The Royal Borough of Windsor and Maidenhead

2023-24 FINANCIAL STATEMENTS

Contents

Narrative Statement

Our borough

The Royal Borough of Windsor and Maidenhead covers an area of 76.6 square miles. Located in the heart of the Thames Valley, the borough is rich in areas of natural beauty and green space. The River Thames flows through the borough for 25miles, forming a significant landscape feature and wildlife corridor. Distinct towns and villages, each with their own identity and character but all related by an attractive countryside, create a high-quality environment in which to live, work and visit. Our unique and long association with the Crown has also gifted the borough with a rich portfolio of heritage assets, attractions, and world-class events.

Situated less than 30 miles from the west of Central London, and close to Heathrow Airport, the borough is on the M4 corridor and is served by a combination of main line and branch line rail services. Our location is a key factor in attracting businesses to invest in the borough, and we are part of a dynamic regional economy. The borough is home to an impressive range of local, national, and international businesses and our residents are able to take advantage of employment opportunities across the Thames Valley region and in the capital.

What we do

The council delivers essential services to the community: the residents, businesses and partners of Windsor and Maidenhead every day. Services range from those that we are required to carry out by law (statutory duties) such as street cleaning, waste collection, planning and building control, education, and social care, through to discretionary services, such as sport and leisure, tailored to local priorities and needs.

Adults and Children's services are managed on our behalf by Optalis Ltd and Achieving for Children (AFC) respectively. The council share ownership of these organisations with other partner authorities and group accounts are prepared annually including our share of these joint ventures.

Everything we do has to be provided within the challenge of reduced central grant to local government and increasing demand on service areas as the population grows and ages. Outside of London the council has the lowest level of Council Tax in England for a unitary authority. This presents challenges to service provision which are considered later in this section.

Council Plan

The Council Plan 2024-28 was adopted by Full Council in April 2024 with an overarching vision of "A borough of safer, greener and cleaner communities, with opportunity for all", this is underpinned by the following key tenets:

- *An outward-looking, collaborative, learning organisation.*
- *A council at the heart of the borough's communities.*
- *A council which operates on a regional footprint.*

The Council Plan further sets out five strategic aims:

- *Put the council on a strong financial footing to serve the borough effectively.*
- *A cleaner, greener, safer, and more prosperous borough.*
- *Children and young people have a good start in life and opportunities through to adulthood.*
- *People live healthy and independent lives in supportive communities.*
- *A high-performing council that delivers for the borough.*

As part of the 'Golden Thread' the vision, aims, objectives and targets associated with the Council Plan cascade down the organisation into service and individual plans and objectives.

The Council Plan (2024-2028) sets out how the council will delivery sustainable economic, social, and environmental benefits over the medium-term. These aims and priorities will be delivered by services working together with a wide range of partners across the Borough.

Delivery of the Council Plan is closely aligned to:

- The Council's Medium Term Financial planning and the annual budget setting process which in terms of sustainability balances available resources with need, demand, and risk appetite.
- The Council's draft Corporate Strategy Guide/Toolkit which in terms of sustainable strategy development sets out the need to consider the medium to longer-term business operating environment, impact assessments and in relation to strategic options appraisal consider potential conflict of interests and where the wider public interest lies.

The Council Plan has been developed through a data driven approach, and wide community and stakeholder engagement.

The Plan recognises that we have to make choices about where we focus resources, and it is a key component of good governance.

Governance

Further information on governance can be found in the Annual Governance Statement (Page 123).

Financial Performance
Revenue budget

The outturn for service budgets in 2023/24 was as follows:

	Budget	Outturn	Over (under) spend
	£000	£000	£000
Chief Executive Department	1,030	999	(31)
Children's Services	27,785	29,935	2,150
Adult Social Care and Health	40,889	48,997	8,108
Resources	13,348	11,736	(1,612)
Place	13,977	17,107	3,130
Total service expenditure	**97,029**	**108,774**	**11,745**
Contingency budget	2,857	7,937	5,080
Precepts and levies	2,066	2,064	(2)
Financing and investment	5,180	4,854	(326)
Taxation and non-specific grant income	(110,715)	(113,358)	(2,643)
Minimum revenue provision	3,139	11,564	8,425
Pension deficit	4,400	4,333	(67)
Transfer to / (from) earmarked reserves	(3,956)	16,006	19,962
Total	**0**	**42,174**	**42,174**

The overspend in services was driven mainly by Adult Social Care, where we are seeing an increasing complexity of care packages. The overspend in the Place directorate was primarily due to parking income being lower than anticipated as habits post-pandemic have changed, and higher than expected contract inflation due to macro-economic volatility.

As part of 2023/24 closedown the Finance team reviewed capital practices in detail and also undertook a reconciliation of every code on the balance sheet, a practice that had not been maintained sufficiently in prior years due to capacity and capability gaps within the finance team. This resulted in adjustments totalling £30.2m that were not anticipated.

These issues would have impacted in previous years, but due to ongoing capacity shortages, the changes were made in the 2023/24 financial statements, with the priority being to get closing balances correct. There was insufficient capacity in the finance team to calculate the correct closing position in each of the previous years by the audit backstop deadline, to do so would have required each reconciliation to have been done three or more times. It was also more important for the finance team to work on the current financial situation than spend limited resources on historic accounts, given the impact would be transparently reported in the 2023/24 accounts, and all accounts from 2021/22 to 2023/24 would have a disclaimer opinion.

Throughout this process Finance staff were transparent with the outgoing auditors for 2022/23 and earlier (Deloitte) and the incoming auditors for 2023/24 (Grant Thornton).

The nature of the errors were as follows:

1. Expenditure that had been counted as capital in nature in prior years but was actually revenue spend. Most typically this was repairs and maintenance, which is not capital expenditure unless it enhances the asset. Note, the accounting for the correction of these errors varied depending on whether the spend had been financed by external sources or from the general fund.
2. Items found to be in the minimum revenue provision (for definition see note 1.6 on page 15) calculation for which there was no corresponding asset. Such that assets had been fully expensed through revenue and the remaining MRP needed to be charged in full.
3. The annual MRP charge is broken down by asset and charged in line with the expected useful life of that asset. All asset lives were reviewed and corrected where deemed inappropriate. For example, expenditure incurred in 2021/22 on the Children's services case management system was charged over 50 years. This was reduced to 7 years, which is more typical for IT spend.
4. Where the balance sheet reconciliations showed that the asset or liabilities were not correct, they were corrected with adjustments through income and expenditure where relevant. The most significant of this was a collection fund suspense account of £2.4m that needed to have been cleared.
5. The was also a Business Rates grant budgeting error. In preparing the general fund budget the section 31 grant income per the NNDR1 (government budget return) was used. For local authorities this is not the final position and there needed to have been a reduction relating to a government calculated tariff adjustment. This was not done resulting in an overstatement of grant income in the original budget. This is reflected in the year end (outturn) position on general fund grants (Taxation and non-specific grant income within the CIES on page 8) received in year by the council.

Issue identified	£'000	Where it is reflected in these accounts
Non-current assets written off, not financed	3,169.39	Reflected in the CIES on page 9 in the "Contingency & Corporate" line and in the "Contingency budget" line in the revenue outturn table in this report above on page 4
Non-current assets written off, partly financed	6,294.07	Reflected in the CIES on page 9 in the "Taxation and non-specific grant funding" figure
Items in MRP calculation with no entry in capital	5,090.46	In note 9 page 34 – within "Capital Expenditure Charged against Revenue Balances"
MRP undercharge, due to revision of asset lives	7,991.21	In note 9 page 34 – within the "Statutory provision for the financing of capital investment", adjustment between capital adjustment account and General Fund. The capital adjustment account is explained in note 11 on page 38/39.
Sub-total	**22,545.13**	
Balance sheet reconciliations	2,666.05	Reflected in the CIES on page 9 in the "Contingency & Corporate" line and in the "Contingency budget" line in the revenue outturn table in this report above on page 4
Sub-total	**25,211.18**	
Business Rates budgeting error	5,000.00	Reflected in the year end (outturn) position on general fund grants (Taxation and non-specific grant income within the CIES on page 9)
Total	**30,211.18**	

Financial Health

At the time of writing (January 2025), the council is not financially sustainable without extra support. The council is in discussion with the Ministry of Housing, Communities and Local Government. As such the medium-term financial situation is uncertain until the council receives the results of this discussion.

The council commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a review of finance systems and processes, the recommendations are in the process of being implemented. This will include new guidance and procedures staff training and improved documentation.

The Finance Service has been restructured and redesigned with increased capacity and capability to be fit for purpose. Specialist senior finance staff have been employed directly to fill capability gaps and reduce the reliance on interim/agency staff.

Medium Term Financial Strategy

The table below sets out the current medium-term projection based on anticipated referendum caps on council tax increase.

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Expenditure	154,729	157,684	157,354	163,435	169,166
Funding	(121,755)	(129,500)	(137,254)	(144,751)	(152,323)
Shortfall	32,974	28,184	20,100	18,684	16,843

Looking Ahead

The council faces significant financial challenges and is in discussion with the Ministry of Housing, Communities and Local Government on exceptional financial support. The result of these discussions is uncertain, but without it the council will inevitably need to issue a section 114 notice, effectively bankruptcy. The reasons for this are explained in the financial performance section above.

These issues, combined with the low council tax, mean that the current funding available is insufficient.

Funding settlements from government continue to be short term and make planning for the medium term challenging. The devolution white paper announced in December 2024 suggest government is well aware of the questions over the sustainability of the sector in its current form, but it remains to be seen what this means for the council and surrounding areas.

The financial risks the council faces include:

- Uncertainty over the results of discussions with the Ministry of Housing, Communities and Local Government on exceptional financial support.
- Ability to deliver savings when spend is already much lower than other councils. The low council tax means there are no easy savings, and to return the council to financial sustainability change will need to be transformational.
- Macro-economic factors such as inflation, interest rates and the health of the economy more generally, over which there remains much uncertainty.
- Demand led pressures, particularly in children's and adults social care, and homelessness.
- Berkshire Pension fund deficit which is significant and is driven by factors such as longevity and investment performance.
- Deficit on the schools' budget. Although this is ringfenced for now, there is uncertainty that this ringfence is to remain in the long term.
- Capacity of teams across the council, particularly in finance which will be critical to re- establishing a strong financial control environment.

Basis of preparation

The Statement of Accounts which follows set out in more detail our income and expenditure for the year, and our financial position on 31 March 2024. The Statement also explains how statutory requirements such as financing capital expenditure have been complied with.

The format and content of the financial statements is prescribed by the *CIPFA Code of Practice on Local Authority Accounting*, which in turn is underpinned by International Financial Reporting Standards. A Glossary of key terms can be found at the end of this publication.

Core Statements

The *Comprehensive Income and Expenditure Statement* records all of the council's income and expenditure for the year. The top half of the statement sets out gross costs and income received for each service area, and the bottom half deals with corporate transactions and funding.

The *Movement in Reserves Statement* is a summary of the changes to our reserves and balances over the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

The *Balance Sheet* is a "snapshot" of our assets, liabilities, cash balances and reserves at year-end.

The *Cash Flow Statement* shows changes in our cash balances during the year.

Supplementary Financial Statements

The *Collection Fund* summarises the collection of council tax and national non-domestic rates (NDR), and the redistribution of some of that money to central government, the Berkshire Fire and Rescue Authority and the Thames Valley Police and Crime Commissioner.

The financial statements for the *Berkshire Pension Fund* are included as the council is the administrator of the scheme.

Group Accounts are prepared to provide a full picture of the council's activities. This includes those organisations where the interest and level of activity is material to the entity accounts, including Achieving for Children and Optalis. The RBWM Property Company Ltd and Flexible Home Improvement Loans Ltd are not deemed material.

Statement of Responsibilities

The Council's Responsibilities

The council is required to prepare annual Financial Statements by the Accounts and Audit Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Financial Statements is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The council is also required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Executive Director of Resources and Section 151 Officer) has responsibility for the administration of those affairs.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- Approve the Financial Statements.

The responsibilities of the Executive Director of Resources

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

I was appointed interim Executive Director of Resources and Section 151 Officer on 6 December 2024.

I am satisfied, based on the available assurances provided, that sufficient evidence is available to support the overall balance sheet and the overall year-end position on the General Fund Balances and Reserves. Within this overall position, there may be material errors on a line-by-line basis.

In preparing the 2023/24 statement of accounts, I have received assurances around:

- Selecting suitable accounting policies and then applied them consistently.
- Making judgements and estimates that were reasonable and prudent.
- Compliance with the Code.
- Keeping proper accounting records which were up to date.
- Taking reasonable steps for the prevention and detection of fraud and other irregularities.
- Assessing the council's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Using the going concern basis of accounting, on the assumption that the functions of the council and the Group will continue in operational existence for the foreseeable future.
- Maintaining 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.

Certification by the section 151 officer

Within the context of the statement above, I therefore certify that to the best of my knowledge and belief so far as is possible in the circumstances, that this statement of accounts presents a true and fair view of the overall financial position of the authority and the income and expenditure for the year ended 31 March 2024.

Ian O'Donnell
Interim Executive Director of Resources and s151 Officer
Date:

Main Financial Statements

Comprehensive Income and Expenditure Statement (CIES)

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

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000		Note	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
80,683	(40,476)	**40,207**	Adults, Health & Housing		88,033	(39,095)	**48,938**
324	(13)	**311**	Chief Executive		2,667	(4,890)	**(2,222)**
125,217	(97,140)	**28,077**	Children's Services		135,690	(104,039)	**31,651**
70	(296)	**(226)**	Contingency & Corporate		7,702	(0)	**7,702**
14,027	(7,922)	**6,105**	Governance, Law and Strategy		13,461	(5,271)	**8,191**
49,423	(21,368)	**28,054**	Place		55,121	(24,497)	**30,625**
50,510	(46,498)	**4,012**	Resources		36,251	(27,101)	**9,150**
20,319	0	**20,319**	Revaluation movement on assets		0	0	**0**
340,573	**(213,714)**	**126,859**	**Total Cost of Services**		**338,926**	**(204,892)**	**134,034**
		6,327	Other Operating Expenditure	12			5,512
		15,089	Financing and Investment Income and Expenditure	13			9,307
		(120,525)	Taxation and Non-specific Grant Income	14			(126,404)
		27,751	**Deficit on Provision of Services**				22,450
			Other Comprehensive Income and Expenditure				
		(24,087)	Deficit/(Surplus) on revaluation of Property, Plant and Equipment				6,933
		(159,710)	Remeasurement of the net defined benefit liability/(asset)	38			(29,893)
		(183,797)	**Total Other Comprehensive Expenditure/ (Income)**				**(22,960)**
		(156,046)	**Total Comprehensive Expenditure/ (Income)**				**(510)**

Movement in Reserves Statement

This Statement shows the movement in the year in the different reserves held by the council, analysed into 'usable reserves', that is those that can be applied to fund expenditure or reduce local taxation, and other reserves.

2023/24	Total General Fund Reserves £000	Schools Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2023	(23,497)	(2,894)	(7,224)	(19,895)	(53,511)	(237,313)	(290,824)
Movement in Reserves during 2023/24							
Total Comprehensive Income and Expenditure	22,450				22,450	(22,960)	(510)
Adjustments between accounting basis and funding basis under regulations (note 9)	26,167		(2,817)	13,593	36,943	(36,943)	0
Net Increase/Decrease for year	48,617	0	(2,817)	13,593	59,393	(59,903)	(510)
Transfers to/from School Revenue Balances	(347)	347			0		0
(Increase)/Decrease in 2023/24	(347)	347	0	0	0	0	0
Balance at 31 March 2024	**24,773**	**(2,547)**	**(10,041)**	**(6,302)**	**5,883**	**(297,215)**	**(291,332)**

2022/23	Total General Fund Reserves £000	Schools Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2022	**(47,373)**	**(3,003)**	**(3,435)**	**(13,673)**	**(67,484)**	**(67,293)**	**(134,777)**
Movement in Reserves during 2022/23							
Total Comprehensive Income and Expenditure	27,751				**27,751**	(183,797)	**(156,046)**
Adjustments between accounting basis and funding basis under regulations (note 9)	(3,875)	109	(3,789)	(6,222)	**(13,777)**	13,777	**0**
Net Increase/Decrease for year	**23,876**	**109**	**(3,789)**	**(6,222)**	**13,974**	**(170,020)**	**(156,046)**
Balance at 31 March 2023	**(23,497)**	**(2,894)**	**(7,224)**	**(19,895)**	**(53,511)**	**(237,313)**	**(290,824)**

Balance Sheet

The Balance Sheet shows the value, at the Balance Sheet date, of the assets and liabilities recognised by the council.

31 March 2023 £000		Note	31 March 2024 £000
419,283	Property, Plant & Equipment	17	415,364
88,559	Infrastructure assets	17	88,701
0	Heritage Assets	18	2,227
81,584	Investment Property	19	81,809
638	Intangible Assets	20	1,300
22,040	Long Term Investments	35	3,401
7,535	Long term Debtors	23	6,080
619,639	**Long Term Assets**		**598,882**
26,534	Short Term Investments	35	9,710
0	Assets held for sale		0
62,504	Short Term Debtors	23	49,130
42,389	Cash and Cash Equivalents	24	8,100
131,427	**Current Assets**		**66,941**
(2,837)	Bank Overdraft	24	(1,943)
(123,680)	Short Term Borrowings	35	(138,281)
(83,574)	Short Term Creditors	25	(49,710)
(8,435)	Short Term Provisions	26	(3,023)
(218,526)	**Current Liabilities**		**(192,957)**
(177)	Long Term Creditors	25	0
0	Long Term Provisions	26	0
(110,480)	Long Term Borrowing	35	(86,265)
(114,881)	Pension Liabilities	38	(89,370)
(16,179)	Grant Receipts in Advance		(9,249)
(241,717)	**Long Term Liabilities**		**(184,884)**
290,823	**Net Assets**		**287,982**
(53,510)	Usable Reserves	10	5,883
(237,313)	Unusable Reserves	11	(293,865)
(290,823)	**Total Reserves**		**(287,982)**

Certification by the Section 151 Officer

Within the context of my statement on page 7, I certify that to the best of my knowledge and belief so far as is possible in the circumstances, that this statement of accounts presents a true and fair view of the overall financial position of the authority and the income and expenditure for the year ended 31 March 2024

Ian O'Donnell
Interim Executive Director of Resources and s151 Officer

Cashflow Statement

The Cashflow Statement shows the changes in cash and cash equivalents of the council during the reporting period.

31 March 2023		Notes	31 March 2024
£000			£000
(27,751)	Net (deficit) on the provision of services		(22,450)
64,155	Adjustment to surplus or deficit on the provision of services for noncash movements	28	(6,731)
(7,175)	Adjust for items included in the net surplus or deficit on the provision of services that are investment and financing activities	28	(1,362)
29,229	**Net Cash flows from Operating Activities**		**(30,543)**
(49,240)	Net Cash flows from Investing Activities	29	(27,851)
27,240	Net Cash flows from Financing Activities	30	25,000
7,229	**Net increase in cash and cash equivalents**		**(33,394)**
32,323	Cash and cash equivalents at the beginning of the period	24	39,551
39,552	**Cash and cash equivalents at the end of the reporting period**		**6,157**
	Net figure made up of:		
42,389	Cash and cash equivalents		8,100
(2,837)	Bank Overdraft		(1,943)

Notes to the Financial Statements

Note 1 Accounting Policies

General Principles

The statement of accounts summarises the council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The council is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the statement of accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a going concern basis; this assumes that the council's functions and services will continue in operational existence for the foreseeable future.

1.1. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Revenue from the provision of services is recognised when the council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue (which includes council tax and rates income) and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.2. 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 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.

1.3. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the comprehensive income and expenditure statement (CIES) or in the notes to the accounts, depending on how significant the items are to an understanding of the council's financial performance.

1.4. 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 opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.5. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant & equipment's during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible property, plant & equipment attributable to the service.
- impairment losses or amortisations.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, known as MRP (Minimum Revenue Provision.

The Minimum Revenue Provision (MRP) is a charge that councils which are not debt free are required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The underlying debt is needed to finance the capital programme.

Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g., buildings, vehicles, machinery etc;. It is therefore prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure, allowing borrowing to be matched to asset life. Setting aside an amount for the repayment of debt in this manner would then allow for future borrowing to be taken out to finance the asset when it needs replacing at no incremental cost. The manner of spreading these costs is through the annual Minimum Revenue Provision, which was previously determined under Regulation, and is now determined by Guidance.

The Local Government Act 2003 requires the council to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in February 2018.
The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

1.6. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and some non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services but then reversed out through the movement in reserves statement so that holiday 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 or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the non-distributed costs line in the Comprehensive Income and Expenditure Statement (CIES) when the council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund (GF) 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 (MiRS), 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

Employees of the council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Teachers' Pensions.
- The Local Government Pensions Scheme, administered for Berkshire by the council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the balance sheet. The Chief Executive service line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Berkshire Pension Fund attributable to the council are included in the balance sheet 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, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate set by the Actuary.
- The assets of the Berkshire pension fund attributable to the council are included in the balance sheet at their fair value:
  - quoted securities, current bid price.
  - unquoted securities, professional estimate
  - unitised securities, current bid price
  - property, market value

Accounting for Pensions

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

- **Current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the services for which the employees worked.
- **Past service cost –** the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-distributable Costs.
- **Net Interest on the defined liability (asset) –** i.e., net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- **Remeasurements** comprising**:**
  - **The return on plan assets** – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve.
  - **Actuarial gains and losses –** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
- **Contributions paid to the Berkshire Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same accounting policies as are applied to the Local Government Pension Scheme. Short-term employee benefits are those due to be settled within 12 months of the year-end.

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.
- the statement of accounts is not adjusted to reflect such events for those that are indicative of conditions that arose after the reporting period. However, 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. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. 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.

For most of the borrowings that the council has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Revaluation Reserve in the Movement in Reserves Statement.

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 cashflow characteristics. There are three main classes of financial assets measured at:

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

Financial Assets measured at amortised cost.

Financial assets are measured at amortised cost when the associated cashflows are solely payments of principal and interest and it is intended to hold the assets until maturity. These are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets are measured at FVOCI when the associated cashflows are solely payments of principal and interest and it is intended to collect those cashflows and sell the asset. Any gains and losses that arise on such assets are credited or debited to the Other Comprehensive Income line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Profit or Loss

If a financial asset does not meet the criteria to be measured at amortised cost or FVOCI it will be measured at Fair Value through Profit or Loss. They are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Expected Credit Loss Model

The council recognises expected credit losses on all its financial assets held at amortised cost or where relevant FVOCI, 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.

Fair Value Measurement

The council measures some of its financial instruments such as borrowings at fair value at each reporting date. Fair value is the price that would be received to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to transfer the liability takes place either:

a) In the principal market for the liability, or
b) In the absence of a principal market, in the most advantageous market for the liability.

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

The council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable outputs.

Inputs to the valuation techniques in respect of liabilities for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy, as follows:

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

Investments

The CIPFA Code of Practice for Treasury Management in Local Authorities, which governs the way in which surplus cash is invested, has been adopted. The council's surplus cash is invested with other local authorities, approved banks and building societies, as authorised in the council's Treasury Management Strategy.
Investments that mature in no more than three months from the date of acquisition, and that are readily convertible to known amounts with insignificant risk of a change in value, are categorised as cash equivalents in the financial statements.

1.9. Foreign Currency Translation

Where the council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

1.10. Government Grants and Contributions

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

- the council will comply with 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 have been satisfied. Conditions are stipulations that specify the future economic benefits or service potential embodied in the asset acquired using the grant are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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-ring-fenced revenue grants and all capital grants) in the CIES. Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the movement in reserves statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustments Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustments Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11. Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental, and historical associations. They include historical buildings, civic regalia, orders, and decorations (medals), military equipment of scientific interest, and works of art. Authorities are required to account for tangible heritage assets in accordance with FRS 102 s34.

Heritage assets are recognised and measured in accordance with the council's policies on Property Plant and Equipment. However, where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the Code does not require that the asset is recognised on the Balance Sheet.
Tangible and intangible assets described in this summary of significant accounting policies as heritage assets. The council's heritage assets are held in The Windsor & Royal Borough Museum which is a registered small local history museum situated at the Guildhall in Windsor. The collection relates to the history of Windsor, and the other towns and villages across the borough in east Berkshire. The collection comprises approximately 11,000 objects including pre-historic tools, finds and bronze age, roman and Saxon artefacts, maps, textiles, books, paintings, prints and photographs, together with objects and ephemera from before Victorian times up to World War II, the 1950s and the present day. The value of the collection is not reported in the balance sheet as the council takes the view that the work involved in valuing the collection is disproportionate to the benefit that users would obtain from the additional disclosure. The Code of Practice for Local Government Accounting allows for this approach.

1.12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the council as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. 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(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CIES. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal, gains and losses are not permitted 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 (CAA) and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve (CRR).

1.13. Inventories and Long-Term Contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value. On a first in first out basis. Obsolescent inventory is written off during the year.

1.14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, 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 CAA and (for any sale proceeds greater than £10,000) the CRR.

1.15. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The council recognises on its balance sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

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

1.16. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases. 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.

Finance Leases

Property, plant, and equipment held under finance leases is recognised on the balance sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant, or equipment, applied to write down the lease liability, and
- a finance charge (debited to the financing and investment income and expenditure line in the CIES).

Property, plant, and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period). The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the CAA in the movement in reserves statement for the difference between the two.

Operating lease

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals paid are charged to the relevant service line in the CIES on a straight-line basis over the term of the lease, generally meaning rentals are charged when they become payable.

1.17. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used, the full cost of overheads and support services are shared between users in proportion to the benefits received.

1.18. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.
The de minimis level for Property Plant and Equipment is £20,000.

Measurement

Property Plant and Equipment is valued on the bases recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Operational properties and other operational assets are carried in the Balance Sheet using the following measurement bases:

- Depreciated Replacement Cost (DRC) for specialised properties
- Open Market Value (OMV) for non-specialised properties.

There are no holdings of non-operational assets or community assets.

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the CIES, they are reversed out of the General Fund balance to the CAA in the movement in reserves statement.

The current value of land and buildings is determined by appraisal of appropriate evidence, that is normally undertaken by professionally qualified valuers, who:

- Hold a recognised and relevant professional qualification.
- Have sufficient current local and national knowledge of the market, and
- Have the skills and understanding to undertake the valuations competently.

Assets are then carried in the balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction, depreciated historical cost.
- dwellings, fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets, fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Assets included in the balance sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the CAA.

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 impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant, and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings (30 to 50 years)
- Vehicles, Plant, Furniture & Equipment (4 to 10 years)
- Infrastructure (1 to 40 years)

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

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 rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair 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 CIES.

Gains in fair value are recognised only up to the amount of any previously loss 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 CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES 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 CAA.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts is required to be credited to the CRR and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the movement in reserves statement.
The written-off value of disposals is not a charge against council tax, as the cost of property, plant & equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the CAA from the General Fund balance in the movement in reserves statement.

1.19. Highways Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (for example, bridges), street lighting, street furniture (for example, illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by officers using industry standards where applicable as follows:

Element of the Highways Network	Useful Life
Carriageways	20-50 years
Footways and Cycle Tracks	30 years
Structures (bridges, tunnels and underpasses)	30 years
Street Lighting	20-40 years
Street Furniture	25 years
Traffic Management Systems	25 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the CIE Statement as part of the gain/loss on disposal. Receipts from disposals are credited to the same line in the CIES, also as part of the gain or loss on disposal (that is, netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the CAA from the General Fund Balance through the Movement in Reserves Statement.

1.20. Provisions, Contingent Liabilities and Contingent Assets Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES 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. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Council Tax and Non-Domestic Rates (NDR)

The council tax and NDR income included in the CIES is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the financial statements.

Contingent Assets

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

1.21. 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 in that year in the CIES. 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 for accounting entries for non-current assets, financial instruments, retirement, and employee benefits and do not represent usable resources for the council, these reserves are explained in the relevant policies. The reserves held by the council are detailed under the notes on usable and unusable reserves.

1.22. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the General Fund balance to the CAA then reverses out the amounts charged so that there is no impact on the level of council tax.

1.23. Fair Value

The council measures some of its non-financial assets, such as surplus assets and investment properties, and some of its financial instruments, such as equity share holdings, 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 measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or liability

The council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest). 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 relevant known data and minimising the use of estimates or unknowns.

This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

1.24. Accounting for Schools

Local Authority maintained schools, in line with relevant accounting standards and the Code, are considered to be separate entities with the balance of control lying with the council. The Code requires that the income, expenditure, assets and liabilities of maintained schools be accounted for in the single entity accounts of the council rather than requiring consolidation in the group accounts. Therefore, maintained schools' transactions, cash flows and balances are recognised in each of the financial statements of the council as if they were transactions, cash flows and balances of the council. In accordance with the Education Reform Act 1988, the scheme of Local Management of Schools provides for the carry forward of individual school surpluses and deficits. These are held as usable earmarked reserves and are committed to be spent on schools.

1.25. VAT

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid recoverable from it. VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs.

1.26. Interests in Companies and Other Entities

The council has two joint ventures, the first is Optalis Ltd, jointly owned by Wokingham Borough Council and council. The company provides adult social care services, the council joined the group in 2016/17.

The second is Achieving for Children (AfC), which is a community interest company (CIC) jointly owned with the London Borough of Richmond and The Royal Borough of Kingston Upon Thames. The company provides children's services. The company commenced trading on 1 April 2014 and council joined the group in August 2017.

The performance of both companies, representing the council's ownership share are consolidated into the group accounts of the council. Both Optalis Ltd and AfC are classified as joint ventures by the council and are

consolidated into the group accounts using the equity method.
The council records the name, business, shareholding, net assets and results of operations and other financial transactions of any related companies.

1.27. Capitalisation of Borrowing Costs

The council capitalises borrowing costs incurred whilst material assets are under construction. Material assets are considered to be those where total planned (multi-year) borrowing for a single asset (including land and building components) exceeds £5m, and where the construction period exceeds twelve months. This applies to the first capital expenditure financed from borrowing until the asset is ready to be brought into use.

1.28. Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund, the collection fund, for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Note 2 Accounting Standards Issued, not yet adopted

The council is required to disclose information relating to the impact of an accounting change on the financial statements as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Several accounting changes are being adopted by the Code in 2023/24, but none will have a material impact on the council's financial statements.

The International Accounting Standards Board (IASB) has issued International Financial Reporting Standard 16 Leases (IFRS 16) which, when adopted, will require the council to recognise most of the assets it has secured the use of through a lease arrangement on its Balance Sheet as 'right of use' assets, together with the corresponding lease liabilities. This differs from the current practice of only recognising the assets and liabilities associated with the finance leases entered into by the council on its Balance Sheet. The council is required to adopt IFRS 16 from 1 April 2024 and the Statement of Accounts for 2024/25 will include an update in the note 21 Leases.

Note 3 Critical Judgements in Applying Accounting Policies

In the application of the accounting policies, which are described in note 1, the officers are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Leases

Leases are categorised between operating and finance leases according to management judgement on the basis of relevant accounting standards, with the premise that long term land leases, typically for a period of 110 years or more, and long-term building leases, typically for a period of 50 years or more, are accounted for on the basis of finance leases.

Agent vs Principal

The council transacts activity through its financial ledger where it considers that it is acting as an agent of a separate organisation rather than as a principal in the matter. As such, the activity does not form part of the council's financial statements other than to recognise a debtor/creditor relationship for sums due or owed. There was one major area of activity in 2023/24 where the council considered that it acted as an agent:

- Third party arrangements – The council holds funds and receives and makes payments on behalf of a third party. Details of the activity in respect of these arrangements are shown in Note 39 Trust and Other Entities.

Note 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 be materially different from the assumptions and estimates. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Pension Liability

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions to be applied.

The effect of changes in the individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £10.2m. A 0.1% increase in the long-term salary increase assumption would result in a £0.6m increase in the pension liability and an increase of 0.1% in the pension increases and deferred revaluation assumption would increase the pension liability by £9.6m.

Property, Plant and Equipment

The uncertainties arise as a result of the estimations used by the council based on information received from the council's valuation specialists. The basis of these estimations is set out in note 14 but different assumptions about the future could reasonably be used that could arrive at different results whilst still using the same basis for those estimations. This also applies to the areas of the investment property portfolio that have been assessed based on market evidence that can be subject to variation. Investment properties valued based on existing lease terms, rental values and yields are not subject to this same level of estimation.

The actual value of the assets, including both operational and investment property, only becomes apparent when they are sold and therefore there could be a material valuation between the revalued amount at 31 March 2023 and the value realised on disposal even within the next financial period. Given the range of different assumptions that could be applied the potential impact of differences in estimation cannot be quantified. The accounting treatment is set out in the disposals paragraph of the Property, Plant and Equipment section of Note 17.

Recovery of Amounts Due

As part of its normal course of operations, the council provides services or raises taxes where the recovery of sums due is not immediate. In the normal course of business, the council recognises that not all sums due will be recovered or that appeals will be made against rateable values and as a result sets aside an allowance for the non-recovery of debts and the potential reduction in sums assumed to be due. The Global Covid-19 pandemic has had a significant impact on the economy, both locally, nationally and globally, the full impact of which may not be known for some time. Whilst the council has set aside, what it believes to be, a prudent level to reflect a level of non-recovery of debts and sums assumed to be due through NDR, the actual amounts may not be known for some time. Details of the amounts due to the council are set out on the Balance Sheet, Note 35 Financial Instruments, Note 23 Debtors and Note 26 Provisions.

Note 5 Material Items of Income and Expense

The council undertakes the valuation of its non-current assets on the basis of a 5-year rolling programme. The schools' portfolio has been revalued in 2022/23 as part of the programme and valued on a depreciated replacement cost basis reflecting build costs of a modern equivalent asset. Where assets increase in value, the gain is reported in Other Comprehensive Income and Expenditure (OCIE) and reflected in the revaluation reserve. Where there is a decrease in value, the decrease is reflected in OCIE and the revaluation reserve up to the amount of previous upward valuations and any additional reduction in valuation is reported through the Surplus/Deficit on the Provision of Services and the Capital Adjustment Account.

Note 6 Events After the Reporting Period

Financial position of the Council

The council incurred a significant overspend during 2023/24, primarily in respect of adult social care and children's services, which has continued during 2024/25. Taken together with the impact of the issues identified in the balance sheet reconciliation and review process as at 31 March 2024 discussed previously (which has identified additional adjustments required in respect of 2023/24), the council is likely to have been in a negative General Fund position as at 31 March 2024.

On 22 January 2024, the Leader of the Council and Cabinet Member for Finance wrote jointly to the Chancellor and Secretary of State setting out the risk of the council having to issue a statutory Section 114 notice. On 14 May 2024, the Chief Executive wrote to the Director General (Local Government Finance – MHCLG) requesting exceptional financial support. The council is in discussions with the Ministry of Housing, Communities and Local Government for Exceptional Financial Support, to avoid the need to issue a Section 114 notice.
Discussions are ongoing with MHCLG on the extent of exceptional support.

Supreme Court Ruling ("the Worcester Judgement")
The council agreed with the other parties, in early 2024, to commission an independent review following a Supreme Court ruling (the Worcester judgement) on s117 after care services. This assessment has now concluded and advised that the council is responsible for the cost of the service and for backdated costs to 2017. The worst case is estimated at £1.6m but discussions are ongoing with other parties as to whether the council is liable for these costs. Management have considered this issue and do not consider it material and so have not adjusted the accounts for this.

Note 7 Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and NDR) 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 Group Comprehensive Income and Expenditure Statement.

Adjustments between the Funding and Accounting Basis

2023/24	Net Expenditure in CIES	Capital	Pensions	Other Differences	Total Adjusts	Net Expenditure Chargeable to General Fund Balance
	£,000	£,000	£,000	£,000	£,000	£,000
Adults, Commissioning & Health	48,938	133	1,361	34	**1,527**	**50,466**
Chief executive	(2,222)	(2,526)	109	249	**(2,168)**	**(4,390)**
Children's Services	31,651	1,624	(4,199)	335	**(2,240)**	**29,411**
Contingency & Corporate	7,702	0	(455)	0	**(455)**	**7,247**
Governance, Law & Strategy	8,191	69	2,787	(1)	**2,855**	**11,046**
Place	30,625	6,378	2,155	576	**9,109**	**39,734**
Resources	9,150	576	(1,756)	106	**(1,074)**	**8,076**
Revaluation movement on assets (Note 5)	0	0	0	0	**0**	**0**
Cost of Services	**134,034**	**6,254**	**0**	**1,300**	**7,554**	**141,589**
Other income and expenditure	(111,584)	13,447	(3,988)	9,154	**18,613**	**(92,972)**
(Surplus) or Deficit	**22,450**	**19,701**	**(3,988)**	**10,454**	**26,167**	**48,617**
Opening General Fund Balances (Includes Earmarked Reserves)	**(23,497)**					
Plus Surplus/(Deficit) on General Fund in Year	48,270					
Closing General Fund Balances	**24,773**					

Adjustments between the Funding and Accounting Basis

2022/23	Net Expenditure in CIES £,000	Capital £,000	Pensions £,000	Other Differences £,000	Total Adjusts £,000	Net Expenditure Chargeable to General Fund Balance £,000
Adults, Commissioning & Health	40,207	179	432	77	**688**	**40,895**
Chief executive	311	15,264	35	565	**15,864**	**16,175**
Children's Services	28,077	2,499	(1,333)	761	**1,927**	**30,004**
Contingency & Corporate	(226)	0	(145)	0	**(145)**	**(371)**
Governance, Law & Strategy	6,105	75	885	(1)	**959**	**7,064**
Place	28,054	8,594	684	1,308	**10,586**	**38,640**
Resources	4,012	2,134	1,337	241	**3,714**	**7,724**
Revaluation movement on assets (Note 5)	20,319	(20,319)	0	0	**(20,319)**	**0**
Cost of Services	**126,859**	**8,426**	**1,895**	**2,951**	**13,272**	**140,131**
Other income and expenditure	(99,108)	(34,764)	(3,161)	20,780	**(17,145)**	**(116,253)**
(Surplus) or Deficit	**27,751**	**(26,338)**	**(1,266)**	**23,731**	**(3,873)**	**23,878**
Opening General Fund Balances (Includes Earmarked Reserves)	**45,679**					
Plus Surplus/(Deficit) on General Fund in Year	(23,878)					
Closing General Fund Balances	**23,495**					

Reconciliation from Out-turn to Consolidated Income & Expenditure Account

2023/24	Out-turn report £,000	Adjustments. for reserve movements and audit adjustments £,000	Net Expenditure in the Comprehensive Income and Expenditure Statement £,000
Chief Executive Department	999	(3,221)	(2,222)
Children's Services	29,935	1,716	31,651
Adult Social Care and Health	48,997	(59)	48,938
Resources	11,736	13,307	25,043
Place	17,107	13,518	30,625
	108,774	**25,260**	**134,034**

Adjustments for capital purposes

2023/24	Out-turn report £,000	Adjustments. for reserve movements and audit adjustments £,000	Net Expenditure in the Comprehensive Income and Expenditure Statement £,000
Adults, Commissioning & Health	44,027	(3,820)	40,207
Chief executives	285	26	311
Children's Services	27,142	935	28,077
Contingency & Corporate	(81)	(145)	(226)
Governance, Law & Strategy	2,910	3,195	6,105
Place	14,232	13,822	28,054
Resources	4,993	(981)	4,012
Revaluation movement on asset	0	20,319	20,319
	93,508	**33,351**	**126,859**

This column adjusts for depreciation, impairment and revaluation gains and losses in the service lines. The other income and expenditure line has adjustments for the following:

- Capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- The statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue and capital grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year.

Net change for the Pensions Adjustments

This column includes the removal of employer pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income in the service lines.

The other income and expenditure line has an adjustment for the net interest on the defined benefit liability which is charged to the Comprehensive Income and Expenditure Statement.

Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are as follows:

The change in the total value of the accrual for accumulated absence (holiday pay) is not chargeable under generally accepted accounting practices and removed in the service lines.

The difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Transfers to / from Earmarked Reserves are shown on a separate line in the other differences column. The details of reserve movements are shown in note 10.

Note 8 Expenditure and Income analysed by Nature

This analysis provides detail of the expenditure and income of the council on a subjective basis.

2022/23 £000		2023/24 £000
	Expenditure	
76,906	Employee Benefits expenses	80,084
178,630	Other service expenses	216,119
21,888	Housing Benefit payments	21,903
26,368	Grants and Covid support	5,548
12,487	Depreciation, Amortisation, and impairment	13,857
2,140	Revenue Expenditure funded from Capital under Statute	1,345
7,923	Interest Payments	6,607
4,824	Net Interest on the net defined benefit liability	3,988
0	Movement in the value of Financial Assets	0
4,540	Movement in the value of Investment Properties	1,306
20,319	Impairments	70
1,927	Precepts and Levies	2,064
3,304	Net Loss on the Disposal of Assets	3,448
361,257	**Total Expenditure**	**356,339**
	Income	
(48,738)	Fees, Charges, and other service income	(48,467)
0	Movement in the value of Investment Properties	0
(1,627)	Interest and Investment Income	(2,675)
(97,449)	Income from Council Tax & NDR	(97,349)
(185,693)	Government Grants & Contributions	(182,582)
	Net Gain on Disposal of Assets	(2,816)
(333,506)	**Total Income**	**(333,889)**
27,751	**Deficit on the Provision of Services**	**22,450**

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to the resources actually available to the Group to meet future expenditure.

2023/24	General Fund Balance £000	Capital Grants Unapplied £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	Usable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non- current assets	(13,680)	0	0	0	**(13,680)**
Revaluation movements and impairments of non-current assets charge to the CIES	0	0	0	0	**0**
Movements in the market value of investment properties	840	0	0	0	**840**
Amortisation of intangible assets	(177)	0	0	0	**(177)**
Capital grants and contributions applied	9,556	0	0	0	**9,556**
Revenue expenditure funded from capital under statute	(1,345)	0	0	0	**(1,345)**
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CI&E	(4,006)	0	0	0	**(4,006)**
Statutory provision for the financing of capital investment	11,564	0	0	0	**11,564**
Capital Expenditure Charged against Revenue Balances	13,058	0	0	0	**13,058**
Adjustments involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CI&E	2,529	0	(2,529)	0	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	16,122	0	**16,122**
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CI&E Statement	1,362	0	0	(1,362)	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	**0**
Transfer from the Deferred Capital Receipts Reserve on receipt of cash	0	0	0	(1,455)	**(1,455)**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or (credited) to the CI&E Statement	(3,988)	0	0	0	**(3,988)**
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which Council Tax income credited to the CI&E Statement is different from Council tax income calculated for the year in accordance with statutory requirements	7,964	0	0	0	**7,964**
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	2,956	0	0	0	**2,956**
Adjustments primarily involving the Financial instrument adjustment account					
Fair value adjustments for Financial instruments	(466)	0	0	0	**(466)**
Adjustments primarily involving the Dedicated Schools Grant:					
Amount by which DSG related expenditure charged to the CIES is different to that chargeable in the year in accordance with statutory requirements	0	0	0	0	**0**
Total Adjustments	**26,167**	**0**	**13,593**	**(2,817)**	**(3,283)**

2022/23	General Fund Balance	Capital Grants Unapplied	Capital Grants Unapplied	Capital Receipts Reserve	Usable Reserves
	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(16,977)	0	0	0	**(16,977)**
Revaluation movements and impairments of non-current assets charge to the CIES	(15,500)	0	0	0	**(15,500)**
Movements in the market value of investment properties	(7,922)	0	0	0	**(7,922)**
Amortisation of intangible assets	(329)	0	0	0	**(329)**
Capital grants and contributions applied	0	0	0	0	**0**
Revenue expenditure funded from capital under statute	(2,140)	0	0	0	**(2,140)**
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CI&E	(10,480)	0	0	0	**(10,480)**
Statutory provision for the financing of capital investment	3,020	0	0	0	**3,020**
Capital Expenditure Charged against Revenue Balances	8,414	0	0	0	**8,414**
Adjustments involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CI&E	8,400	0	0	(8,400)	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	2,178	**2,178**
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CI&E Statement	7,176	0	(7,176)	0	**0**
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	459	0	**459**
Transfer from the Deferred Capital Receipts Reserve on receipt of cash	0	0	0	0	**0**
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or (credited) to the CI&E Statement	(1,266)	0	0	0	**(1,266)**
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which Council Tax income credited to the CI&E Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	23,870	0	0	0	**23,870**
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	(30)	0	0	0	**(30)**
Adjustments primarily involving the Financial instrument adjustment account					
Fair value adjustments for Financial instruments	(2)	0	0	0	**(2)**
Adjustments primarily involving the Dedicated Schools Grant:					
Amount by which DSG related expenditure charged to the CIES is different to that chargeable in the year in accordance with statutory requirements	(109)	109	0	0	**0**
Total Adjustments	(3,875)	109	(6,717)	(6,222)	(16,705)

Note 10 Usable Reserves

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement and the Earmarked Reserves note.

31 March 2023 £000		31 March 2024 £000
(10,213)	General Fund	31,962
(13,284)	Earmarked Reserves	(7,189)
(2,894)	Schools' revenue balances	(2,547)
(7,224)	Capital receipts reserve	(10,041)
(19,895)	Capital Grants unapplied	(6,302)
(53,510)	Total Usable Reserves	5,883

Earmarked Reserves

Details of the Earmarked Reserves that have been set aside by the council are set out below.

Earmarked Reserves	Balance at 31 March 2022 000	Net movement 000	Balance at 31 March 2023 000	Net movement 000	Balance at 31 March 2024 000
Arts funding reserve	**140**	0	**140**	(140)	**0**
Better Care Fund	**3,399**	(2,745)	**654**	(51)	**603**
Building control reserve	**(69)**	69	**0**	0	**0**
Business Rates Section 31 Grant Reserve	**23,052**	(22,180)	**872**	(410)	**462**
Business Rates Volatility Reserve	**3,194**	(1,600)	**1,594**	0	**1,594**
CIL revenue reserve	**329**	129	**458**	(458)	**0**
Covid-19 General Reserve	**2,144**	(1,817)	**327**	(327)	**0**
Dedworth leisure centre	**0**	941	**941**	(23)	**918**
Dedicated Schools Grant Surplus	**0**	52	**52**	6	**58**
Grant funded future commitments reserve	**2,928**	(833)	**2,095**	(1,484)	**611**
Grave Maintenance Reserve	**8**	0	**8**	(8)	**0**
Homes for Ukraine	**0**	2,915	**2,915**	(1,639)	**1,276**
Insurance Reserve	**901**	24	**925**	(316)	**609**
Nature Reserve Maintenance Fund	**123**	0	**123**	(123)	**0**
Old Court Maintenance Reserve	**16**	0	**16**	(16)	**0**
Optalis Development Reserve	**381**	0	**381**	(381)	**0**
Property Reserve	**500**	(69)	**431**	(304)	**127**
Public Health Fund	**588**	363	**951**	(288)	**663**
Safeguarding Reserve	**194**	(194)	**0**	0	**0**
Schools Forum De Delegated School Reserves	**547**	(389)	**158**	(24)	**134**
Sensory Consortium Service	**245**	0	**245**	(112)	**133**
Total	**38,620**	**(25,334)**	**13,286**	**(6,096)**	**7,190**

Better Care Fund (BCF)

The Section 75 agreement with the Clinical Commissioning Group specifies that any net underspend on planned projects at the year-end may be used by the council to contribute towards the cost of adult social care services, which have a health benefit. The Section 75 agreement states that should the council use net underspends in this way, then it must contribute an equivalent sum into the BCF in future.

Business Rates Section 31 Grant Reserve

As a result of the Covid-19 pandemic DLUHC provided additional Section 31 to billing authorities to compensate for the losses arising from reliefs for the retail discount granted to businesses.

Business Rates Volatility Reserve

The reserve contains surpluses from previous years arising from NDR income for use against potential future NDR deficits.

Insurance Reserve

Due to its high policy excesses the council undertakes self-insurance. It, therefore, maintains an internal insurance reserve to cover self-insured claims. The reserve meets most claims for financial losses or damage to the council assets and third party/employee compensation claims for injury, loss or damage to personal property caused by the council's negligence. Part of the reserve relates to reported outstanding claims and part is held against the modelled expectation of emerging future claims.

Covid-19 General Reserve

This reserve is held to cover potential Covid-19 costs.

Optalis Development Reserve

Funds set aside for the business development of Optalis Ltd.

Grant funded future commitments reserve

This reserve holds government grants received for specific purposes, but which were not ringfenced, and for which the relevant expenditure is expected in future years. As the grants are not ringfenced they are accounted for immediately and unused balances transferred to the reserve at the year end.

Property Reserve

This reserve will help to fund future leasing arrangements and potentially compensate for voids. This reflects the fact that we have received some additional property income during the year where leaseholders have vacated early, and this money will be used to smooth out the impact of changes in tenants.

Public Health Fund

This reserve holds government grant that is ringfenced for use on services that impact on public health.

Sensory Consortium Service

Funds set aside in respect of a Berkshire joint arrangement for specialist education support.

Note 11 Unusable Reserves

Unusable reserves are those that have arisen as a result of accounting adjustments and are, therefore, not available to spend. The table below shows the total unusable reserves at the year end.

31 March 2023		31 March 2024
£000		**£000**
(130,435)	Capital Adjustment Account	(166,370)
(227,400)	Revaluation Reserve	(215,997)
114,881	Pension Reserve	89,370
8,174	Collection Fund Adjustment Account	209
(7,535)	Deferred capital receipts reserve	(6,080)
2,956	Accumulated Absences Account	2,956
2,047	Dedicated Schools Grant	2,047
(237,313)	**Total Unusable Reserves**	**(293,865)**

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the council. 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.

2022/23		2023/24
£000		**£000**
(162,789)	**Opening Balance**	**(130,435)**
	Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
12,194	Charges for depreciation and impairment of non-current assets	13,680
4,819	Impairment losses	0
15,500	Revaluation and impairment loss: Property, Plant & Equipment	0
293	Amortisation of Intangible Assets	177
7,922	Changes in the Fair Value of Investment Properties	(840)
2	Changes in the Fair Value of Financial Instruments	466
2,140	Revenue Expenditure funded from Capital under Statute	1,345
0	Capital amounts written down	3,875
10,480	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
53,349		**18,704**
(6,925)	Adjusting Amounts written out of the Revaluation Reserve	(4,339)
46,424	**Net written out amount of the cost of non-current assets consumed in the year**	**14,365**

	Capital financing applied in the year	
(459)	Use of the Capital Receipts Reserve to finance new capital expenditure	0
(8,414)	Capital Grants & Contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(9,556)
(2,178)	Application of grants to capital financing from the Capital Grants Unapplied Account	(16,122)
(3,020)	Provision for the financing of capital investment charged against the General Fund	(11,564)
0	Capital Expenditure Charged against the General Fund	(13,058)
(14,070)		**(50,300)**
(130,435)		**(166,370)**

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 balance is reduced when assets with accumulated gains are:

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

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

2022/23 £000		2023/24 £000
(210,238)	**Opening Balance**	**(227,400)**
(44,942)	Upward Revaluation of assets	0
20,855	Downward Revaluation and impairment of assets	6,933
(24,087)	**Deficit / (Surplus) on the revaluation of non-current assets**	**6,933**
2,980	Difference between fair value depreciation and historical cost depreciation	4,339
3,945	Amounts written off to the Capital Adjustment Account	131
6,925	**Other**	**4,470**
(227,400)	**Balance at 31 March**	**(215,996)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for postemployment benefits and for funding benefits in accordance with statutory provisions. The council accounts for postemployment 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.

2022/23 £000		2023/24 £000
273,325	**Balance at 1 April**	114,881
(159,710)	Re-measurement of the net defined liability	(22,895)
13,554	Reversal of items relating to retirement benefits credited to the Deficit on Provision of Services in the CIES	10,357
(12,278)	Employer's pension contributions and direct payments to pensioners payable in the year	(12,973)
114,881	**Balance at 31 March**	89,370

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax /NDR income in the CIES as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. Following the localisation of NDR, a separate adjustment account for NDR has been created.

Collection Fund - Council Tax

2022/23 £000		2023/24 £000
2,917	**Balance at 1 April**	**1,247**
1,770	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(561)
1,247	**Balance as at 31 March**	**686**

Collection Fund – National Non-Domestic Rates

2022/23 £000		2022/23 £000
30,517	**Balance at 1 April**	**6,927**
(23,590	Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements	(7,404)
6,927	**Balance as at 31 March**	**(477)**

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, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23 £000		2023/24 £000
2,926	**Balance at 1 April**	**2.956**
(2.926)	Settlement or cancellation of accrual made at the end of the preceding year	(2,956)
2,956	Amounts accrued at the end of the current year	2,956
2,956		**2,956**

Note 12 Other Operating Expenditure

2022/23 £000	Other Operating Expenditure	2023/24 £000
1,763	Parish Council Precepts	1,898
164	Levies (Environment Agency)	166
4,400	(Gains)/Losses on the disposal of non-current assets	3,448
6,327	**Total Other Operating Expenditure**	**5,512**

Note 13 Financing and Investment Income and Expenditure

2022/23 £000	Financing and Investment Income and Expenditure	2023/24 £000
4,376	Interest Payable and similar charges	6,607
4,540	Net interest on the net defined benefit liability	3,988
(1,540)	Interest Receivable and similar income	(2,333)
(210)	Dividends Receivable	(260)
7,923	Changes in the fair value of investment properties	840
-	Changes in Fair value of investments	466
15,089	**Total**	**9,307**

Note 14 Taxation and Non-Specific Grant Income

2022/23 £000	Taxation and Non-Specific Grant Income	2023/24 £000
(119,595)	Collection Fund Precepts, Demands and Adjustments	(127,427)
31,059	NDR Tariff	31,434
(8,416)	NDR S31 Reliefs	(8,459)
87	Covid-19 NDRS31 Funding	0
(6,665)	Non-ring-fenced Government grants	(8,786)
(16,814)	Capital grants and contributions	(33,767)
127	CIL Revenue grant	0
	Capital assets written down	7,968
(308)	Other	(13,264)
120,525	**Total**	**(126,403)**

Note 15 Grant Income

The council credited the following grants, contributions, and donations to the CIES in the year.

2022/23 £000	Credited to Taxation and Non-Specific Grant Income	2023/24 £000
87	Covid-19 NDR S31 Funding	0
8,416	NDR S31 relief	8,459
16,814	Capital Grants and Contributions	25,799
604	New Homes Bonus	573
127	CIL Revenue grant	0
5,685	Adult Social Care non-ring-fenced grant	7,213
376	Other Grants less than £500k credited to Taxation and Non-Specific Grant Income	606
32,109	**Total Credited to Taxation and Non-Specific Grant Income**	**42,649**

The total amounts credited to services are detailed below.

2022/23 £000	Credited to Services	2023/24 £000
	Government Grants	
2,653	Adult Care Support/Improved Better Care/Winter Pressures	2,573
1,440	Children in Care - Care Costs	1,753
4,523	Council Tax Rebate	0
71,865	Dedicated Schools Grant (DSG)*	76,235
0	EY Supplementary Grant - Nursery Sector	596
5,403	Homes for Ukraine	894
1,176	Household Support Grant (DWP)	1,176
	Local Enterprise Partnership (LEP)	1,318
	Mainstream Schools Additional Grant - Primary	1,002
2,544	Other Education Grants (incl GTP & School Workforce Adviser)	725
	OP Nursing	1,636
4,967	Public Health Grant	5,129
1,291	Pupil Premium	1,366
516	Rough sleepers	613
5,874	Other government grants less than £500k	7,425
102,252	**Total Government Grants**	**102,441**
252	Discretionary Benefits	0
22,970	Mandatory Rent Allowances: subsidy	23,060
23,222	**Total Housing Benefit Income**	**23,060**
	Other Grants and Contributions	
11,980	Health-Better Care	11,980
2,783	Health-Other Contributions	2,783
9,072	Contributions	9,072
463	Donations	463
3,566	Contributions from other funds/balances & reallocations	3,566

27,864	**Total Other Grants and Contributions**	**27,864**
9,034	**Total Covid Grants and Contributions**	**1,096**
162,372	**Total Credited to Services**	**154,460**

Capital Grants Receipts in Advance

The council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the donor. The balances at year end are as follows:

2022/23 £000		2023/24 £000
9,756	Developers Contributions	7,036
77	Other Contributions	0
6	Education Grants	2,213
6,340	Other Grants	0
16,179	**Total**	**9,249**

Capital Grants Unapplied

The council has received grants recognised as available for immediate use. The balances at year end are as follows:

2022/23 £000		2023/24 £000
8,692	Education Grants	3,607
11,202	Other Grants	2,695
19,894	**Total**	**6,302**

Note 16 Dedicated Schools Grant

Dedicated Schools Grant is a ring-fenced grant paid by the Education Funding Agency in support of the council's Schools Budget. The Schools Budget covers schools' delegated budget shares as well as central expenditure budgets such as those for high needs pupils in mainstream and special schools, the central co- ordinated admissions function, and central SEN support services. Local authorities, in consultation with their Schools Forum, are responsible for determining the split of the grant between central services and delegated schools budgets, and for determining individual school budget shares in accordance with the local schools' funding formula. Grant allocated to schools' delegated budgets is treated as spent as soon as it is allocated. At the end of the financial year any over or underspend on the central Schools Budget is separately identified in the notes to the accounts (see note 39) and must be carried forward to support the Schools Budget in future years. The DSG reserve reflects the Council's DSG.

Within the DSG reserve, funding has been earmarked, with approval of the Schools Forum, to provide additional support in the following areas:

- Capacity building for two-year-olds – to help build additional capacity among early years providers to deliver the extension to the free entitlement to education and childcare for two-, three- and four-year-olds.
- Support for children in care – to narrow the educational attainment gap of the borough's children in care compared with their peers.

2022/23 Total £000		Central Expenditure £000	Individual Schools Budget £000	2023/24 Total £000
141,038	Final DSG for 2022/23 before academy and high needs recoupment			150,476
(69,302)	Academy and high needs figure recouped for 2023/24			74,192
71,736	Total DSG after academy and high needs recoupment for 2022/23	**26,411**	**49,873**	**76,284**
129	In year adjustments	45	(94)	(49)
71,864	Final budget distribution for 2022/23	**26,456**	**49,779**	**76,235**
(23,281)	Less: Actual central expenditure	26,700		26,700
	Less: Actual ISB deployed to schools		49,529	49,529
	Plus: Local authority contribution for 2023/24	0	0	0
941	In Year Carry-forward to 2023/24	**(244)**	**250**	**6**
	Plus/Minus: Carry-forward to 2022/23 agreed in advance			940
	Carry-forward to 2024/25			946
(2,047)	DSG unusable reserve at the end of 2022/23			(2,047)
941	Addition to DSG unusable reserve at the end of 2023/24			0
(1,106)	**Total of DSG unusable reserve at the end of 2023/24**			**(2,047)**
(2,047)	**Net DSG position at the end of 2024/25**			**(1,101)**

Note 17 Property, Plant and Equipment

The following tables analyse movements in the carrying values of non-current assets during the year.

* *A number of assets have been reclassified as heritage assets which were previously classified as community assets. – see note 18.*

Movements in 2023/24	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total £000
Cost or Valuation						
At 1 April 2024	**337,699**	**37,015**	**9,418**	**58,647**	**7,092**	**449,872**
Additions	7,930	2,357	49	0	5,315	15,650
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(6,933)	0	0	0	0	(6,933)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition – disposals	(133)	0	0	(2,405)	0	(2,538)
Derecognition – other	(53)	(231)	0	0	0	(284)
Asset reclassifications*	169	0	(2,227)	0	(478)	(2,536)
Other movements in cost or valuation	1,074	(800)	(110)	(1)	1	163
At 31 March 2024	**339,753**	**38,341**	**7,130**	**56,242**	**11,929**	**453,394**
Depreciation						
Accumulated Depreciation and Impairment						
At 1 April 2023	**(8,793)**	**(21,684)**	**(111)**	**0**	**0**	**(30,589)**
Depreciation charge	(4,519)	(2,909)	0	0	0	(7,428)
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
Derecognition	0	149	0	0	0	149
Asset reclassifications	0	0	0	0	0	0
Other Adjustments	(1,074)	800	111	0	0	(163)
At 31 March 2024	**(14,386)**	**(23,644)**	**0**	**0**	**0**	**(38,030)**
Net Book Value						
At 31 March 2024	**325,367**	**14,697**	**7,130**	**56,242**	**11,929**	**415,364**
At 31 March 2023	328,906	15,331	9,307	58,647	7,092	419,283

Movements in 2022/23	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2022	**322,154**	**35,557**	**9,179**	**58,051**	**15,732**	**440,674**
Additions	188	1,458	316	-	9,512	**11,474**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	23,276	-	156	596	-	**24,028**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,620)	-	(233)	-	-	**(15,853)**
Impairments Recognised in Surplus/Deficit on the Provision of Services	(4,819)					**(4,819)**
Other movements	309					**309**
Derecognition – disposals	(5,941)	-	-	-	-	**(5,941)**
Asset reclassifications*	18,152				(18,152)	**0**
At 31 March 2023	**337,699**	**37,015**	**9,418**	**58,647**	**7,092**	**449,872**
Accumulated Depreciation and Impairment						
At 1 April 2022	**(4,581)**	**(18,886)**	**(129)**	**0**	**0**	**(23,597)**
Depreciation charge	(4,393)	(2,798)	-	-	-	**(7,191)**
Depreciation written out to the Revaluation Reserve	42	-	17	-	-	**59**
Depreciation written out to the Surplus/Deficit on the Provision of Services	43	-	-	-	-	**43**
Derecognition	96	-	-	-		**96**
Asset reclassifications						**0**
At 31 March 2023	**(8,793)**	**(21,684)**	**(111)**	**0**	**0**	**(30,589)**
Net Book Value						
At 31 March 2023	**328,906**	**15,331**	**9,307**	**58,647**	**7,092**	**419,283**
At 31 March 2022	**317,573**	**16,670**	**9,049**	**58,052**	**15,733**	**417,077**

* As assets are completed, they move to their appropriate asset classification.

Capital Commitments

At 31 March 2024, the council had not entered into any contracts (2022/23 £4.9m) for the construction or enhancement of Property, Plant and Equipment

Revaluations

The council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases of estimation set out in the professional standards of the Royal Institution of Chartered Surveyors' Red Book. Due to delays in the valuation exercise, no formal revaluations have been undertaken for 2023/24.

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost		14,697	7,130		11,929	33,756
Valued at fair value as at:						
31-Mar-23	38,435			56,242		94,677
31-Mar-22	184,034					184,034
31-Mar-21	76,360					76,360
31-Mar-20	21,235					21,235
31-Mar-19	5,303					5,303
Net Book Value as at 31st March 2024	**325,367**	**14,697**	**7,130**	**56,242**	**11,929**	**415,364**

Assets held for sale

2022/23 £000		2023/24 £000
4,635	**Balance at 1 April**	**0**
0	Disposals	0
(4,635)	Transfers (To)/From Property, Plant & Equipment	0
0	**Balance at 31 March**	0

Highways Infrastructure assets.

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

Where the council replaces a component of its Infrastructure Assets, it assumes that the component replaced has reached the end of its useful economic life and has a carrying amount of nil, as allowed for in The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022. The expected useful economic life of some Infrastructure Assets may be up to 40 years and information on cost and the date of recognition from the time of acquisition may not be known with certainty and there may be some assets replaced that have not reached the end of their useful economic lives.

2022/23 £000		2023/24 £000
85,557	Net Book Value at 1 April	88,559
8,004	Additions	11,629
	De-recognition	(5,235)
(5,002)	Depreciation charge	(6,252)
88,559	**Net Book Value 31 March**	**88,701**

Note 18 Heritage Assets

Heritage Assets are those assets (either tangible or intangible) with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

The Council has a number of paintings, silverware and civic regalia which had previously been reported in the balance sheet as community assets. The collection has been reclassified as heritage assets in the balance sheet at its carrying value of £2,226,585.

The Windsor & Royal Borough Museum is a registered small local history museum situated at the Guildhall in Windsor. The collection relates to the history of Windsor, and the other towns and villages across the Borough in East Berkshire. The collection is looked after by the Museum & Collections Officer, with the help of a Museum Assistant. The museum is supported by the Friends of Windsor & Royal Borough Museum, which includes a team of museum volunteers who assist with caring for and researching the collection.

The collection comprises approximately 11,000 objects including pre-historic tools, Bronze Age, Roman and Saxon artefacts, maps, textiles, books, paintings, prints and photographs, together with objects and ephemera from before Victorian times up to World War II, the 1950s and the present day.

The value of this collection has not been reported in the Balance Sheet. To undertake the work to capitalise all items could take up to a year by in-house staff and volunteers. To improve the accuracy of these valuations it would be necessary to commission an external valuer. The council cannot justify this level of outlay in financial and staff resources, which it considers is disproportionate to the benefit that users would obtain from the additional disclosure information. This approach and disclosure complies with the Code of Practice on Local Authority Accounting.

2022/23 £000		2023/24 £000
0	**Balance at 1 April**	**0**
0	Transfers (To)/From Community Assets (Note 17)	2,227
0	**Balance at 31 March**	**2,227**

Note 19 Investment Properties

2022/23 £000		2023/24 £000
89,506	**Balance at 1 April**	**81,584**
	Additions	1,065
(7,922)	Net gains/(losses) from fair value adjustments	
	Derecognition - Disposals	-
-	Impairments recognise in the Provision of services	(840)
81,584	**Impairments recognise in the Provision of services**	**81,809**

The fair value of investment property has been measured using the Investment Method of Valuation. The valuers have used a desktop valuation relying on data provided by the council. Valuations have taken account of the following factors: existing lease terms and rentals taken from the tenancy schedule and independent research into market evidence including market rentals and yields.

In estimating the fair value of the council's investment properties, the highest and best use of the properties is deemed to be their current use. The investment property portfolio was valued at 31 March 2023 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Kempton Carr Croft.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 - quoted prices.

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - unobservable inputs for the asset or liability.

Note 20 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 of Property, Plant and Equipment. The intangible assets include purchased licenses. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the council. The useful lives assigned to the major software suites used by the council is seven years.

2021/22 £000		2022/23 £000
17,657	Gross Carrying Amount	17,701
(16,770)	Accumulated Amortisation	(17,063)
887	Net Carrying Amount at Start of Year	638
45	Additions	840
0	Other movements in cost or valuation	0
(293)	Amortisation for the Period	(177)
638	**Balance at End of Year**	**1,300**

	Comprising	
17,702	Gross Carrying Amount	9,305
(17,063)	Accumulated Amortisation	(8,004)
638	**Net Carrying Amount at the End of Year**	**1,300**

Note 21 Leases

The Council as Lessee

Finance Leases

The council does not have any Finance lease as Lessee.

Operating Leases

The council has acquired land, buildings, vehicles, plant, and equipment by entering into operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

2023/24	Land and buildings £000	Vehicles, Plant & Equipment £000	Other Leases £000	Rental Charge £000
Not later than one year	166	-	42	218
Later than one year and not later than five years	578	-	34	621
Later than five years	1,178	-	2	1,179
Total	**1,922**	**-**	**96**	**2,018**

2022/23	Land and buildings	Vehicles, Plant & Equipment	Other Leases	Rental Charge
	£000	£000	£000	£000
Not later than one year	244	7	84	335
Later than one year and not later than five years	620	-	64	684
Later than five years	1,326	-	2	1,328
Total	2,190	7	150	2,347

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

2022/23		2023/24
£000		£000
1,945	Minimum lease payments	2,098
130	Contingent rents	130
2,075	**Total**	**2,227**

Council as Lessor

Finance Leases
The council does not have any Finance lease as Lessor

Operating Leases

The council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2022/23	2023/24
	£000	£000
Not later than one year	3,256	3,139
Later than one year and not later than five years	11,231	11,008
Later than five years	104,868	104,862
Total	**119,384**	**119,009**

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Note 22 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below 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.

2022/23 £000		2023/24 £000
231,975	Opening Capital Financing Requirement	**239,579**
	Opening balance adjustment	(2,551)
	Capital investment	
11,474	Property, Plant and Equipment	15,650
8,004	Infrastructure	11,629
0	Investment property	1,064
44	Intangible Assets	840
	De-recognition of incorrectly capitalised items	(5,370)
2,139	Revenue Expenditure Funded from Capital under Statute	1,345
	Sources of finance	
(459)	Capital Receipts	0
(10,578)	Government Grants and Other Contributions	(25,678)
0	Direct Revenue Contributions	(13,058)
(3,020)	Minimum Revenue Provision	*(11,584)
239,579	**Closing Capital Financing Requirement**	**211,866**
	Explanation of Movements in Year	
7,604	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(27,713)

- Includes backdated contributions

Note 23 Debtors

The table below shows the amounts owed to the council at the end of the year. The amounts owed have been analysed by type of debtor.

2022/23 £000		2023/24 £000
	Long term Debtors	
7,535	Deferred Capital receipts	6,080
7,535	**Total Long term debtors**	**6,080**
23,983	Trade receivables	30,575
2,050	Prepayments	867
21,706	Collection Fund	13,348
14,765	Other	4,340
62,504	**Total short term debtors**	**49,130**

Note 24 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2022/23 £000		2023/24 £000
9	Cash held by the Council	11
-	Bank current accounts	0
669	School bank accounts	594
41,711	Short-term deposits	7,495
(2,837)	Bank overdraft (current liability)	(1,943)
39,551	**Total Cash and Cash Equivalents**	**6,157**

The council manages its current accounts so that they are always in credit. The bank current account deficit at the yearend reflects the timing difference between the authorisation of payments and their release from the bank account.

Note 25 Creditors

The table below shows amounts owed by the council at the end of the year. The amounts due have been analysed by type of creditor.

2022/23 £000		2023/24 £000
	Long term Creditors	
(177)	Deferred capital receipts	0
(177)	**Short term Creditors**	**0**
51,014	Trade Payables	(24,839)
3,633	Receipts in advance	(2,768)
0	Collection Fund	(16,344)
28,928	Other	(5,759)
83,575	**Total Short term Creditors**	**(49,710)**

Note 26 Provisions, Contingent Liabilities and Contingent Assets

The following table shows the value of the council's liabilities that will probably result in a transfer of economic benefits.

	Balance at 1 April 2023 £000	Additional Provisions made £000	Amounts used £000	Transfers between current and non- current provisions £000	Balance at 31 March 2024 £000
Short Term					
Provision for MMI clawback liability	(223)	(51)	0	0	**(274)**
Insurance	(507)	0	36	0	**(471)**
Appeal provision for collection fund (NDR)	(5,904)	0	5,113	(1,487)	**(2,278)**
Adult Social Care Provision	(314)	0	314	0	**0**
Total Short-Term Provision	**(6,948)**	**(51)**	**5,463**	**(1,487)**	**(3,023)**
Long Term					
Appeal provision for collection fund (NDR)	(1,487)	0	0	1,487	**0**
Total Long-Term Provision	**(1,487)**	**0**	**0**	**1,487**	**0**

Provision for MMI (Municipal Mutual Insurance Ltd) clawback liability -

Municipal Mutual Insurance (MMI) was an insurance company which insured 90-95% of local authorities, including the former Berkshire County Council (BCC) and the council. Insolvency in 1992 meant it ceased to write new or renew any insurance business. In 2012 the potential liability to pay claims exceeded funds available and liability transferred to those authorities that formed the mutual. Recovery monies were collected by means of ongoing levies.

The objective of these levies is to extinguish the deficit in the MMI balance sheet so that 75% of each outstanding claim (including those claims yet to be reported to MMI) could be paid. The former members of the mutual are then required to contribute 25% of each future claim payment themselves.

The current provision was set in conjunction with the advice of the council's insurance brokers noting the approach taken by the other Berkshire unitary authorities. It is set to cover the likely maximum exposure from our total potential liabilities. These are currently council's claims of £298,680 and approximately 1/6 of the BCC claims of £4.5m.

It remains possible that the entire remaining exposure will eventually be called upon by further levies, but this won't be known for many years. No reserve strengthening has been required by MMI since the 16/17 financial year. In MMI's most recently published annual report and accounts from December 2019 relating to y/e 30/06/19 they say that no further increases to the levy are currently anticipated. The forecast assumes that the run-off will continue until the year 2059 when the final claim will be received.

Zurich Municipal (insurers) and Browne Jacobsen (solicitors) handle claims that fall to the MMI policies. This service is free of charge. Most of the claims now coming in regarding BCC and the council concern historic abuse and mesothelioma (asbestos related illness).

Appeal Provision for National Non-Domestic Rates - The provision is required to cover the loss of income that may result from appeals by NNDR payers against the 2010 and 2017 valuation lists that have been made in 2023/24 and previous years.

Contingent Liabilities

At 31 March 2024, and 31 March 2023 the council had no material contingent liabilities.

Contingent Assets

At 31 March 2024, and 31 March 2023 the council had no material contingent assets.

Note 27 External Audit

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. The costs below for both 2021/22 and 2022/23 are not final as the audit for these years have only recently been agreed.

2022/23 £'000		2023/24 £'000
-	Fees payable with regard to external audit services for 2023/24	286
260	Fees payable with regard to external audit services for 2021/22 and 2022/23	-
-	Fees payable for the certification of grant claims for 2023/24	51
29	Fees payable for additional audit services for 2021/22	21
289	**Total**	**358**

Note 28 Cash Flow Statement - Operating Activities

The cashflows from operating activities include the following items

2022/23 £000		2023/24 £000
1,540	Interest Received	2,333
(4,376)	Interest Paid	(6,607)

The cash flow adjustments to the net surplus/deficit on the provision of services include the following non-cash items.

2022/23 £000		2023/24 £000
12,193	Depreciation/Impairment charge	13,680
20,688	Revaluation of non-current assets	0
293	Amortisation of Intangible Assets	177
0	(Increase)/Decrease in Investments	35,138
10,558	Derecognition of Non-Current Assets	5,370
8,667	(Increase)/Decrease in Debtors	13,374
(3,770)	Increase/(Decrease) in Creditors	(36,997)
6,318	Increase/(Decrease) in Grants Received in Advance	(6,930)
0	(Increase)/Decrease in Inventories	0
465	Increase/(Decrease) in Provisions	(5,412)
7,922	Change in Investment property values	53
1,266	Pensions Liability	(25,905)
(446)	Other non-cash items	722
64,155	**Total non-cash movements**	**(6,731)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.

2022/23 £000		2023/24 £000
(7,175)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,362)
0	Capital Grants credited to the surplus or deficit on the provision of services	0
(7,175)	**Adjust net surplus or deficit on the provision of services for investing activities**	**(1,362)**

Note 29 Cash Flow Statement – Investing Activities

The cashflows from operating activities include the following items

2022/23 £000		2023/24 £000
(19,522)	Purchase of property, plant and equipment, investment property and intangible assets	(28,119)
(36,893)	Net Purchase of short-term and long-term investments	(1,094)
7,175	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,362
0	Other receipts from investing activities	0
(49,240)	**Net cash flows from investing activities**	**(27,851)**

Note 30 Cash Flow Statement – Financing Activities

The cashflows from operating activities include the following items

2022/23 £000		2023/24 £000
27,240	Net repayments of short and long-term borrowing	25,000
0	Net cash receipts for Covid grants for which the council is acting as agent	0
27,240	**Net cash flows from financing activities**	**25,000**

Note 31 Members' Allowances

The council paid the following amounts to members of the council during the year.

2022/23 £000		2023/24 £000
525	Allowances (Basic and Members' responsibilities)	533
0	Expenses	1
525	**Total**	**534**

Note 32 Officers' Remuneration

		Salaries, fees and allowances £	Compensation for loss of office £	Expense allowance s £	Pension Contributions £	Total £
Stephen Evans, Chief Executive	2023/24	177,080	-	-	28,552	205,632
Duncan Sharkey, Chief Executive	2022/23	87,773	-	107	13,254	101,134
Executive Director of Resources & Section 151 Officer	2023/24	70,000		349	11,620	81,969
Executive Director of Resources & Section 151 Officer	2022/23	125,530	-	253	18,955	144,738
Head of Finance and Section 151 Officer	2023/24	79,804	-	-	12,979	92,783
Head of Finance and Section 151 Officer	2022/23	3,300	-	-	500	3,800
Executive Director of Adults, Health & Housing	2023/24	143,863	-	-	23,832	167,695
Executive Director of Adults, Health & Housing	2022/23	27,862	-	-	4,207	32,069
Executive Director of Place	2023/24	132,011	-	-	21,914	153,925
Executive Director of Place	2022/23	130,355	-	-	19,684	150,039
Executive Director of People's Services	2023/24	135,200	-	-	22,443	157,643
Executive Director of People's Services	2022/23	135,920	-	-	20,524	156,444
The Director of Law & Governance and Monitoring Officer	2023/24	106,223	-	-	17,530	123,752
The Director of Law & Governance and Monitoring Officer	2022/23	108,881	-	-	15,935	124,816

Remuneration Band	2022/23 Number of Employees	2023/24 Number of Employees
£50,000 - £54,999	40	49
£55,000 - £59,999	20	33
£60,000 - £64,999	21	17
£65,000 - £69,999	13	17
£70,000 - £74,999	10	12
£75,000 - £79,999	3	9
£80,000 - £84,999	7	3
£85,000 - £89,999	5	3
£90,000 - £94,999	3	2
£95,000 - £99,999	1	2
£100,000 - £104,999	0	2
£105,000 - £109,999	3	3
£110,000 - £114,999	0	1
£115,000 - £119,999	1	1
£120,000 - £124,999	0	0

£125,000 - £129,999	1	0
£130,000 - £134,999	1	1
£135,000 - £139,999	1	2
£140,000 - £144,999	0	1
£145,000 - £149,999	0	0
£150,000 - £154,999	0	0

The numbers of exit packages with total cost per band and total cost of the compulsory and other are set out on the table below. Exit costs include payments to the Pension Fund in lieu of future years contributions (Pension strain).

Exit Package

(including special payments)	Compulsory Redundancy		Number of Other Agreed Exits		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23 '000	2023/24 '000
£0- £20,000	3	4	11	3	14	7	70	43
£20,001 - £40,000	1	-	1	1	2	1	63	21
£40,001 - £60,000	-	-	2	-	2	-	91	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	1	-	1	-	81	-
Total	4	4	15	4	19	8	305	64

Note 33 Related Parties

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 significant influence 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). Grants received from government departments are set out in the subjective analysis in Note 8 and grant receipts outstanding at 31 March 2024 are shown in Note 15.

Members of the Council
Members of the Council have direct control over the council's financial and operating policies. The total of members' allowances paid in the year is shown in Note 31. During the financial year £135m of expenditure was incurred with third parties in which members had an interest. These are listed in the Related Parties table below.

Executive Directors and Service Directors
Corporate Directors and Service Directors are required on an annual basis to make a declaration of related parties, and this has been completed for 2023/24.

Related Party Transactions with Other Public Bodies
The council has a pooled fund arrangement with Adult Social Care budgets and CCG commissioned expenditure, together with expenditure funded by the Better Care Fund, Improved Better Care Fund and the GM Health and Social Care Transformation Fund. For further detail see Note 34 Pooled budgets.

Pension Fund
The council administers the Berkshire Pension Fund on behalf of 178 active employers, including the unitary local authorities in Berkshire.

During the year, transactions with related parties excluding Governmental Departments and Public Bodies arose as follows: -

	2022/23				2023/24			
	Exp	Income	Dr	Cr	Exp	Income	Dr	Cr
	£000	£000	£000	£000	£000	£000	£000	£000
Achieving for Children Community Interest Co	53,984	1,680	8,658	5,475	72,402	1,638	10,601	8,625
Age Concern Windsor	-	-	-	-	32	-	-	-
Baby Bank Windsor	-	-	-	-	5	-	-	-
Charters School	138	33	3	-	-	-	-	-
Clewer and Dedworth Community Events	-	-	-	-	2	-	-	-
Datchet Corona Volunteers	-	-	-	-	3	-	-	-
Holyport Community Trust	6	-	-	-	-	-	-	-
Little Red Hen Day Nursery Limited	154	-	-	-	-	-	-	-
Optalis Ltd	42,654	2,005	225	2,557	61,008	1,653	752	3,818
The Prince Philip Trust Fund	10	-	-	-	-	-	-	-
RBWM Property Company	947	886	1,382	0	1,282	955	1,260	-
RBWM Twinning Committee	-	-	-	-	5	-	-	-
The Chartered Institute of Management	-	-	-	-	6	-	-	-
Windsor Allotments & Home Gardens Association	-	-	-	-	8	-	-	-
Windsor Foodshare	-	-	-	-	3	-	-	-
Windsor & Maidenhead Youth Counselling Service	123	-	-	-	-	-	-	-
West Windsor Hub	3	-	-	-	7	-	-	-
Total	**98,019**	**4,604**	**10,268**	**8,032**	**134,763**	**4,246**	**12,613**	**12,443**

The council, along with Wokingham Borough Council, are guarantors for Optalis Ltd to the Berkshire Pension Fund. The council has assessed the likelihood of any call on its guarantee and at present it does not consider that any such call will be made.

Note 34 Pooled Budgets

Better Care Fund

The Better Care Fund is a pooled budget arrangement with NHS Frimley (formerly Frimley Clinical Commissioning Group). Its purpose is to support integration of health and social care. The council is the host organisation.

2022/23	Council Hosting the Better Care Fund as Principal	2023/24
£000		£000
6,985	Funding from the Royal Borough of Windsor and Maidenhead	3,746
10,922	Funding from the Health Service	5,461
17,907	**Total Funding**	**9,207**
17,907	**Total Expenditure on Better Care Fund**	**9,207**

Note 35 Financial Instruments

Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits, and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the council and can be represented by a contractual obligation to deliver cash or financial assets, or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the council.

All of the council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders.
- short-term loans from other local authorities.
- lease payables detailed in Note 21.
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets, or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the council. The financial assets held by the council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest, and the council's business model is to collect those cash flow) comprising:
  - cash in hand,
  - bank current and deposit accounts with Lloyds Bank,
  - fixed term deposits with Debt Management Office,
  - loans to Achieving for Children and RBWM Property Company Ltd made for service purposes,
  - trade receivables for goods and services provided.
- Fair value through profit and loss comprising:
  - money market funds managed by Aberdeen Standard, Insight Investments, Legal & General and Invesco fund managers.
  - equity investments in Optalis Ltd, Achieving for Children and RBWM Property Company.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the council.

Financial Instruments - Balances

The financial liabilities disclosed in the balance sheet are:

	Long Term 2022/23 £000	Long Term 2023/24 £000	Short Term 2022/23 £000	Short Term 2023/24 £000
Bank overdraft	-	-	(2,837)	(1,943)
Loans at amortised cost	(111,265)	(86,265)	(125,217)	(118,231)
Trade payables at amortised cost	-	-	(51,014)	(24,656)
Total Financial Liabilities	**(111,265)**	**(86,265)**	**(179,068)**	**(144,830)**

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Long Term 2022/23 £000	Long Term 2023/24 £000	Short Term 2022/23 £000	Short Term 2023/24 £000
At amortised cost:				
- Loans	22,039	1,213	26,534	9,710
At fair value through profit and loss:				
- Equity Investments	-	2,188	-	-
Total Investments*	**22,039**	**3,401**	**26,534**	**9,710**
At amortised cost:				
- Cash and Cash Equivalents	-	-	42,389	8,100
Total Cash and Cash Equivalents	-	**-**	**42,389**	**8,100**
At amortised cost:				
- Trade receivables	7,535	-	23,983	30,575
Included in debtors**	**7,535**	**-**	**23,983**	**30,575**
Total Financial Assets	**29,574**	**3,401**	**92,906**	**48,385**

Financial Instruments - Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including money market funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31March 2024, using the following methods and assumptions:

- Loans borrowed by the council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31March.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low interest rate environment.

	Balance Sheet 2022/23 £000	Fair Value 2022/23 £000	Balance Sheet 2023/24 £000	Fair Value 2023/24 £000
Financial liabilities held at amortised cost:				
Long-term loans from PWLB	82,480	81,241	73,265	72,998
Long-term LOBO loans	13,000	14,783	13,000	13,091
Other long-term loans	15,000	14,073		
Total Financial Liabilities held at amortised cost	**110,480**	**110,097**	**86,265**	**86,089**

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is lower than their balance sheet carrying amount as the council's portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

	Balance Sheet 2022/23 £000	Fair Value 2022/23 £000	Balance Sheet 2023/24 £000	Fair Value 2023/24 £000
Financial assets held at fair value:				
Money market funds	20,000	20,000	7,000	7,000
Financial assets held at amortised cost	-	-		
Long-term loans to companies	1,265	1,263	1,213	1,474
Total	**21,265**	**21,263**	**8,213**	**8,474**

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Note 36 Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments - Risks

The council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

Priority is to be given to security and liquidity, rather than yield. The council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- **Credit Risk***:* The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the council.
- **Liquidity Risk***:* The possibility that the council might not have the cash available to make contracted payments on time.
- **Market Risk***:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Overview

The council is exposed to credit risk on the following categories of financial assets and commitments:

2022/23 £000	Exposure Category	2023/24 £000
59,180	Treasury Investments	7,495
25,891	Trade Receivables	30,575
9,745	Service Loans	10,918
94,816	Total Credit Risk Exposure	48,988

Credit Risk: Treasury Investments
The council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the council has received independent investment advice.

A limit of £5m is placed on the amount of money that can be invested with a single counterparty (other than the UK government).

Credit Risk: Trade Receivables
Loss allowances on trade and lease receivables and contract assets have been calculated by reference to the council's historic experience of default, with an allowance to adjust for current and forecast economic conditions.

Liquidity Risk
The council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. The maturity analysis of financial liabilities is as follows:

2022/23 £000	Time to maturity (years)	2023/24 £000
128,349	Not over 1	115,817
22,100	Over 1 but not over 2	5,500
11,300	Over 2 but not over 5	10,500
70,765	Over 5	70,465
232,514	**Total**	**202,282**

Market Risks: Interest Rate Risk

The council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

Note 37 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the council are members of the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of 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. The council is not able to identify its share of 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.

In 2023/24, the council paid £4.5m (2022/23 (£3.8m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% (2022/23 23.68%) of pensionable pay. There were no contributions remaining payable at the year-end. The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

Note 38 Defined Benefit Pension Schemes

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

Participation in pension schemes

The council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), which is administered through the Berkshire Pension Fund – this is a funded defined benefit career average salary scheme, meaning the council and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. In 2023/24 the council paid an employer's contribution total of £12.9m, which represented 16.6% of employees' pensionable pay plus a monetary amount of £4.4m into the Pension Fund. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations and the current rate was determined by the latest valuation undertaken up to 31 March 2022
- discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. In 2023/24 the cost of the added years benefit awarded in the past amounted to £0. 3m.

The pension scheme is operated under the framework of the Local Government Pension Scheme and policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (e.g., large-scale withdrawals), changes to inflation, bond yields and the performance of the equity investments held by the scheme. However, these are mitigated to a certain extent by the statutory provisions as set out in the following narrative.

Statutory provisions require that General Fund balances are charged with the amount payable by the council to the pension fund 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 Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Recognition and Measurement

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is 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 future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (broadly equivalent to the yield available on high quality corporate bonds with duration, consistent with the term of the liabilities).
- The fair value of the assets of the pension fund attributable to the council are included in the Balance Sheet at their fair value:
    - Market quoted investments – current bid price on the final day of the accounting period
    - Fixed interest securities – net market value based on their current yields
    - Unquoted investments – professional estimate

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

- **Service Cost** - comprising:
  - Current year service cost – the increase in the liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increases in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Net interest on the net defined liability – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements - comprising:

- The return on plan assets – excluding amounts including in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- **Contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Transactions relating to Post-Employment Benefits

The council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the sums specified on the actuary certificate published as part of the valuation as at 1 April 2019, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund and HRA balances via the Movement in Reserves Statement during the year.

	Local Government Pension Scheme	
2022/23		**2023/24**
£'000	**Comprehensive Income and Expenditure Statement**	**£'000**
	Cost of Services	
(8,725)	Current Service Costs	(6,072)
(4,540)	Net Interest Expense	(3,988)
(279)	Administration Expenses	(297)
	Financing and Investment Income and Expenditure	
(13,544)	**Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**(10,357)**
	Other Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	
	Re-measurement of the net defined benefit liability comprising:	
(7,686)	Return on Fund Assets in excess of interest	11,525
-	Other actuarial gains / (losses) on assets	
215,413	Change in Financial Assumptions	6,754
-	Change in Demographic Assumptions	5,808
(48,017)	Experience (loss) / gain on defined benefit obligation	(1,192)
159,710	**Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**22,895**
146,166	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**12,538**

Pension 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 plan is as follows:

2022/23 £000		2023/24 £000
(390,290)	Present Value of the Defined Benefit Obligation	(413,246)
278,277	Fair Value of Plan Assets	326,482
(112,013)	**Deficit**	**(86,764)**
(2,868)	Present value of unfunded obligation	(2,606)
(114,881)	**Net defined benefit liability**	**(89,370)**

The liabilities show the underlying commitments that the council has in the long term to pay post-employment (retirement) benefits. The total net liability of £294.335m has a substantial 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 Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

2022/23 £000		2023/24 £000
284,876	**Opening Balance at 1 April**	**278,277**
10,851	Interest Income on Plan Assets	16,044
(7,686)	Return on Plan Assets, excluding the amount included in the net interest expense	11,525
-	Other actuarial gains	-
(279)	Administration Expenses	(297)
12,278	Contributions from Employer (including unfunded)	12,973
2,107	Contributions from Scheme Participants	2,317
(3)	Settlement prices received/(paid)	(18,227)
(23,867)	Benefits Paid	23,870
278,277	**Closing Balance at 31 March**	**326,482**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

2022/23 £000		2023/24 £000
558,201	**Opening Balance at 1 April**	**393,158**
9,487	Current Service Cost	4,991
15,391	Interest cost	20,031
(215,413)	Change in financial assumptions	(6,818)
-	Change in demographic assumptions	(5,804)
48,017	Experience loss/(gain) on defined benefit obligation	1,191
(863)	Liabilities assumed/(extinguished) on settlements	24,406
(23,519)	Estimated Benefits Paid	(17,850)
98	Past Service Cost including curtailments	287
2,107	Contributions by Scheme Participants	2,215
(348)	Unfunded Pension payments	(349)
393,158	**Closing Balance at 31 March**	**415,458**

The significant assumptions used by the actuary have been:

2022/23			2023/24
	Mortality assumptions:		
	Longevity at 65 retiring today (years):		
21.1	-	Men	20.8
23.9	-	Women	23.6
	Longevity at 65 retiring in 20 years (years):		
22.3	-	Men	22.0
25.3	-	Women	25.0
3.95%	Rate of increase in salaries		3.90%
2.95%	Rate of increase in pensions		2.90%
4.80%	Rate of discounting of scheme liabilities		4.90%

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis shown in the table below has been determined based on reasonably possible changes on the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumption in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this in unlikely to occur and changes in some of the assumption may be interrelated. The methods and types of assumptions used in preparing the following sensitivity analysis did not change from those used in the previous period.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows.

	Approximate increase to Gross Obligation £000	Approximate increase to Gross Obligation %	Approximate increase to Net Liability %
0.1% decrease in Discount Rate	6,668	1.60%	7.46%
1 year increase in member life expectancy	622	0.15%	0.70%
0.1% Increase in the Salary Increase Rate	6,557	1.58%	7.34%
0.1% increase in the Pension Increase Rate	17,257	4.15%	19.31%

Local Government Pension Scheme Assets Comprised:

31 March 2023 £000	31 March 2023 %	Asset Breakdown	31 March 2024 £000	31 March 2024 %
140,062	140,06	Equities	189,601	57%
34,487	34,487	Other Bonds	38,805	12%
38,368	38,368	Property	42,116	13%
35,178	35,178	Cash	31,087	9%
40,444	40,444	Target Return Portfolio	42,187	13%
4,208	4,208	Infrastructure	5,145	1%
(14,470)	(14,470	Longevity Insurance	(15,145)	-5%
278,277	100.0	Total	333,796	100%

Impact on the Council's Cash Flows

The contributions paid by the council are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2022). The objectives of the scheme include the desirability of maintaining as nearly a constant a primary rate as possible. Recovery of the deficit related to the council is targeted for elimination after a recovery period length of no more than 21 years.

Note 39 Trusts and Other Entities

The council holds balances on behalf of a number of Trusts and other entities that are administered by the council. The details of these are published below for information and do not form part of the Financial Statements.

	2022/23 closing balance Restated £,000	Receipts in year £,000	Payments in year £,000	2023/24 closing balance £,000
Local Enterprise Partnership (LEP)	14,073	1,800	6,322	9,551
Flexible Home Improvements Ltd (FHIL)	2,707	221	105	2,823
Kidwells Park Trust	425	35	5	454
RBWM Flood Relief Fund	197	0	0	197
Mayor's Benevolent Fund	22	0	9	14
Working Boys Club	626	43	58	611
Thames Valley Athletic Centre	77	0	0	77
Other Trust Funds	1	0	1	0
Trusts & Other Entities Total	**18,128**	**2,099**	**6,500**	**13,727**

Local Enterprise Partnership (LEP)

The LEP was incorporated in December 2011 and pulls together key players across Thames Valley and Berkshire representing education, employment and skills, SME and corporate enterprises, Local Authorities, and the community sector. The figures above represent the grants received by the council from central government, and payments made by the council to third parties, following instruction from the LEP.

Flexible Home Improvements Ltd (FHIL)

This company was incorporated in March 2008 for the purpose of making loans to homeowners thus improving private sector housing. The company is initially funded by a grant from the Regional Housing Board and transfers amounts for subsequent loan to local authorities in Berkshire, Buckinghamshire, Oxfordshire, and Surrey.

Kidwells Park Trust

This Trust was established by J.M.Pearce who donated the land on which Kidwells Park and some surrounding buildings now stand. The funds in the Trust resulted from the sale of the College of Art in Marlow Road, Maidenhead to Berkshire County Council.

Royal Borough of Windsor and Maidenhead Flood Relief Fund

Following approval from the Charity Commissioners, this Fund is the combination of funds established in 1949 to provide essential relief measures in time of flood.

Mayor's Benevolent Fund

This Fund was established in February 1975 for general charitable purposes for the benefit of residents or persons working within the council.

Working Boys Club

This Trust received £613,000 on sale of 22 Cookham Rd, Maidenhead in 2008/09 and this has been invested in a fund to protect its value and ensure a revenue stream to finance the activities of the charity. The objectives of the charity are to provide facilities for youth in the borough with a preference for clubs and associations.

Thames Valley Athletics Centre

A sinking fund, created for the purpose of maintaining the athletics track and buildings, is invested on behalf of the TVAC Joint Committee.

Other Trust Funds

There are six small trust funds, each with a balance of less than £500 at 31st March. These trust funds are the Sunningdale Gravel Allotment Trust, Sunninghill Fuel Allotment Trust, John Lewis Trust Fund, D.E. Cooke, E Pasco, and the Tester Award Drama Trusts. The last four are school trust funds.

SUPPLEMENTARY ACCOUNTING STATEMENTS

Collection Fund 2023/24

Collection Fund Accounts

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the billing authority.

2022/23 £'000	COUNCIL TAX	2023/24 £'000
	INCOME	
105,517	Council Tax receivable	111,485
58	Council tax benefit from General Fund	57
105,575	**Total Income**	**111,552**
	EXPENDITURE	
	Apportionment of Previous Year (Deficit)/Surplus	
	Central Government	
783	Royal Borough of Windsor and Maidenhead	1,580
46	Berkshire Fire and Rescue Authority	95
154	Thames Valley Police & Crime Commissioner	314
983		**1,989**
	Precepts and Demands	
	Central Government	
(84,256)	Royal Borough of Windsor and Maidenhead	(89,120)
(5,157)	Berkshire Fire and Rescue Authority(	(5,546)
(16,826)	Thames Valley Police & Crime Commissioner	(18,004)
(106,239)		**(112,670)**
	Charges to Collection Fund	
(65)	Less write offs of uncollectable amounts	-
99	Less: Increase in Bad Debt Provision	(169)
-	Less: Disregarded amounts	-
34		**(169)**
(105,222)	**Total Expenditure**	**(110,850)**
353	**Surplus/(Deficit) arising during the year**	**702**
(1,921)	**(Deficit) Brought Forward**	(1,568)
(1,568)	**(Deficit) Carried Forward**	**(866)**

Council Tax Income

Council Tax is a charge levied on the notional value of properties as at 1st April 1991. The VOA (Valuation Office Agency) allocates one of eight Council Tax Bands (A-H) to each property within the Borough according to its value. Band A is the lowest band and Band H is the highest.

The Council sets a benchmark charge for a Band D property and, for tax base purposes, all properties in the other bands are expressed in terms of a Band D equivalent. For example, a Band A property is 6/9ths of a Band D, while a Band H property is 18/9ths.

Council Tax support is awarded to residents on low incomes and a 25% single person's discount is given where a property has only one occupant. There are various other discounts, reliefs and exemptions that are available depending on individual circumstances to reduce the payable amount. For 2023/24 the sum of £35.60 (2022/23 £34.57) per Band D property is included to cover Special Expenses of the unparished areas of the Borough. These are the costs associated with providing parish-type services in the non-parished areas of the Borough. A precept in accordance with revised regulations was also included to cover additional Adult Social Care costs and resulted in an additional charge of £62.38 at band D for 2023/24.

Number of Properties

Band	Property Value	Base	Ratio	Band D Equivalent	New build and collection provision	TAX BASE
A	Up to £40,000	1,086.67	6/9	1,038.23	48.44	1,086.67
B	£40,001 to £52,000	2,097.85	7/9	1,988.72	109.13	2,097.85
C	£52,001 to £68,000	7,727.42	8/9	7,150.77	576.65	7,727.42
D	£68,001 to £88,000	14,314.97	9/9	14,157.76	157.21	14,314.97
E	£88,001 to £120,000	14,858.70	11/9	14,842.91	15.79	14,858.70
F	£120,001 to £160,000	11,102.91	13/9	11,094.30	8.61	11,102.91
G	£160,001 to £320,000	15,341.05	15/9	15,269.73	71.32	15,341.05
H	more than £320,000	3,720.63	18/9	3,714.66	5.97	3,720.63
	Total	**70,250.2**		**69,257.08**	**993.12**	**70,250.20**

The council tax debt position is reviewed regularly and a provision of £1.68m to cover potentially bad or doubtful debts has been made. The council's share of this provision is £1,3m.

Precepts and Demands on the Funds

2022/23 £'000		2023/24 £'000
84,256	Royal Borough of Windsor and Maidenhead	**(89,120)**
16,826	Thames Valley Police & Crime Commissioner	(5,546)
5,157	Berkshire Fire and Rescue Authority	(18,004)
106,239	**Total Precepts and Demands**	**(112,670)**

National Non-Domestic Rates Income

2022/23 £'000	NATIONAL NON-DOMESTIC RATES	2023/24 £'000
	INCOME	
74,534	NDR receivable	67,574
(308)	Transitional Protection Payments	4,903
74,226	Total Income	72,477
	EXPENDITURE	
	Apportionment of Previous Year Deficit	
(26,923)	Central Government	6,917
(26,384)	Royal Borough of Windsor and Maidenhead	6,778
(538)	Berkshire Fire and Rescue Authority	138
(53,845)	**Total Expenditure**	**13,833**
	Precepts and Demands	
39,994	Central Government	(39,295)
39,194	Royal Borough of Windsor and Maidenhead	(38,509)
800	Berkshire Fire and Rescue Authority	(786)
79,988	**Total Precepts and Demands**	**(78,590)**
	Charges to Collection Fund	
-	Less write offs of uncollectable amounts	
(820)	Less: Increase/(Decrease) in Bad Debt Provision	(2,866)
480	Less: Increase/(Decrease) in Provision for Appeals	10,435
230	Less: Cost of Collection	(225)
18	Less: Renewable energy scheme	(24)
-	Less: Disregarded amounts	2
(92)	**Total charges**	**7,322**
26,051	**Total Expenditure**	**(57,435)**
48,175	**(Deficit) / Surplus arising during the year**	**15,042**
(62,086)	**(Deficit) Brought Forward**	(13,911)
(13,911)	**(Deficit) Carried Forward**	**1,131**

National Non-Domestic rates (NDR), also known as business rates, help fund local services provided by councils, the police and fire and rescue services. NDR is calculated by multiplying a property's rateable value (a valuation carried out by the VOA representing the annual rental value of the premises on a particular date) with a multiplier (a rate in the pound set by Central Government) 51.2p in 2023/24 (51.2p in 2022/23). For the council, small business non-domestic multiplier was applicable, and this was set at 49.9p for 2023/24. (49.9p in 2022/23) The total rateable value of business premises in the Borough's area at 31st March 2024 was £205.57m (2022/23 205.52) producing a notional yield of £102.58m (2022/23 £104,45m).

The business rate bad debt position is reviewed regularly and at 31/03/2024 a provision of £6.3m was held (31/03/2023 £4.3m) to cover potentially bad or doubtful debts has been made. Of the total bad debt provision, the council's share of the provision is £3.1m.

In addition to the provision on collectables, a provision on appeals has been provided a potential liability to repay ratepayers as a result of reductions in Rateable Values (RV), following successful appeals or alterations to lists. A provision of £4.6m was maintained as at 31/03/2024 (31/03/2023 £15.1m). Of the total provision as at 31st March 2023, the council's share was £2.3m.

2023/24 £'000		2023/24 £'000
39,194	Royal Borough of Windsor and Maidenhead	(39,295)
39,994	Central Government	(38,509)
800	Berkshire Fire and Rescue Authority	(786)
79,988	**Total Precepts and Demands**	**(78,590)**

GROUP FINANCIAL STATEMENTS 2023/24

Group Accounts

Narrative to the Group Accounts

This section of the Statement of Accounts details the Group financial statements for the council. These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the aim of the Group Accounts is to provide the reader with an overall view of the material economic activities that the council controls.

The council is required to prepare group accounts where it has any interests in subsidiaries, associates, and joint ventures, subject to consideration of materiality and using uniform Accounting Policies. Each year assessments are made of the council's relationship with its partners and where an external body is assessed as having a group relationship (in accounting terms), group accounts are prepared.

Accounting Policies

Generally, the accounting policies for the group accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the group accounts:

Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the council and all its material subsidiaries, associates, and joint arrangements. In its preparation of these Group Accounts, the council has considered its relationship with entities that fall into the following categories:

- **Subsidiaries** – where the council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- **Joint Arrangements** (Joint Operations and Joint Ventures) – where the council exercises joint control with one or more organisations. Where these are material, they are included in the group.
- **Associates** – where the council is an investor and has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee (stopping short of control or joint control). It is presumed that holding 20% of the voting power of an investee (either directly or indirectly) brings significant influence but this presumption can be rebutted.
- **No group relationship** – where the body is not an entity in its own right or the council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the council has determined its Group relationships as follows:

Company name	Relationship	Accounting treatment
RBWM Property Company Limited	Subsidiary	Not material
Achieving for Children Community Interest Company	Joint Venture	Material
Optalis Limited	Joint Operation	Material
Flexible Home Improvement Loans Ltd	Joint Venture	Not material

The grounds for exclusion from consolidation of certain entities are not material to the true and fair view of the financial statements or to the understanding of the users.

Basis of Consolidation – Group Accounts

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the council have been included in the council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the council and its exposure to risk through interests in other entities and participation in their activities.

Achieving for Children Community Interest Company (AfC)

AfC was established on 5 February 2014 and became operational on 1 April 2014. It is a Community Interest Company limited by Guarantee that is jointly owned by the London Borough of Richmond (40%), the Royal Borough of Kingston (40%) and the council (20%). The Boroughs have commissioned AfC to provide Children's and Educational Services. AfC has offered an opportunity to pool facilities, staff talents and to share assets. The main benefits are greater capacity in safeguarding and looking after the most vulnerable children as well as providing the highest quality services to support schools. The council has assessed AfC as a Joint Venture.

AfC’s Accounts have been prepared in accordance with International Financial Reporting Standards. All three Boroughs provide a revolving credit facility (short term cash flow loan) to AfC at market rates, under the terms of the legal agreement signed by all three parties.

This loan is shown in the council’s Accounts as a short-term debtor, with a fair value equal to its carrying value due to the loan requiring repayment at no more than six monthly intervals. The accounting policies of AfC are not materially different to those of the council and as the notes to the Group Accounts are also not materially different from those of the council, no additional notes have been disclosed.

AfC is a member of the Berkshire Pension Fund which offers a defined benefit scheme to the employees of AfC.

Optalis Ltd

Optalis Ltd is a Joint Venture with Wokingham Borough Council. The company was established in June 2011 and became operational during 2011/12. During the 2021/22, the council increased its share of the joint venture from 45% to 50% and Wokingham’s share reduced from 55% to 50%. The council accounts for the arrangement as a Joint Operation.

Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis, Note 9 to the entity accounts and the Group Movement in Reserves Statement.

		2022/23				2023/24
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
80,683	(40,476)	40,207	Adults, Health & Housing	88,033	(39,095)	48,938
324	(13)	311	Chief Executive	2,667	(4,890)	(2,222)
125,217	(97,140)	28,077	Children's Services	135,690	(104,039)	31,651
70	(296)	(226)	Contingency & Corporate	7,702	(0)	7,702
14,027	(7,922)	6,105	Governance, Law & Strategy	13,461	(5,271)	8,191
49,423	(21,368)	28,054	Place	55,121	(24,497)	30,625
50,510	(46,498)	4,012	Resources	36,251	(27,101)	9,150
20,319	0	20,319	Revaluation movement on assets	0	0	0
340,573	(213,713)	126,860	**Total Cost of Services**	338,926	(204,892)	134,034
		6,327	Other Operating Expenditure			5,512
		15,089	Financing and Investment Income and Expenditure			9,307
		(120,525)	Taxation and Non-specific Grant Income			(126,404)
		27,751	**Deficit on Provision of Services**			**22,450**
		2,438	Joint Ventures accounted for on an equity basis			(479)
		30,189	**Group Deficit**			**21,971**
			Other Comprehensive Income and Expenditure			
		(24,087)	/Deficit / (Surplus) on revaluation of Property, Plant and Equipment			6,933
		(159,710)	Remeasurement of the net defined benefit liability/(asset)			(29,829)
		(16,976)	Share of Other Comprehensive Income/Expenditure of Joint Ventures			1,363
		(200,773)	**Total Other Comprehensive Expenditure/(Income)**			**(21,533)**
		(170,585)	**Total Comprehensive Expenditure/(Income)**			**438**

Group Movement in Reserves Statement

The Group Movement in Reserves Statements shows the movement in the year on the different reserves held, analysed into 'usable reserves' (that is, those that can be applied to fund expenditure or reduce local taxation) and other reserves.

2023/24	Total General Fund Reserves £000	Schools Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000	Council's share of Joint Venture Reserves	Total Group Reserves
Restated Balance as at 1 April 2023	**(23,497)**	**(2,894)**	**(7,224)**	**(19,895)**	**(53,510)**	**(237,313)**	**(290,823)**	**(66)**	**(290,889)**
Movement in Reserves during 2023/24									
Total Comprehensive Income and Expenditure	22,450	-	-	-	22,450	**(22,960)**	**(510)**	(479)	**(989)**
Adjustments between accounting basis and funding basis under regulations	25,820	347	(2,817)	13,593	36,943	**(33,592)**	**3,351**	1,363	**4,714**
Net Increase/Decrease before transfer to School Revenue Balances	**48,270**	**347**	**(2,817)**	**13,593**	**59,393**	**(56,552)**	**(2,841)**	**884**	**3,725**
Balance at 31 March 2024	**24,773**	**(2,547)**	**(10,041)**	**(6,302)**	**5,883**	**(293,865)**	**(287,982)**	**818**	**(287,164)**

2022/23	Total General Fund Reserves £000	Schools Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000	Council's share of Joint Venture Reserves £000	Total Group Reserves £000
Balance at 31 March 2022	**(47,374)**	**(3,003)**	**(3,436)**	**(13,673)**	**(67,486)**	**(67,291)**	**(134,777)**	**9,629**	**(125,148)**
Movement in Reserves during 2022/23									
Total Comprehensive Income and Expenditure	27,751	-	-	-	**27,751**	(183,797)	**(156,046)**	(14,539)	**(170,585)**
Adjustments between accounting basis and funding basis under regulations	(3,875)	109	(3,789)	(6,222)	**(13,777)**	13,777	**-**	-	**-**
Net Increase/ Decrease for year	**23,876**	**109**	**(3,789)**	**(6,222)**	**13,974**	**(170,020)**	**(156,046)**	**(14,539)**	**(170,585)**
Balance at 31 March 2023	**(23,498)**	**(2,894)**	**(7,225)**	**(19,895)**	**(53,512)**	**(237,311)**	**(290,823)**	**(4,910)**	**(295,733)**

Group Balance Sheet

The Group Balance Sheet shows the value of the assets and liabilities recognised by the Group as at the Balance Sheet date.

31 March 2023 £000		31 March 2024 £000
419,283	Property, Plant & Equipment	415,364
88,559	Highways infrastructure assets	88,701
0	Heritage Assets	2,227
81,584	Investment Property	81,809
638	Intangible Assets	1,300
21,917	Long Term Investments	3,278
7,535	Long Term Debtors	6,080
57	Council's Share of Joint Venture Assets	0
619,573	Long Term Assets	**598,759**
26,534	Short Term Investments	9,710
0	Assets Held for Sale	0
62,504	Short Term Debtors	49,130
42,389	Cash and Cash Equivalents	8,100
131,427	**Current Assets**	**66,941**
(2,837)	Bank Overdraft	(1,943)
(123,680)	Short Term Borrowings	(138,281)
(83,574)	Short Term Creditors	(49,710)
(8,435)	Short Term Provisions	(3,023)
(218,526)	**Current Liabilities**	**(192,957)**
(177)	Long Term Creditors	0
0	Long Term Provisions	0
(110,480)	Long Term Borrowing	(86,265)
(114,881)	Pension Liabilities	(89,370)
(16,179)	Grant Receipts in Advance	(9,249)
4,975	Council's Share of Joint Venture Liabilities	1,172
(236,742)	**Long Term Liabilities**	**(183,712)**
295,732	**Net Assets**	**289,031**
(53,511)	Usable Reserves	5,883
(237,313)	Unusable Reserves	(293,865)
(4,909)	Council's Share of Joint Venture Reserves	(1,049)
(295,733)	**Total Reserves**	**(289,031)**

Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period.

2022/23 000		2023/24 000
(25,403)	Net Surplus/(Deficit) on the provision of services	(22,929)
(2,348)	Adjust Joint Ventures accounted for on an equity basis	479
(27,751)	**Net (deficit) on the provision of services**	**(22,450)**
64,155	Adjustments to net Surplus/Deficit on the provision of services for non-cash movements	(6,731)
(7,175)	Adjustments for items included in the net Surplus/(Deficit) on the provision of services that are investing and financing activities	(1,362)
29,229	**Net cash flows from Operating Activities**	**(30,543)**
(49,240)	Investing Activities	(27,851)
27,239	Financing Activities	25,000
7,228	**Net increase/(decrease) in cash and cash equivalents**	**(33,394)**
32,323	Cash and cash equivalents at the beginning of the reporting period	39,551
39,551	**Cash and cash equivalents at the end of the reporting period**	**6,157**

The Royal County of Berkshire Pension Fund Financial Statements 2023/24

Contents

Pension Fund Accounts as at 31 March 2024

2022/23 £'000	Narrative	Notes	2023/24 £'000
	Dealings with members, employers and others directly involved in the Fund		
(174,447)	Contributions	7	(195,426)
(23,344)	Transfers in from other pension funds	8	(24,845)
(197,791)			**(220,271)**
123,864	Benefits	9	138,191
32,617	Payments to and on account of leavers	10	21,818
156,481			**160,009**
(41,310)	**Net additions from dealings with members**		**(60,262)**
33,177	Management expenses	11	35,887
(8,133)	**Net (additions)/withdrawals including fund management expenses**		**(24,375)**
	Returns on investments		
(41,507)	Investment income	12	(46,496)
(2)	Taxes on income	13	465
(41,046)	Profits and losses on disposal of investments and changes in the market value of investments	14	(205,822)
(82,555)	**Net return on investments**		**(251,853)**
(90,912)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(276,228)**
(2,665,699)	**Opening net assets of the scheme**		(2,756,611)
(2,756,611)	**Closing net assets of the scheme**		**(3,032,839)**

Net Assets Statement at 31 March 2024

2022/23 £'000	Narrative	Notes	2023/24 £'000
2,888,160	Investment assets	14	3,171,489
(143,420)	Investment liabilities	14	(152,439)
2,744,740	**Total net investments**		**3,019,050**
19,124	Current assets	21	18,082
19,124			**18,082**
(7,253)	Current liabilities	22	(4,293)
(7,253)			**(4,085)**
2,756,611	**Net assets of the fund available to fund benefits at the end of the reporting period**		**3,032,839**

The Fund's financial statements do not take account of liabilities to pay pensions and others benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Notes to the Royal County of Berkshire Pension Fund Accounts for the year ended 31 March 2024

Note 1) Description of Fund

The Royal County of Berkshire Pension Fund (the 'fund') is part of the Local Government Pension Scheme and is administered by the Royal Borough of Windsor and Maidenhead.

Note 1) a) General

The fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended).
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by the Royal Borough of Windsor and Maidenhead to provide pensions and other benefits for pensionable employees of the 6 unitary local authorities in the geographical region of Berkshire, and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The fund is overseen by the Pension Fund Committee.

Note 1) b) Membership

Membership of the LGPS is voluntary. Employees are automatically enrolled into the Fund and are free to choose whether to remain in the fund, opt-out of the fund, or make their own personal arrangements outside the fund.

Organisations participating in the Royal County of Berkshire Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.

- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

The Royal County of Berkshire Pension Fund	31 March 2023	31 March 2024
Number of employers with active members	**186**	**178**
Number of employees in scheme		
Administering authority	1,467	1,511
Unitary authorities	14,161	13,862
Other employers	10,687	11,269
Total	**26,315**	**26,642**
Number of pensioners		
Administering authority	2,268	2,314
Unitary authorities	12,175	12,586
Other employers	7,873	8,035
Total	**22,316**	**22,935**
Deferred pensioners		
Administering authority	3,424	3,411
Unitary authorities	17,313	17,499
Other employers	8,057	8,294
Total	**28,794**	**29,204**
Total number of members in pension scheme	**77,425**	**78,781**

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2022. During 2023/24, employer contribution rates ranged from 10.8% to 32.4% of pensionable pay.

Note 1) c) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below.

Benefits	Service pre 1 April 2008	Service post 1 April 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each£1 of pension given up.

From 1 April 2014, the fund became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is up-rated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the fund including early retirement, disability pensions and death benefits. For more details, please refer to the Royal County of Berkshire Pension Fund website - see www.berkshirepensions.org.uk.

Note 2) Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ('the code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2023/24 that are anticipated to have a material impact on the Fund's financial performance or financial position.

CIPFA has deferred the implementation of IFRS 16 (Leases) until 1 April 2024 (and therefore in the 2024/25 Code). The implementation of IFRS 16 is not expected to have a material impact on the Pension Fund because it does not hold assets as a lessee.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

Note 3) Summary of significant accounting policies

Note 3) a) Fund account - revenue recognition

i. Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis. Employee's contribution rates are set in accordance with LGPS regulations. Employer's contributions are set at the percentage rate recommended by the Fund actuary.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the rates and adjustments certificate set by the fund actuary.

Additional employers' contributions in respect of ill-health and early retirements are accounted for in the period in which they are due. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

ii. Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see note 3m) to purchase fund benefits are accounted for on a receipts basis and are included in Transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

iii. Investment income

1. Interest income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition.

2. Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

3. Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

4. Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Note 3) b) Fund Account - expense items

i. Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be payable during the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

ii. Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

iii. Management expenses

The Fund discloses its pension Fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses (2016)*. All items of expenditure are charged to the Fund on an accruals basis as follows:

1. Administrative expenses

All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

2. Oversight and governance costs.

All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

3. Investment management expenses

Fees of the external investment manager and custodian are agreed in the respective mandates governing their appointments. Most are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change, but there are a number of fixed price contracts with annual inflation related increases.

Note 3) c) Net Assets Statement

i. Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respects of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14a. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 16). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG/Investment Association, 2016).

ii. Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

iii. Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Longevity swaps are valued on a fair value basis based on the expected future cash flows arising under the swap, discounted using market interest rates and taking into account the risk premium inherent in the contract.

iv. Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

v. Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year.

vi. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the fund actuary in accordance with the requirements of International Accounting Standards (IAS19) and relevant actuarial standards.

As permitted under the code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 20).

vii. Additional voluntary contributions

The Royal County of Berkshire Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.
AVCs are not included in the accounts in accordance with section 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

viii. Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

Note 4) Critical judgements in applying accounting policies

In applying the Fund’s accounting policies, which are described in note 3, the Fund is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no critical judgements made, apart from those involving estimations (which are presented separately below).

Note 5) Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the financial statements and notes at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Market value of investments	The Fund's investments are revalued on a monthly basis. Investments are valued using quoted prices unactive markets, or by reference to markets which are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. Level 3 investments will have significant unobservable inputs.	For every 1% increase in the value of level 2 and level 3 investments the value of the Fund will increase by £30.19 million with a 1% decrease in value having the opposite effect.
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied. Further information on the carrying amounts of the Fund's defined benefit obligation and the setting of the assumptions are provided in notes 19 and 20.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £59.92 million. A 0.1% increase in pension increases and deferred revaluation assumption would increase the value of liabilities by approximately £59.43 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £132.38 million.
Longevity insurance policy	The longevity insurance policy is valued by a firm of consulting actuaries. This valuation is the difference between the discounted cash flows relating to the amounts expected to be reimbursed to the fund and the inflation linked premiums expected to be paid by the fund. The carrying amount as at 31 March 2024 is (£152.44 million). This valuation depends on a number of complex judgements including the discount and mortality rates.	Changes in the discount rate and mortality rate assumptions would result in a material change to the carrying value in a similar way to the value of the pension fund liability disclosed above.
Private equity investments	Private equity investments are valued at fair value in accordance with the International Private Equity and Venture Capital Board guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The valuations of private equity investments are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Changes to the inputs could result in a material change to the carrying value. Further information on the carrying amounts of the private equity and the estimated sensitivity are shown in note 16.

Note 6) Events after the reporting date

The investment figures in the accounts and notes have been adjusted in all material respects to reflect the impact of any information received after 31 March 2024 which reflect the conditions as at 31 March 2024. During the preparation of the statement of accounts, the fund manager's valuation as at 31 March 2024 were received and they showed material difference in aggregate. The accounts have been amended to reflect the difference reported in the table below.

Asset Class	Estimated value 31 March 2024 £m	Manager's value 31 March 2024 £m	Difference £m
Global Equities	1,728.64	1,728.66	0.02
Private Equity	357.77	360.08	2.31
Credit	352.17	358.57	6.40
Fixed Income	44.90	44.90	0.00
Infrastructure	380.20	377.75	(2.45)
Real Estate	277.13	274.69	(2.44)
Diversifying Strategies	0.45	0.45	0.00
Other Investment Assets	2.87	2.87	(0.00)
Cash	1.49	1.49	(0.00)
Liquidity Funds	22.04	22.04	(0.00)
Longevity contract	(143.42)	(152.44)	(9.02)
Total	**3,024.24**	**3,019.06**	**(5.18)**

The Pension Fund has considered impact of the Virgin Media court case which also applies to the Local Government Pension Scheme (LGPS) but at present there remains insufficient information to assess the potential impact. The Government Actuary's Department (GAD) is currently reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board are liaising with GAD on whether the relevant actuarial certificates were available for past scheme changes.

Note 7) Contributions receivable by category

2022/23 £'000	Contributions	2023/24 £'000
34,006	Members' contributions	36,455
	Employers' contributions	
79,168	Normal contributions	94,760
60,470	Deficit recovery contributions	62,676
803	Augmentation contributions	1,535
140,441	**Total employer's contributions**	**158,971**
174,447		**195,426**

By type of employer

2022/23 £'000	Employer	2023/24 £'000
13,553	Administering authority	15,037
146,519	Scheduled bodies	159,365
5,909	Admitted bodies	12,465
8,466	Transferee admission body	8,559
174,447		**195,426**

Note 8) Transfers in from other pension funds

2022/23 £'000	Transfers	2023/24 £'000
16,423	Individual transfers from other pension funds	24,545
6,170	Group transfers from other pension funds	0
751	AVC to purchase scheme benefits	300
23,344		**24,845**

Note 9) Benefits payable by category

2022/23 £'000	Benefits Payable by Category	2023/24 £'000
103,934	Pensions	116,080
17,404	Commutation and lump sum retirement benefits	19,488
2,302	Lump sum death benefits	2,623
123,640		**138,191**

By type of employer

2022/23 £'000	Benefits by Employer	2023/24 £'000
12,795	Administering authority	13,437
98,398	Scheduled bodies	110,738
8,490	Admitted bodies	9,669
3,957	Transferee admission body	4,347
123,640		**138,191**

Note 10) Payments to and on account to leavers

2022/23 £'000	Payment to and on Account of Leavers	2023/24 £'000
951	Refunds to members leaving service	707
11,107	Group transfers to other pension funds	0
20,559	Individual transfers to other pension funds	21,111
32,617		**21,818**

Note 11) Management expenses

2022/23 £'000	Management Expenses	2023/24 £'000
2,155	Administrative costs	2,518
30,961	Investment management expenses	33,325
61	Oversight and governance costs	44
33,177		**35,887**

a) Investment management expenses

2023/24	Management fees £'000	Performance fees £'000	Transaction costs £'000	Total £'000
LPPI Pooled Investments	18,140	3,540	890	22,570
Directly held Investments	10,050	320	160	10,530
Other	196	0	0	196
	28,386	**3,860**	**1,050**	**33,296**

Custody fees	29
	33,325

2022/23	**Management fees**	**Performance fees**	**Transaction costs**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
LPPI Pooled Investments	18,677	541	1,849	21,067
Directly held Investments	8,869	514	59	9,442
Other	186	0	0	186
	27,732	**1,055**	**1,908**	**30,695**
Custody fees				266
Total				**30,961**

Note 12) Investment income

2022/23	**Investment Income**	**2023/24**
£'000		**£'000**
13,742	Income from Global Equities	21,203
1,311	Income from Fixed Income (bonds)	832
16,359	Income from Private Market funds	13,425
7,067	Income from Pooled property investments	9,437
1,991	Pooled investments - unit trusts & other managed funds	0
1,037	Interest on Cash deposits	1,599
41,507	**Total before taxes**	**46,496**

Note 13) Other fund account disclosures

a) Taxes on income

2022/23	**Taxes on Income**	**2023/24**
£'000		**£'000**
(127)	Global Equities	(73)
125	Real Estate	92
0	Private Market funds	446
(2)		**465**

Amounts in bracket represents income.

b) External audit costs

2022/23	**External Audit Costs**	**2023/24**
£'000		**£'000**
327	Payable in respect of external audit	320
327		**320**

The scale fee for the 2023/24 external audit is £88,227 and is included in administrative costs at note 11, and additional fees for the audit relating to 2023/24 are £51,845. The total fee for the 2023/24 external audit is £140,072. These additional fees are subject to Public Sector Audit Appointments (PSAA) approval.

Other fees payable to external auditor is in relation to audit of the Fund for 2021-22 to 2022-23.

Note 14) Investments

Market value 31 March 2023 £'000	Investments	Market value 31 March 2024 £'000
	Investment assets	
1,331,805	Global Equities	1,728,660
393,555	Private Equity	360,075
343,250	Credit	358,570
61,967	Fixed Interest (Bonds)	44,901
386,410	Infrastructure	377,754
337,931	Real Estate	274,688
0	Liquidity funds	22,038
1,477	Diversifying Strategies	450
1,712	Other Investment assets	889
29,875	Cash	1,488
178	Amounts receivable for sales	1,976
2,888,160	**Total investment assets**	**3,171,489**
	Investment liabilities	
	Derivative contracts:	
(143,420)	- Longevity Insurance Policy	(152,439)
(143,420)	**Total investment liabilities**	**(152,439)**
2,744,740	**Net investment assets**	**3,019,050**

Note 14) Investments (continued)

a) Reconciliation of movements in investments and derivatives

2023-2024	Market value 1 April 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market during the year	Market value 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Global Equities	**1,331,805**	200,300	(29,648)	226,203	**1,728,660**
Private Equity	**393,555**	44,283	(66,431)	(11,332)	**360,075**
Credit	**343,250**	393	(15,197)	30,124	**358,570**
Fixed Interest (Bonds)	**61,967**	35,733	(53,091)	292	**44,901**
Infrastructure	**386,410**	12,783	(9,143)	(12,296)	**377,754**
Real Estate	**337,931**	26,354	(71,432)	(18,165)	**274,688**
Liquidity funds	**0**	299,893	(277,851)	(4)	**22,038**
Diversifying Strategies	**1,477**	0	(990)	(37)	**450**
	2,856,395	**619,739**	**(523,783)**	**214,785**	**3,167,136**
Derivative contracts:					
- Longevity insurance policy	**(143,420)**	9,403	0	(18,422)	**(152,439)**
	2,712,975	**629,142**	**(523,783)**	**196,363**	**3,014,697**
Other investment balances:					
- Cash	**29,875**			9,459	**1,488**
- Other Investment assets	**1,712**				**889**
Amounts receivable for sales	**178**				**1,976**
Net investment assets	**2,744,740**			**205,822**	**3,019,050**

2022-2023	Market value 1 April 2022	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market during the year	Market value 31 March 2023
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Global Equities	**1,266,375**	50,219	(11,570)	26,781	**1,331,805**
Private Equity	**399,453**	54,380	(70,833)	10,555	**393,555**
Credit	**352,800**	466	(9,429)	(587)	**343,250**
Fixed Interest (Bonds)	**79,113**	1,782	(14,901)	(4,027)	**61,967**
Infrastructure	**337,483**	79,171	(9,815)	(20,429)	**386,410**
Real Estate	**321,096**	26,898	(30,341)	20,278	**337,931**
Liquidity funds	**7,831**	109,850	(117,680)	(1)	**0**
Diversifying Strategies	**9,384**	24,112	(32,804)	785	**1,477**
	2,773,535	**346,878**	**(297,373)**	**33,355**	**2,856,395**
Derivative contracts:					
- Longevity insurance policy	**(138,414)**	8,360	0	(13,366)	**(143,420)**
	2,635,121	**355,238**	**(297,373)**	**19,989**	**2,712,975**
Other investment balances:					
- Cash	**10,869**			21,057	**29,875**
- Other Investment assets	**802**				**1,712**
Amounts payable for purchases	**0**				**0**
Amounts receivable for sales	**6,935**				**178**
Net investment assets	**2,653,727**			**41,046**	**2,744,740**

Purchases and sales of derivatives are recognised in note 14a above as follows:

Longevity insurance policy - the net payments or receipts under the contract are reported in the above reconciliation table.

b) Investment analysed by fund manager.

The following investments represent more than +/- 5% of the net assets of the fund

Investment	Market value 31-Mar-23 £'000	% of total fund	Market value 31 March 2024 £'000	% of total fund
Longevity Insurance Policy	(143,420)	-5.2	(152,439)	-5.0
LPPI Infrastructure	271,149	9.8	267,825	8.8
LPPI Global Equities Fund	1,331,805	48.3	1,728,660	57.0
LPPI Credit Investments LP	301,513	10.9	329,142	10.9
LPPI Real Estates ACS	196,898	7.1	123,994	4.1

Note 14) Investments (continued)
c) Investments analysed by Fund Manager (continued)

Market value at 31 March 2023 £'000	Market value 31 March 2023 %	Investments by Fund Manager	Fund Type	Market value at 31 March2024 £'000	Market value 31 March 2024 %
		Investment managed within LPPI asset pools			
301,513	11.0	LPPI Credit	Credit	**329,142**	**10.9**
196,897	7.2	LPPI Real Estates	Real Estate	**123,994**	**4.1**
1,331,805	48.5	LPPI Global Equities	Global Equity	**1,728,660**	**57.3**
61,967	2.3	LPPI Fixed Income	Fixed Income	**44,901**	**1.5**
271,149	9.9	LPPI Infrastructure	Infrastructure	**267,825**	**8.9**
150,530	5.5	LPPI Private Equity	Private Equity	**186,507**	**6.2**
Market value at 31 March 2023 £'000	**Market value 31 March 2023 %**	**Investments by Manager**	**Fund Type**	**Market value at 31 March2024 £'000**	**Market value 31 March 2024 %**
2,313,861	**84.4**			**2,681,029**	**88.9**
		Investments managed outside asset pool:			
40,498	1.5	Gresham House Asset Management Limited	Private Equity	**3,936**	**0.1**
4,853	0.2	Technology Enhanced Oil Limited	Private Equity	**790**	**0.0**
2,240	0.1	Cheyne Capital Management LLP	Credit	**2,181**	**0.1**
1,090	0.0	Select Market	Diversifying Strategies	**331**	**0.0**
387	0.0	Securis Investment Partners LLP	Diversifying Strategies	**119**	**0.0**
96	0.0	SPL Guernsey ICC Ltd	Private Equity	**0**	**0.0**
0	0.0	Northern Trust	Liquidity funds	**22,038**	**0.7**
60,613	2.2	LaSalle Investment Management (Jersey) Limited	Real Estate	**51,692**	**1.7**
8,934	0.3	Milltrust International LLP	Real Estate	**0**	**0.0**
21,759	0.8	Future Planet Capital	Real Estate	**20,663**	**0.7**
49,728	1.8	Gresham House Asset Management Limited	Real Estate	**70,092**	**2.3**
0	0.0	KFIM	Real Estate	**8,246**	**0.3**
6,733	0.2	Athyrium Capital Management LP	Credit	**6,329**	**0.2**
4,284	0.2	Derwent Shared Equity LLP	Credit	**0**	**0.0**
9,398	0.3	Dorchester Capital Advisors, LLC	Credit	**8,460**	**0.3**
1,950	0.1	Grosvenor Capital Management L.P.	Credit	**1,656**	**0.1**
1,060	0.0	Neuberger Berman	Credit	**598**	**0.0**
1,853	0.1	Partners Group	Credit	**844**	**0.0**
2,474	0.1	Rutland Partners LLP	Credit	**0**	**0.0**
11,745	0.4	WP Global Partners	Credit	**4,466**	**0.1**
0	0.0	SPL Guernsey ICC Ltd	Credit	**36**	**0.0**
0	0.0	Windermere IM Holdings LLP	Credit	**4,858**	**0.2**
29,544	1.1	Adams Street Partners	Private Equity	**25,122**	**0.8**
2,620	0.1	CORE alpha Private Equity Partners Partnership Fund IV, L.P.	Private Equity	**2,605**	**0.1**
5,971	0.2	Coral Reef Capital	Private Equity	**1,055**	**0.0**
49,744	1.8	Future Planet Capital	Private Equity	**48,228**	**1.6**
14,990	0.5	Macquarie Group	Private Equity	**17,692**	**0.6**
629	0.0	Henderson Equity Partners	Private Equity	**34**	**0.0**

6,370	0.2	ICG PLC	Private Equity	**3,363**	**0.1**
6,571	0.2	Kuramo Capital	Private Equity	**3,837**	**0.1**
6,880	0.3	Longwall Venture Partners LLP	Private Equity	**6,901**	**0.2**
0	0.0	Neuberger Berman	Private Equity	**0**	**0.0**
0	0.0	Milltrust International LLP	Private Equity	**0**	**0.0**
701	0.0	Organox	Private Equity	**700**	**0.0**
221	0.0	Orthoson	Private Equity	**221**	**0.0**
1,964	0.1	Longwall Ventures	Private Equity	**1,964**	**0.1**
462	0.0	Oxsonics Ltd	Private Equity	**462**	**0.0**
3,177	0.1	Pantheon Ventures	Private Equity	**2,755**	**0.1**
3,292	0.1	Partners Group	Private Equity	**1,688**	**0.1**
10,900	0.4	Sarona Asset Management Inc	Private Equity	**7,511**	**0.2**
4,096	0.2	South East Growth Fund	Private Equity	**4,921**	**0.2**
1,114	0.0	Stafford CP	Private Equity	**517**	**0.0**
866	0.0	BMO Global Asset Management	Private Equity	**711**	**0.0**
Market value at 31 March 2023 £'000	**Market value 31 March 2023 %**	**Investment by Manager**	**Fund Type**	**Market value at 31 March2024 £'000**	**Market value 31 March 2024 %**
47,466	1.7	WP Global Partners	Private Equity	**38,554**	**1.3**
1,350	0.1	African Infrastructure Investment Managers Pty Ltd	Infrastructure	**791**	**0.0**
20,690	0.8	Climate Fund Managers	Infrastructure	**20,841**	**0.7**
82,691	3.0	Gresham House Asset Management Limited	Infrastructure	**77,220**	**2.6**
1,276	0.1	Macquarie Group	Infrastructure	**876**	**0.0**
584	0.0	Macquarie Infrastructure Partners Inc.	Infrastructure	**598**	**0.0**
8,670	0.3	The Rohayton Group (TRG)	Infrastructure	**9,603**	**0.3**
542,534	**19.6**			**486,105**	**16.0**
		Other			
(143,420)	-5.2	Longevity Insurance Policy		**(152,439)**	**-5.0**
29,875	1.1	Cash with investment managers		**1,488**	**0.0**
178	0.0	Amount receivable for sales		**1,976**	**0.1**
1,712	0.1	Other Investment assets		**889**	**0.0**
(111,655)	**-4.0**			**(148,084)**	**-4.9**
2,744,740	**100.0**	**Total**		**3,019,050**	**100.0**

In June 2018, the Fund transferred the management of majority of its investment assets to Local Pensions Partnership (LPP) Investments as part of the government's LGPS pooling initiative. The above organisations are registered in the United Kingdom.

Note 15 a) Analysis of derivatives

Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the fund and the various investment managers.

Longevity Insurance Policy

In December 2009, the fund entered into an insurance contract with ReAssure Ltd to cover a closed group of pensioner members. The fund pays ReAssure a pre-determined fixed annual premium and ReAssure reimburses the fund for pensions paid to the insured members. The contract is valued by an external firm of actuaries by considering what adjustment to the discount rate assumption (based on the Merrill Lynch LIBOR swap curve) would be required if the contract had a zero value at the date of inception. A similar adjustment is then made to the discount rate assumption at the accounting date to calculate the updated value of the contract.

Note 16) Fair value - Basis of valuation

The basis of the valuation of each class of investment asset is set below. There has been no change in the valuation techniques during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required
Exchange traded pooled investments	Level 1	Closing bid values on published exchanges	Not required
Pooled investments - unit trusts	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis
Unquoted bonds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis
Pooled investments - property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and venture Capital Guidelines (December 2022)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

The sensitivity analysis excludes longevity insurance contract. Changes in the discount rate and mortality rate assumptions would result in a material change to the carrying value.

Asset class	Assessed valuation range (+/-)	Value at 31 March 2024	Value on increase	Value on decrease
		£'000	**£'000**	**£'000**
Private Equity	26.1%	358,749	452,382	265,116
Infrastructure	12.9%	377,754	426,484	329,024
Real Estate	16.2%	274,688	319,187	230,189
Credit	8.2%	358,570	387,973	329,167
Total		**1,369,761**	**1,586,026**	**1,153,496**

Asset Class	Assessed valuation range (+/-)	Value at 31 March 2023	Value on increase	Value on decrease
		£'000	£'000	£'000
Private Equity	25.45%	356,892	447,721	266,063
Infrastructure	12.57%	386,410	434,982	337,838
Real Estate	16.93%	337,931	395,143	280,719
Credit	10.06%	343,250	377,781	308,719
Total		**1,424,483**	**1,655,627**	**1,193,339**

a) Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and quoted index linked securities.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Note 16) Fair value – Basis of Valuation (continued)

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2024	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£'000	£'000	£'000	£'000
Financial assets at fair value through profit and loss	23,365	1,774,011	1,369,761	3,167,136
Financial liabilities at fair value through profit and loss			(152,439)	(152,439)
Cash deposits	1,488			1,488
Other Investment assets	889			889
Amounts receivable for sales	1,976			1,976
Net investment assets	**27,718**	**1,774,011**	**1,217,322**	**3,019,050**

Values at 31 March 2023	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss	36,663	1,395,249	1,424,483	2,856,395
Financial liabilities at fair value through profit and loss			(143,420)	(143,420)
Cash deposits	29,875			29,875
Other Investment assets	1,712			1,712
Amounts receivable for sales	178			178
Net investment assets	**68,428**	**1,395,249**	**1,281,063**	**2,744,740**

b) Reconciliation of fair value measurements within level 3

Asset Class	Market value 31 March 2023 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised gains/ (losses) £'000	Market value 31 March 2024 £'000
Credit	343,250	393	(15,197)	528	29,596	358,570
Infrastructure	386,410	12,783	(9,143)	(2)	(12,294)	377,754
Private Equity	356,892	44,283	(14,808)	1,069	(28,687)	358,749
Real Estate	337,931	26,354	(71,432)	344	(18,509)	274,688
Longevity insurance policy	(143,420)	9,403	0	0	(18,422)	(152,439)
	1,281,063	**93,216**	**(110,580)**	**1,939**	**(48,316)**	**1,217,322**

Asset Class	Market value 31 March 2022 £'000	Purchases during the year £'000	Sales during the year £'000	Unrealised gains/ (losses) £'000	Realised gains/ (losses) £'000	Market value 31 March 2023 £'000
Credit	352,800	466	(9,429)	2,070	(2,657)	343,250
Infrastructure	337,483	79,171	(9,815)	1,447	(21,876)	386,410
Private Equity	351,950	54,380	(70,833)	40,083	(18,688)	356,892
Real Estate	321,096	26,898	(30,341)	(4,144)	24,422	337,931
Longevity insurance policy	(138,414)	8,360	0	0	(13,366)	(143,420)
	1,224,915	**169,275**	**(120,418)**	**39,456**	**(32,165)**	**1,281,063**

Note 17) Financial Instruments

a) Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.

Fair value through profit and loss	Assets at amortised cost 31 March 2023	Liabilities at amortised cost	Category	Fair value through profit and loss	Assets at amortised cost 31 March 2024	Liabilities at amortised cost
£'000	£'000	£'000		£'000	£'000	£'000
			Financial assets			
1,331,805			Global Equities	1,728,660		
393,555			Private Equity	360,075		
343,250			Credit	358,570		
61,967			Fixed Income	44,901		
386,410			Infrastructure	377,754		
337,931			Real Estate	274,688		
0			Liquidity funds	22,038		
1,477			Diversifying Strategies	450		
29,875	8,836		Cash	1,488	2,546	
	1,890		Other investment balances		2,865	
	771		Debtors		3,460	
2,886,270	**11,497**	**0**		**3,168,624**	**8,871**	**0**
			Financial liabilities			
(143,420)			Derivative contracts	(152,439)		
		(6,037)	Creditors			(1,858)
(143,420)	**-**	**(6,037)**		**(152,439)**	**-**	**(1,858)**
2,742,850	**11,497**	**(6,037)**		**3,016,185**	**8,871**	**(1,858)**

b) Net gains and losses on financial instruments

31 March 2023	Category	31 March 2024
£'000		£'000
	Financial Assets	
79,456	Fair value through profit and loss	256,619
	Amortised cost	9,459
79,456		**266,078**
	Financial Liabilities	
(38,410)	Fair value through profit and loss	(60,256)
(38,410)		(60,256)
41,046	**Total**	**205,822**

The Authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 18) Nature and extent of risks arising from financial instruments
Risk and Risk Assessment

The Fund’s primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund’s forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The fund manages these risks in two ways:
- The exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels.
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund mitigates this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Other price risk - sensitivity analysis

Following analysis of historical data and expected investment return by the Fund's investment advisors during the financial year the Fund has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period:

Note 18) Nature and extent of risks arising from financial instruments (continued)

Risk and risk management (continued)

Asset type	Potential market movements (+/-)
Global Equity	16.4%
Fixed Income	3.6%
Credit	8.2%
Diversifying Strategies	6.3%
Real Estate	16.2%
Private Equity	26.1%
Infrastructure	12.9%

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (with prior year comparator):

Asset type	Value as at 31 March 2024	Potential market movement	Value on increase	Value on decrease
Investment portfolio assets:	**£'000**	**£'000**	**£'000**	**£'000**
Global Equities	1,728,660	283,500	2,012,160	1,445,160
Fixed Income	44,901	1,616	46,517	43,285
Credit	358,570	29,403	387,973	329,167
Diversifying strategies	450	28	478	422
Real Estate	274,688	44,499	319,187	230,189
Private Equity	360,075	93,980	454,055	266,095
Infrastructure	377,754	48,730	426,484	329,024
Liquidity Funds	22,038	-	22,038	22,038
Net derivative liabilities	(152,439)	-	(152,439)	(152,439)
Cash deposits	1,488	-	1,488	1,488
Other Investment assets	889	-	889	889
Amount receivable from sales	1,976	-	1,976	1,976
Current assets:				
Debtors	15,536	-	15,536	15,536
Cash balances	2,546	-	2,546	2,546
Current liabilities	(4,085)	-	(4,085)	(4,085)
Total	**3,033,047**		**3,534,803**	**2,531,291**
Asset type	**Value as at 31 March 2023**	**Potential market movement**	**Value on increase**	**Value on decrease**
Investment portfolio assets:	**£'000**	**£'000**	**£'000**	**£'000**
Global Equities	1,331,805	253,176	1,584,981	1,078,629
Fixed Income	61,967	2,256	64,223	59,711
Credit	343,250	34,531	377,781	308,719
Diversifying strategies	1,477	107	1,584	1,370
Real Estate	337,931	57,212	395,143	280,719
Private Equity	393,555	100,160	493,715	293,395
Infrastructure	386,410	48,572	434,982	337,838
Net derivative liabilities	(143,420)	-	(143,420)	(143,420)

Cash deposits	29,875	-	29,875	29,875
Other Investment assets	1,712	-	1,712	1,712
Amount receivable from sales	178	-	178	178
Current assets:				
Debtors	10,288	-	10,288	10,288
Cash balances	8,836	-	8,836	8,836
Current liabilities	(7,253)	-	(7,253)	(7,253)
Total	**2,756,611**		**3,252,625**	**2,260,597**

Interest rate risk

The fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the council and its investment advisors in accordance with the fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100-basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than 100 basis points (1%) from one year to the next and experience suggests that such movements are likely.

1 BPS is the movement of 0.01% between two percentages, for example from 0.50% to 0.51%. Therefore, 100 BPS is the movement of 1.00% between two percentages, for example from 0.50% to 1.50%.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a ± 100 BPS change in interest rates:

Asset exposed to interest rate risk	Value as at 31 March 2024	Movement	Change in year in the net assets available to pay benefits
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Investments - Liquidity funds	22,038	0	0
Investments - Cash deposits	1,488	0	0
Current assets - Cash balances	2,546	0	0
Total change in assets available	**26,072**	**0**	**0**

Asset exposed to interest rate risk	Value as at 31 March 2023	Movement	Change in year in the net assets available to pay benefits
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Investments - Liquidity funds	0	0	0
Investments - Cash deposits	29,875	0	0
Current assets - Cash balances	8,836	0	0
Total change in assets available	**38,711**	**0**	**0**

Note 18) Nature and extent of risks arising from financial instruments (continued)

Interest rate risk – sensitivity analysis (continued)

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2024	Movement	Effect on income values
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash balances / cash and cash equivalents	1,936	1,955	1,917
Fixed Income	901	901	901
Total change in income receivable	**2,837**	**2,856**	**2,818**

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2023	Movement	Effect on income values
		+ 100 BPS	- 100 BPS
	£'000	£'000	£'000
Cash balances / cash and cash equivalents	1,037	1,047	1,027
Fixed Income	1,311	1,311	1,311
Total change in income receivable	**2,348**	**2,358**	**2,338**

The analysis assumes that all variables, in particular exchange rates, remain constant, and shows the effect in the year on net assets available to pay benefits of a +/- 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed bonds but will reduce their fair value and vice-versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect the interest income received on those balances.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund GBP. The fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk - sensitivity analysis

Following analysis of historical data by the Fund's investment advisors during the financial year the fund has determined that the following likely volatility associated with foreign exchange rate movements are reasonably possible for 2023/24.

The table below shows the value of assets held by the Fund in foreign currencies and the likely volatility associated with foreign exchange rate movements (as measured by one standard deviation).
This analysis assumes that all other variables, in particular foreign exchange rates and interest rates, remain constant.

Denominated currency	Value as at 31 March 2024	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	10,047	7.0%	10,750	9,344
EUR	16,896	4.5%	17,656	16,136
NZD	9,540	7.0%	10,208	8,872
USD	291,158	7.3%	312,413	269,903

Total	**327,641**		**351,027**	**304,255**

Denominated currency	Value as at 31 March 2023	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	16,713	10.2%	18,414	15,011
EUR	10,388	8.4%	11,260	9,515
NZD	13,980	10.2%	15,403	12,557
USD	298,128	12.9%	336,676	259,580
Total	**339,209**		**381,753**	**296,663**

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the funds' credit criteria. The Fund has also set limits as to the maximum deposit placed with any one class of financial institution. In addition, the Fund invests an agreed amount of its funds in the money markets to provide diversification.

The Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £26.07m (31 March 2023: £38.71m). This was held with the following institutions:

Cash Holdings	Rating	Balances as at 31 March 2023	Balances as at 31 March 2024
		£'000	£'000
Money Market funds			
Northern Trust	AA-	0	**22,038**
Bank deposit accounts			
JP Morgan		29,875	**0**
Northern Trust	AA-	0	**1,488**
Bank current accounts			
Lloyds	A	8,836	**2,546**
Total		**38,711**	**26,072**

c) Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those which will take longer than three months to convert to cash. As at 31 March 2024 the value of illiquid assets was £1,040.62m, which represented 34.31% of the total fund net assets (31 March 2023: £1,128.69m which represented 40.9% of the total fund net assets).

Refinancing risk

The key risk is that the fund will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Longevity risk

This is the risk of higher than expected life expectancy trends amongst the Fund's pensioners. A longevity swap has been entered into with ReAssure to protect the Fund against costs associated with potential increases in life expectancy of the Fund's pensioners. This arrangement covers all pensions in payment as at the end of July 2009.

Note 19) Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- to ensure that employer contribution rates are as stable as possible.
- to minimise the long-term cost of the fund by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it is reasonable to do so.
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 18 years from the valuation date and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

At the 2022 actuarial valuation, the Fund was assessed as 86% funded (78% at the March 2019 valuation). This corresponded to a deficit of £446m (2019 valuation: £597m) at that time.

At the 2022 actuarial valuation the average required employer contribution to restore the funding position to 100% over the next 18 years was 23.4% of pensionable pay.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial assumptions

Discount Rate	5.1% per annum for both unitary authorities and other employers
Pension and Deferred Pension Increases	2.9% per annum
Short term pay increases	not applicable
Long term pay increases	3.9% per annum

Mortality Assumptions

Current mortality	110% (Male) / 105% (Female) of the S3PA tables
Mortality Projection	2021 CMI Model with a long-term rate of improvement of 1.25% p.a

Commutation assumption

It is assumed that members at retirement will commute pension to provide a lump sum of 50% of the maximum allowed under HMRC rules and this will be at a rate of £12 lump sum of £1 of pension.

Note 20) Actuarial Present Value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2024 was £3,681m of which £3,650m relates to vested obligation and £31m, non-vested obligation (31 March 2023: £3,582m). The net assets available to pay benefits as at 31 March 2024 was £3,033m (31 March 2023: £2,757m). The implied Fund deficit as at 31 March 2024 was therefore £648m (31 March 2023: £825m).

As noted above, the liabilities above are calculated on an IAS19/ IAS 26 basis and therefore differ from the results of the 2022 triennial funding valuation (see Note 19) because IAS19 stipulates a discount rate rather than a rate which reflects market rates.

IAS19 assumptions used

Inflation/pension increase rate assumption	2.90%
Salary increase rate	3.90%
Discount rate	4.90%

Guaranteed Minimum Pension (GMP) Equalisation

In valuing the present value of promised retirement benefits the Fund's actuary has assumed that for GMP the Fund will pay limited increases for members that have reached statutory pension age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the Fund actuary has assumed that the Fund will be required to pay the entire inflationary increase. Therefore, the Fund actuary does not believe that any adjustments are needed to the value placed on the liabilities as a result of the High Court's recent ruling on the equalisation of GMP.

Note 21) Current Assets

31 March 2023 £'000	Current Assets	31 March 2024 £'000
2,572	Contributions due - employees	2,686
6,945	Contributions due - employers	9,390
771	Sundry debtors	3,460
10,288	**Debtors**	**15,536**
8,836	Cash balances	2,546
19,124		**18,082**

Analysis of Debtors

31 March 2023 £'000	Analysis of Debtors	31 March 2024 £'000
6,705	Other local authorities	11,542
3,583	Other entities & individuals	3,994

10,288	**15,536**

Note 22) Current Liabilities

31 March 2023 £'000	Current Liabilities	31 March 2024 £'000
(6,092)	Sundry creditors	(3,320)
(1,161)	Benefits payable	(973)
(7,253)		**(4,293)**

Analysis of Creditors

31 March 2023 £'000	Analysis of Creditors	31 March 2024 £'000
(1,216)	Central government bodies	(1,543)
(3,733)	Other local authorities	(45)
(2,304)	Other entities & individuals	(2,705)
(7,253)		**(4,293)**

Note 23) Additional Voluntary Contributions

Market value 31 March 2023 £'000	Additional Voluntary Contributions	Market value 31 March 2024 £'000
15,748	Prudential	17,277
7	Equitable Life	7
18	Clerical Medical	18
15,773	**Total**	**17,302**

AVC Contributions of £2.422m were paid directly to Prudential during the year (2022/23: £1.79m).

Note 24) Related Party Transactions

The Royal Borough of Windsor and Maidenhead

The Royal County of Berkshire Pension Fund is administered by The Royal Borough of Windsor and Maidenhead. During the reporting period, The Royal Borough of Windsor and Maidenhead incurred costs of £1.127m (2022/23: £2.155m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the 6th largest employer in the pension fund (by contributions paid) and contributed £15.04m (2022/23: £13.6m).

Governance

No members of the pension fund panel are in receipt of pension benefits from The Royal County of Berkshire Pension Fund. Each member of the pension fund committee is required to declare their interests at each meeting.

Key Management Personnel

The disclosures required by Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of The Royal Borough of Windsor and Maidenhead.

The key management personnel of the Fund are the Members of the Pension Fund Committee, the Director of Resources, the Head of Finance and the Head of Pension Fund. Their remuneration is set out below:

2022/23 £'000	Key management personnel	2023/24 £'000
79	Short-term benefits	102
50	Post-employment benefits	36

129	138

Note 25) Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) at 31 March 2024 totalled £280.052m (31 March 2023: £360.049m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts "called" by these funds are irregular in both size and timing. There are no contingent liabilities to report.

Note 26) Contingent Assets

Several admitted body employers in the Royal County of Berkshire Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These funds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default. It is not to disclose the financial effect of the contingent assets.

Independent Auditor's Report

The auditor's report will be added on closure of the audit

Glossary of Terms

For the purposes of the Statement of Accounts, the following definitions have been adopted:-

Accounting Policies

Define the process whereby transactions and other events are reflected in the financial statements.

Accruals

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

Actuarial Gains and Losses

The change in actuarial deficits or surpluses arising from actual gains/ losses since the last valuation or changes in actuarial assumptions.

Capital Charge

A charge to service revenue accounts to reflect the cost of Property, plant & equipment used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing asset.

Community Assets

Assets that the council intends to hold in perpetuity, that have no specific life span, and that may have restrictions on their disposal. Examples of such assets include parks and historic buildings.

Classes of Tangible Assets

Operational Assets:

Council Dwellings, Other land and building, Vehicles, plant, furniture and equipment

Infrastructure Assets; Community Assets

Non Operational Assets:

Investment property, Assets under construction and Surplus assets for disposal

Contingent Asset or Liability

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within our control.

Creditors

Amounts owed by the council at the balance sheet date for goods received or work done.

Defined Benefit Scheme

A pension scheme having a statutory duty to ensure pensionable benefits, due to the employee are maintained through changes in the employer's contributions, as determined through periodic valuation.

Debt

This refers to the amount of long-term debt borrowed by the council or for which the council has responsibility to repay, and which was used to finance the acquisition of Property, plant & equipment. It is similar to a mortgage on a private person's home.

Debtor

Amounts due to the council but unpaid at the balance sheet date.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time, or of obsolescence through technological or other changes.

Events after the Balance Sheet date

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the responsible officer signs the Statement of Accounts.

Fair value

The fair value of an asset is the price at which it could be exchanged in an "arm’s length" transaction less, where applicable, any income receivable towards the purchase or use of that asset.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Impairment

A reduction in the value of a fixed asset arising from changes in market value, obsolescence or change in business.

Infrastructure Assets

Property, plant & equipment that are inalienable or immovable, expenditure on which is recoverable only by the continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Interest Costs (Pensions)

Expected changes during the period in the present value of the schemes liabilities because the benefits are one year nearer their settlement.

Investments

A long-term investment is an investment that is intended to be held on a continuing use basis in the activities of the council Investments, other than those in relation to pensions fund, that do not meet the above criteria are classed as current assets

Investment Properties

Interest in land and / or buildings: in respect of which construction work and development have been completed; and which is held for its investment potential, rather than its use in the provision of the council's service to the public, any rental income being negotiated at arm’s length.

Liquid Resources

Current assets and investments that are readily disposable without disrupting the council's day to day business.

Minimum Revenue Provision

The minimum amount of the council's external debt that must be repaid in accordance which Government regulations. Minimum Revenue Provision (MRP) is the charge to revenue made in respect of paying off the principal sum of the borrowing undertaken to finance the capital programme. MRP is aimed at ensuring that the council does not have time expired/fully depreciated assets, but still has associated outstanding debt

Net Debt

The amount of long-term borrowing less cash and liquid resources such as cash.

Net Book Value

The amount at which Property, plant & equipment are included in the balance sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

Net Current Realisable Costs

The cost of replacing an asset, or its nearest equivalent, that reflects its current condition.

Net Realisable Value

The open market value of an asset in its existing use less expenses incurred in realising the asset

Non-Operational Assets

Property, plant & equipment held by the council but not directly occupied, used or consumed in the delivery of its services. Examples of non-operational assets include investment properties and those assets which are surplus to requirements, and which are being held pending sale or redevelopment.

Operational Assets

Property, plant & equipment held and occupied, used or consumed by the council in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs

Changes in the present value of the schemes' liabilities related to employee service in prior periods arising from the introduction of, or improvement in, retirement benefits in the current period.

Precepts

The amount that the council is required to collect from council tax payers to fund another, non-tax collecting authority's expenditure. Precepts are issued by Parish Councils and the local fire and police authorities.

Prior Period Adjustments

Those material adjustments which apply to previous years, which have arisen from changes in accounting policies or from the correction of fundamental errors. Such errors would destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Prudence

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

Related Parties

Parties are related when one party has direct or indirect control or influence over the financial and/ or operational activities of the other. Examples include government departments, local authorities, members and chief officers.

Related Party Transaction

A related party transaction is the transfer of asset or liability or performance of service by, to or for a related party.

Remuneration

Sums (including expenses allowances and non-cash benefits subject to UK income tax) paid to or receivable by employees. They exclude employee and employer pensions contributions.

Reserves

Reserves are maintained by transferring money to and from the Income and Expenditure Account. There are generally two types of Reserve:

1. General Reserves which create a cushion against unexpected events or emergencies or to even out the effect of variations in cash flow (i.e. to avoid temporary borrowing)

2. Earmarked Reserves created to meet known or predicted liabilities (e.g. Capital Reserves, Insurance Reserves and schools balances).

Residual Value

The net realisable value of an asset at the end of its useful life.

Retirement Benefits

All forms of benefits given by an employer in exchange for services rendered by employees that are payable at the completion of employment. Such benefits exclude an employer's decision to terminate employment before normal retirement and an employee accepting early retirement as these are not given in exchange for services rendered.

Revenue Expenditure funded from Capital under Statute

Expenditure that may be funded from capital resources, but which does not result in an asset on the Balance Sheet. Qualifying items would be grants or expenditure on property not owned by the council. The expenditure is charged to the Income and Expenditure Account and shown as a reconciling item in the Statement of Movement on the General Fund Balance.

Inventories

These comprise the following :-

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

Tangible Property, plant & equipment

Tangible assets that yield benefits to the council and the services it provides for a period of time in excess of one year.

Total Cost

The total cost of a service or activity includes all costs related to the provision of that service or activity.

Useful Life

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

ANNUAL GOVERNANCE STATEMENT & ACTION PLAN 2023/24

Executive Summary

1. The Council is required to report publicly about how it has complied with its governance arrangements, including how they have operated over the course of the last year and if any areas require improvement. This Annual Governance Statement reports the outcome of our assessment.

2. Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and responsible manner. We recognise the importance of having good governance, which includes effective leadership and management, policies, and procedures, to ensure we have a well-run Council that delivers high quality, value for money services to the local community. We also acknowledge our responsibility for ensuring that the Council conducts its business in accordance with the law and proper standards and that public money is safeguarded.

3. The Council is committed to being efficient and effective in delivering improved outcomes for our residents and communities. We are open and transparent about our continuous improvement journey.

4. We recognise that good governance requires a culture of continuous improvement and challenge, and we will continue to seek improvement and will be self-critical in doing so to ensure we uphold the highest possible standards of good governance.

5. This review and Statement are prepared in the context of the significant issues affecting the financial wellbeing and resilience the Council finds itself in. The Council commissioned reviews through the Chartered Institute of Public Finance and Accountancy (CIPFA) to include financial resilience review, systems and processes and the governance arrangements for the wholly owned property company.

6. The council has made significant progress in improving and strengthening the governance framework including risk identification and management, performance management and reporting, scrutiny, decision making and reporting arrangements.

7. We were not able to complete the draft accounts for 2023/24 within the required timetable for publication by 31 May 2024 due to the delays in completing the prior years' accounts and issues identified regarding the opening balances for 2023/24 which has necessitated significant additional work to bring up to date before we could start on the 2023/24 accounts.

8. The draft 2023/24 financial statements were completed and published on 6 January 2025 and are scheduled to be considered by the Audit and Governance Committee at its meeting on 11 February 2025 in time for the 2023/24 backstop. Due to the delays in preparing the statements, the auditors are expected to disclaim their opinion as per the backstop regulations.

9. The Council is in discussions with the Ministry of Housing, Communities and Local Government for exceptional financial support.

Introduction and acknowledgement of responsibility

1. The Royal Borough of Windsor and Maidenhead ('the Council') is responsible for ensuring that its business is conducted in accordance with the law, proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

2. The Accounts and Audit Regulations (2015), as amended by the accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts

3. This Annual Governance Statement should be used as an improvement document. It sets out the steps taken to address weaknesses and how the Council is delivering improvements against any recommendations made by external parties. Although the Annual Governance Statement sets out governance arrangements which were in place during the financial year 2023/24, it should be seen as a living document which is relevant for the current financial year and beyond.

The Principles of Good Governance:

The CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) Delivering Good Governance publication defines the various principles of good governance in the public sector. The document sets out the seven core principles that underpin the governance framework and these are set out below:

A. **Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law.**
B. **Ensuring openness and comprehensive stakeholder engagement.**
C. **Defining outcomes in terms of sustainable economic, social, and environmental benefits.**
D. **Determining the interventions necessary to optimise the achievement of the intended outcomes.**
E. **Developing the entity's capacity, including the capability of its leadership and the individuals within it.**
F. **Managing risks and performance through robust internal control and strong public financial management.**
G. **Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.**

Key elements of the Council's Governance Framework

The governance framework at the Royal Borough of Windsor and Maidenhead comprises the systems, processes, culture, and values which the council has adopted to deliver on the above principles. The Council has a local code of governance, which is consistent with the principles of the CIPFA/SOLACE framework.

The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives as an individual's failure to comply with policies and procedures, even when provided with comprehensive training on them, can never be entirely eliminated.

The system of internal control is based on an ongoing process designed to

a) identify the risks to the achievement of the Council's policies, aims and objectives.
b) evaluate the likelihood and impact of the risks should they be realised; and
c) identify and implement measures to reduce the likelihood of the risks being realised and to manage them efficiently, effectively, and economically.

The CIPFA Advisory Note 'Understanding the challenge to local authority governance' (March 2022) restates the importance of increasing awareness and strengthening of governance arrangements following the significant and high-profile failures in local government.
For good governance to function well, the CIPFA Advisory Note, highlighted the need for organisations to encourage and facilitate a high level of robust challenge through strengthening audit committees and internal challenges. At the Royal Borough of Windsor and Maidenhead (RBWM), the Audit and Governance Committee exercises these duties.

<u>Overview of the Council's Governance Framework</u>

The Governance framework incorporate into this annual Governance Statement has been in place for the year ended 31 March 2024.

Overview and Scrutiny Panels
The Council has established three Overview and Scrutiny Panels which meet in public, subject to the access to information rules, to discuss and make recommendation on the development of the plans and strategies and on reports going to Cabinet and hold the Cabinet to account for its actions.

Council, Cabinet and Leader
- Provide leadership, approve the budget, develop, and set policy.
- Provide oversight of the council's strategic financial management and performance (role of the Cabinet Member for Finance)
- Agree borough plan priorities, developed in consultation with residents and stakeholders.
- Manage the delivery of the agreed council priorities, strategies, and policies.

Audit and Governance Committee
- Approach for the effectiveness of the internal audit system, internal audit strategy and plan, annual report, and opinion.
- Internal audit activity and the assurance it can provide over the council's corporate governance arrangements.
- Review and approval of the anti-fraud and corruption policies.
- Consider the external auditors' annual letter and issues arising from the audited accounts. Approve the annual statement of accounts.
- Development and operation of risk management and corporate governance.

Decision Making
- All decisions are made in compliance with law and council constitution.
- Reports and papers are published on the council website.
- Decisions are recorded on the council website.

Risk Management
- Risk management strategy and policy set out how risks are identified, assessed, monitored, and mitigated.
- The Council has an agreed risk appetite protocol which defines the amount and type of risk the council is willing to accept.
- The risks and mitigations are regularly reviewed and updated, including addition of new and emerging risks.

Chief Officers Team
- Head of Paid Service – who is responsible for the overall functioning of the council and the allocation of resources. The council's Head of Paid Service is the Chief Executive
- The Executive Director of Resources is the council's appointed Chief Financial Officer in accordance with section 151 of the Local Government Act 1972.
- The Deputy Director of Law and Governance is the council's monitoring officer. These are statutory posts, responsible for delivering and overseeing the financial management and governance of the council.

Review of effectiveness:

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

BEHAVING WITH INTEGRITY, DEMONSTRATING A STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW.

The effectiveness of key elements of the governance framework are assessed throughout the year by the Executive Leadership Team (ELT), Corporate Leadership Team (CLT), the Audit and Governance Committee, Internal Audit and other Officers and Members as required. The review of effectiveness is informed by the work of senior officers who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and from comments received from external auditors and other review agencies and inspectorates.

In 2023 the council embedded a series of revitalised cultural values to include Humility, Empower, Respect, One Team ("HERO") that reflects organisational behaviours and values when dealing with colleagues, partners, and service users.
All Council employees and Members must conduct themselves in accordance with the terms of the Officers' Code of Conduct and Members' Code of Conduct
On becoming a Member of the Royal Borough, all Councillors are required to sign a declaration of acceptance of office which includes an undertaking to observe the code of conduct and the Nolan Principles.

The Council's Constitution sets out Codes of Conduct for Members and Officers. Guidance and support are provided to Members across all groups in relation to the application of the Code.
Members are required to register details of Disclosable Pecuniary Interests, and a series of interests defined by the Code of Member Conduct. Declarations are required to be completed within 28 days of becoming a member (or being re-elected or reappointed) in the Authority's Register of Members' Interests.

The Member Standards Panel advises the Council on the Code of Conduct for Members and promotes high standards of conduct by Members. The Audit and Governance Committee's terms of reference are set out in Part 6 of the Constitution. Records of the Committee's meetings and decisions are available online.

The Monitoring Officer reports annually to the Member Standards Panel on the operation of the Code of Conduct and other associated ethical issues through their annual report and reports on any issues that trigger the Section 5 duty.

Further, a published Code of Conduct for Employees dated June 2019 sets out expected values and behaviours in relation to accountability, political neutrality, relationships, equality, fraud, corruption, and whistle blowing. The Code of conduct for employees has been updated in June 2024.

On joining the Council, officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of conduct and declare any financial interests, gifts, or hospitality on a register.

During 2024, the Council engaged Counter Fraud Enforcement Unit (CFEU) hosted by Cotswold District Council to undertake reviews of various Council policies such as the Whistleblowing Policy and the RIPA/IPA (Regulation of Investigatory Powers 2000 and Investigatory Powers Acts 2016) Policy, strategies such as the Fraud Risk Strategy and undertake staff training.

ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT.

The Monitoring Officer is a statutory function and ensures that the council, its staff, and councillors maintain the highest possible standards of conduct in all they do. The designated Monitoring Officer for the Council is the Deputy Director of Law & Governance and holds responsibility for monitoring and reviewing the operation of the council's constitution, ensuring compliance with established policies, procedures, laws, and regulations and for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or Cabinet. The Monitoring Officer is a mandatory consultee on all Council Reports. The Monitoring Officer regularly reviews and updates the Constitution and meetings of the Constitution Working Group are held monthly, agreeing any constitutional amendments which are to be taken to the next available Full Council meeting.

The council adopted a new Council Plan (2024-2028) in April 2024. This sets out a vision for the council and priorities, how those priorities will be delivered, and success measured.

Developed with partners, the plan outlines how RBWM commits to work in the public interest and resident views will be at the heart of service delivery. New performance indicators and metrics have been developed to support the Council Plan and will lead to greater accountability.

The council uses a range of methods to communicate the council's objectives and achievements to local people, including:

- RBWM Website
- Media relations, with local, regional, and national media outlets
- Social media including Facebook and X (Twitter) and some service specific accounts.
- The annual online council tax leaflet and other corporate leaflets published in the website.
- Weekly Borough News (e-newsletter) to residents

The RBWM website is accessible to a wide audience, with relevant and regularly updated news articles online. There are user forums, including the Learning Disability Partnership Board, and the Children in Care Council, which we use to engage with people that require support, residents, businesses, and other stakeholders to enable them to inform the development and delivery of council services.

Copies of the agendas, documents, minutes and decisions of all Committees, Cabinet and Council meetings are available promptly online and an interactive online calendar of future meetings enables public attendance where appropriate. Committee reports recommending key decisions are accompanied by detailed impact assessments.

All public meetings are live streamed via the Council's e-democracy channel on YouTube. This has ensured more transparent decision making.

Consultation and engagement is a key part of how the council services the borough and is central to the RBWM's vision to be 'at the heart of communities,' listening to people and involving them in decision-making. Consultations are hosted on a dedicated webpage (RBWM Together) and in accordance with the council's recently published Consultation Guidance, council aims to publish findings no later than 12 weeks after the closing date of a consultation.

The council operates a clear and transparent policy and procedure for dealing with complaints about the council's services and reports on complaints received and lessons learnt.

The council's publication scheme details the different classes of information which RBWM routinely makes available, and the Freedom of Information webpage provides guidance for the public about what information is available to them and how they can access it, including via Freedom of Information (FOI), Environmental Information and Subject Access Requests. RBWM publishes all responses to FOI requests.

RBWM's commitment to transparency, as detailed above, enables the public to assess this and they can then use the complaints policy and the consultation process to feed back their views.

Engaging comprehensively with institutional stakeholders:
Partnerships are about the council coming together with the right organisations to deliver improved outcomes for local people. Aligned to the Council Plan priorities, RWBM demonstrates community leadership through social, economic, and environmental partnerships at regional, sub- regional and local levels, each with their own set of terms of reference or memorandum of understanding for effective joint working which is set out in the Council's Partnership Protocol.
The council's draft Corporate Strategy Guide/Toolkit places great emphasis on the need to consider engagement with key stakeholders throughout all stages of strategy development and delivery.

Engaging with individual citizens and service users:
Feedback from consultations and resident surveys are used to inform decisions about service improvements or where services are no longer required and prioritise competing demands within available resources.

The council's recently published Consultation Guidance and Engagement Framework serves to ensure that engagement is consistently planned through stakeholder mapping and applied in an appropriate, meaningful, and proportionate way.

The council seeks to maximise engagement through the option of accessing consultations through a dedicated webpage (RBWM Together). By way of protocol, consultations are to be co- ordinated through the Communications team to ensure effectively sequenced and promoted, also to avoid both duplication of effort and consultation fatigue on the part of participants.

The council's draft Corporate Strategy Guide/Toolkit places great emphasis on the need to consider engagement with key stakeholders throughout all stages of strategy development and delivery.

All communications are branded to ensure that they are easily recognised, and the information can be translated into different languages and alternative formats as required.
The constitution allows public speaking at Cabinet and other committees, and for public questions to be heard at Full Council.

A Petitions Scheme is available online and the council has a nominated Petitions Officer.

DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS.

Defining outcomes:
Following wide and inclusive stakeholder consultation the Council Plan (2024-28) sets out an overarching vision of "***A borough of safer, greener and cleaner communities, with opportunity for all"***; this is underpinned by the following key tenets:

An outward-looking, collaborative, learning organisation.
A council at the heart of the borough's communities.
A council which operates on a regional footprint.
The Council Plan further sets out five strategic aims:
Put the council on a strong financial footing to serve the borough effectively.
A cleaner, greener, safer, and more prosperous borough.
Children and young people have a good start in life and opportunities through to adulthood.
People live healthy and independent lives in supportive communities.
A high-performing council that delivers for the borough.
As part of the 'Golden Thread' the vision, aims, objectives and targets associated with the Council Plan cascade down the organisation into service and individual plans and objectives.

The Council Plan (2024-2028) sets out how the council will delivery sustainable economic, social, and environmental benefits over the medium-term. These aims and priorities will be delivered by services working together with a wide range of partners across the Borough.
Delivery of the Council Plan is closely aligned to:

i. The Council's Medium Term Financial planning and the annual budget setting process which in terms of sustainability balances available resources with need, demand, and risk appetite.

ii. The Council's draft Corporate Strategy Guide/Toolkit which in terms of sustainable strategy development sets out the need to consider the medium to longer-term business operating environment, impact assessments and in relation to strategic options appraisal consider potential conflict of interests and where the wider public interest lies.

DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES.

The Council Plan has been developed through a data driven approach, and wide community and stakeholder engagement.

The Council Plan, Service Plans and workforce metrics are monitored and reported to Principal Officers and Members through the Quarterly Assurance Reporting (QAR)'s which incorporates outputs against KPI's and risk. The monitoring and reporting of KPI's are based on targets, tolerance thresholds and year-to-date outturn performance using a RAG system. QARs are subject to extensive scrutiny to include an ELT led Performance Review Board, Member led Corporate Overview, Scrutiny Committee and Cabinet.

Resourcing of the Council Plan is monitored and controlled through monthly budget reporting. New spending commitments over £500 are sanctioned through a weekly Spending Control Panel. Projects arising out of the council's transformation agenda are monitored and reported to officer led Directorate Transformation Boards, with collective oversight undertaken by the ELT in the form of a Corporate Transformation Board.

Contract monitoring is co-ordinated through the Strategy, Policy & Performance Team. A new KPI template has been established to help commissioning managers develop meaningful contract metrics and report such metrics in a standardised way. Again, the monitoring and reporting of contract KPI's sets out targets, tolerance thresholds and Year-to-date outturn performance using a RAG system.

Audits and Inspections, together with Peer Challenge reviews provide internal and external scrutiny.

Feedback from consultations and resident surveys are used to inform decisions about service improvements or where services are no longer required and prioritise competing demands within limited resources available.

RBWM's commitment to social well-being is evidenced through a newly created Member Champion for Social Responsibility. Aligned to the Council Plan, a draft Social Value Policy Framework is awaiting approval. This draft policy framework, following the National TOM System framework, sets out to leverage additional benefit to the community through existing and future initiatives by means of procurement, CIL/s.106 agreements, businesses, and voluntary sector organisations.

A new Performance & Resources Board (PRB) has been established. The PRB meets monthly as part of a wider council approach to strengthening governance and oversight through greater scrutiny of finances, performance (including project delivery), risk and audit recommendations. This then ensures that progress against council objectives – and the success and threats to the council's success – are proactively considered in the round, and dependencies, constraints and challenges are identified early with scope to address them before they reach a point of critical impact. It is a collaborative forum and an open and constructive space where participants can provide support and challenge, work together to explore issues, and provide dedicated focus on problem-solving and solution-finding. It is a place to share ideas and best practice across the services.

In December 2024, the council proactively and voluntarily established an external improvement advisory board – the RBWM Financial Improvement and Sustainability Board (FISB) – to provide external scrutiny and support to the council's improvement. The purpose of the FISB is:

- To provide independent external advice, constructive critical challenge, and sector-wide expertise to RBWM in driving forward the council's financial recovery, including the further evolution and delivery of the council's financial recovery plan and 'Future Shape RBWM' transformation programme and further improvements to governance controls and decision making.
- To provide assurance to key stakeholders - including, but not limited to - Cabinet, External Auditors, CIPFA, MHCLG and Audit and Governance and Corporate Overview and Scrutiny Committee - regarding progress in delivering against the council's financial recovery plans including the identification and delivery of savings and income measures, transformation and wider organisational improvements.
- To provide regular progress reports to RBWM – via reports to Cabinet and the Executive Leadership Team - on the delivery of the council's financial recovery plan and transformation programme.
- Seek assurance that key decisions are made cognisant of the financial implications and impact on in-year budgets and the council's long-term MTFS.

The FISB meets monthly and is Chaired by Gavin Jones – CEO of Essex CC and Lead Commissioner at Slough BC and Thurrock BC – together with sector experts in the field of social care and finance. The council is represented on the FISB by the Leader and Deputy Leader, RBWM's CEO and other members of ELT. The creation of the FISB has been communicated to MHCLG and the council will work with the Chair of the FISB to determine how best to feedback their view on the council's improvement in a transparent way to Cabinet and to MHCLG.

DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT.

Quarterly Assurance Reporting to the Executive leadership and Members incorporates monitoring and reporting of key workforce metrics at a Directorate level to include (i) days lost to sickness, (ii) voluntary turnover, (iii) percentage of post filled by Full time employees and (iv) percentage of vacancies advertised and filled at first attempt.

Employees' training and development needs are identified through the performance management process. In addition to a comprehensive induction programme, internal training courses are available to employees, covering a wide range of topics and issues. Each service area completes an annual Training Needs Analysis to identify individual officer development.

Aligned to Council Plan priorities, active participation in social, economic, and environmental partnerships serve to improve community outcomes through avoiding duplication of effort, shared resources and complimentary skills and experience.

The Council's draft Corporate Strategy Guide/Toolkit places increasing emphasis on the need to consider engagement and involvement of key stakeholders throughout all stages of strategy development to include delivery.

The law and Constitution clearly define the responsibilities of key Member and officer roles.
Part 3 of the Constitution sets out powers delegated to Cabinet Members and Officers. Chief Officers are in turn responsible for authorising delegations to their officers. Delegations are reviewed and updated when roles or structures change.

The protocol on Member/officer relations contained within Part 7 of the Constitution further defines the day-to-day roles and responsibilities of officers and Members. Following elections in May 2023 all

Members were offered a comprehensive induction and there are regular briefing and development sessions throughout their term of office.

Newly elected Councillor induction includes information on roles and responsibilities, political management and decision-making, financial management and processes, health and safety, information governance, data protection, the Members' Code of Conduct, and safeguarding.

Compulsory training is provided for Members who sit on the Licensing Panel, Appeals Panel, and the Development Management Committees. The Council has developed an online 'Members' Hub' which is a dedicated area containing documents, news, training, and forms.
All Officers receive regular one to ones with their manager to monitor workload and performance. Opportunities are provided for identifying future training and development needs, and to track progress against objectives. The effectiveness of individual performance monitoring is tracked in a number of ways, including regular staff satisfaction surveys.

Staff wide ELT briefings take place regularly allowing for council updates to be shared and for staff to ask questions of ELT.

Audits and Inspections, together with Peer Challenge Reviews provide valuable feedback when reviewing the effectiveness of corporate leadership and opportunities for improvement.

MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT.

Managing risk:
The risk reporting methodology has been changed from early 2024 onwards. A series of meetings were held with senior officers to challenge the impact and likelihood risk ratings to ensure that the data can be substantiated both in isolation and in relative terms by comparison with the other directorate risks. These outputs are captured in scatter diagrams (for directorate risks and for council wide strategic risks) which quickly illustrate the relative positions of these of risks and their impact/likelihood ratings. These are supported by a table showing mitigations in place for each risk together with the last and most recent quarter risk ratings. Directorate risks are regularly reviewed at bi-monthly Departmental Management Meetings and then at Corporate Management meetings.

Managing performance:
The Council Plan and Service Plans which include workforce metrics, are monitored, and reported to Principal Officers and Members through Quarterly Assurance Reporting (QAR)'s which incorporates outputs against KPIs and risk. The monitoring and reporting of KPIs sets out targets, tolerance thresholds and year-to-date outturn performance using a RAG system.

QARs are subject to extensive scrutiny and include a Performance Review Board, comprised of the Chief Executive and all Directors, and Member led Corporate Overview and Scrutiny Committee and Cabinet.

Resourcing of the Council Plan is monitored and controlled through monthly budget reporting. New spending commitments are sanctioned through a Spending Control Panel.

Again, aligned to the Council Plan, projects arising out the transformation agenda are monitored and reported to officer led Directorate Transformation Boards, with collective oversight undertaken

by the executive leadership team in the form of a Corporate Transformation Board. Contract monitoring is co-ordinated through the Strategy, Policy & Performance Team. A new KPI template has been established to help commissioning managers develop meaningful contract metrics and report such metrics in a standardised way. Again, the monitoring and reporting of KPI's sets out targets, tolerance thresholds and Year-to-date outturn performance using a RAG system.
Audits and Inspections, together with Challenge Peer Reviews provide internal and external scrutiny.

Strong public financial management:

In Early 2024, the Leader of the Council and Cabinet Member for Finance wrote jointly to the Chancellor and Secretary of State setting out the risk of the council having to issue a statutory Section 114 notice. The reasons for the financial position of the Council are due to historical decisions taken locally since 2010. Most prominent among these was the decision to cut council tax significantly year on year for a period of six years – and then freeze if for a further two years - which has left the council's baseline around £30m lower than if council tax increases had kept pace with average rises across the country.

On top of this, the council's debt position grew significantly over a similar period, from £58.7m in 2013 to £213m by 2024. This means the council will be paying 12% of its 2025/26 revenue budget to service the debt. These historical decisions – coupled with more recent macro-economic shocks which impact all councils and rapidly growing demand and cost for social care services in particular – have left the council in a state of extremely weak financial position.

The completion of the 2023/24 draft accounts was delayed by the discovery of historical errors relating to the prior years which have taken time to correct coupled with the absence of reconciliations which have taken time to bring up to date. Completion of these activities places the authority in a more robust footing in terms of Financial Control. This work, coupled with the CIPFA review and the restructuring of the Finance team will allow us to introduce best practice in areas where it is lacking and thereby improve control.

The council is in discussions with Ministry of Housing, Communities and Local Government and has requested exceptional financial support.

During 2023/24, actions have been taken and plans have been put in place to make the Council financially sustainable:

- Implementation of a Spending Control Panel in October 2023 which meets weekly to review every proposed non-contractual spend over £500 and all recruitment, whether to agency or permanent posts. This panel is made up of the Chief Executive, the Section 151 officer, and other senior officers and has helped to change the culture and approach to spending across the organisation.

- Reshaping of the Finance team, which had been left with significant capacity gaps because of years of cumulative cuts to help meet council tax reductions, with both the Assistant Director of Finance and the Chief Accountant posts being recruited to with new post holders.

- The Council commissioned CIPFA to undertake a financial resilience review to provide independent assessment of the financial position and challenges faced by the Council. The report was considered by Cabinet in October 2024.

- The Section 151 Officer engaged CIPFA to conduct a review of the Council's financial processes, with the aim of introducing best practice, stronger controls, and increased efficiency by fully exploiting the capability of our existing accounting system.

- A backlog of balance sheet reconciliations has been brought up to date ahead of the 2023/24 audit of the financial statements.

- The development and implementation of a comprehensive financial recovery and transformation plan which was agreed by Cabinet and Full Council in October 2023 based around the themes of service transformation; prevention and demand reduction; contract management; income maximisation; asset management; and economic growth.

- A new governance structure for the transformation programme has been put in place whereby a Corporate Transformation Board which is chaired by the Chief Executive, takes outputs from Directorate Transformation Boards chaired by Executive Directors. Monthly reporting dashboards for the programme have been developed and will be taken to Cabinet monthly and Scrutiny Committee every quarter. These dashboards will be included in the existing monthly finance report, which itself has undergone a transformation to include comprehensive reporting on risks and actions alongside actual and forecast spend. The timeliness and accuracy of financial reporting to the Executive Leadership Team and Cabinet has also been significantly improved.

IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT, TO DELIVER EFFECTIVE ACCOUNTABILITY.

Implementing good practice in transparency and reporting
Following the recommendations of an Internal Audit Report dated 2024 the council is working to strengthen compliance with the Transparency Code for Local Government to include greater corporate oversight and co-ordination, full disclosure of data/information requirements and to progressively improve public accessibility through improved formatting when publishing.

The Council and its decisions are open and accessible to the community, service users, partners, and its staff. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 give anyone the right to ask for any information held by the Council except where an exemption or exception can be lawfully applied to such information.

All reports requiring a decision must be reviewed by appropriately qualified legal and finance staff with expertise in the service area before they are progressed to the relevant committee/forum. The Council is committed to its equality responsibilities. To meet these responsibilities, equality impact assessments are undertaken where appropriate.

Guidance documentation on decision making has been revised and updated and issued to all members of the CLT for wider dissemination.

Following the issuing of updated guidance on decision making to all relevant officers and a joint Member/CLT workshop on officer/Member roles and responsibilities, there has been a clear and measured improvement in the application of governance procedures.

All committee reports are checked by the statutory officers or their staff prior to submission for consideration. Reports are on a standard template. Delegated decisions are recorded with reasons.

All committee reports are required to have considered EQIAs when making a decision and should be conducted when there is a new or reviewed strategy, policy, plan, project, service, or procedure in

order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups.
The Forward Plan is available on the website.

Head of Internal Audit Opinion

The Head of Internal Audit provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. The Head of Internal Audit's overall audit opinion of the internal control environment (framework of governance, risk management and internal control) is based on the audits and reviews undertaken during the year. The head of Internal Audit's opinion for 2023/24 is that having considered the relevant evidence there are:

Significant gaps, weaknesses, or non-compliance identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.

The Head of Internal Audit Annual Report provides a summary of the activity used to support this opinion.

External Audit

The accounts for 2023/24 are in draft and will be audited by Grant Thornton. Deloitte's, our outgoing auditors, have issued audit reports with a disclaimer of opinion on the 2021/22 and 2022/23 financial statements, due to the backstop arrangements nationally.

The completion of the 2023/24 draft accounts was delayed by the discovery of historical errors relating to the open years which have taken time to correct coupled with the absence of reconciliations which have taken time to bring up to date. This work, coupled with the CIPFA review and the restructuring of the Finance team will allow us to introduce best practice in areas where it is lacking and thereby improve control.

Grant Thornton in their interim audit report for 2023/24 identified significant weaknesses in financial arrangements, capacity to operate in a timely and effective way, and significant weakness in improving economy, efficiency, and effectiveness.

Grant Thornton is expected to disclaim their opinion on the 2023/24 Financial Statements due to the delays in preparing the statements and in line with national guidance and the statutory backstop arrangements.

AGS Action Plan for 2024-25

To take forward the actions arising from this assessment, we will review and bring forward all prior year outstanding actions and prepare a consolidated action plan that focuses on strengthening and improving the full range of controls, processes, training, and support to improve the overall governance framework.

Focus Area	Description	Responsible Officer	Target Date
Strengthening the Scrutiny function	**Scrutiny Function** Further develop and strengthen the Scrutiny function, ensuring that Overview and Scrutiny Panels have the necessary skills, resources, and independence to effectively challenge and hold the executive to account. Provide additional training and resources to Overview and Scrutiny Panels to enhance their effectiveness in scrutinising decisions, policies, and performance.	Monitoring Officer	
Governance	**Governance** Embedding the new governance framework and ethical values into the organisation culture. Leadership development programmes, ongoing training for staff and members, and regular communication reinforcing the importance of good governance.	Monitoring Officer	
Procurement and Contract Management	**Improving Procurement and Contract Management**: Reviewing the Procurement Toolkit, providing training for officers, and strengthening oversight of contracts procured outside standing orders. Provide comprehensive training to officers involved in contract management to strengthen oversight and risk mitigation.	Executive director of Resources Procurement Manager	
People Strategy	**People Strategy:** The strategy should focus on attracting, developing, and retaining skilled staff, fostering a positive work environment, and promoting a culture of continuous learning.	Assistant Director of HR	

Focus Area	Description	Responsible Officer	Target Date
Ethical values and conduct	**Ethical values and conduct** Consider developing a comprehensive ethics training programme for both members and officers, focusing on practical scenarios and dilemmas. Evaluate the effectiveness of the current Code of Conduct training and implement enhancements to address the increase in complaints. Provide regular training to both officers and members on the Code of Conduct, ethical decision-making, and their roles in ensuring accountability. Provide ongoing support and guidance to members on ethical conduct and the application of the Code of Conduct	Monitoring officer. Assistant Director of HR	
Accountability	**Culture of Accountability:** Develop and implement a comprehensive strategy to embed a strong culture of accountability throughout the organisation.	Chief Executive	
Risk management	**Risk Management** Review of the existing risk management framework and implement enhancements based on best practices and the identified areas for improvement. Embed Risk Culture: Promote a pro-active risk management culture throughout the organisation, encouraging risk identification and mitigation in decision-making processes.	Executive Director of Resources Insurance and Risk Manager	
	Group activities and oversight. Review of the effectiveness of council control of group activities and teckel companies To be included in the risk register and internal audit programme	Monitoring Officer, Insurance and Risk Manager	
Financial Sustainability	**Financial Sustainability** Council's long-term financial sustainability. Medium term finance strategy and financial planning processes to properly include financial challenges, risks, and the Council's strategies for ensuring financial resilience and sustainability.	Executive Director of Resources	

	Finance and Accountancy capacity. Address the capacity and resource constraints within the finance team to ensure timely publication of the Statement of Accounts. This could involve reviewing staffing levels, streamlining processes, and investing in technology to improve efficiency.	Executive Director of Resources	

Assessment

The council has significantly improved and strengthened the overall governance framework, including improved scrutiny and transparency of decision making, financial oversight, performance monitoring and reporting.

The Head of Internal Audit's opinion clearly shows that further improvements are required. Grant Thornton, the external auditors for 2023/24 also identified significant weaknesses in financial arrangements, capacity to operate in a timely and effective way, and significant weakness in improving economy, efficiency, and effectiveness.

Following the local elections in May 2023 and the new administration taking control, we have strengthened our governance foundations and culture to help us make better decisions for our communities and whilst we have made considerable steps forward, it is important that over the coming years efforts are made to further develop and embed the culture of the organisation to operate these systems consistently.

The 2024/25 Action Plan will help us address those areas that will continue to support our new culture to embed the key principles of good governance at the heart of our organisation making it more accountable.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements, including procurement reviews, strengthening the financial planning and management processes, embedding performance management, developing the leadership capacity of the organisation and a comprehensive training and development programme for Members.

We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

Signed by:

Cllr Julian Tisi
Chair, Audit and Governance Committee
on 17 February 2025

Stephen Evans
Chief Executive
On 17 February 2025

Cllr Simon Werner
Leader of the Council
on 17 February 2025