

DRAFT

Financial Statements

2020/21

as at 21/06/21

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Royal Borough
of Windsor &
Maidenhead

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- Provides an explanation of the Group's financial position
- Assists in the interpretation of the Financial Statements
- Contains a commentary on the major influences affecting the authority's income and expenditure, cash flow and information on the financial needs and resources of the Group.

Approval of The Statements

- Formal approval of the Statements by Council.

Auditor's Report

- Auditor's opinion on the Group Financial Statements will be added post audit.

Statement of Responsibilities for the Financial Statements

- Sets out the respective responsibilities of the Group and the Head of Finance for The Financial Statements.

FINANCIAL STATEMENTS AND NOTES

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- Provide explanatory notes for the Royal Borough's Group Financial Statements.

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Collection Fund

- Shows the income derived from Council Tax and Non-Domestic Rates and illustrates how these are distributed to the preceptors and the General Fund.

Royal County of Berkshire Pension Fund Financial Statements

- Provides information about the financial position, performance and financial adaptability of the Pension Fund. They show how the resources entrusted to it have been managed and the nature of its assets at the year end.

Glossary of Terms

Narrative Report

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

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

At a glance:	
Population:	151,422, expected to rise to 159,700 by 2041. (ONS Population Estimates)
Size:	76.6 square miles
Qualifications and training:	53.1% of population qualified to and above degree-level or equivalent (compared to South East 37.6% and England 35.8%) 2.9% with no qualifications (GCSE) (compared to South East 4.9% and England 6.3%) (ONS APS Dec-2020)
Employment:	Unemployment rate 2.8% compared to South East 4.0%, and England 4.8% (ONS APS, Dec-2020)
Ethnicity:	13.9% non-white British (ONS Census 2011)
Median house price:	£499,475 compared to South East £327,500 and England £249,000. (year ending Sep-2020, ONS House Price Statistics for Small Areas)

What the Council does

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

Adults and Children's services are managed on behalf of the Borough by Optalis Ltd and Achieving for Children (AFC) respectively. The Council shares ownership of these organisations with other partner authorities and group accounts are prepared annually including the Council's equity share of these associates.

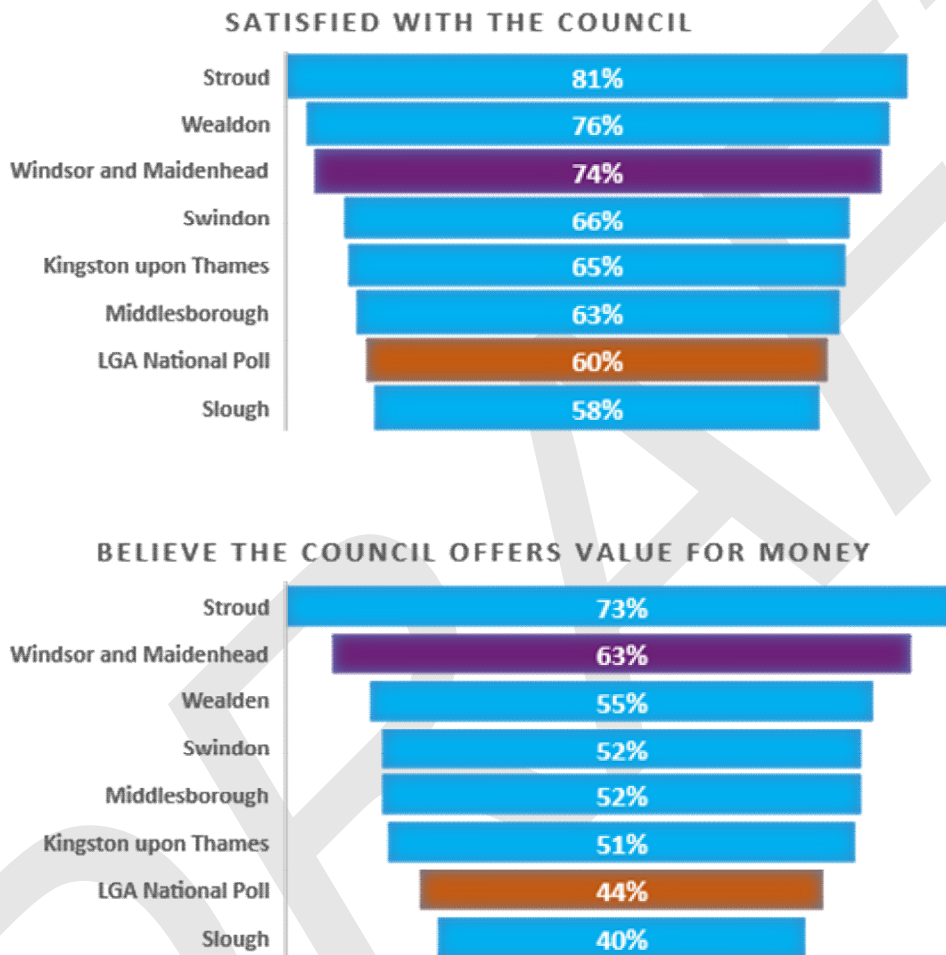
As a council we measure how well we are performing through a range of indicators as well as our residents' survey. Everything we do has to be provided within the challenge of reduced central grant to local government and increasing demand on service areas as the population grows and ages.

Our commitment to delivering high quality services is rooted in our commitment to providing value for money. Outside of London the Royal Borough has the lowest level of Council Tax in England. Council Tax is 39% below the national average (including adult social care and

parish precepts (Band D)) as well as significantly below neighbouring Berkshire councils. This presents challenges to service provision which are considered later in this section.

What Residents Think

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



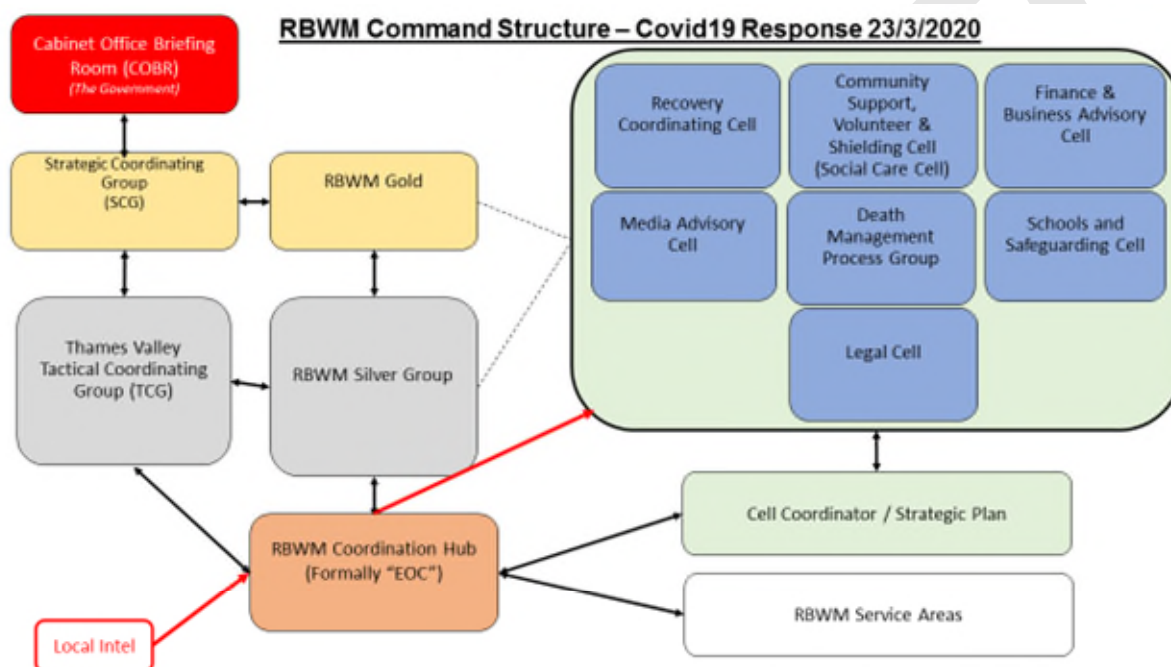
Strategic Response to the Covid-19 emergency

The continuing Covid-19 pandemic continues to be an unprecedented worldwide challenge that the Royal Borough has been at the heart of responding to, along with its partners and our communities.

The Royal Borough started to experience the impacts of the pandemic back in March 2020 when the Government announced the first national lockdown. At that time the full extent of the issues the Council would face in continuing to deliver services and support our communities could not be fully assessed. For the whole of 2020/21 we have continued to deal with the outcomes of the ongoing pandemic and know that the impact will continue into 2021/22 and beyond.

From 23 March 2020 the Royal Borough adopted a Command Structure in response to the Covid-19 pandemic. This was stepped down in mid-July but with the ability to step up again if necessary. The structure's overall priorities were to **protect lives, provide community leadership, reassurance, and prepare for recovery and business continuity**. The structure included seven cells to provide delivery and support to the overall response.

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



The Council Plan 2017-21 remained current up to 30 July 2020 when Cabinet approved an Interim Council Strategy 2020/21 for immediate adoption on the basis that the Covid-19 pandemic had significantly altered the context in which the Council was operating.

Our Strategic Priorities

The Interim Council Strategy clarified the three revised priorities to which the Council was responding, acknowledging that any instances where previous objectives could still be delivered without affecting delivery of interim objectives was a good thing and would be supported. The three revised priorities for 2020/21 were:

- **Covid-19 objectives:** focusing on the immediate response, long-term recovery, and new service requirements.
- **Interim Focus Objectives 2020-21:** focusing on revised service operating plans, development of the Transformation Strategy, Climate Strategy, Governance, and People Plan.
- **Revised Medium Term Financial Strategy:** focusing on the impact of Covid-19, economic downturn, and government policy.

The Council is currently developing its new Corporate Plan to succeed the Interim Council Strategy, and this will be considered during 2021/22 for adoption, following consultation with our partners and key stakeholders.

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

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

Performance against priorities 2020/21

The following section provides a brief overview of the key activities and milestones achieved by the Council during 2020/21. Full details can be found here.

PRIORITY:	COVID-19 OBJECTIVES
Item	Achievements and key milestones
Response (immediate)	<p>Community response and Clinically Extremely Vulnerable (CEV) Residents: An innovative community partnership protecting our CEV residents from Covid-19. From the outset of the first lockdown in March 2020 a coordinated team of staff, drawn from all services in the Council, maintained regular contact with residents who were shielding and took any appropriate action to ensure that these individuals' needs were met.</p> <p>A public-facing online directory of Covid-19 Support Groups was quickly developed. A new, flexible digital telephony solution was set up from April 2020 to support redeployed staff's long-term contact with CEV residents and over 20,000 calls were made. A new database (Lyon) was developed to manage interactions with CEV residents. and anyone seeking help and support in the community.</p> <p>Local community hubs of public sector partners were established and worked in unison to support local need.</p> <p>The Winter Support scheme provided £45,000 to seven local groups to support vulnerable families and individuals through the worst of the cold weather. A further £230,000 was distributed through food vouchers to families registered for free school meals to cover Christmas, winter half-term and Easter holiday times. These vouchers supported 2,037 unique children in the borough.</p>
Response (immediate)	<p>Outbreak Control Plan and Local Outbreak Engagement Board: The Outbreak Control Plan Summary was published on the RBWM website on 30 June 2020 in line with national instruction from the Department of Health and Social Care.</p>
Response (immediate)	<p>Community Influencers and Community Information Champions: In October 2020 a new "community influencers" group was established with representatives from across various RBWM departments, including Achieving for Children, Libraries and Environmental Health. The group's aim is to communicate key Covid-19 messages to the wider community, whilst targeting messaging to specific demographic groups based on analysis of key data sets.</p>
Recovery (long-term)	<p>The Council has worked in partnership with organisations across the Thames Valley to develop a recovery framework across the region.</p>

PRIORITY:	COVID-19 OBJECTIVES
Item	Achievements and key milestones
	RBWM Recovery Strategy: On 24 September 2020 Cabinet approved the RBWM Recovery Strategy .
Recovery (long-term)	Local Contact Tracing Service: The Council set up a local contact tracing service which started operating in November 2020 to complement the national NHS Test and Trace service.
Recovery (long-term)	Lateral flow tests: From 8 February 2021 rapid Covid-19 test centres opened in Braywick Leisure Centre and Windsor Leisure Centre

PRIORITY:	INTERIM FOCUS OBJECTIVES 2020-21
Item	Achievements and key milestones
Revised Service Operating Plans	As part of the organisational recovery strategy, service-level step-up plans were implemented, as were changes to existing operating models to allow services to continue in a socially-distanced and safe way.
Transformation Strategy	The Transformation Strategy 2020-2025 was unanimously approved by the Cabinet Transformation Sub-Committee on 22 September 2020. Action plans by which to deliver the Strategy are presently being developed.
Environment and Climate Strategy	Following a public consultation, the updated Environment and Climate Strategy was approved by Cabinet on 17 December 2020.
Governance	A new full-time Monitoring Officer and Deputy Director of Law and Strategy joined the Council in February 2021. A Statutory Officers Group has been formed and meets on a regular basis to action issues of concern and promote a strong governance and decision-making culture at the authority. This Group reviews the effectiveness of current arrangements and champions best practice whilst feeding into the Annual Governance Statement. CIPFA review – see section below
People Plan	A key foundation of the Council's future People Strategy is the agreement of organisational values to govern how we work and behave everyday. Following extensive staff consultation, a suite of new values was launched on 19 June 2020, each underpinned by illustrative positive behaviours. The new values are: <ul style="list-style-type: none"> • Invest in strong foundations • Empowered to improve • One team and vision • Respect and openness. A staff survey was conducted in November 2020

PRIORITY:	REVISED MEDIUM TERM FINANCIAL STRATEGY
Item	Achievements and key milestones
Revised Medium Term Financial Strategy	An Extraordinary Council meeting was held on 14th October 2020 to discuss a refreshed Medium-Term Financial Strategy. The new MTFS reflected the new Interim Strategy and the financial modelling was updated to reflect the latest information, changes in assumptions around central government funding, inflation assumptions and other emerging issues. This formed the start of the budget-setting process for 2021/22 and the supporting Medium-term financial plan. The draft budget for 2021/22 was discussed at Cabinet on 17 December 2020 and subsequently published on 22 December 2020 for consultation. This draft budget was also considered by all Overview and Scrutiny Panels in January 2021 and approved at Full Council on 23 February 2021.

We are committed to providing high quality services for everyone in our community and in January 2020 we were pleased to be rated as 'good' by the regulator Ofsted for our children's services (<https://files.ofsted.gov.uk/v1/file/50146539>). Also, 94% of schools were rated either good, or outstanding by Ofsted.

Optalis operates six care settings on our behalf which are regulated by the Care Quality Commission (CQC) - five are rated Good by the CQC with the sixth is awaiting its first inspection.

CIPFA (Chartered Institute of Public Finance and Accountancy) Action Plan

CIPFA undertook a review of governance during 2019 and early 2020. Their final report was presented to Cabinet in June 2020. They identified a wide range of issues requiring consideration by the Authority. Many changes had been implemented during the course of the review, and an action plan was developed identifying appropriate actions to resolve the remaining outstanding issues. Progress against those action plans are reported to Corporate Overview and Scrutiny Committee quarterly. The latest report was presented on 19th April 2021 and confirmed that the majority of actions had been completed.

Completed actions include:

- Development of a robust Medium-Term Financial Strategy and balanced budget proposals for 2021/22
- Approval of an effective Transformation Strategy
- Improved Capital Programme Management, including the establishment of a Capital Programme Board, chaired by the Head of Finance, to improve governance of the capital programme
- Improved Budget Monitoring, including detailed reports to Cabinet every 2 months
- Improved management of partnership arrangements with Optalis and Achieving for Children
- Revised Member Code of Conduct, to clarify responsibilities of officers and members
- Improved Pension Fund Governance (see below)

The outstanding review of the governance of RBWM Property Company is due to be completed in the first quarter of 2021/22. Other remaining actions are on course to be completed during the year.

Berkshire Pension Fund Governance

An independent review was undertaken by a local government pensions expert and was presented to the Pension Fund Committee on 19 October 2020. This review considered the governance arrangements of the Berkshire Pension Fund that the Royal Borough administers on behalf of fund members.

The report contained 21 recommendations as to how governance could be improved. A progress report was presented to the Pension Fund Committee on 22 March 2021. Progress against those recommendations has been significant; 17 actions have been completed and the rest are expected to be completed to the timelines agreed.

Some key improvements include:

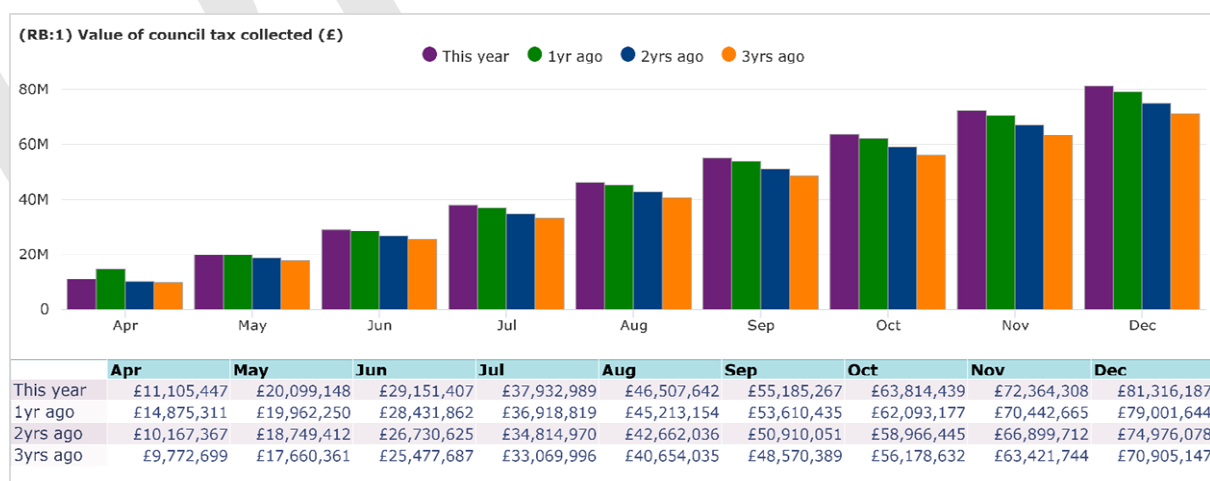
- Streamlining the committee structure, improving accountability and reflecting the new pooled investment arrangements
- Re-establishing the post of Head of Pension Fund. A permanent appointment has now been made to this post, but it has been covered in the interim by an experienced agency member of staff
- Improving the clerking and minuting of meetings
- Improving valuation and audit arrangements
- Agreeing a training framework and workplan. Training records will be maintained for all members of the Pension Fund Committee, the Pension Fund Advisory Panel and the Pension Board.

The Financial Statements for the **Berkshire Pension Fund** are included in the Supplementary Financial Statements that form part of these accounts (the Royal Borough is the administrator of the scheme).

Collection Fund

The majority of Council spending relies on collecting Council Tax and Business Rates. The Council's budgeted share of these two precepts was £88m in 2020/21. Collection rates are therefore closely monitored.

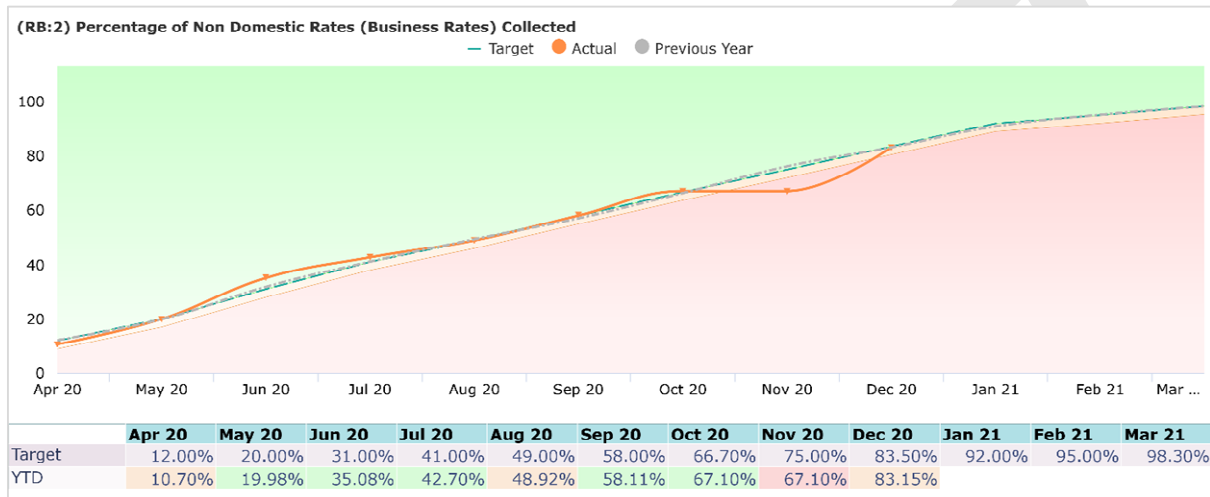
Council Tax Collection



A total of £89.9m of Council Tax has been collected, equating to a collection rate of 93.43% against a target collection rate of 94.8%.

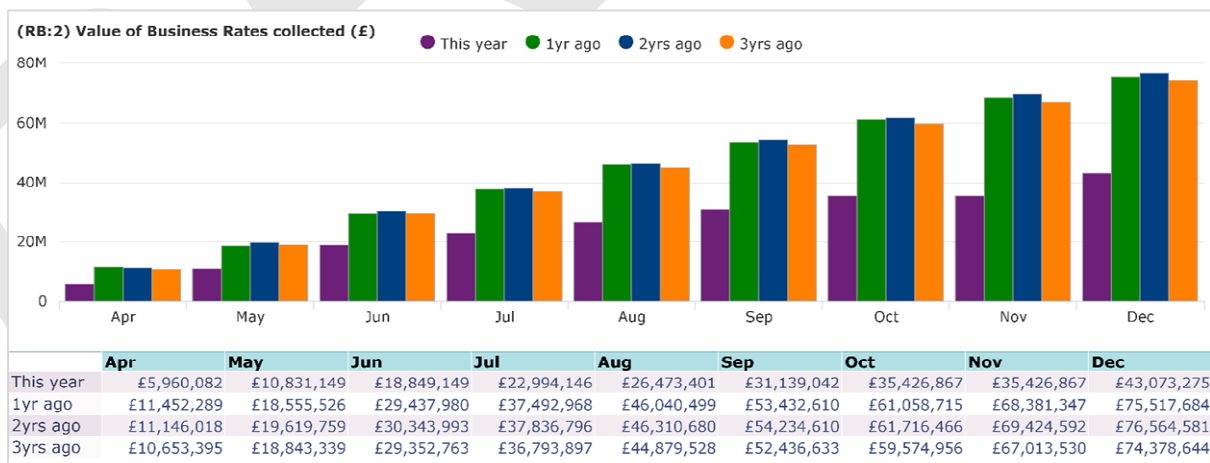
£500,000 of government grant funding has been allocated to assist individuals in receipt of Council Tax Reduction with an additional award of up to £150 to reduce their outstanding Council Tax liability (Covid-19 Council Tax Hardship Fund).

Non-domestic Rates Collection



Business Rate collection was £46m equating to a collection rate of 89.55% against a target collection rate of 92.00%

Central government announced that with effect from 1 April 2020, two new forms of Business Rates Relief would apply to qualifying Businesses i.e., Nursery Relief (£0.664m) and Expanded Retail Relief (£38.69m) to businesses qualifying for the Expanded Retail Relief, reducing the Business Rates bill of these premises to £0 for 2020/21 as a direct response to the global pandemic. The collection rate reflects sums collected from businesses not entitled to these new forms of relief.



MHCLG have yet to release the full calculations for the Covid-19 Collection fund loss of income compensation scheme; however, based on information provided by CIPFA the estimated compensation amounts included within our outturn position are £2.6m for Business rates and £0.023m for Council tax.

The Council's share of the 2020/21 Collection fund deficit for Business Rates is £27m. This is partly offset by the Council's share of the section 31 grant received during 2020/21 of £19m (total grant £40m).

The ongoing impact on the value of NNDR collected in the borough once government support to businesses is scaled back is unknown at this time, but it is anticipated that rates may not recover quickly and will remain lower than historical rates for the medium term. As the borough now receives funding directly from business rates, falls in collection rates present a risk to the Medium-Term Financial Plan and the Council has set aside xxx reserves to try to mitigate the impact and smooth inherent volatility in the Collection Fund.

Financial Impact of the Covid-19 pandemic - Grants

Government Grants and Reliefs

As part of the Covid-19 response, the government announced a range of grant schemes to support businesses and individuals, which have been administered by the local billing authorities. In addition, there has been significant direct support for local authorities to ensure continued provision of public services and funding that has supported the Covid-19 objectives and actions above.

Grant Support for Businesses and Individuals

Grant funding of £55.5m has been received for allocation by the Royal Borough in line with Government guidelines provided in order to support both local businesses and individual residents with the financial impacts of Covid-19. This funding, if not distributed within the deadlines of the grant determination will be repaid to central government. The Council has engaged additional staff to ensure that distribution is maximised.

Business Support Grants of £28m were awarded to 1,873 eligible businesses during the initial lockdown period and further grants of £27m paid to 4,053 businesses since the further restrictions imposed from November 2020.

A further £78,000 has been awarded to individuals who have tested positive, been required to self-isolate and suffered a reduction in income under the Test and Trace scheme.

Grant and Compensation Support for the Royal Borough

The Council has received and is expecting to receive total funding of £36m to enable the continued provision of public services and the provision of new services relating to the Covid-19 pandemic.

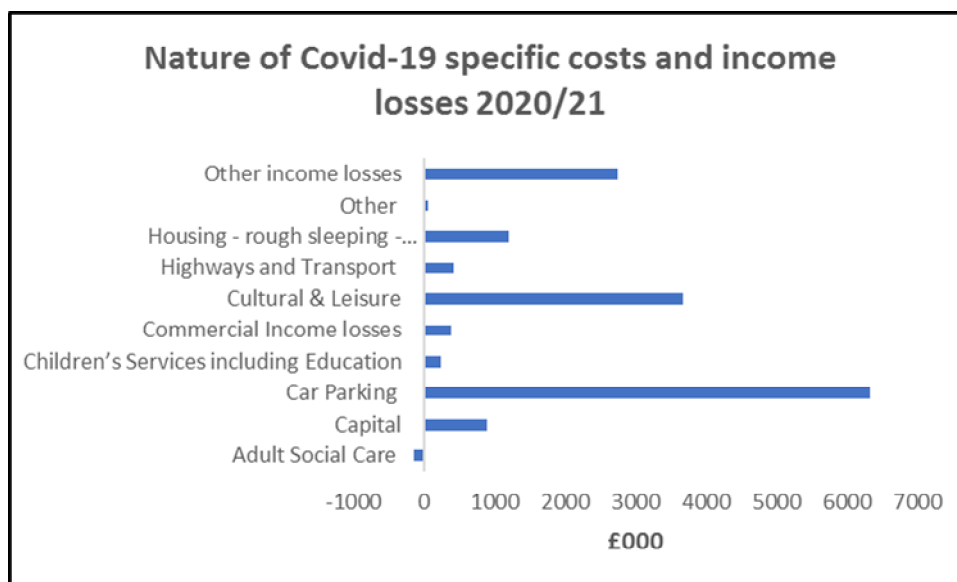
Covid-19 Grant Funding Received / Receivable	To 31st March 2021 £m	Expected 2021/22 £m	Total £m
For ongoing service delivery			
Unringfenced Tranche Funding	9.15	3.12	12.27
Sales, Fees and Charges Compensation Scheme	8.00	3.00	11.00
Local Council Tax Support Scheme 2021/22	0.00	0.60	0.60
	17.15	6.72	23.87
For Covid-19 specific related service delivery			
Compliance and Enforcement Grant	0.06	0.00	0.06
Local Authority Emergency Assistance Grant for Food and Essential Supplies	0.09	0.00	0.09
Bus Services Support Grant*	0.16	0.00	0.16
Home to school transport	0.12	0.00	0.12
Reopening High Streets Safely Fund	0.13	0.00	0.13
Next Steps Accommodation Programme (NSAP)	0.15	0.00	0.15
DWP Covid Winter Grant Scheme*	0.24	0.00	0.24
ASC Workforce Capacity Fund*	0.24	0.00	0.24
Clinically Extremely Vulnerable (CEV) Funding	0.24	0.00	0.24
Contain Outbreak Management Fund	0.44	4.43	4.86
ASC Rapid Testing Fund	0.56	0.45	1.00
ASC Infection Control Fund*	3.95	0.71	4.66
Provisional Rough Sleeping emergency funding	0.03	0.00	0.03
<i>*Grants distributed to suppliers and service users</i>			
	6.38	5.59	11.97
Total Funding	23.53	12.30	35.83

Funding above does not include £0.7m grant funding received for schools.

Financial Impact on Services of Covid-19 in 2020/21

Tranche Funding and Sales Fees and Charges (SFC) compensation of £17.15m received to 31st March 2021 has enabled the Council to fund its Covid-19 specific costs and income losses, both in 2019/20 and 2020/21. A further £6.7m funding is expected in 2021/22 and one-off budgetary provision of £9.3m has been built into the 2021/22 budget. This is expected to fund any Covid-19 pressures arising in 2021/22.

Covid-19 specific costs and lost income of £15.8m were incurred in 2020/21, including capital costs and lost capital contributions of £0.9m are shown in the chart below. These pressures are discussed in the section below.



Impact of Covid-19 on Services

Adult Social Care services

The Covid-19 pandemic had a significant impact on the operation of adult social care in the Royal Borough. Optalis, the Royal Borough's local authority trading company jointly owned with Wokingham Borough Council, delivers all adult social care services on behalf of the Royal Borough and despite the significant challenges presented by the pandemic, no easements under the Care Act were required and operational performance has remained within expected tolerances. Optalis has ensured that all its provider services continued to operate to the high standards required by the Care Quality Commission (CQC), with the quality of infection control procedures specifically noted by CQC.

The Council and Optalis have continued to work in very close partnership with the NHS across a range of key activities, including hospital discharge, vaccination, care home support and testing. Over the last 15 months, Optalis' social work, reablement and occupational therapy teams, together with the care homes, helped to relieve the pressure on NHS beds at the height of the pandemic by discharging 53% more people than last year from local hospitals safely and efficiently between January and April 2021.

Mandatory Covid-19 restrictions meant the temporary closure of Optalis' day services but wherever possible, alternative support was provided for the residents affected. Similarly, it was recognised that informal carers in particular were under even more pressure in their role and therefore, the service prioritised contact with them to offer support, information and guidance on a more informal and frequent basis.

Throughout the year, the Council and Optalis worked hard to provide support and ensure the resilience of care homes, and supported living providers and domiciliary care agencies, in their front-line role of protecting their existing clients and managing increasing demand. At the start of the pandemic, additional financial support was made available to care providers in the borough and since July 2020, the Council has quickly and efficiently ensured that the full

amount of Infection Control Grant and other grants for workforce and testing has been passported through to providers.

Looking forward to 2021-2022, the Council and Optalis will continue to deliver the adult social care transformation strategy, where the vision is *to enable people in the Royal Borough of Windsor and Maidenhead to live independent and fulfilled lives*. The key deliverables in 2021-2022 are:

- Improving the **“front door” of adult social care** in order to offer better signposting for residents needing support and fulfilling the key Care Act requirement of promoting wellbeing. This will involve making greater use of a range of assistive technologies to enable residents to stay in their own homes longer and working with voluntary organisations and community groups to support residents to connect with their communities.
- Increasing investment in the **reablement service**, specifically occupational therapists and reablement practitioners, in order to support all residents discharged from hospital to recover as much of their confidence and independent living skills as possible so that they can continue to live at home for longer.
- Transforming the **day opportunities offer** in the borough to ensure that there are things on offer that appeal to everyone and meet their individual needs, not a one size fits all approach. This will involve a blend of building-based services, community opportunities including volunteering and leisure, along with direct payments for people who want them.

Schools and Children’s Services

Schools retained their delegated budgets for 2020/21. Due to closures and restrictions, most schools were able to flex staffing budgets to deliver education through alternative approaches whilst prioritising the most vulnerable pupils as identified through risk-based assessments. The closure of school sites did see a reduction in income from lettings and rentals. This is expected to continue into 2021/22. Following the pandemic lockdown there has been an increase in the number of pupils continuing to elect for home education; this will have an impact on future school funding and support arrangements.

The impact of the Covid-19 pandemic on the Local Authority planned budget 2020/21 resulted in a net increased cost of 2%.

This increase related to the loss of income for the Local Authority from use of youth facilities, outdoor activities and school absence fine income. These losses are expected to continue into 2021/22. Additionally, social care costs increased as a result of delays with planned moves of Children in Care and additional staffing requirements to support the service in dealing with the increased volumes and complexity of referrals.

The lockdown period has created tensions in many families including increased levels of Domestic Abuse and increasing referrals and associated costs will continue to flow into Children's Services through 2021/22 and 2022/23.

Housing and Homelessness

The pressure on this service has been significant this year as a result of the Covid-19 emergency. The government directive to house all homeless in March 2021 (“Everyone in”) and ensuring social distancing within temporary accommodation provision (moving clients out of John West House) added to the complexity of providing not only accommodation but support services to multiple sites. There has also been a general increase in demand for housing services. This increased demand cost the Council an additional £1.2m this year against a budget of £1.4m.

Covid-19 restrictions remain in place in relation to provision of temporary accommodation, thus increased costs are expected to continue into 2021/22. The impact of the ending of the government furlough scheme in September on demand is unknown at this stage; there is expected to be a rise in demand if unemployment increases.

Car Parking Income

There was an unprecedented reduction in demand for car parking across the borough, as a result of the stay at home directive from government in early March. Income from car parks fell to almost nil overnight. Although there have been lockdowns since the initial one in March and local restrictions, the impact on income has been less severe and a gradual increase in income has been seen during the year. Income was £6.4m down on the budgeted level of £10m although a proportion of this was covered by the Sales, Fees and Charges compensation scheme. Of particular concern for future revenues is the impact of increased levels of home working on season ticket income, from individuals and businesses based in our town centres. It is unlikely to recover in the medium term and the long term impact is not yet known. This income stream accounts for 17% (£1.4m) of the total car parking income budget. Some allowance has been made for reductions during 2021/22 in the budget.

Commercial Rents

Covid-19 has had and is expected to continue to have a significant impact on the Council's rental income from its commercial portfolio. Closed businesses, and those that have furloughed staff, have limited ability to generate cash to pay their commercial rent.

The property team has worked hard to minimise the impact of Covid-19 on the commercial rents received during the year. Payment plans and other arrangements were negotiated with tenants aimed at securing long term recovery of rental income and minimising voids. Although some tenants have sought to end leases early, they have in the majority of cases been replaced by new tenants. One-off early release fees received and compensation for loss of rents at Sienna Court helped to mitigate the impact of Covid-19 in 2020/21 and this service reported an outturn variance of £107,000 surplus against a budget of £3.2m. An earmarked reserve of £0.6m has been established to help fund expected future pressures.

Leisure

The impact of the Covid-19 lockdown and closure of leisure centres made the Parkwood concession contract financially unsustainable. The contract with Parkwood to provide leisure services on behalf of RBWM was therefore terminated on 31 July 2020. Leisure Focus, the new provider, took over the provision of leisure services on 1 August 2020. Support for this service increased costs by £3.5m in 2020/21 and financial support will be needed into 2021/22

as restrictions remain in place, preventing the contractor maximising footfall and generating planned income.

During this very difficult year the Council completed the building of Braywick Leisure Centre – this state-of-the-art building replaced the old Magnet Leisure Centre and is a major part of the initial phase of regeneration of Maidenhead. Operating within Covid-19 compliance measures residents have flocked to the new centre, achieving 50% of anticipated users after its first 3 months. Contractors building the centre worked throughout the pandemic, so the centre was delivered just 2 weeks behind schedule. The centre has a 200-station gym, 10 lane swimming pool with a large teaching pool, spa area, theatre and indoor and outdoor courts.

This is a significant investment of £38m by the Council over a number of years. The sale of the old Magnet Leisure Centre site is expected to recoup much of this investment cost.

Impact on the Council's workforce

In accordance with government guidance the majority of the Council's workforce have been working from home during the lockdown period, with the exception of a small number of community-based roles and other posts where working from home has not been feasible due to technology limitations. Whilst plans are in place to ensure core council offices are Covid-19 secure to enable those who need to come into the office are able to do so, it is expected that the majority of staff will continue to work remotely for most of their working time for the foreseeable future. This has required significant flexibility and rapid changes to processes and working arrangements; however, services have continued to be delivered successfully.

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

Financial Performance 2020/21

Our Financial Strategy

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

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

Our low council tax means that the 25% of our expenditure spent on non-statutory services provided to our community is under particular pressure. The Royal Borough had committed to a significant savings programme and is continually working to ensure that the services it delivers are subjected to rigorous value for money testing. We will continue to seek out opportunities to deliver efficiencies, savings and ways to increase our income.

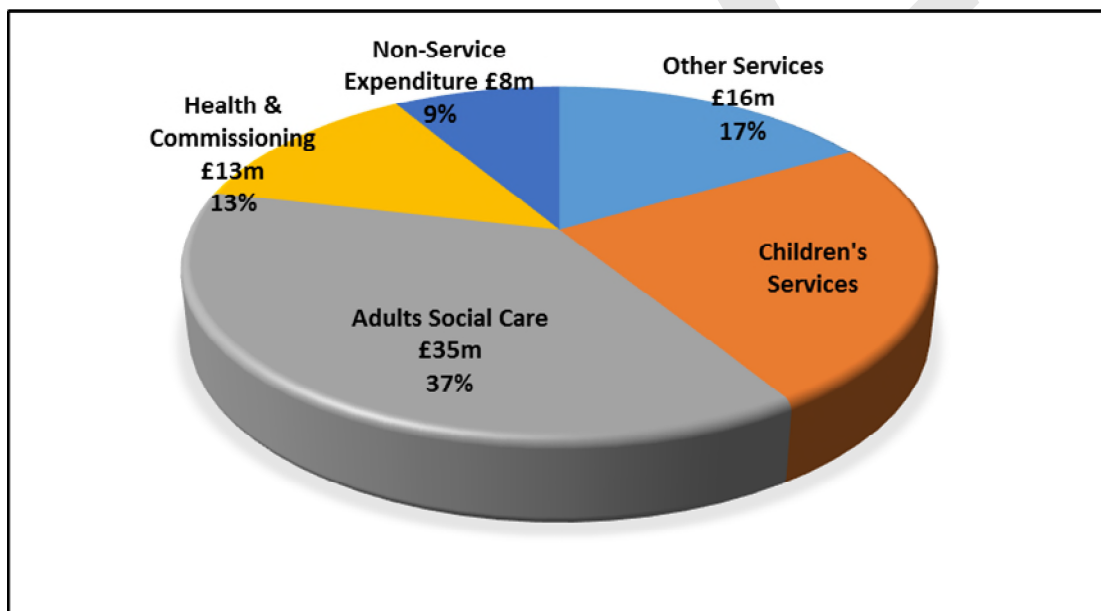
As a result of Covid-19, this challenge is now greater than was originally anticipated when the 2020/21 budget was set. Government funding received since March 2020 has mitigated financial pressures the Council was facing in the short term. Longer term impacts on service delivery and income, particularly car parking income, are still unknown and £9,251,000 has been built into the MTFP to support those pressures in 2021/22.

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

Financial Planning

Revenue Outturn 2020/21

The Royal Borough's net revenue budget for 2020/21 was £94.7m allocated as set out below.



An overview of the Royal Borough's revenue outturn for 2020/21 is set out in the table below:

Revenue Outturn 2020/21				Included in Revenue Outturn		
Original Budget £'000		Revised Budget £'000	Actual Net Expenditure £'000	Actual Variance £'000	Covid-19 costs £'000	SFC Compensation £'000
3,039	Managing Director's	2,905	2,417	(488)	(140)	(4)
0	Law & Governance	0	22	22	0	0
23,185	Children's Services	23,176	24,878	1,702	468	(144)
47,533	Adults, Health & Commissioning	47,609	48,387	778	7,600	(5,172)
10,378	Resources	7,612	7,534	(78)	1,146	(528)
2,371	Place	2,418	5,762	3,344	5,789	(1,813)
0	Contingency and Corporate Budgets	2,812	550	(2,262)	50	0
86,506	Total Service Expenditure	86,532	89,550	3,018	14,913	(7,661)
8,171	Non-Service Costs	8,171	6,918	(1,253)		
	Funding -		0	0		
(20,669)	Reserves movements and budgeted funding	(20,695)	(16,177)	4,518	429	(355)
0	Covid-19 Sales, Fees and Charges Compensation	0	0	0	0	0
0	Covid-19 Unringfenced Grants	0	(7,326)	(7,326)	(7,326)	0
(12,498)	Total Non-Service Net Costs / (Income)	(12,524)	(16,585)	(4,061)	(6,897)	(355)
74,008	Net council Tax Requirement	74,008	72,965	(1,043)	8,016	(8,016)

The Council reported a £1.043m underspend against the revenue budget for the year 2020/21, being a variance of 1.4%. Covid-19 costs and lost income, where there were no specific Covid-19 grants available, were fully funded from non-ring-fenced Covid-19 grant funding of £6.9m and Sales Fees and Charges compensation of £8m in the year.

Underlying service savings of £4.2m and non-service cost savings of £1.3m were taken to the general fund (£1.043m) and earmarked revenue reserves (£4.4m) to support the MTFP.

Excluding direct Covid-19 costs and funding, the outturn for services is as below. Note that there have been significant indirect impacts of Covid-19 that have impacted on this underlying outturn, which are one-off in nature.

Revenue Outturn 2020/21 - Excluding Covid-19 impacts					
Original Budget £'000		Revised Budget £'000	Actual Net Expenditure £'000	Actual Variance £'000	
3,039	Managing Director's	2,905	2,561	(344)	
0	Law & Governance	0	22	22	
23,185	Children's Services	23,176	24,554	1,378	
47,533	Adults, Health & Commissioning	47,609	45,959	(1,650)	
10,378	Resources	7,612	6,916	(696)	
2,371	Place	2,418	1,786	(632)	
0	Contingency and Corporate Budgets	2,812	500	(2,312)	
86,506	Total Service Expenditure	86,532	82,298	(4,234)	
8,171	Non-Service Costs	8,171	6,918	(1,253)	
	Funding -		0	0	
(20,669)	Reserves movements and budgeted funding	(20,695)	(16,251)	4,444	
(12,498)	Total Non-Service Net Costs / (Income)	(12,524)	(9,333)	3,191	
74,008	Net council Tax Requirement	74,008	72,965	(1,043)	

Capital

Capital Strategy

The Royal Borough of Windsor and Maidenhead (RBWM) has ambitious plans to invest in the regeneration of the Borough and deliver high quality facilities to its residents. Our Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; along with an overview of how associated risk is managed and the implications for future financial sustainability.

It is informed by the Council's priorities and links to other key strategy documents, notably the interim corporate strategy, the Medium-Term Financial Plan and the Treasury Management Strategy.

Capital Management

The Capital Programme Board has been established this year to improve capital governance and deliver on the strategy above. The Capital Programme Board meets regularly and has improved management of the whole of the capital programme including a greater understanding of the impact of decisions on the financial sustainability and wider aims of the Council. The key aim of the board during 2021/22 will be to review and challenge the profiling of capital schemes to ensure slippage is minimised and resources allocated to current projects.

Some slippage will be inevitable, an example being review of the Borough Parking strategy as a result of the dramatic fall in car parking income since the first national lockdown in March 2020. This review ensured that planned investment in new parking facilities was still "value for money". This review delayed the planned investment in the new Vicus Way car park and the £8.1m budget was slipped into 2021/22.

Capital Outturn 2020/21

Capital expenditure, of £27.2m, was 62% below initial spending plans. Whilst there were net savings on completed projects, the majority of the variance was unspent budgets slipped into 2021/22.

Covid-19 lockdown has led to delays in opening up the construction sector and shortages of raw materials which have had an impact on planned investment, although only 3% of capital schemes were yet to start as at 31st March 2021.

Expenditure budgets slipped into 2021/22 are to be re-profiled to reflect the years in which future expenditure is likely to arise, as it is not all expected to be spent in 2021/22.

The Royal Borough minimises its need to borrow for capital purposes by prioritising the use of capital receipts, external grant funding, other external contributions and reserves.

Capital Programme Expenditure Outturn 2020/21	Budget 2020/21 £000	Slippage to		Outturn 2020/21 £000
		2021/22 £000	Variance £000	
Managing Director	439	(361)	0	78
Children's Services	7,073	(3,430)	(617)	3,026
Adults, Health & Commissioning Resources	24,864	(14,552)	151	10,463
Place	3,230	(2,112)	(211)	907
	36,453	(24,182)	424	12,695
Total	72,059	(44,637)	(253)	27,169

Of the slipped projects infrastructure and property schemes account for £35m, and £4m relates to operational facilities closed during part of the year because of national and regional lockdowns – e.g., schools and libraries.

Treasury Management

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

The performance against the debt limit is shown below.

Debt	2020/21 Maximum	31.3.21 Actual	2020/21 Operational Boundary	2020/21 Authorised Limit	Complied?
Borrowing	£226m	£192m	£252m	£275m	Yes

The Council's interest rate exposure limit is set to control its exposure to interest rate rises by limiting the amount of short-term borrowing that the Council holds. The Council complied with this limit as shown below:

Interest Rate Indicator	2020/21 Maximum	2020/21 Limit	Complied?
Upper limit on proportion of borrowing that is fixed rate	33%	100%	Yes
Upper limit on proportion of borrowing that is variable	75%	80%	Yes

At 31 March 2021 cash holdings and short-term investments totalled £23.9m compared to £51.7m at 31 March 2020.

On 1 April 2020, the Council received £28.6m central government funding to support small and medium sized businesses during the coronavirus pandemic through grant schemes. The receipt of this funding (as well as other smaller amounts in advance during the year) meant that the Council temporarily held higher cash and cash equivalent assets that it otherwise would have.

At 31 March 2021, the Royal Borough had the following significant financial obligations (borrowing):

- Borrowing of £192m, comprising
 - £44m of Public Works Loan Board (PWLB) debt and
 - £135m of money market debt.

Total borrowing includes £21.0m of debt managed on behalf of the Thames Valley Local Enterprise Partnership. PWLB debt is available to local authorities at a discounted rate, currently 0.81% (2019/20 1.9%). The Royal Borough's overall average borrowing rate is 1.63% (2019/20 2.91%).

Medium Term Financial Strategy (MTFS): 2021/22 to 2025/26

The MTFS was agreed at full Council on 14 October 2020 and reviewed as part of the Budget in February 2021. It outlines the financial risks faced by the Council across the period of the MTFS and sets out some key principles that the Council needs to continue to follow in the short and medium term to manage the financial uncertainty that it faces. The immediate challenge remains closing the budget gap. While there is always room to be more efficient, RBWM is already a low spending council which constrains it from reducing costs. Future savings plans will need to focus on more transformative savings measures and the Council has recently agreed a transformation strategy.

A summary of the Council's medium-term financial position, as reported to Council in February 2021, is outlined below:

Budget Gap	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Funding Changes	(8,830)	7,090	(1,338)	(3,258)	(1,291)
Covid-19 Service Pressures	9,251	(6,993)	(500)	0	0
Other Service Pressures	7,059	4,000	4,442	4,888	5,333
Other Budget Changes	285	199	548	1,129	820
Estimated Budget Gap	7,765	4,296	3,152	2,759	4,862
Savings Proposed to Date	(7,765)	(222)	0	0	0
Savings to be Identified	0	(4,074)	(3,152)	(2,759)	(4,862)
Balanced General Fund	0	0	0	0	0

An update on the Council's MTFP will be provided to Cabinet in July 2021. A new medium-term plan for 2022/23 to 2026/27 will then be submitted to Cabinet and Full Council for approval in February/March 2022. The assumption is that RBWM will identify sustainable savings and balance the general fund across the MTFP.

Reserves and Working Balances

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

Useable Reserves	At 31/3/2020 £000	At 31/3/2021 £000
Available to fund capital investment (1)	7,583	16,414
Balances held on behalf of schools (2)	437	413
General fund working balance (3)	8,231	7,056
Earmarked reserves (4)	6,646	46,702
Total Useable Reserves	22,897	70,585

(1) These balances represent a combination of:

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

(2) These balances are for held for schools.

(3) The general fund working balance is for use against revenue costs. The 2020/21 reported revenue outturn of £7.059m was £0.689m above the approved minimum level required for 2020/21 of £6.370m, although in the assessment of the necessary minimum level of reserves for 2021/22 this was increased to £6.7m.

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

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

Earmarked reserves as at 31st March 2021 include unspent Covid-19 funding received which will be used to fund liabilities in 2021/22.

The Royal Borough used £3.6m of earmarked reserves during 2020/21.

Looking Ahead

The Council is facing a significant financial challenge. Like many councils, it is experiencing growth in demand for services. However, the position for the Royal Borough is more acute than other councils, due to its relatively low level of reserves, the lowest Council Tax in the country outside of London, coupled with high levels of borrowing. Uncertainty surrounding future government funding increases the risk the Council faces.

The Local Government Funding Settlement for 2021/22 was again a one-year roll forward. The delayed multi-year Comprehensive Spending Review is now planned for Autumn 2021 and will be critical in the overall funding available to the sector. The planned revamp of the funding mechanisms used to allocate grant to local authorities, The Fair Funding Review and review of the Business Rates Retention Scheme, initially started in 2016 and planned to be implemented in April 2019, have been delayed until at least 2022/23.

Outlined in the MTFFS that was approved in February 2021, RBWM faces several significant risks. These are:

- Council Reserves are under considerable pressure – the reserves are now adequate to cover current risks but may be insufficient to cover significant issues that might occur.
- The Pension Fund deficit means that a growing share of council funding is required to cover pension deficits in the future, before any money is spent on council services. This is not just an issue for RBWM and is part of wider sector and national risks.
- Substantial levels of borrowing mean that an increasing share of the Council's budget is required to service debt before money can be spent on day-to-day services. Getting the balance right between ensuring that sufficient money is spent on longer term capital projects to generate sustainable income or to reduce ongoing pressures is an important part of the consideration that the Council needs to make when determining how to utilise its resources.
- Maintaining a low level of Council Tax, means that the Council has missed out on additional revenue from raising Council Tax in prior years. It also means that any future increases will generate less as they start from a lower base. National policy on Council Tax capping has also meant that the ability to increase this source of funding has been difficult, which is particularly pertinent to RBWM given the significant proportion of funding coming from Council Tax.
- Growing pressures around Children's and Adult Services and other demand led services have been widening the budget gap further.
- The Covid-19 pandemic has increased costs and reduced income. Additional Government funding has mitigated most of this in 2020/21, but there is no guarantee that this support will be repeated in subsequent years. Notwithstanding any positive impact of the vaccination programme, it is likely that some of the income loss will persist as the world of work has changed significantly with ongoing working from home and reduced central office accommodation requirements. It is also highly likely that future funding levels will be constrained due to the increased national budget deficit, which could take some time to reduce
- Many potential consequences of the pandemic are not yet apparent. As Government support such as the Furlough Scheme ends, the full economic and health effects of the pandemic may be revealed. This may lead to impacts on the Council's budget such as increased Council Tax support, more homelessness, increased demand and complexity for adult social care and lower Business Rates income.

The immediate challenge continues to be to close the budget gap as highlighted in the MTFP in future years. While there is always room to be more efficient, RBWM is already a low spending council which constrains it from reducing costs. Future savings plans will need to focus on more transformative savings measures and the Council has recently agreed a transformation strategy.

As part of the annual budget setting process Council agreed its 2021/22 budget in February 2021. This budget includes consideration of the risks above, the Council's priorities and a focus on securing value for money whilst delivering high quality services and achieving sustainable savings delivery. As set out in our budget papers, we did this by setting:

- A net revenue budget of £105.725m after the use of £3.2m of reserves
- Council Tax increases of 4.99% increasing the band D charge from £1,077.41 to £1,131.17
- New savings of £5.63m to be delivered by 31 March 2021.

The Royal Borough has undertaken significant work in 2021 to deliver on the changes it will need to make going forward to ensure it can be financially sustainable and continue to provide high quality services and promote a buoyant and diverse economy. This work will continue into 2021/22. The Royal Borough will also continue to work with MHCLG and the wider sector on the Covid-19 financial impacts.

Key Risks and Uncertainties for 2021/22 and Beyond

At the time of writing it is still not clear whether there will be a multi-year Comprehensive Spending Review from 2022/23 or another one-year settlement. Consequently, there may be further delays to related measures such as the Fair Funding Review. The pandemic has also focussed attention on business rates, so future changes to these may be more comprehensive than originally intended. Consultations on a replacement for New Homes Bonus has taken place, but the financial impact of the change is not yet apparent.

The implications of all the changes to Government funding and distribution, whenever they are introduced, are not clear. The impact on RBWM will depend on the amount of redistribution, but also any transitional arrangements to smooth the impacts.

Covid-19 will continue to have an impact on finances in 2021/22. Whilst some future losses are known, such as leisure income, the impact in areas such as car parking will depend on the speed of economic recovery from the pandemic, and the risk of future lockdowns.

The longer-term permanent impact of Covid-19 will take longer to become clear. This could have major implications in areas such as parking as commuter travel is reduced, and shopping habits change permanently.

There are a number of consultations on potential service delivery changes that are underway during 2021/22 whose resourcing implications will need to be considered by the Council. These include areas such as the Environment Bill, changes to the way Public Health will be delivered nationally as well as the Planning White Paper. In addition, the Council approved an Environment and Climate strategy during 2020/21 and this remains a significant priority for the Council to respond to.

An introduction to the 2020/21 Statement of Accounts

The Statement of Accounts which follows set out in more detail the Royal Borough's income and expenditure for the year, and its financial position at 31 March 2021. The Statement also explains how statutory requirements such as financing capital expenditure have been complied with.

The Royal Borough has a wholly owned trading subsidiary, RBWM Property Company Ltd. For the 2020/21 Statement of Accounts, the results of RBWM Property Company Ltd have not been consolidated on the grounds of materiality.

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

Core Statements are:

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

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

The **Balance Sheet** is a “snapshot” of the Royal Borough’s assets, liabilities, cash balances and reserves at the year -end date.

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

Supplementary Financial Statements are:

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

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

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

Property Plant and Equipment	<p>The authority carries out a rolling programme of valuations to ensure that operational property valuations are carried out at least every five years. These are carried out in accordance with the CIPFA code and RICS professional standards.</p> <p>For property, plant and equipment the Code requires a valuation to be at the asset’s highest and best use and is a measure of financial capacity.</p> <p>Assets are measured using one of the following, which is most appropriate for the property, plant and equipment asset in question:</p> <ul style="list-style-type: none">• Existing Use Value (EUV)• Existing Use Value – Social; Housing (EUV-SH)• Depreciated Replacement Cost (DRC)
Depreciation rates	<p>Depreciation charges are based on the expected useful life of assets and property, which has been assessed as follows:</p> <p>Other land and buildings 30-50 years Vehicles plant and equipment 4-10 years. Infrastructure assets 1-40 years</p>
Rating appeals	<p>The level of this provision reflects assumptions made about the number and value of successful rating appeals, based on our experience to date.</p>

Pension liabilities	Key assumptions made by the actuary when calculating pension liabilities include future wage and price increases linked to inflation, the longevity(life expectancy) of retired members who have pensions already in payment and the discount rate (which is essentially a calculation of the amount of money which, if invested now, would be sufficient together with the income and growth in the accumulating assets to make these payments in future, using assumptions about investment returns
Investment properties	Investment properties have been valued using the Income approach (previously known as the investment method) and are revalued on an annual basis.

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

Adele Taylor FCPFA

Executive Director of Resources (S151 Officer)

Date: 21 June 2021

APPROVAL OF THE ACCOUNTS

Approval of the Financial Statements by Council

Council have delegated the approval of the draft Financial Statements to the Corporate Overview and Scrutiny Panel. The Panel met on ??????? 2021 to approve the audited accounts.

Signed

Date:

2021

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

Chairman of the Corporate Overview and Scrutiny Panel

DRAFT

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required to prepare an annual Financial Statements by the Accounts and Audit Regulations 2016 which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Financial Statements is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Authority is also required to :

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

The Chief Financial Officer's responsibilities

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

In preparing this Financial Statements, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future; and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Financial Statements gives a true and fair view of the financial position of the Authority at 31 March 2021 and of its income and expenditure for the year then ended.

Date: 21 June 2021
Adele Taylor
Executive Director of Resources and Section 151 Officer

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/20		2020/21
£'000		£'000
104,735	Full Cost of Services (Note 52)	106,877
1,508	Precepts paid to parishes	1,639
156	Precepts & Levies	157
2,367	Adjustments to provisions	877
92	Adjustment to School Balances via Schools Reserve	24
(820)	Adjustment to reserves taken through the cost of services (Note 10)	(37,127)
626	(Gain) / loss on the disposal of other fixed assets	(46)
(205)	Other Operating Expenditure & Income (Note 11)	(210)
12,099	Revenue exp.funded from capital under statute	3,597
15,823	Other Operating (Income) / Expenditure (Note 11)	(31,089)
2,977	Interest payable and similar charges	3,361
8,030	Pensions interest cost	5,601
(265)	Interest income	(484)
(15,205)	Changes in the fair value of investment prope 849	9,580
(4,463)	Financing & Investment Income & Expenditure (Note 12)	18,058
(107,810)	Taxation and Non-Specific Grant Income (Note 13)	(110,802)
8,285	(Surplus) or Deficit on Provision of Services	(16,956)
(2,450)	Associates accounted for on a equity basis (Note 53)	7,039
-	Tax expenses of associates	-
5,835	Group (Surplus) or Deficit	(9,917)
(14,620)	Other adjustments to value of Property, Plant and Equipment assets	5,865
(42,357)	Remeasurement of the net defined benefit liability (asset)	87,502
(2,450)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income (Note 53)	7,039
(420)	Share of Other (Income) & Expenditure of associates (Note 53)	8,042
(59,847)	Other Comprehensive (Income) and Expenditure	108,448
(54,012)	Total Comprehensive (Income) and Expenditure	98,531

COUNCIL AND GROUP BALANCE SHEET

2019/20	2019/20			2020/21	2020/21
RBWM	Group		Note	RBWM	Group
£'000	£'000	Assets		£'000	£'000
		Non-current assets			
455,250	455,250	Property, Plant and Equipment	14	460,999	460,999
96,230	96,230	Investment Properties	16	94,787	94,787
1,721	1,721	Intangible Assets	17	1,232	1,232
73,057	73,057	Surplus Assets		63,214	63,214
250	250	Long Term Investments	18	1,503	1,503
626,508	626,508	Total Non-Current Assets		621,735	621,735
		Current assets			
10,559	10,559	Short Term Investments	18	8,944	8,944
22	22	Inventories		-	-
22,842	22,842	Short Term Debtors	21	68,038	68,038
1,200	1,200	Assets held for Sale		-	-
7,622	7,622	Cash and Cash Equivalents	22	11,909	11,909
42,245	42,245	Total Current Assets		88,891	88,891
668,753	668,753	Total Assets		710,626	710,626
		Liabilities			
		Current Liabilities			
(134,000)	(134,000)	Short Term Borrowing	18	(135,635)	(135,635)
(34,634)	(34,634)	Short Term Creditors	24	(61,656)	(61,656)
		Other Payables		-	-
(168,634)	(168,634)	Total Current Liabilities		(197,291)	(197,291)
		Non-Current Liabilities			
(243)	(243)	Long Term Creditors	849	(188)	(188)
(3,710)	(3,710)	Provisions	25	(2,187)	(2,187)
(57,049)	(57,049)	Long Term Borrowing	18	(56,264)	(56,264)
(8,941)	(8,941)	Capital Grants Receipts in Advance	40	(9,209)	(9,209)
(245,841)	(245,841)	Retirement Benefit Obligations	49	(339,880)	(339,880)
(509)	(509)	Interest in net assets/(liabilities) of associates	18/54	(7,548)	(7,548)
(316,293)	(316,293)	Total Non-Current Liabilities		(415,276)	(415,276)
183,826	183,826	Net Assets		98,059	98,059
		Equity			
		Usable Reserves	24		
8,231	8,231	Fund Balances and Reserves		7,059	7,059
14,666	14,666	Other Reserves		63,527	63,527
		Unusable Reserves	25		
193,414	193,414	Capital Adjustment Account		197,370	197,370
224,972	224,972	Revaluation Reserve		208,340	208,340
(2,034)	(2,034)	Financial Instruments Revaluation Reserve		(9,073)	(9,073)
(245,841)	(245,841)	Pensions Reserve		(339,880)	(339,880)
(7,648)	(7,648)	Collection Fund Adjustment Account		(27,426)	(27,426)
(1,934)	(1,934)	Accumulated Absences Account		(1,858)	(1,858)
183,826	183,826			98,059	98,059

COUNCIL AND GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied	School Revenue Balances	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total RBWM Reserves	RBWM share of Optalis & AfC Reserves	Total Group Reserves
2020/21	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	8,231	5,489	7,032	437	551	21,740	160,929	182,669	-	182,669
Total Comprehensive Expenditure and Income (surplus or deficit on the provision of services)	9,917	-	-	-	-	9,917	(107,445)	(97,528)	-	(97,528)
Adjustments between group accounts and authority accounts (Group a/cs) (Note 54)	7,039	-	-	-	-	7,039	7,037	14,076	-	14,076
Net increase or decrease before transfers (Group a/cs)	16,956	-	-	-	-	16,956	(100,408)	(83,452)	-	(83,452)
Adjustments between accounting basis & funding basis under regulations (Note 9)	23,062	-	8,033	-	798	31,893	(31,893)	-	-	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	40,018	-	8,033	-	798	48,849	(132,301)	(83,452)	-	(83,452)
Transfers to / from Earmarked Reserves (Note 10)	(41,190)	41,214	-	(24)	-	-	-	-	-	-
Increase / (Decrease) in Year	(1,172)	41,214	8,033	(24)	798	48,849	(132,301)	(83,452)	-	(83,452)
Balance at 31 March 2021 Carried Forward	7,059	46,703	15,065	413	1,349	70,589	28,628	99,217	-	99,217

COUNCIL AND GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied	School Revenue Balances	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total RBWM Reserves	RBWM share of Optalis & AfC Reserves	Total Group Reserves
2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	7,778	5,825	3,905	529	-	18,037	110,819	128,856	-	128,856
Total Comprehensive Expenditure and Income (surplus or deficit on the provision of services)	(5,835)	-	-	-	-	(5,835)	62,835	57,000	-	57,000
Adjustments between group accounts and authority accounts (Group a/cs) (Note 54)	(2,450)	-	-	-	-	(2,450)	420	(2,030)	-	(2,030)
Net increase or decrease before transfers (Group a/cs)	(8,285)	-	-	-	-	(8,285)	63,255	54,970	-	54,970
Adjustments between accounting basis & funding basis under regulations (Note 9)	9,467	-	3,127	-	551	13,145	(13,145)	-	-	-
Net Increase / (Decrease) before Transfers to Earmarked Reserves	1,182	-	3,127	-	551	4,860	50,110	54,970	-	54,970
Transfers to / from Earmarked Reserves (Note 10)	(729)	821	-	(92)	-	-	-	-	-	-
Increase / (Decrease) in Year	453	821	3,127	(92)	551	4,860	50,110	54,970	-	54,970
Balance at 31 March 2020 Carried Forward	8,231	5,489	7,032	437	551	21,740	160,929	183,826	-	183,826

GROUP CASH FLOW STATEMENT

2019/20			2020/21
£'000	Group Cash Flow Statement (Indirect Method)	Note	£'000
(8,285)	Net surplus or (deficit) on the provision of services		16,956
23,029	Adjust net surplus or (deficit) on the provision of services for noncash movements	26	10,317
(11,064)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(18,153)
3,680	Net cash (outflows) / inflows from Operating Activities		9,120
(60,059)	Net cash (outflows) / inflows from Investing Activities	27	(5,683)
62,047	Net cash (outflows) / inflows from Financing Activities	28	850
5,668	Net Increase or (Decrease) in Cash and Cash Equivalents		4,287
1,954	Cash and cash equivalents at the beginning of the reporting period		7,622
7,622	Cash and Cash Equivalents at the end of the reporting period	22	11,909

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies - Following Note 53.

2 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following amended standards within the 2020/21 Code:

<i>IFRS 3 - Business Combinations</i>	Amendments to the definition of a business
<i>IFRS 9, IAS 39 and IFRS 7</i>	Interest rate benchmark reform
<i>IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16</i>	Interest rate benchmark reform - Phase 2

3 Critical Judgements in Applying Accounting Policies

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

4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty actual results could be materially different from the assumptions and estimates. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Pension Liability

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

During 2020/21 the Council's actuaries advised that the net pension liability had increased by £94m to £340m.

The effect of changes in the individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £11.6m. A 0.1% increase in the long term salary increase assumption would result in a £0.6m increase in the pension liability and an increase of 0.1% in pension increases and deferred revaluation assumption would increase the pension liability by £10.9m.

Property, Plant and Equipment

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

The actual value of the assets, including both operational and investment property, only becomes apparent when they are sold and therefore there could be a material valuation between the revalued amount at 31 March 2021 and the value realised on disposal even within the next financial period. Given the range of different assumptions that could be applied the potential impact of differences in estimation cannot be quantified. The accounting treatment is set out in the disposals paragraph of the Property, Plant and Equipment section of Note 1.

5 Material Items of Income and Expense

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

6 Events After the Balance Sheet Date

The Financial Statements were authorised for issue by the Head of Finance on the xxxx 2021. Events taking place up to the date of signing the final audited Financial Statements are reflected in the statements and notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. No further events have occurred which need to be reported here.

NOTES TO THE FINANCIAL STATEMENTS

7 Group Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Group Comprehensive Income and Expenditure Statement.

2019/20			2020/21				
Net Exp. chargeable to general Fund	Adjustments between funding & accounting (Note 9)	Net Exp. in CI&ES		Net Exp. chargeable to general Fund	Adjustments between funding & accounting (Note 9)	Net Exp. in CI&ES	
£'000	£'000	£'000		£'000	£'000	£'000	
87,263	17,472	104,735	Full Cost of Services	-	7,794	32,798	25,004
(please see below for directorate analysis)							
(88,445)	(8,006)	(96,450)	Other Income & Exp.	(114,097)	(9,736)	(123,833)	
729	(729)		Transfer to/from Earmarked Reserves	41,190	(41,190)		
(453)	8,738	8,285	(Surplus)/Deficit	-	80,701	(18,128)	(98,829)
(7,778)			Gen. Fund balance B/F	(8,231)			
(453)			less (surplus)/deficit on General Fund balance in yr	-	80,701		
(8,231)			Closing Gen. Fund	(88,932)			

Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2020/21				
Adjustments from Gen. Fund to arrive at the CI&E Statement amounts				
Directorate	Adjustment for Capital Purposes	Net change for the Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Managing Director	432	97	21	550
Law & Strategy	4	295	-	299
Children's Services	2,226	14	(75)	2,165
Adults, Health & Commissioning	317	730	(2)	1,045
Resources	830	1,751	(44)	2,537
Place	8,605	1,174	24	9,803
Contingency & Corporate	-	-	-	-
Communities	-	-	16,399	16,399
Net Cost of Services	12,414	4,061	16,323	32,798
Other (income) and expenditure from the Expenditure and Funding Analysis	(15,592)	2,477	3,379	(9,736)
Transfers to / from Earmarked Reserves (Note 10)	-	-	(41,190)	(41,190)
Difference between Gen. Fund surplus or deficit & CI&E Statement Surplus or Deficit on the Provision of Services	(3,178)	6,538	(21,488)	(18,128)

NOTES TO THE FINANCIAL STATEMENTS

Adjustments between Funding and Accounting Basis 2019/20				
Adjustments from Gen. Fund to arrive at the CI&E Statement amounts				
Directorate	Adjustment for Capital Purposes	Net change for the Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Managing Director	10,840	1,557	(93)	12,304
Communities Place	2,038	1,850	(34)	3,854
	685	610	19	1,314
Net Cost of Services	13,563	4,017	(108)	17,472
Other (income) and expenditure from the Expenditure and Funding Analysis	(19,543)	5,255	6,283	(8,006)
Transfers to / from Earmarked Reserves (Note 10)	-	-	(729)	(729)
Difference between Gen. Fund surplus or deficit & CI&E Statement Surplus or Deficit on the Provision of Services	(5,980)	9,272	5,446	8,738

Adjustments for capital purposes

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

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

Net change for the Pensions Adjustments

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

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

Other Differences

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

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

The difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices.

This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Transfers to/from Earmarked Reserves are shown on a separate line in the other differences column.

The details of reserve movements are shown in note 10.

NOTES TO THE FINANCIAL STATEMENTS

8 Expenditure and Income analysed by Nature

	2019/20	2020/21
	£'000	£'000
Income		
Government Grants	(101,558)	(114,513)
Covid Grants & Contributions		(65,342)
Collection Fund	(89,997)	(73,247)
Housing Benefit Income	(27,232)	(25,812)
Other Grants & Contributions	(24,335)	(20,998)
Fees & Charges	(30,920)	(21,274)
Sales	(4,475)	(3,578)
Rent	(8,028)	(5,590)
Interest	(265)	(506)
Other Operating Income	(205)	(210)
Contributions from other funds/balances	526	(784)
	(286,489)	(331,854)
Expenditure		
Employees		
Direct Employee Costs	42,596	42,038
Teachers Pay	25,123	24,579
Indirect Employee Costs	1,944	1,959
Pension Interest Cost	8,030	5,601
Premises		
Repairs & Maintenance	2,057	2,019
Other Energy	116	89
Gas	258	265
Electricity	1,648	1,325
Other Rent & Rates	2,063	1,747
Rates	2,787	2,830
Water	303	270
Other Premises	1,934	1,961
Depreciation, Amortisation and Impairment	13,563	12,413
Supplies & Services		
Equipment, Furniture & Materials	1,572	1,293
Printing, Stationery & Office Expenses	2,176	1,168
Communications and Computing	3,597	3,956
Covid Grants and Support		45,504
Grants & Subscriptions	8,618	10,027
Other Supplies & Services	18,743	17,129
Transport	376	172
Contract Services	125,677	131,294
Housing Benefit Payment	27,793	25,197
Other Operating Expenditure and Income		
Interest Payments	2,977	3,361
Precepts and Levies	1,664	1,796
Changes in the fair value of Investment Properties	(15,205)	9,580
Gain or Loss on Disposal of Property, Plant & Equipment	626	(46)
Adjustment to School Balances	92	24
Adjustments to Provisions	2,367	877
Adjustments to Other Reserves	(820)	(37,127)
Revenue Expenditure Classified as Capital by Statute	12,099	3,597
Gross Expenditure	294,774	314,898
Surplus or Deficit on the Provision of Services	8,285	(16,956)

NOTES TO THE FINANCIAL STATEMENTS

9 Adjustments between Accounting Basis and Funding Basis under Regulations

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

2020/21	Usable Reserves				
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Usable Reserves	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(12,413)			(12,413)	12,413
Movements in the market value of investment properties	(9,580)			(9,580)	9,580
Capital grants and contributions applied	17,601			17,601	(17,601)
Revenue expenditure funded from capital under statute	(3,597)			(3,597)	3,597
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(1,233)			(1,233)	1,233
Statutory provision for the financing of capital investment	2,210			2,210	(2,210)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CI&E	8,912	(8,912)		-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		879		879	(879)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	1,278		(480)	798	(798)
Use of the Capital Receipts Reserve to finance new capital expenditure			(318)	(318)	318
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(6,538)			(6,538)	6,538
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	(19,778)			(19,778)	19,778
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	76			76	(76)
Total Adjustments	(23,062)	(8,033)	(798)	(31,893)	31,893

NOTES TO THE FINANCIAL STATEMENTS

2019/20	Usable Reserves				
	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Usable Reserves	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation and impairment of non-current assets	(12,971)			(12,971)	12,971
Movements in the market value of investment properties	15,205			15,205	(15,205)
Amortisation of intangible assets	(592)			(592)	592
Capital grants and contributions applied	10,179			10,179	(10,179)
Revenue expenditure funded from capital under statute	(12,099)			(12,099)	12,099
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(1,505)			(1,505)	1,505
Statutory provision for the financing of capital investment	1,652			1,652	(1,652)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CI&E	5,232	(5,232)		-	-
Application of grants to capital financing transferred to the Capital Adjustment Account		2,105		2,105	(2,105)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E Statement	879		(879)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure			328	328	(328)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CI&E Statement	(9,272)			(9,272)	9,272
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	(6,283)			(6,283)	6,283
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	108			108	(108)
Total Adjustments	(9,467)	(3,127)	(551)	(13,145)	13,145

NOTES TO THE FINANCIAL STATEMENTS

10 Transfers to/from Earmarked Reserves

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

	2019/20	Transfers Out	Transfers In	2020/21
	£'000	£'000	£'000	£'000
Capital Reserve	-	(300)	300	-
Insurance Reserve	960	(1,358)	1,299	901
Business Rates Volatility Reserve	2,269	(617)	3	1,655
Better Care Fund	1,383	(102)		1,281
Public Health Fund	332	-	179	511
Optalis Development Reserve	81	-	300	381
Brexit Reserve	299	-	-	299
Grave Maintenance Reserve	8	-	-	8
Nature Reserve Maintenance Fund	123	-	-	123
Old Court Maintenance Reserve	34	(29)	13	18
Business Rates Section 31 Grant Reserve	-	-	18,808	18,808
Covid-19 General Reserve	-	-	3,805	3,805
Business Rates Section 31 Grant - Other Preceptors Reserve	-	-	15,495	15,495
Safeguarding Reserve	-	-	194	194
Collection Fund Compensation Reserve	-	-	2,624	2,624
Property Reserve	-	-	600	600
Total	5,489	(2,406)	43,620	46,703

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

Capital Reserve

Primarily used for funding capital expenditure on short-life assets and other capital schemes that are not funded by any other means.

Insurance Reserve

Due to its high policy excesses the council is essentially its own insurer. It therefore maintains an internal insurance provision to cover these self-insured claims. The provision meets most claims for loss or damage to RBWM assets and third party/employee compensation claims for injury, loss or damage to personal property caused by the council's negligence. Part of the reserve relates to reported outstanding claims and part is held against the modelled expectation of emerging future claims. Notified claims valued at around £531,261 are currently outstanding (as at 12th April 2021) although it is highly probable that the final settlements for the third party claims within this total will be far less.

The most recent actuarial investigation of the claims reserve was finalised in November 2020 with the main messages arising as follows:

1. Casualty claims reserve element ought to be £0.596m.
2. The upper estimate for future casualty claims is £150,000 with an indicative range of £139,000 (lower) and £162,000 (upper) estimates. There is a 25% chance of the actual figure being less than the lower end and 75% chance of it being less than upper end.
3. There is no expectation of any aggregate breaches.
4. The relatively small size of claims volume means the projections for recent policy years are generally more susceptible to random error than a large book.
5. The low frequency of claims especially in Employers' Liability claims gives rise to high level of volatility in the experience year on year and thus the uncertainty associated with the estimates.

Business Rates Volatility Reserve

The reserve contains surpluses arising from the business rates income for use against potential future business rates deficits.

Better Care Fund (BCF)

The Section 75 agreement with the Clinical Commissioning Group specifies that any net underspend on planned projects at the year-end may be used by the Council to contribute towards the cost of adult social care services, which have a health benefit. This is an allowable use of BCF funding. The S75 Agreement states that should RBWM use net underspends in this way, then it must contribute an equivalent sum into the BCF in future. The BCF net underspend of £1.281m has been used to fund Homecare and Council reserves have been increased accordingly. Total reserves ring-fenced for pooling into the BCF in future are £1.281m.

NOTES TO THE FINANCIAL STATEMENTS

Public Health Fund (PHF)

As permitted by the grant conditions £179,412 of the Public Health grant received in 2020/21 has been carried forward to support future Public Health expenditure. This has increased the total reserves available for expenditure on Public Health to £511,162

Optalis Development Reserve

The Optalis Development Reserve has been added to in this financial year to recognise the additional works carried out by the organisation and therefore the increased overheads. Optalis supports both RBWM and Wokingham Borough Council, the shift of services between both Boroughs is recognised in the additional overhead charges to RBWM in 2021/22.

Brexit Reserve

The Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) announced in January 2019, funding which is intended to support councils in the need to prepare for an orderly exit from the EU and to carry out contingency planning.

Grave Maintenance Reserve

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

Nature Reserve Maintenance Fund

Funds set aside for the future upkeep of the Arthur Jacob Nature Reserve.

Old Court Maintenance Reserve

The reserve is to help the further plans of Windsor Arts Council to provide professional quality community arts programming in order to support, educate, inspire and promote the arts and art appreciation in the Windsor community.

Business Rates Section 31 Grant Reserve

As a result of the Covid-19 pandemic MHCLG introduced additional Section 31 reliefs for retail discount. This relief was paid to the Council in advance, and is held in earmarked reserves for future payment.

Covid-19 General Reserve

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

Business Rates Section 31 Grant - Other Preceptors Reserve

As a result of the Covid-19 pandemic MHCLG introduced additional Section 31 reliefs for retail discount. This relief was paid to the Council in advance, and is held in earmarked reserves for future payment.

Safeguarding Reserve

The safeguarding responsibility towards citizens is multi-agency, as such, other organisations contribute to the safeguarding budgets. RBWM is the host for the safeguarding service and as such effectively holds a pooled budget from partners, unspent funds get carried forward to meet safeguarding priorities.

Collection Fund Compensation Reserve

MHCLG have announced criteria for the payment of collection fund deficit compensation for both council tax and business rates in 2021/22. The earmarked reserve will be carried forward to offset the future years' deficits.

Property Reserve

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

NOTES TO THE FINANCIAL STATEMENTS

Schools and Dedicated Schools Grant (DSG) Reserves

	2019/20	Transfers Out	Transfers In	2020/21
	£'000	£'000	£'000	£'000
School Revenue Balances (Net of Loans)	1462	-	741	2,203
Dedicated Schools Grant Reserve				
General DSG Reserve	(1,159)	(765)	-	(1,924)
Earmarked DSG Reserve - School to School Support	-	-	-	-
Earmarked DSG Reserve - Capacity Building for Two-Year-Olds	57	-	-	57
Earmarked DSG Reserve - Support for Children In Care	77	-	-	77
Earmarked DSG Reserve - Mental Health and Wellbeing	-	-	-	-
Total DSG Reserve	(1,025)	(765)	-	(1,790)
Total Schools and DSG Reserves	437	(765)	741	413

School Revenue Balances

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

Dedicated Schools Grant Reserve

Dedicated Schools Grant is a ring-fenced grant paid by the Education Funding Agency in support of the local authority's Schools Budget. The School's Budget covers schools' delegated budget shares as well as central expenditure budgets such as those for high needs pupils in mainstream and special schools, the central co-ordinated admissions function, and central SEN support services. Local authorities, in consultation with their Schools Forum, are responsible for determining the split of the grant between central services and delegated schools budgets, and for determining individual school budget shares in accordance with the local schools' funding formula.

Grant allocated to schools' delegated budgets is treated as spent as soon as it is allocated. At the end of the financial year any over or underspend on the central Schools Budget is separately identified in the notes to the accounts (see note 39) and must be carried forward to support the Schools Budget in future years.

The DSG reserve reflects RBWM's DSG.

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

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

NOTES TO THE FINANCIAL STATEMENTS

11 Other Operating Expenditure and Income

	2019/20 £'000	2020/21 £'000
Parish Council precepts	1,508	1,639
Levies (Environment Agency)	156	157
(Gains)/losses on the disposal of non-current assets*	626	(46)
Adjustments to provisions	2,367	877
Adjustment to School Balances via Schools Reserve	92	24
Adjustment to other reserves taken through the cost of services	(820)	(37,127)
Dividend from RBWM Property Company Ltd	(210)	(210)
Revenue expenditure funded from capital under statute	12,099	3,597
Transfer of residual mortgage balance	5	-
Total	15,823	(31,089)

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

12 Financing and Investment Income and Expenditure

	2019/20 £'000	2020/21 £'000
Interest payable and similar charges	2,977	3,361
Pensions interest cost	8,030	5,601
Interest receivable and similar income	(265)	(484)
Changes in the fair value of investment properties	(15,205)	9,580
Total	(4,463)	18,058

13 Taxation and Non-Specific Grant Income

	2019/20 £'000	2020/21 £'000
Collection Fund Precepts, Demands and Adjustments	(137,522)	(100,242)
Business Rates Tariff	52,157	30,800
Business Rates S31 Reliefs	(4,632)	(3,805)
Non-ring-fenced Government Grants	(2,404)	(4,105)
Capital Grants and Contributions	(15,409)	(25,769)
Covid-19 MHCLG Funding	-	(7,681)
Total	(107,810)	(110,802)

NOTES TO THE FINANCIAL STATEMENTS

14 Property, Plant and Equipment

Movements on Balances

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE
Movements in 2020/21	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2020	313,833	33,646	204,708	9,052	75,741	41,324	678,304
Additions	717	1,793	9,008	262		11,720	23,500
Acquisitions	6,460				80		6,540
Reval increases/(decreases) recognised in the year	(9,293)				352		(8,941)
Reval increases/(decreases) recognised in prior periods	(4,390)				(1,682)		(6,072)
Derecognition – disposals	(21)					(1,237)	(1,258)
Derecognition – other							-
Asset reclassifications*	33,350				(8,137)	(33,747)	(8,534)
At 31 March 2021	340,656	35,439	213,716	9,314	66,354	18,060	683,539

* £8,534,000 of assets were reclassified to investment property.

Accumulated Depreciation and Impairment							
At 1 April 2020	(14,792)	(13,360)	(120,677)	(129)	(2,686)	-	(151,645)
Depreciation charge	(2,701)	(2,731)	(6,427)		(230)		(12,089)
Dep'n written out to RR	4,645				(72)		4,573
Dep'n written out to Surplus/Deficit on Provision of Services					(154)		(154)
Derecognition – disposals		(12)					(12)
At 31 March 2021	(12,848)	(16,103)	(127,104)	(129)	(3,142)	-	(159,327)

Net Book Value

At 31 March 2021	327,808	19,336	86,612	9,185	63,212	18,060	524,213
At 31 March 2020	298,888	20,286	85,829	8,923	73,057	41,324	528,307

NOTES TO THE FINANCIAL STATEMENTS

Comparative Movements in 2019/20

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE
Movements in 2019/20	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2019	313,633	25,215	198,285	8,205	5,569	16,385	567,292
Additions	1,437	8,431	8,221	952	7,907	29,629	56,577
Revaluation increases/(decreases) recognised	21,436						21,436
Revaluation increases/(decreases) recognised	(12,049)			(105)	(3,303)		(15,457)
Derecognition – disposals	(700)						(700)
Derecognition – other						(2,064)	(2,064)
Assets reclassifications	(10,077)				62,884	(2,626)	50,182
At 31 March 2020	313,680	33,646	206,506	9,052	73,057	41,324	677,266

Accumulated Depreciation and Impairment							
At 1 April 2019	(19,444)	(11,257)	(114,441)	(129)			(145,271)
Depreciation charge	(4,631)	(2,103)	(6,236)				(12,971)
Dep'n written out to Rev. Reserve	8,143	-					8,143
Dep'n written out to Surplus/Deficit on P&L	944	-					944
Impairment losses/(reversals) recognised	(2,489)						(2,489)
Other movements in dep'n & impairment	2,685						2,685
At 31 March 2020	(14,792)	(13,360)	(120,677)	(129)	-	-	(148,959)

Net Book Value

At 31 March 2021	298,888	20,286	85,829	8,923	73,057	41,324	528,307
At 31 March 2020	283,036	12,972	79,594	6,609	6,502	8,071	396,784

Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS

Capital Commitments

At 31 March 2021, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years budgeted to cost £10.335m. Similar commitments at 31 March 2020 were £7.111m. The major commitments are:

Scheme	£'000
St Peter's Middle School	489
Vicus Way Car Park	9,846
	10,335

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases of estimation set out in the professional standards of the Royal Institution of Chartered Surveyors' Red Book. The portfolio has been valued at 31 March 2020 in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued externally by Kempton Carr Croft, the Council's valuing agents. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market.

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£'000	£'000	£'000	£'000
Carried at historical cost		19,336		19,336
Valued at fair value as at:				
31 March 2021	114,630		63,212	
31 March 2020				-
31 March 2019	14,005			
31 March 2018				-
31 March 2017	193,739			193,739
Total Cost or Valuation	322,374	19,336	63,212	404,922
Variations since date of valuation (see below)	5,434			5,434
Net Book Value as at 31st March 2020	327,808	19,336	63,212	410,355

NOTES TO THE FINANCIAL STATEMENTS

15 Heritage Assets

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

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

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

16 Investment Properties

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

	2019/20 £'000	2020/21 £'000
Rental income from investment property	4,390	4,197
Direct operating expenses arising from investment property	(571)	(880)
Net gain/(loss)	3,819	3,317

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

	2019/20 £'000	2020/21 £'000
Balance at start of the year	131,824	96,230
Disposals	(805)	
Net gains/(losses) from fair value adjustments	15,303	(9,747)
Transfers:		
(To)/from Property, Plant and Equipment	(54,088)	8,534
Other changes	3,996	(230)
Balance at end of the year	96,230	94,787

The fair value of investment property has been measured using the Investment Method of Valuation.

The valuers have used a desktop valuation relying on data provided by RBWM. Valuations have taken account of the following factors: existing lease terms and rentals taken from the tenancy schedule and independent research into market evidence including market rentals and yields.

There has been no change in the valuation techniques used during the year for investment properties.

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use. The investment property portfolio has been valued at 31 March 2021 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Kempton Carr Croft, the Council's valuing agents.

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

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

NOTES TO THE FINANCIAL STATEMENTS

17 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.555m charged to revenue in 2020/21 was charged to the relevant service.

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

	2019/20 £'000	2020/21 £'000
Balance at start of year:		
Gross carrying amounts	17,263	17,472
Accumulated amortisation	(15,159)	(15,751)
Net carrying amount at start of year	2,104	1,721
Additions:		
Purchases	209	66
Amortisation for the period	(592)	(555)
Net carrying amount at end of year	1,721	1,232
Comprising:		
Gross carrying amounts	17,472	17,538
Accumulated amortisation	(15,751)	(16,306)
Total	1,721	1,232

NOTES TO THE FINANCIAL STATEMENTS

18 Financial Instruments

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

	Long-term		Current	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Investments				
Loans and receivables*	-	1,258	10,559	8,944
Unquoted equity investment / (liability) at fair value through other comprehensive income**	(259)	(7,303)	0	
Total Investments	(259)	(6,045)	10,559	8,944
Debtors				
Loans and receivables	0	-	22,842	68,038
Total Debtors	0	-	22,842	68,038
Borrowings				
Financial liabilities at amortised cost***	(57,049)	(56,264)	(134,000)	(135,635)
Total Borrowings	(57,049)	(56,264)	(134,000)	(135,635)
Creditors				
Financial liabilities at amortised cost	(243)	(188)	(34,634)	(61,656)
Total Creditors	(243)	(188)	(34,634)	(61,656)

*The fair value of long-term loans and receivables has been calculated as £1.408m.

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

*** The fair value of borrowings has been calculated as £216.72m in 2020/21

Long term borrowing is made up of Public Works Loan Board (PWLB) loans £43.265m, and Lender Option Borrower Option (LOBO) loans £13m. Short term borrowings are loans from other Local Authorities.

Loans and receivables are at amortised cost.

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

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

19 Construction Contracts

There were no construction contracts carried out on behalf of other organisations during 2019/20 and 2020/21.

20 Debtors

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

	2019/20 £'000	2020/21 £'000
Trade receivables	17,524	24,996
Prepayments	1,232	1,574
Other receivable amounts	4,086	41,468
Total	22,842	68,038

Debtors for local taxation (included in the above figures)

	2019/20 £'000	2020/21 £'000
Less than one year	5,480	6,510
More than one year	6,982	9,179
Total	12,462	15,689

NOTES TO THE FINANCIAL STATEMENTS

21 Cash and Cash Equivalents

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

	2019/20 £'000	2020/21 £'000
Cash held by the Authority	2,058	678
Bank current accounts	4,060	731
Short-term deposits	1,504	10,500
Total Cash and Cash Equivalents	7,622	11,909

22 Creditors

	2019/20 £'000	2020/21 £'000
Trade payables	(30,912)	(51,508)
Other payables	(3,722)	(10,148)
Total	(34,634)	(61,656)

23 Provisions

	Year-End Balance £'000 2019/20	Additional provisions made £'000	Amounts Used £'000	Unused amounts reversed in year £'000	Year-End Balance £'000 2020/21
Provision for redundancy	24	400	(24)	-	400
Provision for MMI clawback liability	242	-	(2)	-	240
Provision for business rates deficit	2,421	-	(2,421)	-	-
Appeal provision for collection fund (business rates)	1,023	-	(346)	-	677
Adult Social Care provision	-	393	-	-	393
Provision for council tax deficit	-	477	-	-	477
	3,710	1,270	(2,793)	-	2,187

Provision for redundancy

Provision for redundancy payments expected in 2021/22 that relate to decisions made in 2020/21

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

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

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

Our current provision was set in conjunction with the advice of the council's insurance brokers noting the approach taken by the other Berkshire unitaries. It is set to cover the likely maximum exposure from our total potential liabilities.

These are currently RBWM liabilities of £298,680 and approximately 1/6 of the BCC exposure of £4.5m.

It remains possible that the entire remaining exposure will eventually be called upon by further levies but this won't be known for many years. No reserve strengthening has been required by MMI since the 2016/17 financial year. In MMI's most recently published annual report and accounts from December 2019 relating to year end 30/06/19 they say that no further increases to the levy are currently anticipated. The forecast assumes that the run-off will continue until the year 2059 when the final claim will be received.

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

Provision for Business Rates deficit

The provision was created in 2019/20 to cover the deficit identified in the NNDR1 submitted in February 2020 that would accrue in 2020/21.

Appeal Provision for collection fund (business rates)

The provision is required to cover the loss of income that may result from appeals made in 2020/21 and previous years.

Adult Social Care Provision

The provision is a contingent liability for a legal case brought against RBWM by Housing Solutions.

Council tax deficit provision

The provision was created in 2020/21 as a result of Section 31 funding being received for council tax hardship. The expectation is that these costs will be incurred in 2021/22.

NOTES TO THE FINANCIAL STATEMENTS

24 Usable Reserves

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

25 Unusable Reserves (Group)

	2019/20 £'000	2020/21 £'000
Capital Adjustment Account	193,414	197,370
Revaluation Reserve	224,972	208,340
Financial Instruments Revaluation Reserve	(2,034)	(9,073)
Pensions Reserve	(245,841)	(339,880)
Collection Fund Adjustment Account	(7,648)	(27,426)
Accumulated Absences Account	(1,934)	(1,858)
Total Unusable Reserves	160,929	27,473

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

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

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

2019/20		Capital Adjustment Account	2020/21	
£'000	£'000		£'000	£'000
	186,401	Balance at 1 April		193,414
1,652		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	2,210	
(12,971)		Charges for depreciation and impairment of noncurrent assets	(11,859)	
(12,374)		Revaluation losses on Property, Plant and Equipment	(6,456)	
(592)		Amortisation of intangible assets	(554)	
(12,099)		Revenue expenditure funded from capital under statute	(3,597)	
(1,505)		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,233)	
	(37,889)			(21,489)
	17,382	Adjusting amounts written out of the Revaluation Reserve		12,263
		Capital financing applied in the year:		
328		Use of the Capital Receipts Reserve to finance new capital expenditure	480	
10,179		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	17,546	
2,105		Application of grants to capital financing from the Capital Grants Unapplied Account	1,129	
0		Capital expenditure charged against the General Fund	355	
(297)		AUC reclassification on revaluation, derecognition & other adjustments	3,254	
	12,315			22,764
	15,205	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(9,582)
	193,414	Balance as at 31 March		197,370

NOTES TO THE FINANCIAL STATEMENTS

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

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

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

Revaluation Reserve	2019/20 £'000	2020/21 £'000
Balance at 1 April	214,694	224,972
Upward revaluation of assets	29,579	12,673
Downward revaluation of assets and impairment	(2,505)	(17,041)
Difference between fair value depreciation and historical cost depreciation	(3,721)	(3,317)
Amount written off to the Capital Adjustment Account	(13,075)	(8,947)
Balance at 31 March	224,972	208,340

Financial Instruments Revaluation Reserve

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

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

Financial Instruments Revaluation Reserve	2019/20 £'000	2020/21 £'000
Balance at 1 April	(4,484)	(2,034)
Upward revaluation of Investments	2,450	-
Downward revaluation of investments	-	(7,039)
Balance at 31 March	(2,034)	(9,073)

Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019/20 £'000	2020/21 £'000
Balance at 1 April	(282,385)	(245,841)
Actuarial gains or (losses) on pensions assets and liabilities	45,817	(87,501)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI&E Statement	(19,896)	(17,478)
Employer's pensions contributions and direct payments to pensioners payable in the year	10,623	10,940
Balance at 31 March	(245,841)	(339,880)

NOTES TO THE FINANCIAL STATEMENTS

Collection Fund Adjustment Account

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

Collection Fund - Council Tax

	2019/20 £'000	2020/21 £'000
Balance at 1 April	(128)	(54)
Amount by which council tax income credited to the CI&E Statement is different from council tax income calculated for the year in accordance with statutory requirements	74	(314)
Balance at 31 March	(54)	(368)

Collection Fund - Business Rates

	2019/20 £'000	2020/21 £'000
Balance at 1 April	(1,237)	(7,594)
Amount by which council tax income credited to the CI&E Statement is different from business rates income calculated for the year in accordance with statutory requirements	(6,357)	(19,464)
Balance at 31 March	(7,594)	(27,058)

Accumulated Absences Account

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

	2019/20 £'000	2020/21 £'000
Balance at 1 April	(2,042)	(1,934)
Settlement or cancellation of accrual made at the end of the preceding year	2,042	1,934
Amounts accrued at the end of the current year	(1,934)	(1,858)
Balance at 31 March	(1,934)	(1,858)

NOTES TO THE FINANCIAL STATEMENTS

26 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2019/20 £'000	2020/21 £'000
Interest received	265	484
Interest paid	(2,977)	(3,361)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements	2019/20 £'000	2020/21 £'000
Depreciation	13,563	12,413
Impairment and Valuation Losses	-	9,580
Increase/(Decrease) in Creditors	5,228	27,250
(Increase)/Decrease in Debtors	8,197	(45,196)
(Increase)/Decrease in Inventories	83	22
Pension Liability	9,272	6,538
Contributions to/(from) Provisions	484	(1,523)
Carrying amount of non-current assets sold or derecognised (property plant and equipment, investment property and intangible assets)	1,505	1,233
Carrying amount of short and long term investments sold	-	-
Change in investment property values	(15,303)	
Adjust net surplus or deficit on the provision of services for non-cash movements	23,029	10,317

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.	2019/20 £'000	2020/21 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(879)	(480)
Capital Grants credited to the surplus or deficit on the provision of services	(10,185)	(17,673)
Adjust net surplus or deficit on the provision of services for investing activities	(11,064)	(18,153)

27 Cash Flow Statement - Investing Activities

	2019/20 £'000	2020/21 £'000
Purchase of property, plant and equipment, investment property and intangible assets including capital expenditure on existing assets	(56,786)	(23,633)
Purchase of short-term and long-term investments	(10,559)	(780)
Other payments for investing activities	-	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	879	480
Proceeds from short-term and long-term investments		5
Proceeds from short-term (not cash equivalents) and long-term investments		304
Capital grants and other capital cash receipts		17,941
Other receipts from investing activities	6,407	
Net cash flows from investing activities	(60,059)	(5,683)

28 Cash Flow Statement - Financing Activities

	2019/20 £'000	2020/21 £'000
Cash receipts of short and long-term borrowing	62,047	134,850
Repayments of short and long-term borrowing	-	(134,000)
Net cash flows from financing activities	62,047	850

NOTES TO THE FINANCIAL STATEMENTS

29 Acquired and Discontinued Operations

The council did not acquire or discontinue any operations in the financial year ended 31 March 2021, or 31 March 2020.

30 Trading Operations

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

Industrial and commercial estates

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

	2019/20	2020/21
	£'000	£'000
Turnover	4,390	4,197
Expenditure	(571)	(880)
Surplus/(Deficit)	3,819	3,317

The cumulative surplus for the last four trading years is £13.255m.

31 Agency Services

The Council did not provide agency services during the years ended 31 March 2021 or 31 March 2020.

32 Road Charging Schemes

There is a requirement to disclose the nature, income, expenditure and net proceeds of any road charging schemes under the Transport Act 2000. The Council does not have any road charging schemes in operation as at 31 March 2021, or 31 March 2020.

33 Pooled Budgets

During 2020/21, the Council were involved in the following pooled budget arrangements,

Better Care Fund

The Section 75 agreement with the Clinical Commissioning Group specifies that any net underspend on planned projects at the year-end may be used by the Council to contribute towards the cost of adult social care services, which have a health benefit. This is an allowable use of BCF funding. The S75 agreement states that should RBWM use net underspends in this way, then it must contribute an equivalent sum into the BCF in future. The BCF net underspend of £1.074m in 2020/21 has been used to fund Homecare and Council reserves have been increased accordingly. Total reserves ring-fenced for pooling into the BCF in future are £1.383m.

Council Hosting the Better Care Fund as Principal	2019/20	2020/21
	£'000	£'000
Funding from Royal Borough of Windsor and Maidenhead	2,669	2,714
Funding from the Health Service	9,619	9,428
Other Income	3,189	2,836
Total Funding	15,477	14,978
Total Expenditure on Better Care Fund	15,477	14,978

Berkshire Community Equipment Service

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

	2019/20	2020/21
	£'000	£'000
Funding		
RBWM	397	561
Other Berkshire Authorities	3,599	3,857
Clinical Commissioning Group (formerly Berkshire Primary Care Trusts)	6,034	6,278
Total Funding	10,030	10,696
Expenditure		
Management Fund Costs	117	121
NRS Healthcare Services	9,913	10,575
Total Expenditure	10,030	10,696
Net Expenditure on Joint Stores Services	-	-

NOTES TO THE FINANCIAL STATEMENTS

34 Members' Allowances

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

	2019/20 £'000	2020/21 £'000
Allowances	520	503
Expenses	3	-
Total	523	503

35 Officers' Remuneration

The following tables set out the remuneration disclosures for Senior Officers whose salary is more than £50,000 per year for 2020/21 and 2019/20. Compensation for loss of office excludes payments to the Pension Fund in lieu of future contributions (Pension Strain).

2020/21	Notes	Salary (Including Fees & Allowances) £	Compensation for loss of Office £	Pension Cont. £	Total Remuneration incl. Pension Contributions £
Managing Director - Duncan Sharkey		149,000		22,499	171,499
Executive Director - Place	1	92,787		14,011	106,798
Director of Resources		124,150		18,747	142,897
Director, Adults, Health & Commissioning		114,429		17,279	131,708
Head of Revenues & Benefits		89,489		13,186	102,675
Head of Planning		82,000		12,382	94,382
Head of Finance	2	68,588		10,357	78,945
Head of Communities, Enforcement & Partnerships		94,096		14,208	108,304
Head of Human Resources, Corporate Projects & IT Communications & Marketing Manager		83,751		8,455	92,206
Head of Commissioning - Infrastructure		58,439		8,824	67,263
Head of Commissioning - Infrastructure	3	74,079	20,000	8,773	102,852
Head of Infrastructure, Sustainability and Transport		75,000		11,325	86,325
Head of Governance		67,383		10,175	77,558
Head of Commissioning - People		77,400		11,026	88,426
Head of Housing and Environmental Health		92,162		14,094	106,256
Monitoring Officer & Deputy Director of Law and Strategy	4	17,136		2,588	19,724
Head of Transformation		65,596		9,905	75,501

Notes:

1. Left in December 2020
2. Employed since June 2020
3. Left in December 2020
4. Employed since January 2021

The Royal Borough has a wholly owned trading subsidiary, RBWM Property Company Ltd. Barbara Richardson is the Managing Director of the company.

For the 2020/21 Financial Statements, the results of RBWM Property Company Ltd have not been consolidated on the grounds of materiality.

NOTES TO THE FINANCIAL STATEMENTS

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

Notes:

1. Left in June 2019
2. Left in January 2020
3. Employed since February 2020
4. Employed since March 2020
5. Left in November 2019
6. Left in October 2019
7. Left in May 2019
8. Employed since June 2019

The Royal Borough has a wholly owned trading subsidiary, RBWM Property Company Ltd. Barbara Richardson is the Managing Director of the company.

For the 2019/20 Financial Statements, the results of RBWM Property Company Ltd have not been consolidated on the grounds of materiality.

NOTES TO THE FINANCIAL STATEMENTS

The number of the Authority's employees receiving more than £50,000 remuneration for the year (including Senior Officers but excluding employer's pension contributions) are summarised in the table below :

Remuneration Band	2019/20		2020/21	
	Number of Employees		Number of Employees	
£50,000 - £54,999		30		30
£55,000 - £59,999		21		19
£60,000 - £64,999		17		21
£65,000 - £69,999		12		12
£70,000 - £74,999		6		5
£75,000 - £79,999		1		4
£80,000 - £84,999		2		3
£85,000 - £89,999		2		3
£90,000 - £94,999		2		5
£95,000 - £99,999		1		1
£100,000 - £104,999		2		1
£105,000 - £109,999		1		-
£110,000 - £114,999		1		3
£115,000 - £119,999		1		-
£120,000 - £124,999		1		1
£125,000 - £129,999		-		-
£130,000 - £134,999		-		-
£135,000 - £139,999		-		-
£140,000 - £144,999		-		-
£145,000 - £149,999		1		1

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

Exit Package Cost Band (including special payments)	No. of Compulsory Redundancies		No. of Other Departures Agreed		Total No. of Exit Packages by Cost Band		Total £'000 Cost of Exit Packages in Each Band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0- £20,000	3	10	3	1	6	11	35	14
£20,001 - £40,000	-	1	1	1	1	2	21	54
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	2	-	-	-	2	-	198	-
Total	5	11	4	2	9	13	254	68

36 External Audit Costs

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

	2019/20 £'000	2020/21 £'000
Fees payable with regard to external audit services carried out during the year	143	
Fees payable in respect of statutory inspections	-	
Fees payable for the certification of grant claims and returns during the year Deloitte	-	
Fees payable for the certification of grant claims and returns during the year KPMG	26	26
Total	169	26

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

NOTES TO THE FINANCIAL STATEMENTS

37 Dedicated Schools Grant

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

Details of the deployment of DSG receivable for 2020/21 are as follows:

	Central Exp' £'000	ISB £'000	Total £'000
Final DSG for 2020/21 before recoupment for Academy and High Needs			123,905
less: Academy and High Needs Recouped on 2020/21			59,162
Total DSG after recoupment			64,743
Brought forward from 2019/20			(1,025)
Less Carry Forward agreed in advance to 2021/22			1,025
Agreed initial budgeted distribution in 2020/21	26,350	38,393	64,743
In-year adjustments	956	96	1,052
Final distribution for 2020/21	27,306	38,489	65,795
Less actual central expenditure	28,071	-	28,071
Less actual ISB deployed to schools	-	38,489	38,489
Plus Local Authority contribution 2020/21	-	-	-
Carry Forward to 2020/21 agreed in advance	(765)	-	(765)

38 Grant Income

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

	2019/20 £'000	2020/21 £'000
Credited to Taxation and Non Specific Grant Income		
Business Rates & Council Tax Support Grants (Collection Fund)	85,365	69,442
Business Rates Section 31 Reliefs	4,632	3,805
Capital Grants and Contributions	15,409	25,769
New Homes Bonus	2,089	2,102
Education Services Grant	315	315
Covid-19 MHCLG Funding	-	7,681
Adult Social Care non-ring-fenced grant	-	1,688
Total Credited to Taxation and Non Specific Grant Income	107,810	110,802

NOTES TO THE FINANCIAL STATEMENTS

	2019/20	2020/21
	£'000	£'000
Credited to Services - Government Grants		
Dedicated Schools Grant (DSG)*	63,916	65,795
Pupil Premium	1,753	1,711
PE and Sports Grant	341	595
Universal Infant Free School Meals (UIFSM)	1,247	1,191
Teachers Pay Grant	299	497
Teachers' Pension Grant	934	1,533
Cycle Training Grant	37	18
Extended Rights to Free Travel	13	10
Asylum Seekers & Other Refugee Grants	505	350
Adult Care Support/Improved Better Care/Winter Pressures	3,093	3,093
Disabled Facilities Grant	910	557
Independent Living Fund (MHCLG)	113	113
Other Education Grants (incl GTP & School Workforce Adviser)	1,240	800
Children Staying Put	35	68
Troubled Families (MHCLG)	196	353
Post 16 Grants	80	-
Community Safety (PCC)	149	143
Public Health Grant	4,656	4,582
Drug Action Teams	40	40
Supporting Community Transport (DFT)	116	169
War Pensions Disregard	20	18
Collection Allowance	252	237
New Burdens Grant / Service Transformation	185	8
Adoption and Fostering	10	69
Homelessness Grants	1,536	1,979
Custom Self-Build and Brownfield Register	4	-
COVID-19 Funding (MHCLG)	1,827	-
Elections and Electoral Registration	199	65
Other grants	268	645
Total Government Grants	83,974	84,639
Mandatory Rent Allowances: subsidy	26,022	25,524
Discretionary Benefits	200	288
Total Housing Benefit Income	26,222	25,812
Credited to Services - Other Grants and Contributions		
Housing Benefit and Council Tax Benefit Administration associated grants	360	378
Youth Justice Board	119	146
Health-Better Care	8,605	7,981
Health-Other Contributions	2,214	2,637
Contributions	10,937	9,316
Parental Conflict	-	10
Donations	623	530
Contributions from other funds/balances & reallocations	5,869	4,940
Total Other Grants and Contributions	28,727	25,938
Covid - Contributions		2,293
Covid - Mental health support for schools		6
Covid - Contain Outbreak Management fund		258
Covid - Community Testing Fund		225
Covid - Workforce Capacity Fund		188
Covid - Test and Trace		136
Covid - Care homes - Health General		368
Covid - Infection Control fund		3,440
Covid - Emergency Food grant		88
Covid - Next Steps Accommodation Programme		175
Covid - Active Travel Local Transp		15
Covid - MHCLG Covid Marshalls		32
Covid - Test & Trace		53
Covid - Winter Grant		237
Covid - Clinically Extremely Vulnerable		158
Covid - Enforcement and compliance		41
Covid - High Street safety		29
Sales, Fees and Charges Compensation Scheme		7,662
Total Covid Grants and Contributions		15,409
Total Credited to Services	138,923	151,798

In 2020/21 a total of £42.48m of Covid-19 grant income, mainly received from MHCLG in respect of business rates, was passported to third parties. These grants have been excluded from the table above.

NOTES TO THE FINANCIAL STATEMENTS

Capital Grants Receipts in Advance

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

	2019/20 £'000	2020/21 £'000
Developers Contributions	5,981	4,347
Other Contributions	84	79
Education Grants	28	54
Other Grants	2,848	4,729
Total	8,941	9,209

Capital Grants Unapplied

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

	2019/20 £'000	2020/21 £'000
Education Grants	1,930	3,088
Other Grants	5,102	11,977
Total	7,032	15,065

39 Related Parties

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

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 8. Grant receipts outstanding at 31 March 2021 are shown in Note 39.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in the year is shown in Note 36. During the financial year £91m of expenditure was incurred with third parties in which members had an interest. These are listed in the table below. RBWM paid grants totalling £364,227 to voluntary organisations in which 3 members had positions on the governing body. In all instances the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all of these transactions are recorded in the Register of Members' Interest open to public inspection at the Town Hall during office hours.

Pension Fund

The Royal Borough of Windsor and Maidenhead administers the Royal County of Berkshire Pension Fund on behalf of 189 active employers, including the unitary local authorities in Berkshire. The council charged £1.887m for administering the Fund during the year.

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

	Exp £000	Income £000
Achieving for Children Ltd	50,905	2,338
Care UK	5,219	-
Charters School	155	35
Norden Farm Centre Trust Ltd	157	33
Optalis Ltd	34,499	1,501
Sportsable	32	-
Total	90,967	3,907

NOTES TO THE FINANCIAL STATEMENTS

40 Capital Expenditure and Capital Financing

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

	2019/20 £'000	2020/21 £'000
Opening Capital Financing Requirement	138,387	209,307
Capital investment		
Property, Plant and Equipment	56,577	23,500
Investment Properties	-	-
Intangible Assets	209	66
Long Term Investments		
Revenue Expenditure Funded from Capital under Statute	12,099	3,597
Sources of finance		
Capital Receipts	(328)	(480)
Government Grants and Other Contributions	(12,284)	(18,675)
Sums set aside from Revenue:		
Direct Revenue Contributions	-	(355)
Minimum Revenue Provision	(1,652)	(2,210)
Removal of historic Item A adjustment	16,299	-
Closing Capital Financing Requirement	209,307	214,750
Explanation of Movements in Year		
Increase in underlying need to borrow (unsupported by government financial assistance)	70,920	5,443
Increase/(decrease) in Capital Financing Requirement	70,920	5,443

NOTES TO THE FINANCIAL STATEMENTS

41 Leases Authority as Lessee

Finance Leases

There were no finance leases in 2020/21 or 2019/20

Operating Leases

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

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

2020/21 Future minimum lease payments	Land and buildings £'000	Vehicles, Plant & Equip't £'000	Other Leases £'000	2020/21 Rental Charge £'000
Not later than one year	310	10	102	421
Later than one year and not later than five years	906	19	92	1,016
Later than five years	1,956	10	1	1,967
Total	3,171	38	195	3,404

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

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

	2019/20 £'000	2020/21 £'000
Minimum lease payments	2,372	1,510
Contingent rents	116	91
Total	2,488	1,601

Authority as Lessor

Finance Leases

There were no finance leases in 2020/21 or 2019/20.

Operating Leases

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

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

	2019/20 £'000	2020/21 £'000
Not later than one year	3,437	3,763
Later than one year and not later than five years	11,098	11,868
Later than five years	92,976	179,623
Total	107,511	195,254

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

NOTES TO THE FINANCIAL STATEMENTS

42 PFI and Similar Contracts

There were no PFI or similar contracts during 2020/21 or 2019/20.

43 Impairment Losses

There were no impairment losses during 2020/21 or 2019/20.

44 Capitalisation of Borrowing Costs

During 2020/21 £289,000 of borrowing costs for assets with a construction period of greater than one year were capitalised. £698,000 of borrowing costs were capitalised during 2019/20.

45 Termination Benefits

Refer to note 37 above.

46 Pension Schemes Accounted for as Defined Contribution Schemes

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes.

For the purposes of these Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21, the council paid £1.56m to teachers' pensions in respect of teachers' retirement benefits, representing 24% of pensionable pay. The figures for 2019/20 were £3.214m and 21%. There were no contributions remaining payable at the year-end. The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

NOTES TO THE FINANCIAL STATEMENTS

47 Defined Benefit Pension Schemes

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

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund.

Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme £'000	
	2019/20	2020/21
Cost of Services:		
Service Cost (comprising current service cost, past service cost and gain / loss from settlements)	13,086	11,615
Financing and Investment Income and Expenditure:		
Net interest expense	6,657	5,724
Administration expenses	152	139
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	19,895	17,478
Other Post Employment Benefit Charged to the CI&E Statement:		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets	(6,425)	24,698
Actuarial gains / (losses) on changes in demographic assumptions	4,527	5,354
Actuarial gains / (losses) on changes in financial assumptions **	45,478	(121,007)
Other actuarial gains / (losses) on assets	(17,548)	
Experience gain/(loss) on defined benefit obligation	19,785	6,917
Total Post Employment Benefit Charged to the CI&E Statement	65,712	(66,560)

** The £121.007m 'Change in financial assumptions' figure can broadly be split into £34m due to the change in the equivalent discount rate from 2.35% p.a. last year to 2.00% p.a. this year, and £87m due to the change in the CPI (pension increases) assumption from 1.90% p.a. last year to 2.80% p.a. this year.

The main impact has been the CPI assumption as this has increased significantly since last year and this is due to the changes in market conditions underlying this assumption. In particular, long-term inflation dropped significantly in March 2020 due to the pandemic but has now recovered over the course of the year and so the market has higher expectations for future levels of inflation which is reflected in this year's CPI (pension increase assumption). In addition, the difference between RPI and CPI has reduced this year which means that the CPI assumption this year is higher than it would have been had we not updated the RPI/CPI differential. The reason for the update was to reflect the current expectations that the RPI calculation will be amended from 2030.

Movement in Reserves Statement	Local Government Pension Scheme £'000	
	2019/20	2020/21
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code.	(65,712)	66,560
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	10,073	10,940

Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme £'000	
	2019/20	2020/21
Present value of the defined benefit obligation	(477,724)	(593,015)
Fair value of scheme assets	235,134	257,246
Net Liability	(242,590)	(335,769)
Present value of unfunded obligation	(4,251)	(4,111)
Net Liability in the Balance Sheet	(246,841)	(339,880)

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of the present value of scheme liabilities:

	Local Government Pension Scheme £'000	
	2019/20	2020/21
Opening balance at 1 April	539,658	481,975
Current service cost	10,795	12,314
Interest cost	12,794	10,168
Contributions by scheme participants	1,900	1,917
Re-measurement (gains) and losses:		
Arising from changes in demographic assumptions	(4,527)	(5,354)
Arising from changes in financial assumptions	(45,478)	121,007
Experience gain/(loss) on defined benefit obligation	(19,785)	(6,917)
Past service costs including curtailment (losses)/gains	2,291	39
Benefits paid	(15,123)	(16,565)
Liabilities removed on settlement		(927)
Unfunded payments	(550)	(531)
Closing balance at 31 March	481,975	597,126

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

	Local Government Pension Scheme £'000	
	2019/20	2020/21
Opening fair value of scheme assets	257,273	232,672
Interest on assets	6,137	4,444
Return on assets less interest	(9,888)	24,698
Other Actuarial gains / (losses)	(17,548)	
Administrative expenses	(152)	(139)
Employer contributions	10,623	10,940
Contributions by scheme participants	1,900	1,917
Benefits paid	(15,673)	(17,096)
Settlement prices received / (paid)	0	(189)
Closing balance at 31 March	232,672	257,247

The actual return on scheme assets in the year was £24.698m, 2019/20 £3.751m CR,

Fair value of scheme assets comprised:

	Local Government Pension Scheme £'000	
	2019/20	2020/21
Gilts	-	-
Cash	27,476	11,730
Other Bonds	23,107	41,996
Equities	132,469	154,132
Property	31,867	31,839
Target Return	9,800	10,569
Commodities	1,968	-
Infrastructure	19,497	21,015
Alternative Assets	-	-
Longevity Insurance	(10,050)	(14,035)
Closing balance at 31 March	236,134	257,246

NOTES TO THE FINANCIAL STATEMENTS

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates , salary levels, etc. The Local Government Pension Scheme has been estimated by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, estimates for the Council being based on the latest triennial valuation of the scheme as at 31 March 2016, the results of which were published on the 31 March 2017.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme £'000	
	2019/20	2020/21
Mortality assumptions:		
Longevity at 65 for current pensioners (Years):		
Men	21.5	21.2
Women	24.1	23.9
Longevity at 65 for future pensioners (Years):		
Men	22.9	22.5
Women	25.5	25.4
Rate of inflation	1.90%	2.80%
Rate of increase in salaries	2.90%	3.80%
Rate of increase in pensions	1.90%	2.80%
Rate for discounting scheme liabilities	2.35%	2.00%

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

	Local Government Pension Scheme £'000	
	Increase in assumption	Decrease in assumption
Longevity (increase or decrease in 1 year)	27,647	(26,356)
Rate of increase in salaries (increase or decrease by 0.1%)	584	(578)
Rate of increase in pensions (increase or decrease by 0.1%)	10,773	(10,574)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(11,228)	11,459

Amounts are relative to the present value of scheme liabilities £590.250m

48 Contingent Liabilities

At 31 March 2020, and 31 March 2021 the Authority had no material contingent liabilities.

49 Contingent Assets

At 31 March 2020, and 31 March 2021 the Authority had no material contingent assets.

NOTES TO THE FINANCIAL STATEMENTS

50 Nature and Extent of Risks Arising from Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy.

The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the Fitch Ratings Service. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The write-off policy requires assets greater than £50,000, that are to be written-off, are to be approved at a full Council meeting. This was not required in 2020/21.

Liquidity Risk

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

	2019/20	2020/21
	£'000	£'000
Less than one year	134,000	135,635
Between one and two years	785	8,000
Between two and five years	-	-
More than five years	56,264	48,264
Total Financial Liabilities	191,049	191,899

Interest Rate Risk

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

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

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

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

Price Risk

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

Foreign Exchange Risk

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

NOTES TO THE FINANCIAL STATEMENTS

51 Trusts and Other Entities

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

	2019/20	Receipts in year	Payments in year	2020/21
	£'000	£'000	£'000	£'000
Local Enterprise Partnership (LEP)	33,522	40,580	53,726	20,376
Flexible Home Improvements Ltd (FHIL)	32	169	180	21
Kidwells Park Trust	388	65	8	445
RBWM Flood Relief Fund	190	-	-	190
Mayor's Benevolent Fund	25	1	-	26
Working Boys Club	561	103	16	648
Thames Valley Athletic Centre	81	37	-	118
Other Trust Funds	1	-	-	1
RBWM Commercial Services Ltd	31	-	-	31
RBWM Property Company Ltd	490	-	-	490
Trusts & Other Entities Total	35,321	40,955	53,930	22,346

Local Enterprise Partnership (LEP)

The LEP was incorporated in December 2011 and pulls together key players across Thames Valley and Berkshire representing education, employment and skills, SME and corporate enterprises, local authorities and the community sector.

Flexible Home Improvements Ltd (FHIL)

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

Kidwells Park Trust

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

Royal Borough of Windsor and Maidenhead Flood Relief Fund

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

Mayor's Benevolent Fund

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

Working Boys Club

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

Thames Valley Athletics Centre

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

Other Trust Funds

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

RBWM Commercial Services Ltd

Covanta RBWM Ltd, provided waste treatment and disposal services, was acquired by RBWM in February 2014 as a result of it's American parent company Covanta Energy Corporation withdrawing from the UK waste market. As part of the acquisition the name of the company was changed. One of the contracts has been relet with RBWM, the other has now reverted back to RBWM. The company is no longer trading, and after agreement with the directors of RBWM, is in the process of being struck off the Companies House register.

RBWM Property Company Ltd

The company has been created as a dedicated and wholly owned arms length property management and development trading subsidiary of the Council. It's aim is to create a property portfolio primarily available to rent within the affordable and private rental market. Further details can be seen at [Trading Companies](#) and also the annual accounts can be accessed at the Companies House website.

The company has not been consolidated in financial year 20/21 on the grounds of materiality.

NOTES TO THE FINANCIAL STATEMENTS

52 Full Cost of Services

At the beginning of 2020/21 the Authority had a major restructure of its directorates. As a result a year-on-year comparison is not possible. The full cost of services is therefore displayed below in service order.

In 2020/21 a total of £42.48m of Covid-19 grant income, mainly received from MHCLG in respect of business rates, was passported to third parties. As a result, this amount has been deducted from gross expenditure and income in the appropriate service areas.

2019/20			FULL COST OF SERVICES	2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
953	(149)	803	Management & Legal	883	(148)	734
3,630	(1,504)	2,125	Governance	2,413	(628)	1,786
1,505	(723)	782	Law & Governance	852	(39)	814
284	(336)	(52)	Director of Children's Services	407	(314)	92
26,363	-	26,363	Achieving for Children Contract	27,874	(144)	27,729
86,817	(22,158)	64,659	Children's Services - Retained	86,033	(19,763)	66,270
-	(64,158)	(64,158)	Dedicated Schools Grant - Income	-	(66,560)	(66,560)
4,198	(2,023)	2,175	ASC Director, Support Teams & Provider support	8,426	(6,793)	1,633
15,165	(2,107)	13,059	Highways and other Commissioned Infrastructure	15,535	(2,460)	13,075
12,101	(838)	11,263	Waste	11,997	(1,135)	10,862
5,076	(9,025)	(3,949)	Parking Services	3,781	(8,682)	(4,901)
52,724	(18,581)	34,143	Adult Social Care	53,646	(19,694)	33,952
16,673	-	16,673	Better Care Fund - Spend	14,978	-	14,978
2,153	-	2,153	Public Health - Spend	5,287	-	5,287
-	(17,535)	(17,535)	Grant & BCF Income	-	(18,969)	(18,969)
173	-	173	Executive Director of Resources	250	(16)	234
7,632	(2,569)	5,063	Rev & Benefits, Library & Residents Services	6,841	(2,204)	4,637
27,314	(26,961)	353	Housing Benefit	25,751	(25,812)	(61)
5,266	(1,855)	3,411	Human Resources, Corporate Projects & IT	5,492	(1,829)	3,663
1,382	(3,414)	(2,032)	Corporate Management	7,855	(7,697)	158
4,670	(2,700)	1,970	Finance	4,709	(2,817)	1,891
361	(57)	304	Executive Director of Place	238	-	238
6,562	(3,538)	3,024	Housing & Environmental Health	9,328	(4,553)	4,775
3,955	(1,666)	2,289	Planning Service	3,674	(1,345)	2,328
4,738	(3,054)	1,684	Communities including Leisure	5,325	(3,718)	1,608
4,077	(1,557)	2,520	Infrastructure, Sustainability & Transport	3,882	(1,493)	2,389
5,219	(7,747)	(2,528)	Property Service	3,829	(6,144)	(2,315)
-	-	-	Contingency and Corporate Budgets	550	-	550
298,991	(194,256)	104,735	TOTAL FULL COST OF SERVICES	309,836	(202,959)	106,877

53 The group has two associates that are material, both of which are equity accounted.

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

The following is summarised financial information for Optalis and AfC, for the financial year ended 31 March 2021, based on their respective consolidated financial statements.

	Optalis Ltd £'000	AfC £'000	To Group CI&E & MiRS £'000
Revenue	45,163	173,082	
Profit/(loss) from continuing operations	(3)	(5,017)	(1,005)
Post-tax profit from discontinued operations	-	-	-
Other comprehensive income/(expenditure)	3	(35,193)	(7,037)
Total comprehensive income/(expenditure)	-	(40,210)	
Attributable to non-controlling interest	-	(8,042)	(8,042)
Attributable to investee's shareholders	-	(32,168)	
Current assets	6,047	46,152	
Non-current assets	35	14,191	
Current liabilities	(5,755)	(51,435)	
Non-current liabilities	-	(101,960)	
Net assets/(liabilities)	327	(93,052)	
Attributable to non-controlling interest	147	(18,610)	
Attributable to investee's shareholders	180	(74,442)	
Group's interest in net assets/(liabilities) of investee at beginning of year/date of acquisition	51	(560)	
Total comprehensive income/(expenditure) attributable the group	-	(7,039)	
Dividends received during the year	-	-	
Group's interest in net assets/(liabilities) of investee at end of year	51	(7,599)	To Balance Sheet £'000
Carrying amount of interest in investee at year end	51	(7,599)	(7,548)

The deficit in the AfC accounts represents the shortfall in money set aside to pay for pension rights earned to date. This money will not be paid out until the current members retire and does not represent an immediate cashflow issue.

The fund is subject to a triennial valuation and employer contribution rates will be adjusted to ensure that the fund is adequately resourced to pay out retirement benefits, when they are due. The combination of these two factors means that AfC's equity is likely to remain in a negative position for the foreseeable future but does not mean that the company is not a going concern.

The liability of £7.6m in the Council's accounts represents the Council's share of AfC's pension deficit. This is unlikely to be realised for the above reasons.

NOTES TO THE ACCOUNTS

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

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

Year-on-Year Comparison Optalis Ltd

	2019/20 £'000	2020/21 £'000
Revenue	46,826	45,613
Profit/(loss) from continuing operations	(36)	(3)
Post-tax profit from discontinued operations	-	-
Other comprehensive income/(expenditure)	36	3
Total comprehensive income/(expenditure)	-	-
Attributable to non-controlling interest	-	-
Attributable to investee's shareholders	-	-
Current assets	5,385	6,047
Non-current assets	40	35
Current liabilities	(5,097)	(5,755)
Non-current liabilities	-	-
Net assets/(liabilities)	328	327
Attributable to non-controlling interest	148	147
Attributable to investee's shareholders	180	180
Group's interest in net assets/(liabilities) of investee at beginning of year/date of acquisition	51	51
Total comprehensive income/(expenditure) attributable to the group	-	-
Dividends received during the year	-	-
Group's interest in net assets/(liabilities) of investee at end of year	51	51
Carrying amount of interest in investee at year-end	51	51

Year-on-Year Comparison Achieving for Children

	2019/20 £'000	2020/21 £'000
Revenue	161,660	173,082
Profit/(loss) from continuing operations	(10,151)	(5,017)
Post-tax profit from discontinued operations	-	-
Other comprehensive income/(expenditure)	12,250	(35,193)
Total comprehensive income/(expenditure)	2,099	(40,210)
Attributable to non-controlling interest	420	(8,042)
Attributable to investee's shareholders	1,679	(32,168)
Current assets	43,381	46,152
Non-current assets	14,670	14,191
Current liabilities	(48,347)	(51,435)
Non-current liabilities	(62,545)	(101,960)
Net assets/(liabilities)	(52,841)	(93,052)
Attributable to non-controlling interest	(10,568)	(18,610)
Attributable to investee's shareholders	(42,273)	(74,442)
Group's interest in net assets/(liabilities) of investee at beginning of year/date of acquisition	(3,010)	(560)
Total comprehensive income/(expenditure) attributable to the group	2,450	(7,039)
Dividends received during the year	-	-
Group's interest in net assets/(liabilities) of investee at end of year	(560)	(7,599)
Carrying amount of interest in investee at year end	(560)	(7,599)

NOTES TO THE STATEMENT OF ACCOUNT

Accounting Policies

i. General Principles

The Financial Statements summarise the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Authority is required to prepare an annual Financial Statements by the Accounts and Audit Regulations 2016 which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Financial Statements is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

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

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

NOTES TO THE STATEMENT OF ACCOUNT

iv. Exceptional Items

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

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

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

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

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

vi. Charges to Revenue for Non-Current Assets

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

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

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

vii. Employee Benefits

Benefits Payable During Employment

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

NOTES TO THE STATEMENT OF ACCOUNT

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the non-distributed costs line in the CI&E when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post-Employment Benefits

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

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

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the balance sheet.

The Local Government Pension Scheme

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

- The liabilities of the Berkshire pension fund attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate set by the Actuary.

NOTES TO THE STATEMENT OF ACCOUNT

- The assets of the Berkshire pension fund attributable to the Authority are included in the balance sheet at their fair value:
 - quoted securities, current bid price
 - unquoted securities, professional estimate
 - unitised securities, current bid price
 - Property, market value
- The change in the net pension's liability is analysed into seven components:
 - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the CI&E to the services for which the employees worked.
 - past service cost, the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CI&E as part of non-distributed costs.
 - interest cost on liabilities, the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the financing and investment income and expenditure line in the CI&E.
 - interest on assets, the annual investment return on the fund assets attributable to the Authority, calculated with reference to the discount rate – credited to the financing and investment income and expenditure line in the CI&E - gains or losses on settlements and curtailments, the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of services in the CI&E as part of non-distributed costs.
 - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
 - contributions paid to the Berkshire pension fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

NOTES TO THE STATEMENT OF ACCOUNT

viii. Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue.

Two types of events can be identified:

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

ix. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the CI&E for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

NOTES TO THE STATEMENT OF ACCOUNT

The authority's business model is to hold investments to collect contractual cash flows.

Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets measured at fair value through amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

In 2020/21 the authority does not have any assets in this category.

Financial Assets Measured at Fair Value through Other Comprehensive Income

The Council has the option to designate investments in equity instruments to Fair Value through Other Comprehensive Income.

NOTES TO THE STATEMENT OF ACCOUNT

This will be appropriate where the investment is made to meet service objectives of the Council and where the primary purpose is not to generate a financial return. In 2020/21 such investments are those in Achieving for Children and Optalis.

There is no quoted market price for shares in these companies and gains or losses are based on equity share of profits / losses in the group accounts. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Other Comprehensive Income line in the Comprehensive Income and Expenditure Statement.

x. Foreign Currency Translation

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

xi. Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the CI&E until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations made by the donor as to how grants should be spent and the consequences for the Authority if it fails to meet the conditions. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income (non-ring-fenced revenue grants and all capital grants) in the CI&E. Where capital grants are credited to the CI&E, they are reversed out of the GF balance in the movement in reserves statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account (CAA) Amounts in the capital grants unapplied reserve are transferred to the CAA once they have been applied to fund capital expenditure.

xii. Heritage Assets

Tangible and intangible assets described in this summary of significant accounting policies as heritage assets. The Authority's heritage assets are held in The Windsor & Royal Borough Museum which is a registered small local history museum situated at the Guildhall in Windsor. The collection relates to the history of Windsor, and the other towns and villages across the borough in east Berkshire. The collection comprises approximately 11,000 objects including pre-historic tools, finds and bronze age, Roman and Saxon artefacts, maps, textiles, books, paintings, prints and photographs, together with objects and ephemera from before Victorian times up to World War II, the 1950s and the present day.

NOTES TO THE STATEMENT OF ACCOUNT

The value of the collection is not reported in the balance sheet as the Authority takes the view that the work involved in valuing the collection is disproportionate to the benefit that users would obtain from the additional disclosure. The Code of Practice for Local Government Accounting allows for this approach.

xiii. Intangible Assets

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CI&E.

An asset is tested for impairment whenever there is an indication that the asset might be impaired, any losses recognised are posted to the relevant service line(s) in the CI&E. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CI&E. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the GF balance. The gains and losses are therefore reversed out of the GF balance in the movement in reserves statement and posted to the CAA and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve (CRR).

xiv. Inventories and Long-Term Contracts

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

xv. Investment Property

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

NOTES TO THE STATEMENT OF ACCOUNT

The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the GF balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the GF balance. The gains and losses are therefore reversed out of the GF balance in the movement in reserves statement and posted to the CAA and (for any sale proceeds greater than £10,000) the CRR.

xvi. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity.

The Authority recognises on its balance sheet the assets that it controls and the liabilities that it incurs and debits and credits the CI&E with the expenditure it incurs and the share of income it earns from the activity of the operation.

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

xvii. Leases

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

All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

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

NOTES TO THE STATEMENT OF ACCOUNT

Lease payments are apportioned between:

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

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

Operating Leases

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

xviii Overheads and Support Services

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

xviii. Property, Plant and Equipment

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

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

NOTES TO THE STATEMENT OF ACCOUNT

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

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

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

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

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CI&E where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for by:

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

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

NOTES TO THE STATEMENT OF ACCOUNT

Where impairment losses are identified, they are accounted for by:

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the CAA.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the CI&E.

Gains in fair value are recognised only up to the amount of any previously loss recognised in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

NOTES TO THE STATEMENT OF ACCOUNT

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CI&E as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CI&E also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the CAA.

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

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

NOTES TO THE STATEMENT OF ACCOUNT

Contingent Liabilities

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

Contingent Assets

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

xx. Reserves

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

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

xxi. Revenue Expenditure Funded from Capital under Statute

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

xxii. Fair Value

The Authority measures some of its non-financial assets, such as surplus assets and investment properties, and some of its financial instruments, such as equity share holdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTES TO THE STATEMENT OF ACCOUNT

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Authority measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest). When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Authority uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns.

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

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

xxiii. VAT

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

xxiv. Interests in Companies and Other Entities

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

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

The performance of both companies, representing the Authority's ownership share are consolidated into the group accounts of the Authority. From the Council's perspective both Optalis Ltd and AfC are classified as associates and are consolidated into the group accounts using the equity method. The Council records the name, business, shareholding, net assets and results of operations and other financial transactions of any related companies.

xxv. Capitalisation of Borrowing Costs

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

NOTES TO THE STATEMENT OF ACCOUNT

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

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

DRAFT

Supplementary Accounting Statements 2020/21

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Royal Borough
of Windsor &
Maidenhead

COLLECTION FUND

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

2019/20 £'000	COUNCIL TAX	2020/21 £'000
	INCOME	
91,685	Council Tax receivable	96,095
91,685	Total Income	96,095
	EXPENDITURE	
	Apportionment of Previous Year Deficit	
(454)	Royal Borough of Windsor and Maidenhead	(113)
(28)	Berkshire Fire and Rescue Authority	(7)
(79)	Thames Valley Police & Crime Commissioner	(22)
(561)		(142)
	Precepts and Demands	
73,360	Royal Borough of Windsor and Maidenhead	76,802
4,530	Berkshire Fire and Rescue Authority	4,644
14,100	Thames Valley Police & Crime Commissioner	14,856
91,990		96,302
	Charges to Collection Fund	
56	Less write offs of uncollectable amounts	237
106	Less: Increase/(Decrease) in Bad Debt Provision	121
-	Less: Disregarded amounts	-
162	Total Expenditure	358
94	Surplus/(Deficit) arising during the year	(423)
(175)	Surplus (Deficit) Brought Forward	(81)
(81)	Surplus/(Deficit) Carried Forward	(504)
	BUSINESS RATES	
	INCOME	
87,081	Business Rates receivable	47,381
(519)	Transitional Protection Payments	(549)
86,562	Total Income	46,832
	EXPENDITURE	
	Apportionment of Previous Year Deficit	
(2,869)	Central Government	(398)
512	Royal Borough of Windsor and Maidenhead	(2,421)
(24)	Berkshire Fire and Rescue Authority	(28)
(2,381)		(2,847)
	Precepts and Demands	
23,456	Central Government	45,039
69,431	Royal Borough of Windsor and Maidenhead	44,139
938	Berkshire Fire and Rescue Authority	901
93,825		90,079
	Charges to Collection Fund	
1,602	Less write offs of uncollectable amounts	484
(105)	Less: Increase/(Decrease) in Bad Debt Provision	622
(1,050)	Less: Increase/(Decrease) in Provision for Appeals	-
242	Less: Cost of Collection	237
13	Less: Disregarded amounts	17
702	Total Expenditure	1,360
(5,584)	Surplus/(Deficit) arising during the year	(41,760)
	Surplus (Deficit) Brought Forward	
(4,124)	Surplus (Deficit) Brought Forward 2019-20	(9,708)
(4,124)	Surplus (Deficit) Brought Forward	(9,708)
(9,708)	Surplus/(Deficit) Carried Forward	(51,468)

NOTES TO THE COLLECTION FUND

53 Council Tax Income

Council Tax is a charge levied on the notional value of properties as at 1st April 1991.

The VOA (Valuation Office Agency) allocates one of eight Council Tax bands (A-H) to each property within the Borough according to its value. Band A is the lowest band and Band H is the highest. The Council sets a benchmark charge for a Band D property and, for tax base purposes, all properties in the other bands are expressed in terms of a Band D equivalent. For example a Band A property is 6/9ths of a Band D, while a Band H property is 18/9ths. Council Tax support is awarded to residents on low incomes and a 25% single person's discount is given where a property has only one occupant. There are various other discounts, reliefs and exemptions that are available depending on individual circumstances to reduce the payable amount. For 2020/21 the sum of £34.31 per Band D property is included to cover Special Expenses of the unparished areas of the Borough. These are the costs associated with providing parish-type services in the non-parished areas of the Borough. A precept in accordance with revised regulations was also included to cover additional Adult Social Care costs and resulted in an additional charge of £95.46 at band D for 2020/21.

Band	Property Value	Number of Properties			Appeals / Non - Collection Provision	TAX BASE
		Base	Ratio	Band D Equivalent		
A	Up to £40,000	1,514.92	6/9	1,009.84	-0.38	1,009.46
B	£40,001 to £52,000	2,459.80	7/9	1,790.69	91.79	1,882.48
C	£52,001 to £68,000	7,567.92	8/9	6,631.04	309.34	6,940.38
D	£68,001 to £88,000	14,049.58	9/9	14,069.08	-20.44	14,048.64
E	£88,001 to £120,000	12,183.84	11/9	14,948.80	-57.72	14,891.08
F	£120,001 to £160,000	7,670.80	13/9	11,292.39	-38.01	11,254.38
G	£160,001 to £320,000	9,087.17	15/9	15,224.45	-42.36	15,182.09
H	more than £320,000	1,783.12	18/9	3,618.24	-10.15	3,608.09
Total		56,317.15		68,584.53	232.07	68,816.60

The average Band D charge for 2020/21 was £1408.90. Therefore, based on the adjusted tax base of 68,817 the estimated yield was £96.957m. This can be reconciled to the income received as follows:-

	2019/20 £'000	2020/21 £'000
Estimated Yield	92,428	96,957
Transitional Relief	-	-
Other Changes in Yield	-	-
Council Tax Income	92,428	96,957

The council tax debt position is reviewed regularly and a provision of £1.553m to cover potentially bad or doubtful debts has been made. RBWM's share of this provision is £1.23m.

54 Business Rates Income

Business rates, also known as national non-domestic rates (NNDR), help fund local services provided by councils, the police and fire and rescue services. Business rates are calculated by multiplying a property's rateable value (a valuation carried out by the VOA representing the annual rental value of the premises on a particular date) with a multiplier (a rate in the pound set by Central Government) 51.2p in 2021/22 (50.4p in 2019/20). The total rateable value of business premises in the Borough's area at 31st March 2021 was £211.4m producing a notional yield of £105.4m. The business rate debt position is reviewed regularly and a provision of £1.555m to cover potentially bad or doubtful debts has been made. RBWM's share of the provision is £0.762m.

	2019/20 £'000	2020/21 £'000
Notional Yield	104,153	102,118
Allowances	(10,730)	(48,473)
Rateable Value Changes	2,136	2,061
Occupation Changes	(8,477)	(8,325)
Collectable Income	87,082	47,381

NOTES TO THE COLLECTION FUND

55 Precepts and Demands on the Funds

The following authorities made demands on the Council Tax Collection Fund in 2020/21:-

	2020/21	
	£'000	£'000
Council Tax		
Royal Borough of Windsor and Maidenhead		
General Expenses	67,451	
Adult Social Care Precept	6,557	
Special Expenses *	1,217	
Parishes	1,577	
		76,802
Thames Valley Police & Crime Commissioner		14,856
Berkshire Fire and Rescue Authority		4,644
Total Precepts and Demands		96,302

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

The following authorities made demands on the Business Rates Collection Fund in 2020/21:-

	2020/21	
	£'000	£'000
Business Rates		
Royal Borough of Windsor and Maidenhead	44,139	
		44,139
Central Government		45,039
Berkshire Fire and Rescue Authority		901
Total Precepts and Demands		90,079

PENSION FUND ACCOUNTS

The Royal County of Berkshire Pension Fund - Fund Account

2019/20			2020/21
£'000		Notes	£'000
	Dealings with members, employers and others directly involved in the Fund		
(127,113)	Contributions	7	(138,197)
(14,448)	Transfers in from other pension funds	8	(6,959)
(141,561)			(145,156)
113,361	Benefits	9	114,281
20,532	Payments to and on account of leavers	10	16,109
133,893			130,390
(7,668)	Net additions from dealings with members		(14,766)
24,765	Management expenses	11	13,466
17,097	Net (additions)/withdrawals including fund management expenses		(1,300)
	Returns on investments		
(40,415)	Investment income	12	(28,977)
(47)	Taxes on income	13	(284)
100,361	Profits and losses on disposal of investments and changes in the market value of investments	14	(325,902)
59,899	Net return on investments		(355,163)
76,996	Net (increase)/decrease in the net assets available for benefits during the year		(356,463)
2,081,943	Opening net assets of the scheme		2,004,947
2,004,947	Closing net assets of the scheme		2,361,410

PENSION FUND ACCOUNTS

The Royal County of Berkshire Pension Fund - Net Assets Statement

2019/20			2020/21
£'000		Notes	£'000
2,149,373	Investment assets	14	2,470,773
(154,074)	Investment liabilities	14	(124,940)
1,995,299	Total net investments		2,345,833
12,258	Current assets	21	18,272
12,258			18,272
(2,610)	Current liabilities	22	(2,695)
(2,610)			(2,695)
2,004,947	Net assets of the fund available to fund benefits at the end of the reporting period		2,361,410

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

NOTES TO THE PENSION FUND ACCOUNTS

Notes to the Royal County of Berkshire Pension Fund Accounts for the year ended 31 March 2021

1 Description of Fund

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

a) General

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

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

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

The fund is overseen by the Pension Fund Committee.

b) Membership

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

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

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the fund.
- Admitted bodies, which are other organisations that participate in the fund under an admission agreement between the fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

The Royal County of Berkshire Pension Fund	31 March 2020	31 March 2021
Number of employers with active members	205	189
Number of employees in scheme		
Administering authority	1,584	1,502
Unitary authorities	14,840	14,772
Other employers	9,271	9,613
Total	25,695	25,887
Number of pensioners		
Administering authority	1,991	2,082
Unitary authorities	10,201	12,074
Other employers	6,593	5,564
Total	18,785	19,720
Deferred pensioners		
Administering authority	3,559	3,516
Unitary authorities	17,076	16,885
Other employers	6,875	7,174
Total	27,510	27,575
Total number of members in pension scheme	71,990	73,182

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2021. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. During 2020/21, employer contribution rates ranged from 10.1% to 36.0% of pensionable pay.

d) Benefits

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

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

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

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

2 Basis of preparation

The Statement of Accounts summarises the fund's transactions for the 2020/21 financial year and its position at year-end as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 200/21 ('the code') which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2020/21.

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

3 Summary of significant accounting policies

Fund account - revenue recognition

a) Contribution income

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

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

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

b) Transfers to and from other schemes

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

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

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

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

c) Investment income

i) Interest income

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

ii) Dividend income

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

iii) Distributions from pooled funds

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

iv) Movement in the net market value of investments

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

Fund Account - expense items

d) Benefits payable

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

e) Taxation

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

3 Summary of significant accounting policies (continued)

Fund Account - expense items - continued

f) Management expenses

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

Administrative expenses

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

Oversight and governance costs

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

Investment management expenses

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

Net Assets Statement

g) Financial assets

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

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

h) Foreign currency transactions

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

i) Derivatives

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

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

j) Cash and cash equivalents

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

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

k) Financial liabilities

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

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

l) Actuarial present value of promised retirement benefits

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

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

NOTES TO THE PENSION FUND ACCOUNTS

3 Summary of significant accounting policies (continued)

m) Additional voluntary contributions

The Royal County of Berkshire Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund.

AVCs are not included in the accounts in accordance with section 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 23).

n) Contingent assets and contingent liabilities

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

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

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

4 Critical judgements in applying accounting policies

In applying the Fund's accounting policies, which are described in note 3, the Fund is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no critical judgements made, apart from those involving estimations (which are presented separately below).

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

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

The items in the financial statements and notes at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied. Further information on the carrying amounts of the Fund's defined benefit obligation and the setting of the assumptions are provided in notes 19 and 20.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £xx.x million. A 0.1% increase in pension increases and deferred revaluation assumption would increase the value of liabilities by approximately £xx.x million, and a one-year increase in assumed life expectancy would increase the liability by approximately £xxx.x million.
Longevity insurance policy	The longevity insurance policy is valued by a firm of consulting actuaries. This valuation is the difference between the discounted cash flows relating to the amounts expected to be reimbursed to the fund and the inflation linked premiums expected to be paid by the fund. The carrying amount as at 31 March 2021 is (£xxx.xm). This valuation depends on a number of complex judgements including the discount and mortality rates.	Changes in the discount rate and mortality rate assumptions would result in a material change to the carrying value in a similar way to the value of the pension fund liability disclosed above.
Private equity investments	Private equity investments are valued at fair value in accordance with the International Private Equity and Venture Capital Board guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The valuations of private equity investments are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Changes to the inputs could result in a material change to the carrying value. Further information on the carrying amounts of the private equity and the estimated sensitivity are shown in note 16.

Covid-19 impact

The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding global financial and property markets. As such, the Pension Fund's pooled property allocations as at 31 March 2021 is difficult to value according to preferred accounting policy. The valuation for these assets may be inaccurate to the true 31 March position.

NOTES TO THE PENSION FUND ACCOUNTS

6 Events after the reporting date

Impact of the McCloud judgement

The McCloud court case relates to possible age discrimination within the New Judicial Pension Scheme. At this point in time, it is unclear as to how this judgement, or any future judgement, may affect LGPS members' past or future service benefits, and the actuary is awaiting guidance from the governing bodies of the LGPS. The actuary has therefore estimated the impact using analysis from the Government Actuary's Department as a starting point. The estimated impact would be an increase of x.x% of liabilities on total liabilities at 31 March 2020 (which equates to £29.3m).

7 Contributions receivable

By category

2019/20 £'000		2020/21 £'000
28,635	Members' contributions	30,337
	Employers' contributions	
69,417	Normal contributions	78,641
27,506	Deficit recovery contributions	27,588
1,555	Augmentation contributions	1,630
98,478	Total employer's contributions	107,860
127,113		138,197

By type of employer

2019/20 £'000		2020/21 £'000
11,709	Administering authority	12,165
101,630	Scheduled bodies	113,189
6,248	Admitted bodies	5,377
7,525	Transferee admission body	7,466
127,112		138,197

8 Transfers in from other pension funds

2019/20 £'000		2020/21 £'000
14,133	Individual transfers from other pension funds	6,556
315	AVC to purchase scheme benefits	403
14,448		6,959

9 Benefits payable

By category

2019/20 £'000		2020/21 £'000
90,704	Pensions	94,983
19,557	Commutation and lump sum retirement benefits	16,893
3,100	Lump sum death benefits	2,405
113,361		114,281

By type of employer

2019/20 £'000		2020/21 £'000
12,722	Administering authority	12,169
89,402	Scheduled bodies	91,553
8,295	Admitted bodies	7,799
2,942	Transferee admission body	2,760
113,361		114,281

10 Payments to and on account of leavers

2019/20 £'000		2020/21 £'000
639	Refunds to members leaving service	503
9,000	Group transfers to other pension funds	6,043
10,893	Individual transfers to other pension funds	9,563
20,532		16,109

NOTES TO THE PENSION FUND ACCOUNTS

11 Management expenses

2019/20		2020/21
£'000		£'000
1,754	Administrative costs	1,887
22,954	Investment management expenses	11,527
57	Oversight and governance costs	52
24,765		13,466

a) Investment management expenses

2019/20		2020/21
£'000		£'000
22,756	Management Fees	11,264
198	Custody Fees	263
22,954		11,527

12 Investment income

2019/20		2020/21
£'000		£'000
12,206	Income from equities	11,113
4,054	Income from bonds	3,004
11,712	Private equity income	8,196
10,272	Pooled property investments	6,423
435	Pooled investments - unit trusts & other managed funds	125
1,736	Interest on cash deposits	116
40,415	Total before taxes	28,977

13 Other fund account disclosures

a) Taxes on income

2019/20		2020/21
£'000		£'000
(280)	Withholding tax - equities	(394)
233	Withholding tax - pooled property investments	110
0	Withholding tax - pooled investments	0
(48)		(284)

b) External audit costs

2019/20		2020/21
£'000		£'000
55	Payable in respect of external audit	11
55		11

14 Investments

Market value 31 March 2020		Market value 31 March 2021
£'000		£'000
	Investment assets	
2,339	Bonds	0
25,217	Equities	42,519
995,687	Pooled investments	1,512,461
189,099	Pooled liquidity funds	84,048
292,107	Pooled property investments	290,494
605,868	Private equity	522,655
	Derivative contracts:	
1,281	- Forward currency contracts	475
35,724	Cash deposits	17,149
2,051	Investment income due	972
2,149,373	Total investment assets	2,470,773
	Investment liabilities	
	Derivative contracts:	
(32,245)	- Forward currency contracts	(3,111)
(121,829)	- Longevity Insurance Policy	(121,829)
0	Amounts payable for purchases	(0)
(154,074)	Total investment liabilities	(124,940)
1,995,299	Net investment assets	2,345,833

NOTES TO THE PENSION FUND ACCOUNTS

a) Reconciliation of movements in investments and derivatives

	Market value 1 April 2020	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2021
	£'000	£'000	£'000	£'000	£'000
Bonds	2,339	0	(4,418)	2,079	0
Equities	25,217	4,376	0	12,926	42,519
Pooled investments	995,687	529,376	(350,709)	338,107	1,512,461
Pooled liquidity funds	189,099	491,419	(596,062)	(408)	84,048
Pooled property investments	292,107	200,242	(205,436)	3,581	290,494
Private equity	605,868	167,196	(270,957)	20,548	522,655
	2,110,317	1,392,608	(1,427,581)	376,833	2,452,177
Derivative contracts:					
- Forward currency contracts	(30,964)	43,514	(54,572)	39,386	(2,636)
- Longevity insurance policy	(121,829)	8,704	0	(8,704)	(121,829)
	1,957,524	1,444,827	(1,482,153)	407,515	2,327,712
Other investment balances:					
- Cash deposits	35,724			(81,613)	17,149
- Investment income due	2,051				972
Amounts payable for purchases	0				(0)
Net investment assets	1,995,299			325,902	2,345,832

14 Investments (continued)

Note on property funds

Due to the unprecedented market conditions as a result of COVID-19, valuation of the property funds (included in the financial statements at £290 million) is subject to significant uncertainty at the year end date. Consequently, a higher degree of caution should be attached to the valuation of those assets than would normally be the case.

a) Reconciliation of movements in investments and derivatives - continued

	Market value 1 April 2019	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Bonds	2,226	0	0	113	2,339
Equities	23,588	1,245	0	384	25,217
Pooled investments	997,974	79,074	(19,886)	(61,474)	995,687
Pooled liquidity funds	137,972	309,180	(260,461)	2,408	189,099
Pooled property investments	294,011	0	0	(1,904)	292,107
Private equity	696,663	129,504	(241,482)	21,183	605,868
	2,152,433	519,003	(521,829)	(39,290)	2,110,317
Derivative contracts:					
- Forward currency contracts	(4,058)	149,235	(140,145)	(35,996)	(30,964)
- Longevity insurance policy	(103,800)	8,463	0	(26,492)	(121,829)
	2,044,575	676,701	(661,974)	(101,778)	1,957,524
Other investment balances:					
- Cash deposits	29,819			1,417	35,724
- Investment income due	2,393				2,051
Net investment assets	2,076,787			(100,361)	1,995,299

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

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

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

NOTES TO THE PENSION FUND ACCOUNTS

b) Analysis of investments

31 March 2020 £'000		31 March 2021 £'000
	Investment assets	
	Bonds	
	Overseas	
2,339	Corporate quoted	0
2,339		0
	Equities	
	UK	
25,217	Quoted	38,143
0	Unquoted	4,376
25,217		42,519
	Pooled investments - additional analysis	
	UK	
933,161	Unit Trusts	1,512,461
	Overseas	
62,526	Unit Trusts	0
995,687		1,512,461
	Other investment assets	
189,099	Pooled liquidity funds	84,048
292,107	Pooled property investments	290,494
605,868	Private Equity	522,655
1,281	Derivative contracts - Forward Currency Contracts	475
35,724	Cash deposits	17,149
2,051	Investment income due	972
1,126,130		915,793
2,149,373	Total investment assets	2,470,773
	Investment liabilities	
(32,245)	Derivative contracts - Forward Currency Contracts	(3,111)
(121,829)	Derivative contracts - Longevity insurance policy	(121,829)
0	Amount payable for purchases	(0)
(154,074)	Total investment liabilities	(124,940)
1,995,299	Net investment assets	2,345,833

NOTES TO THE PENSION FUND ACCOUNTS

14 Investments (continued)

c) Investments analysed by fund manager

Market value 31 March 2020			Market value 31 March 2021		
£'000	%		£'000	%	
2,117,128	106.1	LPP Investments	2,467,662	105.2	
(121,829)	-6.1	ReAssure	(121,829)	-5.2	
1,995,299	100.0		2,345,833		

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

The above organisations are registered in the United Kingdom.

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

Investment	Market value 31 March 2020		% of total fund	Market value 31 March 2021	
	£'000			£'000	% of total fund
Longevity Insurance Policy	(121,829)	6.1	(121,829)	5.2%	
Lasalle Global Real Estate	170,681	8.5	0	0.0%	
LPP Global Equities Fund	632,076	31.5	1,092,924	46.3%	
LPP Credit Investments LP			254,597	10.8%	
LPP Real Estates ACS			185,558	7.9%	
LPP Infrastructure Investments LP			101,972	4.3%	

15 a) Analysis of derivatives

Objectives and policies for holding derivatives

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

- Longevity Insurance Policy

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

- Forward foreign currency

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

Open forward currency contracts

Settlement	Currency bought	Local value '000	Currency sold	Local value '000	Asset value £000	Liability value £000
One to six months	GBP	348,774	USD	(484,868)	0	(2,578)
One to six months	JPY	2,840,232	GBP	(18,841)	0	(203)
One to six months	TRY	21,161	USD	(2,689)	0	(184)
One to six months	GBP	7,943	CAD	(13,966)	0	(109)
One to six months	CHF	9,707	GBP	(7,519)	0	(30)
One to six months	INR	262,099	USD	(3,551)	0	(7)
One to six months	SGD	4,823	USD	(3,585)	3	0
One to six months	GBP	8,536	NOK	(100,354)	17	0
One to six months	BRL	19,145	USD	(3,343)	24	0
One to six months	KRW	4,136,096	USD	(3,632)	26	0
One to six months	CLP	2,897,173	USD	(3,995)	29	0
One to six months	GBP	8,311	AUD	(14,962)	51	0
One to six months	MXN	82,868	USD	(3,906)	81	0
One to six months	GBP	44,732	EUR	(52,156)	244	0
Open forward currency contracts at 31 March 2021					475	(3,111)
Net forward currency contracts at 31 March 2021						(2,636)
Prior year comparative						
Open forward currency contracts at 31 March 2020					1,281	(32,245)
Net forward currency contracts at 31 March 2020						(30,964)

NOTES TO THE PENSION FUND ACCOUNTS

16 Fair value - Basis of valuation

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

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid values on published exchanges	Not required	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Pooled investments - unit trusts	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Unquoted bonds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date, changes to expected cashflows, and by any differences between audited and unaudited accounts
Pooled investments - property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date, changes to expected cashflows, and by any differences between audited and unaudited accounts
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and venture Capital Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension funds own reporting date, changes to expected cashflows, and by any differences between audited and unaudited accounts

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2021.

	Assessed valuation range (+/-)	Value at 31 March 2021 £'000	Value on increase £'000	Value on decrease £'000
Private equity	-7.2%	522,655	484,867	560,443
Property funds	24.1%	290,494	360,591	220,398
Total		813,149	845,458	780,841

NOTES TO THE PENSION FUND ACCOUNTS

16 Fair value - Basis of valuation (continued)

a) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

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

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

Values at 31 March 2021	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets at fair value through profit and loss	1,630,148	4,979	817,525	2,452,652
Financial liabilities at fair value through profit and loss	(3,111)	0	(121,829)	(124,940)
Cash deposits	17,149	0	0	17,149
Investment due	972	0	0	972
Amounts payable for purchases	(0)	0	0	(0)
Net investment assets	1,645,158	4,979	695,696	2,345,833

Values at 31 March 2020	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets at fair value through profit and loss	1,012,919	198,365	900,314	2,111,598
Financial liabilities at fair value through profit and loss	(32,245)	0	(121,829)	(154,074)
Cash deposits	35,724	0	0	35,724
Investment income due	2,051	0	0	2,051
Net investment assets*	1,018,449	198,365	778,485	1,995,299

*Restated to include Cash deposits and investment income due.

b) Reconciliation of fair value measurements within level 3

	Market value 31 March 2020	Purchases during the year	Sales during the year	Unrealised gains/ (losses)	Realised gains/ (losses)	Market value 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted bond	2,339	0	(4,418)	37,126	(35,046)	0
Unquoted and Private equity	605,868	171,571	(270,956)	(4,227)	24,775	527,031
Pooled property	292,107	200,242	(205,436)	(61,842)	65,423	290,494
	900,314	371,813	(480,810)	(28,943)	55,151	817,525

NOTES TO THE PENSION FUND ACCOUNTS

17 Financial instruments

a) Classification of financial instruments

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

Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
31 March 2020			31 March 2021		
£'000	£'000	£'000	£'000	£'000	£'000
Financial assets					
2,339			0		
25,217			42,519		
995,687			1,512,461		
189,099			84,048		
292,107			290,494		
605,868			522,655		
1,281			475		
35,724	6,233		17,149	7,493	
	2,051			972	
	6,025			10,780	
2,147,322	14,309	-	2,469,802	19,245	-
Financial liabilities					
(154,074)			(124,940)		
		(2,610)	(0)		
(154,074)	-	(2,610)	(124,941)	-	(2,695)
1,993,248	14,309	(2,610)	2,344,861	19,245	(2,695)

b) Net gains and losses on financial instruments

31 March 2020 £'000		31 March 2021 £'000
(39,290)	Financial Assets	
1,417	Fair value through profit and loss	376,833
(37,873)	Assets at amortised cost	(81,613)
(62,487)	Financial Liabilities	295,220
(62,487)	Fair value through profit and loss	30,682
(100,361)	Total	325,902

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

18 Nature and extent of risks arising from financial instruments

Risk and risk management

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

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

a) Market risk

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

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

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

The fund manages these risks in two ways:

- the exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels;
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

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

NOTES TO THE PENSION FUND ACCOUNTS

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

Risk and risk management (continued)

Other price risk

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

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

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

Other price risk - sensitivity analysis

Following analysis of historical data and expected investment return during the financial year the council has determined that the following movements in market price risk are reasonably possible for the 2021/22 reporting period:

Asset type	Potential market movements (+/-)
Bonds	10.1%
Equities - listed	20.5%
Equities - unlisted	32.2%
Private Equity	32.2%
Private Equity - Credit	10.1%
Private Equity - Infrastructure	17.7%
Pooled investments - Equity	20.5%
Pooled investments - Bonds	8.6%
Pooled investments - Credit	10.1%
Pooled investments - Diversifying strategies	10.3%
Pooled Property Funds	18.1%

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

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

Asset type	Value as at 31 March 2021	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Investment portfolio assets:				
Bonds	0	0	0	0
Equities - listed	-	-	-	-
Equities - unlisted	42,519	13,687	56,206	28,832
Pooled investments - Equity	1,093,019	223,850	1,316,869	869,169
Pooled investments - Bonds	68,410	5,897	74,307	62,513
Pooled investments - Credit	258,368	25,992	284,360	232,376
Pooled investments - Div. strategies	92,663	9,554	102,217	83,109
Pooled liquidity funds	84,048	-	84,048	84,048
Pooled Property Funds	290,494	52,638	343,132	237,856
Private Equity	270,749	87,154	357,903	183,595
Private Equity - Credit	60,165	6,053	66,218	54,112
Private Equity - Infrastructure	191,741	33,938	225,679	157,803
Net derivative liabilities	(124,465)	-	(124,465)	(124,465)
Cash deposits	17,149	-	17,149	17,149
Investment income due	972	-	972	972
Current assets:				
Debtors	10,780	-	10,780	10,780
Cash balances	7,493	-	7,493	7,493
Current liabilities	(2,695)	-	(2,695)	(2,695)
Total	2,361,410		2,820,173	1,902,647

NOTES TO THE PENSION FUND ACCOUNTS

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

Other price risk - sensitivity analysis (continued)

Asset type	Value as at 31 March 2020	Potential market movement	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Investment portfolio assets:				
Bonds	2,339	316	2,655	2,023
Equities - listed	-	-	-	-
Equities - unlisted	25,217	8,233	33,450	16,984
Pooled investments - Equity	861,025	187,703	1,048,728	673,322
Pooled investments - Bonds	62,166	5,172	67,338	56,994
Pooled investments - Credit	4,586	619	5,205	3,967
Pooled investments - Div. strategies	67,910	7,083	74,993	60,827
Pooled liquidity funds	189,099	-	189,099	189,099
Pooled Property Funds	292,107	70,485	362,592	221,622
Private Equity	262,331	85,651	347,982	176,680
Private Equity - Credit	165,566	22,335	187,901	143,231
Private Equity - Infrastructure	177,972	33,637	211,609	144,335
Net derivative liabilities	(152,794)	-	(152,794)	(152,794)
Cash deposits	35,724	-	35,724	35,724
Investment income due	2,051	-	2,051	2,051
Current assets:				
Debtors	6,025	-	6,025	6,025
Cash balances	6,233	-	6,233	6,233
Current liabilities				
	(2,610)	-	(2,610)	(2,610)
Total	2,004,947		2,426,180	1,583,712

Interest rate risk

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

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

The fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk sensitivity analysis

The fund recognises that interest rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

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

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

Asset exposed to interest rate risk	Value as at 31 March 2021	Change in year in the net assets available to pay benefits	
		+ 100 BPS £'000	- 100 BPS £'000
Investments - Pooled liquidity funds	84,048	0	0
Investments - Cash deposits	17,149	0	0
Current assets - Cash balances	7,493	0	0
Total change in assets available	108,690	0	0

Asset exposed to interest rate risk	Value as at 31 March 2020	Change in year in the net assets available to pay benefits	
		+ 100 BPS £'000	- 100 BPS £'000
Investments - Pooled liquidity funds	189,099	0	0
Investments - Cash deposits	35,724	0	0
Current assets - Cash balances	6,233	0	0
Bonds	2,339	(47)	47
Total change in assets available	233,395	(47)	47

NOTES TO THE PENSION FUND ACCOUNTS

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

Interest rate risk - sensitivity analysis (continued)

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2021	Effect on income values	
		+ 100 BPS	- 100 BPS
		£'000	£'000
Cash balances / cash and cash equivalents	116	117	115
Bonds	3,004	-	-
Total change in income receivable	3,120	117	114

Income exposed to interest rate risk	Amount receivable in year ending 31 March 2020	Effect on income values	
		+ 100 BPS	- 100 BPS
		£'000	£'000
Cash balances / cash and cash equivalents	1,736	1,754	1,719
Bonds	4,054	4,054	4,054
Total change in income receivable	5,790	1,754	1,719

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

Currency risk

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

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

Currency risk - sensitivity analysis

The table below shows the value of assets held by the fund in foreign currencies and the likely volatility associated with foreign exchange rate movements (as measured by one standard deviation).

This analysis assumes that all other variables, in particular interest rates, remain constant.

Denominated currency	Value as at 31 March 2021	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	17,461	8.5%	18,952	15,970
CAD	0	8.0%	0	0
CHF	79	8.3%	86	73
EUR	4,684	7.4%	5,033	4,336
JPY	26	9.1%	28	24
NOK	237	12.1%	266	208
NZD	19,012	8.5%	20,636	17,388
USD	270,211	9.3%	295,449	244,973
Total	311,710		340,450	282,972

Denominated currency	Value as at 31 March 2020	Potential volatility (+/-)	Value on increase	Value on decrease
	£'000		£'000	£'000
AUD	15,699	18.4%	18,588	12,811
CAD	1	14.6%	1	1
CHF	428	13.4%	485	370
EUR	8,918	12.6%	10,042	7,794
JPY	30	16.1%	35	25
NOK	196	29.3%	254	139
NZD	18,129	9.2%	19,803	16,456
SEK				
USD	519,062	14.4%	593,651	444,473
Total	562,463		642,859	482,069

NOTES TO THE PENSION FUND ACCOUNTS

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

b) Credit risk

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

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

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

The fund believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The fund's cash holding under its treasury management arrangements at 31 March 2021 was £130.8m (31 March 2020: £231.1m). This was held with the following institutions:

	Rating	Balances as at 31 March 2020 £'000	Balances as at 31 March 2021 £'000
Money Market funds			
Aviva	AAA	42,446	17,508
JP Morgan	AAA	67,993	45,811
Legal & General	AAA	36,380	3,409
Northern Trust	AAA	42,280	17,321
Bank deposit accounts			
JP Morgan	AA-	35,724	17,149
Bank current accounts			
Lloyds	A+	6,233	7,493
Total		231,056	108,691

c) Liquidity risk

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

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those which will take longer than three months to convert to cash. As at 31 March 2021 the value of illiquid assets was £813m, which represented X% of the total fund net assets (31 March 2019: £898m, which represented 44.1% of the total fund net assets).

Refinancing risk

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

Longevity risk

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

NOTES TO THE PENSION FUND ACCOUNTS

19 Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

The key elements of the funding policy are:

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

The aim is to achieve 100% solvency over a period of 21 years from the valuation date and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

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

At the 2019 actuarial valuation the average required employer contribution to restore the funding position to 100% over the next 21 years was 22.0% of pensionable pay.

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

Financial assumptions

Discount Rate	5.3% per annum for both unitary authorities and other employers
Pension and Deferred Pension Increases	2.6% per annum
Short term pay increases	not applicable
Long term pay increases	3.6% per annum

Mortality assumptions

Current mortality	115% (Male) / 110% (Female) of the S3PA tables
Mortality Projection	2018 CMI Model with a long-term rate of improvement of 1.25% p.a

Commutation assumption

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

20 Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

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

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2021 was £x,xxx million (31 March 2020: £4,158 million). The net assets available to pay benefits as at 31 March 2021 was £x,xxx million (31 March 2020: £2,032 million). The implied fund deficit as at March 2021 was therefore £x,xxx million (31 March 2020: £2,126 million).

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

IAS19 assumptions used

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

Guaranteed Minimum Pension (GMP) Equalisation

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

NOTES TO THE PENSION FUND ACCOUNTS

21 Current assets

31 March 2020		31 March 2021
£'000		£'000
5,142	Contributions due	8,509
883	Sundry debtors	2,271
6,025	Debtors	10,780
6,233	Cash balances	7,493
12,258		18,272

Analysis of debtors

31 March 2020		31 March 2021
£'000		£'000
2,083	Other local authorities	6,439
3,942	Other entities & individuals	4,340
6,025		10,780

22 Current liabilities

31 March 2020		31 March 2021
£'000		£'000
(2,609)	Sundry creditors	(2,510)
(1)	Benefits payable	(185)
(2,610)		(2,695)

Analysis of creditors

31 March 2020		31 March 2021
£'000		£'000
(963)	Central government bodies	(963)
1,274	Other local authorities	1,530
(2,921)	Other entities & individuals	(3,262)
(2,610)		(2,695)

23 Additional voluntary contributions

Market value		Market value
31 March 2020		31 March 2021
£'000		£'000
12,766	Prudential	12,766
5	Equitable Life	6
18	Clerical Medical	18
12,789	Total	12,790

AVC Contributions of £xxx million were paid directly to Prudential during the year (2019/20: £1.730 million).

24 Related party transactions

The Royal Borough of Windsor and Maidenhead

The Royal County of Berkshire Pension Fund is administered by The Royal Borough of Windsor and Maidenhead. During the reporting period, The Royal Borough of Windsor and Maidenhead incurred costs of £1.887m (2019/20: £1.754m) in relation to the administration of the fund and was subsequently reimbursed by the fund for these expenses. The council is also the 6th largest employer in the pension fund (by contributions paid) and contributed £12.2m (2019/20: £11.7m).

Governance

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

Key management personnel

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

The Director of Resources and Head of Finance are employees of The Royal Borough of Windsor and Maidenhead and they hold key positions in the financial management of the pension fund. During the year, a portion of their time costs of employment was recharged to the pension fund. The total amount recharged in aggregate is £42,050 (2019: Nil).

25 Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2021 totalled £349.324m (31 March 2020: £315.655m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts "called" by these funds are irregular in both size and timing.

26 Contingent assets

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

GLOSSARY OF TERMS

For the purposes of the Financial Statements, the following definitions have been adopted:-

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

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

Capital Charge

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

Capital Expenditure

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

Community Assets

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

Classes of Tangible Assets

Operational Assets:

Investment property, Assets under construction and Surplus assets for disposal

Infrastructure Assets; Community Assets

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

Contingent Asset or Liability

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

Covid-19

Coronavirus disease. The global pandemic first identified in China in 2019.

Defined Benefit Scheme

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

Debt

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

Debtor

Amounts due to an authority but unpaid at the balance sheet date.

Depreciation

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

Events after the Balance Sheet date

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the financial statements is signed by the responsible officer.

Fair value

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

Finance Lease

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

Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Impairment

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

Infrastructure Assets

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

GLOSSARY OF TERMS

Interest Costs (Pensions)

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

Inventories

These comprise the following :-

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

Investments

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

Investment Properties

Interest in land and / or buildings :

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

Liquid Resources

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

MHCLG

Ministry of Housing, Communities and Local Government

Minimum Revenue Provision

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

Net Debt

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

Net Book Value

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

Net Current Realisable Costs

Net Realisable Value

Non-Operational Assets

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

Operational Assets

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

Past Service Costs

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

Precepts

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

Prior Period Adjustments

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

Prudence

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

Related Parties

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

Related Party Transaction

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

Remuneration

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

GLOSSARY OF TERMS

Reserves

Reserves are maintained by transferring money to and from the Income and Expenditure Account. There are
1.General Reserves which create a cushion against unexpected events or emergencies or to even out the effect of
2.Earmarked Reserves created to meet known or predicted liabilities (e.g. Capital Reserves, Insurance Reserves and schools balances)

Residual Value

The value of an asset after it has been fully depreciated.

Retirement Benefits

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

Revenue Expenditure funded from Capital under Statute

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

SFC Compensation

Sales, fees and charges compensation received from MHCLG for loss of income caused by the Covid-19 pandemic.

Tangible property, plant & equipment

Tangible assets that yield benefits to the local authority and the services it provides for a period of time in excess of total Cost

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

Useful Life

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