account where efficiencies may be possible.

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.

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 undertake 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 document 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 consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for West Berkshire Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our consideration of an objection brought to our attention by a local authority elector under section 27 of the Local Audit and Accountability Act 2014, and completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023. We are satisfied that these matters do not have a material effect on the financial statements for the year ended 31 March 2023.

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 44 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

Theale Businees Park

23

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.

2021/22 (Draft)					2022/23		
Expenditure	**Income**	**Net Expenditure**	**Comprehensive Income and Expenditure Statement**		**Expenditure**	**Income**	**Net Expenditure**
£000	**£000**	**£000**		**Note**	**£000**	**£000**	**£000**
258,225	(163,946)	94,279	People Directorate	7	285,353	(177,480)	107,873
62,726	(20,085)	42,641	Place Directorate	7	67,639	(26,899)	40,740
65,684	(38,751)	26,933	Resources Directorate	7	60,360	(39,491)	20,869
832	(15)	817	Chief Executive	7	713	(43)	670
387,467	**(222,797)**	**164,670**	**Cost of services**		**414,065**	**(243,913)**	**170,152**
13,049	0	13,049	Other operating expenditure	10	4,841	(850)	3,991
10,974	(4,093)	6,881	Financing and investment income and expenditure	11	22,514	(5,326)	17,188
24,637	(182,423)	(157,786)	Taxation and non-specific grant income and expenditure	12	27,129	(191,212)	(164,083)
436,127	**(409,313)**	**26,814**	**Deficit/(surplus) on the provision of services**	**13**	**468,549**	**(441,301)**	**27,248**
10,060	(16,696)	(6,636)	Surplus on the revaluation of property, plant and equipment assets	24.1	10,099	(12,186)	(2,087)
0	(63,985)	(63,985)	Remeasurement of the net defined benefit liability	24.5	(275,023)	0	(275,023)
10,060	**(80,681)**	**(70,621)**	**Other Comprehensive Income and Expenditure**		**(264,924)**	**(12,186)**	**(277,110)**
446,187	**(489,994)**	**(43,807)**	**Total Comprehensive Income and Expenditure**		**203,625**	**(453,487)**	**(249,862)**

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**
2022/23										
Balance at 1 April 2022 brought forward		12,913	23,831	11,022	47,766	5,743	23,793	77,302	(46,285)	31,017
Movement in reserves during 2022/23										
Deficit on the provision of services	13	(27,248)	0	0	(27,248)	0	0	(27,248)	0	(27,248)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	277,110	277,110
Total Comprehensive Income and Expenditure		(27,248)	0	0	(27,248)	0	0	(27,248)	277,110	249,862
Adjustments between Accounting Basis and Funding Basis under Regulations	8	5,083	0	0	5,083	(4,242)	(3,311)	(2,470)	2,470	0
Movement during 2022/23		**(22,165)**	**0**	**0**	**(22,165)**	**(4,242)**	**(3,311)**	**(29,718)**	**279,580**	**249,862**
Transfers to Earmarked Reserves	**9**	16,493	(19,443)	2,950	0	0	0	0	0	0
Balance at 31 March 2023 carried forward		**7,241**	**4,388**	**13,972**	**25,601**	**1,501**	**20,482**	**47,584**	**233,295**	**280,879**
2021/22 (Draft)										
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)
Reclassifications		0			0	0	0	0	0	0
Movement in reserves during 2021/22										
Deficit on the provision of services		(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
Movement during 2021/22		**(10,886)**	**0**	**0**	**(10,886)**	**(783)**	**(9,931)**	**(21,600)**	**65,407**	**43,807**
Transfers to Earmarked Reserves	**9**	11,682	(14,684)	3,002	0	0	0	0	0	0
Balance at 31 March 2022 carried forward		**12,913**	**23,831**	**11,022**	**47,766**	**5,743**	**23,793**	**77,302**	**(46,285)**	**31,017**

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 2022 (Draft)		Notes	31 March 2023
£'000			£'000
	Non-current:		
358,511	Property, plant and equipment	**14**	365,655
196,564	Infrastructure Assets	**14.1**	204,876
72,556	Investment properties	**16**	65,415
2,129	Intangible assets	**17**	2,680
16	Long-term debtors	**18**	0
629,776	**Long-term assets**		**638,626**
	Current:		
2,091	Assets held for sale		2,321
18,000	Short-term investments	**18**	1,000
10	Inventories		3
42,623	Short-term debtors	**19**	39,278
19,790	Cash and cash equivalents	**20**	19,670
82,514	**Current assets**		**62,272**
	Current:		
(5,770)	Short-term borrowings	**18**	(8,780)
(65,217)	Short-term creditors	**21**	(66,238)
(1,649)	Provisions	**22**	(1,268)
(9,312)	Grant receipts in advance - revenue	**33.2**	(5,698)
(10,560)	Grant receipts in advance - capital	**33.2**	(15,159)
(92,508)	**Current liabilities**		**(97,143)**
	Long-term:		
(10,670)	Long-term creditors	**18**	(9,807)
(9)	Provisions	**22**	(9)
(186,891)	Long-term borrowings	**18**	(181,973)
(382,579)	Other long-term liabilities	**38.1**	(123,508)
(8,616)	Grant receipts in advance - capital	**33.2**	(7,579)
(588,765)	**Long-term liabilities**		**(322,876)**
31,017	**Net assets/(liabilities)**		**280,879**
(77,302)	Usable reserves	**23**	(47,584)
46,285	Unusable reserves	**24**	(233,295)
(31,017)	**Total reserves**		**(280,879)**

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.

2021/22 (Draft) £'000	Cash Flow Statement	Notes	2022/23 £'000
(26,814)	Net (deficit)/surplus on the provision of services	13	(27,248)
56,053	Adjustments to net (deficit)/surplus on the provision of services for non - cash movements	25	43,238
142	Adjustments to net (deficit)/surplus on the provision of services for investing and financing activities		739
29,381	**Net cash flows from operating activities**		**16,729**
(24,330)	Investing activities	26	(14,128)
(6,341)	Financing activities	27	(2,721)
(1,290)	**Net (decrease)/increase in cash and cash equivalents**		**(120)**
21,080	Cash and cash equivalents at the beginning of the reporting period		19,790
19,790	**Cash and cash equivalents at the end of the reporting period**	20	**19,670**

Notes to the Accounts

Thatcham

Note 1: Accounting Policies

1. General Principles

These Statement of Accounts summarise the Council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 (the 2003 Act) primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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.

Asset class	Accounting basis in the CIES
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;
- Revenue accruals are recognised where the value exceeds £10k, with the exception of accruals for Adult Social Care, where we fully accrue on commissioned services. Capital accruals are recognised where the value exceeds £10k.
- 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 contributions. In 2022/23, 15% of Adult Social Care costs were budgeted to be recouped from client contributions. Other income amounts received by the Council

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 also are repayable on notice of not more than 24 hours 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 2022/23. 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 31 May 2023 (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 2022/23, 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.

13. Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Council 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 Council 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

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

Assets which have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

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 £10,000.

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, or credited to the surplus or deficit on deficit on the provision of services in the Comprehensive Income and Expenditure Statement where arising from reversal of a loss previously charged to a service. 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 2022/23, a componentisation de minimis of £3million has been implemented.

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 £4.83m, plus 17.3% of pensionable payroll in 2023/24 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 2023/24 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 amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those 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 2023/24 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 PPE valuation uncertainty

The Council makes use of professional external valuation experts to undertake revaluation of its investment and non-investment land and building assets, in compliance with arrangements for valuation set out in the CIPFA Accounting Code of Practice. These valuations are subject to uncertainty with regard to future economic conditions as well as operational and strategic factors within construction markets which have continued during 2022/23.

3.4 Future funding of Local Government

There remains a high degree of uncertainty regarding future funding levels for local government. The 2023/24 Local Government Finance Settlement was published in February 2023, but as a one year settlement, does not provide clarity on the longer term funding plan for local authorities.

In December 2022, the Government confirmed that the long awaited Fair Funding Review and reset of business rates retention will not take place for at least two years. The Review, which was first proposed in 2016, initially outlined a range of proposals to the formula allocation of Government funding, such as changes to:

- 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.

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 2023 for which where 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 2023.	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 £0.546m 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 -5.0% and +1.0% depending on the sector, with no resulting changes to Community Assets. A variation of between -1.0% and 15% has been noted within Development Land.	There were 37 assets valued as PPE (EUV) and 4 assets as Investment (FV) which were not land assets, and therefore the resulting impact if an impairment of -5.0% was applied, the impact would be £0.7m. 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 £12.9m. An increase in life expectancy assumptions by 1 year would result in an increase in projected service cost to £13.9m. Details of actuarial assumptions are shown in Note 38.
Business Rates Appeals	The Council has reduced its appeals provision during 2022/23. Historically this has been based upon the application of the national average percentage of 4.7% of the Net Collectable, which reduced down to 3.2% (as per advice from CIPFA).	If the provision for appeals requirement was increased by 2% above the NNDR3 provision, this would equate to an increase of £1.6m shared across Central Government (50%), The Royal Berkshire Fire and Rescue Service (1%) and West Berkshire Council (49%).

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) – 2022/23 expenditure of £110.8m (2021/22: £105.4m) was supported by in-year DSG Grant funding;

Note 6: Events after the Balance Sheet date

After preparing the Statement of Accounts for 2022/23, and after the Balance Sheet date of 31 March 2023, the Section 151 office authorised the Statement of Accounts for issue on 31 May 2023. 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.

2021/22				2022/23		
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
78,298	15,981	94,279	People Directorate	91,949	15,924	107,873
36,463	7,164	43,627	Place Directorate	34,768	5,972	40,740
22,524	4,409	26,933	Resources Directorate	17,883	2,986	20,869
817	0	817	Chief Executive	670	0	670
138,102	**27,554**	**165,656**	**Net cost of services**	**145,270**	**24,882**	**170,152**
(127,216)	(10,640)	(137,856)	Other income and expenditure	(123,106)	(19,798)	(142,904)
10,886	**16,914**	**27,800**	**Deficit/(surplus) on the provision of services**	**22,164**	**5,084**	**27,248**
(58,652)			**Opening General Fund 1 April**	(47,766)		
(16,914)			Adjustments between Accounting Basis and Funding Basis	(5,083)		
27,800			Less/plus deficit/(surplus) on the provision of services	27,248		
(47,766)			**Closing General Fund 31 March**	**(25,601)**		

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.

2021/22					2022/23			
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**
6,031	10,324	(374)	15,981	People Directorate	10,541	5,364	20	15,925
2,703	4,628	(167)	7,164	Place Directorate	3,953	2,011	7	5,971
1,664	2,848	(103)	4,409	Resources Directorate	1,976	1,006	4	2,986
0	0	0	0	Chief Executive	0	0	0	0
10,398	**17,800**	**(644)**	**27,554**	**Net cost of services**	**16,470**	**8,381**	**31**	**24,882**
(9,990)	8,383	(9,033)	(10,640)	Other income and expenditure from Expenditure and Funding Analysis	(14,438)	7,571	(12,932)	(19,799)
408	**26,183**	**(9,677)**	**16,914**	**Difference between General Fund surplus and Comprehensive Income and Expenditure Statement deficit/(surplus) on the provision of services**	**2,032**	**15,952**	**(12,901)**	**5,083**

Note 7B: Segmental income

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

2021/22 Income from services £'000	Segmental income	2022/23 Income from services £'000
(163,946)	People Directorate	(177,480)
(20,085)	Place Directorate	(26,899)
(38,751)	Resources Directorate	(39,491)
(15)	Chief Executive	(43)
(222,797)	**Total income analysed on a segmental basis**	**(243,913)**

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:

2022/23	Usable Reserves General Fund Total £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Adjustments to revenue resources				
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	1,796	0	0	(1,796)
Pension costs (transferred to (or from) the Pension Reserve)	15,952	0	0	(15,952)
Council Tax and NNDR (transferred to (or from) the Collection Fund Adjustment Account)	(14,728)	0	0	14,728
Holiday pay (transferred to (or from) the Accumulated Absences Account)	31	0	0	(31)
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)	31,785	740	0	(32,525)
Total adjustments to revenue resources	**34,836**	**740**	**0**	**(35,576)**
Adjustments between revenue and capital resources				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(8,347)	0	0	8,347
Total adjustments between revenue and capital resources	**(8,347)**	**0**	**0**	**8,347**
Adjustments to capital resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(4,359)	0	4,359
Use of the Capital Receipts Reserve to finance Transformation Projects	623	(623)	0	0
Application of capital grants to capital financing transferred to the Capital Adjustment Account	(22,961)	0	(2,379)	25,340
Application of capital expenditure amounts within the Capital Grants Unapplied Account	932	0	(932)	0
Total adjustments to capital resources	**(21,406)**	**(4,982)**	**(3,311)**	**29,699**

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

2021/22	Usable Reserves			
	General Fund Total £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Adjustments to revenue resources				
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)
Total adjustments to revenue resources	**34,126**	**142**	**0**	**(34,268)**
Adjustments between revenue and capital resources				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(7,286)	0	0	7,286
Total adjustments between revenue and capital resources	**(7,286)**	**0**	**0**	**7,286**
Adjustments to capital resources				
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
Total adjustments to capital resources	**(10,912)**	**(925)**	**(9,931)**	**21,768**
Total adjustments	**15,928**	**(783)**	**(9,931)**	**(5,214)**

Note 9: Movements in Earmarked General Fund Reserves

	Balance at 1 April 2021	Transfers out 2021/22	Transfers in 2021/22	Reclassifications	Balance at 31 March 2022	Transfers out 2022/23	Transfers in 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balances held by schools under a scheme of delegation	8,020	0	3,002	0	11,022	(510)	3,460	13,972
DSG overspend	0	0	0	0	0	0	0	0
Special expenses	6	(4)	0	0	2	(2)	0	0
Self-insurance fund	1,140	(82)	82	0	1,140	(79)	89	1,150
Long-term commitment	653	(59)	0	0	594	(62)	124	656
Specific earmarked reserves	29,636	(27,882)	18,603	0	20,357	(19,965)	1,862	2,254
Waste management strategy	147	(80)	0	0	67	(67)	0	0
Covid Reserve	5,916	(5,691)	776	0	1,001	(1,001)	0	0
Council Tax Volatility Reserve	1,017	(550)	203	0	670	(342)	0	328
Total Earmarked General Fund Reserves	**46,535**	**(34,348)**	**22,666**	**0**	**34,853**	**(22,028)**	**5,535**	**18,360**

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.

2021/22 Net expenditure £'000	Other operating expenditure	2022/23 Net expenditure £'000
4,494	Parish Council precepts	4,678
165	Levies	163
(1,105)	Miscellaneous amounts	(716)
9,495	Loss/(gain) on the disposal of non-current assets	(134)
13,049	**Total**	**3,991**

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.

2021/22 Net expenditure £'000	Financing and investment income and expenditure	Note	2022/23 Net expenditure £'000
7,286	Interest payable and similar charges	18.2	7,122
8,683	Net interest on the net defined benefit liability	38	7,953
(155)	Interest receivable and similar income	18.2	(1,072)
(8,933)	Income and expenditure in relation to investment properties and changes in their fair value	16.1	3,186
6,881	**Total**		**17,189**

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.

2021/22 Net income £'000	Taxation and non-specific grant income and expenditure	2022/23 Net income £'000
(108,627)	Council tax income	(113,605)
(10,991)	Business Rate Retention Scheme	(14,999)
(3,267)	Other income	(201)
(23,013)	Non-ringfenced government grants	(12,317)
(11,888)	Capital grants and contributions	(22,961)
(157,786)	**Total**	**(164,083)**

Note 13: Income and expenditure analysed by nature

2021/22	The Authority's income and expenditure is analysed as follows:	2022/23
£'000		£'000
162,665	Employee benefit expenses	161,202
242,610	Other service expenses	271,802
9,412	Depreciation, amortisation and impairment	23,582
7,286	Interest payments	7,122
4,659	Precepts and levies	4,841
9,495	Losses on disposal of non-current assets	0
436,127	**Total expenditure**	**468,549**
(65,264)	Fees, charges and other service income	(73,417)
(155)	Interest and investment income	(1,072)
(144,255)	Income from Council Tax and NNDR	(155,735)
(199,639)	Government grants and contributions	(210,943)
0	Gain on disposal of non-current assets	(134)
(409,313)	**Total income**	**(441,301)**
26,814	**Deficit/(surplus) on the provision of services**	**27,248**

Note 14: Property, Plant and Equipment

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

Movements in 2022/23

	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
Cost or valuation 1 April 2022	351,803	21,064	132	2,483	143	375,625
Additions	10,907	4,618	0	0	34	15,559
Revaluation increases recognised in the revaluation reserve	50	0	0	0	0	50
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(4,059)	0	0	0	0	(4,059)
Derecognition-disposals	0	0	0	0	0	0
Derecognition-other	0	(2,027)	0	0	0	(2,027)
Assets reclassified (to)/from held for sale	(606)	0	0	0	0	(606)
Other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2023	**358,095**	**23,655**	**132**	**2,483**	**177**	**384,542**
Accumulated depreciation and impairment						
At 1 April 2022	(4,825)	(12,289)	0	0	0	(17,114)
Depreciation charge	(4,254)	(2,322)	0	0	0	(6,576)
Depreciation written out to the revaluation reserve	1,808	0	0	0	0	1,808
Depreciation written out to the surplus/deficit on the provision of services	968	0	0	0	0	968
Impairment losses recognised in the surplus/deficit on the provision of services	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0
Derecognition-other	0	2,027	0	0	0	2,027
Other movements in depreciation and impairment	0	0	0	0	0	0
At 31 March 2023	**(6,303)**	**(12,584)**	**0**	**0**	**0**	**(18,887)**
Net book value						
At 31 March 2023	**351,792**	**11,071**	**132**	**2,483**	**177**	**365,655**

Note 14: Property, Plant and Equipment (continued)

Movements in 2021/22	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
Cost or valuation 1 April 2021	334,676	23,015	20	2,980	7,432	368,123
Additions	10,876	2,638	18	16	318	13,866
						0
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
At 31 March 2022	**351,803**	**21,064**	**132**	**2,483**	**143**	**375,625**
Accumulated depreciation and impairment						
At 1 April 2021	(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
At 31 March 2022	**(4,825)**	**(12,289)**	**0**	**0**	**0**	**(17,114)**
Net book value						
At 31 March 2022	**346,978**	**8,775**	**132**	**2,483**	**143**	**358,511**
At 31 March 2021	**330,004**	**8,621**	**20**	**2,980**	**7,432**	**349,057**

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 2022/23 and 2021/22 financial years have not been reported as there is currently no established methodology that can be applied to accurately apportion gross book values betwen 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 2022/23	**Infrastructure assets £'000**
Opening Net Book Value 1 April 2022	196,564
Additions	14,550
Revaluation increases / (decreases) recognised in the revaluation reserve	0
Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	0
Derecognition - disposals	0
Derecognition - other	(1,209)
Assets reclassified (to) / from held for sale	0
Other movements in cost or valuation	0
Depreciation charge	(6,238)
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	1,209
Net Book Value 31 March 2023	**204,876**

Comparative movements: Movements in 2021/22	**Infrastructure assets £'000**
Opening Net Book Value 1 April 2021	188,461
Additions	14,225
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	(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
Derecognition - other	0
Other movements in depreciation and impairment	0
Net Book Value 31 March 2022	**196,564**

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
Carried at historical cost	578	11,071	204,876	38	0	177	216,740
Valued at current value as at:							
31 March 2023	128,912	0	0	0	2,483	0	131,395
31 March 2022	90,862	0	0	94	0	0	90,956
31 March 2021	25,988	0	0	0	0	0	25,988
31 March 2020	82,604	0	0	0	0	0	82,604
31 March 2019	22,847	0	0	0	0	0	22,847
Total cost or valuation	**351,791**	**11,071**	**204,876**	**132**	**2,483**	**177**	**570,530**

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/

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 however commenced a project to obtain current values of the Museum collections for insurance purposes and plan to do this in stages.

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:

	2021/22 £'000	2022/23 £'000
Rental income from Investment Properties	3,938	4,075
Upward/(downward) revaluations	5,742	(7,112)
Direct operating expenses arising from Investment Properties	(747)	(149)
Net gain	**8,933**	**(3,186)**

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

Movement in the fair value of Investment Properties	**2021/22**	**2022/23**
	£'000	**£'000**
Balance at the start of the year	66,315	72,556
Additions:		
Purchases	499	(29)
Construction	0	0
Subsequent expenditure	0	0
Disposals	0	0
Net gains/(losses) from fair value adjustments	5,742	(7,112)
Transfers:		
To Property, Plant and Equipment	0	0
Other changes	0	0
Balance at the end of the year	**72,556**	**65,415**

There have been no changes in the techniques used to value Investment Properties during 2022/23

Note 16.2: Fair value hierarchy of Investment Properties

Fair value hierarchy 2022/23				
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 2023 £'000
Commercial units	0	65,415	0	**65,415**
Total	**0**	**65,415**	**0**	**65,415**

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**
Total	**0**	**72,556**	**0**	**72,556**

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:

a) in the principal market for the asset; or
b) 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 2022/23.

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.

2021/22				2022/23		
Internally generated assets	Other assets	Total		Internally generated assets	Other assets	Total
£'000	£'000	£'000		£'000	£'000	£'000
0	3,139	3,139	Gross carrying amounts	0	3,505	3,505
0	(1,765)	(1,765)	Accumulated amortisation	0	(1,376)	(1,376)
0	**1,374**	**1,374**	**Net carrying amount at the start of the year**	**0**	**2,129**	**2,129**
			Additions:			
0	1,268	1,268	Purchases	0	1,101	1,101
0	(395)	(395)	Amortisation for the year	0	(550)	(550)
0	(901)	(901)	Disposal-cost	0	(661)	(661)
0	783	783	Disposal-accumulated amortisation	0	661	661
0	**2,129**	**2,129**	**Net carrying amount at the end of the year**	**0**	**2,680**	**2,680**

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:

Non - current		Current				Non - current		Current		
Investments	Debtors	Investments	Debtors	Total	Financial assets	Investments	Debtors	Investments	Debtors	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
0	0	14,807	0	14,807	Fair value through profit and loss	0	0	14,386	0	14,386
0	16	0	0	16	Amortised cost - soft loans	0	0	0	0	0
0	0	22,983	17,753	40,736	Amortised cost - other	0	0	6,285	19,621	25,906
0	0	0	0	0	Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0
0	0	0	0	0	Fair value through other comprehensive income - other	0	0	0	0	0
0	**16**	**37,790**	**17,753**	**55,559**	**Total financial assets**	**0**	**0**	**20,671**	**19,621**	**40,292**

2021/22						2022/23				
Non - current		Current				Non - current		Current		
Borrowings	Creditors	Borrowings	Creditors		Financial liabilities	Borrowings	Creditors	Borrowings	Creditors	Total
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000
0	0	0	0	0	Fair value through profit and loss	0	0	0	0	0
197,561	0	5,770	31,938	235,269	Amortised cost	191,780	0	8,780	31,681	232,241
197,561	**0**	**5,770**	**31,938**	**235,269**	**Total financial liabilities**	**191,780**	**0**	**8,780**	**31,681**	**232,241**
0	0	0	0	0	**Non - financial liabilities**	0	0	0	0	0
197,561	**0**	**5,770**	**31,938**	**235,269**	**Total**	**191,780**	**0**	**8,780**	**31,681**	**232,241**

Note 18.2: Financial Instruments

Income, expense, gains and losses:

2021/22 Deficit on the provision of services £'000	Income, expense, gains and losses	2022/23 Deficit on the provision of services £'000
	Net (gains)/losses on interest income/expenditure:	
(155)	Investment income/interest	(1,072)
7,286	Interest expense	7,122
7,131	**Total net (gains)/losses**	**6,050**

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.

2021/22 Carrying amount £'000	2021/22 Fair value £'000	Financial liabilities	2022/23 Carrying amount £'000	2022/23 Fair value £'000
186,891	198,883	Financial liabilities held at amortised cost - PWLB loans	181,973	170,262
5,770	5,770	Short-term borrowings at amortised cost	8,780	8,780
31,938	31,938	Short-term creditors at amortised cost	31,681	31,681
10,670	13,011	PFI and finance lease liabilities	9,807	10,719
235,269	**249,602**	**Total**	**232,241**	**221,442**

2021/22 Carrying amount £'000	2021/22 Fair value £'000	Financial assets	2022/23 Carrying amount £'000	2022/23 Fair value £'000
14,807	14,807	Financial assets held at fair value through profit or loss - Cash and cash equivalents	14,386	14,386
4,983	4,983	Financial assets held at amortised cost - cash and cash equivalents	5,284	5,284
18,000	18,000	Financial assets held at amortised cost - short-term investments	1,000	1,000
17,753	17,753	Short term debtors at amortised cost	19,621	19,621
16	16	Financial assets held at amortised cost - long term debtors	0	0
55,559	**55,559**	**Total**	**40,291**	**40,291**

Note 18.4 Fair value hierarchy

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**As at 31/3/22 £'000**	**As at 31/3/23 £'000**
Fair value through profit or loss				
Money market funds	Level 1	Unadjusted quoted prices in active markets for identical shares	14,807	14,386
Total			**14,807**	**14,386**

- Level 1 Inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.
- Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs: unobservable inputs for the asset or liability

<u>Transfers between Levels of the fair value hierarchy</u>
There were no transfers between Input Levels during the year.

<u>Changes in the valuation technique</u>
There has been no change in the valuation technique used during the year for financial instruments.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value				
Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**As at 31/3/22 £'000**	**As at 31/3/23 £'000**
Financial liabilities held at amortised cost:				
PWLB	Level 2	Other significant observable inputs	191,043	186,284
Non-PWLB	Level 2	Other significant observable inputs	805	607
Short term debt	Level 2	Other significant observable inputs	0	3,000
PFI and finance lease liabilities	Level 2	Other significant observable inputs	11,483	10,670
Total			**203,330**	**200,561**
Financial assets:				
Financial assets held at amortised cost:	Level 2	Other significant observable inputs	22,983	6,285
Total			**22,983**	**6,285**

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 in the table above have been arrived at using a discounted cash flow anlysis with the most significant inputs being the discount rate detailed above.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, primarily for fiancial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the current market rates.

Note 19: Debtors

2021/22 £'000	Debtors	2022/23 £'000
11,887	Trade receivables	10,884
2,660	Prepayments	2,831
8,524	Council Tax and NNDR receivables	0
19,552	Other receivable amounts	25,563
42,623	**Total**	**39,278**

Note 20: Cash and cash equivalents

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

2021/22 £'000	Cash and cash equivalents	2022/23 £'000
1	Cash held by the authority	0
19,789	Bank accounts and other cash deposits	19,670
19,790		**19,670**

Note 21: Creditors

2021/22 £'000	Creditors	2022/23 £'000
24,344	Trade payables	25,347
5,002	Receipts in advance	4,679
35,871	Other payables	36,212
65,217	**Total**	**66,238**

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 2023). 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
Balance at 1 April 2022	0	1,649	0	1,649
Additonal provisions made in 2022/23	0	1,082	0	1,082
Amounts used in 2022/23	0	(1,463)	0	(1,463)
Unused amounts reversed in 2022/23	0	0	0	0
Unwinding of discounting in 2022/23	0	0	0	0
Balance at 31 March 2023	**0**	**1,268**	**0**	**1,268**

Non-current provisions	Crookham (extraction of minerals) £'000	Business Rates provision for appeals £'000	Other provisions £'000	Total £'000
Balance at 1 April 2022	9	0	0	9
Additonal provisions made in 2022/23	0	0	0	0
Amounts used in 2022/23	0	0	0	0
Unused amounts reversed in 2022/23	0	0	0	0
Unwinding of discounting in 2022/23	0	0	0	0
Balance at 31 March 2023	**9**	**0**	**0**	**9**

Note 23: Usable Reserves

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

Note 24: Unusable Reserves

2021/22	Unusable Reserves	2022/23
£'000		£'000
183,643	Revaluation Reserve	183,780
169,800	Capital Adjustment Account	177,271
(382,579)	Pension Reserve	(123,508)
(9,663)	Collection Fund Adjustment Account	5,065
(2,965)	Dedicated Schools Grant (DSG) Adjustment Account	(4,761)
(4,521)	Accumulated Absences Account	(4,552)
(46,285)	**Total Unusable Reserves**	**233,295**

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.

2021/22	Revaluation Reserve	2022/23
£'000		£'000
180,138	**Balance at 1 April**	**183,643**
(524)	Restatement to brought forward balance	0
179,614	**Restated brought forward balance**	**183,643**
16,696	Upward revaluation of assets	12,186
(10,060)	Downward revaluation of assets and impairment losses not charged to the deficit/(surplus) on the provision of services	(10,099)
6,636	Surplus or deficit on the revaluation of non-current assets not posted to the deficit/(surplus) on the provision of services	**2,087**
0	Assets held for sale	0
(1,655)	Difference between fair value depreciation and historical cost depreciation	(1,798)
(952)	Accumulated losses on assets sold or scrapped	(152)
(2,607)	Amount written off to the capital account	**(1,950)**
183,643	**Balance at 31 March**	**183,780**

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.

2021/22	Capital Adjustment Account	2022/23
£'000		£'000
155,377	**Balance at 1 April**	**169,800**
(1,277)	Restatement to brought forward balance	0
154,100	**Restated brought forward balance**	**169,800**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(11,895)	Charges for depreciation and impairment of non-current assets	(12,815)
2,878	Revaluation gains/(losses) on property, plant and equipment	(3,105)
(395)	Amortisation of intangible assets	(550)
(5,922)	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	(8,538)
(8,684)	Non - current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(453)
3,267	Gain on recognition of donated assets	200
(20,751)		**(25,261)**
1,655	Adjusting amounts written out of the Revaluation Reserve	1,796
1,655	**Net written out amount of the cost of non-current assets consumed in the year**	**1,796**
	Capital financing applied in the year:	
20,855	Application of grants to capital financing from the Capital Grants Unapplied Account	25,340
913	Use of the Capital Receipts Reserve to finance capital expenditure	4,359
7,286	Statutory provision for the financing of capital investment charged against the General Fund	8,347
29,054		**38,046**
5,742	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(7,110)
169,800	**Balance at 31 March**	**177,271**

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.

2021/22	Collection Fund Adjustment Account	2022/23
£'000		£'000
(1,464)	**Council Tax - balance at 1 April**	(670)
794	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(834)
(670)	**Council Tax - balance at 31 March**	(1,504)
(21,658)	**Business Rates - balance at 1 April**	(8,993)
12,665	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	15,562
(8,993)	**Business Rates - balance at 31 March**	6,569
(9,663)	**Collection Fund balance at 31 March**	5,065

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.

2021/22	Accumulated Absences Account	2022/23
£'000		£'000
(5,165)	**Balance at 1 April**	(4,521)
644	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	(31)
(4,521)	**Balance at 31 March**	(4,552)

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.

2021/22	Pension Reserve	2022/23
£'000		£'000
(420,381)	**Balance at 1 April**	**(382,579)**
63,985	Remeasurement of the net defined benefit liability	275,023
(41,810)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	(33,527)
15,627	Employer's pension contributions and direct payments to the pensioners payable in the year	17,575
(382,579)	**Balance at 31 March**	**(123,508)**

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 2023, with statutory accounting arrangements requiring an in-year transfer from the General Fund.

2021/22	Dedicated Schools Grant (DSG) Adjustment Account	2022/23
£'000		£'000
1,461	Balance at 1 April	(2,965)
(2,922)	Restatement to brought forward balance	0
(1,461)	Restated balance at 1 April	(2,965)
(1,504)	In-year deficit arising from the deployment of Dedicated Schools Grant (DSG)	(1,796)
(2,965)	Balance at 31 March	(4,761)

Note 25: Cash flow statement - operating activities

The cashflows for operating activities include the following items:

2021/22	Cash flow statement - operating activities	2022/23
£'000		£'000
(155)	Interest received	(1,072)
7,286	Interest paid	7,122
7,131		6,050
	Net (deficit)/surplus on the provision of services adjusted for non - cash movements:	
11,895	Depreciation	12,814
(1,044)	Impairment	0
395	Amortisation	550
10,023	Increase in creditors	919
16,972	Decrease/(increase) in debtors	3,345
(2)	(Increase)/decrease in inventories	7
26,183	Movement in pension liability	15,952
(8,369)	Other non - cash items charged to the net (deficit)/surplus on the provision of services	9,651
56,053	Total non-cash movements	43,238

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:

2021/22	Cash flow statement - investing activities	2022/23
£'000		£'000
(29,858)	Purchase of property, plant and equipment, investment properties and intangible assets	(31,010)
0	Other payments for investing activities	0
9,495	Proceeds from the sale of property, plant and equipment, investment properties and intangible assets	(134)
(3,967)	Other receipts from investing activities	17,016
(24,330)	**Net cash flows from investing activities**	**(14,128)**

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:

2021/22	Cash flow statement - financing activities	2022/23
£'000		£'000
5,965	Cash receipts of short-term borrowings and long-term borrowings	8,980
(766)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance-sheet PFI contracts	(813)
(11,540)	Repayments of short-term borrowings and long-term borrrowings	(10,888)
(6,341)	**Net cash flows from financing activities**	**(2,721)**

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.

2021/22	Berkshire Community Equipment Service	2022/23
£'000		£'000
	Funding provided to the pooled budget:	
(1,144)	West Berkshire	(1,036)
(6,476)	Berkshire Clinical Commissioning Groups	(6,745)
(3,465)	Other unitary authorities	(3,379)
(216)	Other (limited/CIC)	(104)
(11,301)	**Total income**	**(11,264)**
	Expenditure met from pooled budget:	
1,144	West Berkshire	1,036
6,476	Berkshire Clinical Commissioning Groups	6,745
3,465	Other unitary authorities	3,379
216	Other (limited/CIC)	104
11,301	**Total expenditure**	**11,264**

2021/22	Better Care Fund (Revenue)	2022/23
£'000		£'000
	Funding provided to the pooled budget:	
(6,139)	NHS Berkshire West CCG	(6,711)
(6,139)	**Total income**	(6,711)
	Expenditure met from the pooled budget:	
	West Berkshire:	
859	Physical Support	937
681	Memory and Cognition Support	723
2,168	Learning Disabilities Support	2,380
693	Carers Support	735
1,512	Reablement	1,708
226	Other	228
6,139	**Total expenditure**	**6,711**

Note 29: Members Allowances

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

Members' Allowances	2021/22 £'000	2022/23 £'000
Salaries	501	520
Car allowances	5	10
Employees'/members' expenses	0	0
Total	**506**	**530**

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 - Nigel Lynn	2022/23		154,715	0	443	0	37,868	193,026
Chief Executive (current) - Nigel Lynn	2021/22	A	70,165	0	0	0	16,489	86,654
Chief Executive (acting) - Susan Halliwell	2021/22	B	21,409	0	0	0	4,706	26,115
Executive Director - People (current)	2022/23	C	29,857	0	0	95	7,307	37,259
Executive Director - People (ex)	2022/23	D	119,589	0	104	0	28,903	148,596
Executive Director - People	2021/22		132,777	0	0	120	31,203	164,100
Executive Director - Place (current)	2022/23		8,767	0	0	0	2,145	10,912
Executive Director - Place (ex)	2022/23	E	63,013	0	0	0	15,420	78,433
Executive Director - Place (previous)	2022/23	F	65,064	0	0	0	15,922	80,986
Executive Director - Place	2021/22		111,355	0	0	0	26,169	137,524
Executive Director - Resources	2022/23		133,806	0	0	0	32,746	166,552
	2021/22		130,686	0	0	0	30,711	161,397
Head of Education (current)	2022/23	G	35,742	0	0	0	8,740	44,482
Head of Education (ex)	2022/23	H	54,688	0	2,042	57	12,656	69,443
Head of Education	2021/22		88,556	0	0	3,500	20,811	112,867
Service Director - Strategy and Governance	2022/23		97,214	0	0	0	23,781	120,995
	2021/22		93,568	0	0	0	21,988	115,556
Service Director - Communities and Wellbeing (current)	2022/23	I	8,400	0	0	0	2,055	10,455
Service Director - Communities and Wellbeing (ex)	2022/23	J	44,593	0	0	0	10,908	55,501
Service Director - Communities and Wellbeing	2021/22		91,458	0	26	0	20,574	112,058
Service Director - Development and Regulation	2022/23	K	49,941	0	0	0	12,016	61,957
	2021/22	L	55,962	0	0	0	13,151	69,113
Service Director - Environment	2022/23		97,214	0	68	120	23,781	121,183
	2021/22		93,568	0	0	120	21,988	115,676
Service Director - Adult and Social Care	2022/23	M	75,218	0	0	93	18,396	93,707
	2021/22		93,843	0	0	120	22,048	116,011

Notes:
A: Employment commenced 16 October 2021
B: Postholder was Acting Chief Executive between August and October 2021, the payment of temporary acting up payments ceased on 17 October 2021
C: Post was vacant between 5 September 2022 and 5 March 2023
D: New post for 2021/22, employment commenced 6 September 2021
E: Post vacant from February 2023
F: Post was vacant between April 2022 and September 2022

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:

2021/22			2022/23	
Council employees	**School employees**	**Remuneration band £**	**Council employees**	**School employees**
46	81	50,000 - 54,999	67	89
49	38	55,000 - 59,999	30	53
22	30	60,000 - 64,999	45	24
11	17	65,000 - 69,999	14	17
23	14	70,000 - 74,999	15	16
8	9	75,000 - 79,999	13	9
3	13	80,000 - 84,999	4	15
3	3	85,000 - 89,999	2	6
0	0	90,000 - 94,999	2	2
1	1	95,000 - 99,999	0	0
4	1	100,000 - 104,999	2	1
1	3	105,000 - 109,999	2	2
0	0	110,000 - 114,999	0	1
0	2	115,000 - 119,999	1	0
0	1	120,000 - 124,999	0	0
1	0	125,000 - 129,999	1	2
0	1	130,000 - 134,999	1	0
0	1	135,000 - 139,999	1	1
0	0	140,000 - 144,999	1	1
0	0	145,000 - 149,999	0	0
0	0	150,000 - 154,999	0	0
0	0	155,000 - 154,999	0	0
0	0	165,000 - 169,999	0	0
0	0	170,000 - 174,999	1	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:

2021/22 (b) Number of compulsory redundancies	2021/22 (c) Number of other departures agreed	2021/22 (d) Total number of exit packages by cost band [(b) + (c)]	2021/22 (e) Total cost of exit packages in each band	(a) Exit package cost band (including special payments)	2022/23 (b) Number of compulsory redundancies	2022/23 (c) Number of other departures agreed	2022/23 (d) Total number of exit packages by cost band [(b) + (c)]	2022/23 (e) Total cost of exit packages in each band
			£'000	£				£'000
				Council employees				
2	7	9	76	0 - 20,000	0	4	4	36
1	0	1	26	20,001 - 40,000	0	0	0	0
2	0	2	102	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
0	0	0	0	150,001 - 200,000	0	0	0	0
1	0	1	239	200,001 - 250,000	0	0	0	0
6	**7**	**13**	**443**	**Total**	**0**	**4**	**4**	**36**
				School employees				
4	4	8	41	0 - 20,000	7	3	10	36
0	1	1	25	20,001 - 40,000	1	1	2	53
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
4	**5**	**9**	**66**	**Total**	**8**	**4**	**12**	**89**

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:

External audit costs	2021/22 £'000	2022/23 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	92	127
Fees payable to KPMG in respect of grant claims and returns for the year	10	48
Fees payable to Grant Thornton in respect of teachers' pension for the year	5	5
Refund from Public Sector Audit Appointments	(15)	0
Total	**92**	**180**

External audit fees payable to Grant Thornton in 2022/23 include an amount of £8k relating to previous years' audit work and a provision of £30k for additional 2022/23 audit costs.

DRAFT

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 2022/23 is as follows:

Disclosure of deployment of Dedicated Schools Grant	2022/23 Central expenditure £'000	Individual Schools Budget £'000	Total £'000
Final DSG for 2022/23 before academy and high needs recoupment			157,443
Academy and high needs figure recouped for 2022/23			(48,431)
Total DSG after academy and high needs recoupment for 2022/23			109,012
Agreed initial budgeted distribution in 2022/23	**22,075**	**86,937**	**109,012**
In-year adjustments	0	0	0
Final budget distribution for 2022/23	**22,075**	**86,937**	**109,012**
Less: Actual central expenditure	23,835	0	23,835
Less: Actual ISB deployed to schools	0	86,974	86,974
Carried forward to 2023/24	**45,910**	**173,911**	**219,821**
DSG Unusable Reserve (2021/22) - Note 24.6			(2,965)
Addition to DSG Unusable Reserve (2022/23) - Note 24.6			(1,796)
Total DSG Unusable Reserve (2022/23) - Note 24.6			**(4,761)**
Net DSG position (2022/23)			**(4,761)**

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 2022/23 and 2021/22 were assessed in detail, and the principal items below were credited to the Comprehensive Income and Expenditure Statement:

2021/22	Grants credited to taxation and non-specific grant income	2022/23
£'000		£'000
	Non-ring fenced government grants	
11,329	Collection Fund Section 31 grants	7,870
2,820	Adult Social Care Support grant	3,851
1,147	New Homes Bonus	1,205
7,717	Covid-19 and Other grants	(609)
23,013	**Total non-ringfenced government grants**	**12,317**
	Capital grants	
9,372	Capital grants and contributions	17,219
2,516	Community Infrastructure Levy (CIL)	4,824
0	Section 106 contributions	959
11,888	**Total capital grants**	**23,002**

2021/22	Contributions, reimbursements and donations from government credited to services	2022/23
£'000		£'000
102,397	Dedicated Schools Grant (DSG)	108,879
24,622	Housing Benefit Subsidy	24,055
10,761	Learning Support Council, Skills and Education Funding Agencies	11,442
6,132	Other specific government grants	8,601
5,945	Public Health	6,112
3	Homes for Ukraine Grant	5,305
2,312	Private Finance Initiative (PFI)	2,312
0	Schools Supplementary Grant	2,122
1,132	Unaccompanied Asylumn Seekers	1,809
695	Household Support Fund Grant	1,390
266	Afghan Relocations and Assistance Policy Grant	1,365
783	Improved Better Care Fund	977
5,693	Covid-19 grant funding	555
730	Rough Sleeping Initiative	541
161,471	**Total government grants credited to services**	**175,465**

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:

2021/22	Grant receipts in advance - current liabilities	2022/23
£'000		£'000
	Grant receipts in advance (capital grants)	
(5,260)	Department for Transport Capital Funding	(6,897)
(500)	Department for Education High Needs Grant	(4,674)
(337)	Community Infrastructure Levy (CIL) Contributions for towns/parishes	(1,063)
(82)	Housing grants	(927)
(564)	Section 106 developer contributions	(555)
0	BDUK (Superfast Broadband)	(378)
(2,189)	DEFRA	(295)
0	Rough Sleepers Accommodation Programme	(149)
0	Disabled Facilities Grant	(132)
0	Other	(89)
(119)	LEP (Local Enterprise Partnership)	0
(1,081)	Homes and Communities Agency (HCA)	0
(428)	Section 278	0
(10,560)	**Total grant receipts in advance (capital grants)**	**(15,159)**
	Grant receipts in advance (revenue grants)	
(1,887)	Other grants	(4,346)
(425)	Supporting Families	(462)
(221)	Public Protection Partnership	(231)
(360)	Improved Better Care Fund	(189)
(141)	Adult Skills and Community Learning	(178)
(179)	Better Care Fund	(153)
(436)	Afghan Relocations and Assistance Policy grant	(98)
(724)	Other Covid-19 grants	(30)
(7)	Early Years Funding	(9)
(7,034)	Energy Rebate Schemes	(2)
(65)	National Leisure Recovery Fund	0
(23)	Universal Infant Free School Meals grant	0
(108)	School Improvement (including Phonics)	0
2,298	Covid-19 Local Restrictions grant	0
(9,312)	**Total grant receipts in advance (revenue grants)**	**(5,698)**

2021/22	Grant receipts in advance - long-term liabilities	2022/23
£'000		£'000
	Grant receipts in advance (capital grants)	
(8,490)	Section 106 developer contributions	(7,579)
(126)	Invest to Save	0
(8,616)	**Total grant receipts in advance (capital grants)**	**(7,579)**

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.

2021/22 £'000	Related parties	2022/23 £'000
228	Mary Hare School	292
131	NHS Berkshire West CCG	241
0	Sovereign Housing Group	214
96	St Bartholomew's School	167
96	Volunteer Centre (West Berkshire)	164
0	West Berks Citizen Advice Bureau	111
551	**Total**	**1,189**

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.

2021/22 £'000	Capital expenditure financing	2022/23 £'000
240,034	Opening capital financing requirement	278,408
34,916	Restatement to opening capital financing requirement	0
274,950	**Restated opening capital financing requirement**	**278,408**
	Capital investment	
24,506	Property, plant and equipment	29,875
499	Investment properties	(29)
1,268	Intangible assets	1,101
5,922	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	8,538
317	Assets under construction	34
	Sources of finance	
(21,768)	Government grants, other contributions and capital receipts	(29,699)
0	Sums set aside from revenue	0
0	Direct revenue contributions	0
(7,286)	Minimum Revenue Provision (MRP)	(8,347)
278,408	**Closing capital financing requirement**	**279,881**
	Explanation of movements in the year:	
0	Increase in underlying need to borrow (supported by government financial assistance)	0
45,660	Increase in underlying need to borrow (unsupported by government financial assistance)	9,820
(7,286)	Statutory provision for repayment of debt (MRP)	(8,347)
0	Assets acquired under PFI contracts	0
38,374	**Total**	**1,473**

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:

2021/22		2022/23
£'000		£'000
3,163	Not later than one year	4,045
12,319	Later than one year and not later than five years	14,861
32,105	Later than five years	34,867
47,587		**53,773**

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:

2021/22		2022/23
£'000		£'000
979	Not later than one year	1,588
3,155	Later than one year and not later than five years	5,515
3,089	Later than five years	2,421
7,223		**9,524**

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

2021/22		2022/23
£'000		£'000
1,487	Minimum lease payments	1,570
0	Contingent rents	0
1,487		**1,570**

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 2023/24	20,337	863	651	21,851
Payable within two to five years	86,936	4,010	2,045	92,991
Payable within six to ten years	109,325	5,797	1,016	116,138
Payable within eleven to fifteen years	0	0	0	0
Total	**216,598**	**10,670**	**3,712**	**230,980**

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:

	2021/22 £'000	2022/23 £'000
Balance outstanding at start of year	12,249	11,483
Payments made during the year	(766)	(813)
Balance outstanding at end of year	**11,483**	**10,670**

Note 38.1: Pension liability recognised in the Balance Sheet

2021/22 Local Government Pension Scheme £'000	Pension liability recognised in the Balance Sheet	2022/23 Local Government Pension Scheme £'000
731,092	Obligations in relation to pension fund	482,727
(355,937)	Fair value of Fund assets (bid value)	(365,438)
375,155	**Deficit**	**117,289**
7,424	Present value of unfunded obligation	6,219
382,579	**Net defined benefit liability**	**123,508**

2021/22 Local Government Pension Scheme £'000	Reconciliation of opening and closing balances of the fair value of Fund assets	2022/23 Local Government Pension Scheme £'000
316,294	**Opening fair value of Fund assets**	**355,937**
6,232	Interest on assets	12,127
36,701	Return on assets less interest	(5,823)
(6,357)	Other actuarial (losses)/gains	(5,713)
(300)	Administrative expenses	(383)
15,627	Contributions by employer including unfunded	17,575
4,213	Contributions by scheme participants and other employers	4,599
(16,427)	Estimated benefits paid plus unfunded net of transfers in	(12,881)
(46)	Settlement prices paid	0
355,937	**Closing fair value of Fund assets**	**365,438**

Note 38.2: Asset and benefit obligation reconciliation

2021/22 Funded liabilities: Local Government Pension Scheme £'000	Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2022/23 Funded liabilities: Local Government Pension Scheme £'000
736,675	**Opening defined benefit obligation**	**738,516**
32,825	Current service cost	25,549
14,615	Interest cost	19,698
(35,181)	Change in financial assumptions	(320,527)
0	Change in demographic assumptions	(16,210)
1,540	Experience loss/(gain) on defined benefit obligation	50,178
(113)	Liabilities extinguished on settlements	0
(15,951)	Estimated benefits paid net of transfers in	(12,539)
369	Past service costs, including curtailments	24
4,213	Contributions by Scheme participants and other employers	4,599
(476)	Unfunded pension payments	(342)
738,516	**Closing defined benefit obligation**	**488,946**

Note 38.3: Fair value of scheme assets

2021/22 £'000	Asset breakdown	2022/23 £'000
223,257	Equities	229,820
59,144	Bonds/Credit	53,914
43,034	Real Estate	47,042
8,380	Cash	3,838
45,230	Infrastructure	50,072
(23,108)	Longevity Insurance	(19,248)
355,937	**Total**	**365,438**

Note 38.4: Defined benefit pension scheme - key assumptions

2021/22 Funded liabilities: Local Government Pension Scheme	Assumed life expectancy from age 65 (years)	2022/23 Funded liabilities: Local Government Pension Scheme
	Retiring today:	
21.3	Males	21.1
24.0	Females	23.9
	Retiring in 20 years:	
22.6	Males	22.3
25.4	Females	25.3
	Financial assumptions:	
2.60%	Discount rate	4.80%
3.25%	Pension increases	2.85%
4.25%	Salary increases	3.85%

Note 38.5: Sensitivity analysis

Sensitivity analysis	£'000	£'000	£'000
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	481,047	488,946	497,053
Projected service cost	12,945	13,386	13,842
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	489,499	488,946	488,398
Projected service cost	13,395	13,386	13,377
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	496,648	488,946	481,440
Projected service cost	13,848	13,386	12,939
Adjustment to life expectancy assumptions	**+1 Year**	**None**	**-1 Year**
Present value of total obligation	507,245	488,946	471,359
Projected service cost	13,889	13,386	12,897

Note 39: 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;

Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;

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

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 issue 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;
  - 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 Investment and Borrowing Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure.

The Investment and Borrowing Strategy for 2023/24 was approved by Council on 2 March 2023 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 (giving the final position for the financial year ended March).

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.

This risk is minimised through the Annual Investment and Borrowing Strategy, which is available on the Council's website.

Credit Risk Management Practices

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 £8 million with institutions) and states that fixed-term deposits should not normally be for longer than one year.

The Council reviews the established investment strategy on an ongoing basis to reflect advice provided by its treasury advisors in relation to the credit risk presented by different types of financial institution and alternative financial instruments. In the 2022/23 financial year, the Council's treasury management advice specialist was Arlingclose and for the 2023/24 will be Link Treasury Solutions.

Amounts Arising from Expected Credit Losses

We have assessed the Councils short and long-term investments and concluded that the expected credit loss is not material therefore no allowances have been made

Credit Risk Exposure.

The Council has the following exposure to credit risk at 31 March 2023:

Investments

Credit Risk Rating	Gross carrying amount (£000)
AAAmmf	14,386
A+	50
A	5,234
AA-	1,000
Total	**20,670**

Short term debtors at amortised cost *

The credit risk of short term debtors can be shown by analysing the age of the debt as follows:

Age of debt	31 March 2023 £'000
Less than 3 months	11,204
3 months to 1 year	3,799
1 year or more	2,195
Deferred payments through collateral	2,424
Total	**19,622**

** this note is concerned with the risks arising form financial instruments - the short term debtors included in the financial instruments note does not include statutory debtors.*

Collateral

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2023 was £2.4m.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade payables are due to be paid in less than one year.

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature.

This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies to address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

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

(approved by the Council in the Investment and Borrowing Strategy):

	Approved minimum limits 2022/23	Approved maximum limits 2022/23	Approved minimum limits 2022/23 £000s	Approved maximum limits 2022/23 £000s	Actual 31 March 2023 £000s	Actual 31 March 2022 £000s
Less than 1 year	0%	30%	0	0	8,780	5,770
Between 1 and 2 years	0%	30%	0	0	5,647	5,780
Between 2 and 5 years	0%	30%	0	0	16,110	16,379
Between 5 and 10 years	0%	30%	0	0	33,166	33,062
Between 10 and 15 years	0%	30%	0	0	28,764	31,738
Between 15 and 20 years	0%	30%	0	0	12,771	12,639
Between 20 and 25 years	0%	30%	0	0	13,670	13,739
Between 25 and 30 years	0%	30%	0	0	8,197	9,718
Between 30 and 35 years	0%	30%	0	0	7,216	7,877
Between 35 and 40 years	0%	30%	0	0	2,040	2,004
Between 40 and 45 years	0%	30%	0	0	24,030	2,008
Between 45 and 50 years	0%	30%	0	0	40,169	62,615
Total					**200,561**	**203,330**

Market risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the comprehensive income and expenditure statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the comprehensive income and expenditure statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the other comprehensive income and expenditure.

The Council has a number of strategies for managing interest rate risk. The annual investment and borrowing management strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2023, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000s
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	486
Increase in government grant receivable for financing costs	0
Impact on surplus or deficit on the provision of services	**486**
Decrease in fair value of fixed rate investment assets	0
Impact on other comprehensive income and expenditure	**486**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	(21,453)

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

Price risk

The Council does not generally invest in equity shares or marketable bonds.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Note 40: Capital commitments

At 31 March 2023, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years budgeted to cost £8.7m (31 March 2022:

Cost centre	Capital commitments £'000
Newbury Lido	2,791
Full Fibre to Schools	778
Education - iCollege	702
Newbury Rail Station Improvements	529

Note 40.1: Contingent Assets

As at 31 March 2023 the Council is negotiating an Option Agreement for possible sale of a strip of land to a third party. The land in question is a roadside verge in Thatcham which would provide secondary access to a site to be used for possible development and which is presently held as an asset on the Council's Balance Sheet at a nominal value. Discussions are continuing with the prospective purchaser, but the Council's strip of land could potentially have a value of between £1m and £3m, depending on the intended density of development

Collection Fund

Bluebell woods

Note 41.1: Collection Fund Statement

2021/22			2022/23	
Council Tax	Business Rates	Collection Fund Statement	Council Tax	Business Rates
£'000	£'000		£'000	£'000
		Income		
(127,943)	0	Council Tax receivable	(133,796)	0
0	(71,603)	Business Rates receivable	0	(80,759)
(564)	0	MOD contribution in lieu of Council Tax	(576)	0
(128,507)	**(71,603)**	**Total income**	**(134,372)**	**(80,759)**
		Contributions towards previous year's Collection Fund deficit:		
0	(19,618)	Central Government	0	(11,975)
(983)	(20,313)	West Berkshire Council	(342)	(11,736)
(130)	0	Thames Valley Police Authority	(45)	0
(41)	(403)	Royal Berkshire Fire Authority	(14)	(240)
(1,154)	**(40,334)**		**(401)**	**(23,951)**
		Expenditure		
		Precepts and demands:		
0	44,160	Central Government	0	36,122
108,822	43,277	West Berkshire Council	114,792	35,400
15,113	0	Thames Valley Police Authority	15,999	0
4,505	883	Royal Berkshire Fire Authority	4,904	722
128,440	**88,320**		**135,695**	**72,244**
		Charges to the Collection Fund:		
0	272	Transitional Relief Payment	0	1,271
18	42	Write-offs of uncollectable amounts	65	0
35	(57)	(Decrease)/increase in allowance for impairment	5	(63)
0	(1,623)	(Decrease)/increase in allowance for appeals	0	(777)
0	257	Charge to the General Fund for allowable collection costs for Business Rates	0	261
236	0	Charge to the General Fund for Section 13A(1)(c) Discretionary Council Tax reliefs	0	0
289	**(1,109)**		**70**	**692**
		Apportionment of previous year's Collection Fund deficit:		
0	0	Central Government	0	0
0	0	West Berkshire Council	0	0
0	0	Thames Valley Police Authority	0	0
0	0	Royal Berkshire Fire Authority	0	0
0	**0**		**0**	**0**
127,575	**46,877**	**Total expenditure**	**135,364**	**48,985**
		Movements on the Collection Fund:		
(932)	**(24,726)**	**(Surplus)/deficit arising during the year**	**992**	**(31,774)**
1,717	43,078	(Surplus)/deficit brought forward at 1 April	785	18,352
785	**18,352**	**(Surplus)/deficit carried forward at 31 March**	**1,777**	**(13,422)**

Note 41.2: Collection Fund Distribution of Deficit

During 2022/23, West Berkshire Council made contributions of £11.7m into the Collection Fund in respect of the opening deficit for Business Rates. Amounts collected in year in respect of Business Rates were higher than initially forecast, resulting in a closing surplus on the Collection Fund.

2021/22			2022/23	
Council Tax	**Business Rates**	**Collection Fund (surplus)/deficit carried forward**	**Council Tax**	**Business Rates**
£'000	**£'000**		**£'000**	**£'000**
0	9,176	Central Government	0	(6,711)
670	8,992	West Berkshire Council	1,504	(6,577)
87	0	Thames Valley Police Authority	209	0
28	184	Royal Berkshire Fire Authority	64	(134)
785	**18,352**		**1,777**	**(13,422)**

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	1,981.90	6/9	1,321.28
over £40,000	up to £52,000	B	4,764.04	7/9	3,705.34
over £52,000	up to £68,000	C	16,826.60	8/9	14,957.01
over £68,000	up to £88,000	D	15,786.04	9/9	15,786.04
over £88,000	up to £120,000	E	10,016.77	11/9	12,242.72
over £120,000	up to £160,000	F	6,658.13	13/9	9,617.30
over £160,000	up to £320,000	G	4,506.60	15/9	7,511.01
over £320,000		H	717.32	18/9	1,434.64
			61,259.40		**66,576.46**
	Adjustment for losses on collection			x	0.996
	Council Tax base				**66,310.15**

Note 41.4: Business Rates Multiplier

2021/22		2022/23
	Rateable value	
£'000		**£'000**
99,794	Business Rates gross rateable value	98,434
51.2p	Standard Business Rate	51.2p
49.9p	Small Business Rate	49.9p
(28,191)	Reliefs and transitions	(17,675)
71,603	**Net Business Rates receivable**	**80,759**

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.

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.

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.

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.

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.

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).

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.

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.

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.

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.

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.

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.

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.

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).