

Report Title:	Draft Statement of Accounts 2019-20
Contains Confidential or Exempt Information?	No - Part 1
Member reporting:	Councillor Hilton, Lead Member for Finance and Ascot
Meeting and Date:	Audit and Governance Committee 14 th November 2020
Responsible Officer(s):	Adele Taylor, Director of Resources
Wards affected:	All

www.rbwm.gov.uk



REPORT SUMMARY

1. The report presents RBWM's Draft Statement of Accounts, including the pension fund accounts, for 2019-20.
2. The Government has extended the deadline for the approval and publication of the audited accounts until 31 December 2020 as a result of the Covid-19 pandemic.
3. The audit of the accounts has not yet been completed and the work of our auditors is ongoing. As the audit has yet to be concluded, the report asks the panel to discuss the report and auditors' comments to date. The completed audit opinion and any changes to the statements will be presented for approval at the November meeting of the committee.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Audit and Governance Committee:

- i) notes the report.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Because of the statutory requirement for the Council to produce audited and signed accounts no other options are considered in producing this report.
- 2.2 The format and content of the accounts is subject to legislation and guidance contained in the Code of Practice on Local Authority Accounting. Members of the Committee can however, ask questions of the Council's officers and auditors (Deloitte LLP), and make recommendations that may assist a reader of the Statement of Accounts.

3. KEY IMPLICATIONS

Table 1: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Date when accounts	Published later than	Published on or	Published on or	N/A	

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
are published, the audit opinion and the number of changes required by auditors	31 December or receive a qualified opinion or > 5 material changes.	before 31 December with an unqualified opinion and 1-4 material changes.	before 31 December with an unqualified opinion and no changes.		

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 Draft accounts for 2019/20, including the pension fund accounts, are attached as Appendix A.
- 4.2 Both approval and publication of the final signed accounts are now required to take place no later than 31 December 2020 or as soon as reasonably practicable after the receipt of the auditor's final findings (if later). The final audited accounts will be presented for approval at the November meeting of this Committee.
- 4.3 This report does not include the details of Deloitte LLP's findings as these will be contained in separate reports (ISA260s) which will be presented to the Panel on 9th November 2020. A progress report from Deloitte is attached as Appendix B.

5. LEGAL IMPLICATIONS

- 5.1 In producing, reviewing, auditing and approving the accounts the Council is meeting its obligations.

6. RISK MANAGEMENT

- 6.1 Any risks around material misstatements in the statement of accounts will be discussed at the meeting and any further changes identified at the conclusion of the audit will be brought to the next meeting.

7. POTENTIAL IMPACTS

None

8. CONSULTATION

- 8.1 A public notice dated 3rd August 2020 was put onto the Council's website giving residents the opportunity to inspect the accounts and related transactions and correspondence. The notice period ends at 4.45pm on 14th September.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 The section is not applicable.

10. BACKGROUND DOCUMENTS

10.1 This report is supported by two appendices

- Appendix A Published Draft Statement of Accounts 2019-20
- Appendix B Deloitte progress report on audit

11. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Hilton	Lead Member for Finance and Ascot		
Duncan Sharkey	Managing Director		
Russell O'Keefe	Executive Director		
Elaine Browne	Interim Head of Law and Governance		
Nikki Craig	Head of HR and Corporate Projects		
Louisa Dean	Communications		
Kevin McDaniel	Director of Children's Services		
Hilary Hall	Deputy Director of Commissioning and Strategy		

REPORT HISTORY

Decision type:	Urgency item?	To Follow item?
Non-key decision	No	
Report Author: Andrew Vallance, Head of Finance		

DRAFT
Statement of Accounts
2019/20

DRAFT

www.rbwm.gov.uk



Royal Borough
of Windsor &
Maidenhead

CONTENTS

ROYAL BOROUGH OF WINDSOR & MAIDENHEAD AND GROUP STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2020

	Page
Narrative Report	3
<ul style="list-style-type: none">- Provides an explanation of the Group's financial position- Assists in the interpretation of the financial statements- Contains a commentary on the major influences affecting the authority's income and expenditure, cash flow and information on the financial needs and resources of the Group.	
Approval of Accounts	19
<ul style="list-style-type: none">- Formal approval of the accounts by Council.	
Auditor's Report	
<ul style="list-style-type: none">- Auditor's opinion on the Group financial statements will be added post audit.	
Statement of Responsibilities for the Statement of Accounts	20
<ul style="list-style-type: none">- Sets out the respective responsibilities of the Group and the Head of Finance for the accounting statements.	
 <u>ACCOUNTING STATEMENTS</u>	
Group Comprehensive Income and Expenditure Statement	21
Group Balance Sheet	22
Group Movement in Reserves Statement	23
Council & Group Cash Flow Statement	25
Notes to the Accounting Statements	26
<ul style="list-style-type: none">- Provide explanatory notes for the Royal Borough's Group financial statements.	
 <u>Supplementary Accounting Statements</u>	
Collection Fund	84
<ul style="list-style-type: none">- Shows the income derived from Council Tax and Non-Domestic Rates and illustrates how these are distributed to the preceptors and the General Fund.	
Royal County of Berkshire Pension Fund Accounts	87
<ul style="list-style-type: none">- Provides information about the financial position, performance and financial adaptability of the Pension Fund. They show how the resources entrusted to it have been managed and nature of its assets at the year end.	
Glossary of Terms	110

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

Narrative Report

The Royal Borough of Windsor and Maidenhead covers an area of 76.6 square miles. It is in Berkshire at the heart of the Thames Valley, less than 30 miles west of central London and is one of the most affluent in the country. It comprises three main settlements: Ascot, Maidenhead and Windsor; and enjoys a predominantly rural setting, including Green Belt, Crown Estate and National Trust land, with 60 parks and open spaces.

The estimated population of the borough is 151,422 in 2019. Based on the Index of Multiple Deprivation 2019, the borough is ranked 304 out of 317 local authorities. Although no wards within the borough fall within the 10% most deprived wards nationally, there are areas of relative deprivation, such as Oldfield.

At a glance:	
Population:	151,422, expected to rise to 159,700 by 2041.(ONS Population Estimates)
Size:	76.6 square miles
Qualifications and training:	48.9% of population qualified to and above degree-level or equivalent (compared to South East 35.8% and England 33.1%) 3.4% with no qualifications (GCSE) (compared to South East 5.9% and England 7.6%) (ONS APS Dec-2019)
Employment:	Unemployment rate 2.3% compared to South East 3.1%, and UK 3.9% (Nomis, March 2020)
Ethnicity:	13.9% non-white British (ONS Census 2011)
Average house price:	£467,500 compared to South East £325,000 and England average £237,995. (year ending Dec-2019, ONS House Price Statistics for Small Areas)

Our priorities

Our agreed priorities for the Royal Borough of Windsor and Maidenhead are: -

- Healthy, skilled and independent residents
- Safe and vibrant communities
- An excellent customer experience
- Growing economy, affordable housing
- Attractive and well-connected borough
- Well-managed resources delivering value for money

These strategic priorities are put into practice through detailed service delivery and spending plans. Day to day management of the Royal Borough is the responsibility of the Corporate Leadership Team, which consists of the Managing Director, Directors and Heads of Service. The strategic direction for this team is set by:

- Cabinet – made up of councillors who are portfolio holders for all the major services
- 41 elected councillors – including the scrutiny function

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

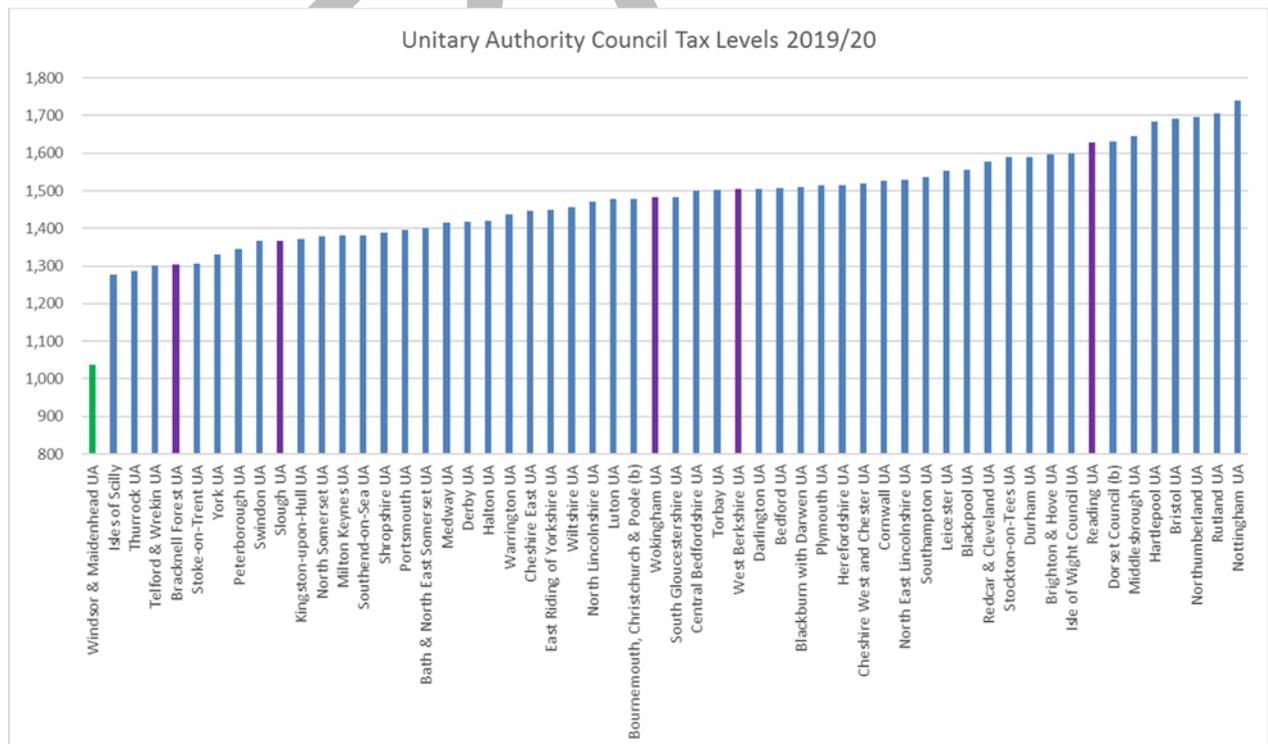
Achievements in 2019/20

The Royal Borough delivers essential services to the community: the residents, businesses and partners of Windsor and Maidenhead every day. Services range from those that the Royal Borough is 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.

As a council we measure how well we are performing through a range of indicators as well as our residents' survey. 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.

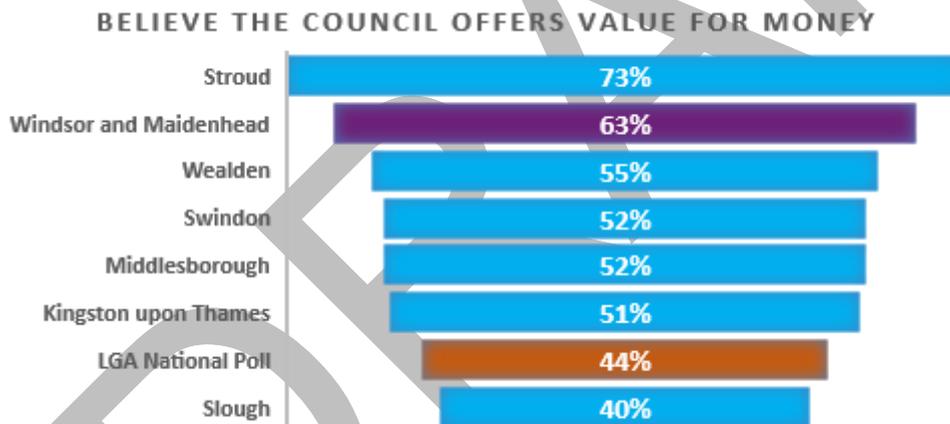
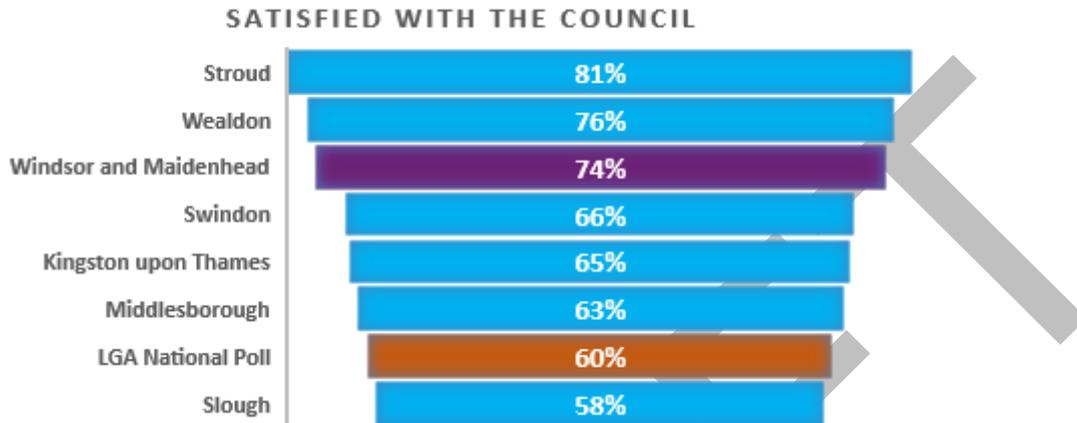
We are committed to providing high quality services for everyone in our community and in January 2020 we were pleased to be rated as 'good' by the regulator Ofsted for our children's services (<https://files.ofsted.gov.uk/v1/file/50146539>). Also, 94% of schools were rated either good, or outstanding by Ofsted. Within the Royal Borough, for older and vulnerable people 78% of private nursing homes, 89% of private residential homes and 79% of private domiciliary care agencies looking after vulnerable people are rated either 'Good' or 'Outstanding' by the regulator the Care Quality Commission in March 2020 - (<https://www.cqc.org.uk/publications/themes-care/area-data-profiles#profiles-w>).

Our commitment to delivering high quality services is rooted in our commitment to providing value for money. Outside of London the Royal Borough has the lowest level of Council Tax in England. The chart below compares the Council Tax of Windsor and Maidenhead with all unitary councils across the country. Council tax is 30% below the national average as well as significantly below neighbouring Berkshire councils.



What Residents Think

Residents are at the heart of everything we do, and our resident satisfaction results show that in 2019/20 74% of residents were satisfied with the Royal Borough and 63% feel we provide value for money. Results are compared with the Local Government Association's national poll on resident satisfaction with councils (data gathered October 2018) and 2017/18 data for 6 councils delivering the LGA's "Are you being served" telephone survey.



For 2019/20, the Royal Borough's net revenue budget was set at £93.9m after assuming savings of £6.8m. Within the year unexpected pressures arose which could not be predicted including the outbreak of the COVID19 worldwide pandemic and the start of lockdown. Like many other councils the costs of placing vulnerable people in the care of the local authority have risen over and above what was expected. The outturn for the year is therefore an overspend of £2.4m, with the main areas of overspend in Commissioning - Communities, £1.5m, and Children's Services, £1.8m. The COVID19 costs of £1.8m were funded from the first tranche of Ministry for Housing, Communities and Local Government COVID19 funding. The outturn statement is shown below:

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

Outturn Statement 2019/20					
Original Budget	SUMMARY	Revised Budget	Actual Outturn including COVID19 costs	Actual Variance including COVID19 costs	Total COVID19 costs included in Actuals
£000		£000	£000	£000	£000
398	Management	687	750	63	0
466	Communications & Marketing	475	717	242	0
1,293	Human Resources	1,218	1,233	15	0
1,898	Law & Governance	1,907	1,925	18	0
2,101	Commissioning & Support	2,048	2,392	344	305
9,826	Commissioning - Communities	10,352	11,917	1,565	562
24,526	AfC Contract - Children's Services	24,524	26,363	1,839	14
11,140	AfC Contract - Dedicated Schools Grant	11,139	11,656	517	0
(2,546)	Children's Services - Retained	(2,546)	(2,431)	115	0
53,293	Dedicated Schools Grant - Retained	52,776	52,504	(272)	0
29,199	Adult Social Care - Optalis Contract	30,081	31,646	1,565	0
16,335	Adult Social Care - Spend	15,770	15,917	147	0
(11,725)	Adult Social Care - Income	(11,957)	(13,524)	(1,567)	157
12,728	Better Care Fund	13,292	14,110	818	0
4,659	Public Health	4,656	4,656	0	0
(80,585)	Grant Income	(80,633)	(81,693)	(1,060)	0
1,143	Finance	1,222	915	(307)	25
74,149	Total Managing Director's Directorate	75,011	79,053	4,042	1,063
141	Executive Director of Communities	203	173	(30)	0
830	Revenues & Benefits	902	1,361	459	68
1,327	Communities, Enforcement & Partnerships	1,679	2,300	621	613
3,150	Library & Resident Services	3,195	3,233	38	0
1,351	ICT	1,320	1,462	142	0
6,799	Total Communities Directorate	7,299	8,529	1,230	681
365	Executive Director of Place	359	212	(147)	0
1,086	Housing	1,085	1,866	781	21
1,302	Planning Service	1,332	1,139	(193)	0
(2,546)	Property Service	(2,587)	(2,951)	(364)	62
207	Total Place Directorate	189	266	77	83

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

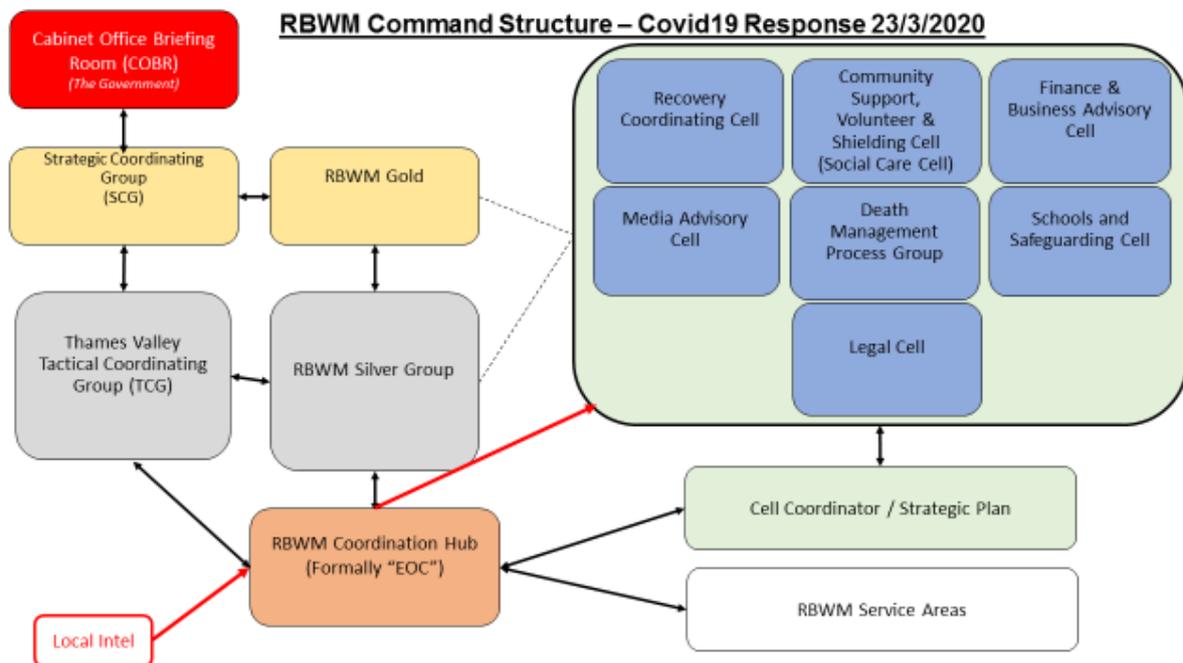
Original Budget	SUMMARY	Revised Budget	Actual Outturn including COVID19 costs	Actual Variance including COVID19 costs	Total COVID19 costs included in Actuals
£000		£000	£000	£000	£000
81,155	Total Service Expenditure	82,499	87,848	5,349	
3,458	Contribution to / (from) Reserves	3,458	3,458	0	
4,017	Pensions deficit recovery	4,017	4,017	0	
300	Pay reward	5	5	0	
	Transfer from Provision for Redundancy	(441)	(441)	0	
	Provision for Business rates deficit	0	2,421	2,421	
	Increase / (Decrease) to provision for bad debt	0	382	382	
	COVID19 Grant	0	(1,827)	(1,827)	(1,827)
	Release of historic capital grant	0	0	0	
159	Environment Agency levy	159	156	(3)	
	Variance on Business Rates income	0	(3,511)	(3,511)	
4,778	Capital Financing inc Interest Receipts	4,778	4,364	(414)	
93,867	NET REQUIREMENTS	94,475	96,872	2,397	
(1,094)	Less - Special Expenses	(1,094)	(1,094)	0	
0	Transfer to / (from) balances	(608)	(3,005)	(2,397)	
92,773	GROSS COUNCIL TAX REQUIREMENT	92,773	92,773	0	
	General Fund				
	Opening Balance	7,778		10,628	
	Contribution to / (from) Reserves	3,458		0	
	Budget Transfers (from) Balances	(608)		(2,397)	
		<u>10,628</u>		<u>8,231</u>	
	Transfers (from) Balances, Variance Budget General Fund Outturn	<u>(2,397)</u>		<u>8,231</u>	

COVID-19 Initial Financial Assessment

The impact of the worldwide COVID-19 pandemic on both health and the economy cannot yet be fully assessed as the relaxation of lockdown arrangements and the recovery process is still in its early stages. The pandemic is a worldwide challenge and national governments are continuously working on measures to reduce the spread of the virus and re-start the economy in a safe and managed way.

From 23 March 2020 the Royal Borough adopted a Command Structure in response to the COVID19 pandemic. This was stepped down in mid-July but can be stepped up again if necessary. The structure’s overall priorities were to protect lives, provide community leadership, reassurance, prepare for recovery and business continuity. The structure included seven cells to provide delivery and support to the overall response.

Officers of the Council were appointed to roles in the Command Structure, and coordination for business as usual where still possible was led by an identified Head of Service.



Provision of services during the COVID-19 pandemic

Adult Social Care services

Towards the end of the financial year the outbreak of the coronavirus Covid -19 began to have a significant impact on the operation of Adult Social Care.

Working practices of front-line social care staff were reviewed and updated to ensure service users and staff were protected. Social care staff have worked in partnership with the NHS to meet the significant challenges presented by the virus and in particular to facilitate timely discharge of residents from hospital.

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

Day centre facilities operated by Optalis were closed in line with government guidance, and staffing resources were re-assigned to other frontline duties. At the same time, the service-maintained contact with all service users and their families during the difficult lockdown period to ensure that there were no family breakdowns and needs could be met.

Every effort was made to provide support and ensure the resilience of care providers, both care homes and domiciliary care agencies, in their front-line role of protecting their existing clients and managing increasing demand. Financial support was made available to care providers in the Borough to mitigate the impact of additional costs they were incurring as a result of the pandemic. In partnership with the NHS, arrangements were made to source additional care provision to meet an anticipated increase in demand.

Schools and Children's Services

The initial impact of the COVID-19 pandemic lockdown for schools and children's services had a small financial effect with most supplier payments in March 2020 continuing as planned, along with schools retaining their delegated budget at expected levels. School closures meant that most schools were able to flex staffing to provide key worker support into the Easter break, while Education Welfare ceased working on school absence and focused their efforts on securing education for the most vulnerable. The impact of the closure resulted in the loss of income for schools via lettings and for the Local Authority from use of youth facilities and school absence fine income - a loss which continues to mount during 2020/21 while internal spaces for larger groups remain unsafe.

Social care costs during the immediate onset of Covid lockdown have remained stable with foster care placements showing better than expected resilience and staff absence levels remaining low. The lockdown period will however have created tensions in many families, and it is expected that increased costs will flow into Children's Services through 2020/21 and into 2021/22.

Impact on the Council's workforce

In accordance with government guidance the majority of the Council's workforce have been working from home during the lockdown period, with the exception of a small number of community-based roles and other posts where working from home has not been feasible due to technology limitations. Whilst plans are in place to ensure core council offices are Covid secure to enable those who need to come into the office are able to do so, it is expected that the majority of staff will continue to work remotely for most of their working time for the foreseeable future. This has required significant flexibility and rapid changes to processes and working arrangements; however, services have continued to be delivered successfully.

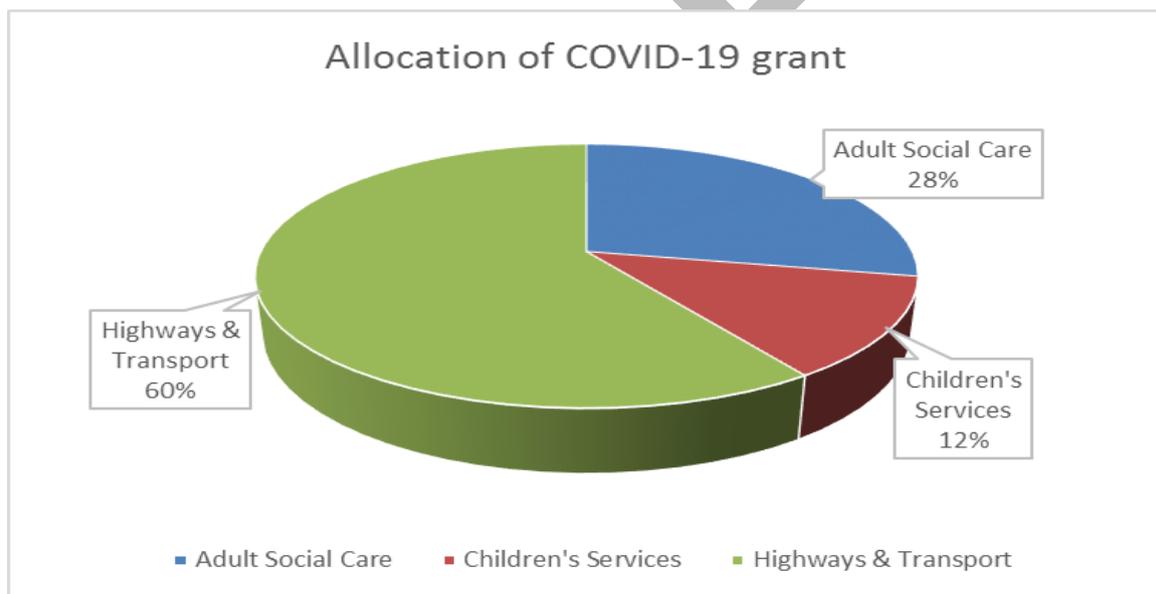
Throughout the Covid-19 pandemic the Council has been able to maintain sufficient staffing levels across all of its services. A small number of staff were redeployed to undertake key roles to support the council's formal emergency response. Staff working in services which were required to close by the government or were unable to carry out their normal role due to shielding, were engaged in alternative duties where appropriate. The Council will continue to monitor staffing availability on an ongoing basis.

Reserves, financial performance and financial position

The Royal Borough has incurred unforeseen COVID-19 costs, and this has increased both its short and medium-term financial challenges. The greatest financial impact has been the Royal Borough's loss of income during the lockdown period. The expectation is that the impact of the COVID-19 pandemic will continue as recovery begins and government measures such as the furlough scheme are phased out by October 2020. Increased costs incurred include care and homelessness service costs for the vulnerable. We are also accounting for expected increases in demand and costs in Children's Social Care as schools reopen in significant numbers.

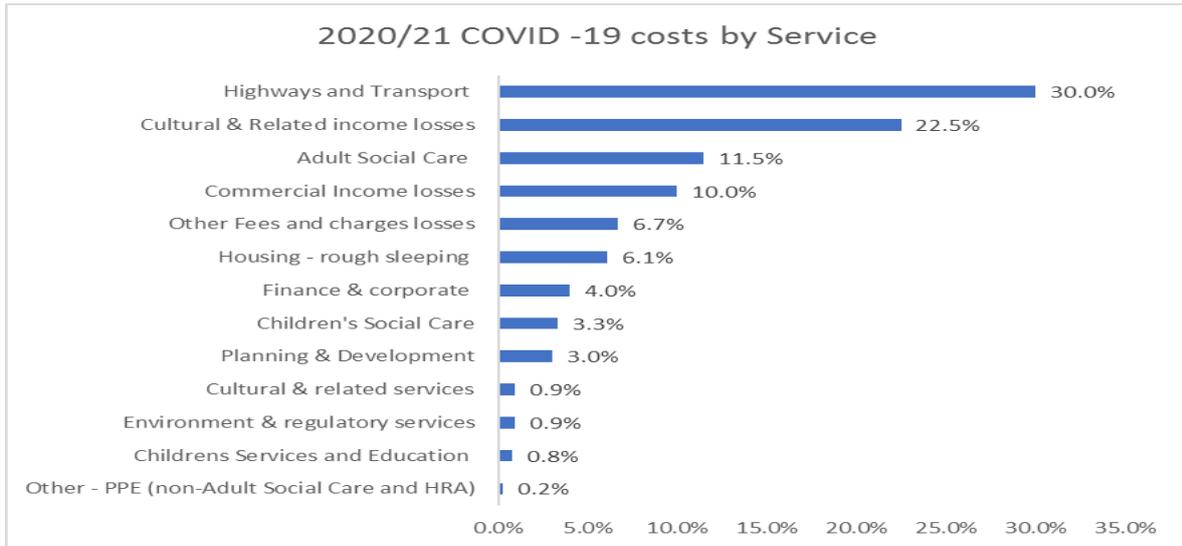
The Royal Borough is experiencing an extensive loss of income for parking, leisure, commercial rents, council tax and business rates. Much of this income loss is foregone and the impact is being reflected in the projected revenue outturn for 2020/21.

Since lockdown on the 11 March 2020 the government has allocated COVID-19 grant in three tranches, The Royal Borough's total allocated grant is £8.126m. £1.827m was utilised between the 11 and 31 March 2020 and is included in the 2019/20 financial statements. The remaining balance of £6.299m will be used to partly offset the Councils 2020/21 COVID19 costs to date of £12.028m. The Royal Borough's allocation of the COVID-19 grant is shown below:

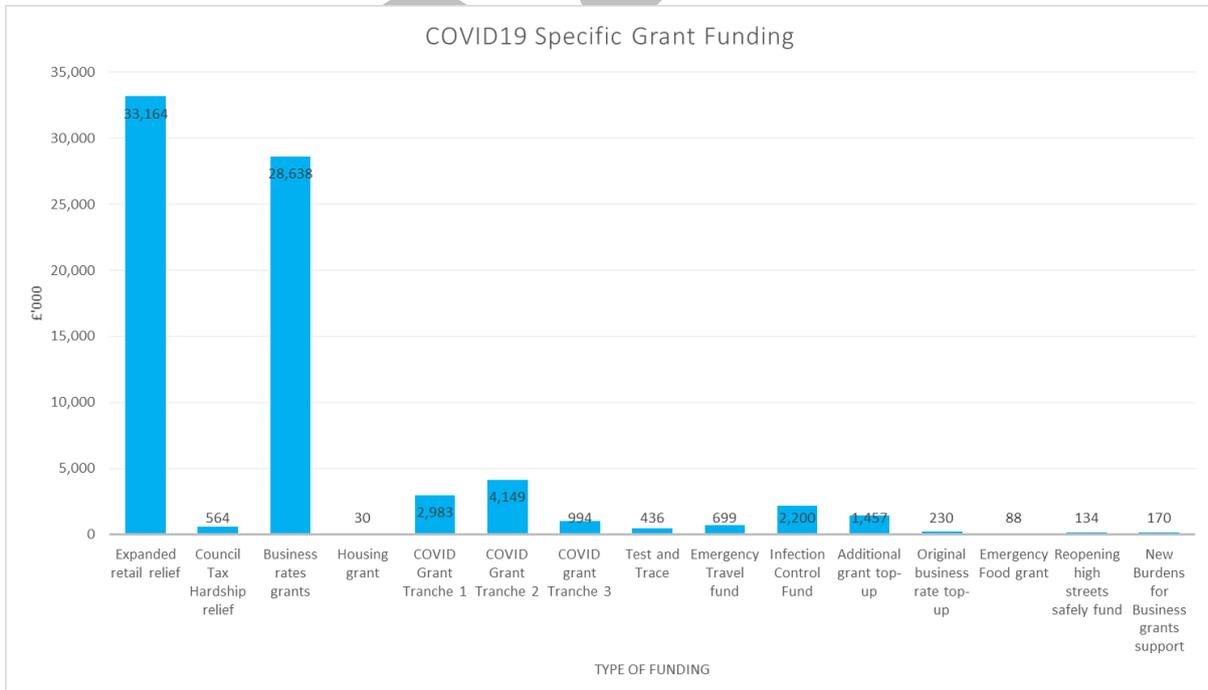


The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

The breakdown of the projected service spend on the COVID-19 pandemic is shown below:



The Royal Borough has also received specific Covid 19 related grant funding totalling £74.88m since March 2020; some of this funding is up-front and some is reimbursed. The largest grant of £33.164m is designed to cover two new forms of Business Rate Relief i.e. Expanded Retail Relief and Nursery Relief. Half a million of this funding is also allocated to assist individuals in receipt of Council Tax Reduction with an additional award of up to £150 to reduce their outstanding Council Tax liability. These sums are being allocated by the Royal Borough in line with Government guidelines provided in order to support both local businesses and individual residents with the financial impacts of Covid 19.



Recovery Plans

The Council has developed a draft recovery strategy which will go to Cabinet for approval. The strategy will deliver the objectives in the Thames Valley Recovery Strategy and sets out a comprehensive programme of actions to enable recovery of the Borough across the following themes:

- Communities, health and wellbeing
- Place making
- Education and skills
- Business intelligence and engagement
- Communications and marketing
- Infrastructure

Our Financial Strategy

The Royal Borough is committed to providing high quality services that offer value for money. Our corporate priorities guide our spending, alongside our statutory roles looking after the most vulnerable people in society and protecting the environment. Our financial strategy must balance the growing demands for services such as adult social care and children's services with our commitment to protect the environment and promote a buoyant and diverse economy.

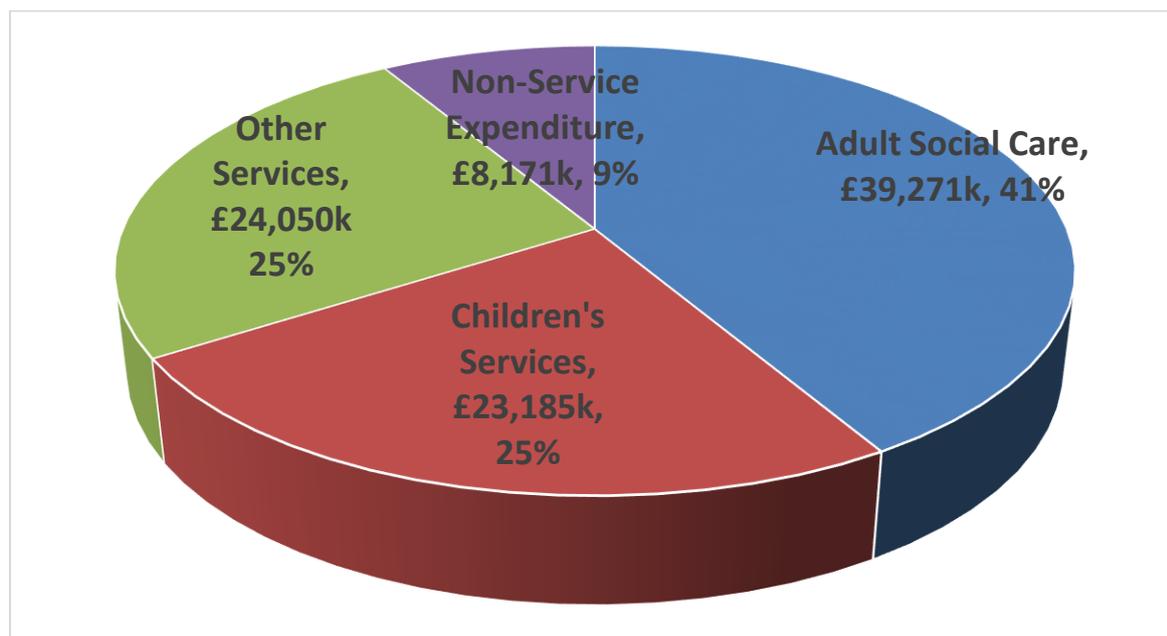
An increasing proportion of our expenditure is being spent on services that support individual and vulnerable people. In all the services we either commission or deliver we will strive to achieve the best outcomes for our residents achieving the best value for money.

Our commitment to low council tax means that the 25% of our expenditure spent on non-statutory services provided to our community is under particular pressure. In 2020/21 prior to the worldwide COVID-19 pandemic the Royal Borough had committed to a significant savings programme and is continually working to ensure that the services it delivers are subjected to rigorous value for money testing. We will continue to seek out opportunities to deliver efficiencies, savings and ways to increase our income. As a result of COVID-19 this challenge is now greater than was originally anticipated when the 2020/21 budget was set.

The Royal Borough has an on-going transformation plan/programme, which will aid delivery of the increased efficiencies and savings requirement

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

An overview of the Royal Borough's budgeted spending for 2020/21 is set out below:



The Royal Borough approved its 2020/21 -2024/25 medium-term financial strategy in February 2020. At that point estimated savings required over the period, with the impact on reserves if these are not identified and delivered, are shown below. Given the significant effects of Covid-19, the Council will revise its Medium Term Financial Strategy during this year. It should be noted that at the outturn position the reserves increased.

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Savings Target	7,643	4,223	2,637	4,758	3,572	22,832
Savings Identified	(5,426)	(2,035)	67	-	-	(7,394)
Use of Reserves(from)/to	(2,218)					
Savings Required	-	2,188	2,703	4,758	3,572	15,438
Cumulative Savings Required	2,218	4,405	7,109	11,866	15,438	
Estimated Year End Reserves	6,521	2,115				

No estimate of reserve levels is made after 2021/22 as the Royal Borough is legally required to set a balanced budget and cannot have negative reserves.

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

Treasury Management

The Royal Borough is required to operate a balanced budget. Part of the work of the Treasury Management team is to achieve this balance whilst at the same time making sure that enough cash is available to pay bills when needed. Surplus monies are invested in low risk, short-term investments, aimed at providing security and ready access to funds rather than high rates of return. Other aspects of treasury management are:

- funding the Royal Borough's capital plans. This might involve arranging long or short-term loans, or deploying internal resources such as accumulated balances or cash flow surpluses
- restructuring or making early repayment of debt where it is cost effective to do so; and
- making adequate set aside for repayment of long-term debt.

The Royal Borough sets itself a number of key financial indicators which are monitored throughout the year:

	Royal Borough target 2019/20	Position at year end
Authorised limit for external debt – the total amount, from any source, that the Royal Borough can borrow or owe	£212m	£191m
Adequate provision should be made for repayment of long-term debt	Match provision with expected life of assets purchased.	

At 31 March 2020 cash holdings and short-term investments totalled £51.7m compared to £22m at 31 March 2019. The Royal Borough has used available cash balances rather than borrowing to finance capital investment this year. At 31 March 2020 the Royal Borough had the following significant financial obligations:

- Borrowing of £225m, comprising £44m of Public Works Loan Board (PWLB) debt and £181m of money market debt. Total borrowing includes £33.5m of debt managed on behalf of the Thames Valley Local Enterprise Partnership. PWLB debt is available to local authorities at a discounted rate, currently 1.9%. The Royal Borough's overall average borrowing rate is 2.91 %.

The Royal Borough's current strategy, given the low returns available for short-term investment, is to use investment balances, reserves and rental income where possible to fund capital investment rather than borrowing at current market rates.

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

Financial Performance 2019/20

Net Asset Position and Reserves

The table below shows the movement:

	At 31/3/2019 £000	At 31/3/2020 £000
Non –current assets – these include: <ul style="list-style-type: none"> • Other buildings and equipment used to deliver services • Assets being held to generate a rental income • Investments in joint ventures and subsidiaries 	555,812	628,586
Net current assets – debtors, stock and cash less short-term creditors and liabilities	34,566	41,180
Pensions Liabilities	(282,385)	(249,304)
Long term borrowing	(57,049)	(57,049)
Other long-term liabilities and provisions	(122,088)	(181,073)
Net assets	128,856	182,340

Operational assets include:

• Buildings e.g. Town Hall	• Community Centres
• Car Parks	• Social care facilities
• Schools	• Youth Centres

The Royal Borough uses capital expenditure to deliver its agreed priorities and help shape the future of the borough. Capital investment often takes the form of infrastructure, buildings and community facilities, such as the new Braywick Leisure Centre. Capital expenditure, at £69m, was 37% below initial spending plans. COVID-19 lockdown has had an impact on planned investment which is now expected to take place in 2020/21, the reality of completion of outstanding projects will become clearer as lockdown is released. The Royal Borough has reduced its need to borrow for capital purposes by opting to use capital receipts and reserves.

Reserves and Working Balances

Reserves provide the opportunity for the Royal Borough to be resilient when unexpected events arise, and to plan for the future. Local authorities hold reserves which are both usable, and unusable, which must be set aside by law. Usable reserves consist of the following:

	At 31/3/2019 £000	At 31/3/2020 £000
Available to fund capital investment (1)	3,905	7,583
Balances held on behalf of schools (2)	529	437
General fund working balance (3)	7,778	8,231
Earmarked reserves (4)	5,825	5,489

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

(1) These balances represent a combination of:

- capital grants received but not yet applied;
- capital receipts from sales of property, land and buildings.

(2) These balances are for held for schools.

(3) The general fund working balance is for use against revenue costs. The 2019/20 reported revenue outturn of £8.231m was £2.421m above the approved minimum level required for 2019/20 of £5.810m. If no further government funding is received in 2020/21 for the COVID-19 pandemic, unrecovered costs incurred will mean the projected reserve level will be below the approved minimum required.

(4) Earmarked reserves represent a valuable resource, so procedures are in place to ensure that:

- All proposals to use earmarked balances must be approved
- An annual review takes place to confirm that the purpose of each reserve is still valid
- Where a reserve is no longer required, the monies will be transferred to general reserves.

The Royal Borough used £336,000 of earmarked reserves during 2019/20.

Looking Ahead

Like many councils, the Royal Borough faces considerable financial challenges, particularly in supporting and protecting the most vulnerable people in our communities. These challenges are now greater than originally expected in 2020/21 and beyond as a result of the COVID-19 pandemic's financial impact. The Royal Borough is on the cusp of delivering major regeneration programmes that will deliver new homes, new community facilities and an enhanced environment. The COVID-19 impact on these projects in their entirety is currently unknown, however the Royal Borough is striving to continue with project delivery to budget and timetable as much as possible.

Our approach in 2020/21 will continue to be a focus on securing value for money whilst delivering high quality services. As set out in our budget papers, we did this by setting:

- a net revenue budget of £94.7m after the use of £2.2m of reserves
- Council Tax increases of 3.99% increasing the band D charge from £1,036.07 to £1,077.41
- Savings of £5.8m to be delivered by 31 March 2021.

Improvements in our financial management and financial governance during 2019/20 are continuing into 2020/21 with a detailed action plan on particular focus areas that will continue our improvement journey.

Looking further ahead, the Royal Borough will be undertaking significant work in 2020 to establish what changes it will need to make going forward to ensure it can be financially sustainable and continue to provide high quality services and promote a buoyant and diverse economy. The Royal Borough will also continue to work with MHCLG and the wider sector on the COVID-19 financial impacts.

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

An introduction to the 2019/20 Statement of Accounts

The Statement of Accounts which follows set out in more detail the Royal Borough's income and expenditure for the year, and its financial position at 31 March 2020. 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 are:

The **Comprehensive Income and Expenditure Statement** – this records all the Royal Borough'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 Royal Borough 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 the Royal Borough's assets, liabilities, cash balances and reserves at the year -end date.

The **Cash Flow Statement** shows changes in the Royal Borough's cash balances during the year.

Supplementary Financial Statements are:

The **Collection Fund** summarises the collection of council tax and business rates, and the redistribution of some of that money to central government and the Royal Berkshire Fire Authority. The Financial Statements for the Berkshire **Pension Fund** are included as the Royal Borough is the administrator of the scheme.

The **Notes** provide more detail about accounting policies and individual transactions.

The Royal Borough of Windsor and Maidenhead Statement of Accounts 2019/20

Many items of account involve the use of **judgement and estimation techniques**. The most important of these are set out below:

Property Plant and Equipment	<p>The authority carries out a rolling programme of valuations to ensure that operational property valuations are carried out at least every five years. These are carried out in accordance with the CIPFA code and RICS professional standards.</p> <p>For property, plant and equipment the Code requires a valuation to be at the asset's highest and best use and is a measure of financial capacity.</p> <p>Assets are measured using one of the following, which is most appropriate for the property, plant and equipment asset in question:</p> <ul style="list-style-type: none"> • Existing Use Value (EUV) • Existing Use Value – Social; Housing (EUV-SH) • Depreciated Replacement Cost (DRC)
Depreciation rates	<p>Depreciation charges are based on the expected useful life of assets and property, which has been assessed as follows:</p> <p>Other land and buildings 30-50 years Vehicles plant and equipment 4-10 years. Infrastructure assets 1-40 years</p>
Rating appeals	<p>The level of this provision reflects assumptions made about the number and value of successful rating appeals, based on our experience to date.</p>
Pension liabilities	<p>Key assumptions made by the actuary when calculating pension liabilities include future wage and price increases linked to inflation, the longevity(life expectancy) of retired members who have pensions already in payment and the discount rate (which is essentially a calculation of the amount of money which, if invested now, would be sufficient together with the income and growth in the accumulating assets to make these payments in future, using assumptions about investment returns</p>
Investment properties	<p>Investment properties have been valued using the Income approach (previously known as the investment method) and are revalued on an annual basis.</p>

Finally, we would like to take this opportunity to thank all staff, including our finance team, for their hard work and dedication during a challenging period.

Adele Taylor FCPFA

Director of Resources (S151 Officer)

Date: 03 August 2020

APPROVAL OF THE ACCOUNTS

Approval of the Statement of Accounts by full Council

Council have delegated the approval of the draft statement of accounts to the Corporate Overview and Scrutiny Panel. The Panel met on ??????? 2020 to approve the audited accounts.

Signed

Date:

2020

??????????????

Chairman of the Corporate Overview and Scrutiny Panel

DRAFT

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2016 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 2018/19 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 Authority is also required to :

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial 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 Statement of Accounts.

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future; and
- Maintained 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,

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2020 and of its income and expenditure for the year then ended.

Date:

Adele Taylor

Director of Resources and Section 151 Officer

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2018/19			2019/20			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
215,411	(123,987)	91,424	Managing Director	226,016	(135,633)	90,383
50,335	(40,577)	9,758	Communities Directorate	47,873	(35,198)	12,675
17,699	(14,431)	3,268	Place Directorate	14,068	(12,391)	1,677
283,445	(178,995)	104,450	Full Cost of Services	287,957	(183,222)	104,735
		1,432	Precepts paid to parishes			1,508
		153	Precepts & Levies			156
		145	Adjustments to provisions			2,367
		320	Adjustment to School Balances via Schools Reserve			92
		(438)	Adjustment to other reserves taken through the cost of services			337
		(1,695)	(Gain) / loss on the disposal of other fixed assets			626
		(61)	Other Operating Expenditure & Income (Note 11)			(205)
		15,936	Revenue exp.funded from capital under statute			12,099
		15,792	Other Operating (Income) / Expenditure (Note 11)			16,980
		3,196	Interest payable and similar charges			2,977
		5,924	Pensions interest cost			8,030
		(229)	Interest income			(265)
		3,234	Changes in the fair value of investment properties			(15,205)
		12,125	Financing & Investment Income & Expenditure (Note 12)			(4,463)
		(109,103)	Taxation and Non-Specific Grant Income (Note 13)			(107,810)
		23,264	(Surplus) or Deficit on Provision of Services			9,442
		1,346	Associates accounted for on a equity basis (Note 54)			(2,450)
		-	Tax expenses of associates			-
		24,610	Group (Surplus) or Deficit			6,992
		(3,659)	Other adjustments to value of Property, Plant and Equipment assets			(14,620)
		(20,564)	Remeasurement of the net defined benefit liability (asset)			(42,357)
		4,484	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income (Note 54)			(2,450)
		1,713	Share of Other (Income) & Expenditure of associates (Note 54)			(420)
		(18,026)	Other Comprehensive (Income) and Expenditure			(59,847)
		6,584	Total Comprehensive (Income) and Expenditure			(52,855)

COUNCIL AND GROUP BALANCE SHEET

2018/19			2019/20		
RBWM £'000	Group £'000		Note	RBWM £'000	Group £'000
		Assets			
		Non-current assets			
421,625	421,625	Property, Plant and Equipment	14	458,955	458,955
131,824	131,824	Investment Properties	16	96,230	96,230
2,104	2,104	Intangible Assets	17	1,721	1,721
-	-	Assets Held for Sale		73,057	73,057
245	245	Long Term Investments	18	250	250
14	14	Long Term Debtors	18	-	-
-	-	Investments in Associates	18/54	-	-
555,812	555,812	Total Non-Current Assets		630,213	630,213
		Current assets			
-	-	Short Term Investments	18	10,559	10,559
105	105	Inventories	19	22	22
32,507	32,507	Short Term Debtors	21	24,310	24,310
1,954	1,954	Cash and Cash Equivalents	22	7,622	7,622
34,566	34,566	Total Current Assets		42,513	42,513
590,378	590,378	Total Assets		672,726	672,726
		Liabilities			
		Current Liabilities			
(71,952)	(71,952)	Short Term Borrowing	18	(134,000)	(134,000)
(30,980)	(30,980)	Short Term Creditors	24	(36,102)	(36,102)
(102,932)	(102,932)	Total Current Liabilities		(170,102)	(170,102)
		Non-Current Liabilities			
(250)	(250)	Long Term Creditors	18	(243)	(243)
(3,226)	(3,226)	Provisions	25	(3,710)	(3,710)
(57,049)	(57,049)	Long Term Borrowing	18	(57,049)	(57,049)
(12,721)	(12,721)	Capital Grants Receipts in Advance	40	(8,941)	(8,941)
(282,385)	(282,385)	Retirement Benefit Obligations	49	(249,304)	(249,304)
(2,959)	(2,959)	Interest in net assets of Associates	18/54	(509)	(509)
(358,590)	(358,590)	Total Non-Current Liabilities		(319,756)	(319,756)
128,856	128,856	Net Assets		182,868	182,868
		Equity			
		Usable Reserves	26		
7,778	7,778	Fund Balances and Reserves		8,231	8,231
10,259	10,259	Other Reserves		14,666	14,666
		Unusable Reserves	27		
186,401	186,401	Capital Adjustment Account		193,414	193,414
214,694	214,694	Revaluation Reserve		227,477	227,477
(4,484)	(4,484)	Financial Instruments Revaluation Reserve		(2,034)	(2,034)
(282,385)	(282,385)	Pensions Reserve		(249,304)	(249,304)
(1,365)	(1,365)	Collection Fund Adjustment Account		(7,648)	(7,648)
(2,042)	(2,042)	Accumulated Absences Account		(1,934)	(1,934)
128,856	128,856			182,868	182,868

COUNCIL AND GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied	School Revenue Balances	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total RBWM Reserves	RBWM share of Optalis & AfC Reserves	Total Group Reserves
2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	7,778	5,825	3,905	529	-	18,037	110,819	128,856	-	128,856
Total Comprehensive Expenditure and Income (surplus or deficit on the provision of services)	(6,992)	-	-	-	-	(6,992)	61,877	54,885	-	54,885
Adjustments between group accounts and authority accounts (Group a/cs) (Note 54)	(2,450)	-	-	-	-	(2,450)	420	(2,030)	-	(2,030)
Net increase or decrease before transfers (Group a/cs)	(9,442)	-	-	-	-	(9,442)	62,297	52,855	-	52,855
Adjustments between accounting basis & funding basis under regulations (Note 9)	9,467	-	3,127	-	551	13,145	(13,145)	-	-	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	25	-	3,127	-	551	3,703	49,153	52,855	-	52,855
Transfers to / from Earmarked Reserves (Note 10)	428	821	-	(92)	-	1,157	-	1,157	-	1,157.0000
Increase / (Decrease) in Year	453	821	3,127	(92)	551	4,860	49,153	54,012	-	54,012
Balance at 31 March 2020	8,231	6,646	7,032	437	551	22,897	159,972	182,868	-	182,868
Carried Forward	8,231	6,646	7,032	437	551	22,897	159,972	182,868	-	182,868

COUNCIL AND GROUP MOVEMENT IN RESERVES STATEMENT

2018/19	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied	School Revenue Balances	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total RBWM Reserves	RBWM share of Optalis & AfC Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2018	7,033	6,122	5,966	849	-	19,970	112,411	132,381	-	132,381
Total Comprehensive Expenditure and Income (surplus or deficit on the provision of services)	(24,610)	-	-	-	-	(24,610)	18,026	(6,584)	-	(6,584)
Adjustments between group accounts and authority accounts (Group a/cs) (Note 54)	1,346	-	-	-	-	1,346	1,713	3,059	-	3,059
Net increase or decrease before transfers (Group a/cs)	(23,264)	-	-	-	-	(23,264)	19,739	(3,525)	-	(3,525)
Adjustments between accounting basis & funding basis under regulations (Note 9)	23,392	-	(2,061)	-	-	21,331	(21,331)	-	-	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	128	-	(2,061)	-	-	(1,933)	(1,592)	(3,525)	-	(3,525)
Transfers to / from Earmarked Reserves (Note 10)	617	(297)	-	(320)	-	-	-	-	-	-
Increase / (Decrease) in Year	745	(297)	(2,061)	(320)	-	(1,933)	(1,592)	(3,525)	-	(3,525)
Balance at 31 March 2019 Carried Forward	7,778	5,825	3,905	529	-	18,037	110,819	128,856	-	128,856

GROUP CASH FLOW STATEMENT

2018/19			2019/20
£'000	Group Cash Flow Statement (Indirect Method)	Note	£'000
(23,264)	Net surplus or (deficit) on the provision of services		(9,442)
14,620	Adjust net surplus or (deficit) on the provision of services for noncash movements	28	23,029
(15,488)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	28	(11,064)
(24,132)	Net cash (outflows) / inflows from Operating Activities		2,523
(20,770)	Net cash (outflows) / inflows from Investing Activities	29	(60,059)
47,499	Net cash (outflows) / inflows from Financing Activities	30	63,204
2,597	Net Increase or (Decrease) in Cash and Cash Equivalents		5,668
(643)	Cash and cash equivalents at the beginning of the reporting period		1,954
1,954	Cash and Cash Equivalents at the end of the reporting period	22	7,622

DRAFT

NOTES TO THE ACCOUNTS

1 Accounting Policies - Following Note 54.

2 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following amended standards within the 2019/20 Code:

- IFRS 16 Leases

The code requires local authorities as lessees to recognise assets and liabilities for all operating leases of more than a year on their balance sheets. A review is currently underway so the financial impact cannot be quantified presently.

- IAS19 Employee Benefits

Will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

3 Critical Judgements in Applying Accounting Policies

In the application of the Group's 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.

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.

The judgements involving estimations are dealt with separately below. In the opinion of the directors, the officers have not made any critical judgements in the process of applying the Company's accounting policies that could have a significant effect on the amounts recognised in financial statements.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises land and buildings used by schools in line with the Code of Practice on Local Authority Accounting. The code states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements for each property. Different types of schools within the borough reflect varying degrees of local authority control and therefore judgement is applied in applying the Code to assess whether asset recognition tests have been met by each school resulting in a decision as to whether to recognise the related assets or not. Where there is direct and complete control, assets are always recognised. There can be cases where the local authority has some control over the school but the asset recognition tests are not met. The judgement is driven by the nature and type of the school in question.

The Council has the following types of maintained schools under its control.

School Type	No.
Community	19
Voluntary Aided	9
Voluntary Controlled	6

Where the Council directly owns the assets the schools non current (fixed) assets are recognised on its Balance Sheet. Community schools are owned by the Council and thus recognised on the balance sheet.

Voluntary aided and voluntary controlled school buildings are owned by the respective diocese with no formal rights to use the assets passed to the school or governing bodies. These schools are therefore not recognised in the balance sheet. Where the playing fields are owned by the Council these are recognised in the balance sheet. A school by school assessment has been undertaken to determine the treatment of each asset.

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 Authority 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.

NOTES TO THE ACCOUNTS

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.

During 2019/20 the Council's actuaries advised that the net pension liability had decreased by £33m to £249m.

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 £9.3m. A 0.1% increase in the long term salary increase assumption would result in a £0.4m 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 £8.9m.

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 2020 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 1.

5 Material Items of Income and Expense

All items of material income or expenditure have been disclosed in the Comprehensive Income and Expenditure Statement.

6 Events After the Balance Sheet Date

The Statement of Account was authorised for issue by the Head of Finance on the 31 May 2020. Events taking place up to the date of signing the final audited financial statements are reflected in the financial statements and notes. Where events taking place before this date provided information about conditions existing at 31 March 2020 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. No further events have occurred which need to be reported here.

NOTES TO THE ACCOUNTS

7 Group Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) 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.

2018/19			2019/20			
Net Exp. chargeable to the General Fund	Adjustments between the funding and accounting (Note 7) basis	Net Exp. in the CI&ES		Net Exp. chargeable to the General Fund	Adjustments between the funding and accounting (Note 7) basis	Net Exp. in the CI&ES
£'000	£'000	£'000		£'000	£'000	£'000
78,596	12,828	91,424	Managing Director	78,079	12,304	90,383
7,256	2,502	9,758	Communities	8,821	3,854	12,675
841	2,427	3,268	Place Directorate	363	1,314	1,677
86,693	17,757	104,450	Full Cost of Services	87,263	17,472	104,735
(86,821)	5,635	(81,186)	Other Income and Expenditure	(87,288)	(8,006)	(95,293)
(617)	617		Transfer to/from Earmarked Reserves	(428)	428	
(745)	24,009	23,264	(Surplus)/Deficit	(453)	9,895	9,442
(7,033)			Opening General Fund Balance	(7,778)		
(745)			Less (Surplus) or Deficit on General Fund	(453)		
(7,778)			Closing General Fund Balance at 31 March	(8,231)		

NOTES TO THE ACCOUNTS

Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2019/20				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes	Net change for the Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Managing Director	10,840	1,557	(93)	12,304
Communities Directorate	2,038	1,850	(34)	3,854
Place Directorate	685	610	19	1,314
Net Cost of Services	13,563	4,017	(108)	17,472
Other (income) and expenditure from the Expenditure and Funding Analysis	(19,543)	5,255	6,283	(8,006)
Transfers to / from Earmarked Reserves (Note 10)	-	-	428	428
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services.	(5,980)	9,272	6,603	9,895

Adjustments between Funding and Accounting Basis 2018/19				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustment for Capital Purposes	Net change for the Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Managing Director	11,387	1,549	(108)	12,828
Communities Directorate	1,493	973	36	2,502
Place Directorate	1,622	797	8	2,427
Net Cost of Services	14,502	3,319	(64)	17,757
Other (income) and expenditure from the Expenditure and Funding Analysis	2,539	5,924	(2,828)	5,635
Transfers to / from Earmarked Reserves (Note 10)	-	-	617	617
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services.	17,041	9,243	(2,275)	24,009

Adjustments for capital purposes

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 receivable in the year to those receivable 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 Comprehensive Income and Expenditure Statement 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 business rates 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.

NOTES TO THE ACCOUNTS

8 Expenditure and Income analysed by Nature

	2018/19	2019/20
	£'000	£'000
Income		
Government Grants	(94,835)	(101,558)
Collection Fund	(93,548)	(89,997)
Housing Benefit Income	(31,709)	(26,222)
Other Grants & Contributions	(21,250)	(24,335)
Fees & Charges	(29,574)	(30,920)
Sales	(3,881)	(4,475)
Rent	(7,718)	(8,028)
Interest	(262)	(265)
Other Operating Income	(61)	(205)
Contributions from other funds/balances	1,195	526
	(281,643)	(285,479)
Expenditure		
Employees		
Direct Employee Costs	43,118	42,596
Teachers Pay	23,416	25,123
Indirect Employee Costs	2,636	1,944
Pension Interest Cost	5,924	8,030
Premises		
Repairs & Maintenance	2,330	2,057
Other Energy	111	116
Gas	220	258
Electricity	1,451	1,648
Other Rent & Rates	1,734	2,063
Rates	2,584	2,787
Water	216	303
Other Premises	1,890	1,934
Depreciation, Amortisation and Impairment	14,501	13,563
Supplies & Services		
Equipment, Furniture & Materials	1,348	1,572
Printing, Stationery & Office Expenses	1,849	2,176
Communications and Computing	3,176	3,597
Grants & Subscriptions	104	8,618
Other Supplies & Services	16,236	18,743
Transport	403	376
Contract Services	126,922	125,677
Housing Benefit Payment	32,455	26,783
Other Operating Expenditure and Income		
Interest Payments	3,196	2,977
Precepts and Levies	1,585	1,664
Changes in the fair value of Investment Properties	3,234	(15,205)
Gain or Loss on Disposal of property, plant & equipment	(1,695)	626
Adjustment to School Balances	320	92
Adjustments to Provisions	145	2,367
Adjustments to Other Reserves	(438)	337
Revenue Expenditure Classified as Capital by Statute	15,936	12,099
Gross Expenditure	304,907	294,921
Surplus or Deficit on the Provision of Services	23,264	9,442

NOTES TO THE ACCOUNTS

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.

2019/20	Usable Reserves				
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Usable Reserves	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(12,971)			(12,971)	12,971
Movements in the market value of Investment Properties	15,205			15,205	(15,205)
Amortisation of intangible assets	(592)			(592)	592
Capital grants and contributions applied	10,179			10,179	(10,179)
Revenue expenditure funded from capital under statute	(12,099)			(12,099)	12,099
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 (CI&E)	(1,505)			(1,505)	1,505
Statutory provision for the financing of capital investment	1,652			1,652	(1,652)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CI&E	5,232	(5,232)		-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		2,105		2,105	(2,105)
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	879		(879)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure			328	328	(328)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(9,272)			(9,272)	9,272
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	(6,283)			(6,283)	6,283
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	108			108	(108)
Total Adjustments	(9,467)	(3,127)	(551)	(13,145)	13,145

NOTES TO THE ACCOUNTS

2018/19 Comparative figures	Usable Reserves				
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Usable Reserves	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(14,502)			(14,502)	14,502
Movements in the market value of Investment Properties	(3,234)			(3,234)	3,234
Capital grants and contributions applied	8,657			8,657	(8,657)
Revenue expenditure funded from capital under statute	(15,936)			(15,936)	15,936
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(1,242)			(1,242)	1,242
Statutory provision for the financing of capital investment	2,384			2,384	(2,384)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CI&E	3,895	(3,895)		-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		5,956		5,956	(5,956)
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	2,937		(2,937)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure			2,937	2,937	(2,937)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(9,243)			(9,243)	9,243
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	2,828			2,828	(2,828)
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	64			64	(64)
Total Adjustments	(23,392)	2,061	-	(21,331)	21,331

NOTES TO THE ACCOUNTS

10 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20.

	2018/19	Transfers Out	Transfers In	2019/20
	£'000	£'000	£'000	£'000
Insurance Reserve	1,150	(1,499)	1,309	960
Non Domestic Rate Pilot Reserve	2,553	(284)	-	2,269
Nature Reserve Maintenance Fund	123	(9)	9	123
Firestation Maintenance Fund (Windsor Arts Council)	25	-	9	34
Grave Maintenance Fund	8	-	-	8
Brexit Funding	100	(11)	210	299
Optalis Development Fund	102	(21)	-	81
Better Care Fund	1,676	(293)	-	1,383
Public Health Fund	88	-	244	332
Covid-19 Grant	-	-	1,157	1,157
Total	5,825	(2,117)	2,938	6,646

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to earmark resources for future spending plans. Earmarked reserves includes provisions created by the Royal Borough to cover that part of risk that is considered prudent and details of each can be found below:

Insurance Reserve

Due to its high policy excesses the council is essentially its own insurer. It therefore maintains an internal insurance provision to cover these self insured claims. The provision meets most claims for loss or damage to RBWM 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. Claims of around £740k are currently outstanding (as at 30th April 2020).

The next bi-annual actuarial review is scheduled to be complete by September 2020. Depending on the outcome the fund may be adjusted in future years.

Non Domestic Rate Pilot Reserve

The reserve contains surpluses arising from the Council taking part in a pilot project run by the MHCLG. For 2019/20 the six Berkshire Unitary authorities formed a pool for the retention of 74% of business rates. County wide surpluses will fund a £11m payment to the Local Enterprise Partnership (LEP) which in turn will support economic growth. Final payments to the LEP will be calculated in 2020/21 and funded from the reserve if required.

Nature Reserve Maintenance Fund

The Nature Reserve Maintenance Fund relates to funds set aside for the future upkeep of the Arthur Jacob Nature Reserve.

Firestation Maintenance Fund (WAC)

The Firestation Maintenance Fund (Windsor Arts Council) is a fund to help the further plans of the Windsor Arts Council to provide professional quality community arts programming in order to support, educate, inspire and promote the arts and art appreciation in the Windsor community.

Grave Maintenance Fund

Is a very small fund to assist with grave maintenance in the Borough.

Brexit Funding

The Secretary of State for the Ministry of Housing, Communities and Local Government announced in January 2019, funding which is intended to support Councils in the need to prepare for an orderly exit from the EU and to carry out contingency planning. The first instalment of this funding (£105,000) is contained within this earmarked reserve, subsequent instalments will also be credited here. In 2019/20 £11,000 was spent, in 2018/19 £5,000.

Optalis Development Fund

Funds set aside for the business development of Optalis Ltd.

Covid-19 Grant

Funds received in 19/20 from the Ministry of Housing, Communities and Local Government to cover the increased costs of providing services to residence during the Covid-19 pandemic. The balance is carried forward and will be used in 20/21.

Public Health Fund (PHF)

As permitted by the grant conditions £244,000 of the Public Health grant received in 2019/20 has been carried forward to support future Public Health expenditure. This has increased the total reserves available for expenditure on Public Health to £332,000.

Schools and Dedicated Schools Grant (DSG) Reserves

	2018/19	Transfers Out	Transfers In	2019/20
	£'000	£'000	£'000	£'000

NOTES TO THE ACCOUNTS

School Revenue Balances (Net of Loans)	1312	-	150	1,462
Dedicated Schools Grant Reserve				
General DSG Reserve	(917)	(242)	-	(1,159)
Earmarked DSG Reserve - School to School Support	-	-	-	-
Earmarked DSG Reserve - Capacity Building for Two-Year-Olds	57	-	-	57
Earmarked DSG Reserve - Support for Children In Care	77	-	-	77
Earmarked DSG Reserve - Mental Health and Wellbeing	-	-	-	-
Total DSG Reserve	(783)	(242)	-	(1,025)
Total Schools and DSG Reserves	529	(242)	150	437

School Revenue Balances

Each year schools receive delegated funding (known as the Individual Schools Budget - ISB) to support expenditure on pupils. At the end of the year, schools may overspend or underspend their budgets and balances are carried forward to the following year as a deduction or addition to their budget share. Figures reflect maintained schools' balances net of outstanding loans to schools.

Dedicated Schools Grant Reserve

Dedicated Schools Grant is a ring-fenced grant paid by the Education Funding Agency in support of the local authority's Schools Budget. The School's 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 RBWM'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 RBWM children in care compared with their peers.

NOTES TO THE ACCOUNTS

11 Other Operating Expenditure and Income

	2018/19 £'000	2019/20 £'000
Parish council precepts	1,432	1,508
Levies (Environment Agency)	153	156
(Gains)/losses on the disposal of non-current assets*	(1,695)	626
Adjustments to provisions	145	2,367
Adjustment to School Balances via Schools Reserve	320	92
Adjustment to other reserves taken through the cost of services	(438)	337
Royal Wedding	130	-
VAT Refund HMRC - Leisure	(31)	-
Dividend from RBWM Property Company Ltd	(160)	(210)
Revenue expenditure funded from capital under statute	15,936	12,099
Transfer of residual mortgage balance	-	5
Total	15,792	16,980

* Disposal of schools converting to academies and other Property, plant & equipment

12 Financing and Investment Income and Expenditure

	2018/19 £'000	2019/20 £'000
Interest payable and similar charges	3,196	2,977
Pensions interest cost	5,924	8,030
Interest receivable and similar income	(229)	(265)
Changes in the fair value of investment properties	3,234	(15,205)
Total	12,125	(4,463)

13 Taxation and Non-Specific Grant Income

	2018/19 £'000	2019/20 £'000
Collection Fund Precepts, Demands and Adjustments	(161,331)	(137,522)
Business Rates Tariff	71,800	52,157
NNDR S31 and Other Collection Fund Grant	(4,017)	(4,632)
Non-ring-fenced government grants	(3,006)	(2,404)
Capital Grants and Contributions	(12,549)	(15,409)
Total	(109,103)	(107,810)

NOTES TO THE ACCOUNTS

14 Property, Plant and Equipment

Movements on Balances

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE
Movements in 2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2019	313,633	25,215	198,285	8,205	5,569	16,385	567,292
Additions	1,437	8,431	8,221	952	7,907	29,629	56,577
Revaluation increases/(decreases) recognised in the Revaluation Reserve	21,436						21,436
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,049)			(105)	(3,303)		(15,457)
Derecognition – disposals	(700)						(700)
Derecognition – other						(2,064)	(2,064)
Asset reclassifications*	(6,170)				62,883	(2,626)	54,088
At 31 March 2020	317,587	33,646	206,506	9,052	73,057	41,324	681,172

Accumulated Depreciation and Impairment							
At 1 April 2019	(19,444)	(11,257)	(114,441)	(129)			(145,271)
Depreciation charge	(4,631)	(2,103)	(6,236)				(12,971)
Depreciation written out to the Revaluation Reserve	8,143						8,143
Depreciation written out to the Surplus/Deficit on the Provision of Services	944						944
At 31 March 2020	(14,988)	(13,360)	(120,677)	(129)	-	-	(149,155)

*£1,615k of assets under construction were reclassified to investment property.

Net Book Value

At 31 March 2020	302,599	20,286	85,829	8,923	73,057	41,324	532,018
At 31 March 2019	293,793	13,958	83,844	8,076	5,569	16,385	421,625

NOTES TO THE ACCOUNTS

Comparative Movements in 2018/19

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE
Movements in 2018/19	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2018	297,538	22,328	188,932	6,738	6,503	8,071	530,110
Additions	1,444	2,512	9,353	412		22,047	35,768
Revaluation increases/(decreases) recognised in the Revaluation Reserve	16,321			1,315			17,636
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(13,409)	775		(262)	27		(12,869)
Derecognition – disposals					(991)		(991)
Derecognition – other	(56)					(967)	(1,023)
Assets reclassified (to)/from Held for	11,119			2	30	(12,766)	(1,615)
Other movements in cost or valuation	280	(400)					(120)
At 31 March 2019	313,237	25,215	198,285	8,205	5,569	16,385	566,896

Accumulated Depreciation and Impairment							
At 1 April 2018	(14,447)	(9,356)	(109,338)	(129)	-	-	(133,270)
Depreciation charge	(6,522)	(1,955)	(5,103)				(13,580)
Depreciation written out to the Revaluation Reserve	1,491	54					1,545
Depreciation written out to the Surplus/Deficit on the Provision of Services	34	-					34
At 31 March 2019	(19,444)	(11,257)	(114,441)	(129)	-	-	(145,271)

Net Book Value

At 31 March 2019	293,793	13,958	83,844	8,076	5,569	16,385	421,625
At 31 March 2018	283,036	12,972	79,594	6,609	6,502	8,071	396,784

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)

NOTES TO THE ACCOUNTS

Capital Commitments

At 31 March 2020, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years budgeted to cost £7.111m. Similar commitments at 31 March 2019 were £31.674m. The major commitments are:

Scheme	£'000
St Peters School	1,200
Furze Platt Senior	757
Braywick Leisure Centre	5,154
	7,111

Revaluations

The Authority 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. The portfolio has been valued at 31 March 2020 in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued externally by Kempton Carr Croft, the Council's valuing agents. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£'000	£'000	£'000	£'000
Carried at historical cost		20,286		20,286
Valued at fair value as at:				
31 March 2020	55,464		73,057	
31 March 2019	14,005			14,005
31 March 2018				
31 March 2017	207,733			207,733
31 March 2016	26,950			26,950
Total Cost or Valuation	304,152	20,286	73,057	397,494
Variations since date of valuation (see below)	(1,553)			(1,553)
Net Book Value as at 31st March 2020	302,599	20,286	73,057	395,942

NOTES TO THE ACCOUNTS

15 Heritage Assets

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 the 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 Borough 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 disclosure complies with the Code of Practice on Local Authority Accounting.

16 Investment Properties

The following items of income and expense have been accounted for in the cost of services line in the Comprehensive Income and Expenditure Statement.

	2018/19 £'000	2019/20 £'000
Rental income from investment property	4,187	4,390
Direct operating expenses arising from investment property	(1,020)	(571)
Net gain/(loss)	3,167	3,819

The following table summarises the movement in the fair value of investment properties over the year.

	2018/19 £'000	2019/20 £'000
Balance at start of the year	135,318	131,824
Disposals	(250)	(805)
Net gains/(losses) from fair value adjustments	(3,234)	15,303
Transfers:		
(To)/from Property, Plant and Equipment	-	(54,088)
Other changes	(10)	3,996
Balance at end of the year	131,824	96,230

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 RBWM. 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 Authority's investment properties, the highest and best use of the properties is deemed to be their current use. The investment property portfolio has been valued at 31 March 2020 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's valuing agents.

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.

NOTES TO THE ACCOUNTS

17 Intangible Assets

The Authority 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 Authority. The useful lives assigned to the major software suites used by the Authority is seven years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.592m charged to revenue in 2019/20 was charged to the relevant service.

The movement on Intangible Asset balances during the year is as follows.

	2018/19 £'000	2019/20 £'000
Balance at start of year:		
Gross carrying amounts	16,950	17,263
Accumulated amortisation	(14,261)	(15,159)
Net carrying amount at start of year	2,689	2,104
Additions:		
Purchases	313	209
Amortisation for the period	(898)	(592)
Net carrying amount at end of year	2,104	1,721
Comprising:		
Gross carrying amounts	17,263	17,472
Accumulated amortisation	(15,159)	(15,751)
Total	2,104	1,721

NOTES TO THE ACCOUNTS

18 Financial Instruments

The following categories of financial instrument are carried on the Balance Sheet:

	Long-term		Current	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Investments				
Loans and receivables	-	-	-	10,559
Unquoted equity investment / (liability) at fair value through other comprehensive income**	(2,714)	(259)	-	
Total Investments	(2,714)	(259)	-	10,559
Debtors				
Loans and receivables	14	-	32,507	24,310
Total Debtors	14	-	32,507	24,310
Borrowings				
Financial liabilities at amortised cost***	(57,049)	(57,049)	(71,952)	(134,000)
Total Borrowings	(57,049)	(57,049)	(71,952)	(134,000)
Creditors				
Financial liabilities at amortised cost	(250)	(243)	(30,980)	(36,102)
Total Creditors	(250)	(243)	(30,980)	(36,102)

*In 2017/18 the Council joined The Royal Borough of Kingston Upon Thames and The London Borough of Richmond Upon Thames as shared owner(s) of Achieving for Children, providing children's services. In 2016/17 the Council joined Wokingham Borough Council as shared owner of Optalis Ltd a provider of adult social care services. The long-term investment figure is a liability due to the pension deficit in the AfC accounts. The loss represents the shortfall in money set aside to pay for pension rights earned to date. This money will not be paid out until the current members retire and does not represent an immediate cashflow issue for AfC or the Council. The Council has an existing investment in RBWM Commercial Services Ltd of £225,000.

** The fair value of borrowings has been calculated as £216.504m in 2019/20

Long term borrowing is made up of Public Works Loan Board (PWLb) loans £44.049m, and Lender Option Borrower Option (LOBO) loans £13m.

Short term borrowings are loans from other Local Authorities.

Loans and receivables are at amortised cost.

The Council holds various term deposits and instant access accounts with banks and other financial institutions and has made loans to its subsidiaries or institutions that it considers to be an important partner in delivering services. These are held at amortised cost and the Council considers these a normal part of its operations and cash flow and holds the instruments to collect contractual cash flows.

Debtors and creditors are not traded and the carrying amount in the Balance Sheet can be taken as fair value.

NOTES TO THE ACCOUNTS

19 Inventories

	Client Services Work in Progress	
	2018/19 £'000	2019/20 £'000
Balance outstanding at start of year	196	105
Purchases	1,709	275
Recognised as an expense in the year	(1,800)	(358)
Written off balances	-	-
Balance outstanding at year-end	105	22

20 Construction Contracts

There were no construction contracts carried out on behalf of other organisations during 2018/19 and 2019/20.

21 Debtors

The analysis of debtors is net of provisions for bad and doubtful debts.

	2018/19 £'000	2019/20 £'000
Trade receivables	22,308	17,524
Prepayments	4,801	1,232
Other receivable amounts	5,398	5,554
Total	32,507	24,310

Debtors for local taxation (included in the above figures)

	2018/19 £'000	2019/20 £'000
Less than one year	4,944	5,480
More than one year	6,681	6,982
Total	11,625	12,462

22 Cash and Cash Equivalents

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

	2018/19 £'000	2019/20 £'000
Cash held by the Authority	1,883	2,058
Bank current accounts	71	4,060
Short-term deposits		1,504
Total Cash and Cash Equivalents	1,954	7,622

23 Assets Held for Sale

As at 31st March 2020 no assets were held for sale.

NOTES TO THE ACCOUNTS

24 Creditors

	2018/19 £'000	2019/20 £'000
Trade payables	(29,307)	(30,912)
Other payables	(1,673)	(5,190)
Total	(30,980)	(36,102)

25 Provisions

	National Living Wage Sleep-ins £'000	Provision for Business Rates deficit £'000	Provision for MMI clawback liability £'000	Provision for redundancy £'000	Appeal Provision for Collection Fund (Business Rates) £'000	Total Provisions £'000
Balance at 1 April 2019	(100)	-	(259)	(460)	(2,407)	(3,226)
Additional provisions made in year	-	(2,421)	-	-	-	(2,421)
Amounts used in year	-	-	15	436	1,386	1,837
Unused amounts reversed in year	100	-	-	-	-	100
Balance at 31 March 2020	-	(2,421)	(244)	(24)	(1,021)	(3,710)

National Living Wage Sleep-ins

Payments expected to be made to care providers to fund back pay for their staff who have not received national living wage for sleep-in shifts for up to a 6 year period. 19/20 this provision is no longer required.

Provision for Business Rates deficit

The provision was created in 19/20 to cover the deficit identified in the NNDR1 submitted in February 2020 that would accrue in 2020/21.

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 RBWM. 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.

Our current provision was set in conjunction with the advice of the council's insurance brokers noting the approach taken by the other Berkshire unitaries. It is set to cover the likely maximum exposure from our total potential liabilities. These are currently RBWM claims of £187,000 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 RBWM concern historic abuse and mesothelioma (asbestos related illness).

Provision for redundancy - provision for redundancy payments expected in 2020/21 that relate to decisions made in 2019/20

Appeal Provision for Business Rates - The provision is required to cover the loss of income that may result from appeals made in 2019/20 and previous years.

NOTES TO THE ACCOUNTS

26 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and the Earmarked Reserves note (Note 10).

27 Unusable Reserves (Group)

	2018/19 £'000	2019/20 £'000
Capital Adjustment Account	186,401	193,414
Revaluation Reserve	214,694	227,477
Financial Instruments Revaluation Reserve	(4,484)	(2,034)
Pensions Reserve	(282,385)	(249,304)
Collection Fund Adjustment Account	(1,365)	(7,648)
Accumulated Absences Account	(2,042)	(1,934)
Total Unusable Reserves	110,819	159,971

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 Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 10. provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19		Capital Adjustment Account	2019/20	
£'000	£'000		£'000	£'000
	212,380	Balance at 1 April		186,401
2,384		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	1,652	
(13,603)		Charges for depreciation and impairment of noncurrent assets	(12,971)	
(1,663)		Revaluation losses on Property, Plant and Equipment	(12,374)	
(898)		Amortisation of intangible assets	(592)	
(15,936)		Revenue expenditure funded from capital under statute	(12,099)	
(1,242)		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	(1,505)	
	(30,958)			(37,889)
	4,468	Adjusting amounts written out of the Revaluation Reserve		17,382
		Net written out amount of the cost of non-current assets consumed in the year		
		Capital financing applied in the year:		
2,937		Use of the Capital Receipts Reserve to finance new capital expenditure	328	
8,657		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	10,179	
5,955		Application of grants to capital financing from the Capital Grants Unapplied Account	2,105	
(13,804)		AUC reclassification on revaluation, derecognition & other adjustments	(297)	
	3,745			12,315
	(3,234)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		15,205
	186,401	Balance as at 31 March		193,414

NOTES TO THE ACCOUNTS

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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.

Revaluation Reserve	2018/19 £'000	2019/20 £'000
Balance at 1 April	200,034	214,694
Upward revaluation of assets	19,181	29,579
Difference between fair value depreciation and historical cost depreciation	(4,399)	(3,721)
Amount written off to the Capital Adjustment Account	(122)	(13,075)
Balance at 31 March	214,694	227,477

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised.

Financial Instruments Revaluation Reserve	2018/19 £'000	2019/20 £'000
Balance at 1 April	-	(4,484)
Upward revaluation of Investments	-	2,450
Downward revaluation of investments	(4,484)	-
Balance at 31 March	(4,484)	(2,034)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority 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 Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	(293,703)	(282,385)
Actuarial gains or losses on pensions assets and liabilities	20,561	42,354
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(18,760)	(19,896)
Employer's pensions contributions and direct payments to pensioners payable in the year	9,517	10,623
Balance at 31 March	(282,385)	(249,304)

NOTES TO THE ACCOUNTS

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax /NDR income in the Comprehensive Income and Expenditure Statement 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 business rates, a separate adjustment account for business rates has been created.

Collection Fund - Council Tax

	2018/19 £'000	2019/20 £'000
Balance at 1 April	1,531	(128)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,659)	74
Balance at 31 March	(128)	(54)

Collection Fund - Business Rates

	2018/19 £'000	2019/20 £'000
Balance at 1 April	(5,725)	(1,237)
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	4,488	(6,357)
Balance at 31 March	(1,237)	(7,594)

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.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	(2,106)	(2,042)
Settlement or cancellation of accrual made at the end of the preceding year	2,106	2,042
Amounts accrued at the end of the current year	(2,042)	(1,934)
Balance at 31 March	(2,042)	(1,934)

NOTES TO THE ACCOUNTS

28 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2018/19 £'000	2019/20 £'000
Interest received	229	265
Interest paid	(3,196)	(2,977)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements	2018/19 £'000	2019/20 £'000
Depreciation	21,439	13,563
Impairment and Valuation Losses	(6,938)	-
Increase/(Decrease) in Creditors	(13,402)	5,228
(Increase)/Decrease in Debtors	(676)	8,197
(Increase)/Decrease in Inventories	91	83
Pension Liability	9,243	9,272
Contributions to/(from) Provisions	387	484
Carrying amount of non-current assets sold or de-recognised (property plant and equipment, investment property and intangible assets)	1,242	1,505
Carrying amount of short and long term investments sold	-	-
Change in investment property values	3,234	(15,303)
Adjust net surplus or deficit on the provision of services for non-cash movements	14,620	23,029

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.	2018/19 £'000	2019/20 £'000
Proceeds from short-term (not cash equivalents) and long-term investments	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,937)	(879)
Capital Grants credited to the surplus or deficit on the provision of services	(12,551)	(10,185)
Adjust net surplus or deficit on the provision of services for investing activities	(15,488)	(11,064)

29 Cash Flow Statement - Investing Activities

	2018/19 £'000	2019/20 £'000
Purchase of property, plant and equipment, investment property and intangible assets including capital expenditure on existing assets	(36,081)	(56,786)
Purchase of short-term and long-term investments	14	(10,559)
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,937	879
Other receipts from investing activities	12,360	6,407
Net cash flows from investing activities	(20,770)	(60,059)

NOTES TO THE ACCOUNTS

30 Cash Flow Statement - Financing Activities

	2018/19 £'000	2019/20 £'000
Cash receipts of short and long-term borrowing	47,499	62,048
Other receipts from financing activities	-	1,156
Net cash flows from financing activities	47,499	63,204

31 Acquired and Discontinued Operations

The council did not acquire or discontinue any operations in the financial year ended 31 March 2020, or 31 March 2019.

32 Trading Operations

Investment properties are included as trading operations for the purposes of this note. Details can be found in note 16.

Industrial and commercial estates

The Authority lets 62 units in industrial and commercial estates located in various parts of the Borough. The most sizeable incomes are generated from shopping centres in Windsor & Maidenhead including estate shops & flats, Reform Road, Howarth Road, Waldeck House, Rawcliffe House & Stafferton Way. Please refer to the table in note 16, above.

	2018/19 £'000	2019/20 £'000
Turnover	4,187	4,390
Expenditure	(1,020)	(571)
Surplus/(Deficit)	3,167	3,819

The cumulative surplus for the last four trading years is £12.618m.

33 Agency Services

The Council did not provide agency services during the years ended 31 March 2020 or 31 March 2019.

34 Road Charging Schemes

There is a requirement to disclose the nature, income, expenditure and net proceeds of any road charging schemes under the Transport Act 2000. The Council does not have any road charging schemes in operation as at 31 March 2020, or 31 March 2019.

NOTES TO THE ACCOUNTS

35 Pooled Budgets

During 2019/20, the Council were involved in the following pooled budget arrangements,

Better Care Fund

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. This is an allowable use of BCF funding. The S75 agreement states that should RBWM use net underspends in this way, then it must contribute an equivalent sum into the BCF in future. The BCF net underspend of £1.074m in 2019/20 has been used to fund Homecare and Council reserves have been increased accordingly. Total reserves ring-fenced for pooling into the BCF in future are £1.383m.

Council Hosting the Better Care Fund as Principal	2018/19 £'000	2019/20 £'000
Funding from Royal Borough of Windsor and Maidenhead	2,180	2,669
Funding from the Health Service	8,375	9,619
Other Income	2,497	3,189
Total Funding	13,052	15,477
Total Expenditure on Better Care Fund	13,052	15,477

Berkshire Community Equipment Service

The Council are part of this pooling arrangement, hosted by West Berkshire Council. The service meets the needs of a range of disabled people, including the frail elderly, adults and children with physical or learning disabilities, and those experiencing incapacity through ill health. The equipment available is designed to contribute to enabling independent living.

	2018/19 £'000	2019/20 £'000
Funding		
RBWM	491	397
Other Berkshire Authorities	3,132	3,599
Clinical Commissioning Group (formerly Berkshire Primary Care Trusts)	5,324	6,034
Total Funding	8,947	10,030
Expenditure		
Management Fund Costs	-	117
NRS Healthcare Services	8,947	9,913
Total Expenditure	8,947	10,030
Net Expenditure on Joint Stores Services	-	-

36 Members' Allowances

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

	2018/19 £'000	2019/20 £'000
Allowances	719	520
Expenses	4	3
Total	723	523

NOTES TO THE ACCOUNTS

37 Officers' Remuneration

The following tables set out the remuneration disclosures for Senior Officers whose salary is more than £50k per year for 2019/20 and 2018/19. Compensation for loss of office excludes payments to the Pension Fund in lieu of future contributions (Pension Strain).

2019/20	Notes	Salary (Including Fees & Allowances)	Compensation for loss of Office	Pension Cont.	Total Remuneration incl. Pension Contributions
		£	£	£	£
Managing Director - Alison Alexander	1		62,000		62,000
Managing Director - Duncan Sharkey		149,000		21,307	170,307
Executive Director	2	75,349	16,138		91,487
Executive Director		122,952		17,582	140,534
Director of Resources	3	12,115		1,732	13,847
Head of Communities, Enforcement & Partnerships		94,326		13,489	107,815
Head of Revenues & Benefits		85,707		12,542	98,249
Head of Planning	4	1,984		284	2,268
Head of Planning	5	61,548		8,004	69,552
Deputy Director and Head of Finance	6	51,904	49,086	7,098	108,088
Director of Adults, Health and Commissioning		108,128		15,462	123,590
Head of Human Resources and Corporate Projects		83,280		11,909	95,189
Communications & Marketing Manager		58,991		8,436	67,427
Deputy Director Health & Adult Social Care	7	18,294		2,682	20,976
Head of Property Services	8	44,370		5,724	50,094
Head of Commissioning - Infrastructure		77,167		10,940	88,106
Head of Infrastructure, Sustainability and Transport		59,247		8,472	67,720
Head of Governance		65,643		9,387	75,031
Head of Commissioning - People		73,138		10,392	83,530
Head of Housing and Environmental Health	9	44,000		6,292	50,292

Notes:

1. Left in June 2019
2. Left in January 2020
3. Employed since February 2020
4. Employed since March 2020
5. Left in November 2019
6. Left in October 2019
7. Left in May 2019
8. 30% of salary as Head of Property Services, 70% as Managing Director of RBWM Property Company Ltd.
9. Employed since June 2019

NOTES TO THE ACCOUNTS

2018/19	Notes	Salary (including Fees & Allowances) £	Compensation for loss of Office £	Pension Cont. £	Total Remuneration incl. Pension contributions £
Managing Director		141,548		20,241	161,789
Managing Director	1	24,833		3,551	28,384
Executive Director		111,310		-	111,310
Executive Director		126,226		18,050	144,276
Head of Library & Residents Services	2	68,552	55,759	7,327	131,638
Head of Communities, Enforcement & Partnerships		95,831		13,704	109,535
Head of Revenues & Benefits		86,031		12,422	98,453
Head of Planning		84,309		12,056	96,365
Deputy Director and Head of Finance		98,653		14,107	112,760
Deputy Director, Strategy and Commissioning		87,125		12,459	99,584
Communications & Marketing Manager		59,725		8,541	68,266
Head of Human Resources and Corporate Projects		79,530		11,373	90,903
Head of Property Services	3	43,500		5,612	49,112

Notes:

1. In post since February 2019
2. Left in October 2018
3. 30% of salary as Head of Property Services, 70% as Managing Director of RBWM Property Company Ltd.

DRAFT

NOTES TO THE ACCOUNTS

The number of the Authority's employees receiving more than £50k remuneration for the year (including Senior Officers but excluding employer's pension contributions) are summarised in the table below :

Remuneration Band	2018/19	2019/20
	Number of Employees	Number of Employees
£50,000 - £54,999	33	30
£55,000 - £59,999	24	21
£60,000 - £64,999	17	17
£65,000 - £69,999	3	12
£70,000 - £74,999	5	6
£75,000 - £79,999	5	1
£80,000 - £84,999	4	2
£85,000 - £89,999	4	2
£90,000 - £94,999	-	2
£95,000 - £99,999	4	1
£100,000 - £104,999	-	2
£105,000 - £109,999	1	1
£110,000 - £114,999	1	1
£115,000 - £119,999	-	1
£120,000 - £124,999	2	1
£125,000 - £129,999	1	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	1	-
£145,000 - £149,999	1	2

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 Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total £'000 Cost of Exit Packages in Each Band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0- £20,000	10	3	2	3	12	6	116	35
£20,001 - £40,000	2	-	4	1	6	1	170	21
£40,001 - £60,000	1	-	1	-	2	-	87	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	2	-	-	-	2	-	198
Total	13	5	7	4	20	9	373	254

38 External Audit Costs

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

	2018/19 £'000	2019/20 £'000
Fees payable with regard to external audit services carried out during the year	157	-
Fees payable in respect of statutory inspections	-	-
Fees payable for the certification of grant claims and returns during the year	15	-
Fees payable in respect of other services provided during the year	-	-
Total	172	-

In July 2016, the Secretary of State for Communities and Local Government specified Public Sector Audit Appointments (PSAA) as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For audits of the accounts from 2018/19, PSAA are able to appoint an auditor to relevant principal authorities. As a result, the Council's auditor changed from KPMG to Deloitte for 2018/19. A revised fee structure was put in place by PSAA at the same time.

NOTES TO THE ACCOUNTS

39 Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2014. The Schools Budget includes elements for a range of educational services provided centrally on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school and allocations to non-maintained nurseries. Grant allocated to schools' budget shares through the ISB is treated as spent as soon as it is allocated to schools.

Details of the deployment of DSG receivable for 2019/20 are as follows:

	Central Exp'	ISB	Total
	£'000	£'000	£'000
Final DSG for 2019/20 before recoupment			117,232
less Academy figure for recoupment			53,375
Total DSG			63,857
Brought forward			(783)
Less Carry Forward agreed in advance			-
Agreed initial budgeted distribution in 2019/20	24,884	38,190	63,074
In-year adjustments (see below for analysis)	(176)	234	58
Final Budget distribution for 2019/20	24,708	38,424	63,132
Less actual central expenditure	25,733		25,733
Less actual ISB deployed to schools		38,424	38,424
Carry Forward to 2019/20 agreed in advance	(1,025)	-	(1,025)

DRAFT

NOTES TO THE ACCOUNTS

40 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year.

	2018/19	2019/20
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Business Rates & Council Tax Support Grants (Collection Fund)	93,548	89,997
Capital Grants and Contributions	12,549	15,409
New Homes Bonus	2,691	2,089
Education Services Grant	315	315
Total Credited to Taxation and Non Specific Grant Income	109,103	107,810
	2018/19	2019/20
	£'000	£'000
Credited to Services - Government Grants		
Dedicated Schools Grant (DSG)*	63,053	63,916
Pupil Premium	1,730	1,753
Teacher Training	52	-
PE and Sports Grant	612	341
Universal Infant Free School Meals (UIFSM)	1,250	1,247
Special Educational Needs Reform	101	-
Teachers Pay Grant	196	299
Teachers' Pension Grant	-	934
Cycle Training Grant	37	37
Extended Rights to Free Travel	8	13
Asylum Seekers & Other Refugee Grants	513	505
Adult Care Support/Improved Better Care/Winter Pressures	2,428	3,093
Disabled Facilities Grant	946	910
Independent Living Fund (DCLG)	116	113
Other Education Grants (incl GTP & School Workforce Adviser)	623	1,240
Children Staying Put	35	35
Troubled Families DCLG	265	196
Post 16 Grants	243	80
Community Safety (PCC)	149	149
Public Health Grant	4,739	4,656
Drug Action Teams	-	40
Supporting Community Transport (DFT)	76	116
War Pensions Disregard	21	20
Collection Allowance	245	252
New Burdens Grant / Service Transformation	312	185
Adoption and Fostering	4	10
Homelessness Grants	1,289	1,536
Custom Self-Build and Brownfield Register	35	4
COVID-19 Funding (DCLG)	-	1,827
Elections and Electoral Registration	37	199
Other grants	650	268
Total Government Grants	79,765	83,974
Mandatory Rent Allowances: subsidy	30,900	26,022
Discretionary Benefits	235	200
Total Housing Benefit Income	31,135	26,222
Credited to Services - Other Grants and Contributions		
Housing Benefit and Council Tax Benefit Administration associated grants	487	360
Youth Justice Board	184	119
Health-Better Care	7,167	8,605
Health-Other Contributions	1,949	2,214
Contributions	10,987	10,937
Donations	500	623
Contributions from other funds/balances & reallocations	5,616	5,869
Total Other Grants and Contributions	26,890	28,727
Total Credited to Services	137,790	138,923

NOTES TO THE ACCOUNTS

Capital Grants Receipts in Advance

The Authority 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:

	2018/19 £'000	2019/20 £'000
Developers Contributions	9,134	5,981
Other Contributions	94	84
Education Grants	28	28
Other Grants	3,465	2,848
Total	12,721	8,941

Capital Grants Unapplied

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

	2018/19 £'000	2019/20 £'000
Education Grants	769	1,930
Other Grants	3,136	5,102
Total	3,905	7,032

41 Related Parties

RBWM 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 Authority.

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority 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. Grant receipts outstanding at 31 March 2019 are shown in Note 40.

Members

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 36.

During the financial year £40.8m of expenditure was incurred with third parties in which members had an interest. These are listed in the table below.

RBWM paid grants totalling £574,000 to voluntary organisations in which 7 members had positions on the governing body. In all instances the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all of these transactions are recorded in the Register of Members' Interest open to public inspection at the Town Hall during office hours.

Pension Fund

The Royal Borough of Windsor and Maidenhead administers the Royal County of Berkshire Pension Fund on behalf of 205 active employers, including the unitary local authorities in Berkshire. The council charged £1.749m for administering the Fund during the year.

NOTES TO THE ACCOUNTS

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

	Exp £000	Income £000
Care UK Community P'Ships Ltd t/a Clara Court	4,733	-
Charters School	149	31
Family Friends In Windsor And Maidenhead	7	5
More Than a Shelter	4	-
Optalis Ltd	34,386	-
The Riverside Day Nursery	144	-
Windsor Foodshare	5	2,076
Total	39,428	2,112

42 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2018/19 £'000	2019/20 £'000
Opening Capital Financing Requirement	106,303	138,387
Capital investment		
Property, Plant and Equipment	35,768	56,577
Investment Properties	-	-
Intangible Assets	313	209
Long Term Investments		
Revenue Expenditure Funded from Capital under Statute	15,936	12,099
Sources of finance		
Capital Receipts	(2,937)	(328)
Government Grants and Other Contributions	(14,612)	(12,284)
Sums set aside from Revenue:		
Direct Revenue Contributions		-
Minimum Revenue Provision	(2,384)	(1,652)
Removal of historic Item A adjustment	-	16,299
Closing Capital Financing Requirement	138,387	209,307
Explanation of Movements in Year		
Increase in underlying need to borrow (unsupported by government financial assistance)	32,084	70,920
Increase/(decrease) in Capital Financing Requirement	32,084	70,920

NOTES TO THE ACCOUNTS

43 Leases

Authority as Lessee

Finance Leases

There were no finance leases in 2019/20 or 2018/19.

Operating Leases

The Authority 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:

2019/20 Future minimum lease payments	Land and buildings £'000	Vehicles, Plant & Equip't £'000	Other Leases £'000	2019/20 Rental Charge £'000
Not later than one year	599	102	102	803
Later than one year and not later than five years	1,934	144	139	2,217
Later than five years	417	-	-	417
Total	2,949	246	241	3,436

2018/19 Future Minimum lease payments	Land and buildings £'000	Vehicles, Plant & Equip't £'000	Other Leases £'000	2018/19 Rental Charge £'000
Not later than one year	351	108	113	572
Later than one year and not later than five years	823	246	218	1,287
Later than five years	1,526	-	-	1,526
Total	2,700	354	331	3,385

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

	2018/19 £'000	2019/20 £'000
Minimum lease payments	1,869	2,372
Contingent rents	36	116
Total	1,905	2,488

Authority as Lessor

Finance Leases

There were no finance leases in 2018/19 or 2019/20.

Operating Leases

The Authority 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:

	2018/19 £'000	2019/20 £'000
Not later than one year	3,022	3,437
Later than one year and not later than five years	10,775	11,098
Later than five years	184,385	92,976
Total	198,182	107,511

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

NOTES TO THE ACCOUNTS

44 PFI and Similar Contracts

There were no PFI or similar contracts during 2018/19 or 2019/20.

45 Impairment Losses

There were no impairment losses during 2018/19 or 2019/20.

46 Capitalisation of Borrowing Costs

During 2019/20 £698,000 of borrowing costs for assets with a construction period of greater than one year were capitalised. No borrowing costs were capitalised during 2018/19.

47 Termination Benefits

Refer to note 37 above.

48 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the authority 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 Authority 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 2019/20, the council paid £3.214m to Teachers' Pensions in respect of teachers' retirement benefits, representing 21% of pensionable pay. The figures for 2018/19 were £2.623m and 16.48%. There were no contributions remaining payable at the year-end. The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

NOTES TO THE ACCOUNTS

49 Defined Benefit Pension Schemes

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

Transactions Relating to Post-employment Benefits

We recognise 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 we are required to make against council tax is based on the cash payable in the year, 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.

Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme £'000	
	2018/19	2019/20
Cost of Services:		
Service Cost (comprising current service cost, past service cost and gain / loss from settlements)	11,281	13,086
Financing and Investment Income and Expenditure:		
Net interest expense	7,329	6,657
Administration expenses	150	152
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	18,760	19,895
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets	15,212	(9,888)
Actuarial gains / (losses) on changes in demographic assumptions	30,366	4,527
Actuarial gains / (losses) on changes in financial assumptions	(25,017)	45,478
Other actuarial gains / (losses) on assets	-	(17,548)
Experience gain/(loss) on defined benefit obligation	-	19,785
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	39,321	62,249

Movement in Reserves Statement	Local Government Pension Scheme £'000	
	2018/19	2019/20
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code.	(39,321)	(62,249)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	8,970	10,073

Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme £'000	
	2018/19	2019/20
Present value of the defined benefit obligation	(533,101)	(477,724)
Fair value of scheme assets	257,272	232,671
Net Liability	(275,829)	(245,053)
Present value of unfunded obligation	(6,556)	(4,251)
Net Liability in the Balance Sheet	(282,385)	(249,304)

NOTES TO THE ACCOUNTS

Reconciliation of the present value of scheme liabilities:

	Local Government Pension Scheme £'000	
	2018/19	2019/20
Opening balance at 1 April	534,034	539,658
Current service cost	10,718	10,795
Interest cost	13,404	12,794
Contributions by scheme participants	1,871	1,900
Re-measurement (gains) and losses:		
Arising from changes in demographic assumptions	(30,366)	(4,527)
Arising from changes in financial assumptions	25,017	(45,478)
Experience gain/(loss) on defined benefit obligation	-	(19,785)
Past service costs including curtailment (losses)/gains	657	2,291
Benefits paid	(14,855)	(15,123)
Liabilities removed on settlement	(275)	-
Unfunded payments	(547)	(550)
Closing balance at 31 March	539,658	481,975

Reconciliation of the movements of the fair value of scheme assets:

	Local Government Pension Scheme £'000	
	2018/19	2019/20
Opening fair value of scheme assets	240,331	257,273
Interest on assets	6,075	6,137
Return on assets less interest	15,212	(9,888)
Other Actuarial gains / (losses)	-	(17,548)
Administrative expenses	(150)	(152)
Employer contributions	9,517	10,623
Contributions by scheme participants	1,871	1,900
Benefits paid	(15,402)	(15,673)
Settlement prices received / (paid)	(181)	-
Closing balance at 31 March	257,273	232,672

The actual return on scheme assets in the year was CR £3.751m, 2018/19 £21.287m,

Fair value of scheme assets comprised:

	Local Government Pension Scheme £'000	
	2018/19	2019/20
Gilts	-	-
Cash	20,424	27,476
Other Bonds	38,615	21,657
Equities	130,558	131,375
Property	35,721	31,968
Target Return	13,383	9,800
Commodities	1,966	1,371
Infrastructure	24,238	19,074
Alternative Assets	-	-
Longevity Insurance	(7,633)	(10,050)
Closing balance at 31 March	257,272	232,671

NOTES TO THE ACCOUNTS

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates , salary levels, etc.

The Local Government Pension Scheme has been estimated by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, estimates for the Council being based on the latest triennial valuation of the scheme as at 31 March 2016, the results of which were published on the 31 March 2017.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2018/19	2019/20
Long-term expected rate of return on assets in the scheme	2.4%	1.90%
Mortality assumptions:		
Longevity at 65 for current pensioners (Years):		
Men	22.0	21.5
Women	24.0	24.1
Longevity at 65 for future pensioners (Years):		
Men	23.7	22.9
Women	25.8	25.5
Rate of inflation	2.4%	1.90%
Rate of increase in salaries	3.3%	2.90%
Rate of increase in pensions	2.4%	1.90%
Rate for discounting scheme liabilities	2.4%	2.35%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been based on reasonably possible changes to the assumptions occurring at the end of the reporting period. It assumes for each change that the assumption analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Local Government Pension Scheme £'000	
	Increase in assumption	Decrease in assumption
Longevity (increase or decrease in 1 year)	(9,138)	9,324
Rate of increase in salaries (increase or decrease by 0.1%)	445	(441)
Rate of increase in pensions (increase or decrease by 0.1%)	8,911	(8,745)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	19,742	(18,923)

Amounts are relative to the present value of scheme liabilities £481.975m

50 Contingent Liabilities

At 31 March 2020, and 31 March 2019 the Authority had no material contingent liabilities.

51 Contingent Assets

At 31 March 2020, and 31 March 2019 the Authority had no material contingent assets.

NOTES TO THE ACCOUNTS

52 Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the Fitch Ratings Service. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. No Financial assets were deemed to have been impaired in 2019/20 as a result of credit risk. The write off policy, requires assets greater than £50,000, that are to be written off are to be approved at a full Council meeting. This was not required in 2019/20.

Liquidity Risk

The authority manages its cash flow and seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The maturity analysis of financial liabilities is as follows:

	2018/19 £'000	2019/20 £'000
Less than one year	71,952	134,000
Between one and two years	-	785
Between two and five years	785	-
More than five years	56,264	56,264
Total Financial Liabilities	129,001	191,049

Interest Rate Risk

The Authority 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 authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure. The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep all of its borrowings in fixed rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early if possible to limit exposure to losses.

Price Risk

The Authority does not generally invest in equity shares and is not therefore exposed to losses arising from movements in

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

NOTES TO THE ACCOUNTS

53 Trusts and Other Entities

The trusts and other entities administered by the Council, do not form part of the accounts and are published here for information.

	2018/19	Receipts in year	Payments in year	2019/20
	£'000	£'000	£'000	£'000
Local Enterprise Partnership (LEP)	48,650	34,600	49,728	33,522
Flexible Home Improvements Ltd (FHIL)	130	85	183	32
Kidwells Park Trust	439	19	70	388
RBWM Flood Relief Fund	190	1	1	190
Mayor's Benevolent Fund	27	1	3	25
Working Boys Club	630	22	91	561
Thames Valley Athletic Centre	67	14	-	81
Other Trust Funds	1	-	-	1
RBWM Commercial Services Ltd	23	209	201	31
RBWM Property Company Ltd	171	1,386	1,067	490
Trusts & Other Entities Total	50,328	36,337	51,344	35,321

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.

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 Royal Borough.

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.

RBWM Commercial Services Ltd

Covanta RBWM Ltd, provided waste treatment and disposal services, was acquired by RBWM in February 2014 as a result of it's American parent company Covanta Energy Corporation withdrawing from the UK waste market. As part of the acquisition the name of the company was changed. Further details can be accessed at the Companies House website. Both contracts have now reverted back to RBWM, the company is no longer trading.

RBWM Property Company Ltd

The company has been created as a dedicated and wholly owned arms length property management and development trading subsidiary of the Council. Its aim is to create a property portfolio primarily available to rent within both the affordable and private rental market. Further details can be seen at https://www3.rbwm.gov.uk/info/200110/about_the_council/1146/trading_companies and also the annual accounts can be accessed at the Companies House website.

54 The Group has two associates that are material, both of which are equity accounted.

	Optalis Ltd	Achieving for Children (AfC)
Nature of relationship with the Group	Shared owner with Wokingham Borough Council providing Adult Social Care services	Shared owner with The Royal Borough of Kingston Upon Thames and The London Borough of Richmond Upon Thames, a community interest company providing Children's services
Principal place of business / Country of incorporation	UK	UK
Ownership interest / Voting rights held	45%	20%

The following is summarised financial information for Optalis and AfC, for the financial year ended 31 March 2020, based on their respective consolidated financial statements.

	Optalis Ltd £'000	AfC £'000	To Group CI&E & MiRS £'000
Revenue	46,826	161,660	
Profit/(loss) from continuing operations	(36)	(10,151)	(2,046)
Post-tax profit from discontinued operations	-	-	0
Other comprehensive income/expenditure	36	12,250	2,466
Total comprehensive income	-	2,099	
Attributable to non-controlling interest	-	420	420
Attributable to investee's shareholders	-	1,679	
Current assets	5,385	43,381	
Non-current assets	40	14,670	
Current liabilities	(5,097)	(48,347)	
Non-current liabilities	-	(62,545)	
Net assets/(liabilities)	328	(52,841)	
Attributable to non-controlling interest	148	(10,568)	
Attributable to investee's shareholders	180	(42,273)	
Group's interest in net assets of investee at beginning of year/date of acquisition	51	(3,010)	
Total comprehensive income attributable to the Group	-	2,450	
Dividends received during the year	-	-	
Group's interest in net assets of investee at end of year	51	(560)	To Balance Sheet £'000
Carrying amount of interest in investee at year end	51	(560)	(509)

NOTES TO THE ACCOUNTS

The following is summarised financial information for Optalis Ltd and AfC, for the financial year ended 31 March 2019, based on their respective consolidated financial statements.

	Optalis Ltd £'000	AfC £'000	To Group CI&E & MiRS £'000
Revenue	45,497	154,026	
Profit/(loss) from continuing operations	8	(6,747)	(1,346)
Post-tax profit from discontinued operations	-	-	-
Other comprehensive income/expenditure	46	(8,666)	(1,713)
Total comprehensive income	54	(15,413)	
Attributable to non-controlling interest	24	(3,083)	(3,059)
Attributable to investee's shareholders	30	(12,330)	
Current assets	4,644	35,640	
Non-current assets	32	415	
Current liabilities	(4,349)	(37,552)	
Non-current liabilities	-	(53,105)	
Net assets/(liabilities)	327	(54,602)	
Attributable to non-controlling interest	147	(10,920)	
Attributable to investee's shareholders	180	(43,682)	
Group's interest in net assets of investee at beginning of year/date of acquisition	26	(1,277)	
Total comprehensive income attributable to the Group	24	(1,733)	
Dividends received during the year	-	-	
Group's interest in net assets of investee at end of year	51	(3,010)	To Balance Sheet £'000
Carrying amount of interest in investee at year end	51	(3,010)	(2,959)

The deficit in the AfC accounts represents the shortfall in money set aside to pay for pension rights earned to date. This money will not be paid out until the current members retire and does not represent an immediate cashflow issue. The fund is subject to a triennial valuation and employer contribution rates will be adjusted to ensure that the fund is adequately resourced to pay out retirement benefits, when they are due. The combination of these two factors means that AfC's Equity is likely to remain in a negative position for the foreseeable future but does not mean that the company is not a going concern.

The liability of £3.010m in the Council's accounts represents the Council's share of AfC's pension deficit. This is unlikely to be realised for the above reasons.

Year on Year Comparison OPTALIS Ltd

	2018/19 £'000	2019/20 £'000
Revenue	45,497	46,826
Profit/(loss) from continuing operations	8	(36)
Post-tax profit from discontinued operations	-	-
Other comprehensive income/expenditure	46	36
Total comprehensive income	54	-
Attributable to non-controlling interest	24	-
Attributable to investee's shareholders	30	-
Current assets	4,644	5,385
Non-current assets	32	40
Current liabilities	(4,349)	(5,097)
Non-current liabilities	-	-
Net assets/(liabilities)	327	328
Attributable to non-controlling interest	147	148
Attributable to investee's shareholders	180	180
Group's interest in net assets of investee at beginning of year/date of acquisition	26	51
Total comprehensive income attributable to the Group	24	-
Dividends received during the year	-	-
	51	51
Group's interest in net assets of investee at end of year	51	51
Carrying amount of interest in investee at year end	51	51

Year on Year Comparison Achieving for Children

	2018/19 £'000	2019/20 £'000
Revenue	154,026	161,660
Profit/(loss) from continuing operations	(6,747)	(10,151)
Post-tax profit from discontinued operations	-	-
Other comprehensive income/expenditure	(8,666)	12,250
Total comprehensive income	(15,413)	2,099
Attributable to non-controlling interest	(3,083)	420
Attributable to investee's shareholders	(12,330)	1,679
Current assets	35,640	43,381
Non-current assets	415	14,670
Current liabilities	(37,552)	(48,347)
Non-current liabilities	(53,105)	(62,545)
Net assets/(liabilities)	(54,602)	(52,841)
Attributable to non-controlling interest	(10,920)	(10,568)
Attributable to investee's shareholders	(43,682)	(42,273)
Group's interest in net assets of investee at beginning of year/date of acquisition	(1,277)	(3,010)
Total comprehensive income attributable to the Group	(1,733)	2,450
Dividends received during the year	-	-
	(3,010)	(560)
Group's interest in net assets of investee at end of year	(3,010)	(560)
Carrying amount of interest in investee at year end	(3,010)	(560)

NOTES TO THE STATEMENT OF ACCOUNT

Accounting Policies

i. General Principles

The statement of accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2016 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 2019/20 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.

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority 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 Authority.
- Revenue from the provision of services is recognised when the Authority 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 Authority.
- 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 based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. 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 Authority's cash management.

NOTES TO THE STATEMENT OF ACCOUNT

iv. 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 (CI&E) or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v. 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 Authority'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.

vi. 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 and equipment 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.

However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

vii. 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 non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

NOTES TO THE STATEMENT OF ACCOUNT

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 Authority 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 CI&E when the Authority 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 Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme administered by the Authority.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. 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 Managing Director service line in the CI&E is charged with the employer's contributions payable to Teachers' Pensions in the year.

NOTES TO THE STATEMENT OF ACCOUNT

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 Authority 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 Authority 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
- The change in the net pension's liability is analysed into seven components:
 - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the CI&E to the services for which the employees worked.
 - past service cost, the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CI&E as part of non-distributed costs.
 - interest cost on liabilities, the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the financing and investment income and expenditure line in the CI&E.
 - interest on assets, the annual investment return on the fund assets attributable to the Authority, calculated with reference to the discount rate – credited to the financing and investment income and expenditure line in the CI&E - gains or losses on settlements and curtailments, the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of services in the CI&E as part of non-distributed costs.
 - 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 – debited to the Pensions Reserve.
 - contributions paid to the Berkshire pension fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the GF balance to be charged with the amount payable by the Authority 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 GF of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

NOTES TO THE STATEMENT OF ACCOUNT

Discretionary Benefits

The Authority 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 policies as are applied to the Local Government Pension Scheme.

viii. 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
- those that are indicative of conditions that arose after the reporting period, the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

ix. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Authority 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 CI&E 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 Authority has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CI&E 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 authority 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.

NOTES TO THE STATEMENT OF ACCOUNT

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

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets measured at fair value through amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority 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 authority, 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.

Expected Credit Loss Model

The authority recognises expected credit losses on all of 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 authority. 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 based on 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the authority 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.

NOTES TO THE STATEMENT OF ACCOUNT

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price,
- other instruments with fixed and determinable payments – discounted cash flow analysis.

In 2019/20 the authority does not have any assets in this category.

Financial Assets Measured at Fair Value through Other Comprehensive Income

The Council has the option to designate investments in equity instruments to Fair Value through Other Comprehensive Income. This will be appropriate where the investment is made to meet service objectives of the Council and where the primary purpose is not to generate a financial return. In 2019/20 such investments are those in Achieving for Children and Optalis. There is no quoted market price for shares in these companies and gains or losses are based on equity share of profits / losses in the group accounts. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Other Comprehensive Income line in the Comprehensive Income and Expenditure Statement.

x. Foreign Currency Translation

Where the Authority 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.

xi. 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 Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the CI&E until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations made by the donor as to how grants should be spent and the consequences for the Authority if it fails to meet the conditions. 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 CI&E. Where capital grants are credited to the CI&E, they are reversed out of the GF 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 Adjustment Account (CAA) Amounts in the capital grants unapplied reserve are transferred to the CAA once they have been applied to fund capital expenditure.

NOTES TO THE STATEMENT OF ACCOUNT

xii. Heritage Assets

Tangible and intangible assets described in this summary of significant accounting policies as heritage assets. The Authority'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 Authority 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.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority 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 Authority.

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 Authority 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 Authority'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 Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority 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 CI&E.

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 CI&E. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CI&E. 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 GF balance. The gains and losses are therefore reversed out of the GF balance in the movement in reserves statement and posted to the CAA and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve (CRR).

NOTES TO THE STATEMENT OF ACCOUNT

xiv. Inventories and Long-Term Contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

xv. 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 CI&E. 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 GF balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the GF balance. The gains and losses are therefore reversed out of the GF balance in the movement in reserves statement and posted to the CAA and (for any sale proceeds greater than £10,000) the CRR.

xvi. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority 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 Authority recognises on its balance sheet the assets that it controls and the liabilities that it incurs and debits and credits the CI&E 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 Authority 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 Authority 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.

xvii. 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.

NOTES TO THE STATEMENT OF ACCOUNT

The Authority as Lessee

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 Authority 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 CI&E).

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 authority at the end of the lease period). The Authority is not required to raise Authority 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 GF balance, by way of an adjusting transaction with the CAA in the movement in reserves statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the CI&E as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

xviii 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.

xviii. 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.

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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.

NOTES TO THE STATEMENT OF ACCOUNT

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the 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 Authority). 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 Authority. 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 CI&E, 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 CI&E, they are reversed out of the GF balance to the CAA in the movement in reserves statement.

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 CI&E 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 CI&E.

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.

NOTES TO THE STATEMENT OF ACCOUNT

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 CI&E.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CI&E, 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 is calculated on the following bases:

- dwellings and other buildings, straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment, a percentage of the value of each class of assets in the balance sheet, as advised by a suitably qualified officer.
- infrastructure – straight-line allocation over 25 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 CI&E.

NOTES TO THE STATEMENT OF ACCOUNT

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 CI&E as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CI&E 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 Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the GF balance in the movement in reserves statement. The written-off value of disposals is not a charge against Authority 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 GF balance in the movement in reserves statement.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority 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 Authority 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 CI&E in the year that the authority 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.

NOTES TO THE STATEMENT OF ACCOUNT

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 authority settles the obligation

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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 accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 authority. 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.

xx. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the GF 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 to score against the surplus or deficit on the provision of services in the CI&E. The reserve is then appropriated back into the GF balance in the movement in reserves statement so that there is no net charge against Authority tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority, these reserves are explained in the relevant policies.

xxi. 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 CI&E in the year. Where the Authority 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 GF balance to the CAA then reverses out the amounts charged so that there is no impact on the level of Authority tax.

NOTES TO THE STATEMENT OF ACCOUNT

xxii. Fair Value

The Authority 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 Authority 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 Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Authority uses 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.

xxiii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxiv. Interests in Companies and Other Entities

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

The second is Achieving for Children CIC (AfC), which is a community interest company 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 joined the group in August 2017.

The performance of both companies, representing the Authority's ownership share are consolidated into the group accounts of the Authority. From the Council's perspective both Optalis Ltd and AfC are classified as associates 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.

NOTES TO THE STATEMENT OF ACCOUNT

xxv. 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. Both of these tests will be determined using the estimated costs at the time of preparing the accounts in the first year of capitalisation. Should either test fail in subsequent financial years, the prior year's treatment will not be adjusted retrospectively.

For the two years presented we have checked that there were no material amounts applicable. It is impracticable to go back further years and investigate.

DRAFT

Supplementary Accounting Statements 2019/20

DRAFT

www.rbwm.gov.uk



Royal Borough
of Windsor &
Maidenhead

COLLECTION FUND

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.

2018/19 £'000	COUNCIL TAX	2019/20 £'000
INCOME		
87,649	Council Tax receivable	91,685
87,649	Total Income	91,685
EXPENDITURE		
Apportionment of Previous Year Surplus		
1,647	Royal Borough of Windsor and Maidenhead	(454)
282	Berkshire Fire and Rescue Authority	(28)
103	Thames Valley Police & Crime Commissioner	(79)
2,032		(561)
Precepts and Demands		
70,586	Royal Borough of Windsor and Maidenhead	73,360
4,352	Berkshire Fire and Rescue Authority	4,530
12,325	Thames Valley Police & Crime Commissioner	14,100
87,263		91,990
Charges to Collection Fund		
33	Less write offs of uncollectable amounts	56
96	Less: Increase/(Decrease) in Bad Debt Provision	106
276	Less: Disregarded amounts	-
405	Total Expenditure	162
(2,051)	Surplus/(Deficit) arising during the year	94
1,876	Surplus (Deficit) Brought Forward	(175)
(175)	Surplus/(Deficit) Carried Forward	(81)

2018/19 £'000	BUSINESS RATES	2019/20 £'000
INCOME		
92,105	Business Rates receivable	87,081
(90)	Transitional Protection Payments	(519)
92,015	Total Income	86,562
EXPENDITURE		
Apportionment of Previous Year Deficit		
(3,003)	Central Government	(2,869)
(2,943)	Royal Borough of Windsor and Maidenhead	512
(60)	Berkshire Fire and Rescue Authority	(24)
(6,006)		(2,381)
Precepts and Demands		
-	Central Government	23,456
90,659	Royal Borough of Windsor and Maidenhead	69,431
916	Berkshire Fire and Rescue Authority	938
91,575		93,825
Charges to Collection Fund		
38	Less write offs of uncollectable amounts	1,602
10	Less: Increase/(Decrease) in Bad Debt Provision	(105)
(1,479)	Less: Increase/(Decrease) in Provision for Appeals	(1,050)
245	Less: Cost of Collection	242
11	Less: Disregarded amounts	13
(1,175)	Total Expenditure	702
7,621	Surplus/(Deficit) arising during the year	(5,584)
Surplus (Deficit) Brought Forward		
(11,682)	Surplus (Deficit) Brought Forward 2018-19	(4,124)
(63)	Add: Variances to prior year NNDR3 submission	-
(11,745)	Surplus (Deficit) Brought Forward	(4,124)
(4,124)	Surplus/(Deficit) Carried Forward	(9,708)

NOTES TO THE COLLECTION FUND

53 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 2019/20 the sum of £31.02 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 £74.74 at band D for 2019/20.

Band	Property Value	Number of Properties			Appeals / Non - Collection Provision	TAX BASE
		Base	Ratio	Band D Equivalent		
A	Up to £40,000	1,410.89	6/9	941.16	17.17	958.33
B	£40,001 to £52,000	2,457.83	7/9	1,911.65	297.51	2,209.16
C	£52,001 to £68,000	7,417.77	8/9	6,593.57	258.61	6,852.18
D	£68,001 to £88,000	13,935.81	9/9	13,935.81	21.87	13,957.68
E	£88,001 to £120,000	12,080.41	11/9	14,764.95	(44.25)	14,720.70
F	£120,001 to £160,000	7,651.43	13/9	11,052.07	13.77	11,065.84
G	£160,001 to £320,000	9,048.59	15/9	15,080.98	(7.83)	15,073.15
H	more than £320,000	1,752.75	18/9	3,505.50	10.30	3,515.80
Total		55,755.48		67,785.69	567.15	68,352.84

The average Band D charge for 2019/20 was £1,352.22. Therefore, based on the adjusted tax base of 68,353 the estimated yield was £92.428m. This can be reconciled to the income received as follows:-

	2018/19 £'000	2019/20 £'000
Estimated Yield	87,673	92,428
Transitional Relief	-	-
Other Changes in Yield	(24)	-
Council Tax Income	87,649	92,428

The council tax debt position is reviewed regularly and a provision of £1.432m to cover potentially bad or doubtful debts has been made. RBWM's share of this provision is £1.14m.

54 Business Rates Income

Business rates, also known as national non-domestic rates (NNDR), help fund local services provided by councils, the police and fire and rescue services. Business rates are 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) 50.4p in 2019/20 (49.3p in 2018/19). The total rateable value of business premises in the Borough's area at 31st March 2020 was £185.1m producing a notional yield of £104.2m. The business rate debt position is reviewed regularly and a provision of £0.936m to cover potentially bad or doubtful debts has been made. RBWM's share of the provision is £0.693m.

	2018/19 £'000	2019/20 £'000
Notional Yield	96,420	104,153
Allowances	(13,395)	(10,730)
Rateable Value Changes	2,088	2,136
Occupation Changes	(716)	(8,477)
Collectable Income	84,397	87,082

NOTES TO THE COLLECTION FUND

55 Precepts and Demands on the Funds

The following authorities made demands on the Council Tax Collection Fund in 2019/20:-

	2019/20	
	£'000	£'000
Council Tax		
Royal Borough of Windsor and Maidenhead		
General Expenses	65,710	
Adult Social Care Precept	5,109	
Special Expenses *	1,094	
Parishes	1,447	
		73,360
Thames Valley Police & Crime Commissioner		14,100
Berkshire Fire and Rescue Authority		4,530
Total Precepts and Demands		91,990

* Special Expenses relate to the cost of services undertaken by the Royal Borough in non-parished areas, which would be carried out by the Parishes in their parts of the Council's area.

The following authorities made demands on the Business Rates Collection Fund in 2019/20:-

	2019/20	
	£'000	£'000
Business Rates		
Royal Borough of Windsor and Maidenhead	69,431	
		69,431
Central Government		23,456
Berkshire Fire and Rescue Authority		938
Total Precepts and Demands		93,825

PENSION FUND ACCOUNTS

The Royal County of Berkshire Pension Fund fund account

2018/19 £'000		Notes	2019/20 £'000
	Dealings with members, employers and others directly involved in the Fund		
(116,990)	Contributions	7	(127,112)
(8,130)	Transfers in from other pension funds	8	(14,448)
(125,120)			(141,560)
102,835	Benefits	9	113,361
10,526	Payments to and on account of leavers	10	20,532
113,360			133,894
(11,759)	Net (additions)/withdrawals from dealings with members		(7,666)
11,093	Management expenses	11	24,764
(666)	Net (additions)/withdrawals including fund management expenses		17,099
	Returns on investments		
(43,766)	Investment income	12	(40,415)
4,734	Taxes on income	13	(48)
(29,982)	Profits and losses on disposal of investments and changes in the market value of investments	14	70,988
(69,014)	Net return on investments		30,526
(69,680)	Net (increase)/decrease in the net assets available for benefits during the year		47,625
2,012,263	Opening net assets of the scheme		2,081,943
2,081,943	Closing net assets of the scheme		2,033,719

The Royal County of Berkshire Pension Fund net assets statement

2018/19 £'000		Notes	2019/20 £'000
2,185,058	Investment assets	14	2,180,854
(108,271)	Investment liabilities	14	(156,149)
2,076,787	Total net investments		2,024,705
14,814	Current assets	21	11,624
14,814			11,624
(9,658)	Current liabilities	22	(2,610)
2,081,943	Net assets of the fund available to fund benefits at the end of the reporting period		2,033,719

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 PENSION FUND

Notes to the Royal County of Berkshire Pension Fund Accounts for the year ended 31 March 2020

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.

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 Panel, which is a committee of the Royal Borough of Windsor and Maidenhead.

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 2019	31 March 2020
Number of employers with active members	204	205
Number of employees in scheme		
Administering authority	1,594	1,584
Unitary authorities	13,297	14,840
Other employers	11,008	9,271
Total	25,899	25,695
Number of pensioners		
Administering authority	1,878	1,991
Unitary authorities	9,354	10,201
Other employers	6,618	6,593
Total	17,850	18,785
Deferred pensioners		
Administering authority	3,564	3,559
Unitary authorities	15,601	17,076
Other employers	7,403	6,875
Total	26,568	27,510
Total number of members in pension scheme	70,317	71,990

c) 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 ending 31 March 2020. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. During 2019/20, employer contribution rates ranged from 10.1% to 31.3% of pensionable pay.

NOTES TO THE PENSION FUND

d) Benefits

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

	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 updated 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.

2 Basis of preparation

The Statement of Accounts summarises the fund's transactions for the 2019/20 financial year and its position at year-end as at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ('the code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2019/20.

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.

3 Summary of significant accounting policies

Fund account - revenue recognition

a) 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.

b) 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.

NOTES TO THE PENSION FUND

c) Investment income

i) 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.

ii) 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.

iii) 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.

iv) 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.

Fund Account - expense items

d) 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.

e) 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.

f) Management expenses

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

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.

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.

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.

NOTES TO THE PENSION FUND

Net Assets Statement

g) 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. 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).

h) 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.

i) 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.

j) 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.

k) 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.

l) 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).

m) 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).

n) 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.

NOTES TO THE PENSION FUND

4 Critical judgements in applying accounting policies

Pension fund liability

The net pension fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 20.

These actuarial revaluations are used to set future contribution rates and underpin the fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

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 2020 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
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.	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 £84.7 million. A 0.1% increase in pension increases and deferred revaluation assumption would increase the value of liabilities by approximately £80.7 million, and a one-year increase in assumed life expectancy would increase the liability by approximately £165.6 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.	There is a risk that the value of the longevity insurance policy may be under- or overstated in the accounts.
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 total private equity investments in the financial statements are £638 million. There is a risk that this investment may be under- or overstated in the accounts.
Bonds	The convertible bond held by the fund has been valued by discounting the future coupon due to be paid to the Fund. An assumption has been made that the coupon will not be paid from 2020 onwards. On default then bond converts to equity. An assumption has been made that the value of equity is zero.	There is a risk that the value of the bond may be under- or overstated in the accounts.

6 Events after the balance sheet date

Impact of the McCloud judgement

The McCloud court case relates to possible age discrimination within the New Judicial Pension Scheme. At this point in time, it is unclear as to how this judgement, or any future judgement, may affect LGPS members' past or future service benefits, and the actuary is awaiting guidance from the governing bodies of the LGPS. The actuary has therefore estimated the impact using analysis from the Government Actuary's Department as a starting point. The estimated impact would be an increase of 0.7% of liabilities on total liabilities at 31 March 2020 (which equates to £27,975,000).

NOTES TO THE PENSION FUND

7 Contributions receivable

By category

2018/19 £'000		2019/20 £'000
27,654	Employees' contributions	28,635
	Employers' contributions	
64,323	Normal contributions	69,417
22,604	Deficit recovery contributions	27,506
2,409	Augmentation contributions	1,555
89,336	Total employer's contributions	98,477
116,990		127,112

By type of employer

2018/19 £'000		2019/20 £'000
10,680	Administering authority	11,709
94,499	Scheduled bodies	101,630
5,761	Admitted bodies	6,248
6,049	Transferee admission body	7,525
116,989		127,112

8 Transfers in from other pension funds

2018/19 £'000		2019/20 £'000
8,055	Individual transfers from other pension funds	14,133
75	AVC to purchase scheme benefits	315
8,130		14,448

9 Benefits payable

By category

2018/19 £'000		2019/20 £'000
85,105	Pensions	90,704
15,674	Commutation and lump sum retirement benefits	19,557
2,056	Lump sum death benefits	3,100
102,835		113,361

By type of employer

2018/19 £'000		2019/20 £'000
11,122	Administering authority	12,722
82,004	Scheduled bodies	89,402
6,987	Admitted bodies	8,295
2,722	Transferee admission body	2,942
102,835		113,361

10 Payments to and on account of leavers

2018/19 £'000		2019/20 £'000
485	Refunds to members leaving service	639
10,041	Individual transfers to other pension funds	19,893
10,526		20,532

NOTES TO THE PENSION FUND

11 Management expenses

2018/19 £'000		2019/20 £'000
1,349	Administrative costs	1,754
9,698	Investment management expenses	22,954
46	Oversight and governance costs	57
11,093		24,764

a) Investment management expenses

2018/19 £'000		2019/20 £'000
9,414	Management Fees	22,756
284	Custody Fees	198
9,698		22,954

12 Investment income

2018/19 £'000		2019/20 £'000
14,080	Income from equities	12,205
2,874	Income from bonds	4,054
15,151	Private equity income	11,712
9,153	Pooled property investments	10,272
733	Pooled investments - unit trusts & other managed funds	435
1,775	Interest on cash deposits	1,736
43,766	Total before taxes	40,415

13 Other fund account disclosures

a) Taxes on income

2018/19 £'000		2019/20 £'000
583	Withholding tax - equities	(280)
175	Withholding tax - pooled property investments	233
3,976	Withholding tax - pooled investments	0
4,734		(48)

b) External audit costs

2018/19 £'000		2019/20 £'000
21	Payable in respect of external audit	55
21		55

NOTES TO THE PENSION FUND

14 Investments

Market value 31 March 2019		Market value 31 March 2019	
£'000		£'000	
Investment assets			
2,226	Bonds	2,339	
23,588	Equities	25,217	
997,973	Pooled investments	995,687	
137,972	Pooled liquidity funds	189,099	
294,011	Pooled property investments	291,193	
696,663	Private equity	638,263	
Derivative contracts:			
413	- Forward currency contracts	1,281	
29,819	Cash deposits	35,724	
2,393	Investment income due	2,051	
2,185,058	Total investment assets	2,180,854	
Investment liabilities			
Derivative contracts:			
(4,471)	- Forward currency contracts	(32,245)	
(103,800)	- Longevity Insurance Policy	(123,904)	
(108,271)	Total investment liabilities	(156,149)	
2,076,787	Net investment assets	2,024,705	

a) Reconciliation of movements in investments and derivatives

	Market value 1 April 2019	Purchases during the year and derivative payments	Sales during the year & derivative receipts	Change in market value during the year	Market value 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Bonds	2,226	0	0	113	2,339
Equities	23,588	1,245	0	383	25,217
Pooled investments	997,973	79,074	(19,886)	(61,474)	995,687
Pooled liquidity funds	137,972	309,180	(260,461)	2,407	189,099
Pooled property investments	294,011	0	0	(2,818)	291,193
Private equity	696,663	129,504	(241,482)	53,578	638,263
	2,152,433	519,003	(521,829)	(7,810)	2,141,797
Derivative contracts:					
- Forward currency contracts	(4,058)	149,235	(140,144)	(35,996)	(30,964)
- Longevity insurance policy	(103,800)	8,463		(28,567)	(123,904)
	2,044,575	676,700	(661,973)	(72,372)	1,986,930
Other investment balances:					
- Cash deposits	29,819			1,384	35,724
- Investment income due	2,393				2,051
Net investment assets	2,076,787			(70,988)	2,024,705

NOTES TO THE PENSION FUND

	Market value 1 April 2018	Purchases during the year and derivative payments	Sales during the year & derivative receipts	Change in market value during the year	Market value 31 March 2019	
	£'000	£'000	£'000	£'000	£'000	
Bonds	100,456	363	-	65,709	(32,884)	2,226
Equities	458,806	75,282	-	(500,474)	(10,026)	23,588
Pooled investments	332,724	646,906	-	(24,147)	42,490	997,973
Pooled liquidity funds	295,208	323,728	-	(482,068)	1,104	137,972
Pooled property investments	271,613	27,442	-	(20,338)	15,294	294,011
Private equity	583,269	138,288	-	(125,532)	100,638	696,663
	2,042,076	1,212,009	-	(1,218,268)	116,616	2,152,433
Derivative contracts:						
- Forward currency contracts	3,640	82,870	-	(49,600)	(40,968)	(4,058)
- Longevity insurance policy	(63,113)	6,760	-	-	(47,447)	(103,800)
	1,982,603	1,301,639	-	(1,267,868)	28,201	2,044,575
Other investment balances:						
- Cash deposits	32,836				1,781	29,819
- Amount receivable for sales of investments	-					-
- Investment income due	3,503					2,393
Net investment assets	2,018,942				29,982	2,076,787

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

Forward currency contracts - forward foreign exchange contracts settled during the period are reported on a gross basis as gross receipts and payments.

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

NOTES TO THE PENSION FUND

b) Analysis of investments

31 March 2019 £'000		31 March 2020 £'000
	Investment assets	
	Bonds	
	Overseas	
2,226	Corporate quoted	2,339
2,226		2,339
	Equities	
	UK	
23,588	Quoted	25,217
23,588		25,217
	Pooled investments - additional analysis	
	UK	
935,447	Unit Trusts	933,161
	Overseas	
62,526	Unit Trusts	62,526
997,973		995,687
	Other investment assets	
137,972	Pooled liquidity funds	189,099
294,011	Pooled property investments	291,193
696,663	Private Equity	638,263
413	Derivative contracts - Forward Currency Contra	1,281
29,819	Cash deposits	35,724
2,393	Investment income due	2,051
1,161,271		1,157,612
2,185,058	Total investment assets	2,180,855
	Investment liabilities	
(4,471)	Derivative contracts - Forward Currency Contra	(32,245)
(103,800)	Derivative contracts - Longevity insurance polic	(123,904)
(108,271)	Total investment liabilities	(156,149)
2,076,787	Net investment assets	2,024,706

c) Investments analysed by fund manager

Market value 31 March 2019		Market value 31 March 2020	
£'000	%	£'000	%
2,076,787	100.0	2,024,705	100.0
2,076,787		2,024,705	

In June 2018 the fund transferred the management of all investment assets to Local Pensions Partnership (LPP) Investments as part of the government's LGPS pooling initiative.

All the above organisations are registered in the United Kingdom.

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

Investment	Market value 31 March 2019		Market value 31 March 2020	
	£'000	% of total fund	£'000	% of total fund
Dorchester Capital Credit Opportun	89,211	4.3	103,495	5.1
Lasalle Global Real Estate	167,515	8.0	170,681	8.4
LPPI Global Equities Fund	624,010	30.0	632,076	31.1

NOTES TO THE PENSION FUND

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.

- Forward foreign currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the fund's portfolio is in overseas assets. To reduce the volatility associated with fluctuating currency rates, the fund has a passive currency programme in place with an external manager.

- 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.

Open forward currency contracts

Settlement	Currency bought	Local value '000	Currency sold	Local value '000	Asset value £000	Liability value £000
One to six months	GBP	10,372	NOK	(128,579)	507	
One to six months	JPY	3,854,479	GBP	(28,366)	484	
One to six months	GBP	10,467	AUD	(20,813)	206	
One to six months	CHF	9,707	GBP	(8,026)	85	
One to six months	GBP	10,399	CAD	(18,510)		(82)
One to six months	CLP	4,413,252	USD	(5,294)		(84)
One to six months	KRW	7,187,741	USD	(6,028)		(95)
One to six months	INR	433,346	USD	(5,761)		(97)
One to six months	SGD	8,342	USD	(5,997)		(105)
One to six months	TRY	35,162	USD	(5,597)		(304)
One to six months	BRL	25,035	USD	(5,332)		(426)
One to six months	MXN	119,863	USD	(5,727)		(545)
One to six months	GBP	69,424	EUR	(79,444)		(989)
One to six months	GBP	587,247	USD	(765,789)		(29,517)
Open forward currency contracts at 31 March 2020					1,281	(32,245)
Net forward currency contracts at 31 March 2020						(30,964)
Prior year comparative						
Open forward currency contracts at 31 March 2019					413	(4,471)
Net forward currency contracts at 31 March 2019						(4,058)

NOTES TO THE PENSION FUND

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	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid values on published exchanges	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Pooled investments - overseas 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	Not required
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with <i>International Private Equity and venture Capital Guidelines (2012)</i>	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts

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 2020.

	Assessed valuation range (+/-)	Value at 31 March 2020	Value on increase	Value on decrease
		£'000	£'000	£'000
Private equity	3%	638,263	657,411	619,115
Total		638,263	657,411	619,115

NOTES TO THE PENSION FUND

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.

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.

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Values at 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets at fair value through profit and loss	975,231	198,365	969,386	2,142,983
Financial liabilities at fair value through profit and loss	(32,245)		(123,904)	(156,149)
Net investment assets	942,986	198,365	845,482	1,986,834

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Values at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets at fair value through profit and loss	914,863	245,083	992,899	2,152,846
Financial liabilities at fair value through profit and loss	(4,471)		(103,800)	(108,271)
Net investment assets	910,392	245,083	889,099	2,044,575

b) Reconciliation of fair value measurements within level 3

	Market value 31 March 2019	Purchases during the year	Sales during the year	Unrealised gains/ (losses)	Realised gains/ (losses)	Market value 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted bond	2,226				113	2,339
Private equity	696,663	129,504	(241,482)	(26,926)	80,503	638,263
Pooled property	294,011			(2,818)		294,011
	992,899	129,504	(241,482)	(29,743)	80,617	934,613

NOTES TO THE PENSION FUND

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	Financial liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost
31 March 2019			31 March 2020		
£'000	£'000	£'000	£'000	£'000	£'000
Financial assets					
2,226			2,339		
23,588			25,217		
997,973			995,687		
137,972			189,099		
294,011			291,193		
696,663			638,263		
413			1,281		
29,819	9,279		35,724	6,233	
	2,393			2,051	
	5,535			5,391	
2,182,665	17,207	-	2,178,803	13,675	-
Financial liabilities					
(108,271)			(156,149)		
		(9,658)			(2,610)
(108,271)	-	(9,658)	(156,149)	-	(2,610)
2,074,394	17,207	(9,658)	2,022,654	13,675	(2,610)

The above table has been prepared in line with the changes to the CIPFA Code resulting from the adoption of IFRS 9, and the comparative figures have been reclassified accordingly.

b) Net gains and losses on financial instruments

31 March 2019		31 March 2020
£'000		£'000
28,201	Fair value through profit and loss	(72,372)
1,781	Assets at amortised cost	1,384
29,982	Total	(70,988)

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

18 Nature and extent of risks arising from financial instruments

Risk and risk management

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 panel. 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.

NOTES TO THE PENSION FUND

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 during the financial year the council has determined that the following movements in market price risk are reasonably possible for the 2020/21 reporting period:

Asset type	Potential market movements (+/-)
Bonds	13.5%
Equities - listed	21.8%
Equities - unlisted	32.7%
Private Equity	32.7%
Private Equity - Credit	13.5%
Private Equity - Infrastructure	18.9%
Pooled investments - Equity	21.8%
Pooled investments - Bonds	8.3%
Pooled investments - Credit	13.5%
Pooled investments - Diversifying strategies	10.4%
Pooled Property Funds	24.1%

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.

NOTES TO THE PENSION FUND

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 2020	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Investment portfolio assets:				
Bonds	2,339	316	2,654	2,023
Equities - listed	-	-	-	-
Equities - unlisted	25,217	8,233	33,450	16,984
Pooled investments - Equity	823,338	179,488	1,002,826	643,850
Pooled investments - Bonds	62,166	5,172	67,338	56,994
Pooled investments - Credit	4,586	619	5,204	3,967
Pooled investments - Div. strategies	67,910	7,083	74,993	60,827
Pooled liquidity funds	189,099	-	189,099	189,099
Pooled Property Funds	291,193	70,265	361,458	220,928
Private Equity	305,973	99,900	405,873	206,073
Private Equity - Credit	183,548	24,761	208,309	158,788
Private Equity - Infrastructure	170,723	32,267	202,989	138,456
Net derivative liabilities	(154,868)	-	(154,868)	(154,868)
Cash deposits	35,724	-	35,724	35,724
Investment income due	2,051	-	2,051	2,051
Current assets:				
Debtors	5,391	-	5,391	5,391
Cash balances	6,233	-	6,233	6,233
Current liabilities				
	(2,610)	-	(2,610)	(2,610)
Total	2,018,013		2,446,116	1,589,910

Asset type	Value as at 31 March 2019	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Investment portfolio assets:				
Bonds	2,226	165	2,390	2,061
Equities - listed	-	-	-	-
Equities - unlisted	23,588	5,874	29,462	17,715
Pooled investments - Equity	847,473	145,765	993,238	701,708
Pooled investments - Bonds	64,597	4,070	68,667	60,527
Pooled investments - Credit	6,979	516	7,495	6,463
Pooled investments - Div. strategies	78,924	6,866	85,790	72,057
Pooled liquidity funds	137,972	-	137,972	137,972
Pooled Property Funds	294,011	55,274	349,285	238,737
Private Equity	263,253	65,550	328,803	197,703
Private Equity - Credit	234,361	17,343	251,703	217,018
Private Equity - Infrastructure	199,049	35,033	234,081	164,016
Net derivative liabilities	(107,858)	-	(107,858)	(107,858)
Cash deposits	29,819	-	29,819	29,819
Investment income due	2,393	-	2,393	2,393
Current assets:				
Debtors	5,535	-	5,535	5,535
Cash balances	9,279	-	9,279	9,279
Current liabilities				
	(9,658)	-	(9,658)	(9,658)
Total	2,081,943		2,418,396	1,745,487

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 2020 and 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

NOTES TO THE PENSION FUND

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.

1 BPS is the movement of 0.01% between two percentages, for example from 0.50% to 0.51%. Therefore 100BPS 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 \pm 100 BPS change in interest rates:

Asset exposed to interest rate risk	Value as at 31 March 2020 £'000	Change in year in the net assets available to pay benefits	
		+ 100 BPS £'000	- 100 BPS £'000
		Investments - Pooled liquidity funds	189,099
Investments - Cash deposits	35,724	-	-
Current assets - Cash balances	6,233	-	-
Bonds	2,339	(47)	47
Total change in assets available	233,394	(47)	47

Asset exposed to interest rate risk	Value as at 31 March 2019 £'000	Change in year in the net assets available to pay benefits	
		+ 100 BPS £'000	- 100 BPS £'000
		Investments - Pooled liquidity funds	137,972
Investments - Cash deposits	29,819	-	-
Current assets - Cash balances	9,279	-	-
Bonds	2,226	(67)	67
Total change in assets available	179,296	(67)	67

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2020 £'000	Effect on income values	
		+ 100 BPS £'000	- 100 BPS £'000
		Cash balances/cash and cash equivalents	1,736
Bonds	4,054	-	-
Total change in income receivable	5,791	2,248	(2,248)

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2019 £'000	Effect on income values	
		+ 100 BPS £'000	- 100 BPS £'000
		Cash balances/cash and cash equivalents	1,775
Bonds	2,874	-	-
Total change in income receivable	4,649	1,678	(1,678)

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets 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. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

NOTES TO THE PENSION FUND

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

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 interest rates, remain constant.

Denominated currency	Value as at 31 March 2020	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	15,699	18.4%	18,588	12,811
CAD	1	14.6%	1	1
CHF	428	13.4%	485	370
EUR	8,918	12.6%	10,042	7,794
JPY	30	16.1%	35	25
NOK	196	29.3%	254	139
NZD	18,129	9.2%	19,803	16,456
SEK				
USD	519,062	14.4%	593,651	444,473
Emerging markets				
Total	562,464		642,859	482,069

Denominated currency	Value as at 31 March 2019	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	16,617	9.2%	18,150	15,083
CAD	4	9.0%	4	3
CHF	395	7.8%	426	365
EUR	1,058	6.9%	1,131	985
JPY	28	9.1%	31	25
NOK	221	8.5%	240	202
NZD	19,937	9.2%	21,777	18,097
SEK	-	8.5%	-	-
USD	125,407	8.4%	135,979	114,835
Emerging markets	-	8.7%	-	-
Total	163,667		177,738	149,595

NOTES TO THE PENSION FUND

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's 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 2020 was £167.4m (31 March 2019: £177.1m). This was held with the following institutions:

	Rating	Balances as at 31 March 2019	Balances as at 31 March 2020
		£'000	£'000
Money Market funds			
Aviva	AAA	17,286	17,374
JP Morgan	AAA	77,334	64,736
Legal & General	AAA	26,207	16,316
Northern Trust	AAA	17,146	17,221
Bank deposit accounts			
JP Morgan	AA-	29,819	42,215
Bank current accounts			
Lloyds	A+	9,279	9,571
Total		177,071	167,433

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 2020 the value of illiquid assets was £929.5m, which represented 45.7% of the total fund net assets (31 March 2019: £990.6m, which represented 47.6% 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.

NOTES TO THE PENSION FUND

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 2019. The next valuation will take place as at 31 March 2022.

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 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 21 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 2019 actuarial valuation, the fund was assessed as 78% funded (73% at the March 2016 valuation). This corresponded to a deficit of £597 million (2016 valuation: £597 million) at that time.

At the 2019 actuarial valuation the average required employer contribution to restore the funding position to 100% over the next 21 years was 22.0% 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	5.3% per annum for both unitary authorities and other employers
Pension and Deferred Pension Increases	2.6% per annum
Short term pay increases	not applicable
Long term pay increases	3.6% per annum

Mortality assumptions

Current mortality	115% (Male) / 110% (Female) of the S3PA tables
Mortality Projection	2018 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.

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 IAS 19 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 2020 was £4,158 million (31 March 2019: £4,413 million). The net assets available to pay benefits as at 31 March 2020 was £2,032 million (31 March 2019: £2,082 million). The implied fund deficit as at March 2020 was therefore £2,126 million (31 March 2019: £2,331 million).

NOTES TO THE PENSION FUND

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2019 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

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.

IAS19 assumptions used

Inflation/pension increase rate assumption	1.90%
Salary increase rate	2.90%
Discount rate	2.35%

21 Current assets

31 March 2019		31 March 2020
£'000		£'000
4,750	Contributions due	5,142
785	Sundry debtors	249
5,535	Debtors	5,391
9,279	Cash balances	6,233
14,814		11,624

Analysis of debtors

31 March 2019		31 March 2020
£'000		£'000
2,138	Other local authorities	240
3,397	Other entities & individuals	5,152
5,535		5,391

22 Current liabilities

31 March 2019		31 March 2020
£'000		£'000
(9,658)	Sundry creditors	(2,610)
(9,658)		(2,610)

Analysis of creditors

31 March 2019		31 March 2020
£'000		£'000
(968)	Central government bodies	(963)
(5,051)	Other local authorities	5,336
(3,639)	Other entities & individuals	(6,982)
(9,658)		(2,610)

23 Additional voluntary contributions

Market value		Market value
31 March 2019		31 March 2020
£'000		£'000
13,861	Prudential	12,766
4	Equitable Life	5
18	Clerical Medical	18
13,883	Total	12,789

AVC Contributions of £1.730 million were paid directly to Prudential during the year (2018/19: £1.914 million).

NOTES TO THE PENSION FUND

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 £1.754m (2018/19 £1.349m) 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 £11.7m (2018/19 £10.9m).

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 panel 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.

25 Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2020 totalled £315.655m (31 March 2019: £314.621m).

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.

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.

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

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 local authority 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 an authority 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 an authority or for which the authority 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 an authority 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 Statement of Accounts is signed by the responsible officer.

Fair value

The fair value of an asset is the price at which it could be exchanged in an "arms 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.

GLOSSARY OF TERMS

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 authority. 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 :

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, rather than its use in the provision of the local authority's service to the public, any rental income being negotiated at arms length.

Liquid Resources

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

Minimum Revenue Provision

The minimum amount of an authority's external debt that must be repaid in accordance with Government regulations, by the revenue account in the year of account.

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 local authority 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 local authority 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 authority 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 police authority.

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.

GLOSSARY OF TERMS

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 :-

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

Tangible property, plant & equipment

Tangible assets that yield benefits to the local authority 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 local authority will derive benefits from the use of a fixed asset.



The Royal Borough of Windsor & Maidenhead

Update Report to the Audit and Governance Committee on the audit for the year ended 31 March 2020

Issued 04 September 2020 for the meeting on 14 September 2020

Audit Status Update Report

We are pleased to present this report to the newly formed Audit and Governance Committee (“the committee”).

The external audit for both the Council’s statement of accounts and the Pension Fund are in progress at the date of writing this report.

We will attend the meeting on 14 September where we plan to give an oral update on the matters below including an update on progress between the issue of this report and the meeting.

Timetable

Due to the impact of Covid-19, central government extended the timetable for completion and finalisation of the 2019/20 statement of accounts from 31 July 2020 to 30 November 2020.

The Council issued the unaudited statement of accounts on its website on 3 August 2020 for the 30-working-day public inspection period (in a standard year, the statutory deadline for this to be issued is 31 May). This document forms part of the papers for this meeting.

We have already completed a large proportion of the audit field work for the Council, and have received much of the information required for audit purposes. However, some work is still in progress, including further queries following manager and partner review of our work. Please see notes below on the progress of the Pension Fund audit.

We have further, additional resource planned for the Council audit in weeks beginning 7 September and 14 September with an internal target to conclude the audit (assuming successful conclusion to Pension related issues noted below) by the end of September. We will provide an oral update on progress at the committee meeting.

Once audit procedures are substantially complete and we are in a position to issue audit completion reports, we will advise the Council and discuss the timing of the next committee. We note the next pre-arranged meeting is 9 November 2020.

Pension Fund

The Pension Fund work continues to progress with the planned main field team booking having occurred in June and July 2020 with the team working remotely, and, similar to the main council audit team, using an online platform (Sharepoint) to facilitate the sharing of information. There have been some issues with the Pension Fund audit this year. The trial balance with final figures was only received on 23 July after the original team booking and we have therefore had to revise and add to our field team booking. We were able to progress with some work on the asset information without the trial balance and were also able to engage our specialists early to look at the longevity swap – a key area of the asset testing which is complex to audit. We note that, due to situation with Covid-19 and its impact on global markets, 31 March 2020 is a more complex valuation date than usual. We have maintained constant communication in relation to audit deliverables but there are several items of information we are waiting for along with some further ongoing issues we wish to bring to the Committee’s attention:

- We continue to work with the Pension Fund’s third party fund managers LPP (“Local Pensions Partnership”) on the information required to audit the investment portfolio – a key area of testing.
- At the date of writing this report we have between 30-40 funds on which there are still outstanding queries or information not received from LPP. There are in total approximately 50 funds in the scheme.
- In order to meet the end of September target, we require responses in early September – a timeline we have communicated to key stakeholders.
- A full tracker of the outstanding areas has been maintained throughout the audit and provided to LPP and shared with Council officers.
- The RBWM Main Council statement of accounts includes the Pension Fund and so completion is required to allow audit sign off on the main Council in addition.
- We have received “IAS 19” (the pension accounting standard) letters requesting audit sign off from several of the participating employers in the Berkshire Pension Fund. We are unable to conclusively respond to these until we have concluded our procedures. There is one 2018/19 IAS 19 letter remaining. This was a late receipt of the request in June 2020.

Audit Status Update Report continued

Pension Fund cont'd

- Not specific to RBWM, there are 2 issues impacting the Pension Fund that are deemed to be post balance sheet adjusting events. These are the "McCloud" and "Goodwin" cases. Both matters relate to legal cases finalised post year end but impacting 31 March 2020 balances. Nationally, the impact of these is still being assessed by actuarial experts. A final view on the impact is required before the audit of the Pension Fund (and consequently the main Council) can be finalised.
- We will provide an oral update on progress on these matters in the 14 September meeting.

Value for Money ("VFM")

Our 2018/19 VFM conclusion was qualified with an "except for" conclusion noting weaknesses in arrangements in relation to financial sustainability and resilience, financial governance and specific governance issues in relation to the Pension Fund.

We have received the final CIPFA report on financial governance arrangements and the Council's action plan in response to this.

Our work in this area, on the 1 April 2019 to 31 March 2020 period, is in progress. Part of this work includes a risk assessment that may lead to further areas of enquiry and potential qualification – this work is still ongoing and we can update the Committee on the outcomes of the risk assessment at the 14 September meeting. Given our final 2018/19 conclusion was issued in December 2019 and given evidence in the reports noted above that some issues persisted into the 2019/20 period combined with ongoing pressure for the Council's financial sustainability and its medium term financial plan, we expect to issue a qualified conclusion in the 2019/20 audit opinion.

We note that given the period under review ended at 31 March 2020, arrangements in relation to Covid-19 are viewed as an "emerging risk" for the 2019/20 audit opinion. Unless severe pre 31 March 2020 weaknesses in arrangements are identified, the Council's response to this will form part of our risk assessment for the 2020/21 audit only.



This document is confidential and it is not to be copied or made available to any other party. Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities).

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.