



Financial Statements

2023/24

CONTENTS

Narrative Report	1
Independent Auditor's Report	14
Statement of Accounts	
Approval of Accounts	18
Statement of Responsibilities	19
Comprehensive Income & Expenditure Statement	20
Movement in Reserves Statement	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Core Financial Statements	24
The Collection Fund	95
Notes to the Collection Fund	96
Glossary of Terms	98
Index	104

1 Introduction

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year giving certain specified information. This Narrative Report accompanies the accounts and provides a brief explanation of the financial aspects of Bracknell Forest Council's activities and draws attention to the main characteristics of the Council's financial position. To assist readers, a glossary of accounting terms is included on pages 98 to 103.

Bracknell Forest is a Unitary Council and following the transfer of its housing stock accounts for its expenditure in two distinct categories:

General Fund Revenue Account – This includes day to day spending on all services. Expenditure is financed mainly from Council Tax, government grant, a proportion of the Business Rates income collected and charges to users of services.

Capital – All improvements and additions to the Council's assets and the creation of new assets with a life or more than one year are included in this category. This expenditure is primarily financed from the sale of capital assets, government grants, contributions from developers, and borrowing from internal and external sources.

This Narrative Report is followed by:

- **The Independent Auditor's Report** which includes the auditor's opinion on the Statement of Accounts and assesses the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- **The Statement of Accounts** which incorporates the following main statements and related notes:
 - **The Statement of Responsibilities** which sets out the respective responsibilities of the Council, the Governance and Audit Committee and the Executive Director: Resources as the S151 Officer (Local Government Act 1972).
 - **The Comprehensive Income & Expenditure Statement**, which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from Council Tax. Councils raise Council Tax to cover expenditure in accordance with regulations; this may be different from the accounting cost. The Council Tax position is shown in the Movement in Reserves Statement.
 - **The Movement in Reserves Statement**, which shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
 - **The Balance Sheet**, which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital

expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement section 'Adjustments between accounting basis and funding basis under regulations'.

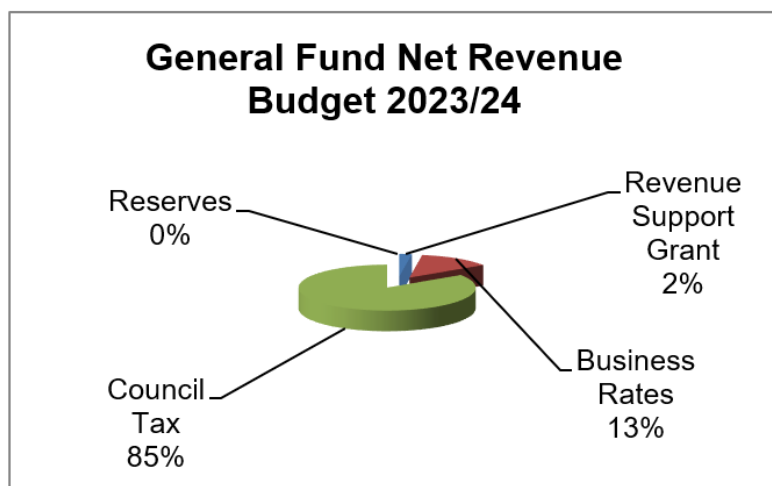
- **The Cash Flow Statement**, which shows the changes in cash and cash equivalents (investments that mature in three months or less) of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of Council Tax and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **The Collection Fund**, which records the Council Tax and Business Rates raised by the Council during the year and how they are subsequently distributed.

The Annual Governance Statement which accompanies the accounts has been published as a separate document.

2 Revenue Expenditure

The Council, at its meeting on 22 February 2023, set a revenue budget for the 2023/24 financial year of £89.287m. The total authorised General Fund net expenditure for the 2023/24 financial year was £93.295m (including parish precepts of £4.008m). Further increases to service budgets can be approved if they are financed from earmarked and other reserves. When these further budgets are approved an equivalent sum is transferred from the reserve to the revenue account. These transfers do not have an impact on the overall budget.

This expenditure was to be met by a proportion of the Business Rates collected, Council Tax and the use of general reserves, as shown in the following chart.



NARRATIVE REPORT

The table below compares actual outturn expenditure incurred with the amended budgets for the year for the General Fund. This table reflects the Council's directorate structure during 2023/24, which is the basis for the internal management of performance against budgets, as does the Comprehensive Income & Expenditure Statement.

GENERAL FUND	Original Budget £000	Latest Budget £000	Actual £000	Variance £000
Central	22,247	24,787	25,474	687
Delivery	18,729	14,673	14,389	(284)
People	96,375	90,225	91,417	1,192
Net cost of General Fund services	137,351	129,685	131,280	1,595
Capital Charges & Revenue Expenditure Funded from Capital Under Statute	(14,653)	(18,157)	(18,157)	0
Capital Expenditure Charged to the General Fund	0	352	352	0
IAS 19 Pension Adjustment	(12,964)	3,403	3,403	0
Council Wide Services including Business Rates Growth	(10,268)	(10,402)	(10,150)	252
Interest Receipts	0	(196)	(1,155)	(959)
Interest Payable	1,804	4,217	4,817	600
Minimum Revenue Provision	2,465	2,957	2,706	(251)
Levying Bodies	131	131	119	(12)
S106 Contributions to Revenue	0	(2,353)	(2,353)	0
Contribution to Capital Reserves	(200)	0	0	0
Transfer to the Dedicated Schools Grant Adjustment Account	(7,166)	(2,585)	(2,585)	0
General Contingency	2,750	0	0	0
New Homes Bonus Grant	(786)	(786)	(786)	0
Flood and Travel Related Grants	(14)	(14)	(14)	0
Services Grant	(681)	(681)	(681)	0
Net Budget Requirement	97,769	105,571	106,796	1,225
Parish Precepts	4,008	4,008	4,008	0
Contributions to/(from) Earmarked Reserves ¹	(8,482)	(16,284)	(15,029)	1,255
Amount to be met from Government Grants and Local Taxation	93,295	93,295	95,775	2,480
Resources to Finance Above				
Council Tax	(79,061)	(79,061)	(79,061)	0
Collection Fund Surplus	5,375	5,375	5,375	0
Revenue Support Grant	(2,148)	(2,148)	(2,148)	0
Business Rates (locally retained element)	(17,461)	(17,461)	(18,716)	(1,255)
Contribution to/(from) General Reserves	0	0	(1,225)	(1,225)
Total Resources	(93,295)	(93,295)	(95,775)	(2,480)

¹Earmarked reserves were released in line with their agreed purpose during the year to cover one-off spending commitments that arose after the original budget was approved.

Changes in capital charges (£0.9m) and pension adjustments (-£16.4m) account for part of the movement on service directorate budgets since the original budget was approved. These are reversed out of the accounts and therefore there is no net change to the overall budget. Other significant adjustments included transfers from reserves (£7.8m – the most significant being from the Transformation Reserve, Inflation Reserve, Revenue Grants Unapplied Reserve, Better Care Fund Reserve and School Reserves).

A £3.590m transfer from the Future Funding Reserve was also used to support the budget.

Due to the unprecedented level of financial challenges faced during the year, the Council overspent in 2023/24 for the first time since being established as a Unitary Authority in 1998. The table on page 3 shows an overspend of £1.225m occurred on the General Fund. The most significant variances from budget are explained in the sections below.

3 Major Revenue Variances

The major variances between budgeted and actual expenditure occurred in the following areas, with many of the underspends being deliberately achieved to mitigate pressures being faced:

Central

- A net under-recovery of income in Planning, in particular Development Management (£0.728m), and in Building Control (£0.219m). The allowance for potential under-recovery of some historic debts was also increased at the year-end in the Planning service (£0.138m)
- An overspend on reactive maintenance (£0.243m), particularly on Drainage, Gully Cleaning and Patching.
- Income overall was above budget within the Traffic service (-£0.069m).
- There was a significant underspend within Transport Strategy (-£0.350m), primarily relating to Public Transport Subsidy (-£0.119m), Concessionary Fares (-£0.114m) and Transportation Planning (-£0.050m).
- Within Parks and Countryside an under-recovery of income from Suitable Alternative Natural Green Space developments (£0.051m) and overspends from additional tree works (£0.026m) and running the Look Out (£0.021m).
- In response to Directorate and overall budget pressures, in year savings were identified on Council-wide learning and development activities by limiting non-essential training (-£0.139m).
- An underspend on the Devolved Staffing Budget relating to vacancies held to mitigate the overall financial position and the identification of external sources of funding (-£0.145m).

Delivery

- An underspend within ICT relating to ongoing savings (-£0.150m).
- Within Industrial & Commercial Properties, additional income and Business Rates refunds resulted in an underspend (-£0.162m).
- Underspends within Democratic and Registration Services (-£0.113m) relating to income and supplies and services budgets.
- Within Waste Management an overspend on waste disposal (£0.470m) partly offset by an underspend on Household Waste Collection/Recycling (-£0.163m) relating to additional income.
- An underspend within Leisure relating to income from car parking and the gift shop at Coral Reef (-£0.050m), repayments of Covid-19 monies (-£0.059m) and underspends within several other support areas (-£0.025m).
- The Leisure contract contains a utilities indemnity clause which is triggered should prices increase significantly. As utilities costs have increased significantly over the last two years, an additional charge of £0.592m has been raised by the contractor in line with the contract terms, which has been funded by an allocation from the Inflation Reserve.
- The Public Protection Partnership within Regulatory Services overspent due to decreasing income and an increase in costs (£0.098m)

- The Devolved Staffing budget was underspent across the Directorate, due to vacancies being held throughout the year to mitigate the overall financial position (-£0.107m).
- A net underspend on Street Cleansing (-£0.063m) and overspends on grounds maintenance works within Environmental Services (£0.053m).

People

- Additional Management Team costs relating to changes in the Assistant Director Education and Learning and interim support for that post, in particular for special educational needs and disabilities (SEND) (£0.100m).
- An overspend within Education and Learning (£0.538m). Overspends occurred on staffing, in particular the SEND team (£0.698m), and Education Transport (£0.238m), partly offset by additional income (-£0.098m), delays in arranging new service delivery contracts (-£0.107m), grant to support loss of income (-£0.098m) and reduced spend on former teachers' pensions (-£0.050m).
- A net underspend on Children's Social Care (-£0.137m). Care and accommodation costs for Children Looked After remained within budget, achieved partly through improved support packages before a placement is made (£0.227m). Other significant variances occurred on Childcare Solicitors (£0.177m), Unaccompanied Asylum Seekers (-£0.240m) and the Devolved Staffing Budget (-£0.244m).
- An overspend on care packages within Adult Social Care, primarily due to an increase in the number and cost of clients for nursing, residential, supported living and homecare (£0.598m). This was partly offset by a number of underspends including staff vacancies (-£0.074m) and additional income from Health (-£0.080m).
- Within Mental Health and Out of Hours an overspend on staffing costs (£0.135m) and an under recovery of income in Forestcare (£0.069m) was partly offset by in year funding for Enhance Community Mental Health (-£0.152m).
- Staffing costs were the most significant overspend in Commissioning plus cost pressures in Complaints and Advocacy (£0.134m).
- The main elements of the overspend on Early Help and Communities (£0.367m) were emergency accommodation costs due to delays in accessing properties (£0.516m) partly offset by additional Homelessness Prevention grant (-£0.204m). Overspends on Repairs and Maintenance within Housing Management & Property (£0.320m) partly offset by additional income (-£0.154m), staffing pressures (£0.140m) and an underspend on Early Help.

Non-Departmental / Council Wide

- An under spend on interest budgets (-£0.359m) due to average cash balances being substantially higher than expected, removing the need for any new long term borrowing in 2023/24. This has resulted from a combination of slippage on the capital programme, positive cashflows from grants being received and the increase in interest rates generating a higher return on investments.
- Significant capital carry forwards into 2023/24 have created an under spend against the Minimum Revenue Provision which is based on capital spend in previous years (-£0.251m).
- Budgeted savings were not achieved on essential user car allowances (£0.020m) and the closure of Downshire Homes Ltd (£0.240m), which happened later than expected in February 2024. In addition, the budget for employers' pension contributions relating to prior year deficits was insufficient to cover costs due to three schools becoming academies during the year (£0.084m).

- Other under spends primarily relating to pension recharges and joint arrangements, and a reduction in the allowance for bad debts and write offs (-£0.104m).

Business Rates (locally retained element)

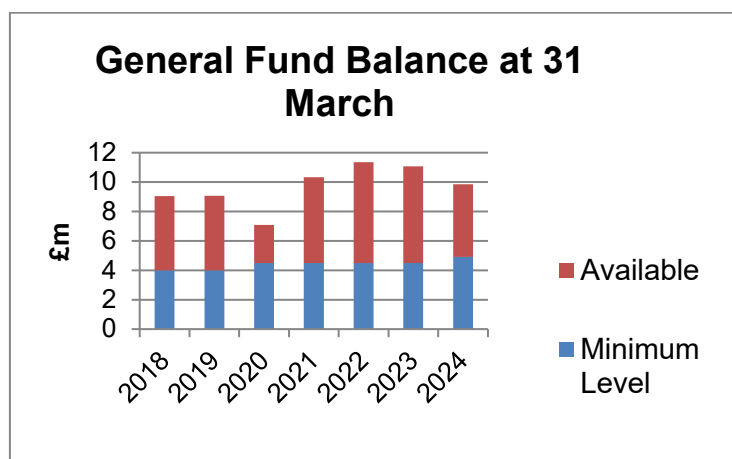
- A one-off reduction in the Business Rates Tariff payable to the government was calculated following the updating of information used for the Business Rates revaluation exercise in 2023/24 (-£1.255m).

Earmarked Reserves

- Transfer of the Business Rates Tariff adjustment to the Business Rates Revaluations Reserve (£1.255m), as reported when the 2024/25 budget was approved by Council.

4 General Reserves

As the actual outturn for 2023/24 was an overspend of £1.225m, the Council withdrew £1.225m from General Reserves rather than the budgeted nil requirement. The General Reserves balance at 31st March 2024 was £9.852m, with no contribution from General Reserves committed to funding the 2024/25 revenue budget. The following chart shows the movement in the level of General Fund Balances including the minimum recommended prudent balance, which has been increased to £4.9m this year. There is therefore potentially £5.0m available before reaching this level, although careful consideration will need to be given to the required level of General Reserves in future years as the on-going impact on spending and funding becomes clearer over the months and years ahead.



5 Earmarked Reserves

The Council voluntarily earmarks resources in reserves for future spending plans. Council Earmarked Reserves totalled £61.3m as of 31 March 2024 with a further £1.3m representing individual school balances held in a separate Schools' Reserve. As the Schools Budget is in an overall deficit position all general school balances have now been transferred into the DSG Adjustment Account which is a separate Unusable Reserve.

The most significant Council Earmarked Reserves include the:

- Future Funding Reserve (£2.0m), used to smooth the impact of changes in Business Rates income and central government funding decisions, recognising likely future changes to the business rates retention system and their significant impact on Bracknell Forest. A sum of £1.5m has been committed from this reserve to help fund the 2024/25 budget;
- Business Rates Revaluation Reserve (£6.4m), which will be used to meet the cost of any significant downward Business Rates valuations, mitigating against any immediate budgetary implications;
- Revenue Grants Unapplied Reserve (£17.3m), which reflects timing differences between the receipt and application of revenue grants and contributions;
- Safety Valve Reserve (£22.8m) - as part of its Safety Valve proposal submitted to Government in January 2024, the Council agreed to set aside a sum in earmarked reserves as part of its local contribution to funding the expected deficit on the Schools Budget. This will be drawn down over the six year period of the Safety Valve agreement, with the most significant contribution to be made in the final year;
- Insurance Reserve (£3.0m), which provides cover for the excess payable on claims under the Council's insurance policies and any potential future claims not covered by existing policies, including contractual disputes and legal claims.

Overall, these reserves mean that the Council is in a relatively strong position to secure achievement of its key objectives while managing its medium-term financial position, although flexibility in the use of earmarked reserves has been diminished by the need to set aside funding specifically for the Council's participation in the Safety Valve Intervention Programme.

6 Pension Reserve

The Council's Balance Sheet includes a net pension liability and a Pension Reserve of £78.9m as at 31 March 2024. These reflect the Fair Value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them based on the latest accounting standard.

The net pension liabilities decrease the overall level of reserves; however, this does not represent a reduction in cash reserves and does not impact on Council Tax levels. Whilst the pension liability suggests a significant shortfall between the forecast cost of future pensions and the current level of assets built up in the pension fund, these figures are a snapshot at a point in time and both pension assets and liabilities are subject to significant fluctuations in value subject to the current state of the stock and bond markets.

The Council's contribution rate to the pension fund is formally determined by the scheme actuary every three years. The valuation on 31 March 2022 showed a 6% improvement in funding level to 85%. The employer future service funding rate was subsequently set at 17.2% of pensionable pay from 2023/24 with the variable past service deficit element paid as a lump sum in each financial year (£4.300m in 2023/24).

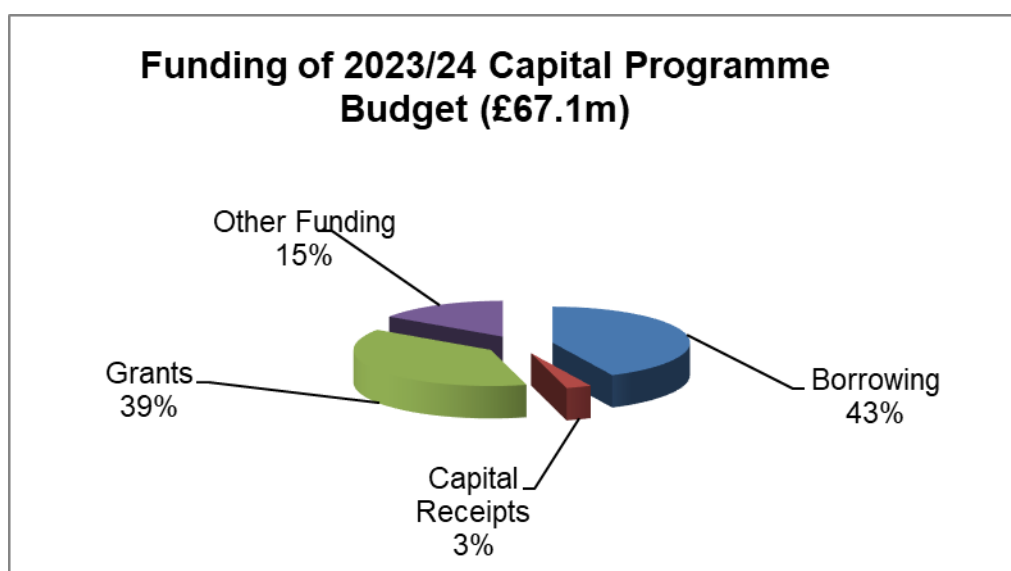
7 Capital Expenditure

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

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

The Council originally approved a capital programme of £16.0m for 2023/24 (including £1m for unspecified Invest to Save Schemes), plus a further £34.1m carried forward from 2022/23.

In support of its application to join the Department for Education's Safety Valve Intervention Programme, the Council committed in January 2024 to increase its capital programme to include a new special school for pupils with social and emotional mental health needs and two new special resource provisions at existing secondary school sites, with a total estimated cost of £17m. These new, local facilities will be key to reducing the Council's expenditure on expensive, external special school provision over time. Funding will be from a combination of existing and new capital grants, developer contributions, asset disposal and a small amount of prudential borrowing. The revised capital programme (£67.1m) was to be funded as shown in the following chart.



Due to the size of its capital programme the Council started to borrow externally in 2016/17, having previously been debt free.

All surplus, or potentially surplus, property is considered by the Asset Management Board who co-ordinate and manage the Council's operational and commercial property assets and its surplus asset disposal programme. This ensures that full consideration is given to options available when assets are no longer required for operational purposes.

The Council adopted a Flexible Use of Capital Receipts Strategy in November 2023, alongside approval of a new Council Plan covering the period to 2027. This enables income from capital receipts to be used to fund transformation activities, as specified in the strategy. The relatively low level of capital receipts realised in 2023/24 meant that the flexibility offered by the strategy was not utilised in this year.

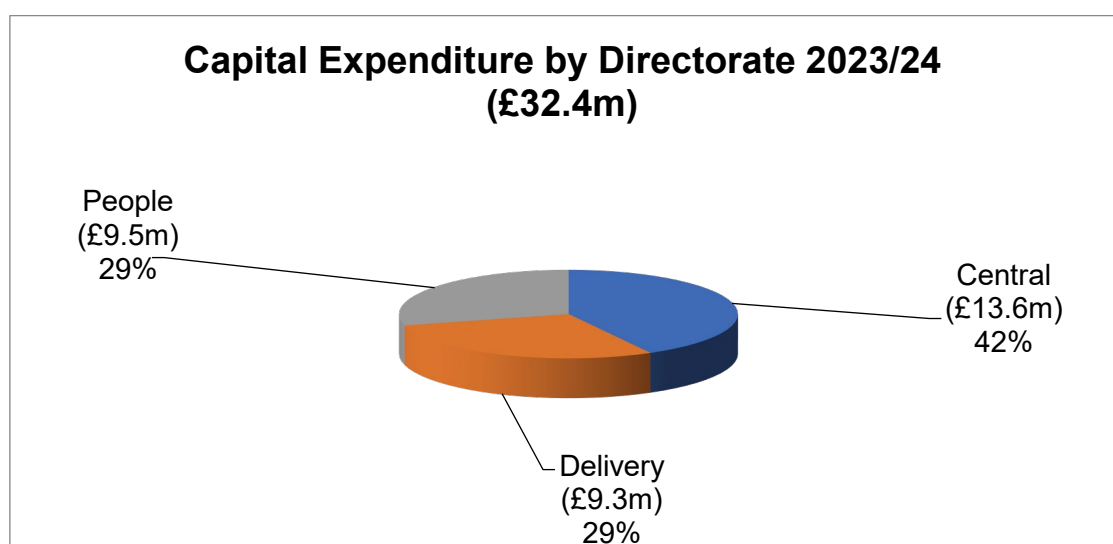
The Council has also established a property joint venture (see section 10) in order to secure maximum benefit from its surplus assets in and around Bracknell town centre to support the town's regeneration. This is also expected to create future revenue income streams as individual sites are developed. The Council shares responsibility with its joint venture partner to fund site development costs, for which it receives interest attracting loan notes. The loan notes are repaid by the joint venture when individual developments are completed.

The Council actually spent £32.4m on capital projects in 2023/24 to maintain and enhance existing assets and to create or purchase new assets. It also capitalised £1.2m of interest relating to the loan to Downshire Homes Ltd (DHL) - a wholly owned subsidiary of the Council

which was closed in 2023/24. Following DHL's closure, its property assets were transferred to the Council in exchange for the outstanding loan and interest owed to the Council resulting in a net loss of £0.581m. This loss was transferred to the Capital Adjustment Account.

Many schemes included in the capital programme are both technically and logistically complex to implement. Issues such as planning approvals, land transfers and inclement weather can all lead to unavoidable delays. In addition, their financial scale requires a lengthy tender process to ensure the best price is obtained prior to letting the contract. It is therefore often very difficult to complete such schemes within the financial year for which they are approved. The Council regularly reviews progress on the capital programme through its budget monitoring during the year and has established cash budget profiles to assist this.

The following chart illustrates the expenditure by service, with details of individual schemes and financing being provided in the table on page 10.



During the year, £4.9m of capital receipts were used to fund capital expenditure. Following the transfer of the housing stock to Bracknell Forest Homes (now Silva Homes) in 2007/08, the Council received a share of any Right-To-Buy (RTB) proceeds in addition to a share of capital receipts from a VAT Shelter scheme. The most significant in-year receipts were from the sale of land and buildings (£0.5m) and Right to Buy (£1.5m) and VAT Shelter Scheme receipts (1.3m). £1.5m of prior year receipts were also applied.

The net increase (capital expenditure and capitalisation of interest, less repayments and refinancing) in the Council's Capital Financing Requirement (CFR) was £9.5m up to £229.5m as at 31 March 2024. The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed and represents the underlying need to borrow. The Council held £60.0m of loans on a long term basis from the Public Works Loans Board and £44.6m on a short term basis to help finance capital expenditure (see Note 34). A charge is made each year to revenue known as the Minimum Revenue Provision which writes down the balance of the CFR over time. Further details can be found in Note 19.

The value of the Council's Long Term Assets was £710.2m as at 31 March 2024. A breakdown of the different asset types is included in the Balance Sheet and associated notes. A summary of capital schemes undertaken during the year are shown in the table below.

NARRATIVE REPORT

CAPITAL PROGRAMME EXPENDITURE 2023/24		
	£000	£000
Central		
Community Centres	555	
Highways	3,575	
Major Bridge Improvements	749	
Street Lights and Columns	298	
Mobility and Access Improvement Schemes	405	
Leisure – Outdoor Recreation	852	
Traffic Signal Infrastructure	410	
Joint Venture	6,493	
Other Schemes	276	13,613
People		
Primary School Projects	488	
Secondary School Projects	172	
Delegated Schools Capital	431	
Maintenance of Buildings	2,336	
Heathlands Re-development	117	
Bridgewell Supporting Living	1,318	
Housing Schemes	4,166	
Other Schemes	426	9,454
Delivery		
Depot	3,426	
Improvements and Capitalised Repairs	1,637	
Car Parking	279	
Energy Greening works	1,092	
Bracknell Leisure Centre Refurbishment	1,204	
Other Leisure	332	
ICT Schemes	861	
Other Schemes	513	9,344
Total Capital Expenditure		32,411
FINANCING:		
Capital Receipts		4,947
Capital Grants & Contributions (incl. Community Infrastructure Levy)		16,041
Direct Revenue Funding		352
Increase in Capital Financing Requirement		11,071
Total Financing		32,411

8 Changes to Accounting Policies

There have been no material changes to the Council's accounting policies in 2023/24.

9 Provisions and Write-offs

The provision for Business Rates appeals is required to cover the liabilities arising from the refunding of ratepayers who successfully appeal against the rateable value of their properties on the rating list. The Council's share of the provision has increased by £0.4m to £8.2m to reflect the latest information on appeals submitted to the Valuation Office Agency. The position on appeals remains difficult to predict following the 2023 valuation and the Valuation Office Agency's Check, Challenge, Appeal process and the Council was significantly impacted by large reductions in rateable value for many town centre stores in Summer 2023.

General Fund write-offs totalling £0.245m were made in 2023/24, the majority of which related to Adult Social Care, Housing and Leisure.

10 Bracknell Town Centre Regeneration

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

The Council established a property joint venture with Countryside Properties UK in December 2020, called the Bracknell Forest Cambium Partnership. Its key objective is to help the town centre continue to thrive by providing new homes, commercial and retail space. Despite the economic challenges brought by the pandemic, war in Ukraine and associated inflationary pressures, the partnership has made good progress against its agreed objectives and priority sites. The Partnership is currently working on the redevelopment of the Coopers Hill site adjacent to Bracknell train station on which construction is largely complete and around half of the private units have been sold. Initial ground works required to develop land next to The Point on Market Street have been undertaken and construction is due to start in June 2024. Other sites are under consideration and will come forward through the Partnership for development.

There are also other projects in train in the town centre area, with significant numbers of new homes close to completion along Market Street.

The long term plan for the town centre has been described in the Bracknell Town Centre 2032 Vision located at <https://www.bracknell-forest.gov.uk/sites/default/files/2021-09/bracknell-town-centre-2032-vision.pdf>. Masterplans have been developed for two large sites at the Southern Gateway, Eastern Gateway and High Street car park which will be subject to public consultation early in 2024/25.

11 Forward Look

It has been widely reported that the Council has had to deal with an unprecedented level of financial pressures in the current financial year. Last Summer, a potential overspend of around £4m was projected. This was due to a combination of the impact of inflation on service costs, rising demand for services and falling income for services like Planning due to the economic slowdown. Options were subsequently identified and implemented during the year to bring spending back in line with the budget, whilst aiming to minimise any impact on front-line service delivery.

This position has inevitably impacted on our budget preparations for 2024/25, with many of these pressures set to continue into next year. The draft revenue budget proposals published for consultation in December 2023 included almost £11m for additional spending. To help offset this, £5.5m of savings were identified and included in the budget consultation. Alongside this, our proposed capital spending plans were made public, including most notably an additional £5m investment in highways and footpaths over the next four years.

Following the consultation, the final budget was agreed in February 2024. This included changes from the draft proposals in response to consultation feedback. It also included additional spending on social care and services for pupils with special educational needs and disabilities, funded from additional unexpected Government grant.

Our final budget proposals include using £1.5m of reserves to achieve a balanced position after raising Council Tax by 4.99%, the same increase as in almost all similar councils. Despite this, Bracknell Forest's council tax level remains in the lowest 10% of Unitary councils. We recognise that any increase is unwelcome and for some households this may be unaffordable. For this reason, working age households in receipt of Council Tax Support will once again see a £75 reduction in their tax bill in 2024/25.

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

- significant pressures on the Council's ability to balance its finances whilst maintaining satisfactory service standards;
- the impact of pressures on the local health system on joint areas of work;
- changes in the local economy resulting from changes to working practices, relocation of businesses and the local skills mix;
- the impact of the use of long term locums and agency workers for key posts, loss of experienced staff and labour market pressures on finances and business resilience;
- the impact of demand led services and the need to plan for and respond to future and in-year demographic changes, changes in the market for services, levels of need and any associated financial pressures;
- delivery of an IT Strategy and digital infrastructure that meets business needs, compliance, information accuracy, data protection, greater reliance on end users and the threat of cyber-attacks;
- delivery of the Council's climate change action plan to meet environmental objectives and climate change targets and the ability to influence overall emissions in the Borough;
- Delivery of a safety valve programme which will return the Schools Budget to a balanced position and meet any cumulative deficit within the timescales required by the Department for Education.

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

Since 2019/20 the Council has experienced significant in year deficits on the Schools Budget. The Council accepted an invitation to take part in the Safety Valve Intervention Programme, with the Department of Education (DfE), this year. This requires the Council to undertake to control and reduce the cumulative deficit in line with a financial plan and funding assumptions agreed with the DfE. The financial support to be provided by the DfE will not cover the whole deficit but will help to support the Council's programme to work towards bringing down and ultimately eliminating the deficit. The Council has set up the Safety Valve Reserve to fund its local contribution.

Bracknell Forest Council has also committed itself to becoming carbon neutral by 2050. To deliver this challenging target, the whole council will need to work together as well as with our partners, schools, and young people. [A web page](#) has been developed to showcase achievements to date and the Council's climate change strategy can be found at <https://www.bracknell-forest.gov.uk/sites/default/files/2021-11/bracknell-forest-climate-change-strategy.pdf>.

12 Further Information

Summaries of this document can be made available in large print, Braille or audio cassette. Copies in other languages may also be obtained. Further information can be obtained from Bracknell Forest Council, by telephoning 01344 352000. Key contacts are as follows:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

REPORT ON THE AUDIT OF THE AUTHORITY'S FINANCIAL STATEMENTS

Disclaimer of opinion

We were engaged to audit the financial statements of Bracknell Forest Council ("the Council") for the year ended 31 March 2024 which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Collection Fund, and the related notes, including the Expenditure and Funding Analysis in Note 5 and the accounting policies in note 1.

We do not express an opinion on the financial statements. Due to the significance of the matters 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.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These areas include but are not limited to: property, plant and equipment; investment properties; the carrying amount of property, plant and equipment; investment properties; long term debtors; short term debtors; short term creditors; provisions; long term creditors; council tax income; general and other non-ringfenced government grants; business rates income and expenditure; capital grants and contributions; other service expenses; revenue impact of capital items; fees, charges and other service income; government grants and contributions and the balances of, and movements in, usable and unusable reserves for the year ended 31 March 2024 .

In addition, we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date. Therefore, we were unable to determine whether any adjustments were necessary to the opening balances as at 1 April 2023 or whether there were any consequential effects on the Council's income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Council's net assets and the split between usable reserves and unusable reserves as at 31 March 2024 and 31 March 2023, the Collection Fund and on its income and expenditure and cash flows for the years then ended.

Fraud and breaches of laws and regulations – ability to detect

As stated in the Disclaimer of opinion section of our report, we do not express an opinion on the financial statements due to the reasons described in the Basis for disclaimer of opinion section of our report.

Other information

The Executive Director: Resources is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Any opinion on the financial statements would not cover the

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

other information and we do not express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

Executive Director: Resources and Governance and Audit Committee's responsibilities

As explained more fully in the statement set out on page 19, the Executive Director: Resources is responsible for the preparation of financial statements in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 government of the intention to either cease the services provided by the Council or dissolve the Council without the transfer of their services to another public sector entity.

The Governance and Audit Committee of the Council is responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance 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 the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the Council in accordance with, UK ethical requirements including the FRC Ethical Standard.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained more fully in the statement set out on page 19, the Executive Director: Resources is responsible for ensuring that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Council 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 are also not required to satisfy ourselves that the Council has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Council had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Council under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; 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; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, 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 Council and the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRACKNELL FOREST COUNCIL

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

As at the date of this audit report, we have not yet completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2024.

Until we have completed this work, we are unable to certify that we have completed the audit of the financial statements of Bracknell Forest Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.



Andrew Cardoza

for and on behalf of KPMG LLP

Chartered Accountants

One Snow Hill

Snow Hill Queensway

Birmingham

B4 6GH

Date: 28 February 2025

Certification

I confirm that these accounts were approved by the Governance and Audit Committee of the Council at its meeting on 19 February 2025. The 19 February 2025 is the date the accounts were authorised for issue and the date which has been used to assess any post balance sheet events.

Signed on behalf of Bracknell Forest Council:



Cllr Stephen O'Regan
Chairman of Governance and Audit Committee

19 February 2025

The Council's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director: Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts; in this Council, the approval is delegated to the Governance and Audit Committee.

The Executive Director: Resources' Responsibilities

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

In preparing this Statement of Accounts, the Executive Director: Resources has:

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

The Executive Director: Resources has also:

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

I certify that the Statement of Accounts gives a 'true and fair view' of the financial position of the Council as at 31 March 2024 and of its income and expenditure for the year ended 31 March 2024.



Stuart McKellar CPFA
Executive Director: Resources

19 February 2025

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2023/24				2022/23		
	Gross Expenditure £000	Gross Income £000	Net £000	Note	Gross Expenditure £000	Gross Income £000	Net £000
Central	39,676	(11,258)	28,418		41,594	(11,970)	29,624
Delivery	41,588	(11,328)	30,260		40,483	(10,670)	29,813
People	236,024	(146,810)	89,214		220,950	(130,270)	90,680
Non / Council Wide	(3,107)	(2,368)	(5,475)		(2,504)	(1,859)	(4,363)
Cost of Services	314,181	(171,764)	142,417	5, 6	300,523	(154,769)	145,754
Other Operating Expenditure							
Levies			119				118
Parish Council Precepts			4,008				3,835
Other Income from Capital Receipts that do not arise from the Disposal of an Asset			(2,903)				(1,621)
(Gain)/Loss on the Disposal of Property, Plant & Equipment			25,137				56,650
Other Pension Administration Costs			340	11			305
Financing and Investment Income and Expenditure							
(Surplus)/Deficit on Trading Operations			107				147
Interest Receivable and Similar Income			(661)	34			(1,849)
Interest Payable and Similar Charges			4,817	34			3,448
Income and Expenditure in Relation to Investment Properties			(8,593)	18			(8,002)
Changes in Fair Value of Investment Properties			(704)	18			(406)
(Gain)/Loss on the Disposal of Investment Properties			104	18			0
Loss following the closure of Downshire Homes Limited ¹			581				0
Net Interest on the Net Defined Benefit Pension Liability			4,626	11			7,514
Impairment losses / (gains)			735	34			256
Taxation and Non-specific Grant Incomes							
Council Tax Income			(78,836)				(74,700)
General and other Non-Ringfenced Government Grants			(18,163)	10			(17,784)
Business Rates Income and Expenditure			(18,408)	10			(17,518)
Capital Grants and Contributions			(23,013)	10			(14,776)
(Surplus) or Deficit on Provision of Services			31,710	5-7			81,371
(Surplus) or Deficit on Revaluation of Non-Current Assets			(30,500)	29			(35,125)
Remeasurements of the Net Defined Benefit Pension Liability			(22,689)	11			(208,195)
Other Comprehensive Income and Expenditure			(53,189)				(243,320)
Total Comprehensive Income and Expenditure			(21,479)				(161,949)

MOVEMENT IN RESERVES STATEMENT

2023/24	General Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2023	11,077	77,601	1,531	26,380	116,589	333,585	450,174
Movement in Reserves During 2023/24							
Total Comprehensive Income and Expenditure	(31,710)	0	0	0	(31,710)	53,189	21,479
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 8)	15,456	0	(1,531)	7,753	21,678	(21,678)	0
Transfer (to)/from Earmarked Reserves	15,029	(15,029)	0	0	0	0	0
Increase/(Decrease) in Year	(1,225)	(15,029)	(1,531)	7,753	(10,032)	31,511	21,479
Balance at 31 March 2024	9,852	62,572	0	34,133	106,557	365,096	471,653

2022/23	General Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	11,346	85,568	0	21,854	118,768	169,457	288,225
Movement in Reserves During 2022/23							
Total Comprehensive Income and Expenditure	(81,371)	0	0	0	(81,371)	243,320	161,949
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 8)	73,135	0	1,531	4,526	79,192	(79,192)	0
Transfer (to)/from Earmarked Reserves	7,967	(7,967)	0	0	0	0	0
Increase/(Decrease) in Year	(269)	(7,967)	1,531	4,526	(2,179)	164,128	161,949
Balance at 31 March 2023	11,077	77,601	1,531	26,380	116,589	333,585	450,174

BALANCE SHEET

		31 March 2024	31 March 2023
	Notes	£000	£000
Property, Plant and Equipment			
Other Land and Buildings	17	457,750	427,564
Vehicles, Plant and Equipment	17	12,941	13,252
Infrastructure Assets	17	80,470	79,421
Community Assets	17	7,458	7,238
Assets Under Construction	17	10,863	14,943
	17	569,482	542,418
Heritage Assets		396	369
Investment Property	18	125,160	117,866
Intangible Assets		855	1,186
Long Term Debtors	21	14,288	4,579
Long Term Assets		710,181	666,418
Current Assets			
Short Term Investments	34	0	3,030
Inventories		86	94
Short Term Debtors	22	45,705	51,861
Cash and Cash Equivalents	23	6,161	5,980
Assets Held for Sale	17	0	0
		51,952	60,965
Current Liabilities			
Short Term Borrowing	34	(44,597)	(5,007)
Short Term Creditors	24	(79,007)	(60,433)
Provisions	25	(8,152)	(7,990)
		(131,756)	(73,430)
Long Term Liabilities			
Long Term Creditors	26	(17,941)	(18,320)
Waste PFI Donated Asset Account (deferred income)	15	(553)	(642)
Long Term Borrowing	34	(60,000)	(80,000)
Capital Grants and Other Contributions	10	(1,285)	(754)
Net Pension Liability	11	(78,945)	(104,063)
		(158,724)	(203,779)
Net Assets		471,653	450,174
Usable Reserves			
General Reserves		9,852	11,077
Earmarked Reserves	27	62,572	77,601
Usable Capital Receipts Reserve		0	1,531
Capital Grants Unapplied Reserve	28	34,133	26,380
		106,557	116,589
Unusable Reserves			
Revaluation Reserve	29	210,995	192,558
Capital Adjustment Account	30	263,355	272,484
Collection Fund Adjustment Account	32	(6,137)	(6,542)
Deferred Capital Receipts Reserve	31	1,472	1,480
Pension Reserve	11	(78,945)	(104,063)
Dedicated Schools Grant Adjustment Account	9	(18,062)	(15,477)
Accumulated Absences Account	33	(7,582)	(6,855)
		365,096	333,585
Total Reserves		471,653	450,174

These financial statements replace the unaudited financial statements certified by Stuart McKellar on 29 May 2024.

S.J. McKellar

Stuart McKellar CPFA
Executive Director: Resources
19 February 2025

CASH FLOW STATEMENT

		2023/24	2022/23
	Note	£000	£000
Cash Flows from Operating Activities			
Surplus or (Deficit) on Provision of Services		(31,710)	(81,371)
Adjust for Non-Cash Movements			
Depreciation		14,947	15,352
Impairment & Revaluation Downwards of Non-Current Assets		1,886	904
Amortisation of Intangibles		371	358
Changes in Fair Value of Investment Properties		(704)	(406)
Changes in Provisions		162	(3,566)
Impairment losses/(gains)		735	256
Amortisation of Long Term Creditors		(64)	(64)
Carrying amount of Non-Current Assets sold		25,703	57,014
Amounts posted from the Donated Assets Account		(89)	(89)
Changes in Inventory		8	(4)
Changes in Interest Debtors		(220)	26
Changes in Interest Creditors		1,320	16
Changes in Debtors		1,900	8,176
Changes in Creditors		16,017	(15,176)
Changes in Net Pension Liability		(2,429)	14,714
Adjust for Items that are Investing or Financing Activities		(26,295)	(16,760)
Net Cash Flow from Operating Activities		1,538	(20,620)
Cash Flows from Investing Activities			
Purchase of Non-Current Assets		(43,720)	(21,176)
Purchase of Short Term and Long Term Investments		0	(12,000)
Other Payments for Investing Activities		(5,082)	(2,430)
Proceeds from Sale of Non-Current Assets		489	131
Other Receipts from Investing Activities		3,000	9,000
Proceeds from Short Term and Long Term Investments		25,756	17,703
Net Cash Flow from Investing Activities		(19,557)	(8,772)
Cash Flows from Financing Activities			
Repayment of Short Term and Long Term Borrowing	35	(29,200)	(10,000)
Cash receipts of Short Term and Long Term Borrowing	35	48,400	15,000
Capital Element of PFI Contracts	35	(364)	(166)
Capital Element of Finance Leases		0	(1)
Council Tax and Business Rates Adjustments		(636)	(4,518)
Net Cash Flow from Financing Activities		18,200	315
Net (Decrease)/Increase in Cash and Cash Equivalents in the Period		181	(29,077)
Cash and Cash Equivalents as of the Beginning of the Period	23	5,980	35,057
Cash and Cash Equivalents as of the End of the Period	23	6,161	5,980

The cash flows for operating activities include the following items:

	2023/24	2022/23
	£000	£000
Interest received	441	1,314
Interest paid	(3,497)	(3,432)

1 ACCOUNTING POLICIES

1.1 Basis of Preparation

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting convention adopted in the Statement of Accounts is principally historical cost, as modified by the revaluation of property, plant and equipment, Investment Property and financial instruments.

The preparation of the accounts in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

1.2 Going Concern

The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

However, the preparation of the financial statements requires management to assess the Council's ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so. The aftermath of Covid-19 and Brexit plus the economic downturn and high inflation have been considered in the assessment, due to the uncertainty surrounding their impact and duration, along with the Council's cash and reserves position. The latest cashflow projection indicates that the Council is likely to borrow a further £20m during 2024/25. This still leave the Council significantly under borrowed compared to the Capital Financing Requirement of £229.5m. As at the 31 March 2024, the Council had General Reserves of £9.9m which is significantly above the Council's minimum recommended prudent balance of £4.9m and no reliance has been placed on the General Reserve to balance the budget in 2024/25. There are also significant earmarked reserves (£61.3m) excluding individual school balances as of 31 March 2024), in particular the Safety Valve Reserve (£22.8m), which will be used to fund the local share of the schools' budget deficit, and the Business Rates Revaluation Reserve (£6.4m), which will be used to meet the cost of any significant downward Business Rates valuations. Overall, the Council is therefore in a relatively strong position in terms of managing its medium term financial position.

1.3 Accounts Payable and Accrued Expenditure

A creditor is recognised in the Balance Sheet when goods and services are received prior to the reporting date and payment occurs after the reporting date.

NOTES TO THE CORE FINANCIAL STATEMENTS

1.4 Income Policy

Council Tax and Business Rates are recognised as income levied in the reporting period.

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

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

Rents for the occupation of investment properties are recognised on a straight-line basis over the lease term.

Where Council Tax, Business Rates, fees and charges, and rents have been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Where the debtor is impaired, the balance is written down to the amount expected to be collected.

1.5 Exceptional Items

Items are presented as exceptional when that degree of prominence is necessary in order to give a fair presentation of the financial statements. A description of each exceptional item is given within the notes to the Accounts.

1.6 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting closing balances and comparative amounts for the prior period as if the new policy had always been applied. An opening Balance Sheet for the prior period will also be required where adoption of the revised policy results in a material restatement.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Material Balance Sheet restatements or errors are those equal to or greater than £2m or 1% of the relevant category or those required to avoid a material impact (£1m or greater) on the Comprehensive Income and Expenditure Statement within the current year.

1.7 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

NOTES TO THE CORE FINANCIAL STATEMENTS

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

1.8 Schools

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

1.9 Property, Plant and Equipment

Expenditure on Property, Plant and Equipment is capitalised at cost when it will bring benefits to the Council for more than one reporting period, subject to a de-minimis capitalisation threshold of £2,000. Items below this limit are charged to the Comprehensive Income and Expenditure Statement. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost can be measured reliably. The carrying amount of any replaced part is de-recognised. All other repairs and maintenance are charged to the Comprehensive Income and Expenditure Statement during the financial period in which they are incurred.

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

The Council's Principal Valuation Surveyor carries out the valuations in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book". Land and buildings are subject to a comprehensive valuation on a 5 year cycle and an annual desktop valuation for the intervening years where the impact is material.

When an asset's carrying amount increases as a result of a revaluation, the increase is recognised in the Comprehensive Income and Expenditure Statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Comprehensive Income and Expenditure Statement. Any remaining increase is credited directly to Revaluation Reserve. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

When an asset's carrying amount decreases as the result of a revaluation or impairment, the decrease is debited directly to the Revaluation Reserves to the extent of any credit balance

NOTES TO THE CORE FINANCIAL STATEMENTS

existing in respect of that asset. Any remaining decrease is recognised against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Infrastructure, community assets, and assets under construction are measured at depreciated historical cost. With the exception of the long life plant used within the Waste PFI contract (which is revalued), vehicles, plant and equipment are also held at depreciated historical cost which is considered to be a proxy for Current Value as the assets have short useful lives and/or low values.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is calculated using the straight-line method to allocate an asset's carrying value to its residual value over its estimated useful life. Estimated useful lives are as follows:

Buildings	shorter of remaining life or 70 years
Infrastructure Assets	shorter of remaining life or 90 years
Vehicles, Plant and Equipment	shorter of remaining lease period, remaining life, or 30 years

Where an asset comprises two or more major components with substantially different useful economic lives, each component is accounted for separately for depreciation purposes and depreciated over its individual useful life.

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

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each year the difference between depreciation, based on the revalued carrying amount of the asset charged to the Comprehensive Income and Expenditure Statement and depreciation based on the asset's historic cost is transferred from the Revaluation Reserve to the Capital Adjustment Account.

1.10 Heritage Assets

Heritage Assets are a distinct class of asset which are maintained principally for their contribution to knowledge and culture. Listed buildings which are used operationally do not meet the definition of Heritage Assets and are therefore included under Property Plant and Equipment.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant and

NOTES TO THE CORE FINANCIAL STATEMENTS

Equipment. However, some of the measurement rules are relaxed and consequently Heritage Assets are carried at valuation rather than Fair Value, reflecting the fact that exchanges of Heritage Assets are uncommon. There is also no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations.

The Council has a number of sites of archaeological interest within its boundaries which it is not possible to place a value on due to their age and the lack of comparable market values. Consequently, the Council does not recognise these assets on the Balance Sheet. The remaining Heritage Assets comprising the civic regalia, a brickworks chimney and a number of sculptures are reported in the Balance Sheet at insurance valuation.

1.11 Investment Property

Investment Property comprises land and buildings held solely to earn rentals and/or for capital appreciation.

Investment Property is measured initially at cost and subsequently at Fair Value (best market value), which is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The Council's Principal Valuation Surveyor carries out the valuations each year in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the "Red Book".

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Investment properties held at Fair Value are not depreciated.

1.12 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item in Property, Plant and Equipment. Expenditure on the development of websites is not capitalised if the enhancement is primarily intended to promote or advertise the Council's goods or services. Intangible assets include purchased licenses. Expenditure on application software is capitalised as an intangible asset when it will bring benefits to the Council for more than one reporting period.

The intangible assets held by the Council are measured at depreciated historical cost as readily ascertainable market values are not available.

Intangible assets are amortised on a straight-line basis over the shorter of remaining useful life or six years to the relevant service line in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

1.13 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction within the next twelve months rather than through its continuing use, it is reclassified as an Asset Held for Sale (this does not apply to Investment Properties). The asset is revalued immediately before reclassification (using the appropriate valuation basis for that category of asset) and then carried at the lower of this amount and Fair Value (market value) less costs to sell. Where there is a subsequent decrease to Fair Value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in Fair Value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement and can only be used for new capital investment or to meet disposal costs up to 4% of the capital receipt.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.14 Capital Receipts that do not arise from the Disposal of an Asset

Receipts that do not arise from the disposal of an asset primarily relate to Right-to-Buy and VAT shelter receipts from Bracknell Forest Homes. These are recorded as Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. The same amount is then transferred to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

1.15 Charges to Revenue for Non-Current Assets

General Fund service revenue accounts (as defined in CIPFA's Service Reporting Code of Practice for Local Authorities), central support services and statutory trading accounts are charged with a depreciation charge and, where required, any related impairment or valuation loss (due to a clear consumption of economic benefits or other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off) for all assets used in the provision of services. In addition, services also receive a charge for the

NOTES TO THE CORE FINANCIAL STATEMENTS

amortisation of intangible assets and where required any impairment loss for intangible assets used in the provision of services.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue towards the reduction of its overall borrowing requirement (the "Minimum Revenue Provision"). Any depreciation, impairment and valuation losses or amortisations charged to the Surplus or Deficit on the Provision of Services are replaced by this revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account.

Financing costs (including interest payable under finance leases and PFI arrangements) are included within Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

1.16 Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried in the Balance Sheet under Long Term Assets. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the Council.

Such expenditure is charged to the Surplus or Deficit on the Provision of Services. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the General Fund. The credit is shown as a reconciling item in the Movement in Reserves Statement.

1.17 Private Finance Initiative (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the assets required to provide the services passes to the contractor. As the Council (along with Reading and Wokingham Councils) controls the services provided under the Waste PFI agreement, and as the ownership of the assets used to deliver the services pass to the three Councils at the end of the contract for no additional charge, the Council carries its share of the assets on the Balance Sheet.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- payment for the Fair Value of services received; and
- payment for the PFI assets, including finance costs and contingent rent.

Services Received

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

PFI Assets

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

PFI Liabilities

A PFI liability and a deferred creditor are recognised at the same time the PFI asset is recognised. The deferred creditor (donated asset account) reflects the proportion of the assets funded by third party revenues and is released over the life of the contract. The PFI is measured initially at the same amount as the PFI asset less the deferred creditor and is subsequently measured at amortised cost. Both liabilities are included in Short Term Creditors and Long Term Creditors. Interest is charged to the Comprehensive Income and Expenditure Statement over the arrangement period at a constant periodic rate of interest on the remaining balance of the liability for each period.

1.18 Lease Classification

Leases are classified as either finance leases or operating leases based on the substance of the arrangement. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating Leases (Council as Lessee)

Payments made under operating leases (net of any incentives received from the lessor) are charged as an expense of the services benefiting from use of the asset in the Comprehensive Income and Expenditure Statement on a straight-line basis over the period of the lease. Contingent rent is recognised in the period in which it arises.

Operating Leases (Council as Lessor)

Where the Council grants an operating lease, the leased asset remains in the Balance Sheet. The rental income is recognised over the term of the lease on a straight-line basis in the Comprehensive Income and Expenditure Statement. Contingent rent is recognised in the period in which it arises and is the difference between the original rent and the revised rent following a rent review.

Up-front payments received on the granting of a leasehold interest classified as an operating lease are recognised as a Creditor in the Balance Sheet and amortised over the lease term.

Finance Leases (Council as Lessee)

Leases of Long Term Assets, where the Council has substantially all the risks and rewards of ownership, are classified as finance leases.

Finance leases are capitalised at the commencement of the lease at the lower of the Fair Value of the leased asset and the present value of the minimum lease payments. Up-front payments for a leasehold interest classified as a finance lease are capitalised as part of the asset.

Long Term Assets recognised under a finance lease are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

NOTES TO THE CORE FINANCIAL STATEMENTS

The corresponding lease obligations, net of finance charges, are included in Creditors.

Contingent rent is recognised as an expense in the period in which it arises.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Finance Leases (Council as Lessor)

Where the Council grants a finance lease the leased asset is de-recognised (treated as a disposal) and a long term debtor is recognised for any leases with rental payments in excess of peppercorn rent. Peppercorn rents are recognised in the Income and Expenditure in Relation to Investment Properties line in the Comprehensive Income and Expenditure Statement. Rental payments in excess of peppercorn rent are used to reduce the long term debtor and also include finance income that will be earned by the Council whilst the debtor remains outstanding.

1.19 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.20 Financial Instruments

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with the Council's normal purchase, sale or usage requirement, are recognised when, and to the extent which, performance occurs. All other financial assets and liabilities are recognised when the Council becomes party to the contractual provisions to receive or make cash payments.

Financial Assets

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Financial assets measured at amortised cost are initially recognised at Fair Value and then measured at amortised cost using the effective interest rate method. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue or expense over the relevant period using the estimated future cash flows. For the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model for Financial Assets

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

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

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

Derecognition

A financial asset is considered for derecognition when the contractual rights to the cash flows from the financial asset expire, or the Council has either transferred the contractual right to receive the cash flows from the asset or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. The Council de-recognises a transferred financial asset if it transfers substantially all the risks and rewards of ownership. Any gains and losses that arise on derecognition are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Liabilities

All financial liabilities are recognised initially at Fair Value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Creditors are included in Short Term Creditors except for the amounts payable more than twelve months after the end of the reporting period, which are classified as Long Term Creditors.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest rate method and is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.21 Fair Value

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

NOTES TO THE CORE FINANCIAL STATEMENTS

measurement assumes that the transaction takes place in the principal or most advantageous market for the asset or liability.

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

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

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

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

Level 3 – unobservable inputs for the asset or liability.

1.22 Employee Benefits

Leave and flexi-time

The accounts include an accrual for leave and flexi-time earned as of the reporting date that will be utilised in the next reporting period. The accrual is measured at the amount of the benefit earned by the employees of the Council. It is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The Council provides retirement benefits as part of the terms and conditions of employment through the following defined benefit pension schemes:

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

The benefits (retirement lump sums and pensions), which are based on pay and service, are earned over the term of employment.

NOTES TO THE CORE FINANCIAL STATEMENTS

Teacher's Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. It is not possible to identify the Council's share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The People Directorate is charged with the employer's contributions payable to Teachers' Pensions in the year.

Local Government Pension Scheme

The Council's contributions are determined by triennial actuarial valuation. Under Superannuation Regulations, the contribution rates are set to meet all the liabilities of the fund.

The Balance Sheet includes a Pension Reserve which reflects the Council's share of the schemes assets and liabilities. Employer contributions will be adjusted in future years to fund any projected deficit.

The liabilities of the pension scheme attributable to the Council are measured on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees. The liabilities are discounted using an appropriate discount rate.

The assets of the pension fund attributable to the Council are measured at Fair Value as follows:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price; and
- property – market value.

The change in the net pension liability consists of the following components:

- (i) Service cost, comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year;
 - past service cost – the change in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years or from plan curtailments;
 - gains or losses on settlements - transactions that eliminate all further legal or constructive obligations for part or all of the benefits provided under the plan;
- (ii) Other Pension Administration Costs which are those that are directly related to the management of plan assets. These are included under Other Operating Expenditure.
- (iii) Net interest on the net defined benefit liability - the change during the period in the net defined benefit liability. It is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability

NOTES TO THE CORE FINANCIAL STATEMENTS

at the beginning of the period adjusted for contribution and benefit payments during the year.

(iv) Remeasurements comprising:

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

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

(vi) Benefits paid.

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

Remeasurements are recognised directly in Other Comprehensive Income and Expenditure and the Pensions Reserve.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.23 Government Grants and Other Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. If no asset is involved, a condition requires the grant funder or donor to have a right to the return of their monies or similar equivalent compensation.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants and contributions are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement

NOTES TO THE CORE FINANCIAL STATEMENTS

in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy (CIL)

The levy is charged on most new developments in the Borough with appropriate planning consent, based on a locally determined charging schedule. The levy must be spent on infrastructure (such as transport, schools and social care facilities) or used to meet administrative expenses (up to 5%). It will partly replace Section 106 developer contributions.

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

1.24 Provisions

Provisions are recognised when:

- the Council has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Where the effect is material, the estimated cash flows are discounted. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.25 Contingent Assets & Liabilities

A contingent asset or contingent liability arises where an event has taken place that gives the Council a possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of economic benefits will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

1.26 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes and do not represent usable resources for the Council. These are the Revaluation Reserve, Capital Adjustment Account, Deferred Capital Receipts Reserve, Collection Fund Adjustment Account, Accumulated Absences Account and Pension Reserve, which are explained in the relevant policies and Notes to the Accounts.

1.27 Inventory

Inventory, which primarily relates to shop and catering goods, is measured at the lower of cost and net realisable value using the first-in first-out method.

1.28 Value Added Tax (VAT)

VAT payable is included as an expense in the Comprehensive Income and Expenditure Statement only to the extent that it is not recoverable. VAT receivable is excluded from income.

2 ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The adoption of the following amended standards by the Code of Practice will result in changes in accounting policy.

- IFRS 16, which provides guidance on accounting for leases, issued in January 2016.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

Although full adoption will not be required until 1 April 2024, the Council is required to disclose the estimated effect of the changes in these financial statements. The only amendment expected to have a significant impact on processes and the information contained in the Council's financial statements is the implementation of IFRS 16.

IFRS 16 removes the distinction between operating and finance leases for lessees reflected in these accounts (which comply with IAS 17), where operating leases result in a revenue charge and finance leases are reflected on the Balance Sheet. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. A

NOTES TO THE CORE FINANCIAL STATEMENTS

lease results in the creation of a Right of Use (ROU) asset and a lease liability on the Balance Sheet with both initially measured at the present value of the minimum lease payments. The ROU asset will be depreciated over the lease term and the lease liability reduces as lease payments are made. Only the interest element is charged to revenue as a finance cost. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Based on an analysis of the Council's leases, had IFRS 16 been applied in 2023/24 the Balance Sheet would include ROU Assets with a Net Book Value of £0.6m and Short and Long Term Liabilities of £0.6m. The net impact on the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement would have been minimal.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are as follows.

Lease Accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, the land and buildings element of the lease are considered separately for classification. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of the land and buildings at the inception of the lease.

A number of criteria are used to determine whether the lease transfers substantially all the risks and rewards of ownership as specified in IAS 17 - Leases. In particular judgement is required in assessing whether the lease term is for the major part of the economic life of the asset. In general, a term of 80% or greater of the asset life was considered indicative of a finance lease, however all the criteria were considered together when making a decision. When reviewing lease classifications for the conversion to IFRS however, the Council concluded that each of the lease classifications could be determined without calculating the Net Present Value of the minimum lease payments.

The Council has elected to treat Longshot Lane as a finance lease in order to apply the Investment Property classification and measurement guidance in IAS 40. A property interest that is held by a lessee under an operating lease may be classified and accounted for as Investment Property if, and only if, the property would otherwise meet the definition of an Investment Property and the lessee uses the Fair Value model. Longshot Lane meets the definition of an Investment Property and the Council is required by the Code to apply the Fair Value model.

Impairment of Assets

There is a high degree of uncertainty about the way local government is financed and future levels of funding. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

PFI Schemes and Similar Contracts

In 2006/07 the Council, together with Wokingham Borough and Reading Borough Councils, entered into a PFI contract for the disposal of waste. The Councils are deemed to control the services provided and will obtain ownership of the associated assets at the end of the contract. The accounting policies for PFI schemes and similar contracts have therefore been applied to the arrangement and the Council's share of the assets (valued at £4.2m as at 31 March 2024) are recognised as Property, Plant and Equipment on the Balance Sheet.

Schools Property

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

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

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

There are three Voluntary Aided (VA) Schools within the Council's area excluding academies. The Council owns and controls the playing fields at one of the schools and these assets are included on the Balance Sheet. The remaining land and building assets are owned by the Oxford or Portsmouth Diocese or other trustees. There has been no reassignment of rights for these assets that would pass control of the economic benefits and service potential to the school or governing body. These assets are used under licences rather than leases which pass no interest to the schools and are terminable by the trustees at any time without causal action. In practice their continued agreement to permit the schools as entities to use the assets means that the trustees (or owners) are perpetually reasserting this control, and this has not been passed to the school. They are therefore not recognised as assets of the school or included in the Balance Sheet.

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

Academies are not considered to be maintained schools in the Council's control. Thus, the land and building assets are not included on the Council's Balance Sheet. There are sixteen academies (five Secondary Schools, nine Primary Schools, one Special school and one All-through school) within the Council's area.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could differ from those estimates.

NOTES TO THE CORE FINANCIAL STATEMENTS

The key judgements and estimation uncertainty that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within the forthcoming financial year are as follows:

Property, Plant and Equipment

Land and buildings are shown at Current Value for operational assets and Fair Value for surplus assets, based on professional or desk top valuations. The professional valuations are carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the “Red Book”. The value of the Council’s land and buildings fluctuates with changes in construction costs and the current market value of land and buildings. In addition to the rolling programme of professional revaluations, desktop revaluations (using a building cost index) are used to ensure that those assets not scheduled to be revalued are not materially misstated in the Balance Sheet.

Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council’s current spending on repairs and maintenance can be sustained, which would affect the useful lives assigned to buildings. If the useful life is reduced, depreciation increases and the carrying amount falls. It is estimated that the annual depreciation charge for buildings would increase by £0.289m if all the useful lives were reduced by one year.

Fair Value measurements

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

For Investment Properties the most significant valuation assumption used is that the rental yield (rental as a percentage of property value) achievable on most Investment Properties is equivalent to that achieved on recent and comparable property purchase, although consideration is also given to rental income outlook. A 1% change in the estimated yield would result in a £13.4m change in value of the whole portfolio.

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

Future Payments under the Waste PFI Scheme

The estimates of the future payments to the contractor are based on assumptions regarding inflation (assumed to average 2.5% over the remaining 8 years of the contract) and performance. Increases in inflation above 2.5% will lead to the Council having to pay over more to the contractor than set out in Note 15. If the contractor’s performance is lower than has been built into the financial model, the contractor will have penalty charges levied against it, and therefore the Council’s costs will be lower than set out in Note 15.

Measurement of Pension Liability

The present value of the net pension liability depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets. The actual net liability of the Council will continue to be subject to volatility, as a result of changes to these factors and the underlying assumptions.

NOTES TO THE CORE FINANCIAL STATEMENTS

A full valuation was completed as at 31 March 2023 removing any distortions resulting from the roll forward of previous valuation data.

The effects of changes in individual assumptions can be measured. The following table sets out the impact of change in the significant actuarial assumptions on the present value of scheme liabilities (£425.2m) and projected service cost (£10.8m).

Sensitivity Analysis	Present Value of Total Obligation		Projected Service Cost	
	+0.1%	-0.1%	+0.1%	-0.1%
	£m	£m	£m	£m
Adjustment to discount rate	(6.7)	6.9	(0.4)	0.4
Adjustment to long term salary increase	0.3	(0.3)	0.0	0.0
Adjustment to pension increases and deferred revaluation	6.7	(6.5)	0.4	(0.4)
	+1 Year	-1 Year	+1 Year	-1 Year
	£m	£m	£m	£m
Adjustment to life expectancy assumptions	16.3	(15.7)	0.4	(0.4)

Impairment of Financial Instruments

As at 31 March 2024, the Council had a trade debtors' balance of £23.81m. The impairment for doubtful debts figure is based on applying a percentage to the outstanding balance which varies depending on how long the debt has been outstanding. If collection rates were to deteriorate, a doubling of the percentage used to calculate the impairment for general debts would require an additional £1.29m to be set aside as an allowance.

Additional allowances are also made for several other debts, in particular Housing Benefits, Business Rates and Council Tax. These totalled £4.77m as at 31 March 2024. Doubling the percentage used to calculate these debts would require an additional £2.35m to be set aside.

The impairment allowances held are based on historic experience and success rates experienced in collection.

Accumulated Compensated Absences

Accumulating compensated absences are those that can be carried forward for use in future periods if the current period's entitlements are not used in full, for example untaken annual leave and flexi-time entitlement. The Council is required to accrue for any annual or flexi leave earned but not taken as at 31 March each year. For non-teaching staff the accrual is based on a historic sample of staff covering a range of pay grades, locations, and directorates. For teaching staff, where leave is earned and taken on a term by term basis, a formula is used to identify the number of days of untaken leave for the spring term. The impact of an increase in outstanding leave of 1 day for all staff would be to increase the accrual by £0.21m for non-teaching staff and £0.20m for teaching staff.

Provision for Business Rates Appeals

The Council has made a provision of £16.637m for outstanding Business Rates appeals. This is based on the latest list of outstanding rating proposals provided by the Valuation Office Agency and external advice from rating agents, taking into account factors such as the settled claims history for the Council, changes in comparable hereditaments, market trends and other

NOTES TO THE CORE FINANCIAL STATEMENTS

valuation issues, including the potential for certain proposals to be withdrawn. The provision is split between the Council, Central Government and the Royal Berkshire Fire Authority with the Council's proportion of 49% equating to £8.152m. A 1% change in the estimate would result in a £0.166m increase or decrease in the provision required for appeals (£0.082m for the Council).

5 EXPENDITURE AND FUNDING ANALYSIS

Expenditure and Funding Analysis

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

	2023/24			2022/23		
	Net Expenditure Chargeable to the General Reserve £000	Adjustments between the Accounting & Funding Basis £000	Net Expenditure in the CIES £000	Net Expenditure Chargeable to the General Reserve £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000
Central	22,294	6,124	28,418	20,344	9,280	29,624
Delivery	23,880	6,380	30,260	23,363	6,450	29,813
People	78,829	10,385	89,214	71,610	19,069	90,679
Non Departmental /Council Wide	(4,985)	(490)	(5,475)	(3,858)	(504)	(4,362)
Net Cost of Services	120,018	22,399	142,417	111,459	34,295	145,754
Other Income and Expenditure	(103,764)	(6,943)	(110,707)	(103,223)	38,840	(64,383)
(Surplus) or Deficit on Provision of Services	16,254	15,456	31,710	8,236	73,135	81,371
Opening General Reserve balance	11,077			11,346		
Plus Surplus/(Deficit) on the General Fund	(16,254)			(8,236)		
Transfer (To)/From Earmarked Reserves	15,029			7,967		
Closing General Reserve balance	9,852			11,077		

NOTES TO THE CORE FINANCIAL STATEMENTS

Analysis of adjustments within the Expenditure and Funding Analysis

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

2023/24				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Central	6,769	(653)	8	6,124
Delivery	6,648	(243)	(25)	6,380
People	4,736	(2,495)	8,144	10,385
Non Departmental /Council Wide	(352)	(3,992)	3,854	(490)
Net Cost of Services	17,801	(7,383)	11,981	22,399
Other Income and Expenditure from the Expenditure and Funding Analysis	(2,822)	4,954	(9,075)	(6,943)
Difference between the General Fund Surplus / Deficit and the Surplus / Deficit on the Provision of Services in the CIES	14,979	(2,429)	2,906	15,456

2022/23				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Pensions Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000
Central	6,681	2,351	248	9,280
Delivery	5,976	464	10	6,450
People	4,419	7,612	7,038	19,069
Non Departmental /Council Wide	(3,390)	(3,579)	6,465	(504)
Net Cost of Services	13,686	6,848	13,761	34,295
Other Income and Expenditure from the Expenditure and Funding Analysis	37,457	7,866	(6,483)	38,840
Difference between the General Fund Surplus / Deficit and the Surplus / Deficit on the Provision of Services in the CIES	51,143	14,714	7,278	73,135

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

Directorate Income

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

	2023/24	2022/23
Directorates	Income from Services	Income from Services
	£000	£000
Central	(5,373)	(5,497)
Delivery	(10,428)	(9,781)
People	(15,501)	(12,631)
Non Departmental /Council Wide	(21)	(1,858)
Total	(31,323)	(29,767)

6 MATERIAL ITEMS OF INCOME AND EXPENDITURE

Within the Central Directorate, the comparative decrease in expenditure reflects reduced pension related costs, partly offset by increased employee costs and energy costs. The comparative decrease in income relates to reductions in government grants and Development Control income partly offset by additional income from the NHS and other local authorities.

Within the Delivery Directorate the increase in expenditure primarily reflects increases in employee, energy and waste costs partly offset by the transfer of Fleet Management to the People Directorate.

Within the People Directorate, the increase in spend reflects:

- Within the Schools Budget, increased spend on the High Needs Block (£4.3m) managed centrally and Early Years Block (£1.6m).
- An increase in employee costs in most service areas (£4.8m), the cost of contracted services for care packages in Childrens and Adults Services (£9.1m), capital and energy charges and debt write offs (£1.1m), partly offset by a decrease in pension related adjustments (-£10.2m).
- Transfer of fleet Management from the Delivery Directorate (£3.8m).

The increase in income reflects increases in grants, in particular Dedicated school grant (-£7.6m), within Adult Social Care an increase in income from the NHS (-£3.0m) and client contributions (-£1.1m), increases in client contributions (-£0.7m) within Mental Health and Out of Hours and sales of services in Early Help and Communities (-£0.4m).

Outside the Cost of Services, the largest changes in the (Surplus) / Deficit on the Provision of Services relate to:

- a reduction in losses on disposal of Property Plant and Equipment. The most significant losses in 2023/24 were the losses on disposal of Birch Hill Primary School (£9.5m) and of Kennel Lane Primary School (£11.5m) which became academies. This compares with losses on the disposal of Sandy Lane Primary School (£9.5m) and Easthampstead Park Secondary School (£44.3m) which both became academies in 2022/23;
- An increase in the value of capital grants and contributions in 2023/24, primarily the Community Infrastructure Levy, compared to 2022/23 (£8.2m - see Note 10).

NOTES TO THE CORE FINANCIAL STATEMENTS

7 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure and Income	2023/24 £000	2022/23 £000
Employee expenses	112,418	122,008
Employee expenses – Voluntary Aided Schools	4,567	4,550
Other service expenses	178,810	158,107
Revenue impact of capital items ¹	44,328	73,320
Interest payments	4,817	3,448
Precepts & levies	4,127	3,953
Net Interest on the Net Defined Benefit Pension Liability	4,626	7,514
Other pension administration costs	340	305
Total Expenditure	354,033	373,205
Fees, charges & other service income	(40,716)	(39,210)
Interest and investment income	(661)	(1,849)
Other income from capital receipts that do not arise from the disposal of an asset	(2,903)	(1,621)
Income from Council Tax and Business Rates	(97,244)	(92,218)
Government grants and contributions	(180,799)	(156,936)
Total Income	(322,323)	(291,834)
(Surplus) or Deficit on the Provision of Services	31,710	81,371

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

NOTES TO THE CORE FINANCIAL STATEMENTS

8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2023/24	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Reversal of items relating to capital expenditure (transferred to the Capital Adjustment Account)	30	44,441	0	0	44,441	(44,441)	0
Changes in Fair Value of Investment Properties	30	(704)	0	0	(704)	704	0
Movement in Waste PFI Donated Asset Account (deferred income)	30	(89)	0	0	(89)	89	0
Capital Grants and Contributions Applied including Community Infrastructure Levy receipts	30	(9,319)	0	0	(9,319)	9,319	0
Statutory provision for the financing of capital investment	30	(2,706)	0	0	(2,706)	2,706	0
Capital expenditure charged against the General Fund balance	30	(352)	0	0	(352)	352	0
Capital grants and contributions unapplied transferred to the capital reserve	28	(12,927)	0	12,927	0	0	0
Application of grants to capital financing	28 30	0	0	(5,174)	(5,174)	5,174	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(481)	481	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	30	0	(4,947)	0	(4,947)	4,947	0
Costs of non-current asset disposals met from the Capital Receipts Reserve		19	(19)	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	31	0	8	0	8	(8)	0
Transfer of income from Capital Receipts that do not arise from the disposal of an Asset		(2,904)	2,904	0	0	0	0
Repayment of loans	30	0	42	0	42	(42)	0
Retirement benefits transferred to the Pension Reserve	11	12,100	0	0	12,100	(12,100)	0
Employer's Pension Contributions transferred from the Pension Reserve	11	(14,529)	0	0	(14,529)	14,529	0
Council Tax and Business Rates income (transfers to or (from) the Collection Fund Adjustment Account)	32	(405)	0	0	(405)	405	0
Remuneration (transfers (to) or from the Accumulated Absences Account)	33	727	0	0	727	(727)	0
Transfers (to) or from the Dedicated Schools Grant Adjustment Account	9	2,585	0	0	2,585	(2,585)	0
Total Adjustments		15,456	(1,531)	7,753	21,678	(21,678)	0

NOTES TO THE CORE FINANCIAL STATEMENTS

2022/23	Note	General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Adjustments Between Accounting Basis and Funding Basis Under Regulations							
Reversal of items relating to capital expenditure (transferred to the Capital Adjustment Account)	30	74,090	0	0	74,090	(74,090)	0
Changes in Fair Value of Investment Properties	30	(406)	0	0	(406)	406	0
Movement in Waste PFI Donated Asset Account (deferred income)	30	(89)	0	0	(89)	89	0
Capital Grants and Contributions Applied including Community Infrastructure Levy receipts	30	(6,362)	0	0	(6,362)	6,362	0
Statutory provision for the financing of capital investment	30	(2,302)	0	0	(2,302)	2,302	0
Capital expenditure charged against the General Fund balance	30	(3,390)	0	0	(3,390)	3,390	0
Capital grants and contributions unapplied transferred to the capital reserve	28	(8,413)	0	8,413	0	0	0
Application of grants to capital financing	28 30	0	0	(3,887)	(3,887)	3,887	0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		(364)	64	0	(300)	300	0
Use of the Capital Receipts Reserve to finance new capital expenditure	30	0	(262)	0	(262)	262	0
Costs of non-current asset disposals met from the Capital Receipts Reserve		0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	31	0	67	0	67	(67)	0
Transfer of income from Capital Receipts that do not arise from the disposal of an Asset		(1,621)	1,621	0	0	0	0
Repayment of loans	30	0	41	0	41	(41)	0
Retirement benefits transferred to the Pension Reserve	11	29,026	0	0	29,026	(29,026)	0
Employer's Pension Contributions transferred from the Pension Reserve	11	(14,312)	0	0	(14,312)	14,312	0
Council Tax and Business Rates income (transfers to or (from) the Collection Fund Adjustment Account)	32	295	0	0	295	(295)	0
Remuneration (transfers (to) or from the Accumulated Absences Account)	33	846	0	0	846	(846)	0
Transfers (to) or from the Dedicated Schools Grant Adjustment Account	9	6,137	0	0	6,137	(6,137)	0
Total Adjustments		73,135	1,531	4,526	79,192	(79,192)	0

NOTES TO THE CORE FINANCIAL STATEMENTS

9 SCHOOLS

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

2023/24	Category and Type of School							Grand Total
	Community				Voluntary Aided	Voluntary Controlled	Pupil Referral Unit	
	Primary	Secondary	Special	Total	Primary	Primary	Secondary	
Number	14	1	0	15	3	3	1	22
Net Spend	£000	£000	£000	£000	£000	£000	£000	£000
	27,510	11,304	0	38,814	4,065	4,298	1,547	48,724
Deficits	278	0	0	278	3	244	5	530
Surpluses	(1,363)	(311)	0	(1,674)	(87)	(71)	0	(1,832)

2022/23	Category and Type of School							Grand Total
	Community				Voluntary Aided	Voluntary Controlled	Pupil Referral Unit	
	Primary	Secondary	Special	Total	Primary	Primary	Secondary	
Number	15	1	1	17	4	3	1	25
Net Spend	£000	£000	£000	£000	£000	£000	£000	£000
	27,811	9,937	5,092	42,840	4,671	3,995	1,596	53,102
Deficits	435	0	0	435	9	143	16	603
Surpluses	(1,496)	(656)	(306)	(2,458)	(223)	(229)	0	(2,910)

Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Agency to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2023. The Schools Budget includes elements for a range of educational services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2023/24 is as follows.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2023/24 before Academy recoupment			124,861
Academy and high needs figure recouped for 2023/24			48,576
Total DSG after academy and high needs recoupment for 2023/24			76,285
Plus: Brought forward from 2022/23			0
Less: Carry forward to 2024/25 agreed in advance			7,166
Agreed initial budgeted distribution in 2023/24	37,622	45,829	83,451
In year adjustments	6,400	25	6,425
Final budget distribution for 2023/24	44,022	45,854	89,876
Less: Actual central expenditure	39,441		39,441
Less: Actual ISB deployed to schools		45,854	45,854
Plus: Local authority contribution for 2023/24	0	0	0
In year carry forward to 2024/25	4,581	0	4,581
Plus: Carry forward to 2024/25 agreed in advance			(7,166)
Carry forward to 2024/25			0
DSG unusable reserve at end of 2022/23			(15,477)
Addition to DSG unusable reserve at the end of 2023/24			(2,585)
Total of DSG unusable reserve at the end of 2023/24			(18,062)
Net DSG position at the end of 2023/24			(18,062)

The net deficit balance can be broken down as follows:

	£'000
New / expanding schools: start-up / diseconomies	572
New / expanding schools: increases in Business Rates	355
New SEN Resource Provision start-up / diseconomies	401
SEN Transformation Reserve	122
Early Years Disability Access Fund	36
General unallocated balance	(19,548)
Total as at 31 March 2024	(18,062)

NOTES TO THE CORE FINANCIAL STATEMENTS

Dedicated Schools Grant Adjustment Account

This is an unusable reserve required under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended by The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020.

Any deficit on the Schools Budget for the financial years 2020/21 to 2025/26 are required to be charged to this account under the new legislation. This follows on from the requirement in the School and Early Years Finance (England) Regulations 2020 that a schools' budget deficit must be carried forward to be funded from future DSG income, unless permission is sought from the secretary of state for education to fund the deficit from general resources. As there is an overall deficit as at 31 March 2024, any general schools' balances previously held in earmarked reserves have now been transferred into this account. The deficit on the account is £18.062m with a breakdown provided in the previous table. Individual schools' balances remain in a separate earmarked reserve.

As part of its Safety Valve proposal submitted to Government in January 2024, the Council requested £16m in funding from the Department for Education as a contribution to its expected cumulative deficit on the DSG Adjustment Account and agreed to set aside a sum in earmarked reserves (£22.8m). These funding sources will be drawn down over the six year period of the Safety Valve agreement, with the most significant contribution from the Council to be made in the final year.

10 GRANT & CONTRIBUTIONS INCOME AND BUSINESS RATES

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

Credited to Taxation and Non Specific Grant Income

Capital Grants & Contributions

	2023/24	2022/23
	£000	£000
Local Transport Plan (LTP)	3,496	2,850
Other Government Grants	6,930	5,940
S106 Contributions	1,172	2,969
Community Infrastructure Levy (CIL)	9,236	2,899
Thames Valley Berkshire LEP	800	0
Health partners	686	0
Other Capital Contributions	693	118
Total	23,013	14,776

Revenue Grants & Contributions

General and other non-ringfenced government grants are recognised within Taxation and Non-specific Grant Incomes in the Comprehensive Income and Expenditure Statement along with Business Rates income and expenditure.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Business Rates grant covers several reliefs relating in particular to the freezing of the business rates multiplier in a number of years, small business rate relief and reliefs granted as a result of the pandemic.

	2023/24	2022/23
	£000	£000
Revenue Support Grant	2,148	1,837
New Homes Bonus Grant	786	2,294
Supporting Families Service Grant	439	403
Housing and Council Tax Benefit Subsidy Administration Grant	230	336
School Improvement Monitoring and Brokering Grant	0	52
Council tax Support New Burdens Funding	12	112
Business Rates Relief Grant	5,809	5,152
New Burden Discretionary Grant Fund	0	76
Energy Bills & Alternative Fuel New Burdens Funding	32	0
UK Prosperity Fund Grant	109	51
Independent Living Fund Grant	0	248
Social Care Grant	4,863	2,829
Improved Better Care Fund	1,525	1,525
Extension of Virtual Head Role Grant	130	130
Holiday Activity Fund	208	169
DfE Regional Recovery & Build Back Better Fund	12	239
Lower Tier Services Grant	0	203
Services Grant	681	1,160
Waste PFI Deferred Income	89	89
Disabled Facilities Grant	1,053	818
Other non-ringfenced revenue grants	37	61
General and Non-ringfenced Government Grants	18,163	17,784
Business Rates Income	23,264	28,851
Business Rates Tariff	(4,254)	(9,502)
Business Rates Levy	(602)	(1,831)
Business Rates Income and Expenditure	18,408	17,518
Total	36,571	35,302

NOTES TO THE CORE FINANCIAL STATEMENTS

Grants and Contributions Credited to Services

	2023/24	2022/23
	£000	£000
Dedicated Schools Grant (including pupil premium) ¹	84,754	77,886
Sixth Form Funding	1,264	1,611
Other Schools Grants and Contributions	6,400	5,387
Housing Benefit Subsidy	18,518	18,099
Public Health Grant	4,534	4,391
Better Care Fund	9,275	6,683
COVID-19 Related Grants	0	4
Asylum seekers and refugees	2,845	1,767
Fostering Recruitment Support Hub	1,055	0
Other Grants and Contributions	8,519	7,488
Donations	823	1,039
Total	137,987	124,355

¹ Includes a £6.4m contribution from the Department for Education towards the school budget deficit as part of the safety valve programme.

Grants and Contributions - Receipts in Advance

The Council has received a number of grants and other contributions that have yet to be recognised as income as they have conditions attached to them which have not been satisfied as of the Balance Sheet date.

Revenue Grants and Contributions - Receipts in Advance

	31 March 2024	31 March 2023
	£000	£000
Short Term Creditors		
Other Grants & Contributions	6,360	3,596
Total	6,360	3,596

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Grants and Contributions - Receipts in Advance

	31 March 2024	31 March 2023
	£000	£000
Short Term Creditors		
Devolved Formula Capital	345	576
Salix Decarbonisation	30	33
Special Provisions Capital Fund	822	822
Traffic Signal Obsolescence Grant and Green Light Fund	528	0
Pothole Fund	0	410
Other Government Grants and Contributions	61	50
Waste PFI deferred income	89	89
Long Term Liabilities		
Section 106 contributions ¹	1,285	754
Waste PFI deferred income	553	642
Total	3,713	3,376

¹Section 106 contributions arise from planning agreements, which govern the utilisation of the receipts. Most of the receipts have now been recognised in the Comprehensive Income and Expenditure Statement and either applied or an equivalent amount transferred to the Revenue Grants Unapplied Reserve or the Capital Grants Unapplied Account.

NOTES TO THE CORE FINANCIAL STATEMENTS

11 EMPLOYEE BENEFITS

REMUNERATION OF EMPLOYEES

The following table shows the number of employees whose remuneration, excluding pension costs, exceeded £50,000 for the year, except for those that have been disclosed individually.

Total Remuneration ¹	2023/24			2022/23
	No of Employees		Total	No of Employees
	Non-schools	Schools		
£50,000 - £54,999	61	30	91	86
£55,000 - £59,999	51	22	73	71
£60,000 - £64,999	39	11	50	34
£65,000 - £69,999	23	5	28	26
£70,000 - £74,999	8	6	14	15
£75,000 - £79,999	5	5	10	13
£80,000 - £84,999	2	6	8	5
£85,000 - £89,999	2	1	3	13
£90,000 - £94,999	7	2	9	2
£95,000 - £99,999	2	3	5	2
£100,000 - £104,999	0	0	0	2
£105,000 - £109,999	2	0	2	5
£110,000 - £114,999	0	0	0	2
£115,000 - £119,999	4	0	4	0
£120,000 - £124,999	0	0	0	2
£125,000 - £129,999	1	1	2	0
Total	207	92	299	278
2022/23 Comparatives	144	134		

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

NOTES TO THE CORE FINANCIAL STATEMENTS

The following tables set out the remuneration disclosures for senior employees whose salary is equal to or more than £50,000 per year. Any senior employee whose salary is £150,000 or more per year has also been named. The term senior employee applies to the Chief Executive and her direct line reports, the statutory roles held by the Executive Director: Resources and Borough Solicitor, other members of the Corporate Management Team (CMT) and the Strategic Director of Public Health. No expense allowances were paid during the year.

Remuneration of Senior Employees 2023/24

Post Title (and Name if over £150,000)	Salary	Pension Contributions	Total Including Pension Contributions
	£000	£000	£000
Chief Executive - S Halliwell	207	32	239
Executive Director: People - G Siggins	175	30	205
Executive Director: Delivery	146	25	171
Executive Director: Resources – S McKellar	150	26	176
Executive Director: Place, Planning and Regeneration	139	24	163
Assistant Director: Chief Executive's Office	93	16	109
Borough Solicitor	115	20	135
Director of Public Health – East Berkshire ¹	62	0	62
Total	1,087	173	1,260

¹ The remuneration for this post is shared between three Berkshire unitary councils and Frimley Health NHS Foundation Trust.

Remuneration of Senior Employees 2022/23

Post Title (and Name if over £150,000)	Salary	Pension Contributions	Total Including Pension Contributions
	£000	£000	£000
Chief Executive – T Wheadon ¹	111	0	111
Chief Executive - S Halliwell ²	88	14	102
Executive Director: People - G Siggins	169	26	195
Executive Director: Delivery	141	22	163
Executive Director: Resources	137	22	159
Executive Director: Place, Planning and Regeneration	130	20	150
Assistant Director: Chief Executive's Office	89	14	103
Borough Solicitor	112	17	129
Director of Public Health – East Berkshire ³	57	0	57
Director of Public Health – East Berkshire ⁴	9	0	9
Total	1,043	135	1,178

¹ The Chief Executive left the role on the 30 September 2022.

² The new Chief Executive started on the 1 October 2022.

³ The remuneration for this post is shared between three Berkshire unitary councils and Frimley Health NHS Foundation Trust.

⁴ The first post holder left the role on the 31 January 2022 and was replaced on the 20 February 2023.

NOTES TO THE CORE FINANCIAL STATEMENTS

EXIT PACKAGES & TERMINATION BENEFITS

The number of exit packages with total cost per band and total cost of compulsory and other redundancies are set out below and include schools:

Exit Package Cost Band	No of Compulsory Redundancies		No of Other Departures		Total No		Total Cost £000	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0-£20,000	1	8	18	21	19	29	82	134
£20,001 - £40,000	0	2	0	2	0	4	0	107
£40,001 - £60,000	0	0	1	0	1	0	44	0
£60,001 - £80,000	0	0	1	0	1	0	73	0
£80,001- £100,000	1	0	0	0	1	0	84	0
£100,001- £150,000	0	0	1	0	1	0	101	0
Total	2	10	21	23	23	33	384	241

Other departures include agreed settlements and contract terminations arising, for example, on ill health grounds or during probationary periods.

Liabilities are charged to the Comprehensive Income and Expenditure Statement during the year in which the Council is committed to them. The liabilities of £0.384m (£0.241m in 2022/23) were comprised of redundancy, settlements, and other payments £0.206m (£0.123m), pay in lieu of notice £0.051m (£0.085m) and pension fund contributions to preserve unreduced benefits (pension strain) £0.127m (£0.033m). Pension strain is a cost payable to the Pension Fund.

PENSIONS

Teachers' Pension Scheme

Contributions to the Scheme by employers and employees are set at rates determined by the Secretary of State, taking advice from the Scheme's actuary. The Scheme's payments are partially funded by the employer and employee contributions, the balance of funding being provided by Parliament through general taxation.

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

	2023/24		2022/23	
	Employers' Contribution	Additional Benefits	Employers' Contribution	Additional Benefits
Amount Paid	£5.484m	£0.200m	£5.734m	£0.208m
As a percentage of teachers' pensionable pay	23.7%	0.9%	23.7%	0.9%
The expected Employers' Contribution for 2024/25 is £5.580m				

The Council is also responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme, consisting of on-going annual payments as follows:

- To the Teachers' Pension Fund relating to the premature retirement of teachers on unreduced benefits,
- To five former teachers directly relating to premature retirement on unreduced benefits,
- To the Royal County of Berkshire Pension Fund who administer compensatory pension payments on behalf of former Berkshire County Council teachers.

Local Government Pension Scheme

The costs of retirement benefits are recognised in the Comprehensive Income and Expenditure Statement when earned by employees.

The Council pays employer's contributions into the Royal County of Berkshire Pension Fund. The contribution rate is determined by the Fund's Actuary based on triennial valuations, the last relevant review being at 31 March 2022 for 2023/24. Under Pension Fund Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund over time. The current contribution rate is 17.2% of pensionable pay for current service plus a lump sum payment of £4.300m to cover the past service deficit element (15.5% and £4.862m in 2022/23).

The General Fund is charged with the amount payable by the Council to the pension fund in the year, not the current service costs and interest cost. The Movement in Reserves Statement includes an appropriation to and from the Pensions Reserve to adjust the pension charges within the Comprehensive Income and Expenditure Statement to the amount paid and/or payable to the pension fund in the reporting period.

NOTES TO THE CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement and Movement in Reserves

The following costs have been recognised in the Comprehensive Income and Expenditure Statement and Statement of Movement on the General Fund Balance during the year:

	2023/24 £000	2022/23 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	11,126	24,786
Past Service Cost including curtailments	56	58
(Gain)/Loss from Settlements	(4,048)	(3,637)
Other Operating Expenditure		
Other Pension Administration Costs	340	305
Financing and Investment Income and Expenditure:		
Net Interest Expense	4,626	7,514
Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	12,100	29,026
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement – Remeasurements of the Net Defined Benefit Liability		
Return on Plan Assets (excluding the amount included in the Net Interest Expense)	(14,855)	6,523
Actuarial (Gains) and Losses arising on changes in financial assumptions	(3,766)	(266,899)
Actuarial (Gains) and Losses arising on changes in demographic assumptions	(5,618)	0
Other Actuarial (Gains)/Losses on Assets	0	0
Experience (Gain)/Loss on Defined Benefit Obligation	1,550	52,181
Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(10,589)	(179,169)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in accordance with the Code.	(12,100)	(29,026)
Actual Amount Charged Against the General Fund for Pensions in the Year:		
Employer's Contributions Payable to Pension Scheme	14,529	14,312

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	31 March 2024 £000	31 March 2023 £000
Present value of funded obligation	423,565	418,338
Fair Value of scheme (plan) assets	(346,249)	(316,264)
Net funded liability	77,316	102,074
Present value of unfunded obligation	1,629	1,989
Net liability arising from the defined benefit obligation	78,945	104,063

NOTES TO THE CORE FINANCIAL STATEMENTS

The unfunded obligation relates to premature early retirement on unreduced benefits awarded in the past, mostly by the former Berkshire County Council, and annual payments must be paid by the Council when the pensioner payments are made.

The net liability has an impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Local Government Scheme will be funded by improved investment returns or increased contributions over the remaining working lives of employees, as assessed by the scheme's actuary.

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

	31 March 2024	31 March 2023
	£000	£000
Liabilities as of the Beginning of the Period	420,327	608,971
Current Service Cost	11,126	24,786
Interest Cost	19,841	15,658
Contributions by Scheme Participants	4,003	3,811
Remeasurements		
Actuarial (Gains) and Losses arising from changes in financial assumptions	(3,766)	(266,899)
Actuarial (Gains) and Losses arising from changes in demographic assumptions	(5,618)	0
Experience Loss/(Gain) on Defined Benefit Obligation	1,550	52,181
Past Service Costs including Curtailments	56	58
Benefits Paid plus Unfunded Pension Payments	(16,270)	(13,186)
Unfunded Pension Payments	(413)	(263)
Liabilities assumed/(extinguished) on Settlements	(5,642)	(4,790)
Liabilities as of the end of the period	425,194	420,327

The liabilities show the underlying commitments that the Council must pay in retirement benefits. There has been an increase in the value of the defined benefit obligation.

The key financial assumptions required for determining liabilities are the discount rate, linked to corporate bond yields, and the rate of future inflation. The bond yield at 31 March 2024 is higher than that at 31 March 2023. As a result, the discount rate used is 0.1% higher resulting in a lower value being placed on the defined benefit obligation. Inflation is expected to increase (CPI 0.05% higher than last year) which will impact on the assumptions for pension and salary increases and increase the value of liabilities. Overall, there has been a less than 1% increase in the liability at the end of the year. The financial impact of changes in assumptions is covered in more detail in Note 4. The large change in service cost can mainly be attributed to the significant change in assumptions between 31 March 2022 and 31 March 2023.

An allowance has been made for the potential impact of the McCloud & Sargeant judgements ('transitional protection' offered to some members of the judges and fire fighters' schemes as part of the 2015 pension reforms amounted to unlawful age discrimination with a knock on effect for the Local Government Pension Scheme (LGPS) which has been remeasured at the accounting date along with the normal LGPS liabilities.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. Principally, it was proposed that 'the statutory underpin', the mechanism through which older LGPS members closest to retirement were protected, should be extended to the scheme members who were discriminated against (i.e. those too young to receive protection under the original rules). Following consideration of the responses, the government decided to proceed with the extension of underpin protection to younger qualifying members. Regulations in respect of the

NOTES TO THE CORE FINANCIAL STATEMENTS

McCloud and Sargeant judgements came into force on 1 October 2023. A material difference is not anticipated between the approach underlying the estimated allowance already made and the proposed remedy.

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS. We do not yet have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. Any indication of cost at this stage will only be a rough estimate as in most cases, funds will not have this information or data to hand. It is our understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which we expect will be minimal for LGPS funds.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Council and administering authority (Royal Borough of Windsor and Maidenhead) are monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the Royal County of Berkshire Pension Fund. As a result, the Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

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

	31 March 2024	31 March 2023
	£000	£000
Assets as of the Beginning of the Period	316,264	311,427
Interest income	15,215	8,144
Remeasurements		
Return on Plan Assets (excluding the amount included in the Net Interest Expense)	14,855	(6,523)
Other Actuarial Gains and Losses	0	0
Other Administration Expenses	(340)	(305)
Employer Contributions	14,529	14,312
Contributions by Scheme Participants	4,003	3,811
Benefits Paid	(16,683)	(13,449)
Settlement prices received/(paid)	(1,594)	(1,153)
Assets as of the end of the period	346,249	316,264

The overall return on assets was 9.5% (0.5% in 2022/23) which is higher than the previous discount rate, leading to an actuarial gain and an improvement in the overall position.

The total contribution expected to be made to the Royal County of Berkshire Pension Fund in 2024/25 is £14.638m.

NOTES TO THE CORE FINANCIAL STATEMENTS

Assets in the Royal County of Berkshire Pension Fund are measured at Fair Value, principally the current bid price for investments, and consist of the following categories:

	Assets Held 31 March 2024		Assets Held 31 March 2023	
	£000	%	£000	%
Cash and Cash Equivalents	3,188	1	4,810	1
Credit	45,480	13	46,231	15
Equities	238,185	69	197,692	62
Property	31,519	9	40,212	13
Infrastructure	43,380	13	43,859	14
Longevity Insurance	(15,503)	(5)	(16,540)	(5)
Total	346,249	100	316,264	100

Basis for Estimating Asset and Liabilities

Liabilities have been estimated on an actuarial basis using the latest full valuation of the scheme as at 31 March 2022 rolled forward allowing for different financial assumptions about mortality rates, salary levels, etc. Barnett Waddingham, an independent firm of actuaries, has assessed the Royal County of Berkshire Pension Fund liabilities.

These assumptions are set with reference to market conditions as at 31 March 2024 and will vary depending on the duration of the employer's liabilities (estimated at 17 years for the Council). The (Single Equivalent) Discount Rate is based on notional cash flows relating to the annualised Merrill Lynch AA rated corporate bond yield curve.

Future pension increases are based on CPI and salary increases are assumed to be 1.0% above CPI in addition to a promotional scale (1.0% above CPI in 2022/23).

Demographic assumptions are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022. To project future improvements in mortality, a model prepared by the Continuous Mortality Investigation Bureau (CMI) is used. The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

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

	2023/24	2022/23
	%	%
Rate of increase in salaries	3.90	3.85
Rate of increase in pensions (CPI)	2.90	2.85
Discount Rate	4.90	4.80
Mortality assumptions from age 65:	Age	Age
Longevity at 65 for pensioners retiring at 31 March		
Men	20.8	21.1
Women	23.6	23.9
Longevity at 65 for pensioners retiring in 20 years		
Men	22.0	22.3
Women	25.0	25.3

NOTES TO THE CORE FINANCIAL STATEMENTS

Pensions Reserve

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

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

	31 March 2024	31 March 2023
	£000	£000
Surplus /(Deficit) as of beginning of the period	(104,063)	(297,544)
Remeasurements	22,689	208,195
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	(12,100)	(29,026)
Employer's pension contributions and direct payments to pensioners payable in the year	14,529	14,312
Surplus /(Deficit) as of end of the period	(78,945)	(104,063)

The figures include the Council's share (13.7%) of the Former Berkshire County Council Pension Fund Liability.

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

Pension Fund Manager
Royal County of Berkshire Pension Fund
Minster Court
22-30 York Road
Maidenhead
Berkshire
SL6 1SF

Tel: 0845 6027237

12 MEMBERS' ALLOWANCES & EXPENSES

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

	2023/24	2022/23
	£000	£000
Allowances	592	597
Expenses	3	3
Total	595	600

13 AGENCY EXPENDITURE & INCOME

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

The Council acts as the lead council for Public Health - East Berkshire, the Emergency Duty Service and the London Road Landfill Site through joint operations and provides services to the five other Berkshire Unitary Councils. The Council is reimbursed for this work including a contribution towards administrative costs. Only the net income or expenditure for each service has been included in the Comprehensive Income and Expenditure Statement.

	2023/24			2022/23		
	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000
Public Health	4,210	(4,211)	(1)	3,983	(3,792)	191
Other	2,856	(2,401)	455	3,090	(2,288)	802
Total	7,066	(6,612)	454	7,073	(6,080)	993

14 LEASES

OPERATING LEASES

Council as Lessee

The Council leases various land and/or buildings under non-cancellable operating lease agreements. The lease terms range from 1 to 99 years. The operating leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The Council also leases various equipment and vehicles under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years.

The non-cancellable operating lease expenditure charged to the relevant service line in the Comprehensive Income and Expenditure Statement during the year is £0.754m, a combination of £0.506m for properties and £0.248m for equipment and vehicles (2022/23 £0.505m for properties and £0.193m for equipment and vehicles).

The Council paid contingent rent of £0.000m during the year (2022/23 £0.000m).

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	31 March 2024			31 March 2023		
	Land and Buildings	Equipment & Vehicles	Total	Land and Buildings	Equipment & Vehicles	Total
	£000	£000	£000	£000	£000	£000
Not later than one year	214	156	370	245	151	396
Later than one year but not more than five years	560	167	727	543	193	736
Later than five years	5,891	0	5,891	5,277	0	5,277
Total	6,665	323	6,988	6,065	344	6,409

Council as Lessor

The Council leases various land and/or buildings to lessees under non-cancellable operating lease agreements. The lease terms range from 1 to 149 years. The leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessee in accordance with the provisions of the individual lease agreements. The minimum lease payments to be received by the Council (including the sub-letting of the industrial accommodation held under a finance lease at Longshot Lane) under non-cancellable operating leases in future years are as follows:

	31 March 2024	31 March 2023
	£000	£000
Not later than one year	7,590	7,606
Later than one year but not more than five years	27,161	29,106
Later than five years	20,268	24,964
Total	55,019	61,676

The minimum lease payments do not include rents that are contingent on events taking place after the lease was assigned. The Council received contingent rent during the year of £0.000m (2022/23 £0.000m).

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

	31 March 2024	31 March 2023
	£000	£000
Not later than one year	7,562	7,557
Later than one year but not more than five years	26,975	28,827
Later than five years	19,105	23,791
Total	53,642	60,175

The Council received contingent rent during the year of £0.000m (2022/23 £0.000m) for Investment Property.

NOTES TO THE CORE FINANCIAL STATEMENTS

FINANCE LEASES

Council as Lessee

The Council leases various properties under non-cancellable finance lease agreements. The property lease terms range from 1 to 99 years. The leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2024 Land and Buildings £000	31 March 2023 Land and Buildings £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	0	0
Non-current	4,623	4,623
	4,623	4,623
Finance costs payable in future years	42,169	43,463
Minimum lease payments	46,792	48,086

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

	31 March 2024 Land and Buildings £000	31 March 2023 Land and Buildings £000
Not later than one year	1,295	1,295
Later than one year but not more than five years	4,054	4,054
Later than five years	41,443	42,737
Total	46,792	48,086

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. The Council paid contingent rent during the year of £0.000m (2022/23 £0.000m) for Longshot Lane and The Avenue Car Park.

The Council has sub-let the industrial accommodation held under a finance lease at Longshot Lane under short term leases. The minimum lease payments expected to be received by the Council for Longshot Lane are as follows:

	31 March 2024 Land and Buildings £000	31 March 2023 Land and Buildings £000
Not later than one year	453	527
Later than one year but not more than five years	1,186	1,532
Later than five years	151	296
Total	1,790	2,355

NOTES TO THE CORE FINANCIAL STATEMENTS

The minimum lease payments do not include rents that are contingent on events taking place after the lease was assigned. The Council received contingent rent during the year of £0.000m (2022/23 £0.000m).

Council as Lessor

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

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

The gross investment in the leases is equal to the minimum lease payments expected to be received over the remaining terms, as the properties and land are expected to have a nil residual value when the leases come to an end. The minimum lease payments comprise settlement of the long term debtors for the interest in the properties and land acquired by the lessees and finance income that will be earned by the Council in future years whilst the debtors remains outstanding.

The gross investment is made up of the following amounts:

	31 March 2024	31 March 2023
	Land and Buildings	Land and Buildings
	£000	£000
Finance lease debtor (net present value of minimum lease payments):		
Current	0	0
Non-current	788	847
	788	847
Unearned Finance income	3,349	3,660
Gross Investment in the Leases	4,137	4,507

The gross investment in the leases and the minimum lease payments will be received over the following periods:

	Gross Investment/Minimum Lease Payments	
	31 March 2024	31 March 2023
	Land and Buildings	Land and Buildings
	£000	£000
Not later than one year	36	39
Later than one year but not more than five years	144	155
Later than five years	3,957	4,313
Total	4,137	4,507

No allowance has been made for uncollectible amounts. For My HomeBuy the lease payments are stepped during the first 5 years and no defaults are anticipated.

NOTES TO THE CORE FINANCIAL STATEMENTS

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The Council did not receive any contingent rent during the year (as in the previous year).

15 WASTE PFI CONTRACT

In 2006/07 the Council, together with Wokingham Borough and Reading Borough Councils, entered into a PFI contract for the disposal of waste. Actual payments will depend upon the contractor's performance as well as that of the individual Councils in waste collection. As part of the contract, the contractor built a transfer station, materials recycling facility, civic amenity site and offices. The contract expires in 2031/32. The PFI model was amended last year resulting in some adjustments to opening values.

As the Councils involved control the services provided and will obtain ownership of the assets at the end of the contract, this contract has been treated as a service concession arrangement. The Council's share of assets and liabilities associated with the contract are reflected in the Balance Sheet.

The liability resulting from the contract is included in Long Term Creditors in the Balance Sheet, except for the element payable within one year which is included in Short Term Creditors. The movement in the liability is as follows:

	2023/24	2022/23
	£000	£000
Value as of the beginning of the period	(3,426)	(3,592)
Payments during the year	364	166
Value as of the end of the period	(3,062)	(3,426)

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

	31 March 2024	31 March 2023
	£000	£000
Within 1 year	89	89
2 to 5 years	355	355
6 to 10 years	197	286
Total	641	730

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

Obligations payable in	As at 31 March 2024			
	2024/25	2-5 yrs	6-10 yrs	Total payable
	£000	£000	£000	£000
Repayment of Liability	368	1,579	1,115	3,062
Interest	222	609	123	954
Payment for Services	2,209	9,505	5,710	17,424
Total	2,799	11,693	6,948	21,440

NOTES TO THE CORE FINANCIAL STATEMENTS

Obligations payable in	2023/24	As at 31 March 2023		Total payable £000
		2-5 yrs	6-10 yrs	
	£000	£000	£000	£000
Repayment of Liability	364	1,496	1,566	3,426
Interest	249	723	231	1,203
Payment for Services	1,923	8,379	7,377	17,679
Total	2,536	10,598	9,174	22,308

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

	Other Land & Buildings	2023/24 Vehicles, Plant, Furniture & Equipment	Total PFI Assets	Other Land & Buildings	2022/23 Vehicles, Plant, Furniture & Equipment	Total PFI Assets
	£000	£000	£000	£000	£000	£000
Cost/Valuation						
As of the beginning of the period	3,819	1,069	4,888	3,819	1,069	4,888
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
As of the end of the period	3,819	1,069	4,888	3,819	1,069	4,888
Depreciation						
As of the beginning of the period	201	376	577	100	333	433
Depreciation for Year	100	44	144	101	43	144
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
As of the end of the period	301	420	721	201	376	577
Net Book Value as of the beginning of the period	3,618	693	4,311	3,719	736	4,455
Net Book Value as of the end of the period	3,518	649	4,167	3,618	693	4,311

NOTES TO THE CORE FINANCIAL STATEMENTS

16 AUDITOR'S REMUNERATION

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

	2023/24 £000	2022/23 £000
Fees payable to the external auditor with regard to external audit services carried out by the appointed auditor for the year	103	103
Fees payable to external auditor for the certification of grant claims and returns for the year	18	26
Fees payable in respect of other services provided by the external auditor during the year	81	39
Grant claim fees under/(over) accrued in previous year	(4)	0
Rebate received for previous year	0	0
Total	198	168

NOTES TO THE CORE FINANCIAL STATEMENTS

17 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

	2023/24						
	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra- Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation							
At 1 April 2023	429,549	44,545	129,171	7,238	0	14,943	625,446
Additions ¹	8,178	1,624	5,798	220	0	7,415	23,235
Additions from closure of Subsidiary ²	20,929	0	0	0	0	0	20,929
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	26,061	0	0	0	0	0	26,061
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,446)	0	0	0	0	0	(2,446)
Disposals	(25,037)	(638)	(1,698)	0	0	0	(27,373)
Reclassification (to)/from Assets Held for Sale	(279)	0	0	0	0	0	(279)
Other Reclassifications	4,173	438	1,716	0	0	(11,495)	(5,168)
At 31 March 2024	461,128	45,969	134,987	7,458	0	10,863	660,405
Accumulated Depreciation & Impairments							
At 1 April 2023	1,985	31,293	49,750	0	0	0	83,028
Depreciation charge	6,855	2,183	5,909	0	0	0	14,947
Depreciation written out to the Revaluation Reserve	(4,439)	0	0	0	0	0	(4,439)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(560)	0	0	0	0	0	(560)
Depreciation written out on disposal	(463)	(448)	(1,142)	0	0	0	(2,053)
At 31 March 2024	3,378	33,028	54,517	0	0	0	90,923
Net Book Value at 31 March 2024	457,750	12,941	80,470	7,458	0	10,863	569,482
Net Book Value at 31 March 2023	427,564	13,252	79,421	7,238	0	14,943	542,418
Nature of asset holding							
Owned	441,263	12,292	80,470	7,458	0	10,863	552,346
Finance lease	12,969	0	0	0	0	0	12,969
PFI	3,518	649	0	0	0	0	4,167
Net Book Value at 31 March 2024	457,750	12,941	80,470	7,458	0	10,863	569,482

¹ Assets Under Construction additions include expenditure on the on the Depot Scheme (£3.4m), Market St Joint Venture (£1.4m) and the Bridgewell Supported Living Scheme (£1.3m).

² Following the closure of the Council's wholly owned subsidiary Downshire Homes Ltd (DHL), 65 Properties have been added to the property portfolio in exchange for the loan and outstanding interest owed to the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2022/23						
	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra- Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation							
At 1 April 2022	441,208	45,164	125,510	7,112	0	20,486	639,480
Additions ¹	3,642	2,533	4,767	74	0	8,174	19,190
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	28,880	0	0	0	0	0	28,880
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,565)	0	0	0	0	0	(1,565)
Disposals	(54,991)	(3,283)	(1,986)	0	0	(363)	(60,623)
Reclassification (to)/from Assets Held for Sale	0	0	0	0	0	0	0
Other Reclassifications	12,375	131	880	52	0	(13,354)	84
At 31 March 2023	429,549	44,545	129,171	7,238	0	14,943	625,446
Accumulated Depreciation & Impairments							
At 1 April 2022	2,388	32,155	44,798	0	0	0	79,341
Depreciation charge	7,352	2,125	5,875	0	0	0	15,352
Depreciation written out to the Revaluation Reserve	(6,245)	0	0	0	0	0	(6,245)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(661)	0	0	0	0	0	(661)
Depreciation written out on disposal	(849)	(2,987)	(923)	0	0	0	(4,759)
At 31 March 2023	1,985	31,293	49,750	0	0	0	83,028
Net Book Value at 31 March 2023	427,564	13,252	79,421	7,238	0	14,943	542,418
Net Book Value at 31 March 2022	438,820	13,009	80,712	7,112	0	20,486	560,139
Nature of asset holding							
Owned	422,551	12,559	79,421	7,238	0	14,943	536,712
Finance lease	1,395	0	0	0	0	0	1,395
PFI	3,618	693	0	0	0	0	4,311
Net Book Value at 31 March 2023	427,564	13,252	79,421	7,238	0	14,943	542,418

¹ Assets Under Construction additions include expenditure on the Heathlands Re-development (£0.8m), the Depot Scheme (£1.2m) and Binfield Community Centre (£5.3m).

Valuation basis

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at Current or Fair Value is professionally revalued at least every five years. The valuations were carried out by Steve Booth BSc, MRICS, ASVA, DipAF – the Council's Head of Strategic Property or an external firm of valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered

NOTES TO THE CORE FINANCIAL STATEMENTS

Surveyors. The basis for valuation is set out in Note 1. Regardless of the actual valuation date, these valuations are reviewed to ensure they are materially accurate as at 31 March.

The significant assumptions applied in estimating values on a Depreciated Replacement Cost basis are:

- Disregarding any site specific abnormal characteristics that would cause its market value to differ from that needed to replace the service potential at least cost.
- Disregarding alternative potential uses that would drive the value above that needed to replace the service potential of the property; and

The following statement shows the progress of the Council's revaluations of Property, Plant and Equipment. Other Land and Buildings are revalued on a five year rolling programme; however, the Council also undertook an index based revaluation review to ensure that those assets not scheduled to be revalued in the 2023/24 rolling programme were not materially misstated in the Balance sheet. As a result, £72m of the assets listed below were revalued using the index.

	Other Land & Buildings	Vehicles, Plant Furniture & Equipment	Infra- structure Assets	Community Assets	Surplus Assets	Assets Under Construct- ion	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historic cost	0	45,969	134,987	7,458	0	10,863	199,277
Valued at current or Fair Value as at:							
2023/24	198,109	0	0	0	0	0	198,109
2022/23	131,358	0	0	0	0	0	131,358
2021/22	27,046	0	0	0	0	0	27,046
2020/21	78,177	0	0	0	0	0	78,177
2019/20	26,438	0	0	0	0	0	26,438
Total Cost or Valuation	461,128	45,969	134,987	7,458	0	10,863	660,405

18 INVESTMENT PROPERTY

	2023/24 £000	2022/23 £000
Balance at the beginning of the period	117,866	117,246
Additions:		
Purchases	0	0
Subsequent expenditure	163	43
Assets under Construction	1,363	255
Disposals	(104)	0
Reclassifications from/(to) PPE	5,168	(84)
Net gains/(losses) from Fair Value adjustments	704	406
Balance at the end of the period	125,160	117,866

NOTES TO THE CORE FINANCIAL STATEMENTS

Of the balance as at 31 March 2024, £0.444m relates to properties held under finance leases (£0.417m in 2022/23) and £124.716m to properties owned by the Council (£117.449m in 2022/23). At 31 March 2024, all Investment Properties were let under operating leases except for six properties currently without tenants and four properties held for future sale. The value of the properties let under operating leases was £119.637m (£112.014m in 2022/23).

There are no restrictions on the Council's ability to realise the value inherent in its Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop Investment Property other than at the Market Street site. The Council has a contractual obligation to repair and maintain its Investment Properties, except where the lease terms specify otherwise.

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

	31 March 2024	31 March 2023
	£000	£000
Rental Income from Investment Property	(9,185)	(9,073)
Operating Expenses Arising from Investment Property	592	1,071
Net Gain	(8,593)	(8,002)

Valuation basis

The Fair Value of Investment Property has been measured using a term and reversion market approach, considering existing lease terms and rentals and information gathered from managing the Council's Investment Property portfolio. The valuations were principally carried out by Steve Booth BSc, MRICS, ASVA, DipAF – the Council's Head of Strategic Property, although for some more significant assets an external firm of valuers was used. Several properties continued to be valued using a local market approach.

This approach has been developed principally using the authority's own data and therefore we have determined that the opening balance should all be recategorized as Level 3 in the fair value hierarchy at the start of the year, as the measurement technique uses significant unobservable inputs although there is no evidence that different assumptions would be used by other market participants. There has been no change in valuation methodology during the year.

The most significant valuation assumption used is for the rental yield (rental as a percentage of property value) achievable on most Investment Properties. This is based on the valuer's experience and wider national data as there is limited local market information.

To estimate the Fair Value of Investment Property, the highest and best use of each asset needs to be considered. Although alternative uses were assessed as part of the process, this was considered to be their current use.

Across the portfolio, yields have largely been unchanged with an overall increase in valuations of £0.7m in total.

NOTES TO THE CORE FINANCIAL STATEMENTS

19 CAPITAL EXPENDITURE AND FINANCING

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

	31 March 2024	31 March 2023
	£000	£000
Opening Capital Financing Requirement	220,072	213,725
<i>Capital Investment</i>		
Property, Plant and Equipment	23,235	19,190
Heritage Assets	27	94
Investment Property	1,527	297
Intangible Assets	40	166
Revenue Expenditure Funded from Capital under Statute	2,501	1,524
Long Term Debtors	5,082	2,430
Capitalisation of Interest on the loan to Downshire Homes Ltd	1,198	0
	33,610	23,701
<i>Sources of Finance</i>		
Capital Receipts	(4,947)	(262)
Disposal costs incurred in advance of the Capital Receipt	0	0
Government Grants and Other Contributions	(16,041)	(11,311)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(352)	(3,390)
Waste PFI Donated Asset Account (deferred income)	(89)	(89)
Minimum Revenue Provision	(2,706)	(2,302)
	(24,135)	(17,354)
Closing Capital Financing Requirement	229,547	220,072
Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	(559)	(367)
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	10,034	6,714
Increase/(Decrease) in Capital Financing Requirement	9,475	6,347

NOTES TO THE CORE FINANCIAL STATEMENTS

20 CAPITAL COMMITMENTS

Estimated commitments for capital expenditure for significant schemes that had started, or where legal contracts had been entered into, as of 31 March 2024 are as follows.

Capital Scheme	31 March 2024 £000
Market Street Joint Venture	13,213
Bridgewell Centre Redevelopment	5,114
Local Authority Housing Fund-Property Purchase	393
Bracknell Leisure Centre Refurbishment	290
Drainage	256
Mobility/Access Improvement Schemes	215
Mallard House Greening Works	195
New Waste Truck	172
Harman's Water Shops - Roof	157
Total	20,005

21 LONG TERM DEBTORS

The Council makes loans to a number of organisations and individuals and acts as the lessor for a number of finance leases. The Council has made loans and transferred land to the Joint Venture to support the development of housing at Coopers Hill and Market Street. The Community Infrastructure Levy is a charge levied by the Council on new development in their area. For significant developments this can be payable over a number of years and part of the charge is therefore included in Long Term Debtors.

	31 March 2024 £000	31 March 2023 £000
Local Authorities		
Loan to Warfield Parish Council	0	8
Other Entities and Individuals		
Car Loans to Employees	5	40
Rent to Mortgage Properties	376	376
South Hill Park Loan	48	53
Mortgages	406	444
Shared Equity Property Finance Leases	493	483
Cardew House Finance Lease	445	445
Community Infrastructure Levy	4,703	0
Loan to Joint Venture	7,512	2,430
Land Transferred to Joint Venture	300	300
Total	14,288	4,579

NOTES TO THE CORE FINANCIAL STATEMENTS

22 SHORT TERM DEBTORS

	31 March 2024	31 March 2023
	£000	£000
Central Government Bodies	7,299	3,396
Other Local Authorities	923	704
NHS Bodies	4,662	1,366
Public Corporations and Trading Funds	586	17
Other Entities and Individuals	32,235	46,378
Total	45,705	51,861

Within Central Government Bodies an increase in the VAT receivable from HMRC (£1.5m) and a reduction in Business Rates Tariff won't be received from DLUHC until 2024/25 (£1.5m). Debts outstanding have also increased with NHs bodies, in particular NHS Frimley ICB.

The loan to Downshire Homes Limited (DHL), a wholly owned subsidiary of the Council, was shown as a Short Term Debtor under Other Entities in 2022/23 (£20.3m). DHL was closed in 2023/24 and its housing assets transferred to the Council in exchange for the loan and outstanding interest. This has been partly offset by increases in Other Entity debts in other areas in particular those relating to the Community infrastructure Levy (£6.8m).

23 CASH AND CASH EQUIVALENTS

	31 March 2024	31 March 2023
	£000	£000
Investments With Original Maturities of 3 Months or Less	10,150	12,817
Cash held by the Council	5	5
Bank Balance / (Overdraft)	(3,994)	(6,842)
Total	6,161	5,980

24 SHORT TERM CREDITORS

	31 March 2024	31 March 2023
	£000	£000
Central Government Bodies	28,237	25,827
Other Local Authorities	9,812	4,318
NHS Bodies	1,834	1,057
Public Corporations and Trading Funds	127	910
Other Entities and Individuals	38,997	28,321
Total	79,007	60,433

Within Other Local Authorities an increase in the amount owed to the pension fund (£1.3m), to Reading Council for the legal team joint arrangement (£1.2m) and CIL payable to Parish Council's (£1.7m). Within Other Entities and Individuals increases in several areas including Business Rates and Council Tax, capital works, contract payments, payments to academies and the staff holiday accrual.

NOTES TO THE CORE FINANCIAL STATEMENTS

25 PROVISIONS

2023/24	Business Rates Appeals £000	Other £000	Total £000
Balance at 1 April 2023	7,803	187	7,990
Addition /(reduction) in provisions	4,161	0	4,161
Unused amounts reversed	0	(187)	(187)
Amounts used	(3,812)	0	(3,812)
Balance at 31 March 2024	8,152	0	8,152

2022/23	Business Rates Appeals £000	Other £000	Total £000
Balance at 1 April 2022	11,266	290	11,556
Addition /(reduction) in provisions	2,237	0	2,237
Unused amounts reversed	0	(103)	(103)
Amounts used	(5,700)	0	(5,700)
Balance at 31 March 2023	7,803	187	7,990

The provision for Business Rates shows an overall increase and reflects the latest settlements and information on appeals. The position is increasingly difficult to predict following the 2017 and 2023 valuations and the Valuation Office Agency's Check, Challenge, Appeal process.

26 LONG TERM CREDITORS

	31 March 2024 £000	31 March 2023 £000
Other Entities and Individuals		
PFI Obligations	2,693	3,062
Finance Lease Obligations	4,623	4,622
Peel Centre Prepaid Rent	9,205	9,270
Deposits	1,420	1,366
Total	17,941	18,320

27 EARMARKED RESERVES

The Council voluntarily earmarks resources for future spending plans. This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure. The most significant reserves are as follows:

- Schools' Balances held under a scheme of delegation are permitted to be retained under the Schools Standards & Framework Act 1998. These are managed by the schools rather than the Council and held in a separate earmarked reserve. The Other Schools' Balances Reserve represented the element of schools' expenditure funded by Dedicated Schools Grant that had been carried forward. As the Schools Budget is now in an overall deficit position, these balances have now been transferred into the Dedicated Schools Grant Adjustment Account, an unusable reserve (see Note 9).
- The Insurance & Uninsured Claims Reserve provides cover for the following:
 - The excess payable on claims under the Council's insurance policies; and

NOTES TO THE CORE FINANCIAL STATEMENTS

- potential future claims not covered by existing policies, including contractual disputes, legal claims, breach of contract, Mental Health S117 claims and copyright claims.
- The Cost of Structural Changes Reserve is used to fund the one-off additional costs arising from restructuring where there are demonstrable future benefits.
- The Future Funding Reserve is used to smooth the impact of changes in Business Rates income and central government funding decisions.
- The Transformation Reserve is used to meet the upfront costs of the Council's business change programme aimed at delivering high-quality, sustainable services and identifying savings that can be incorporated into future years' budgets.
- The Revenue Grants Unapplied Reserve holds resources equivalent to unspent grant income received without conditions which are released from the reserve as the associated expenditure is incurred.
- The Business Rates Revaluation Reserve will be used to meet the cost of any significant downward Business Rates valuations.
- The Safety Valve Reserve will be used to fund the Council's share of the expected deficit on the Schools Budget. This will be drawn down over the six year period of the Safety Valve agreement between the Council and the Department for Education, with the most significant contribution to be made in the final year. In order to create the reserve all earmarked reserves were reviewed and where appropriate amended downwards at the year end, with the biggest contributors being the Future Funding Reserve (£14.3m) and the Regeneration of Bracknell Town Centre Reserve (£8.2m).

The following expenditure has been earmarked as of the reporting date.

2023/24	Balance at 1 April £000	Transfers Out £000	Transfers In £000	Balance at 31 March £000
Earmarked Reserves				
Schools' Balances Held Under a Scheme of Delegation	2,307	(1,016)	11	1,302
Insurance & Uninsured Claims	3,084	(139)	87	3,032
Cost of Structural Change	2,096	(1,096)	0	1,000
Regeneration of Bracknell Town Centre	6,931	(6,431)	0	500
Future Funding	19,924	(17,924)	0	2,000
Transformation	3,234	(2,567)	83	750
Public Health	2,139	(843)	0	1,296
Better Care Fund	2,614	(1,086)	0	1,528
Commuted Maintenance of Land	1,532	(132)	0	1,400
Revenue Grants Unapplied	16,681	(2,747)	3,291	17,225
COVID-19 Reserve	1,952	(1,707)	0	245
Business Rates Revaluation Reserve	6,260	(1,154)	1,255	6,361
Business Rates Reliefs Reserve	4,480	(4,480)	0	0
Inflation	1,500	(1,500)	0	0
Safety Value Reserve	0	0	22,761	22,761
Financial Hardship Reserve	0	0	700	700
Other	2,867	(674)	279	2,472
Total	77,601	(43,496)	28,467	62,572
Total movements in 2022/23	85,568	(17,452)	9,485	77,601

NOTES TO THE CORE FINANCIAL STATEMENTS

28 CAPITAL GRANTS UNAPPLIED RESERVE

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions, but which have yet to be applied to meet expenditure.

	2023/24	2022/23
	£000	£000
Opening Balance	26,380	21,854
Received	12,927	8,413
Applied to Capital Financing	(5,174)	(3,887)
Closing Balance	34,133	26,380

29 REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24	2022/23
	£000	£000
As of the beginning of the period	192,558	197,495
Upward revaluation of assets	50,398	45,953
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(19,898)	(10,828)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	30,500	35,125
Difference between Current/Fair Value depreciation and historical cost depreciation	(3,353)	(3,600)
Accumulated gains on assets sold or scrapped	(8,710)	(36,462)
Amount written off to the Capital Adjustment Account	(12,063)	(40,062)
Closing Balance	210,995	192,558

30 CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancements as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert Current or Fair Value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

NOTES TO THE CORE FINANCIAL STATEMENTS

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2023/24	2022/23
	£000	£000
Balance at 1 April	272,484	289,855
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for Depreciation and Impairment of Non-current Assets	(14,947)	(15,352)
Revaluation Losses on Property Plant & Equipment	(1,886)	(904)
Amortisation of Intangible Assets	(371)	(358)
Revenue Expenditure Funded from Capital under Statute	(953)	(462)
Amount of non-current assets written off as part of the gain/loss on sale	(25,703)	(57,014)
Loss following the closure of Downshire Homes Limited ¹	(581)	0
	(44,441)	(74,090)
Adjusting amounts written out of the Revaluation Reserve	12,063	40,062
Net written out amount of the cost of non-current assets consumed in the year	(32,378)	(34,028)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	4,947	262
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9,319	6,362
Application of Capital Grants and Contributions to capital financing from the Capital Grants Unapplied Reserve	5,174	3,887
Statutory provision for the financing of capital investment	2,706	2,302
Capital expenditure charged against the General Fund	352	3,390
Prior year costs of non-current asset disposals met from in-year Capital Receipts	0	0
	22,498	16,203
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	704	406
Movements in the Waste PFI Donated Asset Account (deferred income) credited to the Comprehensive Income and Expenditure Statement	89	89
Repayment of loans	(42)	(41)
Balance at 31 March	263,355	272,484

¹ Following the closure of the Council's wholly owned subsidiary Downshire Homes Limited (DHL), the non-current assets held by DHL were transferred to the Council as payment for any outstanding loans and associated interest. This resulted in a net loss which was recorded in the Comprehensive Income and Expenditure Statement and then reversed out via the Movement in Reserves Statement to the Capital Adjustment Account.

NOTES TO THE CORE FINANCIAL STATEMENTS

31 DEFERRED CAPITAL RECEIPTS RESERVE

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2023/24	2022/23
	£000	£000
As of the beginning of the period	1,480	1,247
Land Transferred to Joint Venture	0	300
Transfer to the Capital Receipts Reserve upon receipt of cash	(8)	(67)
Closing Balance	1,472	1,480

Deferred Capital Receipts represent income of a capital nature due to be paid to the Council over a number of years from the following bodies:

	31 March 2024	31 March 2023
	£000	£000
Loan to Warfield Parish Council	8	16
Rent to Mortgage Properties	376	376
Shared Equity Property Finance Leases	343	343
Cardew House Finance Lease	445	445
Land Transferred to Joint Venture	300	300
Total	1,472	1,480

32 COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Taxpayers and Business Rates payers compared with the income calculated for the year in accordance with statutory requirements.

	2023/24	2022/23
	£000	£000
As of the beginning of the period	(6,542)	(6,247)
Net change during the year	405	(295)
Closing Balance	(6,137)	(6,542)

NOTES TO THE CORE FINANCIAL STATEMENTS

33 ACCUMULATED ABSENCES ACCOUNT

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

	2023/24	2022/23
	£000	£000
As of the beginning of the period	(6,855)	(6,009)
Net change during the year	(727)	(846)
Closing Balance	(7,582)	(6,855)

34 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets	Current	31 March 2024		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Investments - Amortised Cost	0	0	0	0
Debtors – Amortised Cost	28,031	14,288	42,319	42,438
Total Financial Assets	28,031	14,288	42,319	42,438
Non-financial Assets	17,674	0	17,674	17,674
Total	45,705	14,288	59,993	60,112
Financial Liabilities				
Borrowings – Amortised Cost	45,384	60,000	105,384	107,501
Creditors – Amortised Cost	40,346	7,869	48,215	66,801
Total Financial Liabilities	85,730	67,869	153,599	174,302
Non-financial Liabilities	37,874	0	37,874	37,874
Total	123,604	67,869	191,473	212,176

NOTES TO THE CORE FINANCIAL STATEMENTS

Financial Assets	Current	31 March 2023		Fair Value
		Long Term	Total	
	£000	£000	£000	£000
Investments - Amortised Cost	3,030	0	3,030	3,030
Debtors – Amortised Cost	43,222	4,579	47,801	47,801
Total Financial Assets	46,252	4,579	50,831	50,831
Non-financial Assets	8,639	0	8,639	8,639
Total	54,891	4,579	59,470	59,470
Financial Liabilities				
Borrowings – Amortised Cost	5,296	80,000	85,296	72,517
Creditors – Amortised Cost	27,341	8,326	35,667	57,256
Total Financial Liabilities	32,637	88,326	120,963	129,773
Non-financial Liabilities	32,803	0	32,803	32,803
Total	65,440	88,326	153,766	162,576

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of a financial asset are credited/debited to the Comprehensive Income and Expenditure Statement.

The debtors and creditors figures exclude statutory debtors and creditors relating to Council Tax, Business Rates, teachers and local government superannuation, government grants, VAT and HMRC PAYE deductions. As there is no contract in place, these are not considered to be financial instruments. For completeness they are included in non-financial assets and liabilities in the tables above.

Fair Value of Assets and Liabilities carried at Amortised Cost

All the Council's financial liabilities and financial assets represented by amortised cost and long term debtors and creditors are measured in the Balance Sheet at amortised cost using the effective interest rate method. Their Fair Value is measured as the present value of the expected cash flows over the remaining life of the instruments, using the following assumptions:

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

- For loans receivable prevailing benchmark market rates have been used to provide the Fair Value;
- No early repayment or impairment is recognised;
- Where an instrument, including trade and other receivables, has a maturity of less than 12 months the Fair Value is taken to be the principal outstanding or the billed amount.

As the fair value of loans payable is based on PWLB premature repayment rates it includes a penalty charge for early redemption in addition to charging a premium for the additional interest that would be paid. The fair value of borrowing liabilities is less than the carrying amount which shows a notional future loss (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

A supplementary measure of the additional interest that the Council will pay as a result of its borrowing commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £105.4m would be valued at £101.2m due to the high prevailing interest rates. The fair value of borrowing liabilities is less than the carrying amount which shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders above current market rates.

The Fair Value of long term creditors is significantly higher than the carrying amount because the interest rates payable for the PFI contract and the Longshot Lane and The Avenue Car Park finance leases is higher than the prevailing rates estimated to be available at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2024) arising from a commitment to pay interest above current market rates.

The fair values at 31 March 2024 are lower than last year due to the higher interest rate environment this year which impacts the prevailing market rates used in calculating fair value.

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

Interest Rate Benchmarking Reform

In the UK, the London Inter-Bank Offered Rate (LIBOR) has been replaced by the Sterling Overnight Index Average (SONIA), which is based on observable data rather than lending rates reported by financial institutions. The Council's Waste PFI contract contains reference to LIBOR and to transition to the new benchmark the financing agreement has now been updated to replace LIBOR with SONIA. The Unitary Charge will be unaffected by the change. Although the transition is considered a refinancing, no refinancing gain has resulted as the Special Purpose Vehicle is subject to the same new benchmark interest rate on both its loan and swap arrangements.

NOTES TO THE CORE FINANCIAL STATEMENTS

Income, Expense, Gains and Losses

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

Income, Expense, Gains and Losses	2023/24 Surplus or Deficit on the Provision of Services £000	2022/23 Surplus or Deficit on the Provision of Services £000
Interest Revenue – financial assets measured at amortised cost	661	1,849
Interest expense	(4,817)	(3,448)

Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are in relation to financial assets and are as follows:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Refinancing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

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

The key issues within the strategy were:

- The Authorised Limit for 2024/25 was set at £240m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £245m. This is the expected level of debt and other long term liabilities during the year.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria for the Council are as follows:

- The minimum criteria for investment counterparties are:
 - In light of the changing economic backdrop, the shift in the relative importance of credit-ratings and the sector's requirement for a more sophisticated approach to counterparty selection, the Council's Treasury Management advisers have developed a modelling approach. This utilises credit ratings from the three main credit rating agencies supplemented with overlays of credit watches and outlooks in a weighted scoring system. This is then combined with Credit Default Swap (CDS) spreads from which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. This service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preference to just one agency's ratings. The minimum credit rating that the Council will use will be a short term rating of F1 and a long term rating of A-, a viability rating of A- and a support rating of 1.
 - UK Banks or Building Societies.
 - Money Market Funds – AAA Rating Sterling Denominated.
 - UK Government (including gilts and Debt Management Account Deposit Facility (DMADF)).
 - UK Local Authorities.
- The time and money limits on the Council's counterparty lists are as follows:

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

The full Investment Strategy for 2023/24 was approved by Full Council on 22 February 2023 and is available, along with the treasury management strategy, on the Council website at <https://www.bracknell-forest.gov.uk/sites/default/files/documents/treasury-management-report-2023-to-2024.pdf>.

The Council's maximum exposure to credit risk in relation to its deposits in financial institutions and money market funds and short term investments of £9.0m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Amounts Arising from Expected Credit Losses

An analysis of long term debtors is included in Note 21. Risk for each category has not increased significantly and remains low; therefore, losses have been assessed on the basis of 12-month expected losses. After considering each category of debt, no loss allowances have been made.

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

Loss Allowance	2023/24	2022/23
	£000	£000
Opening Balance as at 1 April	2,486	2,361
Movements	490	125
As at 31 March	2,976	2,486
Write offs	245	131
Impairment losses /(gains)	735	256

Loss allowances are also held for Council Tax (£1.626m) and Business Rates debts (£2.221m) using a provision matrix. These are not financial instruments and any movement in the allowance or write offs are charged to the Collection Fund.

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2024 was £0.890m (2022/23 £0.665m).

Liquidity risk

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Refinancing and Maturity Risk

The Council commenced borrowing in 2016/17 and therefore has a debt portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

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

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

The Council has borrowings of £60m from the Public Works Loans Board on a long term basis to finance capital expenditure and has short term borrowings of £45m.

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

	Lower Limit	Upper Limit	31 March 2024 £000	31 March 2023 £000
Less than one year	0%	100%	45,384	5,296
Between 1 and 2 years	0%	100%	0	20,000
Between 2 and 5 years	0%	100%	10,000	0
Between 5 and 10 years	0%	100%	0	10,000
Between 35 and 40 years	0%	100%	20,000	20,000
40 years and over	0%	100%	30,000	30,000
Total	0%	100%	105,384	85,296

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

Market risk

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates – the Fair Value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

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

According to this assessment strategy, at 31 March 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be as follows.

	£000
Increase in interest receivable on variable rate investments & cash equivalents	(205)
Impact on Surplus or Deficit on the Provision of Services	(205)
Decrease in Fair Value of fixed rate investment assets	100
Impact on Other Comprehensive Income and Expenditure	100
Decrease in Fair Value of fixed rate borrowing and other liabilities (no impact on the Comprehensive Income and Expenditure Statement)	9,514

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

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

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

35 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2023 £000	Financing Cash Flows £000	Other Non- cash Changes £000	31 March 2024 £000
Long Term Borrowings	80,000	0	-20,000	60,000
Short Term Borrowings	5,007	19,200	20,390	44,597
Finance Lease Liabilities	4,623	0	0	4,623
PFI Liabilities	3,426	(364)	0	3,062
Total Liabilities from Financing Activities	93,056	18,836	390	112,282

NOTES TO THE CORE FINANCIAL STATEMENTS

	1 April 2022 £000	Financing Cash Flows £000	Other Non- cash Changes £000	31 March 2023 £000
Long Term Borrowings	80,000	0	0	80,000
Short Term Borrowings	0	5,000	7	5,007
Finance Lease Liabilities	4,624	(1)	0	4,623
PFI Liabilities	3,592	(166)	0	3,426
Total Liabilities from Financing Activities	88,216	4,833	7	93,056

36 CONTINGENCIES

Contingent Liabilities

The Council gave a number of warranties to Silva Homes in connection with the transfer of the housing stock in February 2008. The most significant warranties related to:

- Uninsured asbestos claims for 35 years; and
- Environmental claims for which the Council has taken out insurance to limit its exposure.

The maximum exposure to these potential liabilities is estimated to be £2.2m.

37 POOLED BUDGETS

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

Pooled Budget: Better Care Fund

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000	£000	£000
Financial Year 2023/24	14,647¹	13,603	5,146
Financial Year 2022/23	15,689 ²	12,658	4,654

¹ The Council £12.089m and the Integrated Care Board £2.558m

² The Council £12.114m and the Integrated Care Board £3.575m

Pooled Budget: Community Equipment Services

A revised pooled budget for Community Equipment was established on 1 April 2012 under Section 75 of the NHS Act 2006. The arrangement exists between the six unitary authorities in Berkshire and the Integrated Care Boards covering the same geographical area. The pooled budget is administered by the lead authority West Berkshire Council.

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

	Gross Expenditure	Gross Income	Bracknell Forest Council Contribution
	£000	£000	£000
Financial year 2023/24	13,129	13,129	763
Financial year 2022/23	11,379	11,379	542

38 RELATED PARTY TRANSACTIONS

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grant receipts from government departments are included in the subjective analysis in Note 7 and the grant analysis in Note 10.

Joint Venture

The Council established a property joint venture with Countryside Properties UK, called the Bracknell Forest Cambium Partnership, in 2020. Its key objective is to help the town centre continue to thrive by providing new homes, commercial and retail space. The Partnership is currently working on the redevelopment of the Coopers Hill site adjacent to Bracknell train

NOTES TO THE CORE FINANCIAL STATEMENTS

station and land next to The Point on Market Street. Construction is well advanced at Coopers Hill with around half of the homes for private sale having been completed and sold. The Council has made several loans to the partnership, details of which are included under Long Term Debtors in Note 21. Net Profits of the JV will be apportioned equally between the two members. As at the 31 March 2024 there is a net loss of which the Council's share is £0.385m.

Frimley Integrated Care Board

The Better Care Fund is a pooled budget based on an agreement between Bracknell Forest Council and Frimley Integrated Care Board. It consists of several schemes, some of which are managed by the Council and some by the Integrated Care Board. Further details of the arrangement are included under Note 37.

Members of the Council

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances and expenses paid is shown in Note 12. All Members were asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties. The declarations returned confirmed that no material related party transactions exist.

Officers of the Council

Officers of the Council have an ability to influence the Council's financial and operating policies. The Council's Employee Code of Practice requires employees to declare to their managers any interests that could potentially bring about conflict with the interests of the Council. These include financial or non-financial interests with Council contractors or outside commitments. A declaration was obtained from all first and second tier officers and particular officers whose responsibilities could be relevant. The declarations confirmed that no material related party transactions exist.

39 THIRD PARTY FUNDS

The Council administers a number of bank accounts on behalf of clients by acting as the appointee or deputy. The clients concerned can no longer manage their own affairs, usually because of mental incapacity or severe physical disability. As at 31st March 2024, the Council administered £1.89m within 100 bank accounts (£1.59m as at 31st March 2023). Additionally, as part of these responsibilities, three residential properties were under the Council's management. The assets are not owned by the Council and have not therefore been included in the financial statements.

40 PRIOR PERIOD ADJUSTMENTS

No prior period adjustments were required in 2023/24.

41 NON-ADJUSTING POST BALANCE SHEET EVENTS

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts were authorised for issue by Stuart McKellar, the Executive Director: Resources, on 19 February 2025. There were no post balance sheet events.

THE COLLECTION FUND

Business Rates £000	2023/24 Council Tax £000	Total £000		Notes	Business Rates £000	2022/23 Council Tax £000	Total £000
			Income				
	95,401	95,401	Council Tax Receivable	3		89,991	89,991
46,735		46,735	Business Rates Receivable	2	54,208		54,208
1,380		1,380	Transitional Protection Payments Receivable		0		0
48,115	95,401	143,516	Total Income		54,208	89,991	144,199
			Apportionment of Previous Year's Estimated (Surplus) / Deficit				
5,081		5,081	Central Government		2,478		2,478
4,979	396	5,375	Bracknell Forest Council		2,428	(355)	2,073
102	19	121	Royal Berkshire Fire Authority		49	(16)	33
	62	62	Police and Crime Commissioner			(55)	(55)
10,162	477	10,639	Apportionment Total		4,955	(426)	4,529
			Expenditure				
			Precepts, Demands and Shares				
(28,590)		(28,590)	Central Government		(31,974)		(31,974)
(28,018)	(79,061)	(107,079)	Bracknell Forest Council		(31,334)	(74,577)	(105,911)
(572)	(3,849)	(4,421)	Royal Berkshire Fire Authority		(639)	(3,568)	(4,207)
	(12,495)	(12,495)	Police and Crime Commissioner			(11,642)	(11,642)
			Charges to Collection Fund				
0		0	Transitional Protection Payments Payable		(1,538)		(1,538)
0		0	Less: write offs / Add: write ons		0		0
208	(648)	(440)	Less: (Increase)/ Decrease in Allowance for Impairments		(716)	(408)	(1,124)
(712)		(712)	Less: (Increase)/ Decrease in Provision for Appeals		7,068		7,068
	381	381	Less: S13A Discretionary Reliefs			352	352
(133)		(133)	Less: Cost of Collection		(143)		(143)
(57,817)	(95,672)	(153,489)	Total Expenditure		(59,276)	(89,843)	(149,119)
460	206	666	Movement on the fund balance	4	(113)	(278)	(391)
(12,716)	(364)	(13,080)	Surplus/(Deficit) brought forward		(12,603)	(86)	(12,689)
(12,256)	(158)	(12,414)	Surplus/(Deficit) as at 31 March	4	(12,716)	(364)	(13,080)

1 Accounting Policy

These accounts reflect the statutory requirements for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Business Rates (Non-Domestic Rates) and Council Tax and illustrates the way in which these have been distributed to preceptors, Central Government and the General Fund.

Accountancy guidance requires that the agency basis underlying the Collection Fund be reflected in the consolidation of the Collection Fund into the Statement of Accounts. The Council collects Council Tax precepts on behalf of Thames Valley Police and Crime Commissioner and the Royal Berkshire Fire Authority as well as itself and consequently not all transactions and balances relate wholly to the Council. Similarly, the Council also collects Business Rates on behalf of Central Government and the Royal Berkshire Fire Authority.

The practical effect is that in the Statement of Accounts the surplus/deficit on the Collection Fund is shared out in its entirety between the Council, its preceptors, and Central Government. The preceptors' and Central Government's shares will be carried as creditors/debtors, but the Council's share will be charged to its Comprehensive Income and Expenditure Statement. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by statute to be credited to the General Fund is taken to a reserve in the balance sheet called the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

For Council Tax, the amount credited to the General Fund under statute equals the Council's precept or demand for the year plus/less the Council's share of the surplus/deficit on the Council Tax element of the Collection Fund (as estimated at 15 January) for the previous year. For Business Rates it equals the Council's proportionate share of income (as estimated before the start of the year) plus/less the Council's share of the surplus/deficit on the Business Rates element of the Collection Fund (as estimated at 31 January) for the previous year plus the tariff and levy payments due for the year.

2 Income from Business Rates

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

Total Business Rateable Value 31 March 2024	£138,859,538
	(£159,105,626 31 March 2023)

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

Business Rate Multiplier - Standard	51.2p (51.2p 2022/23)
-------------------------------------	-----------------------

Business Rate Multiplier - Small Business	49.9p (49.9p 2022/23)
-------------------------------------------	-----------------------

(A property with a rateable value which does not exceed £50,999)

3 Council Tax

The Council's tax base for 2023/24 was 48,756. This is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings.

NOTES TO THE COLLECTION FUND

This was calculated as follows:-

Band	Actual Number of Properties	Estimated Number of Taxable Properties after effect of discounts & exemptions	Ratio	Band D Equivalent Dwellings
A (Disabled)	0	4	5/9 ^{ths}	2
A	1,561	1,397	6/9 ^{ths}	931
B	5,229	4,560	7/9 ^{ths}	3,547
C	18,986	17,280	8/9 ^{ths}	15,360
D	10,020	9,329	9/9 ^{ths}	9,329
E	8,436	7,996	11/9 ^{ths}	9,773
F	5,297	5,088	13/9 ^{ths}	7,349
G	2,561	2,476	15/9 ^{ths}	4,128
H	287	273	18/9 ^{ths}	546
	52,377			50,965
		Less allowance for losses on collection		(229)
		Less allowance for Council Tax Reduction Scheme		(2,762)
		Add contributions in lieu from the Ministry of Defence		268
		Add allowance for new properties		514
		Council Tax Base		48,756

4 Collection Fund Surplus / Deficit

A surplus of £0.666m has been achieved on the Collection Fund, broken down into a £0.206m surplus on Council Tax (a £0.278m deficit in 2022/23) and a £0.460m surplus on Business Rates (a £0.113m deficit in 2022/23) The balance of the Fund carried forward is a £12.414m deficit.

Share of Surplus / (Deficit)	Opening Balance £000	Council Tax £000	Business Rates £000	Closing Balance £000
Bracknell Forest Council	(6,534)	172	226	(6,136)
Central Government	(6,358)	0	230	(6,128)
Police & Crime Commissioner	(47)	26	0	(21)
Royal Berkshire Fire Authority	(141)	8	4	(129)
Total	(13,080)	206	460	(12,414)

ACCRUALS

The concept that income and expenditure are recognised when goods or services are provided, and not when cash is transferred.

ACTUARIAL GAINS AND LOSSES

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

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

AMORTISATION

A charge to revenue to reflect the consumption or use of an intangible asset over its useful economic life. There is a corresponding reduction in the value of the asset.

ASSET

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

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A non-current asset provides benefits to the Council and to the services that it provides for a period of greater than one year.

BUDGET

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

BUSINESS RATES TARIFF

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

BUSINESS RATES LEVY

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

CAPITAL CHARGE

A notional charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services. The main elements are depreciation, amortisation and the revenue impact of downward revaluations.

CAPITAL EXPENDITURE

Expenditure on the acquisition, creation or enhancement of a non-current asset which will be used beyond the current accounting period.

CAPITAL FINANCING REQUIREMENT

This represents the Council's underlying need to borrow for capital purposes. The capital financing requirement will increase whenever capital expenditure is incurred and not resourced immediately from usable capital receipts, capital grants/contributions or revenue funding.

CAPITAL RECEIPTS

The proceeds from the disposal of non-current assets.

GLOSSARY

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Parks are examples of community assets.

COMMUNITY INFRASTRUCTURE LEVY

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

CONSISTENCY

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

CONSUMER PRICE INDEX (CPI)

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

CONTINGENT RENT

Contingent rent is the difference between the original rent and the revised rent following a rent review.

CONTINGENCY

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. There can be Contingent Liabilities for uncertain items of expenditure and Contingent Assets for uncertain items of income.

CREDITOR

Amounts owed by the Council to an individual or company at the end of the accounting period.

CURRENT SERVICE COST (PENSIONS)

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

CURRENT VALUE

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

CURTAILMENT

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

DEBTOR

Amounts owed to the Council by an individual or company at the end of the accounting period.

DEFINED BENEFIT SCHEME

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

GLOSSARY

DEFINED CONTRIBUTION SCHEME

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

DEPRECIATION

A charge to revenue to reflect the consumption of a property, plant or equipment asset over its useful economic life. There is a corresponding reduction in the value of the asset.

DEPRECIATED REPLACEMENT COST

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

DISCRETIONARY BENEFITS

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

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

FAIR VALUE

The Fair Value of an asset is the amount for which it could be exchanged between knowledgeable, willing parties in an arms length transaction.

FINANCIAL INSTRUMENTS

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities.

FINANCE LEASE

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

GOVERNMENT GRANTS

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

HERITAGE ASSETS

Heritage Assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

IMPAIRMENT OF ASSETS

Impairment is caused by the consumption of economic benefits e.g. physical damage to an asset, a fall in prices specific to an asset or bad debt and requires the value of an asset to be adjusted downwards.

INFRASTRUCTURE ASSETS

Assets that are recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are defined as non-financial assets that do not have physical substance but are identifiable and controlled by the entity through custody or legal right. Examples are: scientific or technical knowledge in order to produce new or improved materials, copyright, intellectual property rights and computer software licences.

INVENTORIES

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

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale; and
- finished goods.

INVESTMENT PROPERTY

Investment Property comprises land and buildings held solely to earn rentals and/or for capital appreciation.

INVESTMENTS (NON-PENSIONS FUND)

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

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

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However authorities are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

LARGE SCALE VOLUNTARY TRANSFER (LSVT)

The voluntary transfer of public sector housing to other bodies, usually to a Registered Social Landlord.

MARKET VALUE

The estimated amount for which a property should exchange on the date of valuation between knowledgeable willing parties in an arm's-length transaction based on its highest and best use.

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount which is charged to revenue to provide for the repayment of debt.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or Current Value less the cumulative amounts provided for depreciation and any impairments.

GLOSSARY

NET INTEREST COST ON THE NET DEFINED BENEFIT PENSION LIABILITY

For a defined benefit scheme, the change in the net liability during the period because the benefits are one period closer to settlement.

NON DISTRIBUTED COSTS

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

OPERATING LEASES

A lease where the risks and rewards of ownership of the asset remains with the lessor.

PAST SERVICE COST

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

PENSIONS / IAS 19

The requirements of International Accounting Standard 19 "Employee Benefits" is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The important accounting distinction for pension schemes is whether they are "defined contribution" or "defined benefit".

PRIVATE FINANCE INITIATIVE (PFI)

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

POST BALANCE SHEET EVENTS

Events that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

PRIOR PERIOD ADJUSTMENT

A prior period adjustment is the material adjustment applicable to prior year figures arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring correction or adjustments to accounting estimates made in prior years.

PROJECTED UNIT METHOD

An assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.

PRUDENCE

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

RELATED PARTIES

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

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

GLOSSARY

- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

REMEASUREMENTS OF THE NET DEFINED BENEFIT PENSION LIABILITY

Comprised of actuarial gains and losses and any return on plan assets not already included in the net interest calculation.

RETIREMENT BENEFITS

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

REVALUATION DECREASE

A downward movement in the current or Fair Value of an asset resulting from a general fall in prices at the time of valuation.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure which may properly be deferred, but which does not result in, or remain matched with a long term asset and is written out to revenue in the year it is incurred, e.g. home improvement grants.

SCHEME LIABILITIES

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

SECTION 106

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

SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP)

The code contains a standard definition of services and total cost to ensure consistency between local authorities for reporting and comparison purposes.

SUBSIDIARY

An entity controlled by the Council.

USEFUL LIFE

The period over which the Council will derive benefits from the use of a non-current asset.

VESTED RIGHTS

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

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

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

INDEX

A

Accounting standards Issued but not yet Adopted.....	38
Accounting Policies.....	24
Accumulated Absences Account.....	84
Adjustments between Accounting and Funding Basis under regulations.....	48
Agency Expenditure and Income.....	65
Approval of Accounts.....	18
Assets Held for Sale.....	29
Assumptions made about the Future and Other Major Sources of Estimation Uncertainty.....	40
Auditor's Remuneration.....	71

B

Balance Sheet.....	22
Business Rates.....	95

C

Capital Adjustment Account.....	81
Capital Commitments.....	77
Capital Grants Unapplied Reserve.....	81
Capital Expenditure and Financing.....	7, 76
Capital Receipts Reserve.....	48
Cash and Cash Equivalents.....	32, 78
Cash Flow Statement.....	23
Changes to Accounting Policies.....	10, 25
Collection Fund Adjustment Account.....	83
Collection Fund and Associated Notes.....	95
Comprehensive Income and Expenditure Statement (CIES).....	20
Contingencies.....	37, 92
Core Financial Statements.....	20
Council Tax.....	95
Creditors.....	78, 79
Critical Judgements in Applying Accounting Policies.....	39

D

Debtors.....	77, 78
Dedicated Schools Grant.....	50
Deferred Capital Receipts Reserve.....	83

E

Earmarked Reserves.....	6, 79
Employee Benefits.....	34, 56
Events after the Balance Sheet Date.....	25, 94
Exceptional and Material Items.....	25, 46
Exit Packages and Termination Benefits.....	58
Expenditure and Funding Analysis.....	43
Expenditure and Income Analysed by Nature.....	47

F

Fair Value Hierarchy.....	33
Finance Leases.....	31, 67
Financial Instruments.....	32, 84
Financial Performance.....	2

G

Glossary.....	98
Grants and Contributions Income.....	36, 52

H

Heritage Assets	27
-----------------------	----

I

Independent Auditor's Report.....	14
Intangible Assets.....	28
Inventory Policy.....	38
Investment Property.....	28, 74

L

Leases.....	31, 65
Long Term Creditors.....	79
Long Term Debtors.....	77

M

Members' Allowances & Expenses.....	64
Movement in Reserves Statement.....	21

N

Narrative Report.....	1
Notes to the Core Statements.....	24

O

Operating Leases.....	31, 65
-----------------------	--------

P

Pensions and Pension Reserve.....	7, 34, 58
Pooled Budgets.....	92
Prior Period Adjustments.....	25, 94
Private Finance Initiative (PFI) & Similar Contracts.....	30, 69
Property, Plant and Equipment.....	26, 72
Provisions.....	37, 79

R

Related Party Transactions.....	93
Reconciliation of Liabilities arising from Financing Activities.....	91
Remuneration of Employees.....	56
Reserves Policy.....	38
Revaluation Reserve.....	81
Revenue Expenditure Funded from Capital under Statute Policy.....	30

S

Schools.....	26, 50
Short Term Creditors.....	78
Short Term Debtors.....	78
Statement of Responsibilities.....	19

T

Third Party Funds.....	94
Trading Operations.....	20

V

VAT Policy.....	38
-----------------	----

W

Waste PFI Contract.....	30, 69
-------------------------	--------