



Statement of Accounts

For the Year Ended 31st March 2017



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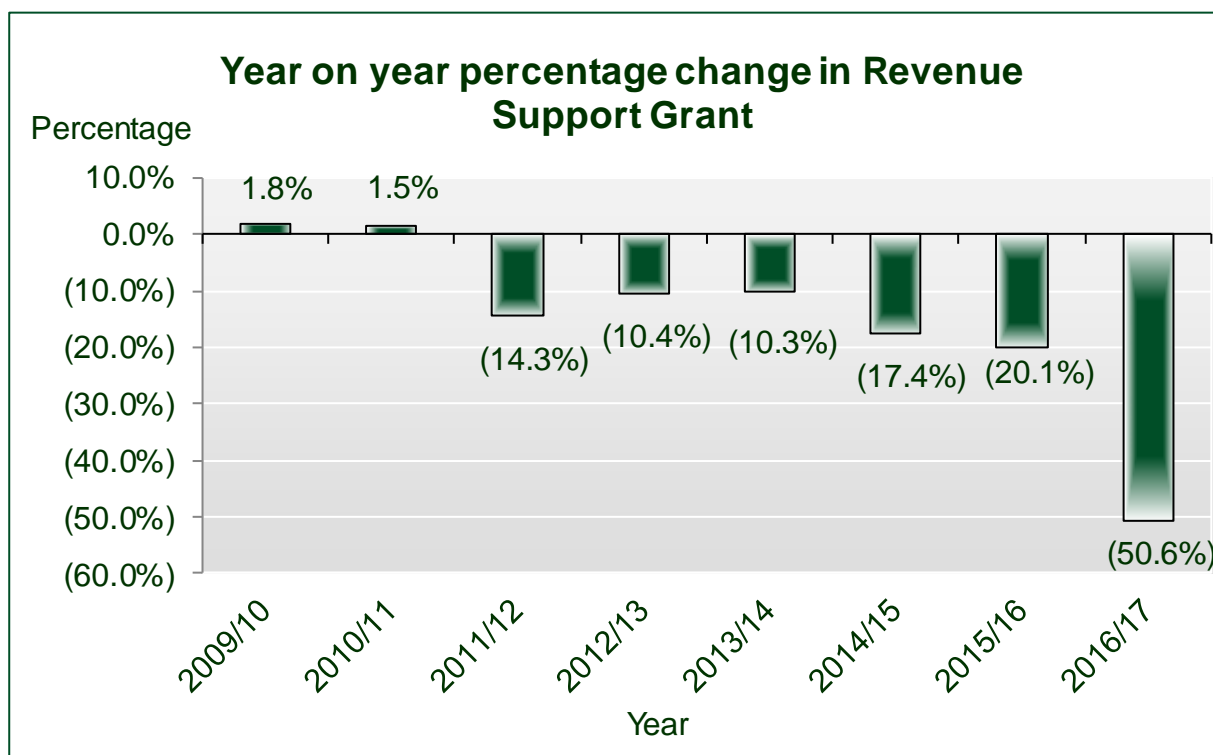
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1. NARRATIVE REPORT

Financial context

The 2016/17 financial year has been the latest in a series of tight funding settlements the Council has received. Following the Local Government Finance Settlement in January 2016, Wokingham Borough Council suffered a reduction in formula grant of 50.6% in 2016/17 compared to 2015/16, this was in addition to the 20.1% reduction in 2015/16.



The financial climate remains difficult with returns on investments being low. The Council has continued to fund an appropriate element of its capital expenditure from its cash balances, rather than investing with minimal returns.

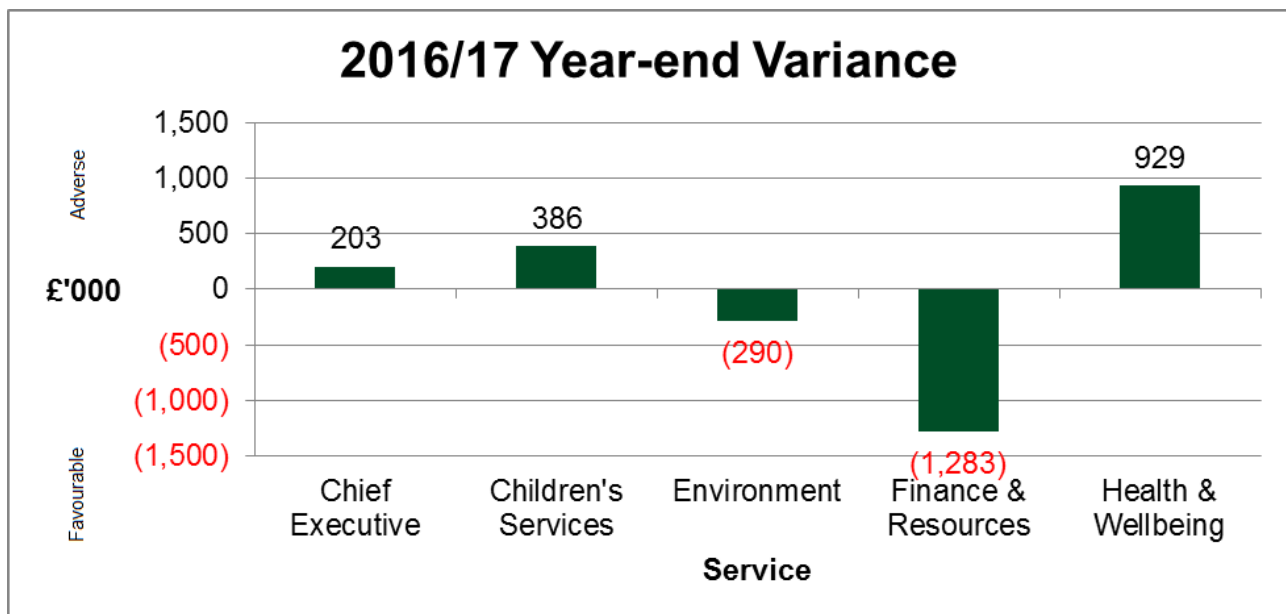
General fund service expenditure 2016/17

The Council approved a revenue budget of £134.5m (£112.9m net expenditure plus £21.6m depreciation) at its meeting on 18 February 2016. The following table analyses Wokingham Borough Council's forecast outturn (actual) and budgeted net expenditure by service, as at 31 March 2017, as reported to the Council's Executive on 25 May 2017 (see link below). The approved budget figures shown below include approved carry forwards from 2015/16 as well as a supplementary estimate of £722k approved during 2016/17 for Health and Wellbeing.

For more information see the Council's revenue monitoring outturn report:

<http://wokingham.moderngov.co.uk/documents/s16450/Revenue%20Monitoring%20Outturn%20report.pdf>

Service	End of Year Position		
	Approved Budget £,000	Outturn Actual £,000	Net Over / (Under) Spend £,000
Chief Executive	5,011	5,214	203
Children's Services	33,474	33,860	386
Health and Wellbeing	45,100	46,029	929
Environment	40,974	40,684	(290)
Finance and Resources	11,189	9,906	(1,283)
Net Expenditure (including carry forwards to 2016/17)	135,748	135,693	(55)



The main reasons for the underspend of £55k, and the £878k to be carried forward to 2017/18 (of which £129k is in respect of Chief Executive's service, £630k is in respect of Environment Services £50k in respect of Finance & Resources and £69k in respect of Health & Wellbeing), are set out below:

- Chief Executive: Salary efficiencies across the service of (£50k), plus underspend of (£130k) insurance premium savings offset by £243k council wide procurement target not captured as savings reflected in services. An amount of £129k will be carried forward to 2017/18, which will be spent on 21st Century Council projects.
- Children's Services: Increase in placements for Residential and unit cost increases for Fostering Placements £434k, Home to school transport pressures £150k, Recruitment Strategy still to be fully implemented resulting in interims £53k; Income from joint arrangements (£70k), funding of Continued Health Care Shared Service (£154k) and savings from efficiencies across the service (£27k).
- Health and Wellbeing: Impact of the continued increase in homelessness within the borough £208k, continued impact of the care act changes resulting in increased pressures in adult social care £623k (domiciliary care £653k, nursing care (£254k), Residential care £294k and other care services (£70k)), additional Optalis Contract costs £450k offset by staffing vacancies and efficiencies (£195k), recoverable Housing Benefit overpayments and additional rental income (£226k). Actual outturn includes £69k request to carry forward..

- Environment Services: Overachievement of income - car parks (£230k), permits (£90k), searches, street naming & numbering (£70k) partially offset by highways, carriageways & footways planned maintenance net £150k. Actual outturn includes £630k request to carry forward.
- Finance and Resources: Revenue released through share capital (£685k), Business rates overachieved (£290k), Interest on balances (£166k), Debt Charges (£420k), Shared Legal Services additional income (£50k); Aspire Building - dilapidation costs £103k; Concessionary Travel - increase in number of users and rates per bus fare £112k, reduction in Local Land Charges income £95k and additional staffing costs £18k. Actual outturn includes £50k request to carry forward.

Capital expenditure in 2016/17

The Council continues to invest in its asset base in order to improve services to residents and to support the financial sustainability of the organisation. Capital expenditure in the year totalled £76.8m (2015/16 £46.8m) as set out in report to the Council's Executive on 25 May 2017. See the capital programme outturn report for more information:

<http://wokingham.moderngov.co.uk/documents/s16389/Capital%20Programme%20Outturn%20report.pdf>

The major schemes in 2016/17 over £0.5m were:

	£'000
Schools	27,920
Town Centre Regeneration	13,032
Wokingham Housing Limited	10,887
Social Housing	6,833
Highways and Maintenance	2,806
Road & Highways infrastructure improvement scheme	2,653
Strategic Development	2,374
Leisure facilities	2,187
IT Systems (including hardware/software)	1,652
Special Education Needs	1,265
Safety / Crash Barriers	1,258
Street Lighting Asset Replacement & column testing	929
Highway Bridges	642
Strategic Assets	615

The Council's capital expenditure was financed through a mixture of grant funding and other contributions (£22.4m), capital receipts (£4.8m), revenue contributions (£5.6m) and a mix of internal and external borrowing. See Note 27 for a detailed analysis of capital expenditure.

Wider Council performance

The Council's wider performance can be read about in the quarterly performance management report, appendix A. A selection of information from the report is provided below.

- 92% of primary schools have a current Ofsted rating of good or better.

- 100% of special schools have a current Ofsted rating of good or better (Northern House School has yet to be inspected).
- The percentage of housing stock that meets the decent homes standard has increased to 98% at the end of the 4th quarter.
- There have been 212 affordable housing completions this year across the Council area. Whilst this figure is below our target of 230, it is a significant improvement on last year and one of the highest figures achieved in any yearly period.
- The street lighting upgrade project is proceeding well with 81% (4,186) of Lantern Replacements completed and 27% (2,190) of column replacements completed.
- Leisure centre attendance has increased by 3% to 565,211.
- SHINE participants - physical activity programme for adults 60 and over living in the Wokingham Borough increased by 10% to 1,980 participants (495 per quarter).

Further information can be found in the performance monitoring report:

<http://wokingham.moderngov.co.uk/documents/s16491/Council%20Plan%20Monitoring%20Report%20-%20Appendix%20A.pdf>

Pension fund

The Council records costs related to its pension schemes when they are earned by employees. However, the charge that the Council is required to make to the General Fund is based on the cash payable in the year. In accordance with International Accounting Standard (IAS) 19, the Council's balance sheet recognises a liability of £281.2m at 31 March 2017 (£215.2m at 31 March 2016). This represents liabilities of £229.3m (£167.7m at 31 March 2016) for the Wokingham Borough Council Pension Fund, and £51.9m for the Council's share of the Royal County of Berkshire's Pension Fund (£47.5m at 31 March 2016). More information about the costs and accounting treatment for the Council's pension schemes is set out below and in Note 19.

Treasury management

Long term borrowing increased from £129.0m to £145.3m during the year. This is to fund additional capital expenditure to support development in the borough.

The Council maintains cash reserves arising from grants received in advance, general fund and other reserves, and from cash flow management. The total investments at 31 March 2017 were £51.9m (£53.6m at 31 March 2016). Year-end investments are broken down as follows; £39m with local authorities and £12.8m with money market funds and fund managers. Further information can be found in the Treasury Management outturn report:

<http://wokingham.moderngov.co.uk/ieListDocuments.aspx?CId=129&MId=2393&Ver=4>.

Balance sheet

The Council's balance sheet at 31 March 2017 had long term assets of £839m, current assets (including cash and short term investments) of £93m, current liabilities of £50m, long term liabilities of £478m (which includes net pension liabilities of £281m, and the Council's long term borrowing of £145m). In addition, the Council had useable reserves of £96m.

The net assets of the Council have decreased by a net £32m, to £403m at 31 March 2017 from £436m at 31 March 2016. This was largely due to an increase of £66m in pension liabilities partially offset by an increase in fixed assets due to the building of a new school buildings and the development of the Carnival multi storey car park.

Housing revenue account (HRA)

The Council's Housing Revenue Account (HRA) achieved an operating surplus of £4.8m compared to a surplus of £1.5m in 2015/16. There was a smaller surplus in 2015/16 due to asset disposals. The surplus was used to fund capital expenditure and to repay debt, resulting in an overall decrease in the HRA balance of £0.9m.

HRA rental income was £15.1m in 2016/17, a small decrease on the £15.25m achieved in 2015/16 mainly due to the 1% reduction in rent in line with the Government's compulsory 1% reduction in Social and Affordable rents, while expenditure on repairs and maintenance and housing management totalled £5.8m compared to £5.6m in 2015/16. Interest on the HRA's long term borrowing of £90.4m totalled £2.8m, the same as in 2015/16. Capital expenditure totalled £6.6m in 2016/17, largely on refurbishment and improvement works, compared to £5.4m in 2015/16.

Group accounts

A share sale took place on 31 March 2017 with Royal Borough of Windsor and Maidenhead council (RBWM) purchasing 22,545 shares in Optalis Limited, representing a 45% interest, with new services starting and TUPE of staff into Optalis Ltd on 3 April 2017. Jointly with the Royal Borough, WBC is able to control the operating, governance and financial policies of the organisation, and also able to appoint the board of directors of the company.

Wokingham Housing Limited has continued to grow, with further development work increasing their net assets. Wokingham Enterprises Limited (WEL) has not had trading activity since March 2013. In 2017/18 the Council will rename WEL to Berry Brook Homes Ltd and will use this company within the portfolio of housing companies.

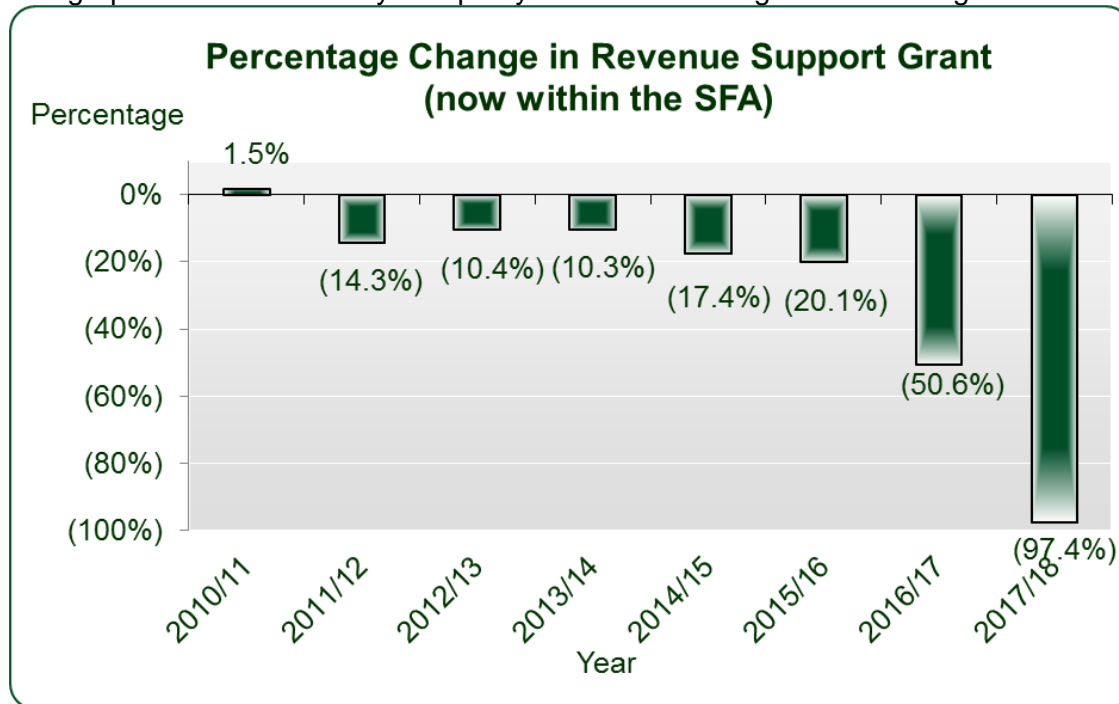
Community infrastructure levy

The Community Infrastructure Levy (CIL), a charge on certain developments partly replaces section 106 developer contributions. The CIL is increasing in importance, with £12.8m received this year up from £0.4m last year due to full implementation of CIL in developer contribution agreements.

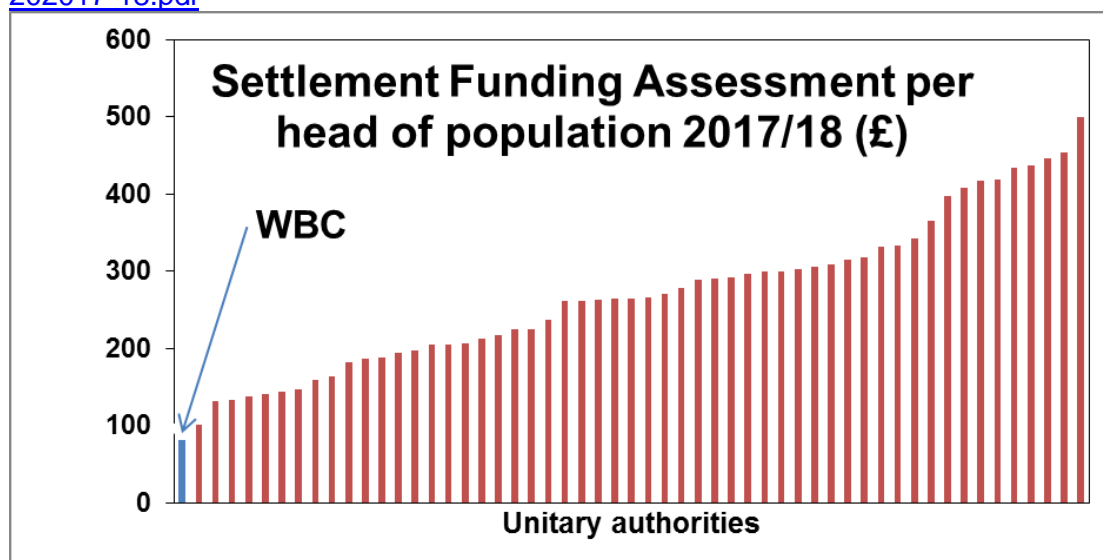
Future financial outlook

The overall financial climate continues to be severe and is expected to remain so for a number of years. Wokingham, as the lowest funded English unitary authority, will face a particularly difficult challenge. The Council has pressures arising from reductions in revenue support grant which will be zero in 2018/19, while at the same time meeting the cost of extra pressures on statutory services such as adult social care, waste, highways and overall population growth.

The graph below shows the year upon year reductions in grant for Wokingham.



In addition to the grant received, the Council also received business rates income, which together forms the settlement funding assessment. The chart below compares Wokingham's settlement funding assessment per head of population in 2017/18 to all other unitary authorities, illustrating the low level of funding received by Wokingham. More detailed analysis of the financial context is available in the latest medium term financial plan (MTFP) which is available at <http://wokingham.moderngov.co.uk/documents/s14735/Medium%20Term%20Financial%20Plan%202017-18.pdf>



Regeneration and strategic developments

Although the Council faces significant financial pressures, it is continuing the development of Wokingham Town Centre to ensure that it remains an attractive location for businesses to locate, and for people to live in and visit for shopping and recreational purposes. In addition, the Council has identified four Strategic Development Locations where new housing and employment opportunities will be located. The Council's Medium Term Financial Plan (MTFP) provides for considerable investment in these areas in 2017/18 and beyond. The plan is available at:

<http://wokingham.moderngov.co.uk/documents/s14735/Medium%20Term%20Financial%20Plan%202017-18.pdf>

Accounting developments for 2016/17

Group accounts

Previously group accounts were prepared and included separately at the end of the statement of accounts. To reflect the growing size of the Council's company portfolio, group accounts are now incorporated throughout the main set of accounts, with differences from the Council's main accounts presented where they are materially different.

Expenditure and funding analysis

This new note provides a direct reconciliation between the way local authorities budget (and are funded) and the comprehensive income and expenditure statement (CIES) in a way that is accessible to users of the accounts. This expenditure and funding analysis is supported by the movement in reserves statement and links the Council's outturn report to the statement of accounts.

Highways Network Assets (HNA)

The local authority was expecting to have to prepare separate disclosures on highways network assets as part of a central government drive to re-calculate the value of the Council's roads and bring these on to the balance sheet. Following extensive consultation and planning between local authorities and CIPFA this complex accounting adjustment will now not take place and existing accounting policies will continue.



2. ANNUAL GOVERNANCE STATEMENT 2016/17

The Accounting and Audit Regulations 2015 (at section 6.1 a) require a local authority to prepare an Annual Governance Statement.

At Wokingham Borough Council good governance is everyone's responsibility however the Leader of the Council and Chief Executive acknowledge their leadership role in relation to good governance.

The Council has defined its governance arrangements in its *Local Code of Governance: Delivering Good Governance in Wokingham Borough Council*. This details how the council has operated its governance arrangements in the past year. The Council has undertaken a review of its governance arrangements via management assurance statements completed by Directors (including statutory officers) and Internal Audit.

This process has identified the following improvements:

- Commissioned a land encroachment resource to safeguard the Council's interests in its assets.
- Established a clear asset disposals protocol to ensure that all Council interests are properly considered.
- Implemented a model for Community Asset Transfer, as part of establishing a general discipline around getting best value for our assets unless an alternative is agreed by Executive.
- In association with Finance, the Capital Prioritisation Group has been formalised as a standing group and has new clearer Terms of Reference. This forms part of the significant improvements in capital management and control which were noted in the internal audit report issued in April 2017.
- Signed Memorandum of Understanding (MoU) between highways alliance partners in September 2017, to enhance partnership working.
- Introduction of the highway alliance business improvement initiative.
- Regular updates to the Council's Constitution to reflect changes in legislation and good practice.
- Guidance to Members on issues such as confidentiality.
- Two internal audits achieved the highest Opinion; for the Creditors review and for Capital Programme, Accounting and Expenditure Monitoring. In regard to the Capital Programme review, this was a particularly notable as it progressed from the third to the highest Opinion in the past year.
- An investigation's proactive exercise on the New Homes Bonus work identified 64 properties recorded as empty that have come back in to use. These will also be included in the New Homes Bonus Grant formula calculation.

This process has also identified the following exceptions:

- The internal audit of Housing Rents identified concerns in relation to the collection of current and former tenants' arrears, suspense account income, supporting documentation for new sheltered housing tenancies, and reporting of Housing Revenue Account balance sheet arrears and prepayment balances.
- The internal audit of Shared Building Services identified an absence of current contractual documentation and supporting records to determine the veracity of reactive maintenance payments to contractors. This is being addressed for future payments with the introduction of a new "valuation spreadsheet" set up by the service. There was also a similar exception with regard to service contract payments to contractors.

The Chief Executive has identified the actions required to strengthen these areas of governance and will monitor their implementation.

Overall, the governance arrangements are substantially complete and generally effective but with some improvements required. This is a reflection of the Council's governance framework and the management assurance statements, together with assurances from the Shared Audit and Investigation work and External Audit, and supported by the systems and procedural controls in place against identified risks and mitigating treatment measures.

The Council therefore concludes that its governance arrangements are fit for purpose.

Signed:

Leader of the Council:

Date: 26 September 2017



Chief Executive:

Date: 25 September 2017



3. STATEMENT OF RESPONSIBILITIES

The Council's responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the statement of accounts.

The Responsibilities of the Director of Corporate Services

The Director of Corporate Services, in his capacity as the S151 Officer, is responsible for the preparation of the Council's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in United Kingdom, is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March, 2017.

In preparing this Statement of Accounts, the Director of Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- complied with the Code of Practice.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Wokingham Borough Council at the accounting date and its income and expenditure for the year ended 31 March, 2017.



Signature:



Graham Ebers
Director of Corporate
Services
Date: 26 September 2017



Signature:



Anthony Pollock
Chairman of the Audit
Committee
Date: 26 September 2017



4. AUDIT OPINION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOKINGHAM BOROUGH COUNCIL

Opinion on Wokingham Borough Council's financial statements

We have audited the financial statements of Wokingham Borough Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Council and Group Movement in Reserves Statement; Council and Group Comprehensive Income and Expenditure Statement; Council and Group Balance Sheet; Council and Group Cash Flow Statement; and the related Notes 1 to 47; the Housing Revenue Account Income and Expenditure Statement; the Movement on the Housing Revenue Account Statement; and related notes 1 to 13; and the Collection Fund and the related notes 1 to 3; and the Statement of Accounting Policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Wokingham Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wokingham Borough Council and the Wokingham Borough Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Corporate Services and auditor

As explained more fully in the Statement of Responsibilities set out on page 12, the Director of Corporate Services 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Wokingham Borough Council and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Corporate Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the

Statement of Accounts for the year ended 31 March 2017 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Wokingham Borough Council and Group as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts for the year ended 31 March 2017 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Wokingham Borough Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

Wokingham Borough Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that Wokingham Borough Council has made proper arrangements for securing

economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that Wokingham Borough Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of Wokingham Borough Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2016, as to whether Wokingham Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Wokingham Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Wokingham Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2016, we are satisfied that, in all significant respects, Wokingham Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of Wokingham Borough Council and Group in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



Helen Thompson (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton
27 September 2017

The maintenance and integrity of Wokingham Borough Council's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

5. FINANCIAL STATEMENTS: MOVEMENT IN RESERVES STATEMENT

	General Fund (GF) Balance	Earmarked Reserves	Housing Revenue Account (HRA)	Schools & Dedicated Schools Grant Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total WBC Usable Reserves	WBC Unusable Reserves	Total WBC Reserves	Total Group Usable Reserves	Unusable Group Reserves	Total Group Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance at 31st March, 2016 brought forward	(10,370)	(32,910)	(5,815)	(6,806)	(8,824)	(3,000)	(13,411)	(81,137)	(354,986)	(436,123)	(80,117)	(349,803)	(429,920)
Movement in Reserves during 2016/17:													
(Surplus) or Deficit on the Provision of Services	17,017	0	(4,795)	0	0	0	0	12,222	0	12,222	13,456	302	13,758
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	19,992	19,992	0	20,923	20,923
Total Comprehensive Income and Expenditure	17,017	0	(4,795)	0	0	0	0	12,222	19,992	32,214	13,456	21,225	34,680
Adjustments between Group Accounts and Authority Accounts	0	0	0	0	0	0	0		0	0	(45)	9	(36)
Adjustments between Accounting Basis & Funding Basis under Regulations (note 5)	(25,224)	0	5,688	0	831	(622)	(7,291)	(26,617)	26,618	0	(26,617)	26,618	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(8,206)	0	894	0	831	(622)	(7,291)	(14,395)	46,610	32,215	(13,207)	47,851	34,645
Transfers to/from Earmarked Reserves (Note 6)	8,540	(11,182)	0	2,642	0	0	0	0	0	0	0	0	0
(Increase) / Decrease in 2016/17	333	(11,182)	894	2,642	831	(622)	(7,291)	(14,395)	46,610	32,215	(13,207)	47,851	34,645
Balance at 31st March 2017 carried forward	(10,036)	(44,092)	(4,922)	(4,163)	(7,994)	(3,622)	(20,702)	(95,532)	(308,376)	(403,908)	(93,323)	(301,952)	(395,275)

2015/16

	General Fund (GF) Balance	Earmarked Reserves	Housing Revenue Account (HRA)	Schools & Dedicated Schools Grant Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total WBC Usable Reserves	WBC Unusable Reserves	Total WBC Reserves	Total Group Usable Reserves	Unusable Group Reserves	Total Group Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance at 31st March, 2015 brought forward	(11,139)	(28,336)	(4,110)	(6,433)	(8,459)	(2,952)	(13,961)	(75,391)	(366,695)	(442,086)	(74,507)	(361,555)	(436,062)
Movement in Reserves during 2015/16:													
(Surplus) or Deficit on the Provision of Services	44,296	0	(1,538)	0	0	0	0	42,758	0	42,758	42,893	1,054	43,947
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(36,794)	(36,794)	0	(37,806)	(37,806)
Total Comprehensive Income and Expenditure	44,296	0	(1,538)	0	0	0	0	42,758	(36,794)	5,964	42,893	(36,751)	6,142
Adjustments between Accounting Basis & Funding Basis under Regulations (note 5)	(51,384)	0	(167)	0	(365)	(48)	528	(51,436)	51,436	0	(51,436)	51,436	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(7,088)	0	(1,705)	0	(365)	(48)	528	(8,678)	14,642	5,964	(8,542)	14,684	6,142
Transfers to/from Earmarked Reserves (Note 6)	7,857	(4,574)	0	(373)	0	0	23	2,932	(2,932)	0	2,932	(2,932)	0
								(5,745)			(5,610)		
Balance at 31st March 2016 carried forward	(10,370)	(32,910)	(5,815)	(6,806)	(8,824)	(3,000)	(13,411)	(81,137)	(354,986)	(436,123)	(80,117)	(349,803)	(429,920)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated WBC 2015/16				WBC 2016/17			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£,000	£,000	£,000		£,000	£,000	£,000	
5,219	(276)	4,944	Chief Executive	5,674	(1,631)	4,044	
25,005	(6,203)	18,802	Children's Services	57,301	(2,969)	54,332	
112,493	(112,000)	493	Children's Services - School Block	111,397	(104,486)	6,911	
43,283	(11,395)	31,889	Environment	44,257	(13,121)	31,137	
11,381	(4,447)	6,934	Finance & Resources	8,585	(7,479)	1,106	
88,631	(43,891)	44,740	Health & Wellbeing	88,417	(41,527)	46,891	
5,517	(15,847)	(10,330)	Housing Revenue Account	9,350	(15,828)	(6,477)	
291,530	(194,058)	97,472	Cost of Services	324,982	(187,040)	137,943	
		0	Acquired Operations			0	
		65,093	Other Operating Expenditure (Note 8)			11,897	
		11,533	Financing and Investment Income and Expenditure (Note 9)			11,552	
		(131,339)	Taxation and Non-specific Grant Income (Note 10)			(149,169)	
		42,758	(Surplus) or Deficit on Provision of Services			12,222	
		(16,239)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets charged to the revaluation reserve			(34,960)	
		(20,555)	Actuarial (Gains) / Losses on Pension Assets / Liabilities			54,952	
		(36,794)	Other Comprehensive Income and Expenditure			19,992	
		5,964	Total Comprehensive Income and Expenditure			32,214	





GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure	Gross Income	Net Expenditure
£,000	£,000	£,000
Continuing Operations		
Chief Executive	(276)	4,944
Children's Services	(6,203)	18,802
Children's Services - School Block	(112,000)	493
Environment	(11,395)	31,889
Finance & Resources	(5,216)	7,871
Health & Wellbeing	(43,891)	44,740
Housing Revenue Account	(15,847)	(10,330)
Cost of Services	(194,827)	98,409
Other Operating Expenditure		65,093
Financing and Investment Income and Expenditure		11,784
Taxation and Non-specific Grant Income		(131,339)
(Surplus) or Deficit on Provision of Services		43,947
Tax Expenses		0
Group (Surplus) or Deficit		43,947
Surplus or Deficit on Revaluation of Fixed Assets		(16,239)
Actuarial (Gains) / Losses on Pension Assets / Liabilities		(21,567)
Other Comprehensive Income and Expenditure		(37,806)
Total Comprehensive Income and Expenditure		6,141



BALANCE SHEET

WBC 31st March, 2016 £,000	Group 31st March, 2016 £,000		Notes	WBC 31st March, 2017 £,000	Group 31st March, 2017 £,000
770,188	774,537	Property, Plant & Equipment	24	819,256	832,343
4,334	4,334	Investment Property	25	4,567	6,459
3,879	3,879	Intangible Assets	26	3,794	3,794
3	0	Long Term Investments	36	3	0
3,608	504	Long Term Debtors	30	12,107	0
782,012	783,254	Long Term Assets		839,728	842,597
43,559	43,559	Short Term Investments	36	41,078	41,078
531	531	Assets Held for Sale	35	171	171
25,214	25,095	Short Term Debtors	30	35,717	35,662
11,791	12,826	Cash and Cash Equivalents	41	15,977	17,455
81,095	82,011	Current Assets		92,943	94,366
(4,162)	(4,162)	Cash and Cash Equivalents	41	0	0
(4,596)	(4,596)	Short Term Borrowing	36	(2,380)	(2,380)
(33,055)	(34,596)	Short Term Creditors	31	(41,871)	(44,946)
(3,345)	(3,345)	Provisions	32	(6,384)	(6,384)
(45,158)	(46,699)	Current Liabilities		(50,635)	(53,710)
(128,976)	(128,977)	Long Term Borrowing	36	(145,344)	(145,344)
(345)	(345)	Long Term Creditors	31	(71)	(1,543)
(8,712)	(8,712)	PFI and Finance Lease Liabilities	36	(8,429)	(8,429)
(215,237)	(222,056)	Pensions Liability	19	(281,292)	(289,386)
(28,556)	(28,556)	Capital Grants and Contributions Receipts in Advance	20	(42,991)	(42,991)
(381,826)	(388,646)	Long Term Liabilities		(478,127)	(487,977)
436,123	429,920	Net Assets		403,908	395,275
(81,137)	(80,117)	Usable Reserves	22	(95,532)	(93,323)
(436,123)	(429,920)	Total Reserves		(403,908)	(395,275)

These financial statements replace the unaudited financial statements.

Certified by Graham Ebers on 26 September 2017.



CASH FLOW STATEMENT

	Notes	WBC 2015/16 £,000	Group 2015/16 £,000	WBC 2016/17 £,000	Group 2016/17 £,000
Net Surplus or (Deficit) on the Provision of Services		(42,758)	(43,900)	(12,222)	(13,352)
Adjustments to Net Surplus or Deficit on the Provision of Services for Non-cash Movements	38	77,630	77,972	51,228	53,017
Adjustments for Items Included in the Net Surplus or Deficit on the Provision Of Services that are Investing or Financing Activities		(20,484)	(20,484)	(30,711)	(30,711)
Net Cash Flows from Operating Activities		14,388	13,588	8,295	8,954
Investing Activities	39	(16,970)	(15,968)	(16,213)	(16,479)
Financing Activities	40	1,381	1,381	16,266	16,317
Net Increase or (Decrease) in Cash and Cash Equivalents		(1,201)	(999)	8,348	8,790
Cash and Cash Equivalents at the Beginning of the Reporting Period		8,830	9,663	7,629	8,665
Cash and Cash Equivalents at the End of the Reporting Period	41	7,629	8,664	15,977	17,455



6. NOTES TO THE ACCOUNTS

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NOTE 01

EXPENDITURE AND FUNDING ANALYSIS

This note shows the link between the net expenditure chargeable to the general fund and HRA balances and the net expenditure in the comprehensive income and expenditure statement. The net expenditure chargeable to the general fund and HRA balances differs from the outturn figures stated in the explanatory forward, as the outturn figures include carry forwards and depreciation.

2015/16				2016/17			
£,000	£,000	£,000		£,000	£,000	£,000	
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
5,693	(749)	4,944	Chief Executive	5,045	(1,002)	4,044	
25,291	(6,489)	18,802	Children's Services	23,807	30,525	54,332	
(1,236)	1,729	493	Children's Services - School Block	822	6,089	6,911	
28,891	2,998	31,889	Environment	29,465	1,671	31,137	
8,653	(1,719)	6,934	Finance & Resources	8,213	(7,107)	1,106	
43,777	963	44,740	Health & Wellbeing	45,461	1,430	46,891	
(6,998)	(3,332)	(10,330)	Housing Revenue Account	(2,580)	(3,897)	(6,477)	
104,071	(6,599)	97,472	Net Cost of Service	110,233	27,709	137,943	
(105,007)	50,292	(54,714)	Other Income & Expenditure	(109,007)	(16,714)	(125,721)	
(936)	43,694	42,758	Surplus/Deficit on provision of services	1,227	10,995	12,222	
(15,250)			Opening General Fund and HRA balance	(16,185)			
(936)			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	1,227			
(16,185)			Closing General Fund and HRA balance at 31 March*	(14,958)			

* A breakdown between the general fund and HRA balance is available in the movement in reserves statement

The adjustments between accounting and funding basis column in the table above is analysed further on the table on the following page.

Expenditure and funding analysis detail

NOTE 02 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED, AND DISCLOSURE OF A CHANGE IN ACCOUNTING POLICY

Paragraph 3.3.2.13 of the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. The relevant standards introduced in the 2017/18 Code which will be applicable to the Council from 1 April 2017 are not expected to have a material impact on the information provided in the local authority financial statements, i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the provision of Services.

A substantial change relating to the highways network asset (HNA) was planned to be implemented for this set of accounts, however at its meeting on the 8 March 2017, the CIPFA/LASAAC Board representing local authorities decided not to proceed. The Board determined that it will only give further consideration of implementing this change if they are provided with clear evidence that benefits outweigh costs for local authorities.

NOTE 03 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in section 11, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are set out in the following paragraphs.

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

The Council had interests in nine companies at 31 March 2017, the same number as at 31 March 2016. Depending on the authority's ability to influence control different accounting treatments are applied. Details regarding these companies and their assessments are disclosed in note 46 to the financial statements.

The Council is deemed to jointly control the services provided under the Private Finance Initiative (PFI) contract with WRG (RE3 Ltd) for the disposal of waste. Control of the services is shared with Reading and Bracknell Forest Borough Councils. Wokingham Borough Council has reviewed the application of the control tests within IFRIC 12 to determine whether the assets within the contract should be on-balance sheet. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at approximately £10m) are recognised as Property, Plant and Equipment in the Council's Balance Sheet which amounts to a 37.2% share of the total value of the assets that will revert to the ownership of the RE3 partnership between the three council's at the end of the contract.

In producing the financial statements the Council makes an assessment of the materiality of transactions and balances when applying its accounting policies. For the purposes of the 2016/17 financial statements the Council has applied a materiality level of £200,000 when recognising assets and liabilities to be disclosed within the financial statements.

NOTE 04 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's Balance Sheet at 31 March 2017 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
		<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by approximately £0.5m for every year that useful lives had to be reduced.</p>
	The Council has made provision for holiday and flexi leave entitlement owing to staff at the end of the financial year. The estimate within the accounts has been based on an assumption of approximately 1.6% of payroll costs. For staff based in schools a formula based on CIPFA guidance has been used.	A 1% change in the estimate of accumulating absences would result in approximately a £6k increase or decrease in the provision required for accumulating absences in relation to non-school staff.
	The Council has made a provision for dilapidation costs for buildings the Council lease, to return them to their original condition at the end of the lease, and to fund any outstanding leasing costs.	There may be other buildings which the Council lease that have been altered, needing significant work to return them to their original condition, which are not presently known.
	The Collection Fund includes provision of £4.86m for appeals against business rates valuations as advised by DCLG guidance.	The provision at 31 March 2017 has been calculated using information provided by a company specialising in business rate calculations including

		provisions for appeals. Their calculation has been reviewed and is estimated to be reasonable. Under the new Business Rates Retention Scheme, the Council's share of this provision is 49%, i.e. £2.38m.
Pension Liability	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. The actuaries Barnett Waddingham LLP provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For example, a 0.1% decrease or increase in the discount rate assumption would result in an increase or decrease in the pension liability of £9.2m.
PFI Liabilities	The value of PFI service charge payable under the contract disclosed in note 29 of the accounts is dependent upon assumptions regarding future inflation and tonnage rates.	A 1% increase in RPI would increase the total contract charge by £31k per annum of which Wokingham's share would be £12k. Similarly a 1% increase in tonnages would increase the service charge by £1k per annum of which Wokingham's share would be immaterial.
		The provision set aside for bad debt increases according to the age of the debt. If collection rates for debtors (excluding public sector debtors) were to deteriorate, a 1% increase in the amount of the impairment of doubtful debts would require an additional £49k to be set aside as an allowance for sundry debts and £19k from council tax from the revenue account and collection fund respectively.

NOTE 05 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 Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2016/17	Usable Reserves					Total Movement in Usable Reserves	Movement in Unusable Reserves
	General Fund (GF) Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for Depreciation of Non-Current Assets	(12,893)	(3,472)				(16,365)	16,365
Charges for Impairment of Non-Current Assets	(0)					(0)	(0)
Charges for Amortisation of Intangible Assets	(688)					(688)	688
Revaluation losses on Property, Plant and Equipment	(20,201)					(20,201)	20,201
Movements in the Market Value of Investment properties	233					233	(233)
HRA Voluntary Debt Repayment		2,564					(2,564)
Capital Grants and Contributions Applied	7,373				10,342	17,715	(17,715)
Revenue Expenditure funded from Capital under Statute	(3,660)		38		3,072	(550)	550
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	(7,977)	1,504	(4,233)			(10,706)	10,706
Use of capital receipts reserve to finance capital expenditure	2,645		4,731		(14)	7,362	(7,362)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory Provision for the Financing of Capital Investment	686					686	(686)
Adjustments Primarily Involving the Capital Grants Unapplied Account:							
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	20,691				(20,691)	0	0
Contribution from the Capital Receipts Reserve to Finance the Payments to the Government Capital Receipts Pool		(295)	295			0	0

Adjustment Primarily Involving the Major Repairs Reserve:						
Use of the Major Repairs Reserve to Finance New Capital Expenditure	4,857				4,857	(4,857)
Transfer (to) or from HRA	5,479	(5,479)			0	0
Adjustment Primarily Involving the Financial Instruments Adjustment Account:						
Amount by which Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	135				135	(135)
Adjustments Primarily Involving the Pensions Reserve:						
Reversal of Items Relating to Retirement Benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 19)	(19,952)	(88)			(20,040)	20,040
Employer's Pensions Contributions and Direct Payments to Pensioners payable in the Year	8,937				8,937	(8,937)
Adjustments Primarily Involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and Business Rates Income credited to the Comprehensive Income and Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	800	1			801	(801)
Adjustment Primarily Involving the Accumulated Absences Account:						
Amount by which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	(1,352)	(4)			(1,357)	1,357
Total Adjustments 2016/17	(25,223)	5,688	831	(622)	(26,617)	26,617

2015/16	Usable Reserves					Total Movement in Usable Reserves	Movement in Unusable Reserves
	General Fund (GF) Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for Depreciation of Non-Current Assets	(16,991)	(3,329)				(20,320)	20,320
Charges for Impairment of Non-Current Assets	17,397	3,630				21,027	(21,027)
Charges for Amortisation of Intangible Assets	(469)					(469)	469
Revaluation losses on Property, Plant and Equipment	(4,311)					(4,311)	4,311
Movements in the Market Value of Investment properties	(29)					(29)	29
HRA Voluntary Debt Repayment		912				912	(912)
Capital Grants and Contributions Applied	6,898				6,994	13,892	(13,892)
Revenue Expenditure funded from Capital under Statute	(1,351)		61		1,197	(93)	93
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	(55,640)	(5,597)	(2,746)			(63,983)	63,983
Use of capital receipts reserve to finance capital expenditure			2,210			2,210	(2,210)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory Provision for the Financing of Capital Investment	3,399					3,399	(3,399)
Adjustments Primarily Involving the Capital Grants Unapplied Account:							
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	7,850		(187)		(7,663)	0	0

Adjustments Primarily Involving the Capital Receipts Reserve:									
Contribution from the Capital Receipts Reserve to Finance the Payments to the Government Capital Receipts Pool		(297)	297		0	0			
Adjustment Primarily Involving the Major Repairs Reserve:									
Use of the Major Repairs Reserve to Finance New Capital Expenditure			4,553		4,553	(4,553)			
Transfer (to) or from HRA		4,601	(4,601)		0	0			
Adjustment Primarily Involving the Financial Instruments Adjustment Account:									
Amount by which Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	135	1			136	(136)			
Adjustments Primarily Involving the Pensions Reserve:									
Reversal of Items Relating to Retirement Benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 19)	(19,498)	(84)			(19,582)	19,582			
Employer's Pensions Contributions and Direct Payments to Pensioners payable in the Year	8,254				8,254	(8,254)			
Adjustments Primarily Involving the Collection Fund Adjustment Account:									
Amount by which Council Tax and Business Rates Income credited to the Comprehensive Income and Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	1,927				1,927	(1,927)			
Adjustment Primarily Involving the Accumulated Absences Account:									
Amount by which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	1,044	(4)			1,040	(1,040)			
Total Adjustments 2015/16	(51,384)	(167)	(365)	(48)	528	(51,436)			51,436

NOTE 06 TRANSFERS TO/FROM EARMARKED RESERVES

This note details the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2016/17.

	Balance at 31st March, 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31st March, 2016	Transfers Out 2016/17	Transfers In 2016/17	Balance at 31st March, 2017
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balances held by Schools under a Scheme of Delegation	(5,806)	2,266	(1,089)	(4,629)	2,979	(1,157)	(2,808)
Dedicated Schools Grant Reserve	(627)	127	(1,677)	(2,177)	823	(2)	(1,356)
Earmarked General Fund Reserves	(28,336)	5,086	(9,660)	(32,910)	1,982	(13,165)	(44,092)
Total	(34,769)	7,479	(12,426)	(39,716)	5,784	(14,324)	(48,256)

NOTE 07 MATERIAL ITEMS OF INCOME AND EXPENSE AND PRIOR YEAR ADJUSTMENT

Material Items of Income and Expense during 2016/17 which related to the Council's Non-Current Assets included the following:

- Southfield School was the only school transferred to academy status in 2016/17, with a loss on disposal of £8.3m (compared to 2015/16 when Waingels College transferred to academy status resulting in a loss of approximately £39m) in the Comprehensive Income and Expenditure Statement, which in turn was reversed out of the General Fund as per statutory arrangements.
- £19m was spent on the building of a new Secondary School at Arborfield during 2016/17 (this is currently an asset under construction), £1.1m was spent at both Emmbrook and St Crispins Secondary School improvements, while £3.5m was spent on extensions to Primary Schools. During 2015/16 no new schools were opened, however there was spend of £18.1m on Secondary Schools and £1.7m on Primary Schools.
- One new long term loan of £18m was raised from the PWLB through the Local Enterprise Partnership (LEP) in 2016/17, compared with two long term loans totalling £630k raised from Local Enterprise Partnership (LEP) in 2015/16. One loan of £120k from the Local Enterprise Partnership (LEP) was repaid in 2016/17 compared to none in 2015/16. The HRA also repaid one loan of £3.5m in 2016/17 compared to no repayment in 2015/16.
- The Council made long term loans totalling £10.1m to its holding company, WBC Holdings Ltd, to be used to fund housing developments by the Council's group housing companies, (£2.5m of loans were made in 2015/16).
- There were no assets transferred to WBC (Holdings) Limited in 2016/17 (in 2015/16 2 sites, Eustace Crescent and Fosters were transferred for £7.64m).

- During the Year WBC (Holdings) Limited transferred 100% of its shareholding in Optalis Holdings Ltd to the Council for £50k, subsequently the Council sold a share of its stake in Optalis Holdings Ltd to the Royal Borough of Windsor and Maidenhead for £771k. This is explained further in Note 46, investments in companies. There were no other movements in share ownership during 2016/17. There were no movements in share ownership in 2015/16.

The Council was required to make a prior year adjustment to the 2015/16 main statement of accounts to take account of the transactions for the reversal of historic impairments relating to the disposal of Waingels College in 2015/16 which was transferred to become an academy. Four of the main financial statements, the Movements in Reserve Statement, the Comprehensive Income and Expenditure Statement, the Cash flow and the Balance Sheet and the relevant notes to the accounts for these statements all show restated 2015/16 figures to take account these transactions as if they had been made in 2015/16, so that a like for like comparison can be made with the 2016/17 figures. There are no further transactions required for the Group Accounts statement for 2015/16. There is no change to the net totals on any of the statements, however, the composition of some of the figures in the statement has changed. In the Continuing Operations costs against Children's Services expenditure in the Comprehensive Income and Expenditure Statement there is a £1.6m increase in Depreciation charge (to account for charge depreciation if the loss (impairment) had never been made), and a £16.9m credit for reversal of the impairment, and a £15.3m debit charge against Other Operating Expenditure, which is analysed in Note 8 under Surplus / Deficit on the Revaluation of Property, Plant and Equipment Assets. In the Balance Sheet there is a nil change to the cost of Property Plant and Equipment, but in Note 24 Property Plant and Equipment, under Cost Valuation, De-recognition of disposal increases by £15.3m credit, while under Accumulated Depreciation and Impairment there is the £1.5m credit charge for annual depreciation and a £16.9m debit charge for the impairment reversal. The only adjustments under the Movements in Reserve Statement affects the Capital Adjustment Account (Note 23 - Unusable Reserves), being £1.6m debit for depreciation of non- current assets, £15.3m credit for disposal (write out of net book value), and a credit of £16.9m Impairment of non- current assets.

NOTE 08 OTHER OPERATING EXPENDITURE

	2015/16 £,000	2016/17 £,000
Parish Council Precepts	3,559	3,734
Payments to the Government Housing Capital Receipts Pool	297	295
(Gains) / Losses on the Disposal of Non-current Assets	61,237	7,868
Total	65,093	11,897

NOTE 09 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2015/16 £,000	2016/17 £,000
Interest Payable and Similar Charges on Debt (note 36)	4,440	4,878
Interest Payable and Similar Charges on Finance Leases (note 36)	107	107
Interest Payable and Similar Charges on Private Finance Initiatives (note 36)	521	502
Impairment of financial instruments (note 36)	26	0
Pensions Interest Cost and Expected Return on Pensions (note 19)	7,215	7,606



Interest Receivable and Similar Income (note 36)	(435)	(947)
Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value (note 25)	(341)	(594)
Total	11,533	11,552

NOTE 10 TAXATION AND NON-SPECIFIC GRANT INCOMES

	2015/16 £,000	2016/17 £,000
Council Tax Income	(85,202)	(89,991)
Retained Business Rates	(28,033)	(28,733)
Retained Business Rates tariff	13,672	13,786
Business Rates Levy	1,196	426
Revenue Support Grant	(12,450)	(6,145)
Other Non-ring fenced Government Grants	(4,309)	(8,534)
Capital Grants and Contributions	(16,214)	(29,978)
Total	(131,339)	(149,169)

NOTE 11 EXPENDITURE AND INCOME ANALYSED BY NATURE

This note provides a subjective analysis of the Council's main income and expenditure statement.

	31st March, 2016 £,000	31st March, 2017 £,000
Expenditure and Income		
Employee benefits expenses	119,233	119,417
Other service expenses	228,478	231,009
Support service recharges	5,543	624
Depreciation, amortisation, impairment	14,758	36,659
Interest payments	12,282	13,005
Precepts & Levies	3,559	3,734
Payments to Housing Capital Receipts Pool	297	295
Gain or Loss on Disposal of Non-Current Assets	45,926	7,868
Total Expenditure	430,077	412,612
Income		
Fees, charges & other service income	(122,042)	(130,794)
Interest and investment income	(409)	(675)
Income from council tax, NDR, district rate income	(98,366)	(104,512)
Government grants and contributions	(166,502)	(164,409)
Total Income	(387,319)	(400,389)
Surplus or Deficit on the Provision of Services	42,758	12,222

NOTE 12 TRADING OPERATIONS

The Council has established one trading unit where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations. Details of this unit are as follows:

Building Control Trading Account

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function. Wokingham Borough Council sets charges for work carried out in relation to building regulations with the aim of covering all costs incurred. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The chargeable activities are summarised below:

	2015/16 £,000	2016/17 £,000
Building Control Trading Account		
Turnover	(566)	(573)
Expenditure	527	519
(Surplus) / Deficit	(39)	(54)

The chargeable account, made a surplus of £54k in 2016/17 compared to a £39k surplus in 2015/16. The account should take one financial year with another, and should achieve break-even over a rolling period of three years. The balance on the reserve at 31 March 2017 is a surplus of £156k.

NOTE 13 MEMBERS' ALLOWANCES

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

	2015/16 £,000	2016/17 £,000
Members Remuneration	557	611
	557	611

The amount paid to Members includes allowances, expenses and other remuneration.

NOTE 14 OFFICERS' REMUNERATION (including exit packages)

The Council paid the following amounts to its senior employees:

Post Title and Name of Holder	Year	Salary, Fees and Allowances	Performance Related Pay	Expenses	Compensation for Loss of Office	Pension Contribution	Total
		£	£	£	£	£	£
Chief Executive							
Andy Couldrick	2016/17	130,000	9,750	621	0	23,758	164,129
Andy Couldrick	2015/16	130,000	11,121	897	0	24,068	166,086
Director - Health & Wellbeing (left January 2017)							
Stuart Rowbotham	2016/17	89,065	8,452	225	0	16,578	114,320
Stuart Rowbotham	2015/16	112,695	9,579	593	0	20,854	143,721
Director of Locality and Customer Services (previously Director of Environment)							
Heather Thwaites	2016/17	112,695	8,452	0	0	20,595	141,743
Heather Thwaites	2015/16	112,695	9,579	0	0	20,854	143,128
Director of Corporate Services (previously Director of Finance and Resources)							
Graham Ebers	2016/17	112,695	8,452	1,009	0	20,595	142,751
Graham Ebers	2015/16	112,695	9,579	1,033	0	20,854	144,161
Director of People Services (previously Director of Children's Services)							
Judith Ramsden	2016/17	112,695	8,452	413	0	20,595	142,155
Judith Ramsden	2015/16	112,695	9,579	1,702	0	20,854	144,830
Head of Town Centre Regeneration							
Bernard Pich	2016/17	89,228	0	930	0	15,169	105,327
Bernard Pich	2015/16	86,728	0	2,098	0	14,747	103,573
Head of Governance and Improvement							
Andrew Moulton	2016/17	100,324	6,877	27	0	16,890	124,117
Andrew Moulton	2015/16	96,195	7,685	116	0	17,713	121,709

The Council's other employees (including those employed in schools) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2015/16			2016/17		
	No of Employees		VA	No of Employees		VA
	Council	School	School	Council	School	School
£50,000 - £54,999	22	16	2	27	18	1
£55,000 - £59,999	18	15	2	20	14	4
£60,000 - £64,999	4	17	1	4	12	1
£65,000 - £69,999	5	7	0	4	8	0
£70,000 - £74,999	7	7	0	8	5	0
£75,000 - £79,999	1	3	1	3	4	2
£80,000 - £84,999	4	0	0	1	1	0
£85,000 - £89,999	1	2	0	1	0	0
£90,000 - £94,999	0	1	0	0	2	0
£95,000 - £99,999	0	2	0	0	0	0
£100,000+	0	0	0	0	1	0
	62	70	6	68	65	8
			138			141

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

COUNCIL	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Exit package cost								
£0 - £20,000	6	7	5	5	11	12	£80,131	£94,841
£20,001 - £40,000	0	1	0	0	0	1	£0	£37,968
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	0	1	0	0	0	1	£0	£105,185
Above £150,000	0	0	0	0	0	0	£0	£0
SCHOOLS								
Exit package cost								
£0 - £20,000	6	15	0	0	6	15	£39,034	£63,843
£20,001 - £40,000	1	1	0	0	1	1	£23,008	£34,075
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£0

NOTE 15 TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2016/17, incurring expenditure of £263k (£30k in 2015/16). These were mainly due to officers who were made redundant as part of the reorganisation of services at the Council. No directors were made redundant during 2016/17.

NOTE 16 RELATED PARTIES

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

All Councillors, officers on the Corporate Leadership Team, budget managers (including financial approvers and project managers), shared audit & investigations, shared legal solutions, operational property, strategic assets, group finance, housing assets & maintenance and commercial and procurement were asked to complete a disclosure statement in respect of themselves and their family members / close relatives, detailing any material transactions with related parties.

Central Government

Central government has a direct influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a large amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in note 20.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of member's allowances paid in 2016/17 is shown in Note 13. During 2016/17, works and services to the value of £21.476m (£10.509m in 2015/16) were commissioned from companies in which 13 members had an interest (12 in 2015/16). Contracts were entered into in full compliance with the Council's standing orders. In addition, grants and payments totalling £189k (£263k in 2015/16) were paid to voluntary organisations and charities in which 11 members declared an interest (11 in 2015/16). Payments of £1.240m (£1.485m in 2015/16) were made to education establishments in which 5 members declared an interest (6 in 2015/16). Payments of £12.2m were made to local council bodies (11.7m in 2015/16) in which 10 members had interests (12 in 2015/16) mainly relating to the Council's pension arrangements and section 106. The payment to the Berkshire pension fund is in respect of pensions as outlined in note 19; the Council appoints a Councillor as a representative on the Berkshire Pension Fund advisory Panel. The Council owed £195k to these organisations at 31 March 2017 (£1.743m at 31 March 2016), while £2,247k was owed to Wokingham Borough Council by the relevant organisations at 31 March 2017 (£308k at 31 March 2016).

The relevant members did not take part in any discussion or decision relating to the grants and payments. Details of all these transactions are recorded in the Register of Members Interest, open to public inspection at the Council Offices during office hours.

Officers

During 2016/17, works and services to the value of £4.747m (£5.329m in 2015/16) were commissioned from companies in which 6 officers had an interest (7 in 2015/16). This includes 2 officers interests in wholly owned Council subsidiaries in which they were acting in capacity of their role for the Council (two in 2015/16), which totalled £762k (£366k in 2015/16). The

Council owed the relevant organisations £848k at 31 March 2017 (£461k at 31 March 2016), while £16k was owed to Wokingham Borough Council at 31 March 2017 (£41k at 31 March 2016). Payments of £217k (£207k in 15/16) were made to education establishments in which 3 officers declared an interest (4 in 15/16). Contracts were entered into in full compliance with the Council's standing orders. In addition, grants and payments totalling £51k (£152k in 2015/16) were paid to voluntary organisations and charities in which 3 officers declared an interest (2 in 2015/16). The relevant officers did not take part in any discussion or decision relating to the grants and payments.

Town and Parish Councils

Certain Members of Wokingham Borough Council are also councillors of the 17 Town and Parish Councils within the Borough. Each Town or Parish Council has the ability to levy a precept upon Wokingham Borough Council for the collection of council tax on behalf of the Town or Parish Councils. In 2016/17 Wokingham Borough Council collected and paid over £3.734m (£3.659m in 2015/16) in precepts and grant to the Town or Parish Councils.

Other Public Bodies

The Council entered into a PFI contract with Waste Recycling Group (RE3 Ltd) in 2006/07 for the disposal of waste together with Reading and Bracknell Forest Borough Councils, see note 29 for further details. The Council's contribution for 2016/17 was £9.7m (£8.7m in 2015/16). The Council also operates a number of shared services with other local authorities. The details are set out in note 44.

Local Enterprise Partnership

One long term loan totalling £750k was raised from the Local Enterprise Partnership (LEP) in 2016/17 (two in 2015/16 totalling £630k). During 2016/17 £120k was repaid, no loans were repaid in 2015/16.

Entities Controlled or Significantly Influenced by the Council

The Council had seven subsidiary companies at 31 March 2017 (seven at 31 March 2016), which are owned in full either directly or through existing subsidiaries, and each had a Board of Directors on which council members serve. Their accounts are incorporated in the main body of the Council's accounts with separate disclosures where material differences occur. See note 46 for more information on the Council's companies.

NOTE 17 EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's auditors, Ernst & Young LLP:

	2015/16 £,000	2016/17 £,000
External Audit Services	108	107
Certification of Grants and Returns	7	12
	115	119

NOTE 18 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

The scheme is a multi-employer defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and the 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 2016/17, the Council paid £5.751m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. The figures for 2015/16 were £5.586m and 14.1% which increased to 16.48% in September 2015.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 19.

NOTE 19 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment the authority offers retirement benefits. Although these benefits will not actually be payable until the employees retire the Council has a commitment to make the payments. This commitment needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two schemes:

- The Local Government Pension Scheme (LGPS), administered by the Royal Borough of Windsor and Maidenhead – this is a funded scheme, which means that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Wokingham Borough Council is also responsible for a share (19.0561%) of the former Berkshire County Council (BCC) Local Government Pension Scheme. The scheme is also administered by the Royal Borough of Windsor and Maidenhead Council. Although now closed, a liability remains for the pensioners that were in the scheme when BCC ceased to exist.

The principal risks to the Council of the schemes are the longevity assumptions, statutory changes to the scheme and structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of post-employment 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 the Council is 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. During the year the following transactions for the Wokingham scheme (WBC) and those for Berkshire County Council (BCC) which represents Wokingham's share of the Berkshire scheme of 19.0561%, have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement.

The Optalis Ltd figures have been added to the total of Wokingham and its portion of the Berkshire scheme to give the overall Group figures.

Comprehensive Income and Expenditure Statement

	2015/16					2016/17				
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group
Service cost comprising:										
Current Service Cost scheme	12,242	0	12,242	519	12,761	12,394	0	12,394	330	12,724
Administration Costs scheme	119	6	125	8	133	124	4	128	8	136
Financing and Investment Income and Expenditure:										
Net Interest on the Defined Liability	5,814	1,401	7,215	251	7,466	6,051	1,467	7,518	255	7,773
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:	18,175	1,407	19,582	778	20,360	18,569	1,471	20,040	593	20,633
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:										
Remeasurement of the net assets/(defined liability) :										
Return on Fund Assets in excess of interest	(8,515)	(314)	(8,829)	(569)	(9,398)	19,905	458	20,363	1,288	21,651
Other actuarial gains/(losses) on assets	0	0	0	0	0	5,041	239	5,280	380	5,660
Change in Financial assumptions	27,067	1,967	29,034	1,581	30,615	(83,950)	(7,419)	(91,369)	(4,396)	(95,765)
Change in demographic assumptions	0	0	0	0	0	4,235	990	5,225	291	5,516
Experience gain/(loss) of defined benefit obligation	64	285	349	0	349	3,132	2,417	5,549	1,506	7,055
Remeasurements on scheme assets	18,616	1,939	20,555	1,012	21,567	(51,637)	(3,314)	(54,951)	(931)	(55,882)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(441)	(532)	(973)	(234)	(1,207)	70,206	4,785	74,991	1,524	76,515

Current service cost represent the cost to the employer of benefits earned by active members in the accounting year and added to the liabilities. It is calculated using assumptions at the start of the year which is not a fixed percentage of payroll and is expected to vary from year to year as assumptions change.

Movement in Reserves Statement

	2015/16					2016/17				
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code Actual amount charged against the general fund balance for pensions in the year:	(18,175)	(1,407)	(19,582)	(778)	(20,360)	(18,569)	(1,471)	(20,040)	(593)	(20,633)
Employer's contributions payable to scheme	7,807	447	8,254	239	8,493	8,502	435	8,937	250	9,187
	(10,368)	(960)	(11,328)	(539)	(11,867)	(10,067)	(1,036)	(11,103)	(343)	(11,446)

Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code Actual amount charged against the general fund balance for pensions in the year:
Employer's contributions payable to scheme

The amount included in the balance sheet arising from the authority's obligation in respect of its defined benefit scheme is as follows:

	2015/16					2016/17				
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group
Pension assets and liabilities recognised in the balance sheet	(333,322)	(47,050)	(380,372)	(17,859)	(398,231)	(429,036)	(49,249)	(478,285)	(21,255)	(499,540)
Present value of the defined benefit obligation	167,624	5,033	172,657	11,039	183,696	201,705	3,072	204,777	13,161	217,938
Fair value of plan assets										

Sub-total	(165,698)	(42,017)	(207,715)	(6,820)	(214,535)	(227,331)	(46,177)	(273,508)	(8,094)	(281,602)
Present value of unfunded obligation	(1,993)	(5,529)	(7,522)	0	(7,522)	(2,064)	(5,718)	(7,782)	0	(7,782)
Net liability arising from defined benefit obligations	(167,691)	(47,545)	(215,236)	(6,820)	(222,056)	(229,395)	(51,895)	(281,290)	(8,094)	(289,384)

	2015/16					2016/17				
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group
Reconciliation of Opening and Closing Balances of the Fair Value of Scheme assets:	167,403	8,065	175,468	11,101	186,569	167,624	5,033	172,657	11,039	183,696
Opening Fair Value of Scheme Assets	167,403	8,065	175,468	11,101	186,569	167,624	5,033	172,657	11,039	183,696
Interest on Assets	5,743	192	5,935	391	6,326	6,257	113	6,370	420	6,790
Return on Assets less Interest	(8,515)	(314)	(8,829)	(569)	(9,398)	19,905	456	20,361	1,288	21,649
Other actuarial gains/(losses)	0	0	0	0	0	5,041	239	5,280	380	5,660
Administration Expenses	(119)	(6)	(125)	(8)	(133)	(124)	(4)	(128)	(8)	(136)
Contributions by Employer including Unfunded	7,807	447	8,254	239	8,493	8,502	435	8,937	250	9,187
Contributions by Scheme Participants and other Employers	3,145	0	3,145	129	3,274	3,212	0	3,212	88	3,300
Estimated Benefits Paid plus Unfunded Net of Transfers	(7,707)	(3,351)	(11,058)	(244)	(11,302)	(8,712)	(3,204)	(11,916)	(296)	(12,212)
Settlement prices received /(paid)	(133)	0	(133)	0	(133)	0	0	0	0	0
Closing Fair Value of Scheme Assets	167,624	5,033	172,657	11,039	183,696	201,705	3,070	204,775	13,161	217,936

	2015/16					2016/17				
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Reconciliation of The Opening and Closing Balances of the present value of the Defined Benefit Obligation:	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group
Opening balance at 1 April	343,342	56,590	399,932	18,394	418,326	335,315	52,579	387,894	17,859	405,753
Current service cost	13,669	0	13,669	519	14,188	12,222	0	12,222	330	12,552
Interest cost	11,557	1,593	13,150	642	13,792	12,308	1,581	13,889	675	14,564
Change in financial assumptions	(27,067)	(1,967)	(29,034)	(1,581)	(30,615)	83,950	7,419	91,369	4,396	95,765
Change in demographic assumptions	0	0	0	0	0	(4,235)	(990)	(5,225)	(291)	(5,516)
Experience loss/(gain) on defined benefit obligation	(64)	(285)	(349)	0	(349)	(3,132)	(2,417)	(5,549)	(1,506)	(7,055)
Liabilities assumed/(extinguished) on settlements	(1,577)	0	(1,577)	0	(1,577)	(19)	0	(19)	0	(19)
Estimated benefits paid net of transfers in	(7,542)	(2,904)	(10,446)	(244)	(10,690)	(8,554)	(2,768)	(11,322)	(296)	(11,618)
Past service costs including curtailments	17	0	17	0	17	191	0	191	0	191
Contribution by scheme participants and other employers	3,145	0	3,145	129	3,274	3,212	0	3,212	88	3,300
Unfunded pension payments	(165)	(447)	(612)	0	(612)	(158)	(435)	(593)	0	(593)
Closing balance at 31 March	335,315	52,579	387,894	17,859	405,753	431,100	54,967	486,067	21,255	507,322

The large change in the financial assumptions is impacted by a decrease in the discount rate from 3.7% to 2.8% and an increase in assumptions around pension increases from 2.4% to 2.7%.

	2015/16					2016/17				
	£,000	£,000	BCC (WBC share)	WBC & BCC	Optalis	£,000	£,000	£,000	£,000	£,000
Local Government Pension Scheme assets comprised:	WBC					WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group
Equities	75,785	2,282		78,067	4,988	98,399	1,502	99,901	6,421	106,322
Gilts	2,442	74		2,516	161	0	0	0	0	0
Other Bonds	22,986	692		23,678	1,513	30,063	458	30,521	1,962	32,483
Property	19,595	590		20,185	1,290	27,809	424	28,233	1,814	30,047
Cash and Cash Equivalents	8,454	255		8,709	557	21,159	323	21,482	1,381	22,863
Target Return Portfolio	31,546	935		32,481	2,076	20,832	318	21,150	1,359	22,509
Commodities	5,525	166		5,691	364	3,343	51	3,394	218	3,612
Infrastructure	8,012	241		8,253	527	10,241	156	10,397	668	11,065
Longevity Insurance	(6,721)	(216)		(6,937)	(437)	(10,141)	(162)	(10,303)	(662)	(10,965)
Total Assets	167,624	5,018		172,642	11,039	201,705	3,070	204,775	13,161	217,936

All scheme assets have quoted prices in active markets.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Basis for Estimating Assets and Liabilities

For the year to 31 March 2017, the expected return is based on the discount rate, which was 2.8% and this rate has been used to determine the profit and loss charge for the year ended 31 March 2017, this compares to a rate of 3.7% in the year 31 March 2016. The equivalent figures for the former Berkshire scheme are 2.2% for 31 March 2017 and 3.19% for 31 March 2016 and for Optalis Ltd 2.8% 31 March 2017 and 3.8% 31 March 2016. The discount rate is the annualised yield at the 20-year point. The 12-year point is used for Berkshire scheme due to shorter estimated scheme duration and for Optalis Ltd the annualised yield used is 22 years. The Merrill Lynch AA rated corporate bond yield curve has been chosen to meet the requirements of IAS 19 and with consideration of the duration of the employer's liabilities.

Barnett Waddingham LLP, an independent firm of actuaries, assessed the liabilities as at 31 March 2017. The principal assumptions used by the actuary for the Wokingham scheme are:

	2015/16	2016/17
Expected Return on Assets (Equal to the discount rate)	3.70%	2.80%
Life expectancy Assumptions:		
Life Expectancy from age 65 if retiring now:		
Men	22.9	23
Women	26.2	25
Life expectancy at age 65 retiring in 20 years:		
Men	25.2	25.1
Women	28.6	27.4
Rate of Inflation-RPI	3.30%	3.60%
Rate of Inflation-CPI	2.40%	2.70%
Rate of Increase in Salaries	4.20%	4.20%
Rate of Increase in Pensions	2.40%	2.70%
Rate for Discounting Scheme Liabilities	3.70%	2.80%
Take-up Option to Convert Annual Pension into Retirement Lump Sum	50%	50%
Take-up Option to pay 50% contributions for 50% of benefits	10%	10%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2015/16	2016/17
Equity Investments	45%	49%
Gilts	1%	0%
Other Bonds	14%	15%
Property	12%	14%
Cash	5%	10%
Target Return	19%	10%
Commodities	3%	2%
Infrastructure	5%	5%
Longevity Insurance	-4%	-5%
Total	100%	100%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and 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 for the Wokingham scheme did not change from those used in the previous period. The figures include the Berkshire scheme share of 19.0561%.

Impact on the Defined Benefit Obligation in the Scheme

	£,000	£,000	£,000
Adjustment to discount rate (increase or decrease)	0.10%	0.00%	(0.10%)
Present value of total obligation	477,073	486,067	495,243
Projected service cost	18,142	18,593	19,056
Adjustment to long term salary increase	0.10%	0.00%	(0.10%)
Present value of total obligation	487,186	486,067	484,957
Projected service cost	18,593	18,593	18,593
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	(0.10%)
Present value of total obligation	494,122	486,067	478,166
Projected service cost	19,056	18,593	18,141
Adjustment to life expectancy assumption	0.10%	0.00%	(0.10%)
Present value of total obligation	504,207	486,067	468,600
Projected service cost	19,186	18,593	18,018

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. A Fund valuation was carried out on the 31 March 2016 and is a triennial event, the next being due to be completed on 31 March 2019 to set contributions for the period 1 April 2020 to 31 March 2023.

The total contributions expected to be made on the Local Government Pension Scheme by the Council in the year to 31 March 2018 is £8.443m (£7.827m at 31 March 2017).

The weighted average duration of the defined benefit obligation for Wokingham Borough Council scheme members is 20 years at 31 March 2017 (20 years at 31 March 2016) and for the members of the former Berkshire scheme is 12 years at 31 March 2017 (13 years at 31 March 2016). In Optalis Ltd the estimated duration of employers' liabilities is 22 years at 31 March 2017 (23 years at 31 March 2016).

NOTE 20 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

Credited to Taxation and Non-specific Grant Income:

Revenue Support Grant
New Homes Bonus
Transitional Grant
Capital Grants
Capital Contributions

Sub Total

2015/16 £,000	2016/17 £,000
(12,450)	(6,145)
(4,309)	(4,794)
0	(2,109)
(8,588)	(7,933)
(7,626)	(22,045)
(32,973)	(43,026)

Credited to Services:

Dedicated Schools Grant
EFA 6th Form Funding
Education Services Grant
Pupil Premium
Additional Grant for Schools
Universal Infant Free School Meals
Mandatory Rent Allowances: subsidy
Public Health Grant
Public Health Grant – 0 to 5
Rent Rebates Granted to HRA Tenants: subsidy
Adult Social Care Act Implementation
Private Finance Initiative (PFI)
Small Business Rate Relief
Housing Benefit and Council Tax Benefit Administration
Local Services Support Grant
Adult and Community Learning from Learning and Skills Council
Primary Care Trust/NHS Reform
Large Scale Sites Grant
Large Sites and Housing Zones capacity funding
Influencing Travel Behaviour in Wokingham
City Deal
Families First
One Public Estate
Other Grants

Sub Total

2015/16 £,000	2016/17 £,000
(89,211)	(88,063)
(3,528)	(3,194)
(2,007)	(1,807)
(2,642)	(2,504)
(574)	(515)
(2,195)	(2,163)
(16,449)	(15,688)
(3,916)	(5,634)
(930)	0
(7,303)	(7,288)
(728)	0
(1,109)	(1,109)
(457)	(472)
(253)	(225)
(39)	0
(327)	(263)
(1,506)	0
(846)	0
0	(224)
(370)	0
(11)	0
(328)	(259)
0	(483)
(1,961)	(2,168)
(136,690)	(132,060)

Total

(169,663)	(175,086)
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There have been some significant changes between 2015/16 and 2016/17 in grants credited to taxation and non-specific grant income. There was a large reduction in revenue support grant and the introduction of a transitional grant in 2016/17 to ease the change from a system based on central government to one in which local sources determine a council's revenue.

Capital Contributions increased significantly in 2016/17 due to a large increase in new developments being undertaken in the area and the transition from s106 to the community infrastructure levy.

	31st March, 2016 £,000	31st March, 2017 £,000
Capital Grants and Contributions Receipts in Advance:		
Devolved Formula Grant	(921)	(887)
	0	(2,100)
Early Years Capital Fund	0	(388)
Other Grants	(4)	(6)
S106 Contributions	(27,333)	(39,610)
CIL Contributions	(298)	0
Total	(28,556)	(42,991)

In addition to the S106 contributions receipts in advance of £39.610m as at 31 March 2017, the Council have £5.386m S106 contributions in earmarked reserves which relate to S106 commuted sums and SANG (Suitable Alternative Natural Greenspace) contributions to maintain green spaces around developments.

NOTE 21 DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2016/17 are as follows and comprise the DSG figure as issued by the Department for Education:

	Central Expenditure	ISB	Total
	£,000	£,000	£,000
Final DSG for 2016/17 before Academy Recoupment			(116,916)
Less Academy figure recouped for 2016/17			28,999
Total DSG after Academy recoupment for 2016/17			(87,917)
Brought forward from 2015/16			(2,177)
Carry-forward to 2017/18 agreed in advance			
Agreed initial budget distribution in 2016/17	(15,825)	(74,269)	(90,094)
In year Adjustments			
Final Budgeted distribution for 2016/17	(15,825)	(74,269)	(90,094)
Less Actual central expenditure	14,469		14,469
Less Actual ISB deployed to schools		74,269	74,269
Plus Local authority contribution for 2016/17			0
Carry Forward to 2017/18	(1,356)	0	(1,356)

NOTE 22 USABLE RESERVES

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

The usable reserves are:

- General Fund Balance – the general reserves of the Council can be used to finance the day to day operations of the Council and its capital activities
- Earmarked Reserves – held for specific accounting / policy purposes and are ring fenced funds that cannot be used for other purposes
- Housing Revenue Account (HRA) – resources available to meet future running costs for council houses
- Schools & Dedicated Schools Grant – to resource expenditure directly/ not directly delegated to schools
- Capital Receipts – proceeds of asset sales available to meet future capital requirements and to act as a contingency
- Capital Grants Unapplied – holds the grants and contributions received towards capital projects which have not yet been used to finance specific capital schemes

NOTE 23 UNUSABLE RESERVES

	31st March, 2016 £,000	31st March, 2017 £,000
Revaluation Reserve	(147,487)	(176,221)
Capital Adjustment Account	(423,621)	(414,754)
Financial Instruments Adjustment Account	1,901	1,765
Pensions Reserve	215,237	281,292
Collection Fund Adjustment Account	(3,137)	(3,937)
Accumulated Absences Account	2,121	3,478
Total Unusable Reserves	(354,986)	(308,377)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant, Equipment and Intangible Assets. 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 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 Capital Adjustment Account.

Revaluation Reserve	2015/16 £,000	2016/17 £,000
Balance at 1st April	(146,652)	(147,487)
Upward Revaluation of Assets	(18,486)	(48,470)
Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus or Deficit on the Provision of Services	2,249	13,510
Surplus or Deficit on Revaluation of Non-current Assets not Posted to the Surplus or Deficit on the Provision of Services	(16,238)	(34,960)
Difference Between Fair Value Depreciation and Historical Cost Depreciation	2,082	1,565
Accumulated Gains on Assets Sold or Disposed	13,321	4,661
Amount Written Off to the Capital Adjustment Account	15,403	6,226
Balance at 31st March	(147,487)	(176,221)

The estimated value of the Council's assets increased by £48.470m in 2016/17, which was largely due to increased land valuations across asset types which were due to be revalued under the Council's rolling revaluation programme, including Secondary Schools, Corporate

Buildings, Waste PFI assets and miscellaneous buildings, and the annually revalued Council Dwellings. The comparative increase in 2015/16 was £18.486m when revalued assets under the rolling programme included Children's Centres and Libraries, which have a considerably lower value.

The types of assets revalued in the 2016/17 rolling programme also affected the downward revaluations of assets which was £13.510m compared to £2.249m in 2015/16, which was due largely to the value of buildings at our 3 Secondary Schools reducing on revaluation in 2016/17.

The £4.661m accumulated revaluation gain, written off on assets disposed of in 2016/17 included the disposal of Southfield School transferring to academy status £3.932m. In comparison the total value of revaluation gains on disposal written off in 2016/17 was £13.321m (mainly due to the disposal of Waingels College).

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 of assets, as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

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

Note 5 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account

Balance at 1st April

Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:

- Charges for Depreciation of Non-current Assets
- Charges for Impairment of Non-current Assets
- Revaluation Losses on Property, Plant and Equipment
- Amortisations of Intangible Assets
- Revenue Expenditure Funded from Capital under Statute
- Amounts of Non-current Assets to be Written Off on Disposal or Sale as part of the Gain / Loss on Disposal to the Comprehensive Income and Expenditure Statement

	2015/16	2016/17
	£,000	£,000
Balance at 1st April	(448,496)	(423,621)
Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:		
• Charges for Depreciation of Non-current Assets	20,318	16,365
• Charges for Impairment of Non-current Assets	(21,027)	0
• Revaluation Losses on Property, Plant and Equipment	4,321	19,968
• Amortisations of Intangible Assets	469	688
• Revenue Expenditure Funded from Capital under Statute	3,268	5,122
• Amounts of Non-current Assets to be Written Off on Disposal or Sale as part of the Gain / Loss on Disposal to the Comprehensive Income and Expenditure Statement	63,984	10,706
	71,333	52,849

Adjusting Amounts Written Out of the Revaluation Reserve	(15,402)	(6,226)
Net Written Out Amount of the Cost of Non-current Assets Consumed in the Year	55,931	46,623
Capital Financing Applied in the Year:		
• Use of Capital Receipts Reserve to Finance New Capital Expenditure	(2,271)	(3,984)
• Use of Major Repairs Reserve to Finance New Capital Expenditure	(4,553)	(4,857)
• Capital Grants and Contributions Credited to the Comprehensive Income and Expenditure Statement that have been Applied to Capital Financing	(6,763)	(7,623)
• Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(12,819)	(14,811)
• Statutory Provision for the Financing of Capital Investment Charged against the General Fund and HRA Balances	(3,399)	(2,645)
Capital Expenditure Charged against the General Fund and HRA Balances	(222)	(751)
Transfer of shares at nil value to WBC (Holdings) Ltd	0	
Voluntary Debt Repayment – HRA	(912)	(2,564)
• Prior Year Adjustment – S106 Fund Swap – Contribution for the construction of the new station	(135)	(771)
Equity Loan Redemption	0	250
	(31,074)	(37,755)
Movements in the Market Value of Investment Properties Debited or Credited to the Comprehensive Income and Expenditure Statement	18	0
Balance at 31st March	(423,621)	(414,753)

In 2016/17 depreciation charge was £16.395m which is nearly £4m less than the charge in 2015/16, this is due to depreciation charges made on the prior year adjustment historic impairment reversal for Waingels College of £1.5m and also a reduction in the depreciable value of assets in 2016/17 due to the disposal of the school in 2015/16.

There were no impairments in 2016/17. In comparison there were £21m impairment reversals in 2015/16 relating to assets being transferred to Wokingham Housing Limited (£4.1m) and the prior year adjustment impairment reversal on the Waingels College transfer to academy (£16.9m).

Non-current Assets written off on disposal or sale decreased by £64m in 2016/17 to £10.7m. The main asset written out was Southfield School £8.26m. Where as in 2015/16 the following assets were written out: - Waingels Secondary School £38.068m (to become an academy, including prior year adjustment), Eustace Crescent £6.325m transferred to Wokingham Housing Limited.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

Financial Instruments Adjustment Account

	2015/16	2016/17
	£,000	£,000
Balance at 1st April	2,037	1,901
Premiums Incurred in the Year and Charged to the Comprehensive Income and Expenditure Statement	0	
Proportion of Premiums Incurred in Previous Financial Years to be Charged against the General Fund Balance in Accordance with Statutory Requirements	(136)	(136)
Amount by which Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	0	0
Balance at 31st March	1,901	1,765

Pensions Reserve

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

Pensions Reserve

	2015/16	2016/17
	£,000	£,000
Balance at 1st April	224,463	215,237
Actuarial (Gains) or Losses on Pensions Assets and Liabilities	(20,555)	54,952
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	19,582	20,040
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(8,254)	(8,937)
Balance at 31st March	215,237	281,292

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and retained business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account

	2015/16	2016/17
	£,000	£,000
Balance at 1st April	(1,210)	(3,137)
Amount by which Council Tax and Retained Business Rates Income Credited to the Comprehensive Income and Expenditure Statement is Different from Council Tax and Retained Business Rates Income Calculated for the Year in Accordance with Statutory Requirements	(1,927)	(800)
Balance at 31st March	(3,137)	(3,937)

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 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account. The movement between years is due to an increase in the amount of leave accrued for school staff due to Easter falling after the end of the financial year.

Accumulated Absences Account

Balance at 1st April

Settlement or cancellation of accrual made at the end of preceding Year

Amounts accrued at the end of the current year

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements

Balance at 31st March

	2015/16	2016/17
	£,000	£,000
	3,162	2,121
	(3,162)	(2,121)
	2,121	3,478
	(1,040)	1,357
	2,121	3,478

NOTE 24 PROPERTY, PLANT AND EQUIPMENT

Movements in 2016/17:	Council Dwellings	Other Land and Buildings (Inc. HRA)	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment £,000	PFI Assets Included in Property, Plant and Equipment £,000
Cost or Valuation	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	
At 1st April, 2016	217,551	493,609	18,972	129,535	2,466	3,628	28,421	894,182	11,709
Additions	6,430	7,608	1,889	7,214	63	10	37,803	61,018	0
Revaluation Increases / (Decreases)	25,375	2,991	(337)	0	0	1,438	0	29,468	(779)
Recognised in the Revaluation Reserve									
Revaluation Increases / (Decreases)	0	(32,726)	0	0	0	(22)	0	(32,748)	(827)
Recognised in the Surplus / Deficit on the Provision of Services									
De-recognition - Disposals	(900)	(11,655)	(539)	0	0	0	(9)	(13,103)	(303)
Assets reclassified (to) / from Held for Sale	(165)	0	0	0	0	0	0	(165)	0
Other Movements in Cost or Valuation	0	(1,394)	0	0	595	799	0	0	0
At 31st March, 2017	248,291	458,433	19,986	136,749	3,124	5,853	66,215	938,652	9,799

Accumulated Depreciation and Impairment						
At 1st April, 2016	53,307	33,258	9,736	27,644	0	123,994
					49	2,339
Depreciation Charge	3,239	7,490	1,395	3,730	0	511
						472
Depreciation written out to the Revaluation Reserve	(3,081)	(1,864)	(499)	0	0	(48)
						(1,035)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(12,545)	0	0	0	(3)
						(1,048)
Impairment Losses / (Reversals)						
Recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
De-recognition – Disposals	(15)	(2,436)	(472)	0	0	0
						(303)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	0
Other movements in depreciation and impairment	0	(31)	0	0	0	31
						0
At 31st March, 2017	53,451	23,871	10,161	31,374	0	119,396
						425

Net Book Value						
At 31st March, 2017	194,840	434,562	9,826	105,375	3,124	5,313
						66,215
At 31 st March, 2016	164,244	460,351	9,236	101,891	2,466	3,579
						28,421
						770,188
						9,374
						9,370

Restated Comparative Movements in 2015/16	Council Dwellings £,000	Other Land and Buildings (Inc. HRA) £,000	Vehicles, Plant, Furniture & Equipment £,000	Infrastructure Assets £,000	Community Assets £,000	Surplus Assets £,000	Assets under Construction £,000	Total Property, Plant and Equipment £,000	PFI Assets Included in Property, Plant and Equipment £,000
Cost/Valuation	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
At 1st April, 2015	206,140	522,937	19,832	121,320	2,376	6,391	10,556	889,552	11,709
Additions	5,102	6,487	1,307	5,973	90	13	20,810	39,782	0
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	7,256	5,204	259	0	0	(161)	0	12,558	0
Revaluation Increases / (Decreases) Recognised in the Surplus /Deficit on the provision of Services	0	(4,747)	(46)	0	0	8	0	(4,785)	0
De-recognition - Disposals	(408)	(62,739)	(2,380)	0	0	(4,010)	(13)	(69,550)	0
Assets reclassified (to) *from Held for Sale	(539)	0.00	0.00	0.00	0.00	0.00	0.00	(539)	0
Other Movements in Cost or Valuation	0	26,467	0	2,242	0	1,387	(2,932)	27,164	0
At 31st March, 2016	217,551	493,609	18,972	129,535	2,466	3,628	28,421	894,182	11,709

Accumulated Depreciation and Impairment

At 1st April, 2015	53,071	47,380	10,302	23,617	0	211	0	134,581	1,932
Depreciation Charge	3,098	11,471	1,675	4,027	0	49	0	20,320	407
Depreciation Written out to the Revaluation Reserve	(2,844)	(604)	(24)	0	0	(208)	0	(3,680)	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(439)	(32)	0	0	(3)	0	(474)	0
Impairment Losses / (Reversals) Recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	(21,027)	0	0	0	0	0	(21,027)	0
De-recognition – Disposals	(8)	(3,523)	(2,185)	0	0	0	0	(5,716)	0
Assets Reclassified (to) / from Held for Sale	(10)	0	0	0	0	0	0	(10)	0
Other Movements in depreciation and Impairment	0	0	0	0	0	0	0	0	0
At 31st March, 2016	53,307	33,258	9,736	27,644	0	49	0	123,994	2,339

Depreciation

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

- | | |
|--|-----------------------------------|
| • Council Dwellings | Self-Financing HRA Business Model |
| • Other, Land and Buildings | 1-80 years |
| • Surplus Assets | 1-30 years |
| • Vehicles, Plant, Furniture & Equipment | 1-25 years |
| • Infrastructure, Roads & Highways | 1-60 years |

Capital Commitments

The estimated commitments for capital expenditure for schemes where orders had been placed, or legal contracts entered into, at 31 March 2017 are listed below:

	2016/17 £,000
Wokingham Town Centre - Peach Place New Development	12,627
Wokingham Housing Limited – Capital Loans	8,431
Shinfield Eastern Relief Road	4,778
Arborfield Secondary School	4,500
Wokingham Town Centre Regeneration - Carnival Pool - Phase 1 (Multi-Storey Car Park)	2,952
St Crispin's School - ASD Unit + 6th Form block	2,186
Emmbrook School - Maths Block	1,465
National Cycle Network (A329 Cycleway Phase 3)	1,298
Street Lighting - Light Emitting Diode Project	925
Council Dwellings - enhancements	870
21st Century Council Implementation	798
Wokingham Town Centre Regeneration - Carnival Pool Feasibility, Planning & Phase 2 works	658
Bulmershe Leisure Centre Redevelopment - feasibility	626
Arborfield Bypass	594
North Wokingham Distributor Road	450
South Wokingham Bypass	408
Cantley Tennis Courts	321
Highwood Primary School - Expansion	231
Winnersh Relief Road	215
Other Contractual Commitments individually below £0.2m	4,274
Total	48,607

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in

accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost.

There were no significant changes to assumptions or changes in estimated market values, applied in estimating the fair values in 2016/17.

	Council Dwellings	Other, Land and Buildings (Inc. HRA)	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Carried at Historical Cost	0	4,128	7,476	105,375	3,124	0	120,104
2017	194,840	114,206	2,350	0	0	3,387	314,782
2016	0	33,380	0	0	0	0	33,380
2015	0	248,531	0	0	0	477	249,007
2014	0	13,925	0	0	0	0	13,925
2013	0	19,810	0	0	0	0	19,810
Total Cost or Valuation	194,840	433,979	9,826	105,375	3,124	3,863	751,008

The difference between years are due to the number and types of assets revalued as per the rolling programme i.e. at 31 March 2016 no schools were revalued while to 31 March 2017 all secondary schools and corporate buildings were revalued.

NOTE 25 OTHER NON CURRENT ASSETS

Investment Properties

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

	2015/16	2016/17
	£,000	£,000
Rental Income from Investment Property	370	384
Direct Operating Expenses arising from Investment Property	0	(23)
Net Gain / (Loss)	370	361

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2015/16 £,000	2016/17 £,000
Balance at the Start of the Year	32,217	4,334
Additions:		
Purchases	0	0
Subsequent Expenditure	0	0
Disposals	0	0
Net Gains / (Losses) from Fair Value Adjustments	(29)	233
Transfers:		
(To) / From Inventories	0	0
(To) / from Property, Plant and Equipment	(27,854)	0
Balance at the End of the Year	4,334	4,567

Fair Value Hierarchy

Details of the authority's investment properties and information about fair value hierarchy as at 31 March 2017 are as follow:

Recurring fair value measurements using:	Quoted prices in Active markets For identical Assets (Level 1) £000	Other significant Observable inputs (level 2) £000	Significant Unobservable Inputs (Level 3) £000	Fair value as at 31 March 2017 £000
Investment Properties	-	-	4,567	4,567
Surplus Assets	-	-	3,863	3,863
Total	-	-	8,430	8,430

Comparative 2015/16 Recurring fair value measurements using:	Quoted prices in Active markets for identical Assets (Level 1) £,000	Other significant Observable inputs (Level 2) £,000	Significant Unobservable inputs (Level 3) £,000	Fair value as at 31 March 2016 £,000
Investment Properties	-	-	4,334	4,334
Surplus Assets	-	-	3,579	3,579
Total	-	-	7,913	7,913

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1, 2 and 3 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The office and commercial units and Investment Properties located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the authority's own data requiring it to factor assumptions, such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The authority's office and commercial units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicated that market participants would use different assumptions).

Highest and Best Use of Investment Properties

In estimation the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of Fair Value Hierarchy Office buildings categorised within Level 3

	31st March 2016 £,000	31st March 2017 £000
Opening balance	38,397	7,913
Transfers into Level 3	(27,597)	768
Transfers out of Level 3	1,130	(1,450)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	29	1,700
Additions	13	10
Disposals	(4,010)	0
Other Charges	(49)	(511)
Closing Balance	7,913	8,430

Gains or Losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit in the Provision of Services – Financing and Investment Income and Expenditure line.

NOTE 26 INTANGIBLE ASSETS

The carrying amount of intangible assets is amortised on a straight-line basis.

The Council accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Amortisation of £424k charged to revenue in 2016/17 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The remaining amortisation was charged directly to the service using the asset.

The costs of the Council's major software suites are written off over the following periods:

Term	Internally Generated Assets	Other Assets
5 Years	None	I-Procurement, Human Resources Management Information Systems, E-mail and Schools e-learning, GIS Mapping Software, Wokingham Strategic Transport Model (WSTM) 2015 Base Update, Planning System
15 Years	None	Housing Management System
20 Years	None	Enterprise Resource Planning (ERP) System
25 Years	None	Transition of WBC's ICT to a mixed economy model (migration to cloud), Customer Service System and self- service technology

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

	2015/16 £,000	2016/17 £,000
Balance at the Start of the Year		
Gross Carrying Amount	4,137	6,080
Accumulated Amortisation	(1,732)	(2,201)
Adjusted Gross Carrying amounts	2,405	3,879
Net Carrying Amount at Start of the Year		
Additions:		
Purchases	1,251	604
Other Changes	690	0
Amortisation for the Period	(469)	(689)
Net Carrying Amount at End of the Year	3,879	3,794

Comprising:

 Gross Carrying Amounts
 Accumulated Amortisation

Closing Balance at 31 March

6,080	6,684
(2,201)	(2,890)
3,879	3,794

The Council incurred the following material costs on intangible assets in 2016/17: Customer Services System and self-service technologies at a cost of £226k.

NOTE 27 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2015/16	2016/17
	£,000	£,000
Opening Capital Financing Requirement	195,824	211,545
Capital Investment:		
Property, Plant and Equipment	39,782	61,018
Investment Properties	0	0
Intangible Assets	1,253	604
Revenue Expenditure Funded from Capital under Statute	3,268	5,122
Long Term Debtor	2,491	10,139
Sources of Finance:		
Capital Receipts	(2,271)	(4,755)
Government Grants and Other Contributions	(17,394)	(22,434)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(7,098)	(5,607)
MRP / Loans Fund Principal	(3,398)	(2,645)
Donated Assets	0	
Other Adjustments:		
Voluntary Debt Repayment - HRA	(912)	(2,564)
Closing Capital Financing Requirement	211,545	250,423

NOTE 28 LEASES

The Council as Lessee

Finance Leases

The Council has two finance leases which were entered into in 1982. They relate to property at 1-14 and 1a-9a Weller Drive on the Hogwood Lane industrial estate, and the original length of the leases is 125 years.

The assets acquired in the leases on the industrial estate are carried as Investment Properties in the Balance Sheet at nil value as the value was written down to nil during 2012/13 following a review as the initial lease terms on the property are onerous and at present the units are not trading at a surplus taking into account total management and running costs. In the event the properties trade at a surplus at a future date, the assets will be revalued and the impairment reversed as appropriate.

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

	31st March, 2016 £,000	31st March, 2017 £,000
Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):		
• Current	0	(1)
• Non-current	1,067	1,067
Finance Costs Payable in Future Years	8,704	8,598
Minimum Lease Payments	9,771	9,664

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March, 2016 £,000	31st March, 2017 £,000	31st March, 2016 £,000	31st March, 2017 £,000
Not Later than One Year	107	107	0	(0)
Later than One Year and not Later than Five Years	427	427	0	(1)
Later than Five Years	9,237	9,130	1,067	1,067
	9,771	9,664	1,067	1,066

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016/17 £184k contingent rents were payable by the Authority (2015/16 £184k)

Operating Leases

The Council has a number of operating leases relating to buildings, vehicles and computer equipment. The items are used for the following purposes:

- buildings include office accommodation, industrial premises and social housing
- vehicles include animal warden, portorage and social services fleet vehicles

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

	31st March, 2016 £,000	31st March, 2017 £,000
Not Later than One Year:		
Land and Buildings	417	425
Vehicles, Plant and Equipment	29	36
Computer Equipment	187	146
Later than One Year and not Later than Five Years:		
Land and Buildings	986	805
Vehicles, Plant and Equipment	71	51
Computer Equipment	185	90
Later than Five Years:		
Land and Buildings	869	715
Vehicles, Plant and Equipment	0	0
Computer Equipment	0	0
	2,744	2,268

The decrease to £90k in 2016/17 from £185k in 2015/16 in the Computer Equipment lease amount is due to coming to the end of lease contracts for printers and copiers.

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

	2015/16 £,000	2016/17 £,000
Minimum Lease Payments:		
Land and Buildings	276	441
Vehicles, Plant and Equipment	43	41
Computer Equipment	197	184
Contingent Rents:		
Land and Buildings	0	0
	516	666

The Council as Lessor

Finance Leases

The Council did not enter into any finance leases in 2016/17 as a lessor.

Operating Leases

The Council has a number of premises which it leases out on an operating lease basis for the following purposes:

- for the provision of community services such as sports facilities, community centres and leisure facilities
- for economic development purposes to provide suitable affordable accommodation for local businesses
- for the provision of service tenancy accommodation such as school caretakers

The income receivable credited to the relevant service line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2015/16 £,000	2016/17 £,000
Rental Income receivable:		
Shops	(828)	(715)
Industrial Premises	(905)	(934)
Offices	(83)	(28)
Other	(740)	(769)
	(2,556)	(2,447)

The decrease in shop rental income from £828k in 2015/16 to £715k in 2016/17 is largely due to the demolition of some shops as part of the extensive refurbishment works in Wokingham Town Centre. The decrease in offices rental income from £83k in 2015/16 to £28k in 2016/17 is due to the expiration of the lease with Waterford House.

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

	31st March, 2016 £,000	31st March, 2017 £,000
Not Later than One Year:		
Shops	(707)	(512)
Industrial Premises	(603)	(629)
Offices	(37)	(28)
Other	(536)	(546)
Later than One Year and not Later than Five Years:		
Shops	(1,558)	(814)
Industrial Premises	(1,357)	(1,223)
Offices	(78)	(78)
Other	(1,928)	(1,986)
Later than Five Years:		
Shops	(846)	(653)
Industrial Premises	(401)	(175)
Offices	0	0
Other	(18,592)	(20,776)
	(26,643)	(27,421)

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. In 2016/17 £58k contingent rents were receivable by the Council (2015/16 £28k).

NOTE 29 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Waste Disposal PFI Scheme

In 2006/07 the Council, together with Reading and Bracknell Forest Borough Councils, entered into a PFI contract with WRG (RE3 Ltd) for the disposal of waste. The total outstanding value of the contract is estimated to be £548.9m as at 31 March, 2017, to be shared between the councils based on usage. Actual payments will depend upon the contractor's performance as well as that of the individual councils in waste collection and recycling. As part of the contract, the contractor has built a transfer station, materials recycling facility, civic amenity site and offices on land owned by Reading and Bracknell Forest Borough Councils. The contract will expire in December 2031.

The Council acquired a 37.2% share of assets that will revert to the ownership of the RE3 partnership between the three councils at the end of the contract.

The Council's share of the assets used to provide the waste disposal contract is recognised in the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on Property, Plant and Equipment in Note 24.

Payments remaining to be made by Wokingham Borough Council under the PFI contract at 31 March, 2017 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	Liability	Interest	Service Charges	Total
	£,000	£,000	£,000	£,000
Payable in 2017/18	302	483	10,499	11,284
Payable within 2 to 5 Years	1,438	1,706	45,481	48,624
Payable within 6 to 10 Years	2,449	1,494	65,507	69,450
Payable within 11 to 15 Years	3,173	526	71,124	74,822
Payable within 16 to 20 Years	0	0	0	0
Total	7,362	4,209	192,610	204,181

The liability outstanding under the waste contract is as follows:

	31st March 2016 £,000	31st March 2017 £,000
Balance Outstanding at Start of Year	(7,909)	(7,645)
Payments During the Year	264	283
New Liabilities Arising	0	
Balance Outstanding at End of Year	(7,645)	(7,362)

In addition to the PFI contract, at 31 March 2017 the Council is committed to making payments under the following contracts:

- Payments estimated at £9.1m under a contract with Optalis Ltd for the provision of adult social care services. The contract will expire in June 2021.
- Payments estimated at £5.8m under a contract with Berkshire Community Equipment Supplies (formerly NRS) for the provision of Equipment Supplies. The contract will expire in March 2022.
- Payments estimated at £3.0m under a contract with Balfour Beatty Living places for the provision of highways network works. The contract will expire in March 2019.
- Payments estimated at £3.0m under a contract with Veolia Environmental Services Limited for the provision of refuse and recycling collection. The contract will expire in March 2019.
- Payments estimated at £2.4m under a contract with WSP UK Limited for the provision of highways and transportation consultancy. The contract will expire in March 2019.
- Payments estimated at £2.1m under a contract with Barchester Healthcare Ltd & Barchester Healthcare Homes Ltd for the provision of registered nursing care. The contract will expire in January 2018.
- Payments estimated at £2.0m under a contract with Sevilles Limited for the provision of supported living. The contract will expire in December 2018.
- Payments estimated at £1.6m under a contract with Matrix SCM Ltd for the provision of agency workers. The contract will expire in January 2018.
- Payments estimated at £1.1m under a contract with West Berkshire District Council for the provision of public protection partnership. The contract will expire in January 2027.
- Payments estimated at £1.1m under a contract with Jigsaw Creative Care Ltd for the provision of supported living. The contract will expire in December 2018.
- Other various contracts between £0.1m and £1m per annum totalling £20.7m with year-end dates between June 2017 and September 2026.

NOTE 30 DEBTORS

Debtors are amounts that were due to the Council in full at the end of the accounting year and are net of bad debt provisions. They can be analysed as follows:

SHORT TERM DEBTORS

Repayable within One year

Central Government Bodies
Other Local Authorities
NHS Bodies
Other Entities and Individuals
Total

31st March, 2016 £,000	31st March, 2017 £,000
2,925	4,255
1,398	1,188
970	890
19,921	29,384
25,214	35,717

The Increase in Central Government Bodies is mainly due to a larger VAT claim made in 2016/17 than in 2015/16. Other Entities and Individuals have increased from 31 March 2016 to 31 March 2017 largely due to CIL S106 developer contributions invoices raised at the end of the year that are yet to be paid.

LONG TERM DEBTORS

Repayable after one year

Other Entities and Individuals

Total

31st March, 2016	31st March, 2017
£,000	£,000
3,608	12,107
3,608	12,107

Long term debtors have increased from 31 March 2016 to 31 March 2017. This is due to new WBC Holdings loans re Phoenix & Fosters Capital projects being granted in 2016/17 during the main construction phases of each project.

NOTE 31 CREDITORS

Creditors are amounts due to be paid by the Council at the end of the accounting year and include:

Central Government Bodies
Other Local Authorities
NHS Bodies
Charities
Other Entities and Individuals
Total

31st March, 2016	31st March, 2017
£,000	£,000
(5,937)	(5,984)
(1,445)	(2,700)
(147)	(609)
0	(37)
(25,526)	(32,541)
(33,056)	(41,870)

The increase in amounts owed to other entities and individuals from 31 March 2016 to 31 March 2017 is in relation to capital creditors working on the regeneration projects at Carnival Pool and Peach Street.

LONG TERM CREDITORS

Repayable after one year

Other Entities and Individuals

Total

31st March, 2016	31st March, 2017
£,000	£,000
(345)	(71)
(345)	(71)

The long term creditor is in respect of funds received from a developer for a deposit relating to a section 38 agreement, which will be returned to the developer at the end of the development if all conditions are met.

NOTE 32 PROVISIONS

All of the Council's provisions are short term.

Provisions less than 1 year:	2015/16			2016/17		
	Provision for Accumulating Absences	Other Provisions	Total	Provision for Accumulating Absences	Other Provisions	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Balance brought forward	(3,162)	(1,384)	(4,546)	(2,122)	(1,223)	(3,345)
Additional provisions made in year	(2,122)	(469)	(2,591)	(3,478)	(3,607)	(7,085)
Amounts used in year	0	630	630	0	1,924	1,924
Unused amounts reversed in year	3,162	0	3,162	2,122	0	2,122
Unwinding of discounting in year	0	0	0	0	0	0
Balance carried forward	(2,122)	(1,223)	(3,345)	(3,478)	(2,906)	(6,384)

Provision for Accumulating Absences

Officers can carry forward holiday and flexi leave entitlement at the end of the financial year. The Council made a provision of £3.478m at 31 March 2017 (£2.122m at 31 March 2016) for compensated absences. The increase is largely related to the timing of Easter in 2017 compared to 2016.

Other Provisions

Provision for Non Domestic Rates successful appeals against valuations. Following guidance from the Department of Communities and Local Government (DCLG), and in line with proper accounting practice, the Collection Fund has made a provision of £4.857m (£1.250m as at 31 March 2016) for successful appeals against business rates valuations, of which Wokingham's share is £2.380m (£0.613m as at 31 March 2016).

Dilapidation. A provision for dilapidation costs brought forward on buildings for Council lease of £0.287m (£0.287m as at 31 March 2016) was not utilised in the year. As contracts may specify the building must be returned to their original condition at the end of the lease. This also includes terminating leases where necessary.

Wokingham Borough Council is a Member of the MMI (Municipal Mutual Insurance) Scheme of Arrangement which was put in place following MMI's insolvency in 1992. It relates to historic insurance claims for mesothelioma caused by asbestos and those claims that may have been incurred but not yet reported. A small provision is held for this purpose.

A review found there to be no liabilities in regard to legal claims, and so no provision is held.

NOTE 33 CONTINGENT LIABILITIES

Wokingham Borough Council has a number of subsidiary companies which were operational during 2016/17. The Council funds any operating losses reported by the companies from its working balances as loans to the companies. The losses are carried forward in the profit and loss reserves of the companies (see the main financial statements and notes 46 for more information). In addition it acts as guarantor for any losses or liabilities incurred by the companies, particularly any residual losses that may be incurred by the companies if they were to cease trading and were wound up.

In relation to Optalis Ltd the Council has an additional contingent liability in relation to staff transferred to the company under TUPE arrangements. The Council remains liable for the pension liabilities of the staff transferred, for costs associated with future redundancies and for pension strain costs arising from service closures and future modernisations if they were to occur. The Optalis pension deficit at 31 March 2017 is £8.094m (£6.820m at 31 March 2016), as can be seen in note 19. The Council has also guaranteed in full a property lease which Optalis entered into in February 2013. The maximum cost of the lease over its five year life from April 2013 to April 2018 is £387k.

NOTE 34 CONTINGENT ASSETS

The Council does not currently have any contingent assets.

NOTE 35 ASSETS HELD FOR SALE

	Current		Non-current	
	2015/16 £,000	2016/17 £,000	2015/16 £,000	2016/17 £,000
Balance outstanding at start of the year	150	531	0	0
Assets newly classified as held for sale:				
Property, plant and equipment	531	171	0	0
Assets sold	(150)	(531)	0	0
Balance outstanding at end of year	531	171	0	0

As at 31 March 2017 there were two properties classified as assets held for sale (eight at 31 March 2016).



NOTE 36 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long Term		Current	
	31st March, 2016 £,000	31st March, 2017 £,000	31st March, 2016 £,000	31st March, 2017 £,000
Investments				
Loans and receivables	0	0	32,055	41,078
Investments in group companies	3	3	0	0
Fair value through profit and loss	0	0	11,504	0
Total investments	3	3	43,559	41,078
Debtors				
Loans and receivables	3,608	12,109	0	0
Financial assets carried at contract amounts	0	0	23,095	32,499
Total debtors	3,608	12,109	23,095	32,499
Borrowings				
Financial Liabilities at amortised cost	(128,976)	(145,344)	(4,596)	(2,380)
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	(128,976)	(145,344)	(4,596)	(2,380)
Other long term liabilities				
PFI and other finance lease liabilities	(8,712)	(8,429)	0	0
Total other long term liabilities	(8,712)	(8,429)	0	0
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	(345)	(71)	(18,681)	(26,110)
Total creditors	(345)	(71)	(18,681)	(26,110)

Income, expense, gains and losses	2015/16					2016/17				
	Financial Liabilities		Financial Assets			Financial Liabilities		Financial Assets		
	Measured at amortised cost	Loans and receivables and long term investments	Available for sale	Assets and liabilities at fair value through profit and loss	Total	Measured at amortised cost	Loans and receivables and long term investments	Available for sale	Assets and liabilities at fair value through profit and loss	Total
Interest expense on external borrowing	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Interest expense on PFI and finance lease liabilities	4,479	0	0	0	4,479	4,479	0	0	0	4,479
Impairment losses	627	0	0	0	627	609	0	0	0	609
	0	26	0	0	26	0	0	0	0	0
Total expense in surplus or deficit on the provision of services	5,106	26	0	0	5,132	5,088	0	0	0	5,088
Interest income	0	(435)	0	0	(435)	0	(947)	0	0	(947)
Total income in surplus or deficit on the provision of services	5,106	(409)	0	0	4,697	5,088	(947)	0	0	4,140
Surplus / deficit arising on revaluation of financial assets in the comprehensive income and expenditure	0	0	0	0	0	0	0	0	0	0
Net (gain) / loss for the year	5,106	(409)	0	0	4,697	5,088	(947)	0	0	4,140

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised costs. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated for financial assets and liabilities are as follows:

	31 March 2016		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£,000	£,000	£,000	£,000
Investments	43,560	43,597	41,081	41,081
Debtors	26,703	26,703	44,608	44,608
Total financial assets	70,263	70,300	85,689	85,689
Borrowings	(133,572)	(179,046)	(147,725)	(208,290)
Other liabilities and creditors	(28,028)	(28,028)	(34,610)	(34,610)
Total financial liabilities	(161,600)	(207,074)	(182,335)	(242,901)

The fair value of liabilities as at 31 March 2017 is greater overall than the carrying amount because the Council's portfolio of loans from the Government's Public Works Loans Board (PWLB) and other sources includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

The fair values for financial liabilities have been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair value for non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value of these instruments.

The differences are attributable to fixed interest instruments payable being held by the Council whose interest rate is slightly lower than the prevailing rate estimated to be available at 31 March 2017. This increases the fair value of loans and receivables.

The fair values for investments have been determined by reference to similar practices, as above which provide a reasonable approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty but it is impractical to use these figures and the difference is likely to be immaterial.

Assets and liabilities at fair value through profit and loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. The exceptions to this treatment are that short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Unusual Movements

There have been no unusual movements. For material transactions relating to debt and investments see note 7, material items of income and expense.

NOTE 37 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council'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 Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Local Government Act 2003. Overall, these procedures require the Council to manage risk, which it does through the following means.

The Annual Treasury Management and Investment strategy for financial year 2016/17 which incorporates the prudential indicators was approved by Council on 18 February 2016 and is available on the Council website: <http://wokingham.moderngov.co.uk/mgAi.aspx?ID=4526>.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Treasury Management and Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Moody's and Standard and Poor's Ratings Services. The Treasury Management Strategy also imposes a maximum sum to be invested and time limits with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria. The credit criteria in respect of financial assets held by the Council are detailed in the annual treasury management and investment strategy.

The following analysis summarises the Council's potential maximum exposure to credit risk on financial assets, based on experience of default, and ability to collect, over the last six financial years, adjusted to reflect current market conditions:

	Amount at 31 March, 2017	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31 March, 2017	Estimated Maximum Exposure to Default and Uncollectability at 31 March, 2017	Estimated Maximum Exposure at 31 March, 2016
	£,000 (a)	% (b)	% (c)	£,000 (a) x (c)	£,000
Deposits with Banks and Financial Institutions:					
AAA Rated Counterparties	0	0.03%	0.00%	0	0
AA Rated Counterparties	51,295	0.03%	0.00%	0	0
A Rated Counterparties	0	0.03%	0.00%	0	0
Other Counterparties	0	0.23%	0.00%	0	0
Customers	32,499	Local	Local	Local	Local
Total	83,794			0	0

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Whilst the credit crisis in international markets has raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the annual treasury and investment strategy), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed. The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Instead, the risk is that the Council is exposed to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The maturity analysis of financial assets is as follows:

	31st March, 2016 £,000	31st March, 2017 £,000
Within one year	53,564	51,927
More than one year	0	0
Total	53,564	51,927

There were no financial assets due for repayment to the Council in over one year as at 31 March 2017 (nil at 31 March 2016).

Maturity and Refinancing Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered together with the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved Treasury Management and Investment Strategy address the main risks and the corporate finance team addresses the operational risks within the approved parameters. This includes:

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

The maturity analysis of financial liabilities is as follows:

	31st March 2016 £,000	31st March 2017 £,000
Short Term Borrowing		
Within one year	4,596	2,130
Long Term Borrowing		
Between 2 and 5 years	10,950	13,767
Between 6 and 10 years	20,526	21,730
Between 11 and 15 years	31,803	34,895
Between 16 and 20 years	21,217	30,676
Between 21 and 25 years	0	0
Between 26 and 30 years	0	1,465
More than 30 years	44,481	42,723
Total Long Term	128,976	145,256
Total Borrowing	133,572	147,386

The increase in borrowing is largely driven by the capital expenditure, as explained on page 5.

Market Risk

Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise

- borrowings at fixed rates – the fair value of the borrowing liability 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 on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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

At 31 March, if all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31st March, 2016 £,000	31st March, 2017 £,000
Increase in interest payable on variable rate borrowings	0	0
Increase in interest receivable on variable rate investments	(115)	(207)
Impact on Surplus or Deficit on the Provision of Services	(115)	(207)
Share of overall impact debited/(credited) to the HRA	0	0
Decrease in Fair Value of Fixed Rate Investment Assets	0	0
Impact on Other Comprehensive Income and Expenditure	(115)	(207)
Decrease in Fair Value of Fixed Rate Borrowings Liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	0	0

There is nil impact on the cost of borrowing of a 1% change as all the loans are at fixed rates. The impact of a 1% fall in interest rates would be as above but with the movements being reversed. Fund Managers investments are not considered as variable rate investments.

Price Risk

The Council does not generally invest in instruments with this type of risk.

NOTE 38 OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	31st March, 2016 £,000	31st March, 2017 £,000
Interest Received	435	947
Interest Paid	(5,071)	(5,487)
Dividends Received	0	0
	(4,636)	(4,540)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements

	31st March, 2016 £,000	31st March, 2017 £,000
Depreciation	20,318	14,788
Impairment and downward valuations	171	20,201
Amortisation	469	688
Increase/(decrease) in impairment for bad debts on loans	0	0
Increase/(decrease) in creditors	(3,874)	9,140
(Increase)/decrease in debtors	(1,002)	(18,991)
Movement in pension liability	11,328	11,103
Carrying amount of non-current assets, and non – current assets held for sale, sold or derecognised	48,671	11,092
Other non-cash items charged to the net surplus or deficit on the provision of services	1,549	3,208
Total Non-Cash Movements	77,630	51,228

NOTE 39 INVESTING ACTIVITIES

	31st March, 2016 £,000	31st March, 2017 £,000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(46,079)	(58,628)
Purchase of Short-term and Long-term Investments	0	(41,078)
Other Payments for Investing Activities	(2,657)	(10,139)
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	2,934	3,223
Proceeds from Short-term and Long-term Investments	4,059	43,559
Other Receipts from Investing Activities	24,773	46,850
Net Cash Flows from Investing Activities	(16,970)	(16,213)

NOTE 40 FINANCING ACTIVITIES

	31st March, 2016	31st March, 2017
	£,000	£,000
Cash Receipts of Short and Long-term Borrowing	1,630	29,750
Other Receipts or Payments for Financing Activities	3,629	2,396
Cash Payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(264)	(283)
Repayments of Short and Long-term Borrowing	(2,000)	(15,596)
Other Payments for Financing Activities	(1,614)	
Net Cash Flows from Financing Activities	1,381	16,266

NOTE 41 CASH AND CASH EQUIVALENTS

	WBC 31st March, 2016	Group 31st March, 2016	WBC 31st March, 2017	Group 31st March, 2017
	£,000	£,000	£,000	£,000
Cash held by the Council	1,787	1,787	3,095	3,095
Money Market Instruments	9,618	9,618	12,250	12,250
Cash Held by Fund Managers	386	386	632	632
Bank Current Assets	0	1,035	0	1,478
Cash and Cash Equivalents	11,791	12,826	15,977	17,455
Bank Current Liabilities	(4,162)	(4,162)	0	0
Total Cash and Cash Equivalents	7,629	8,664	15,977	17,455

NOTE 42 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations in 2016/17 or 2015/16.

NOTE 43 EVENTS AFTER THE BALANCE SHEET DATE

The draft Statement of Accounts was authorised for issue by the Director of Corporate Services (S151 Officer) on 30 June 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

At the beginning of the 2017/18 financial year a transaction took place involving Optalis Ltd. This is explained further in note 46, investments in companies.

The financial statements have not been adjusted for any post balance sheet events which took place after 31 March.

NOTE 44 AGENCY SERVICES

The Council performs an Independent Mental Capacity Advocacy service on behalf of a number of other unitary authorities in Berkshire. The other authorities reimburse the Council for this work, including a contribution towards administrative costs. The Council also operates a shared legal service, internal audit & investigations service and building control service with Royal Borough of Windsor and Maidenhead, and a reprographics service with Bracknell Forest Council for which the expenditure and income are shown below. Both the internal audit, and the reprographics services, commenced in 2014/15, with building control becoming a shared service in 2015/16. A summary of expenditure incurred and income received, in respect of agency services, which is not included within the Comprehensive Income and Expenditure Statement, is as follows:

	2015/16 £,000	2016/17 £,000
Expenditure		
Independent Mental Capacity Advocate (IMCA)	123	122
Shared Legal Services	839	745
Internal Audit & Investigation	348	428
Building Control	633	1,084
Reprographics	259	240
Total Expenditure	2,202	2,619
Income		
IMCA		
Reading	(29)	(36)
Slough	(27)	(17)
Bracknell	(19)	(11)
Windsor	(23)	(33)
West Berkshire	(25)	(25)
Shared Legal Services		
Windsor	(839)	(745)
Internal Audit & Investigation		
Windsor	(348)	(428)
Building Control		
Windsor	(633)	(629)
West Berkshire	0	(455)
Reprographics		
Bracknell Forest	(259)	(240)
Total Income	(2,202)	(2,619)
Net Expenditure/Income	0	0

NOTE 45 POOLED BUDGETS

Section 75 of the National Health Service Act 2006 and the Community Care and Health (Scotland) Act 2002 enable the establishment of joint working arrangements between NHS bodies and local authorities to enable them to work collaboratively to provide services to address local health issues. Wokingham currently has one pooled budget arrangement.

Joint Equipment Stores Agreement

The Joint Equipment Stores Agreement uses NRS Healthcare as an agent to provide the services. The six Berkshire Unitary Authorities and the Berkshire Clinical Commissioning Groups are members of the agreement with West Berkshire Council as the lead partner. The memorandum account for the fund is as follows:

	2015/16 £,000	2016/17 £,000
Funding Provided to the Pooled Budget:		
Wokingham Borough Council	(364)	(403)
West Berkshire Council	(661)	(725)
Other Berkshire Councils	(1,702)	(1,659)
Berkshire Clinical Commissioning Groups	(4,348)	(4,876)
	(7,075)	(7,663)
Expenditure Met from the Pooled Budget:		
Royal Berkshire Ambulance Trust	7,279	0
Management Fund Costs	0	105
Nottingham Rehab Supplies	0	7,559
Net (Surplus) / Deficit Arising on the Pooled Budget During the Year	204	0

Better Care Fund (BCF)

Wokingham Borough Council and Wokingham CCG are partners in the provision of services to support the following aims and benefits:

- improve the quality and efficiency of Health and Social Care Services;
- meet the National Conditions set by NHS England and Local Objectives set;
- make more effective use of resources through the establishment and maintenance of an aligned fund for revenue expenditure on the Services;
- ensure that people in Wokingham will remain independent, avoid hospital admission or discharged quickly with a joined up package of care and support, and;
- for those that need it, to develop an integrated health and care system that enables people to proactively manage their own care with the support of their family, community and the right professionals at the right time in a properly joined up system.

The BCF provides various services to residents of Wokingham who benefit from specific targeted interventions,

The services provided include:

- Support for carers;
- Extended social care provision hours;
- Re-ablement services, and
- Intermediate care and support.

Funding Provided to the Pooled Budget:

 Wokingham Borough Council
 Clinical Commission Group

2015/16 £,000	2016/17 £,000
1,761	1,038
7,800	8,276
9,561	9,314

Expenditure Met from the Pooled Budget:

 Wokingham Borough Council
 Clinical Commission Group

5,250	5,721
4,007	3,445
9,257	9,166

Net (Surplus) / Deficit Arising on the Pooled Budget During the Year

(304)	(148)
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NOTE 46 INVESTMENTS IN COMPANIES

Trading Standards South East Ltd

This company was set up by 19 local authority trading standards departments in the South East of England to provide a consumer helpline and regional intelligence unit for Trading Standards' functions, training to the member authorities and other joined up trading standards services. It was established in 2004/05 and is limited by guarantee of £1. Wokingham Borough Council has an equal 1/19th share in the company and is able to nominate one director on the board of the company. It has been determined that the Council does not have control or significant influence over the activities of TSSEL and so it is not classed as a subsidiary, joint entity or associate of the Council. The latest financial statements for the company were prepared at 31 March 2016 and show that turnover for 2015/16 was £2.829m (£2.698m in 2014/15), the company made a loss after tax of £61k (£61k profit in 2014/15) and had net assets of £443k at 31 March 2016 (£500k at 31 March 2015). Wokingham Council does not receive any dividend income from the company. The financial statements for the company for 2016/17 will be available later in 2017. A full set of financial statements for the company can be obtained from the Company Secretary at the registered office: Surrey County Council, Trading Standards, Fairmount House, Bull Hill, Leatherhead, Surrey KT22 7AY.

Flexible Home Improvement Loans Ltd

This is a company set up by 17 local authorities across the South East of England to deliver small loans to homeowners to improve their property. The loans are targeted at vulnerable households to ensure they are in decent accommodation and therefore can remain in their own home rather than go into residential care. The company was established in March 2008 and is limited by guarantee of £10. Wokingham Borough Council has an equal 1/17th share in the company and is able to nominate one director on the board of the company. It has been determined that the Council does not have control or significant influence over the activities of FHILL and so it is not classed as a subsidiary, joint entity or associate of the Council. The 2015/16 financial statements for the company were prepared at 31 March 2016 and, show that turnover for 2015/16 was nil (nil in 2014/15). However, the company received investment income of £262,493 (£251,107 in 2014/15) and as a result after meeting administrative expenses the company made a profit of £115,463 in 2015/16 (profit of £121,444 in 2014/15). The company had net assets of £7.922m at 31 March 2016 (£7.771m at 31 March 2015). The purpose of the company is to receive grant from central government and make loans to local authority members which, when repaid, are then also used to make loans to homeowners. Any grant income and investment income therefore maintain the company as a going concern. Wokingham Council does not receive any dividend income from

the company. A full set of financial statements for the company can be obtained from Robert Stubbs, Head of Finance, Royal Borough of Windsor and Maidenhead, Town Hall, St. Ives Road, Maidenhead, SL6 1RF.

Wokingham Enterprises Ltd (WEL)

WEL is accounted for as a wholly owned subsidiary of WBC. The company has not undertaken any trading activity since March 2013. WEL had nil turnover in 2016/17 (nil in 2015/16), and had net assets of £1k at 31 March 2017 (£1k net assets at 31 March 2016). In 2017/18 WEL will be renamed to Berry Brook Homes Ltd, transferred to WBC Holdings Ltd and used within the portfolio of housing companies.

Optalis Ltd

Optalis Ltd (OL) is a company set up by Wokingham Borough Council (WBC) for the purposes of providing Adult Social Care Services. The company was established in 2011 and is limited by shares. On 01 April 2014 Optalis Holdings Ltd (OHL) was set up and 100% of the shareholding in OL was transferred by WBC to OHL. On the same date OHL issued 50,000 preference shares of £1 and 1 ordinary share of £1 to which WBC (Holdings) Ltd subscribed 100%. Also on 01 April 2014, Optalis Wokingham Ltd (OWL) was set up as a wholly owned subsidiary of OHL. Its purpose is to assist service delivery and tax management. In preparation for the commencement of a new arrangement with the Royal Borough of Windsor and Maidenhead (RBWM), 100% of WBC (Holdings) Ltd shareholding in OHL was transferred back to WBC. At the same time the 50,000 preference shares were re-designated as ordinary shares and 99 additional ordinary shares were issued. A share sale took place on 31 March 2017 with RBWM purchasing 22,545 shares in OHL for £771k, representing a 45% interest, with new services starting and TUPE of staff into Optalis Ltd on 03 April 2017. Jointly with the Royal Borough, WBC is able to control the operating, governance and financial policies of the organisation, and also able to appoint the board of directors of the company. The Company is accounted for as a partially owned subsidiary of WBC however, as WBC's interest in Optalis arose as a result of formation of the company no goodwill arose. Optalis had turnover of £12.419m in 2016/17 (£11.864m in 2015/16 actual), a net operating position of nil (profit of £28k in 2015/16 actual), and had net assets of £214k at 31 March 2017 (£214k net assets at 31 March 2016 actual).

Wokingham Housing Ltd (WHL), including Loddon Homes Ltd (LHL)

WHL is a company wholly owned and set up by Wokingham Borough Council (WBC) for the purposes of providing housing services. The company was established in January 2012 and is limited by shares and started trading during 2012-13. WBC has 100% of the share capital in the company and is able to control the operating, governance and financial policies of the organisation. The Council is also able to appoint the board of directors of the company. The company has issued a total of 1.9m ordinary £1 shares and the Council subscribed to all of them at a cost of £1.9m, however, the ownership of these shares was transferred to the Council's holding company, WBC (Holdings) Ltd, in 2014/15 in line with council policy. The Company is accounted for as a wholly owned subsidiary of WBC. As WBC's interest in Wokingham Housing Ltd arose as a result of formation of the company no goodwill has arisen as a result of the formation. Wokingham Housing Ltd maintains a wholly owned subsidiary, Loddon Homes Ltd, whose role is to support development projects. Including its subsidiary, Loddon Homes Ltd, WHL 2016/17 accounts show turnover of £11,803k in 2016/17 (£164k in 2015/16 actual), of which £11,612k is intra-company; the combined net loss for 2016/17 of both companies is £500k (combined loss of £606k in 2015/16 actual), there were combined net liabilities of £63k at 31 March 2017 (and combined £438k net assets at 31 March 2016 actual).

WBC (Holdings) Ltd

WBC (Holdings) Ltd is a company set up in October 2013, and wholly owned by Wokingham Borough Council. Its purpose is to ensure group tax relief can be claimed for all the Council's fully owned companies and to ensure the overall coordination of the Council's interests in its wholly owned companies. Its share capital is 1 ordinary share of £1. The Council's shareholdings in Optalis Holdings Ltd (OHL) and Wokingham Housing Ltd (WHL) were transferred at nil cost to WBC (Holdings) Ltd in April 2014. As noted above the shareholding in OHL was subsequently transferred back to WBC on 31 March 2017 ahead of the sale to of 45% of the shares to RBWM. The company does not undertake any trading and does not therefore have any trading income. The 2016/17 accounts show net expenditure of £305k (£181k in 2015/16 actual) largely in respect of administrative costs. The company had net assets of £1.257m at 31 March 2017 comprising £1.9m reserves in respect of the face value of shareholding in WHL, less the accumulated losses of £643k (£1.612m at 31 March 2016 actual).

NOTE 47 ADJUSTMENTS BETWEEN GROUP ACCOUNTS AND AUTHORITY ACCOUNTS

	Wokingham Authority £,000	Optalis Ltd £,000	Wokingham Housing Ltd £,000	WBC (Holdings) Ltd £,000
2016/17				
Adjustment for Intra - group transactions in Net Cost of Sales				
- Finance and Resources	(9,064)	9,551	(324)	(163)
Total for 2015/16	(9,131)	9,418	(65)	(222)

	Wokingham Authority £,000	Wokingham Subsidiaries £,000	Wokingham Group £,000
2016/17			
Financing and Investment Income and Expenditure (Note 9)			
Net Interest on Pension Fund Defined Liability (assets)	7,518	255	7,773
Total for 2015/16	7,215	251	7,466

7. HOUSING REVENUE ACCOUNT

Introduction

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for the Council's housing provision, in accordance with Schedule 4 of the Local Government and Housing Act 1989 (England and Wales). Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund so that rents cannot be subsidised from council tax and vice versa.

Transactions relating to the HRA have been separated into two statements:

- HRA Income and Expenditure Statement
- Movement on the HRA Statement

HRA Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Movement on the HRA Statement

The overall objectives for the Movement on the HRA Statement, and the general principles for its construction, are the same as those generally for the Movement in Reserves Statement into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

Housing Revenue Account Income and Expenditure Statement

	Notes	2015/16 £,000	2016/17 £,000
Income			
Dwelling Rents (gross)		(15,008)	(14,918)
Non-dwelling Rents (gross)		(240)	(222)
Charges for Services and Facilities		(588)	(619)
Re-imbursement of costs		(10)	(25)
Contributions towards Expenditure		0	0
Sums Directed by the Secretary of State that are Income in Accordance with IFRS		0	0
		(15,846)	(15,783)
Expenditure			
Repairs and Maintenance		2,776	2,983
Supervision and Management		2,840	2,812
Rents, Rates, Taxes and Other Charges		85	112
Increased Provision for Bad or Doubtful Debts	11	0	(195)
Depreciation	7	3,329	3,472
Impairment of Fixed Assets	8	(3,630)	0
Debt Management Costs		117	117
Sums Directed by the Secretary of State that are Expenditure in Accordance with IFRS		0	0
		5,517	9,301
Net Cost of Services included in the Whole Authority Comprehensive Income and Expenditure Statement		(10,329)	(6,482)
HRA Services Share of Corporate and Democratic Core		0	0
HRA Share of other Amounts Included in the Whole Authority Net Cost of Services but not Allocated to Specific Services		0	0
Net Cost of HRA Services		(10,329)	(6,482)
(Gain) or Loss on Sale of HRA Non-current Assets		5,894	(1,120)
Interest Payable and Similar Charges		2,844	2,833
HRA Interest and Investment Income		(35)	(117)
Accumulated Leave		4	4
Pension Interest Cost and Expected Return on Pension Assets	9	84	88
Capital Grants and Contributions Receivable	5	0	0
(Surplus) or Deficit for the Year on HRA Services		(1,538)	(4,795)

Movement on the HRA Statement

	Notes	2015/16 £,000	2016/17 £,000
Balance on the HRA at the End of the Previous Year		(4,111)	(5,815)
(Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement		(1,538)	(4,795)
Adjustments between Accounting Basis and Funding Basis under Statute			
Depreciation	7	(3,329)	(3,472)
Impairment / Revaluation Loss	8	3,630	0
(Gain) / Loss on Disposal		(5,894)	1,120
Reversal of Accumulating Absences		(4)	(4)
Transfer to the Capital Adjustment Account for voluntary debt repayment		912	2,564
HRA Share of Contributions (to) or from the Pensions Reserve	9	(84)	(88)
Transfer to Usable Capital Receipts		0	89
Reversal of Financial Instrument Amortisation		1	1
Net (Increase) or Decrease in the HRA Balance before Transfers to or from Reserves		(1,752)	272
Transfer to Capital Reserves		1,272	2,007
Transfers to or (from) the Major Repairs Reserve	4	(1,225)	(1,385)
(Increase) or Decrease in Year on the HRA		(1,705)	894
Housing Revenue Account Balance Carried Forward		(5,815)	(4,921)



8. NOTES TO THE HOUSING REVENUE ACCOUNT

NOTE 1 HOUSING STOCK

The number and types of dwellings in the Council's housing stock are as follows:

	31-Mar-16 Number of Properties	31-Mar-17 Number of Properties
Dwellings:		
Low and Medium Rise Flats	594	588
Traditional Houses and Bungalows	1,374	1,373
Non-traditional Houses and Bungalows	329	327
Sheltered Units:		
Low and Medium Rise Flats	198	198
Traditional Houses and Bungalows	117	117
Non-traditional Houses and Bungalows	0	0
Shared Equity Properties:		
Low and Medium Rise Flats	8	8
Traditional Houses and Bungalows	38	37
Non-traditional Houses and Bungalows	0	0
Total HRA Housing Stock	2,658	2,648

NOTE 2 HRA ASSET VALUATION

The value of land, houses and other property held within the HRA is as follows:

	Dwellings £,000	Operational Assets Other Land and Buildings £,000	Plant and Equipment £,000	Total £,000
Gross Valuation at 31 March, 2016	217,552	3,974	857	222,382
Accumulated Depreciation and Impairment	(53,307)	(873)	(634)	(54,814)
Net Book Value at 31 March, 2016	164,245	3,101	222	167,568
Additions	6,429	0	1	6,430
Disposals	(886)	0	0	(886)
Revaluations	28,456	0	0	28,456
Transfer	0	0	0	0
Assets reclassified (to) / from Held for Sale	(165)	0	0	(165)
Depreciation	(3,239)	(207)	(26)	(3,472)
Impairments	0	0	0	0
Net Book Value at 31 March, 2017	194,840	2,895	197	197,932

NOTE 3 VACANT POSSESSION

The vacant possession value of dwellings within the Council's HRA at 31 March 2017 was £597.454m and on 31 March 2016 was £509.910m.

The vacant possession value and the Balance Sheet value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than open market rents. The dwellings in the Balance Sheet are valued using the Existing Use Value for Social Housing rate. This is an open market rate with an adjustment factor that recognises the fact that the dwellings are tenanted properties let at affordable rents without vacant possession. The adjustment factor is set by the Government and is currently 32% of open market value (32% in 2015/16).

NOTE 4 MAJOR REPAIRS RESERVE

Movement on the Major Repairs Reserve (MRR) was as follows:

	2015/16 £,000	2016/17 £,000
Balance at 1st April	(2,952)	(3,000)
Charges for depreciation	(3,329)	(3,472)
Capital expenditure on land, houses and other property within the HRA	4,553	4,857
Transfers (to) or from Major Repairs Reserve	1,224	1,385
Revenue contribution to capital expenditure	(1,272)	(2,007)
(Surplus) / Deficit	(48)	(622)
Balance at 31st March	(3,000)	(3,622)

NOTE 5 CAPITAL EXPENDITURE AND FUNDING

	2015/16 £,000	2016/17 £,000
Capital Expenditure within the Year:		
Capital Expenditure on Land, Houses and Other Property within the HRA	5,389	6,568
Funded by:		
Major Repairs Reserve	(4,553)	(4,857)
Capital Receipts Reserve	(581)	(1,710)
S106 Developer Contributions	(85)	(1)
HRA Revenue	(170)	0
(Surplus) / Deficit	0	0

NOTE 6 CAPITAL RECEIPTS

Disposal receipts for 19 dwellings (nine in 2016/17)
 In 2016/17 nine properties were purchased for £2.82m.

2015/16 £,000	2016/17 £,000
1,288	2,851

NOTE 7 DEPRECIATION

Operational Assets (Property, Plant and Equipment)
 Other, Land and Buildings
 Council Dwellings

2015/16 £,000	2016/17 £,000
24	26
207	207
3,098	3,239
3,329	3,472

NOTE 8 IMPAIRMENT CHARGES

There have been no impairments on council dwellings available for letting and other Non-Current HRA Assets during 2016/17. (In 2015/16 there was an impairment reversal of a previous impairment of £3,630k for Eustace Crescent (for the demolished building), where the asset was disposed of and transferred to Wokingham Housing Limited).

NOTE 9 CONTRIBUTIONS TO THE PENSION RESERVE

Pension costs of £88k in 2016/17 (£84k in 2015/16) are included in the '(Surplus) or Deficit for the Year on HRA Services' section of the Income and Expenditure Statement.

NOTE 10 RENT ARREARS

Current Tenants
 Former Tenants

2015/16 £,000	2016/17 £,000
676	607
173	105
849	711

NOTE 11 BAD DEBTS PROVISION

Balance at 1st April
 (Decrease) / Increase in Provision for the Year

2015/16 £,000	2016/17 £,000
817	763
(54)	(211)
763	552

NOTE 12 SUMS DIRECTED BY THE SECRETARY OF STATE

No items have been directed to be debited or credited to the HRA.

NOTE 13 ASSETS HELD FOR SALE

The HRA has two properties classed as 'Assets Held for Sale' in the Council's Balance Sheet at 31 March 2017 (eight properties at 31 March 2016).

9. COLLECTION FUND

Introduction

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates and its distribution to local government bodies and the Government.

	2015/16			2016/17		
	Business Rates £,000	Council Tax £,000	Total £,000	Business Rates £,000	Council Tax £,000	Total £,000
INCOME	(58,676)	(100,157)	(158,833)	(59,768)	(105,407)	(165,175)
Total Income	(58,676)	(100,157)	(158,833)	(59,768)	(105,407)	(165,175)
EXPENDITURE						
• Wokingham Borough Council	26,230	81,200	107,430	26,845	85,492	112,337
• Payments to Government	26,765	0	26,765	27,392	0	27,392
• Parish Councils	0	3,559	3,559	0	3,734	3,734
• Thames Valley Police Authority	0	10,666	10,666	0	11,020	11,020
• Berkshire Fire Authority	535	3,952	4,487	548	4,044	4,592
• Cost of Collection	185	0	185	183	0	183
Bad and Doubtful Debts						
• Provisions	500	131	631	250	99	349
• Write Offs	0	123	123	0	123	123
• Provisions for Appeals	794	0	794	4,262	0	4,262
Transfer of Collection Fund Surplus	0	376	376	0	118	118
Total Expenditure	55,009	100,007	155,016	59,480	104,630	164,110
Deficit/(Surplus) for the year	(3,667)	(150)	(3,817)	(288)	(777)	(1,065)
Balance at 1 April	142	(1,506)	(1,364)	(3,525)	(1,656)	(5,181)
Balance at 31 March	(3,525)	(1,656)	(5,181)	(3,813)	(2,433)	(6,246)

See note 3 to the collection fund to see Wokingham Borough Council's share of the deficit/(surplus) on the collection fund.



10. NOTES TO THE COLLECTION FUND

General

The Council has a statutory requirement as a billing authority to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to separately identify the income and expenditure relating to Council Tax and Non Domestic Rates (NDR).

Collection Fund surpluses or deficits are declared by the billing authority in relation to Council Tax and are apportioned to the relevant precepting bodies in the subsequent financial year. Wokingham's precepting bodies for Council Tax are the Police and Crime Commissioner for Thames Valley and the Royal Berkshire Fire and Rescue Authority.

NDR surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions.

The Code of Practice requires the Collection Fund Income and Expenditure account to be included in the Council's accounts, and the Collection Fund balance sheet is incorporated into the Council's consolidated balance sheet.

Council Tax

Council tax is charged according to the value of residential properties, which are classified into 9 valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

NOTE 1 INCOME COLLECTABLE FROM BUSINESS RATE PAYERS

The total non-domestic rateable value at 31 March 2017 was £141,075,496 (at 31 March 2016 £140,222,124).

The national non-domestic rate multiplier for 2016/17 was 49.7p (for 2015/16 49.3p).

NOTE 2 CALCULATION OF THE COUNCIL TAX BASE

The Council Tax base for 2016/17 was 66,001.4 band D equivalent properties (65,157.2 in 2015/16). The tax base for 2016/17 was approved at a Special Council Executive meeting on 28 January 2016 and was calculated as set out in the table below. The Council Tax Reduction Scheme must be approved each year, was approved by the Special Council Executive on 28 January 2016.

Band	Chargeable Dwellings	Ratio	Band D Equivalent Dwellings	Band D Equivalent Dwellings
	2016/17		2015/16	2016/17
A	1,500	6/9	1,028	1,000
B	2,891	7/9	2,322	2,248
C	8,800	8/9	7,704	7,822
D	16,549	1	16,432	16,549
E	13,850	11/9	16,800	16,927
F	9,211	13/9	13,108	13,304
G	5,839	15/9	9,598	9,732
H	441	18/9	856	883
Total			67,848	68,465
Net effect of premiums and discounts			(2,691)	(2,464)
Council Tax Base			65,157	66,001

NOTE 3 COLLECTION FUND SURPLUS / (DEFICIT)

	2014/15	Council Tax	Business Rates	2015/16	Council Tax	Business Rates	2016/17
	Total			Total			Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Wokingham Borough Council	1,210	124	1,797	3,131	665	141	3,937
Central Government	(71)	0	1,833	1762	0	144	1,906
Police and Crime Commissioner for Thames Valley	164	20	0	184	82	0	266
Royal Berkshire Fire Authority	62	6	36	104	30	3	136
Total	1,365	150	3,666	5,181	777	288	6,246

Income from Business Ratepayers

Each Council which is a billing authority collects Non Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by the business rates multiplier set nationally by Central Government.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities which do not achieve their targeted baseline funding. Wokingham is a tariff authority and has paid Central Government the amount of £13.786m in 2016/17 as assessed in the baseline, and set out in note 10 to the main accounts.

The Business Rates Retention Scheme requires local authorities to pay a levy to Central Government if business areas collected exceeds the baseline. Wokingham's retained business rates income in 2016/17 was above the baseline by £0.852m. The Council will have to pay a levy to central Government for 2016/17 of £0.426m.

A 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of business rates income should business rate income decline. Wokingham's safety net figure was £11.954m in 2016/17, which was significantly below the actual retained income of £13.775m. The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and Small Business Rate Relief not allowed for when the safety net was set. Since the Council's retained business rates income in 2016/17 exceeded the safety net threshold, the Council did not qualify for a safety net payment for 2016/17.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March each year. Authorities are required to make a provision for these amounts in proportion to the precepting shares. The total provision charged to the Collection Fund at 31 March 2017 has been calculated at £4.857m, of which Wokingham's 49% share is £2.380k. This is an increase on the total provision of £1.250m at 31 March 2016 (of which Wokingham's share was £613k) and is due to a higher estimate of repayment relating to each appealed property.



11. STATEMENT OF ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices.

This Statement of Accounts summarises the Council's and Group transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. It has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2016/17. The statements comply with the CIPFA Service Reporting Code of Practice 2016/17 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and have been produced in accordance with the statutory framework established by sections 3 and 20 of the Local Audit and Accountability Act 2014.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The single entity financial statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority maintained schools within the control of the local authority. Local authority maintained schools are those schools categorised in the School Standards and Framework Act 1998, i.e. community, voluntary controlled, voluntary aided, foundation, community special, foundation special and nursery schools.

The Statements reflect the requirements of International Financial Reporting Standards (IFRS) by adopting the core accounting principles and concepts of:

- **Accruals Basis** – other than the Cash Flow Statement, the financial statements have been prepared on an accruals basis and report transactions that have been recorded in the accounting period for which the goods and services were received or supplied rather than in which the cash was received or paid
- **Going Concern** - the financial statements have been prepared on the assumption that the Council will continue in operational existence for the foreseeable future
- **Understandability** – the statements have been prepared to ensure they are as easy to understand as possible
- **Relevance** - the financial statements provide information about the Council's performance and position that is useful to the users of the accounts to assess the stewardship of public funds and for making economic decisions
- **Reliability** – the financial information faithfully represents the substance of the transactions, the activities underlying them and other events that have taken place, are free from deliberate or systematic bias and material error, are complete within the bounds of materiality and cost and have been prudently prepared
- **Comparability** – the information has been prepared consistently and with adequate disclosures so that it can be compared with prior years and other local authorities

- **Materiality** – the statements disclose items of a certain size and nature such that they provide a fair presentation of the financial position and transactions of the Council
- **Legality** – where the accounting principles and specific legislation requirements are in conflict, the financial statements have been prepared to reflect legislative requirements

Where the Council is acting as an agent for another party (e.g., in the collection of business rates and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services or the Council incurs expenses directly on its own behalf in rendering the services.

1. Accruals of Income and Expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services
- Supplies and services 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 stocks on the Balance Sheet
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- Where payments are made or received in advance of a service being provided or received a payment or receipt in advance is recognised as a debtor or creditor in the Balance Sheet
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure

2. Acquired Operations

The Council did not have any acquired operations in the 2016/17 financial year.

3. Discontinued Operations

The Council did not have any discontinued operations in the 2016/17 financial year.

4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of less than 24 hours.

Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with little risk of change in value.

5. 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 or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

6. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Adjustments applicable to prior years arising from changes in accounting policies are accounted for by restating the comparative figures for the preceding period and by adjusting opening balances as if the new policy had always been applied.

Changes in accounting estimates are accounted for in the current and future years affected by the change but do not give rise to a prior year adjustment.

Material errors are corrected retrospectively by restating the comparative figures for the preceding period and by adjusting the opening balances.

7. Charges to Revenue for Non-Current Assets

General Fund service revenue accounts, central support services and trading accounts are charged with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

8. Employee Benefits

i. Benefits Payable During Employment

Short term employee benefits are those to be settled within 12 months of the year end, for example wages and salaries, paid annual and sick leave, bonuses and non-monetary benefits such as cars. They are charged to the accounts in the period within which the employees worked. An accrual is made for the cost of any leave earned but not taken before the year end and which can be carried forward by the employee into the next financial year. The accrual is made at the wages and salaries rate in the new financial year as that will be when the employee will benefit. The charge is made to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and then reversed out by a credit to the Accumulating Compensated Absences Adjustment Account through the Movement in Reserves Statement, allowing the benefit to be charged to revenue when the leave occurs.

ii. Termination Benefits

Amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement.

Termination benefits involving pension enhancement are required by statutory provisions to be charged to the General Fund balance on the basis of the amount payable by the Council to the pension fund or the pensioner in the year not the amount calculated according to relevant accounting standards.

Appropriations are required to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund, the pensioners and any amounts payable but unpaid at the year end.

iii. Post-Employment Benefits

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

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

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The arrangements for the teacher's scheme mean that liabilities for these benefits cannot be specifically identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme with no liability for future payments of benefits recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers Pensions in the year.

Local Government Pension Scheme

The Local Government Pension Scheme provides members of the scheme with defined benefits related to pay and service. The level of the employer's contribution is determined by triennial actuarial valuation. The latest review was undertaken as at 31 March 2016. Under Superannuation Regulations, the contribution rates are set to meet all the liabilities of the fund.

The Balance Sheet includes a Pension Reserve which includes the attributable share of the funds, assets and liabilities that relate to the Council. Employer contributions will be adjusted in future years to account for any projected deficit.

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

Liabilities are discounted to their value at current prices, using a discount rate of 3.7% (based on the annualised yield at the 20 year point on the Merrill Lynch AA rated corporate bond curve, which has been chosen to meet the requirements of IAS 19 and with consideration of the duration of the employer's liabilities. This is consistent with the approach used at the previous accounting date).

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

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

The valuation of quoted securities for the pension scheme is based on bid price rather than mid-market value.

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

Service cost comprising:

- current service cost – the increase in liabilities as result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- net interest on the net defined liability i.e. net interest expense for the authority – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments.

Re-measurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made in the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Berkshire County Council Pension Scheme – cash paid as employer's contributions to the pension fund in settlement of liabilities is not accounted for as an expense.

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

Discretionary Benefits

The Council 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.

Details of the methods adopted in the valuation of scheme assets and liabilities are set out in the notes to the Balance Sheet.

9. Events after the Balance Sheet Date

These are events both favourable and unfavourable, which occur between the end of the Balance Sheet date and the date when the Statement of Accounts is authorised for issue:

- **Adjusting Event**

The Statement of Accounts is adjusted to reflect events where there is evidence that conditions existed at the Balance Sheet date

- **Non-Adjusting Event**

Where an event is indicative of conditions that arose after the Balance Sheet date, the Statement of Accounts are not adjusted. However, the following will be disclosed for each material category of non-adjusting event:

- the nature of the event, and
- an estimate of the financial effect, or a statement that such an estimate cannot be made reliably.

The date when the Statement of Accounts was authorised for issue and who gave the authorisation is disclosed in the notes to the accounts.

10. Financial Instruments**i. Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The Council does not issue bonds.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down

to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

ii. Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payment

a. Loans and Receivables

Loans and receivables are initially measured at fair value and are subsequently carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of the asset are credited / debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Sometimes the Council may make loans at less than market rates. These are called soft loans. Due to the low value of advances made which may be considered as soft loans, the Council applies de minimis principles to soft loans.

b. Available for Sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

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

- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

11. Foreign Currency Translation

Income and expenditure arising from a transaction denominated in a foreign currency is translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred. If the rates do not fluctuate significantly, an average rate for a period is used as an approximation. Where the transaction is to be settled at a contracted rate, that rate is used.

At each Balance Sheet date, monetary assets and liabilities denominated in a foreign currency are reconverted at the spot exchange rate at 31 March or, where appropriate, the rates of exchange fixed under the terms of the relevant transactions. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

12. Government Grants and Contributions

Whatever their basis of payment, government grants and other contributions or donations are accounted for on an accruals basis. They are recognised on the relevant service line or the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement once the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Where conditions have not been satisfied, the grant or contribution is carried in the Balance Sheet as a creditor.

Capital grants credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund Balance in the Movement in Reserves Statement. Grants which have not yet been used to finance capital expenditure are posted to the Capital Grants Unapplied reserve. When an amount in the Grants Unapplied Reserve is applied to fund capital expenditure, it is posted to the Capital Adjustment Account. There is no deferral of grant expenditure to match against the depreciation of the underlying asset the grant was used for.

Donated assets transferred to the Council for nil consideration are recognised at fair value in the Comprehensive Income and Expenditure Statement once any conditions attaching to them have been met.

13. Intangible Assets

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Council's business or which arise from contractual or other legal rights. They are recognised where they have a cost in excess of £10,000, where it is probable that future economic benefits will flow to, or service potential be provided to, the Council and where the cost of the asset can be measured reliably. Where internally generated assets are held for service potential, this involves a direct contribution to the delivery of services to the public.

Internally generated assets are capitalised only where all of the following can be demonstrated by the Council:

- technical feasibility of completing the asset so it will be available for use or sale;
- intention to complete the asset;
- ability to use or sell the asset;
- how the asset will generate future economic or service delivery benefits (by demonstrating a market for the asset or the usefulness of the asset);
- availability of adequate resources are to complete the asset; and
- ability to measure reliably the expenses attributable to the asset during the development phase only (research expenditure cannot be capitalised)

Software which is integral to the operation of hardware (e.g. an operating system) is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware (e.g. application software licences), is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services and does not assist in the provision of effective services or generate an economic benefit.

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management. Subsequently intangible assets should be recognised at fair value measured by reference to an active market. However, the types of intangible assets held by the Council are very unlikely to have readily ascertainable active market values so they are 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 Comprehensive Income and Expenditure Statement. The useful economic lives of intangible assets disclosed in the Balance Sheet has been determined individually. Useful lives are reviewed at the end of each reporting period and revised if necessary.

An asset is tested for impairment whenever there is an indication that the asset might be impaired:

- at the end of the first full financial year following the acquisition, and

- in other periods if events or changes in circumstances indicate that the carrying values may not be recoverable
- Intangible assets that are not amortised over a period are reviewed for impairment at the end of each reporting period

Any losses recognised as a result of impairment are treated as follows:

- Where there is a balance of revaluation gains for 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

If there is insufficient or no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The reversal of an impairment loss is only recognised in the Comprehensive Income and Expenditure Statement if the value is directly attributable to the reversal of the event which caused the original impairment loss. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve for any sale proceeds greater than £10,000.

i. Landfill Allowances

Under the Waste and Emissions Trading Act 2003, the Council as a waste disposal authority is issued with landfill allowance permits on an annual basis for the amount of biodegradable waste that it is allowed to landfill. If the amount of biodegradable waste sent to landfill exceeds the allowance in any one year then additional permits are required to be purchased from other authorities or a cash penalty is paid to the government for the shortfall. The scheme is known as a 'cap and trade scheme'.

The fair value of allowances held by the Council (whether issued by the government or purchased from another authority) is recognised as an intangible current asset within the Balance Sheet. The fair value of allowances issued by the government is recognised as a government grant and accounted for in accordance with paragraph 12; (i.e., it is initially recognised as deferred income on the Balance Sheet and subsequently recognised as income on a systematic basis over the compliance year for which the allowances were allocated). The fair value of allowances is taken as the present market value at the Balance Sheet date.

The value of allowances after the initial recognition is measured at the lower of cost and net realisable value.

An estimate of expenditure required to settle the obligation to deliver allowances equal to the biodegradable and municipal waste landfill usage to the government is recognised as a liability (provision) on the Balance Sheet. The value of the provision is measured as the present market value at the Balance Sheet date of the number of allowances required to be delivered to the government and/or the cash penalty required for any shortfall in allowances.

14. Interests in Companies and Other Entities

The Council has some interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded in the Balance Sheet if the company has share capital, as financial assets at cost less any provision for losses. The Council records the name, business, shareholding, net assets and results of operations and other financial transactions of any related companies including cross-reference to where the accounts of the related companies may be acquired.

15. Inventories and Long-Term Contracts

Inventories held by the Council will be included in the Balance Sheet at the lower of cost and net realisable value. At present the Council has no holdings of this nature.

A long-term contract is 'A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or of a combination of assets or services which together constitute a single project) where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods'. Long-term revenue contracts are charged to services in the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year and long-term capital contracts are charged to capital on the basis of the valuation certificate.

16. Investment Property

Investment properties are those that are used solely to earn rentals and / or 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. In line with the requirements of IFRS 13, a review of investment properties was undertaken during 2015/16 with the result that £27.9m of investment properties have been reclassified as operational properties as it was determined that they were not being held solely for investment purposes, but have a significant operational element. Additional notes will be included in the Statement of Accounts as appropriate to explain the basis of the valuation of properties, and the categorisation required under IFRS 13.

Investment properties are measured initially at cost and subsequently at fair value (Highest and Best Use), 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 or disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve for sale proceeds above £10,000.

17. Jointly Controlled Operations and Jointly Controlled Assets

The Council is involved in arrangements with public sector partners to engage in joint activities that involve the use of the assets and resources of the partners rather than the establishment of a separate entity. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and its partners, with the assets being used to obtain benefits for the partners. The Council accounts only for its share of the assets, liabilities, income, expenditure and cash flows held within the jointly controlled operations within its financial statements.

18. 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, they 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.

i. The Council 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 Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Balance Sheet at the start of the lease, at the lower of its fair value at inception or the present value of the minimum lease payment, matched by a liability for the obligation to pay the lessor – the liability is written down as the rent becomes payable), and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Assets recognised under finance leases are accounted for using the policies applied generally to Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation, revaluation or 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, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Where assets are acquired by the Council (as a lessee) under operating leases, the leasing rentals payable are charged to the revenue accounts of those services that use the assets as they are made.

Any hire purchase contracts that have similar characteristics to an operating lease are accounted for as an operating lease and disclosed in a note to the Balance Sheet.

ii. The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Operating Leases

An asset held by the Council for use in operating leases by a lessor is retained in the Balance Sheet and depreciated over its useful life. Rental income from operating leases, excluding charges, is recognised in the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as income is received.

This policy is a departure from the Code which states that rentals receivable should be charged to revenue on a straight-line basis over the term of the lease, even if this does not match the pattern of the payments. The Council believes that this departure from the Code is not material.

19. Overheads and Support Services

The costs of overheads and support service costs (e.g., legal, human resources and finance) are charged to the relevant teams and departments (i.e., the front line service departments) in accordance with the costing principles of SeRCOP. The total absorption costing principle is used in that the full cost of overheads and support services are shared between users in proportion to the benefit received.

20. Property, Plant and Equipment (PPE)

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 (PPE).

i. Recognition

Items of PPE that qualify for recognition will be measured at cost and capitalised on an accruals basis. Cost is defined as either purchase price, costs attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by management or the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

ii. De-Minimis

Capitalisation of expenditure on PPE is not necessary where the amounts involved are not material to the true and fair presentation of the financial position and transactions of the authority and to an understanding of the Statement of Accounts by a reader. The Council has agreed a de-minimis level of £10,000 for expenditure to be capitalised, with the exception of capital works for schools where the de-minimis level is £1,000, and in order to utilise ring-fenced funding where no de-minimis is applied.

iii. Measurement

Assets will be disclosed and valued on the Balance Sheet on the following bases:

Asset Category	Valuation Method
Assets under Construction	Depreciated Historic Cost
Infrastructure Assets	
Council Dwellings	Fair Value (Existing Use Value – Social Housing) EUV-SH
Community Assets	Depreciated Historic Cost or Valuation in accordance with section 4.10 of the Code
Other, Land and Buildings	Fair Value (Existing Use Value) EUV or DRC*
Vehicles, Plant and Equipment	
Surplus Assets	Fair Value (Highest and Best Use)
Heritage Assets	Individual Asset Valuation

* Depreciated Replacement Cost (DRC) using the 'instant build' will be used if Existing Use Value (EUV) cannot be determined.

A full valuation of a property is conducted by the Council's internal valuer, Mr. C. Hoggeth, the Council's Estates Unit Manager and also a Professional Member of the Royal Institution of Chartered Surveyors (RICS). The valuations have been prepared in accordance with the Practice Statements and UK Practice Statements contained in the RICS Appraisal and Valuation Standards.

The asset valuations have been prepared using the following assumptions:-

- The Council has good title free from encumbrances;
- There are no hazardous substances or latent defects in the properties and there is no contamination present;
- The properties have permanent planning permission and any other necessary statutory consent for their current use;
- Plant and machinery is included in the valuation of the property, where applicable;
- No special circumstances beyond those likely to be considered by a prospective purchaser in the open market have been taken into account;

- f) No allowance has been made for any liability to taxation, which may arise on disposal, nor for costs of acquisition or realisation.
- g) All transactions agree with the Council's de-minimis level

Not all properties were specifically inspected for the purpose of asset valuations. This was neither practicable, nor considered by the valuer to be necessary, for the purpose of the valuation. However, regular inspections are made by the Council's Property Section of all the Council's property assets. The inspections and report do not purport to be a building survey.

The Council operates a 5 yearly revaluation cycle for all assets, with the exception of Council Dwellings and Investment properties which are reviewed on an annual basis as per the Code's requirements.

Any changes in valuation will be recorded in the balance sheet as per the accounting guidelines outlined in the Code.

iv. Depreciation

Depreciation is provided for on all Property Plant and Equipment by the allocation of their depreciable amounts over their useful lives, in line with IAS 16. An exception is made for assets without a determinable useful life (e.g. freehold land and some community assets) and assets not yet available for use (e.g. assets under construction). The useful lives of assets are estimated on a realistic basis and are reviewed on a regular basis and, where necessary, revised. Where the useful life of a fixed asset is revised, the carrying amount of the fixed asset is depreciated over the revised remaining useful life. 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 charged based on their historical cost being transferred from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is calculated on the amount at which the asset is included in the Balance Sheet, whether current cost or historical cost. Depreciation has been calculated as follows:

- All assets are depreciated on straight line basis over the useful life of the asset taking into account land value and residual value. The range of estimated lives of each asset is set out in note 24.
- Investment Properties are not depreciated as per the Code's guidance; instead they are revalued on an annual basis.
- Newly acquired assets are not depreciated in the year of acquisition, while assets under construction are only depreciated once the asset becomes operational.
- Community assets are also exempt from depreciation requirements as a determinable finite useful life cannot be obtained.
- Assets are depreciated in the year of disposal.

A change from one method of providing depreciation to another is only made where the new method will give a fairer presentation of the results and of the financial position. Such a change does not, however, constitute a change of accounting policy; the carrying amount of the fixed asset is depreciated using the revised method over the remaining useful life, beginning in the period in which the change is made.

Componentisation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item should be depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods.

The policy will be to componentise part of assets where the part subject to componentisation is more than £500k or 10% or more of the building value of the asset and the value of the building itself is greater than £5m. Any amounts below these levels would not be considered material enough for componentisation purposes.

v. Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at each year-end. Where there is reason to believe that its value has changed materially in the period, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised for the shortfall. Events and changes in circumstances that indicate a reduction in value may have incurred include:

- a significant decline in an asset's market value during the period
 - evidence of obsolescence or physical damage to the asset
 - a significant adverse change in the statutory or other regulatory environment in which the Council operates
 - a commitment by the Council to undertake a significant reorganisation.
- Where impairment losses are identified, they are accounted for as follows:
- Where there is a balance of revaluation gains for 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
 - If there is insufficient or no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

vi. Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered through a sale rather than continuing use, it is reclassified as an Asset Held for Sale, but only if the following criteria are met:

- a) The asset must be available for sale in its present condition subject to terms that are usual and customary for sales of such assets.
- b) The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- c) The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value.
- d) The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should

indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before reclassification it is revalued and carried at the lower of this figure and fair value (Highest and Best Use) less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Assets Held for Sale are not depreciated.

If an asset no longer meets the criteria to be classified as Assets Held for Sale, they are classified back to non-current assets 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 if they had not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell. Assets that are abandoned or scrapped are not reclassified as Assets Held for Sale.

When an item of Property, Plant, Equipment or Asset Held for Sale is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal.

Amounts received in excess of £10,000 are categorised as capital receipts. The proportion that is required to be paid over to Central Government for housing disposals is appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

Where a fixed asset is disposed of for other than a cash consideration, or payment is deferred, an equivalent asset is recognised and included in the balance sheet at its fair value.

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

21. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Council has one PFI contract with Reading and Bracknell Councils for waste disposal under the RE3 Partnership. The Council receives the benefit of the services that are provided under its PFI scheme and ownership of the property, plant and equipment will pass to the partnership at the end of the contract for no additional charge. The Council carries its share of the property, plant and equipment used under the contracts on the Balance Sheet.

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 6.9% on the outstanding Balance Sheet liability, debited to Financing and Investment Income line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – Proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

22. Provisions, Contingent Liabilities and Contingent Assets

i. Provisions

Provisions are made for any liabilities of uncertain timing or amount that have been incurred. Provisions are recognised when:

- the Council has a legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefits or service potential will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the events. When payments for expenditure are incurred to which the provision relates they are charged direct to the provision carried in the Balance Sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation (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 expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as income for the relevant service only when it is virtually certain that reimbursement will be received if the obligation is settled.

In the case of a provision for bad or doubtful debts, the carrying amount of debtors is adjusted and known uncollectable debts are written off.

ii. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Council. Contingent liabilities are not recognised in the accounting statements; they are disclosed by way of notes if there is a possible obligation that may require a payment or a transfer of economic benefits. For each class of contingent liability, the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement will be disclosed.

iii. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence of uncertain future

events not wholly within the control of the Council. Contingent assets are not recognised in the accounting statements; they are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. The disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

23. Reserves

Transfers to and from reserves are distinguished from service expenditure. The movements in reserves available to this Council are detailed in a note to the financial statements. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so there is no net charge against council tax for the expenditure.

Most capital reserves are not available for revenue purposes and some of them can only be used for specific statutory purposes. The Revaluation Reserve and Capital Adjustment Account are non-distributable reserves. The Capital Receipts Reserve is a reserve established for specific statutory purposes.

The Major Repairs Reserve is required by statutory provision to be established in relation to the HRA in England.

24. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure classified as capital under statute, formerly known as deferred charges, represents expenditure that may be capitalised but does not result in the creation of non-current assets. The expenditure has been charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

25. VAT

VAT payable is included as an expense, whether of a capital or revenue nature, only to the extent that it is irrecoverable. VAT receivable is excluded from income.

26. Group Accounts

The Code requires the Council to consider all of its interests and to prepare a full set of group accounting statements where there are material interests in subsidiaries, associates and joint ventures. The Council has investigated all potential interests that could qualify for group accounts and has determined it has four group relationships which qualify for the preparation of, and inclusion in, group accounts. The companies all operate the same financial year and follow the same accounting policies as Wokingham Borough Council.

The Council has a holding company , WBC (Holdings) Ltd, whose main purpose is to enable group tax relief to be claimed, and in addition to coordinate the management of the Council's interests in the companies included in the group accounts, which are summarised below. The company is 100% owned by the Council and became operational during 2014/15. The 2016/17 accounts will be the third to incorporate accounts for WBC (Holdings) Ltd. The Council's shareholdings in WHL and Optalis were transferred to WBC (Holdings) Ltd in April 2014.

Wokingham Enterprises Ltd is a wholly owned subsidiary of Wokingham Borough Council set up for the purposes of enabling the regeneration of the town centre of Wokingham and specifically for the purchase of land and buildings, such as Peach Place, within the town centre for redevelopment. However, it sold all its trading assets to Wokingham Council in 2012/13 and at present is not operational.

Optalis Ltd is a wholly owned subsidiary of Wokingham Borough Council set up to provide community care services to members of the public on behalf of the Council and to the private sector. The company was established in June 2011 and became operational during 2011/12.

Wokingham Housing Ltd is a wholly owned subsidiary of Wokingham Borough Council set up for the purposes of increasing the provision of affordable housing within Wokingham Borough through redevelopment and housing services to the community. The company was established in January 2012 and it became operational during 2012/13.

Three other new 100% Council owned companies were established in 2013/14 in addition to WBC (Holdings) Ltd. Wokingham Housing Ltd set up Loddon Homes Ltd, to assist with service delivery on specific projects, while Optalis also set up two companies to assist with service delivery and tax mitigation, Optalis Wokingham Ltd, and Optalis Holdings Ltd.

27. Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and culture. The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 introduced a change to the treatment in accounting for heritage assets held by the Council so that heritage assets must be shown separately on the balance sheet. The Council undertook a detailed review and at present does not have any heritage assets.

28. Tax Income (Council Tax, and Non-Domestic Rates)

Non-Domestic rates (NDR)

- Retained Business Rate income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.
- Levy expenditure included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued expenditure

Council Tax

- Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income

Both NDR income, less tariff and levy expenditure, and Council tax will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation and Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement. Each preceptor's share of the accrued NDR and

Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

The income for Council Tax, and NDR, is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably. Revenue relating to such things as council tax, business rates, etc., shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.



12. Glossary of Terms

Accounting Code of Practice

The CIPFA Code of Practice on Local Authority Accounting: Specifies the principles and practices of accounting required to give a 'true' and 'fair' view of the financial position and transactions of a local authority, including group financial statements. The code prescribes the accounting treatment and disclosures for all normal transactions of a local authority based on a hierarchy of standards including International Financial Reporting Standards (IFRS)

Accounting Policies

The rules and practices adopted by the Authority that dictate how transactions and events are treated in its financial records.

Accounting Standards

A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Acts of Parliament, professional codes and statements of recommended practice.

Accruals

This is an accounting concept that recognises income and expenditure when goods or services are provided, and not when cash is transferred. The inclusion of debtors, creditors and depreciation are examples of accruals.

Actuarial Gains/Losses

The profits and losses on the pension scheme as calculated by the Actuary because the assumptions made were not the same as the actual performance (e.g. if interest rates were less than anticipated).

Acquisitions

The Council spends funds from the capital programme to buy assets such as land and buildings.

Amortisation

The equivalent of depreciation for intangible assets.

Appointed Auditors

The Audit Commission appoints external auditors to every Local Authority, from one of the major firms of registered auditors.

Asset

An asset is a resource controlled by the authority as a result of past events and from which economic benefits or service potential are expected cash flow to the authority e.g. cash, stock, buildings etc.

Assets Held for Sale

Properties or equipment that have been taken out of use for service delivery and are awaiting sale.

Assets under Construction

Assets not yet ready for use. This could be new building work in schools or road construction.

Balances and Reserves

Balances and reserves are maintained to fund future years' expenditure, or specific projects, and to provide a cushion against expenditure being higher or income lower than expected. Contributions to balances and reserves can be either a planned contribution from the revenue budget to set aside monies for a specific purpose or a transfer of any revenue surplus at the

year-end. The maintenance of an appropriate level of general balances is a fundamental part of prudent financial management.

Budget

A planned expenditure forecast. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

Capital Expenditure

Capital expenditure is expenditure that creates future benefits. A capital expenditure is incurred either when buying or, adding to the value of an existing fixed asset with a useful life extending beyond the current financial year.

Capital Adjustment Account (CAA)

A balance sheet reserve that is unique to the local authority accounting capital accounting regime. The balance on the account cannot be used, but reflects how the Council's assets have been financed. It contains the balance of depreciation against the Minimum Revenue Provision (MRP), additional debt repayments over the MRP, reserved capital receipts and usable capital receipts/ grants/ planning gains applied to meet capital expenditure.

Capital Financing

This term describes the method of financing capital expenditure, the principal methods now being loan financing, leasing, capital receipts and developed contributions.

Capital Financing Requirement

It measures the local authorities underlying need to borrow or finance by other long-term liabilities for capital purposes. It represents the amount of capital expenditure that has not yet been resourced absolutely.

Capitalisation

Costs are capitalised to the extent that they create or improve any fixed asset with a useful economic life greater than one year.

Capital Receipts

Proceeds from the sale of fixed assets. The Council earmarks capital receipts to finance future capital expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the professional accountancy institute that sets the standards for the public sector. The institute produces advice, codes of practice and guidance to local Authorities on best practice.

Collection Fund

A statutory account into which Council Tax and National Non-Domestic Rates are paid, and from which amounts are paid to the local authority and the precepting bodies.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include the Countryside estate and historic assets that are not used in service delivery.

Community Infrastructure Levy (CIL)

CIL is a statutory charge on proposals for buildings based upon the type, size and location of development. As a charging Authority for the purposes of Part 11 of the Planning Act 2008 the council may therefore charge the Community Infrastructure Levy (CIL) in respect of development in its administrative area.

Comprehensive Income and Expenditure Statement (CIES)

Statement that shows the accounting cost in the year of providing the services in accordance with generally accepted accounting policies.

Contingent Assets

Potential assets whose outcome depends on future events.

Contingent Liabilities

A contingent liability is either: A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control (e.g. the outcome of a court case).

Creditors

Financial liabilities for future goods or services that have been received or supplied by the end of the accounting period, that is due immediately or in the short term. Creditors are an example of the concept of accruals.

Current Service Cost (Pensions)

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

Curtailment Costs (Pensions)

For a defined benefit scheme (such as LGPS) an event that reduces the expected years of future service of present employees or reduces for a number of employees, the accrual of defined benefits for some or all of their future service.

Debtors

Financial assets, with fixed or determinable payments, when goods or services have been delivered or rendered. Debtors are an example of the concept of accruals.

Depreciation

A charge to the revenue account to reflect the consumption or use of a fixed asset in service delivery. There is a corresponding reduction in the value of the fixed asset.

Earmarked Reserves

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

Exceptional Item

An item identified separately in the accounts because of its exceptional nature to ensure the presentation of the accounts is fair, and comparable year on year.

Fair Value

The amount for which an asset could be exchanged, or liability settled at arm's length, between Knowledgeable and willing parties.

Fair Value Hierarchy

IFRS 13 requires Investment Properties, Assets Held for Sale and Surplus Assets to be valued at fair value. A hierarchy has been established that categorises into three levels the inputs to valuation techniques used to measure fair value. The levels of inputs are as follows:-

Level 1 inputs – observable, unadjusted quoted prices in active markets

Level 2 inputs – observable, other than quoted prices in active markets

Level 3 inputs – unobservable inputs

Valuation techniques shall aim to maximise the use of observable inputs and minimise the use of unobservable inputs.

Finance Lease & Operating Leases

A finance lease is one that transfers a substantial proportion of the risks and rewards of a fixed asset to the lessee. With a finance lease the present value of the lease payments equates to substantially all of the value placed on the leased asset. For an operating lease a rental payment is payable to the lessor for the use of the asset and the ownership reverts to the owner when the lease is terminated.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset.

Financial Year

The year of account, which runs from the 1st April to the following 31st March.

Fixed Assets

An asset that yields benefits to the local authority and the services it provides for a period of more than one year. Tangible fixed assets have a physical form e.g. buildings or land. Intangible fixed assets do not have a physical form e.g. software licences.

General Fund

The local authorities' main revenue account that covers the net cost of all services other than the provision of council housing for rent.

Government Grants

Financial assistance from Central Government, or its agents, usually for a specific purpose, in the form of cash transfers in return for compliance with certain conditions. These grants may be capital or revenue in nature.

Heritage Assets

A building, monument, site, place, area or landscape identified as having a degree of significance meriting consideration in planning decisions, because of its heritage interest. Heritage asset includes designated heritage assets and assets identified by the local planning authority (including local listing).

Historic Cost

The estimated value of an asset on the balance sheet based upon its original purchase cost, less depreciation to date.

Housing revenue account (HRA)

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing. It contains the balance of income and expenditure that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Impairment

A reduction in the value of a fixed asset, below its carrying amount on the Balance Sheet.

Infrastructure Assets

Fixed assets, such as highways and footpaths, that is inalienable and has no resale value.

Intangible Asset

Fixed assets which have value but do not have physical any substance. They are identified and controlled by the local authority, for example, purchased software licences.

Investment Properties

An interest in land and, or buildings, which are held solely for their investment potential/rental income and are not required for delivery of local authority service.

Lessee

The party that leases an asset that is owned by another party.

Lessor

The owner of an asset that is leased by another party.

Liability

An obligation that binds the authority to settle a debt as a result of a past event or transaction such as the purchase of goods or services.

Major Repairs Reserve

Contains an element of the capital resources limited to being used on capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Net Book Value

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

Net Realisable Value

A method of valuation that estimates the open market value of an asset, less the expenses required to sell it.

Non-Domestic Rate (NDR) Income

A levy on businesses based on national 'rateable value' of the premises occupied. NDR is paid into a national pool and then redistributed to all local and police authorities on the basis of assessed needs.

Non-Operational Assets

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of these assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Observable Inputs

See 'Fair Value Hierarchy'. Inputs that are developed using market data, such as publicly available information about actual events or transactions, and reflect the assumptions that market participants would use when pricing the asset or liability.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost (Pensions)

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

Precept

An amount levied on another public body in respect of the Council Tax. Parish Councils, Royal Berkshire Fire Authority and the Police and Crime Commissioner for Thames Valley levy precepts on the Council to collect council tax on their behalf.

Prior Period Adjustments

Material adjustments applicable in prior years, arising from changes in accounting policies or from correction of fundamental errors.

Private Finance Initiative (PFI)

A contract between the local authority and a private company. The private company makes a capital investment in the assets required to deliver improved services, and the council pays a unitary charge to cover the cost of services and financing requirements. In the case of Wokingham the PFI contract is for the disposal of waste.

Provisions

Amounts set aside for any liabilities or losses that are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.

Public Works Loans Board (PWLB)

A central government agency which provides long and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source.

Revaluation Reserve

This account contains the balance on the revaluation of fixed assets previously shown in the accounts arising from revaluations or disposals of those assets. The balance on the account cannot be used.

Revenue Expenditure

Expenditure incurred on day to day running costs e.g. running costs, salaries, and is confined to accounts within one financial year.

Revenue Expenditure Funded From Capital under Statute (REFCUS)

Expenditure that is treated under the Local Government Act 2003, as capital expenditure but which does not meet the definition of capital expenditure in the Statement of Recommended Practice. Therefore the expenditure is not carried on the balance sheet as a fixed asset.

Revenue Support Grant (RSG)

This grant is non-specific and funds local government revenue expenditure. It is based upon the Government's assessment of how much a local authority needs to spend to provide a common level of service.

Surplus Assets

Surplus assets are those assets that are no longer essential for the operation of services.

Unobservable Inputs

See 'Fair Value Hierarchy'. Inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

Unuseable Reserves

Unusable reserves are reserves that in simple terms enable the local authority's balance sheet to reconcile and cannot be released to spend on services.

Useable Reserves

Usable reserves are those reserves that can be released to spend on services or added to for future spending on services.

Useful Life (of assets)

The period over which the local authority can derive benefits from the use of a fixed asset.

Write-Offs

Elimination of an asset or liability within the financial year, for example, uncollectable debts.



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