

6. NOTES TO THE ACCOUNTS

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NOTE 01 EXPENDITURE AND FUNDING ANALYSIS

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

		2015/16			2016/17			
		£,000	£,000	£,000	£,000	£,000	£,000	
		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
101		5,693	(749)	4,944	Chief Executive	5,045	(1,002)	4,044
		25,291	(6,489)	18,802	Children's Services	23,807	30,525	54,332
		(1,236)	1,729	493	Children's Services - School Block	822	6,089	6,911
		28,891	2,998	31,889	Environment	29,465	1,671	31,137
		8,653	(1,719)	6,934	Finance & Resources	8,213	(7,107)	1,106
		43,777	963	44,740	Health & Wellbeing	45,461	1,430	46,891
		(6,998)	(3,332)	(10,330)	Housing Revenue Account	(2,580)	(3,897)	(6,477)
		104,071	(6,599)	97,472	Net Cost of Service	110,233	27,709	137,943
	(105,007)	50,292	(54,714)	Other Income & Expenditure	(109,007)	(16,714)	(125,721)	
	(936)	43,694	42,758	Surplus/Deficit on provision of services	1,227	10,995	12,222	
	(15,250)			Opening General Fund and HRA balance	(16,185)			
	(936)			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	1,227			
	(16,185)			Closing General Fund and HRA balance at 31 March*	(14,958)			

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

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

2015/16			
£,000	£,000	£,000	£,000
Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
148	144	(1,042)	(749)
2,896	743	(10,128)	(6,489)
0	1,685	44	1,729
8,994	582	(6,578)	2,998
4,418	921	(7,058)	(1,719)
966	276	(279)	963
(1,295)	84	(2,121)	(3,332)
16,128	4,435	(27,162)	(6,599)
61,534	0	0	61,534
(341)	7,215	26	6,900
(16,214)	0	(1,927)	(18,141)
44,979	7,215	(1,901)	50,292
61,107	11,650	(29,063)	43,694

Expenditure and funding analysis detail

Chief Executive	
Children's Services	
Children's Services - School Block	
Environment	
Finance & Resources	
Health & Wellbeing	
Housing Revenue Account	
Net Cost of Service	
Other Operating Expenditure	
Financing and Investment Income and Expenditure	
Taxation and Non-specific Grant Income	
Other Income & Expenditure	
Difference between General Fund surplus and deficit and Comprehensive Income and Expenditure Statement Surplus or deficit on the Provision of services	

2016/17			
£,000	£,000	£,000	£,000
Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
6	119	(1,126)	(1,002)
32,826	619	(2,919)	30,525
0	1,512	4,577	6,089
4,015	516	(2,860)	1,671
2,516	8,316	(17,939)	(7,107)
806	239	384	1,430
852	88	(4,838)	(3,897)
41,020	11,410	(24,721)	27,709
8,163	0	(1,613)	6,550
(92)	7,606	(0)	7,514
(29,978)	0	(800)	(30,778)
(21,907)	7,606	(2,413)	(16,714)
19,113	19,016	(27,134)	10,995

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

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

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

NOTE 03 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by approximately £0.5m for every year that useful lives had to be reduced.</p>
Provisions	The Council has made provision for holiday and flexi leave entitlement owing to staff at the end of the financial year. The estimate within the accounts has been based on an assumption of approximately 1.6% of payroll costs. For staff based in schools a formula based on CIPFA guidance has been used.	A 1% change in the estimate of accumulating absences would result in approximately a £6k increase or decrease in the provision required for accumulating absences in relation to non-school staff.
	The Council has made a provision for dilapidation costs for buildings the Council lease, to return them to their original condition at the end of the lease, and to fund any outstanding leasing costs.	There may be other buildings which the Council lease that have been altered, needing significant work to return them to their original condition, which are not presently known.
	The Collection Fund includes provision of £4.86m for appeals against business rates valuations as advised by DCLG guidance.	The provision at 31 March 2017 has been calculated using information provided by a company specialising in business rate calculations including

		provisions for appeals. Their calculation has been reviewed and is estimated to be reasonable. Under the new Business Rates Retention Scheme, the Council's share of this provision is 49%, i.e. £2.38m.
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The actuaries Barnett Waddingham LLP provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For example, a 0.1% decrease or increase in the discount rate assumption would result in an increase or decrease in the pension liability of £9.2m.
PFI Liabilities	The value of PFI service charge payable under the contract disclosed in note 29 of the accounts is dependent upon assumptions regarding future inflation and tonnage rates.	A 1% increase in RPI would increase the total contract charge by £31k per annum of which Wokingham's share would be £12k. Similarly a 1% increase in tonnages would increase the service charge by £1k per annum of which Wokingham's share would be immaterial.
Arrears	At 31 March 2017, the Council had a balance of total debtors of £35.7m, of which Council tax debt was £3.2m, and government and other public sector debtors were £5.1m. Following an assessment of debtors outstanding, a net increase of £431k was made to the general sundry bad and doubtful debt provision, while no change was made in the bad and doubtful debt provision for HRA rents.	The provision set aside for bad debt increases according to the age of the debt. If collection rates for debtors (excluding public sector debtors) were to deteriorate, a 1% increase in the amount of the impairment of doubtful debts would require an additional £49k to be set aside as an allowance for sundry debts and £19k from council tax from the revenue account and collection fund respectively.

NOTE 05 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2016/17	Usable Reserves					Total Movement in Usable Reserves	Movement in Unusable Reserves
	General Fund (GF) Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£,000	£,000	£,000	£,000	£,000		
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for Depreciation of Non-Current Assets	(12,893)	(3,472)				(16,365)	16,365
Charges for Impairment of Non-Current Assets	(0)					(0)	(0)
Charges for Amortisation of Intangible Assets	(688)					(688)	688
Revaluation losses on Property, Plant and Equipment	(13,231)					(13,231)	13,231
Movements in the Market Value of Investment properties	233					233	(233)
HRA Voluntary Debt Repayment		2,564				2,564	(2,564)
Capital Grants and Contributions Applied	7,373				10,342	17,715	(17,715)
Revenue Expenditure funded from Capital under Statute	(3,660)		38		3,072	(550)	550
Amounts of Non-Current Assets Written Off on Disposal or Sale as part of the Gain/ Loss on Disposal to the Comprehensive Income and Expenditure Statement	(7,977)	1,504	(4,233)			(10,706)	10,706
Use of capital receipts reserve to finance capital expenditure	2,645		4,731		(14)	7,362	(7,362)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory Provision for the Financing of Capital Investment	686					686	(686)
Adjustments Primarily Involving the Capital Grants Unapplied Account:							
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	20,691				(20,691)	0	0
Contribution from the Capital Receipts Reserve to Finance the Payments to the Government Capital Receipts Pool		(295)	295			0	0

Adjustment Primarily Involving the Major Repairs Reserve:								
Use of the Major Repairs Reserve to Finance New Capital Expenditure						4,857	4,857	(4,857)
Transfer (to) or from HRA	5,479					(5,479)	0	0
Adjustment Primarily Involving the Financial Instruments Adjustment Account:								
Amount by which Finance Costs Charged to the Comprehensive Income and Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements	135						135	(135)
Adjustments Primarily Involving the Pensions Reserve:								
Reversal of Items Relating to Retirement Benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 19)	(19,952)	(88)					(20,040)	20,040
Employer's Pensions Contributions and Direct Payments to Pensioners payable in the Year	8,937						8,937	(8,937)
Adjustments Primarily Involving the Collection Fund Adjustment Account:								
Amount by which Council Tax and Business Rates Income credited to the Comprehensive Income and Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	800	1					801	(801)
Adjustment Primarily Involving the Accumulated Absences Account:								
Amount by which Officer Remuneration Charged to the Comprehensive Income and Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	(1,352)	(4)					(1,357)	1,357
Total Adjustments 2016/17	(25,223)	5,688	831	(622)	(7,291)		(26,617)	26,617

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

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

NOTE 06 TRANSFERS TO/FROM EARMARKED RESERVES

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

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

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

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

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

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

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

NOTE 08 OTHER OPERATING EXPENDITURE

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

NOTE 09 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

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

NOTE 10 TAXATION AND NON-SPECIFIC GRANT INCOMES

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

NOTE 11 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

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

NOTE 12 TRADING OPERATIONS

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

Building Control Trading Account

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

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

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

NOTE 13 MEMBERS' ALLOWANCES

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

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

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

NOTE 14 OFFICERS' REMUNERATION (including exit packages)

The Council paid the following amounts to its senior employees:

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

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

Remuneration Band	2015/16 No of Employees				2016/17 No of Employees			
	Council	School	VA School	Total	Council	School	VA School	Total
£50,000 - £54,999	22	16	2	40	27	18	1	46
£55,000 - £59,999	18	15	2	35	20	14	4	38
£60,000 - £64,999	4	17	1	22	4	12	1	17
£65,000 - £69,999	5	7	0	12	4	8	0	12
£70,000 - £74,999	7	7	0	14	8	5	2	15
£75,000 - £79,999	1	3	1	5	3	4	0	7
£80,000 - £84,999	4	0	0	4	1	1	0	2
£85,000 - £89,999	1	2	0	3	1	0	0	1
£90,000 - £94,999	0	1	0	1	0	2	0	2
£95,000 - £99,999	0	2	0	2	0	0	0	0
£100,000+	0	0	0	0	0	1	0	1
	62	70	6	138	68	65	8	141

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

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

NOTE 15 TERMINATION BENEFITS

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

NOTE 16 RELATED PARTIES

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

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

Central Government

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

Members

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

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

Officers

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

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

Town and Parish Councils

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

Other Public Bodies

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

Local Enterprise Partnership

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

Entities Controlled or Significantly Influenced by the Council

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

NOTE 17 EXTERNAL AUDIT COSTS

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

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

NOTE 18 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

The scheme is a multi-employer defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and the performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2016/17, the Council paid £5.751m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. The figures for 2015/16 were £5.586m and 14.1% which increased to 16.48% in September 2015.

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

NOTE 19 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

The Council participates in two schemes:

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

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

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. During the year the following transactions for the Wokingham scheme (WBC) and those for Berkshire County Council (BCC) which represents Wokingham's share of the Berkshire scheme of 19.0561%, have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement.

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

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

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

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

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

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

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

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

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

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

Local Government Pension Scheme assets comprised:	2015/16					2016/17				
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group	WBC	BCC (WBC share)	WBC & BCC	Optalis	Total Group
Equities	75,785	2,282	78,067	4,988	83,055	98,399	1,502	99,901	6,421	106,322
Gilts	2,442	74	2,516	161	2,677	0	0	0	0	0
Other Bonds	22,986	692	23,678	1,513	25,191	30,063	458	30,521	1,962	32,483
Property	19,595	590	20,185	1,290	21,475	27,809	424	28,233	1,814	30,047
Cash and Cash Equivalents	8,454	255	8,709	557	9,266	21,159	323	21,482	1,381	22,863
Target Return Portfolio	31,546	935	32,481	2,076	34,557	20,832	318	21,150	1,359	22,509
Commodities	5,525	166	5,691	364	6,055	3,343	51	3,394	218	3,612
Infrastructure	8,012	241	8,253	527	8,780	10,241	156	10,397	668	11,065
Longevity Insurance	(6,721)	(216)	(6,937)	(437)	(7,374)	(10,141)	(162)	(10,303)	(662)	(10,965)
Total Assets	167,624	5,018	172,642	11,039	183,681	201,705	3,070	204,775	13,161	217,936

All scheme assets have quoted prices in active markets.

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

Basis for Estimating Assets and Liabilities

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

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

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

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

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

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below for the Wokingham scheme did not change from those used in the previous period. The figures include the Berkshire scheme share of 19.0561%.

Impact on the Defined Benefit Obligation in the Scheme

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

Impact on the Authority's Cash Flows

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

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

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

NOTE 20 GRANT INCOME

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

	2015/16 £,000	2016/17 £,000
Credited to Taxation and Non-specific Grant Income:		
Revenue Support Grant	(12,450)	(6,145)
New Homes Bonus	(4,309)	(4,794)
Transitional Grant	0	(2,109)
Capital Grants	(8,588)	(7,933)
Capital Contributions	(7,626)	(22,045)
Sub Total	(32,973)	(43,026)

	2015/16 £,000	2016/17 £,000
Credited to Services:		
Dedicated Schools Grant	(89,211)	(88,063)
EFA 6 th Form Funding	(3,528)	(3,194)
Education Services Grant	(2,007)	(1,807)
Pupil Premium	(2,642)	(2,504)
Additional Grant for Schools	(574)	(515)
Universal Infant Free School Meals	(2,195)	(2,163)
Mandatory Rent Allowances: subsidy	(16,449)	(15,688)
Public Health Grant	(3,916)	(5,634)
Public Health Grant – 0 to 5	(930)	0
Rent Rebates Granted to HRA Tenants: subsidy	(7,303)	(7,288)
Adult Social Care Act Implementation	(728)	0
Private Finance Initiative (PFI)	(1,109)	(1,109)
Small Business Rate Relief	(457)	(472)
Housing Benefit and Council Tax Benefit Administration	(253)	(225)
Local Services Support Grant	(39)	0
Adult and Community Learning from Learning and Skills Council	(327)	(263)
Primary Care Trust/NHS Reform	(1,506)	0
Large Scale Sites Grant	(846)	0
Large Sites and Housing Zones capacity funding	0	(224)
Influencing Travel Behaviour in Wokingham	(370)	0
City Deal	(11)	0
Families First	(328)	(259)
One Public Estate	0	(483)
Other Grants	(1,961)	(2,168)
Sub Total	(136,690)	(132,060)

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

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

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

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

NOTE 21 DEDICATED SCHOOLS GRANT

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

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

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

NOTE 22 USABLE RESERVES

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

The usable reserves are:

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

NOTE 23 UNUSABLE RESERVES

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

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant, Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

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

The estimated value of the Council's assets increased by £43.062m in 2016/17, which was largely due to increased land valuations across asset types which were due to be revalued under the Council's rolling revaluation programme, including Secondary Schools, Corporate

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

The types of assets revalued in the 2016/17 rolling programme also affected the downward revaluations of assets which was £14.9m compared to £2.249m in 2015/16, which was due largely to the value of buildings at out 3 Secondary Schools reducing on revaluation in 2016/17.

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

Capital Adjustment Account

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

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

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

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

Capital Adjustment Account

Balance at 1st April

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

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

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

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

In 2016/17 depreciation charge was £17.12m which is nearly £3.2m less than the charge in 2015/16, this is due to depreciation charges made on the prior year adjustment historic impairment reversal for Waingels College of £1.5m and also a reduction in the depreciable value of assets in 2016/17 due to the disposal of the school in 2015/16.

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

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

Financial Instruments Adjustment Account

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

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

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

Pensions Reserve

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

Pensions Reserve

	2015/16	2016/17
	£,000	£,000
Balance at 1st April	224,463	215,237
Actuarial (Gains) or Losses on Pensions Assets and Liabilities	(20,555)	54,952
Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	19,582	20,040
Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(8,254)	(8,937)
Balance at 31st March	215,237	281,292

Collection Fund Adjustment Account

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

Collection Fund Adjustment Account

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

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account. The movement between years is due to an increase in the amount of leave accrued for school staff due to Easter falling after the end of the financial year.

Accumulated Absences Account	2015/16	2016/17
	£,000	£,000
Balance at 1st April	3,162	2,121
Settlement or cancellation of accrual made at the end of preceding Year	(3,162)	(2,121)
Amounts accrued at the end of the current year	2,121	3,478
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,040)	1,357
Balance at 31st March	2,121	3,478

NOTE 24 PROPERTY, PLANT AND EQUIPMENT

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

Accumulated Depreciation and Impairment									
At 1st April, 2016	53,307	33,258	9,736	27,644	0	49	0	123,994	2,339
Depreciation Charge	3,239	7,490	1,395	3,730	0	511	0	16,364	472
Depreciation written out to the Revaluation Reserve	(3,081)	(1,864)	(499)	0	0	(48)	0	(5,492)	(1,035)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(12,545)	0	0	0	(3)	0	(12,547)	(1,048)
Impairment Losses / (Reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
De-recognition – Disposals	(15)	(2,436)	(472)	0	0	0	0	(2,922)	(303)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	(31)	0	0	0	31	0	0	0
At 31st March, 2017	53,451	23,871	10,161	31,374	0	540	0	119,396	425
Net Book Value									
At 31st March, 2017	194,840	434,562	9,826	105,375	3,124	5,313	66,215	819,256	9,374
At 31 st March, 2016	164,244	460,351	9,236	101,891	2,466	3,579	28,421	770,188	9,370

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

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

Depreciation

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

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

Capital Commitments

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

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

Revaluations

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

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

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

	Council Dwellings	Other, Land and Buildings (Inc. HRA)	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Carried at Historical Cost	0	4,128	7,476	105,375	3,124	0	120,104
Valued at Fair Value as at: 31 st March							
2017	194,840	114,206	2,350	0	0	3,387	314,782
2016	0	33,380	0	0	0	0	33,380
2015	0	248,531	0	0	0	477	249,007
2014	0	13,925	0	0	0	0	13,925
2013	0	19,810	0	0	0	0	19,810
Total Cost or Valuation	194,840	433,979	9,826	105,375	3,124	3,863	751,008

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

NOTE 25 OTHER NON CURRENT ASSETS

Investment Properties

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

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

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

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

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

Fair Value Hierarchy

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

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

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

Transfers between Levels of the Fair Value Hierarchy

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

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

Significant Observable Inputs – Level 2

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

Significant Unobservable Inputs – Level 3

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

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

Highest and Best Use of Investment Properties

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

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

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

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

NOTE 26 INTANGIBLE ASSETS

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

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

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

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

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

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

Comprising:

 Gross Carrying Amounts
 Accumulated Amortisation

Closing Balance at 31March

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

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

NOTE 27 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

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

NOTE 28 LEASES

The Council as Lessee

Finance Leases

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

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

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

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

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

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

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

Operating Leases

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

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

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

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

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

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

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

The Council as Lessor

Finance Leases

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

Operating Leases

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

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

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

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

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

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

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

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016/17 £58k contingent rents were receivable by the Council (2015/16 £28k).

NOTE 29 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Waste Disposal PFI Scheme

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

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

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

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

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

The liability outstanding under the waste contract is as follows:

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

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

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

NOTE 30 DEBTORS

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

SHORT TERM DEBTORS	31st March, 2016	31st March, 2017
Repayable within One year	£,000	£,000
Central Government Bodies	2,925	4,255
Other Local Authorities	1,398	1,188
NHS Bodies	970	890
Other Entities and Individuals	19,921	29,384
Total	25,214	35,717

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

LONG TERM DEBTORS

Repayable after one year

Other Entities and Individuals

Total

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

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

NOTE 31 CREDITORS

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

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

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

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

LONG TERM CREDITORS

Repayable after one year

Other Entities and Individuals

Total

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

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

NOTE 32 PROVISIONS

All of the Council's provisions are short term.

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

Provision for Accumulating Absences

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

Other Provisions

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

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

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

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

NOTE 33 CONTINGENT LIABILITIES

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

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

NOTE 34 CONTINGENT ASSETS

The Council does not currently have any contingent assets.

NOTE 35 ASSETS HELD FOR SALE

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

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

NOTE 36 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long Term		Current	
	31st March, 2016 £,000	31st March, 2017 £,000	31st March, 2016 £,000	31st March, 2017 £,000
Investments				
Loans and receivables	0	0	32,055	41,078
Investments in group companies	3	3	0	0
Fair value through profit and loss	0	0	11,504	0
Total investments	3	3	43,559	41,078
Debtors				
Loans and receivables	3,608	0	0	0
Financial assets carried at contract amounts	0	290	23,095	32,499
Total debtors	3,608	290	23,095	32,499
Borrowings				
Financial Liabilities at amortised cost	(128,976)	(145,344)	(4,596)	(2,380)
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	(128,976)	(145,344)	(4,596)	(2,380)
Other long term liabilities				
PFI and other finance lease liabilities	(8,712)	(8,429)	0	0
Total other long term liabilities	(8,712)	(8,429)	0	0
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	(345)	(71)	(18,971)	(26,569)
Total creditors	(345)	(71)	(18,971)	(26,569)

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

Fair Values of Assets and Liabilities

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

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

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

	31 March 2016		31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£,000	£,000	£,000	£,000
Investments	43,560	43,597	65,815	65,815
Debtors	26,703	26,703	32,790	28,974
Total financial assets	70,263	70,300	98,604	94,789
Borrowings	(133,939)	(165,558)	(147,725)	(147,725)
Other liabilities and creditors	(28,240)	(28,240)	(35,069)	(42,874)
Total financial liabilities	(162,179)	(193,798)	(182,794)	(190,599)

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

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

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

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

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

Unusual Movements

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

NOTE 37 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

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

Credit Risk

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

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

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

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

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

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

Liquidity Risk

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

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

The maturity analysis of financial assets is as follows:

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

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

Maturity and Refinancing Risk

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

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

The maturity analysis of financial liabilities is as follows:

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

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

Market Risk

Interest Rate Risk

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

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

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

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

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

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

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

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

Price Risk

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

NOTE 38 OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	31st March, 2016 £,000	31st March, 2017 £,000
Interest Received	435	947
Interest Paid	(5071)	(5,487)
Dividends Received	0	0
	(4,636)	(4,540)

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

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

NOTE 39 INVESTING ACTIVITIES

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

NOTE 40 FINANCING ACTIVITIES

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

NOTE 41 CASH AND CASH EQUIVALENTS

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

NOTE 42 ACQUIRED AND DISCONTINUED OPERATIONS

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

NOTE 43 EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

NOTE 44 AGENCY SERVICES

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

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

NOTE 45 POOLED BUDGETS

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

Joint Equipment Stores Agreement

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

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

Better Care Fund (BCF)

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

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

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

The services provided include:

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

Funding Provided to the Pooled Budget:

Wokingham Borough Council
Clinical Commission Group

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

Expenditure Met from the Pooled Budget:

Wokingham Borough Council
Clinical Commission Group

9,561	9,314
5,250	5,721
4,007	3,445

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

9,257	9,166
(304)	(148)

NOTE 46 INVESTMENTS IN COMPANIES

Trading Standards South East Ltd

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

Flexible Home Improvement Loans Ltd

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

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

Wokingham Enterprises Ltd (WEL)

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

Optalis Ltd

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

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

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

WBC (Holdings) Ltd

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

NOTE 47 ADJUSTMENTS BETWEEN GROUP ACCOUNTS AND AUTHORITY ACCOUNTS

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

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

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