

## 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.

2016/17				2017/18		
£,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
1,683	(3,378)	<b>(1,694)</b>	Chief Executive	(43)	3,103	<b>3,060</b>
23,408	(4,684)	<b>18,724</b>	Corporate Services	39,043	(5,149)	<b>33,895</b>
25,671	1,671	<b>27,343</b>	Customer and Localities Services	34,592	(4,889)	<b>29,703</b>
(3,352)	(3,897)	<b>(7,250)</b>	Housing Revenue Account	(810)	(3,336)	<b>(4,146)</b>
62,460	31,908	<b>94,368</b>	People Services	64,885	4,926	<b>69,811</b>
362	6,089	<b>6,451</b>	People Services - Schools Block	(2,445)	3,887	<b>1,442</b>
<b>110,233</b>	<b>27,709</b>	<b>137,943</b>	<b>Net Cost of Service</b>	<b>135,222</b>	<b>(1,456)</b>	<b>133,765</b>
<b>(109,007)</b>	<b>(16,714)</b>	<b>(125,721)</b>	<b>Other Income &amp; Expenditure</b>	<b>(133,445)</b>	<b>78,863</b>	<b>(54,582)</b>
<b>1,227</b>	<b>10,995</b>	<b>12,222</b>	<b>Surplus/Deficit on provision of services</b>	<b>1,777</b>	<b>77,407</b>	<b>79,183</b>
<b>(16,185)</b>			Opening General Fund and HRA balance	<b>(14,958)</b>		
<b>1,227</b>			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year	<b>1,777</b>		
<b>(14,958)</b>			Closing General Fund and HRA balance at 31 March*	<b>(13,181)</b>		

\* 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.

2016/17			
£,000	£,000	£,000	£,000
Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
1,055	0	(4,433)	(3,378)
1,466	8,435	(14,586)	(4,684)
4,015	516	(2,860)	1,671
852	88	(4,838)	(3,897)
33,632	858	(2,581)	31,908
0	1,512	4,577	6,089
<b>41,020</b>	<b>11,410</b>	<b>(24,721)</b>	<b>27,709</b>
8,163	0	(1,613)	<b>6,550</b>
(92)	7,606	0	<b>7,514</b>
(29,978)	0	(800)	<b>(30,778)</b>
<b>(21,907)</b>	<b>7,606</b>	<b>(2,413)</b>	<b>(16,714)</b>
<b>19,113</b>	<b>19,016</b>	<b>(27,134)</b>	<b>10,995</b>

### Expenditure and funding analysis detail

Chief Executive  
Corporate Services  
Customer and Localities Services  
Housing Revenue Account  
People Services  
People Services - Schools Block

### 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

2017/18			
£,000	£,000	£,000	£,000
Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
2,368	138	597	3,103
(1,024)	1,336	(5,461)	(5,149)
(3,446)	851	(2,294)	(4,889)
(3,677)	176	165	(3,336)
4,260	1,479	(813)	4,926
0	2,946	941	3,887
<b>(1,519)</b>	<b>6,928</b>	<b>(6,865)</b>	<b>(1,456)</b>
93,801	0	0	93,801
(27)	7,366	0	7,339
(19,053)	0	(3,224)	(22,277)
<b>74,721</b>	<b>7,366</b>	<b>(3,224)</b>	<b>78,863</b>
<b>73,202</b>	<b>14,294</b>	<b>(10,089)</b>	<b>77,407</b>

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

The Council should apply changes in accounting policy retrospectively unless transitional arrangements allow for alternative treatments, as well as disclosing accounting standards which have been issued, but not yet adopted in this year's accounts.

Accounting standards which will apply in 2018/19, which may have a material impact on the 2018/19 financial statements include:

- IFRS9 financial instruments, which may result in some reclassification of financial instruments and minor adjustments as a result of following an expected loss model;
- IFRS 15 revenue from contracts with customers, which may require some minor changes to income recognition.

## **NOTE 03      CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in chapter 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 2018, the same number as at 31 March 2017. 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 2017/18 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 2018 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
<b>Property, Plant and Equipment</b>	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 £1.0m for every year that useful lives had to be reduced.</p>
<b>Provisions</b>	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 £4.78m for appeals against business rates valuations as advised by DCLG guidance.	The provision at 31 March 2018 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. £2.34m.
<b>Pension Liability</b>	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 and seen in note 19. 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 £9.1m.
<b>PFI Liabilities</b>	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 Wokingham's contract charge by £11k. Similarly a 1% increase in tonnages would increase the service charge by £1k per annum.
<b>Arrears</b>	At 31 March 2018, the Council had a balance of total debtors of £35.7m, of which Council tax debt was £3.1m, and government and other public sector debtors were £6.3m.	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 allowance for sundry debts from the revenue account of £14k and from the collection fund of £25k.

## 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.



2017/18	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
<b>Adjustments primarily involving the Capital Adjustment Account:</b>							
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
Charges for Depreciation of Non-Current Assets	(12,456)	(3,585)	0	0	0	(16,041)	16,041
Charges for Impairment of Non-Current Assets	0	0	0	0	0	0	0
Charges for Amortisation of Intangible Assets	(405)	0	0	0	0	(405)	405
Revaluation losses on Property, Plant and Equipment	(4,499)	(82)	0	0	0	(4,582)	4,582
Movements in the Market Value of Investment properties	27	0	0	0	0	27	(27)
HRA Voluntary Debt Repayment	0	1,828	0	0	0	1,828	(1,828)
Capital Grants and Contributions Applied	13,796	0	0	0	11,642	25,438	(25,438)
Revenue Expenditure funded from Capital under Statute	(2,070)	0	2	130	1,628	(309)	309
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	(95,028)	1,519	(2,958)	0	0	(96,466)	96,466
Use of capital receipts reserve to finance capital expenditure	0	0	16,899	0	0	16,899	(16,899)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
Statutory Provision for the Financing of Capital Investment	3,363	0	0	0	0	3,363	(3,363)
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account:</b>							
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	18,965	0	0	0	(18,965)	0	0
<b>Adjustments Primarily Involving the Capital Receipts Reserve:</b>							
Contribution from the Capital Receipts Reserve to Finance the Payments to the Government Capital Receipts Pool	0	(292)	292	0	0	0	0



Transfer of non-Current asset sale proceeds from revenue to the Capital Receipts Reserve	204	0	(11,809)	0	0	(11,605)	11,605
<b>Adjustment Primarily Involving the Major Repairs Reserve:</b>							
Use of the Major Repairs Reserve to Finance New Capital Expenditure	0	0	0	5,386	0	5,386	(5,386)
Transfer (to) or from HRA	0	5,516	0	(5,516)	0	0	0
<b>Adjustment Primarily Involving the Financial Instruments Adjustment Account:</b>							0
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	0	0	0	136	(136)
<b>Adjustments Primarily Involving the Pensions Reserve:</b>							
Reversal of Items Relating to Retirement Benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 19)	(23,253)	(176)	0	0	0	(23,429)	23,429
Employer's Pensions Contributions and Direct Payments to Pensioners payable in the Year	9,135	0	0	0	0	9,135	(9,135)
<b>Adjustments Primarily Involving the Collection Fund Adjustment Account:</b>							
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	5,401	0	0	0	0	5,401	(5,401)
<b>Adjustment Primarily Involving the Accumulated Absences Account:</b>							
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	768	2	0	0	0	770	(770)
<b>Total Adjustments 2017/18</b>	<b>(85,918)</b>	<b>4,731</b>	<b>2,427</b>	<b>(0)</b>	<b>(5,695)</b>	<b>(84,455)</b>	<b>84,455</b>

2016/17	Usable Reserves					Total Movement in Usable Reserves	Movement in Unusable Reserves
	General Fund (GF) Balance	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>							
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
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	0
Charges for Amortisation of Intangible Assets	(688)					(688)	688
Revaluation losses on Property, Plant and Equipment	(20,201)					(20,201)	20,201
Movements in the Market Value of Investment properties	233					233	(233)
HRA Voluntary Debt Repayment		2,564				2,564	(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)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
Statutory Provision for the Financing of Capital Investment	686					686	(686)
<b>Adjustments Primarily Involving the Capital Grants Unapplied Account:</b>							
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	20,691				(20,691)	0	0

<b>Adjustments Primarily Involving the Capital Receipts Reserve:</b>								
Contribution from the Capital Receipts Reserve to Finance the Payments to the Government Capital Receipts Pool	(295)	295					0	0
<b>Adjustment Primarily Involving the Major Repairs Reserve:</b>								
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
<b>Adjustment Primarily Involving the Financial Instruments Adjustment Account:</b>								
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)
<b>Adjustments Primarily Involving the Pensions Reserve:</b>								
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)
<b>Adjustments Primarily Involving the Collection Fund Adjustment Account:</b>								
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)
<b>Adjustment Primarily Involving the Accumulated Absences Account:</b>								
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
<b>Total Adjustments 2016/17</b>	<b>(25,223)</b>	<b>5,688</b>	<b>831</b>	<b>(622)</b>	<b>(7,291)</b>		<b>(26,617)</b>	<b>26,617</b>

## 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 2017/18.

	Balance at 31st March, 2016	Transfers Out 2016/17	Transfers In 2016/17	Balance at 31st March, 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance at 31st March, 2018
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balances held by Schools under a Scheme of Delegation	(4,629)	2,979	(1,157)	(2,808)	2,126	(2,155)	(2,837)
Dedicated Schools Grant Reserve	(2,177)	823	(2)	(1,356)	2,122	(184)	583
Earmarked General Fund Reserves	(32,910)	1,982	(13,165)	(44,092)	6,908	(12,293)	(49,478)
<b>Total</b>	<b>(39,716)</b>	<b>5,784</b>	<b>(14,324)</b>	<b>(48,256)</b>	<b>11,157</b>	<b>(14,632)</b>	<b>(51,732)</b>

See note 21, dedicated schools grant, for more on schools expenditure in year.

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

Material Items of Income and Expense during 2017/18 which related to the Council's Non-Current Assets included the following:

- Nine schools transferred to academy status in 2017/18, with a loss on disposal of £55.015m in the Comprehensive Income and Expenditure Statement, which in turn was reversed out of the General Fund as per the statutory arrangements. By comparison, only one school transferred to academy status in 2016/17 (Southfield School) resulting in a loss of approximately £8.3m. Also written out in 2017/18 was Arborfield Secondary School (Bohunt Academy) with a loss on disposal of £39.238m; this was previously treated as an asset under construction during the build phase however the school has now become operational.
- The Council received repayment of £11.606m loans from its holding company (Wokingham Holdings Ltd) in 2017/18. The repayments were treated as a capital receipt and were used to fund additional loans to Wokingham Holdings Ltd (thereby reducing the Council's borrowing requirements). This explains the significant increase in the use of the capital receipts reserve to finance new capital expenditure in 2017/18 (£16.901m compared to £3.984m in 2016/17).
- The Council also paid £10.606m section 106 receipt to our housing companies in 2017/18, on completion of affordable housing developments, including Phoenix Avenue (£5.2m) and Fosters Care Home (£2.5m). This explains the significant increase in the capital grants and contributions credited to the Comprehensive Income and Expenditure Statement applied to capital financing (£26.076m compared to £7.623m in 2016/17) and the increase in revenue expenditure funded from capital under statute (£14.353m compared to £5.122m in 2016/17).
- During 2017/18, material items of capital expenditure include: £3.381m on the building of a new Secondary School at Arborfield (Bohunt Academy); £3.648m on Emmbrook and St Crispins

Secondary School improvements; £3.697m on extensions to Primary Schools; £11.652m on Wokingham Town Centre Regeneration; £7.7m on new relief roads and bypasses; £2.045m on 21st Century Council Implementation and £2.9m on the Multi-Storey Car Park at Carnival Pool. During 2016/17 material items were £19m on the building of a new Secondary School at Arborfield, £1.1m on Emmbrook and St Crispins Secondary School improvements, while £3.5m was spent on extensions to Primary Schools.

- No new long term loans were taken in 2017/18 compared to £18m taken in 2016/17.
- The Council advanced loans to and received repayments from WBC Holdings Ltd, to be used to fund housing developments by one of the Council's group companies. The net increase in loans over the year was £11.95m (£10.1m of loans were made in 2017/18). The HRA repaid one loan of £1.75m compared to £3.5m in 2016/17.
- During 2017/18 Optalis expanded significantly, with the TUPE of staff from the Royal Borough of Windsor and Maidenhead (RBWM). As such the Council's group accounts include more income and expenditure than previously. See note 46 for more details.

## NOTE 08 OTHER OPERATING EXPENDITURE

	2016/17 £,000	2017/18 £,000
Parish Council Precepts	3,734	3,932
Payments to the Government Housing Capital Receipts Pool	295	292
(Gains) / Losses on the Disposal of Non-current Assets	7,868	93,509
<b>Total</b>	<b>11,897</b>	<b>97,733</b>

## NOTE 09 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2016/17 £,000	2017/18 £,000
Interest Payable and Similar Charges on Debt (note 36)	4,878	5,163
Interest Payable and Similar Charges on Finance Leases (note 36)	107	107
Interest Payable and Similar Charges on Private Finance Initiatives (note 36)	502	483
Impairment of financial instruments (note 36)	0	0
Pensions Interest Cost and Expected Return on Pensions (note 19)	7,606	7,542
Interest Receivable and Similar Income (note 36)	(947)	(1,831)
Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value (note 25)	(594)	(367)
<b>Total</b>	<b>11,552</b>	<b>11,097</b>

## NOTE 10 TAXATION AND NON-SPECIFIC GRANT INCOMES

	2016/17 £,000	2017/18 £,000
Council Tax Income	(89,991)	(96,292)
Retained Business Rates	(28,733)	(35,592)
Retained Business Rates tariff	13,786	18,192
Business Rates Levy	426	2,770
Revenue Support Grant	(6,145)	(158)
Other Non-ring fenced Government Grants	(8,534)	(7,718)
Capital Grants and Contributions	(29,978)	(44,613)
<b>Total</b>	<b>(149,169)</b>	<b>(163,411)</b>

## NOTE 11 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2016/17 £,000	2017/18 £,000
<b>Expenditure and Income</b>		
Employee benefits expenses	119,417	116,433
Other service expenses	231,009	267,622
Support service recharges	624	(399)
Depreciation, amortisation, impairment	36,659	20,661
Interest payments	13,005	13,118
Precepts & Levies	3,734	3,932
Payments to Housing Capital Receipts Pool	295	292
Gain or Loss on Disposal of Non-Current Assets	7,868	93,509
<b>Total Expenditure</b>	<b>412,612</b>	<b>515,169</b>
<b>Income</b>		
Fees, charges & other service income	(130,794)	(157,435)
Interest and investment income	(675)	(421)
Income from council tax, NDR, district rate income	(104,512)	(110,922)
Government grants and contributions	(164,409)	(167,207)
<b>Total Income</b>	<b>(400,389)</b>	<b>(435,985)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>12,222</b>	<b>79,183</b>

## 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:

	2016/17 £,000	2017/18 £,000
<b>Building Control Trading Account</b>		
Turnover	(573)	(476)
Expenditure	519	502
<b>(Surplus) / Deficit</b>	<b>(54)</b>	<b>26</b>

The chargeable account, made a loss of £26k in 2017/18 compared to a £54k surplus in 2016/17. The account should take one financial year with another, and should achieve break-even over a rolling period of three years ending March 2019. The reserves is used to replace funding gaps, it was agreed by the shared service to release £78k from reserves. The balance on the reserve at 31 March 2018 is a surplus of £170k. The reserves balance includes £93k that was reclassified as a building control reserve balance from a RBWM creditors balance as shared service contracts were finalised during the year.

## NOTE 13 MEMBERS' ALLOWANCES

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

	2016/17 £,000	2017/18 £,000
Members Remuneration	611	582
	<b>611</b>	<b>582</b>

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



## NOTE 14 OFFICERS' REMUNERATION

The Council paid the following amounts to its senior employees:

Post Title	Year	Salary, Fees & Allowances £	Performance Related Pay £	Expenses £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive (from 8 March 18)	2017/18	9,419	0	0	0	0	9,419
Chief Executive (from 7 Sept 2017 - 7 March 18) <sup>1</sup>	2017/18	91,172		343			91,515
Acting Chief Executive (14 Aug 17 - 6 Sept 17) <sup>2</sup>	2017/18						
Chief Executive (up to 13 Aug 17)	2017/18	47,876	10,400	302	0	10,146	68,725
Chief Executive	2016/17	130,000	9,750	621	0	23,758	164,129
Director, Health & Wellbeing (left 15 Jan 17) <sup>3</sup> (duties for directorate passed to Director of People Services after post holder left January 2017)	2017/18	0	5,916	0	0	1,006	6,922
Director, Health & Wellbeing	2016/17	89,065	8,452	225	0	16,578	114,320
Director of Localities and Customer Service (previously Director of Environment) <sup>4</sup>	2017/18	101,426	9,016	0	0	11,439	121,880
Director of Localities and Customer Service (previously Director of Environment)	2016/17	112,695	8,452	0	0	20,595	141,743
Director of People Services (previously Director of Children's Services) (from 7 Nov 17) <sup>5</sup>	2017/18	100,844	0	0	0	0	100,844
Director of People Services (previously Director of Children's Services) (from 1 Nov 17 - 30 Nov 17) <sup>6</sup>	2017/18	10,620		0			10,620
Director of People Services (previously Director of Children's Services) (up to 3 Nov 17)	2017/18	66,678	10,988	985	49,508	13,537	141,695
Director of People Services (previously Director of Children's Services)	2016/17	112,695	8,452	413	0	20,595	142,155
Director of Corporate Services and Deputy Chief Executive	2017/18	112,695	9,016	381	0	21,254	143,346
Director of Corporate Services and Deputy Chief Executive	2016/17	112,695	8,452	1,009	0	20,595	142,751
Assistant Director, Governance (previously Head of Governance and Improvement Services)	2017/18	90,544	6,473	341	0	17,422	114,780
Assistant Director, Governance (previously Head of Governance and Improvement Services)	2016/17	100,324	6,877	27	0	16,890	124,117
Assistant Director, Commercial Property (previously Head of town centre regeneration)	2017/18	90,020	0	46	0	15,753	105,819
Assistant Director, Commercial Property (previously Head of town centre regeneration)	2016/17	89,228	0	930	0	15,169	105,327
Interim Director of Environment <sup>7</sup>	2017/18	112,695	0	0	0	19,722	132,417

<sup>1</sup> £91,515 total amount including expenses claimed, inclusive of agency costs

<sup>2</sup> Payments included within Director of Corporate Services and Deputy Chief Executive role

<sup>3</sup> PRP payment made Sept 2017 for previous financial year and related pension

<sup>4</sup> Seconded to Director of 21st Century Council, 0.8 FTE from 1 Oct 17

<sup>5</sup> £100,844 total amount paid inclusive of agency costs

<sup>6</sup> £10,620 total amount paid inclusive of agency costs

<sup>7</sup> Total paid to for permanent and seconded roles

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	2016/17				2017/18			
	No of Employees				No of Employees			
	Council	School	VA School	Total	Council	School	VA School	Total
£50,000 - £54,999	27	18	1	46	27	17	2	46
£55,000 - £59,999	20	14	4	38	21	9	1	31
£60,000 - £64,999	4	12	1	17	5	11	1	17
£65,000 - £69,999	4	8	0	12	5	9	1	15
£70,000 - £74,999	8	5	0	13	8	4	0	12
£75,000 - £79,999	3	4	2	9	0	2	0	2
£80,000 - £84,999	1	1	0	2	1	2	0	3
£85,000 - £89,999	1	0	0	1	4	0	0	4
£90,000 - £94,999	0	2	0	2	0	0	0	0
£95,000 - £99,999	0	0	0	0	0	2	0	2
Over £100,000	0	1	0	1	0	0	0	0
	<b>68</b>	<b>65</b>	<b>8</b>	<b>141</b>	<b>71</b>	<b>56</b>	<b>5</b>	<b>132</b>

## NOTE 15 TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2017/18. These were mainly due to officers who were made redundant as part of the reorganisation of services at the Council.

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	
Exit package cost	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £20,000	7	21	5	5	12	26	£94,841	£148,567
£20,001 - £40,000	1	8	0	1	1	9	£37,968	£236,770
£40,001 - £60,000	0	2	0	1	0	3	£0	£143,244
£60,001 - £80,000	0	1	0	0	0	1	£0	£75,107
£80,001 - £100,000	0	0	0	0	0	0	£0	£0
£100,001 - £150,000	1	0	0	0	1	0	£105,185	£0
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	
Exit package cost	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £20,000	15	6	0	4	15	10	£63,843	£71,528
£20,001 - £40,000	1	0	0	1	1	1	£34,075	£24,000
£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 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 2017/18 is shown in Note 13. During 2017/18, works and services to the value of £24.396m (£21.476m in 2016/17) were commissioned from companies in which 14 members had an interest (13 in 2016/17). Contracts were entered into in full compliance with the Council's standing orders. In addition, grants and payments totalling £454k (£189k in 2016/17) were paid to voluntary organisations and charities in which 10 members declared an interest (11 in 2016/17). Payments of £849k (£1.240m in 2016/17) were made to education establishments in which 4 members declared an interest (5 in 2016/17). Payments of £20.433m were made to local council bodies (£12.2m in 2016/17) in which 15 members had interests (10 in 2016/17) mainly relating to the Council's pension arrangements. 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 £305k to these organisations at 31 March 2018 (£195k at 31 March 2017), while £19.748m was owed to Wokingham Borough Council by the relevant organisations at 31 March 2018 (£2,247k at 31 March 2017).

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 2017/18, works and services to the value of £6.973m (£4.747m in 2016/17) were commissioned from companies in which 13 officers had an interest (6 in 2016/17). The Council owed the relevant organisations £396k at 31 March 2018 (£848k at 31 March 2017), while £13k was owed to Wokingham Borough Council at 31 March 2018 (£16k at 31 March 2017). Payments of £107k (£217k in 16/17) were made to education establishments in which 1 officer declared an interest (3 in 16/17). There were no payments to Local Council Bodies (£0 in 16/17) 2 officers declared an interest (2 in 16/17). Contracts were entered into in full compliance with the Council's standing orders. There were no grants and payments made in year (£51k in 2016/17) to voluntary organisations and charities in which 6 officers declared an interest (3 in 2016/17). 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 2017/18 Wokingham Borough Council collected and paid over £3.992m (£3.734m in 2016/17) 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 2017/18 was £9.5m (£9.7m in 2016/17). The Council also operates a number of shared services with other local authorities. The details are set out in note 44.

### Local Enterprise Partnership

No long term loans were raised from the Local Enterprise Partnership (LEP) in 2017/18 (one in 2016/17 totalling £750k). During 2017/18 £380k was repaid (2016/17: £120k was repaid).

### Entities Controlled or Significantly Influenced by the Council

The Council had seven subsidiary companies at 31 March 2018 (seven at 31 March 2017), which are owned in full either directly or through existing subsidiaries apart from Optalis which has a shared ownership with the Royal Borough of Windsor and Maidenhead (see note 46 for more details), 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:

	2016/17 £,000	2017/18 £,000
External Audit Services	107	108
Certification of Grants and Returns	12	10
	119	118

## 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 2017/18, the Council paid £5.317m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 16.48% of pensionable pay. The figures for 2016/17 were £5.751m and 16.48%.

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 which related to Wokingham Borough Council 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	2016/17					2017/18				
	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group
<b>Service cost comprising:</b>										
Current service cost scheme	12,394	0	12,394	330	12,724	15,936	0	15,936	473	16,409
Administration costs scheme	124	4	128	8	136	125	2	127	8	135
<b>Financing and investment income and expenditure:</b>										
Net interest on the defined liability	6,051	1,467	7,518	255	7,773	6,229	1,137	7,366	224	7,590
<b>Total post-employment benefit charged to the surplus or deficit on the provision of services</b>	<b>18,569</b>	<b>1,471</b>	<b>20,040</b>	<b>593</b>	<b>20,633</b>	<b>22,290</b>	<b>1,139</b>	<b>23,429</b>	<b>705</b>	<b>24,134</b>
<b>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:</b>										
<b>Re-measurement of the net assets/(defined liability) :</b>										
Return on fund assets in excess of interest	19,905	458	20,363	1,288	21,651	1,022	15	1,037	66	1,103
Other actuarial gains/(losses) on assets	5,041	239	5,280	380	5,660	0	0	0	0	0
Change in financial assumptions	(83,950)	(7,419)	(91,369)	(4,396)	(95,765)	13,305	1,740	15,045	707	15,752
Change in demographic assumptions	4,235	990	5,225	291	5,516	0	0	0	0	0
Experience gain/(loss) on defined benefit obligation	3,132	2,417	5,549	1,506	7,055	0	0	0	0	0
<b>Re-measurements on scheme assets</b>	<b>(51,637)</b>	<b>(3,314)</b>	<b>(54,951)</b>	<b>(931)</b>	<b>(55,882)</b>	<b>14,327</b>	<b>1,755</b>	<b>16,082</b>	<b>773</b>	<b>16,855</b>
<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure statement</b>	<b>70,206</b>	<b>4,785</b>	<b>74,991</b>	<b>1,524</b>	<b>76,515</b>	<b>7,963</b>	<b>(616)</b>	<b>7,347</b>	<b>(68)</b>	<b>7,279</b>

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**

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 for the employer's contributions payable to scheme

	2016/17					2017/18				
	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group
	(18,569)	(1,471)	(20,040)	(593)	(20,633)	(22,290)	(1,139)	(23,429)	(705)	(24,134)
	8,502	435	8,937	250	9,187	8,715	420	9,135	159	9,294
	(10,067)	(1,036)	(11,103)	(343)	(11,446)	(13,575)	(719)	(14,294)	(546)	(14,840)

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**

Present value of the defined benefit obligation

Fair value of plan assets

**Sub-total**

Present value of unfunded obligation

**Net liability arising from defined benefit obligations**

	2016/17					2017/18				
	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group
	(429,036)	(49,249)	(478,285)	(21,255)	(499,540)	(436,469)	(45,961)	(482,430)	(21,422)	(503,852)
	201,705	3,072	204,777	13,161	217,938	209,768	388	210,156	13,555	223,711
	(227,331)	(46,177)	(273,508)	(8,094)	(281,602)	(226,701)	(45,573)	(272,274)	(7,867)	(280,141)
	(2,064)	(5,718)	(7,782)	0	(7,782)	(1,942)	(5,286)	(7,228)	0	(7,228)
	(229,395)	(51,895)	(281,290)	(8,094)	(289,384)	(228,643)	(50,859)	(279,502)	(7,867)	(287,369)

**Reconciliation of Opening and Closing Balances of the Fair Value of Scheme assets:**
**Opening Fair Value of Scheme Assets**

Interest on Assets  
 Return on Assets less Interest  
 Other actuarial gains/(losses)  
 Administration Expenses  
 Contributions by Employer including Unfunded  
 Contributions by Scheme Participants and other Employers  
 Estimated Benefits Paid plus Unfunded Net of Transfers  
 Settlement prices received /(paid)

**Closing Fair Value of Scheme Assets**

	2016/17					2017/18				
	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group
<b>Opening Fair Value of Scheme Assets</b>	<b>167,624</b>	<b>5,033</b>	<b>172,657</b>	<b>11,039</b>	<b>183,696</b>	<b>201,705</b>	<b>3,070</b>	<b>204,775</b>	<b>13,161</b>	<b>217,936</b>
Interest on Assets	6,257	113	6,370	420	6,790	5,668	38	5,706	368	6,074
Return on Assets less Interest	19,905	456	20,361	1,288	21,649	1,022	13	1,035	66	1,101
Other actuarial gains/(losses)	5,041	239	5,280	380	5,660	0	0	0	0	0
Administration Expenses	(124)	(4)	(128)	(8)	(136)	(125)	(2)	(127)	(8)	(135)
Contributions by Employer including Unfunded	8,502	435	8,937	250	9,187	8,715	420	9,135	159	9,294
Contributions by Scheme Participants and other Employers	3,212	0	3,212	88	3,300	3,086	0	3,086	74	3,160
Estimated Benefits Paid plus Unfunded Net of Transfers	(8,712)	(3,204)	(11,916)	(296)	(12,212)	(10,266)	(3,155)	(13,421)	(265)	(13,686)
Settlement prices received /(paid)	0	0	0	0	0	(37)	0	(37)	0	(37)
<b>Closing Fair Value of Scheme Assets</b>	<b>201,705</b>	<b>3,070</b>	<b>204,775</b>	<b>13,161</b>	<b>217,936</b>	<b>209,768</b>	<b>384</b>	<b>210,152</b>	<b>13,555</b>	<b>223,707</b>

**Reconciliation of The Opening and Closing Balances of the present value of the Defined Benefit Obligation:**

**Opening balance at 1 April**

Current service cost

Interest cost

Change in financial assumptions

Change in demographic assumptions

Experience loss/(gain) on defined benefit obligation

Liabilities assumed/(extinguished) on settlements

Estimated benefits paid net of transfers in

Past service costs including curtailments

Contribution by scheme participants and other employers

Unfunded pension payments

**Closing balance at 31 March**

	2016/17					2017/18				
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
	WBC	BCC	WBC & BCC	Optalis	Total Group	WBC	BCC	WBC & BCC	Optalis	Total Group
<b>Opening balance at 1 April</b>	<b>335,315</b>	<b>52,579</b>	<b>387,894</b>	<b>17,859</b>	<b>405,753</b>	<b>431,100</b>	<b>54,967</b>	<b>486,067</b>	<b>21,255</b>	<b>507,322</b>
Current service cost	12,222	0	12,222	330	12,552	18,555	0	18,555	473	19,028
Interest cost	12,308	1,581	13,889	675	14,564	11,897	1,175	13,072	592	13,664
Change in financial assumptions	83,950	7,419	91,369	4,396	95,765	(13,305)	(1,740)	(15,045)	(707)	(15,752)
Change in demographic assumptions	(4,235)	(990)	(5,225)	(291)	(5,516)	0	0	0	0	0
Experience loss/(gain) on defined benefit obligation	(3,132)	(2,417)	(5,549)	(1,506)	(7,055)	0	0	0	0	0
Liabilities assumed/(extinguished) on settlements	(19)	0	(19)	0	(19)	(2,777)	0	(2,777)	0	(2,777)
Estimated benefits paid net of transfers in	(8,554)	(2,768)	(11,322)	(296)	(11,618)	(10,113)	(2,735)	(12,848)	(265)	(13,113)
Past service costs including curtailments	191	0	191	0	191	121	0	121	0	121
Contribution by scheme participants and other employers	3,212	0	3,212	88	3,300	3,086	0	3,086	74	3,160
Unfunded pension payments	(158)	(435)	(593)	0	(593)	(153)	(420)	(573)	0	(573)
<b>Closing balance at 31 March</b>	<b>431,100</b>	<b>54,967</b>	<b>486,067</b>	<b>21,255</b>	<b>507,322</b>	<b>438,411</b>	<b>51,247</b>	<b>489,658</b>	<b>21,422</b>	<b>511,080</b>

Local Government Pension Scheme assets comprised:	2016/17					2017/18				
	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group	£,000 WBC	£,000 BCC	£,000 WBC & BCC	£,000 Optalis	£,000 Total Group
Equities	98,399	1,502	99,901	6,421	106,322	100,543	186	100,729	6,496	107,225
Gilts	0	0	0	0	0	0	0	0	0	0
Other Bonds	30,063	458	30,521	1,962	32,483	31,504	58	31,562	2,036	33,598
Property	27,809	424	28,233	1,814	30,047	26,975	50	27,025	1,743	28,768
Cash and Cash Equivalents	21,159	323	21,482	1,381	22,863	30,892	57	30,949	1,996	32,945
Target Return Portfolio	20,832	318	21,150	1,359	22,509	9,110	17	9,127	589	9,716
Commodities	3,343	51	3,394	218	3,612	3,708	7	3,715	240	3,955
Infrastructure	10,241	156	10,397	668	11,065	10,817	20	10,837	699	11,536
Longevity Insurance	(10,141)	(162)	(10,303)	(662)	(10,965)	(3,781)	(7)	(3,788)	(244)	(4,032)
<b>Total Assets</b>	<b>201,705</b>	<b>3,070</b>	<b>204,775</b>	<b>13,161</b>	<b>217,936</b>	<b>209,768</b>	<b>388</b>	<b>210,156</b>	<b>13,555</b>	<b>223,711</b>

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 2018, the expected return is based on the discount rate, which was 2.55% and this rate has been used to determine the profit and loss charge for the year ended 31 March 2018, compared to a rate of 2.8% in the year 31 March 2017. The equivalent figures for the former Berkshire scheme are 2.45% for 31 March 2018 and 2.20% for 31 March 2017 and for Optalis Ltd 2.55% 31 March 2018 and 2.8% 31 March 2017. 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 2018. The principal assumptions used by the actuary for the Wokingham scheme are:

	2016/17	2017/18
Expected Return on Assets (Equal to the discount rate)	2.80%	2.55%
<b>Life Expectancy from age 65 if retiring now:</b>		
Men	23.0	23.1
Women	25.0	25.2
<b>Life expectancy at age 65 retiring in 20 years:</b>		
Men	25.1	25.3
Women	27.4	27.5
Rate of Inflation-RPI	3.60%	3.30%
Rate of Inflation-CPI	2.70%	2.30%
Rate of Increase in Salaries	4.20%	3.80%
Rate of Increase in Pensions	2.70%	2.30%
Rate for Discounting Scheme Liabilities	2.80%	2.55%
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:

	2016/17	2017/18
Equity Investments	49%	48%
Gilts	0%	0%
Other Bonds	15%	15%
Property	14%	13%
Cash	10%	15%
Target Return	10%	4%
Commodities	2%	2%
Infrastructure	5%	5%
Longevity Insurance	-5%	-2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

	<b>Increase £,000</b>	<b>Current £,000</b>	<b>Decrease £,000</b>
Adjustment to discount rate	0.10%	0.00%	(0.10%)
Present value of total obligation	480,545	489,658	498,957
Projected service cost	17,314	17,745	18,188
Adjustment to long term salary increase	0.10%	0.00%	(0.10%)
Present value of total obligation	490,427	489,658	488,893
Projected service cost	17,745	17,745	17,745
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	(0.10%)
Present value of total obligation	498,200	489,658	481,280
Projected service cost	18,188	17,745	17,312
Adjustment to life expectancy assumption	0.10%	0.00%	(0.10%)
Present value of total obligation	507,968	489,658	472,030
Projected service cost	18,311	17,745	17,197

## 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 2019 is £8.383m (£8.443m at 31 March 2018).

The estimated employer's past service duration for Wokingham Borough Council is 20 years at 31 March 2018 (20 years 31 March 2017) and for the Berkshire scheme is 12 years at 31 March 2018 (12 years at 31 March 2017). In Optalis Ltd the estimated employer's past service duration is 22 years at 31 March 2018 (22 years at 31 March 2017).

## NOTE 20 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

### Credited to Taxation and Non-specific Grant Income:

	2016/17 £,000	2017/18 £,000
Revenue Support Grant	(6,145)	(158)
New Homes Bonus	(4,794)	(4,757)
Transitional Grant	(2,109)	(2,104)
Capital Grants	(7,933)	(14,844)
Capital Contributions	(22,045)	(29,759)
<b>Sub Total</b>	<b>(43,026)</b>	<b>(51,621)</b>

### Credited to Services:

	2016/17 £,000	2017/18 £,000
Dedicated Schools Grant	(88,063)	(86,581)
EFA 6 <sup>th</sup> Form Funding	(3,194)	(2,870)
Education Services Grant	(1,807)	(497)
Pupil Premium	(2,504)	(2,376)
Additional Grant for Schools	(515)	(747)
Universal Infant Free School Meals	(2,163)	(2,241)
Mandatory Rent Allowances: subsidy	(15,688)	(15,871)
Public Health Grant	(5,634)	(5,495)
Rent Rebates Granted to HRA Tenants: subsidy	(7,288)	(7,154)
Private Finance Initiative (PFI)	(1,109)	(615)
Small Business Rate Relief	(472)	(643)
UASC UK Border Agency	(219)	(296)
Housing Benefit and Council Tax Benefit Administration	(225)	(207)
Adult and Community Learning from Learning and Skills Council	(263)	(263)
Large Sites and Housing Zones capacity funding	(224)	0
Families First	(259)	(258)
One Public Estate	(483)	0
Adult Social Care Grant	0	(403)
Independent Living Fund	(230)	(282)
Other Grants	(1,719)	(1,731)
<b>Sub Total</b>	<b>(132,060)</b>	<b>(128,530)</b>

<b>Total</b>	<b>(175,086)</b>	<b>(180,151)</b>
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There have been some significant changes between 2016/17 and 2017/18 in grants credited to taxation and non-specific grant income. The cause of this was the large reduction in Revenue Support Grant from £6.145m to only £158k. The main changes in revenue grants to services are a reduction in Designated Schools Grant (DSG) from £88.0m in 2016/17 to £86.5m in 2017/18 largely due to schools moving to academy status, and a decrease in Education Services Grant from £1.8m in 2016/17 to £0.5m in 2017/18.

The Council received a number of grants and contributions that have yet to be recognised as income because they have conditions attached to them that will require the monies or property to be returned to the grantor. The balances at 31 March 2018 are:

	31st March, 2017 £,000	31st March, 2018 £,000
<b>Capital Grants and Contributions Receipts in Advance:</b>		
Devolved Formula Grant	(887)	(776)
Thames Valley Berkshire Growth Deal - Sustainable Transport: National Cycle Network	(2,100)	(3,600)
Early Years Capital Fund	(388)	0
Other Grants	(6)	(4)
S106 Contributions	(39,610)	(49,559)
<b>Total</b>	<b>(42,991)</b>	<b>(53,939)</b>

In addition to the S106 contributions receipts in advance of £49.559m as at 31 March 2018, the Council have £5.463m 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 2017/18 are as follows and comprise the DSG figure as issued by the Department for Education:

	Central expenditure £,000	ISB £,000	Total £,000
Final DSG for 2017/18 before academy recoupment	(21,483)	(101,653)	(123,136)
Less academy figure recouped for 2017/18	0	36,421	36,421
<b>Total DSG after academy recoupment for 2018/19</b>	<b>(21,483)</b>	<b>(65,232)</b>	<b>(86,715)</b>
Brought forward from 2016/17	(1,356)	0	(1,356)
Carry-forward to 2017/18 agreed in advance	0	0	0
<b>Agreed initial budget distribution in 2017/18</b>	<b>(22,839)</b>	<b>(65,232)</b>	<b>(88,071)</b>
In year adjustments			
<b>Final budgeted distribution for 2017/18</b>	<b>(22,839)</b>	<b>(65,232)</b>	<b>(88,071)</b>
Less actual central expenditure	23,601	0	23,601
Less actual ISB deployed to schools	0	65,232	65,232
Plus local authority contribution for 2017/18	0	0	0
<b>Carry forward to 2018/19</b>	<b>762</b>	<b>0</b>	<b>762</b>

The £762k deficit is due to additional funding allocated to schools and an over spend due to demand for children with special needs.

## 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, 2017 £,000	31st March, 2018 £,000
Revaluation Reserve	(176,221)	(170,522)
Capital Adjustment Account	(414,754)	(359,581)
Financial Instruments Adjustment Account	1,765	1,629
Pensions Reserve	281,292	279,506
Collection Fund Adjustment Account	(3,937)	(9,338)
Accumulated Absences Account	3,478	2,708
<b>Total Unusable Reserves</b>	<b>(308,377)</b>	<b>(255,599)</b>
Group unusable reserves	6,425	6,118
Minority interest	0	(123)
<b>Total Group Unusable Reserves</b>	<b>(301,952)</b>	<b>(249,604)</b>

### 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 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	2016/17 £,000	2017/18 £,000
<b>Balance at 1st April</b>	<b>(147,487)</b>	<b>(176,221)</b>
Upward Revaluation of Assets	(48,470)	(15,703)
Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus or Deficit on the Provision of Services	13,510	577
Surplus or Deficit on Revaluation of Non-current Assets not Posted to the Surplus or Deficit on the Provision of Services	(34,960)	(15,126)
Difference Between Fair Value Depreciation and Historical Cost Depreciation	1,565	1,447
Accumulated Gains on Assets Sold or Disposed	4,661	19,378
Amount Written Off to the Capital Adjustment Account	6,226	20,825
<b>Balance at 31st March</b>	<b>(176,221)</b>	<b>(170,522)</b>

The estimated value of the Council's assets increased by £15.703m in 2017/18. The main assets revalued in the rolling programme were Residential Homes and Day Centres; Special Schools and Commercial and Industrial Properties; other HRA Buildings and the annual revaluation of Council dwellings. The revaluation increase is lower compared to £48.470m in 2016/17, when revaluations included Secondary Schools - land, which had a considerably higher value.

The types of assets revalued in the 2017/18 rolling programme also affected the downward revaluations of assets which was £577k in 2017/18 compared to £13.510m in 2016/17. The

downward revaluation in 2016/17 was due largely to the value of the buildings at our three Secondary Schools reducing on revaluation.

The £19.378m accumulated revaluation gain written off on assets sold or disposed in 2017/18 consists mainly of the disposal of eight primary schools and one secondary school (St Crispin's) which converted to academy status. In comparison, the total revaluation gains written off in 2016/17 consisted mainly of the disposal of one asset (Southfield School, which converted to academy status).

### 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 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

	2016/17 £,000	2017/18 £,000
<b>Balance at 1st April</b>	<b>(423,621)</b>	<b>(414,753)</b>
Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:		
• Charges for Depreciation of Non-current Assets	16,365	16,041
• Charges for Impairment of Non-current Assets	0	0
• Revaluation Losses on Property, Plant and Equipment	19,968	4,582
• Amortisations of Intangible Assets	688	405
• Revenue Expenditure Funded from Capital under Statute	5,122	14,353
• 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	10,706	96,466
	<b>52,849</b>	<b>131,847</b>
Adjusting Amounts Written Out of the Revaluation Reserve	(6,226)	(20,825)
<b>Net Written Out Amount of the Cost of Non-current Assets Consumed in the Year</b>	<b>46,623</b>	<b>111,022</b>

**Capital Financing Applied in the Year:**

• Use of Capital Receipts Reserve to Finance New Capital Expenditure	(3,984)	(16,901)
• Use of Major Repairs Reserve to Finance New Capital Expenditure	(4,857)	(5,516)
• Capital Grants and Contributions Credited to the Comprehensive Income and Expenditure Statement that have been Applied to Capital Financing	(7,623)	(26,076)
• Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(14,811)	(13,358)
• Statutory Provision for the Financing of Capital Investment Charged against the General Fund and HRA Balances	(2,645)	(3,363)
• Capital Expenditure Charged against the General Fund and HRA Balances	(751)	(499)
• Increase in fair value of investment property	0	(27)
• Voluntary Debt Repayment – HRA	(2,564)	(1,828)
• Prior year adjustment – S106 Fund Swap – contribution for the construction of the new station	(771)	0
• Equity loan redemption	250	112
• Wokingham Housing Ltd loan repayment	0	11,606
	(37,755)	(55,850)
Movements in the Market Value of Investment Properties Debited or Credited to the Comprehensive Income and Expenditure Statement	0	0
<b>Balance at 31st March</b>	<b>(414,753)</b>	<b>(359,581)</b>

Revaluation losses on Property Plant and Equipment decreased by £15.386m. In 2017/18 the revaluation loss mainly consists of a £2.974m downward revaluation of Shinfield Infant School building. In 2016/17 the main assets revalued in the rolling programme were secondary schools, where there were significant revaluation losses against three secondary school buildings. There were no impairments in 2017/18 (no impairments in 2016/17).

Revenue expenditure funded from capital under statute increased by £9.231m. This is mainly due to the Council paying £10.606m section 106 receipts to Wokingham Housing Ltd following their completion of affordable housing developments. There was no comparable expenditure in 2016/17, which consisted mainly of expenditure on Wokingham Voluntary Aided primary schools.

Non-current assets written off on disposal or sale increased by £85.760m in 2017/18 to £96.466m. The increase is mainly due to the writing out of nine schools which transferred to academy status in 2017/18. By comparison, only one school transferred to academy status in 2016/17 (Southfield School). Also written out in 2017/18 was Arborfield Secondary School (Bohunt Academy); this was previously treated as an asset under construction during the build phase however the school has now become operational.

**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.

**Financial Instruments Adjustment Account**
**Balance at 1st April**

Premiums Incurred in the Year and Charged to the Comprehensive Income and Expenditure Statement

Proportion of Premiums Incurred in Previous Financial Years to be Charged against the General Fund Balance in Accordance with Statutory Requirements

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

**Balance at 31st March**

2016/17	2017/18
£,000	£,000
1,901	1,765
0	0
(136)	(136)
0	0
1,765	1,629

**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 debit balance on the Pensions Reserve 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**
**Balance at 1st April**

Actuarial (Gains) or Losses on Pensions Assets and Liabilities

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

Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year

**Balance at 31st March**

2016/17	2017/18
£,000	£,000
215,237	281,292
54,952	(16,082)
20,040	23,431
(8,937)	(9,135)
281,292	279,506

**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

#### Balance at 1st April

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

#### Balance at 31st March

2016/17 £,000	2017/18 £,000
(3,137)	(3,937)
(800)	(5,401)
(3,937)	(9,338)

### 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 a decrease largely related to the number of staff being reduced in 2017/18 due to council restructure, transfer of nine schools to academies and the date of Easter in 2017/18 which reduces the term-time only absence calculation.

### Accumulated Absences Account

#### Balance at 1st April

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

Amounts accrued at the end of the current year

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

#### Balance at 31st March

2016/17 £,000	2017/18 £,000
2,121	3,478
(2,121)	(3,478)
3,478	2,708
1,357	(770)
3,478	2,708

### Group unusable reserves

The group unusable reserves are calculated based on the consolidation of the subsidiary accounts on a consistent financial reporting basis to the main accounts.

### Minority interest

Accounting standards require the Council to consolidate Optalis at 100% and declare a minority interest for the proportion for which it is not the sole shareholder, 45%. This represents the share of Optalis owned by RBWM. See also note 46.



## NOTE 24 PROPERTY, PLANT AND EQUIPMENT

Movements in 2017/18:	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
<b>Cost or Valuation</b>									
At 1st April, 2017	248,291	458,433	19,987	136,749	3,124	5,853	66,215	938,652	9,799
Additions	7,270	17,535	855	10,085	70	919	23,862	60,596	0
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	(965)	10,437	0	0	0	785	0	10,257	0
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	0	(4,866)	0	0	0	(760)	0	(5,626)	0
De-recognition - Disposals	(626)	(58,030)	(130)	(18)	0	(1,301)	(39,585)	(99,690)	0
Assets reclassified (to) / from Held for Sale	(1,849)	0	0	0	0	0	0	(1,849)	0
Other Movements in Cost or Valuation	0	10,183	75	0	(55)	(69)	(10,269)	(135)	0
<b>At 31st March, 2018</b>	<b>252,121</b>	<b>433,692</b>	<b>20,787</b>	<b>146,816</b>	<b>3,139</b>	<b>5,427</b>	<b>40,223</b>	<b>902,205</b>	<b>9,799</b>





<b>Accumulated Depreciation and Impairment</b>									
At 1st April, 2017	<b>53,451</b>	<b>23,871</b>	<b>10,161</b>	<b>31,374</b>	<b>0</b>	<b>540</b>	<b>0</b>	<b>119,397</b>	<b>425</b>
Depreciation Charge	3,254	7,458	1,309	4,002	0	19	0	<b>16,042</b>	426
Depreciation written out to the Revaluation Reserve	(3,224)	(1,642)	0	0	0	(1)	0	<b>(4,867)</b>	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(553)	0	0	0	(492)	0	<b>(1,045)</b>	0
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	<b>0</b>	0
De-recognition – Disposals	(10)	(3,249)	(57)	(18)	0	(63)	0	<b>(3,397)</b>	0
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	0	0	<b>0</b>	0
Other movements in depreciation and impairment	0	(1)	1	0	0	0	0	<b>0</b>	0
<b>At 31st March, 2018</b>	<b>53,471</b>	<b>25,884</b>	<b>11,414</b>	<b>35,358</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>126,130</b>	<b>851</b>
<b>Net Book Value</b>									
<b>At 31st March, 2018</b>	<b>198,650</b>	<b>407,808</b>	<b>9,373</b>	<b>111,458</b>	<b>3,139</b>	<b>5,424</b>	<b>40,223</b>	<b>776,075</b>	<b>8,948</b>
<b>At 31<sup>st</sup> March, 2017</b>	<b>194,840</b>	<b>434,562</b>	<b>9,825</b>	<b>105,375</b>	<b>3,124</b>	<b>5,313</b>	<b>66,215</b>	<b>819,256</b>	<b>9,374</b>

Comparative 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
Cost or Valuation	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
At 1st April, 2016	217,551	493,609	18,972	129,535	2,466	3,628	28,421	894,182	11,709
Additions	6,430	7,608	1,889	7,214	63	10	37,803	61,018	0
Revaluation Increases / (Decreases) 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
<b>At 31<sup>st</sup> March, 2017</b>	<b>248,291</b>	<b>458,433</b>	<b>19,986</b>	<b>136,749</b>	<b>3,124</b>	<b>5,853</b>	<b>66,215</b>	<b>938,652</b>	<b>9,799</b>

<b>Accumulated Depreciation and Impairment</b>									
At 1st April, 2016	<b>53,307</b>	<b>33,258</b>	<b>9,736</b>	<b>27,644</b>	<b>0</b>	<b>49</b>	<b>0</b>	<b>123,994</b>	<b>2,339</b>
Depreciation Charge	3,239	7,490	1,395	3,730	0	511	0	<b>16,364</b>	472
Depreciation Written out to the Revaluation Reserve	(3,081)	(1,864)	(499)	0	0	(48)	0	<b>(5,492)</b>	(1,035)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(12,545)	0	0	0	(3)	0	<b>(12,547)</b>	(1,048)
Impairment Losses / (Reversals) Recognised in the Revaluation Reserve	0	0	0	0	0	0	0	<b>0</b>	0
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0	0	<b>0</b>	0
De-recognition – Disposals	(15)	(2,436)	(472)	0	0	0	0	<b>(2,922)</b>	(303)
Assets Reclassified (to) / from Held for Sale	0	0	0	0	0	0	0	<b>0</b>	0
Other Movements in depreciation and Impairment	0	(31)	0	0	0	31	0	<b>0</b>	0
<b>At 31st March, 2017</b>	<b>53,451</b>	<b>23,871</b>	<b>10,161</b>	<b>31,374</b>	<b>0</b>	<b>540</b>	<b>0</b>	<b>119,396</b>	<b>425</b>

### Depreciation

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

- Council Dwellings 1-45
- Other, Land and Buildings 1-80 years
- Surplus Assets 1-31 years
- Vehicles, Plant, Furniture & Equipment 1-28 years
- Infrastructure, Roads & Highways 1-62 years

### Capital Commitments

The estimated commitments for capital expenditure for schemes where orders had been placed, or legal contracts entered into, at 31 March 2018 are listed below:

	2017/18 £,000
Peach Place New Development - phase 2	6,931
Shinfield Eastern relief road	6,069
Investment in Wokingham Housing – Loan	4,000
Loddon Primary School expansion	1,628
Town Centre Regeneration – Demolition of Bowling Alley	1,518
Ryeish Green sports hub – new pavilion	1,239
Highwood Primary School expansion	1,125
Arborfield Bypass	1,006
National Cycle Network	816
Matthews Green School/Community Centre	757
Street Lighting - Light Emitting Diode Project	752
Grovelands Park Affordable Housing	685
South Wokingham Bypass	653
Beechwood Primary Expansion	608
North Wokingham Distributor Road	560
Wokingham Town Centre Regeneration – Elms Field (construction)	447
Park and Ride Schemes	351
Super Fast Broadband	256
Town Centre Improvements	250
Wokingham Town Centre Environmental Improvements	250
California Crossroads Improvements	218
Arborfield Leisure Facilities	200
Other Contractual Commitments individually below £0.2m	2,527
	<b>32,846</b>

## 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 2017/18.

	Council Dwellings	Other, Land and Buildings (Inc. HRA)	Vehicles, Plant, Furniture & Equipment	Infra- structure Assets	Communit y Assets	Surplus Assets	Total
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Carried at Historical Cost	0	0	7,130	111,458	3,139	0	121,726
Valued at Fair Value as at: 31 <sup>st</sup> March							
2018	198,651	57,741	0	0	0	5,424	261,815
2017	0	94,003	2,243	0	0	0	96,246
2016	0	29,532	0	0	0	0	29,532
2015	0	212,827	0	0	0	0	212,827
2014	0	13,705	0	0	0	0	13,705
<b>Total Cost or Valuation</b>	198,651	407,808	9,373	111,458	3,139	5,424	735,852

The difference between years are due to the number and types of assets revalued as per the rolling programme i.e. at 31 March 2018 there was one special school revalued while at 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:

	2016/17	2017/18
	£,000	£,000
Rental Income from Investment Property	384	352
Direct Operating Expenses arising from Investment Property	(23)	(12)
<b>Net Gain / (Loss)</b>	<b>361</b>	<b>340</b>

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:

	<b>2016/17</b>	<b>2017/18</b>
	<b>£,000</b>	<b>£,000</b>
Balance at the Start of the Year	4,334	4,567
Additions:		
Purchases	0	1,527
Subsequent Expenditure	0	0
Disposals	0	0
Net Gains / (Losses) from Fair Value Adjustments	233	27
Transfers:		
(To) / From Inventories	0	0
(To) / from Property, Plant and Equipment	0	0
<b>Balance at the End of the Year</b>	<b>4,567</b>	<b>6,121</b>

## Fair Value Hierarchy

Details of the authority's investment properties and information about fair value hierarchy as at 31 March 2018 are as follow:

<b>Recurring fair value measurements using:</b>	<b>Quoted prices in Active markets For identical Assets (Level 1)</b>	<b>Other significant Observable inputs (level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Fair value as at 31 March 2018</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Investment Properties	-	-	6,121	6,121
Surplus Assets	-	-	5,424	5,424
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,545</b>	<b>11,545</b>

<b>Comparative 2016/17 Recurring fair value measurements using:</b>	<b>Quoted prices in Active markets for identical Assets (Level 1)</b>	<b>Other significant Observable inputs (Level 2)</b>	<b>Significant Unobservable inputs (Level 3)</b>	<b>Fair value as at 31 March 2017</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Investment Properties	-	-	4,567	4,567
Surplus Assets	-	-	5,313	5,313
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,880</b>	<b>9,880</b>

## 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 <sup>st</sup> March 2017 £,000	31 <sup>st</sup> March 2018 £000
Opening balance	7,913	9,880
Transfers into Level 3	768	0
Transfers out of Level 3	0	(69)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	1,700	545
Additions	10	2,447
Disposals	0	(1,239)
Other Charges	(511)	(19)
<b>Closing Balance</b>	<b>9,880</b>	<b>11,545</b>

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 £227k charged to revenue in 2017/18 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
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:

	2016/17 £,000	2017/18 £,000
<b>Balance at the Start of the Year</b>		
Gross Carrying Amount	6,080	6,684
Accumulated Amortisation	(2,201)	(2,890)
<b>Adjusted Gross Carrying amounts</b>	<b>3,879</b>	<b>3,794</b>
<b>Net Carrying Amount at Start of the Year</b>		
Additions:		
Purchases	604	152
Other Changes	0	135
Amortisation for the Period	(689)	(405)
<b>Net Carrying Amount at End of the Year</b>	<b>3,794</b>	<b>3,676</b>



**Comprising:**

 Gross Carrying Amounts  
 Accumulated Amortisation

**Closing Balance at 31 March**

6,684	6,971
(2,890)	(3,295)
<b>3,794</b>	<b>3,676</b>

The Council incurred the following material costs on intangible assets in 2017/18: Customer Services System and self-service technologies at a cost of £110k.

## 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.

**Opening Capital Financing Requirement**
**Capital Investment:**

Property, Plant and Equipment

Investment Properties

Intangible Assets

Revenue Expenditure Funded from Capital under Statute

Long Term Debtor

**Sources of Finance:**

Capital Receipts

Government Grants and Other Contributions

Sums Set Aside from Revenue:

Direct Revenue Contributions

MRP / Loans Fund Principal

Donated Assets

**Other Adjustments:**

Voluntary Debt Repayment - HRA

**Closing Capital Financing Requirement**

2016/17 £,000	2017/18 £,000
211,545	<b>250,423</b>
61,018	60,594
0	1,527
604	152
5,122	14,353
10,139	11,953
(4,755)	(16,902)
(22,434)	(39,433)
(5,607)	(6,015)
(2,645)	(3,362)
(2,564)	(1,828)
<b>250,423</b>	<b>271,462</b>

## 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, 2017	31st March, 2018
	£,000	£,000
<b>Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):</b>		
• Current	(1)	0
• Non-current	1,067	1,067
Finance Costs Payable in Future Years	8,598	8,491
<b>Minimum Lease Payments</b>	<b>9,664</b>	<b>9,558</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March, 2017	31st March, 2018	31st March, 2017	31st March, 2018
	£,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	(1)	0
Later than Five Years	9,130	9,024	1,067	1,067
	<b>9,664</b>	<b>9,558</b>	<b>1,066</b>	<b>1,067</b>

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 2017/18 £184k contingent rents were payable by the Authority (2016/17 £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, 2017	31st March, 2018
	£,000	£,000
<b>Not later than one year:</b>		
Land and buildings	425	330
Vehicles, plant and equipment	36	47
Computer equipment	146	134
<b>Later than one year and not later than five years:</b>		
Land and buildings	805	661
Vehicles, plant and equipment	51	57
Computer equipment	90	142
<b>Later than five years:</b>		
Land and buildings	715	562
Vehicles, plant and equipment	0	0
Computer equipment	0	0
	<b>2,268</b>	<b>1,932</b>

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

	2016/17 £,000	2017/18 £,000
<b>Minimum lease payments:</b>		
Land and buildings	441	451
Vehicles, plant and equipment	41	46
Computer equipment	184	183
<b>Contingent rents:</b>		
Land and buildings	0	0
	<b>666</b>	<b>680</b>

### The Council as Lessor

#### Finance Leases

The Council did not enter into any finance leases in 2017/18 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:

<b>Rental Income receivable:</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£,000</b>	<b>£,000</b>
Shops	(715)	(584)
Industrial Premises	(934)	(930)
Offices	(28)	(28)
Other	(769)	(808)
<b>Total</b>	<b>(2,447)</b>	<b>(2,351)</b>

The decrease in shop rental income from £715k in 2016/17 to £584k is largely due to the regeneration works taking place in Wokingham Town Centre.

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

	<b>31st March, 2017</b>	<b>31st March, 2018</b>
	<b>£,000</b>	<b>£,000</b>
<b>Not later than one year:</b>		
Shops	(512)	(512)
Industrial premises	(629)	(519)
Offices	(28)	(28)
Other	(546)	(540)
<b>Later than one year and not later than five years:</b>		
Shops	(814)	(505)
Industrial premises	(1,223)	(976)
Offices	(78)	(50)
Other	(1,986)	(1,879)
<b>Later than five years:</b>		
Shops	(653)	(520)
Industrial premises	(175)	(31)
Offices	0	0
Other	(20,776)	(20,330)
<b>Total</b>	<b>(27,421)</b>	<b>(25,890)</b>

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 2017/18 £64k contingent rents were receivable by the Council (2016/17 £58k).

## 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 £518.5m as at 31 March, 2018, 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, 2018 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	Liability	Interest	Service Charges	Total
	£,000	£,000	£,000	£,000
Payable in 2018/19	324	462	10,837	11,623
Payable within 2 to 5 Years	1,539	1,606	46,938	50,083
Payable within 6 to 10 Years	2,623	1,325	67,586	71,534
Payable within 11 to 15 Years	2,574	333	56,750	59,658
<b>Total</b>	<b>7,060</b>	<b>3,726</b>	<b>182,111</b>	<b>192,897</b>

The liability outstanding under the waste contract is as follows:

	31st March, 2017 £,000	31st March, 2018 £,000
Balance Outstanding at Start of Year	(7,645)	(7,362)
Payments During the Year	283	302
New Liabilities Arising	0	0
Balance Outstanding at End of Year	<b>(7,362)</b>	<b>(7,060)</b>

In addition to the PFI contract, at 31 March 2018 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 £9.1m 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 £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 £4.0m under a contract with Veolia Environmental Services Limited for the provision of refuse and recycling collection. The contract will expire in March 2026;
- payments estimated at £3.0m under a contract with Caterlink. The contract will expire in July 2019;
- payments estimated at £2.5m under a contract with Matrix SCM Ltd for the provision of hiring agency staff. The contract will expire in Jan 2020;
- payments estimated at £2.3m 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 £2.2m under a contract with Northern House School Academy Trust for the provision of children's residential care with education. The contract will expire in December 2019;
- payments estimated at £1.8m under a contract with Anchor Trust for residential and nursing care. The contract will expire in March 2020;
- payments estimated at £1.6m under a contract with European Nursing Agency for the provision of supported living. The contract will expire in December 2018;
- payments estimated at £1.5m under a contract with Places for people leisure operator. The contract will expire in May 2033;
- payments estimated at £1.4m under a contract with MCCH for the provision of supported living. The contract will expire in December 2018;
- payments estimated at £1.2m under a contract with Reading Borough Council for the provision of Responsive Housing Maintenance and Responsive Housing Engineering Maintenance. The contract will expire in March 2020;
- payments estimated at £1.2m under a contract with SMART Criminal Justice Services. The contract will expire in March 2019;
- 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 European Nursing Agency for the provision of supported living. The contract will expire in December 2018;
- other various contracts between £0.1m and £1m per annum totalling £18.5m with year-end dates between June 2018 and July 2029.

## NOTE 30 DEBTORS

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

### SHORT TERM DEBTORS

#### Repayable within One year

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

#### Total

31st March, 2017 £,000	31st March, 2018 £,000
4,255	4,517
1,188	2,796
890	952
29,384	29,698
<b>35,717</b>	<b>37,963</b>

Other Local Authorities have increased from £1.188m in 16/17 to £2.796m in 17/18. This is due to a higher number of in year transactions.

### LONG TERM DEBTORS

#### Repayable after one year

Other Entities and Individuals

#### Total

31st March, 2017 £,000	31st March, 2018 £,000
12,107	12,809
<b>12,107</b>	<b>12,809</b>

## 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, 2017 £,000	31st March, 2018 £,000
(5,984)	(13,714)
(2,700)	(2,069)
(609)	(900)
(37)	42
(32,541)	(32,910)
<b>(41,870)</b>	<b>(49,551)</b>

The increase in Central Government Bodies from £5.984m in 16/17 to £13.714m in 17/18 is due to a significant change in Business Rates paid to Central Government.

### LONG TERM CREDITORS

#### Repayable after one year

Other Entities and Individuals

#### Total

31st March, 2017 £,000	31st March, 2018 £,000
(71)	(71)
<b>(71)</b>	<b>(71)</b>

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:	2016/17			2017/18		
	Provision for Accumulated Absences	Other Provisions	Total	Provision for Accumulated Absences	Other Provisions	Total
	£,000	£,000	£,000	£,000	£,000	£,000
<b>Balance brought forward</b>	<b>(2,122)</b>	<b>(1,223)</b>	<b>(3,345)</b>	<b>(3,478)</b>	<b>(2,907)</b>	<b>(6,384)</b>
Additional provisions made in year	(3,478)	(3,607)	(7,085)	(2,708)	(1,367)	(4,075)
Amounts used in year	0	1,924	1,924	0	1,268	1,268
Unused amounts reversed in year	2,122	0	2,122	3,478	0	3,478
Unwinding of discounting in year	0	0	0	0	0	0
<b>Balance carried forward</b>	<b>(3,478)</b>	<b>(2,906)</b>	<b>(6,384)</b>	<b>(2,708)</b>	<b>(3,005)</b>	<b>(5,713)</b>

### Provision for Accumulating Absences

Officers can carry forward holiday and flexi leave entitlement at the end of the financial year. However they are not financially compensated if they leave the Council's employment before taking up their entitlement. The Council made a provision of £2.708m at 31 March 2018 (£3.478m at 31 March 2017) for compensated absences. The decrease is largely related to the number of staff being reduced in 2017/18 due to council restructure, the transfer of 9 schools to academies and the date of Easter in 2017/18 reducing the Term Time Only absence calculations.

### 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 £4.782m (£4.857m as at 31 March 2017) for successful appeals against business rates valuations, of which Wokingham's share is £2.343m (£2.380m as at 31 March 2017).

Dilapidation – A provision for dilapidation costs brought forward on buildings for Council lease of £0.395m (£0.287m as at 31 March 2017) 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, currently with £267k held.



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 2017/18. 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 from the Council 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 2018 is £7.867m (£8.094m at 31 March 2017), as can be seen in note 19.

The Council is involved in a dispute over a case of Ordinary Residence with another local authority, this is now with the Secretary of State for a decision on resolution. Should the outcome determine that the Council are deemed to be liable, the impact to the Council's finances would be a charge in the region of £327k. As the Council does not recognise any liability at this time, no provision has been made in the accounts.

There are three legal cases the Council is currently defending; should the decisions be not in the favour of the Council, any future liability is estimated to be in the region of between £23k and £126k.

## NOTE 34 CONTINGENT ASSETS

The Council does not currently have any contingent assets.

## NOTE 35 ASSETS HELD FOR SALE

	Current		Non-current	
	2016/17 £,000	2017/18 £,000	2016/17 £,000	2017/18 £,000
<b>Balance outstanding at start of the year</b>	<b>531</b>	<b>171</b>	<b>0</b>	<b>0</b>
Assets newly classified as held for sale:				
Property, plant and equipment	171	1,847	0	0
Assets sold	(531)	(171)	0	0
<b>Balance outstanding at end of year</b>	<b>171</b>	<b>1,847</b>	<b>0</b>	<b>0</b>

As at 31 March 2018 there were 30 properties classified as assets held for sale (two at 31 March 2017).

## 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, 2017	31st March, 2018	31st March, 2017	31st March, 2018
	£,000	£,000	£,000	£,000
Loans and receivables	0	0	41,078	51,997
Investments in group companies	3	35	0	0
<b>Total investments</b>	<b>3</b>	<b>35</b>	<b>41,078</b>	<b>51,997</b>
Loans and receivables	12,109	12,813	0	0
Financial assets carried at contract amounts	0	0	32,499	31,887
<b>Total debtors</b>	<b>12,109</b>	<b>12,813</b>	<b>32,499</b>	<b>31,887</b>
Financial Liabilities at amortised cost	(145,344)	(142,246)	(2,380)	(5,750)
<b>Total borrowings</b>	<b>(145,344)</b>	<b>(142,246)</b>	<b>(2,380)</b>	<b>(5,750)</b>
PFI and other finance lease liabilities	(8,429)	(8,127)	0	0
<b>Total other long term liabilities</b>	<b>(8,429)</b>	<b>(8,127)</b>	<b>0</b>	<b>0</b>
Financial liabilities carried at contract amount	(71)	(71)	(26,110)	(27,111)
<b>Total creditors</b>	<b>(71)</b>	<b>(71)</b>	<b>(26,110)</b>	<b>(27,111)</b>

### 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 2017		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£,000	£,000	£,000	£,000
Investments	41,081	41,081	52,032	52,032
Debtors	44,608	44,608	44,701	44,701
<b>Total financial assets</b>	<b>85,689</b>	<b>85,689</b>	<b>96,733</b>	<b>96,733</b>
Borrowings	(147,725)	(208,290)	(147,996)	(204,291)
Other liabilities and creditors	(34,610)	(34,610)	(35,309)	(35,309)
<b>Total financial liabilities</b>	<b>(182,335)</b>	<b>(242,900)</b>	<b>(183,305)</b>	<b>(239,600)</b>

The fair value of liabilities as at 31 March 2018 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 2018. 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.

Income, expense, gains and losses	2016/17					2017/18				
	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	
Interest expense on external borrowing	4,479	0	0	0	4,479	5,163	0	0	0	5,163
Interest expense on PFI and finance lease liabilities	609	0	0	0	609	589	0	0	0	589
Impairment losses	0	0	0	0	0	0	0	0	0	0
<b>Total expense in surplus or deficit on the provision of services</b>	<b>5,088</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,088</b>	<b>5,752</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,752</b>
Interest income	0	(947)	0	0	(947)	0	(1,831)	0	0	(1,831)
<b>Total income in surplus or deficit on the provision of services</b>	<b>5,088</b>	<b>(947)</b>	<b>0</b>	<b>0</b>	<b>4,140</b>	<b>5,752</b>	<b>(1,831)</b>	<b>0</b>	<b>0</b>	<b>3,921</b>
Surplus / deficit arising on revaluation of financial assets in the comprehensive income and expenditure	0	0	0	0	0	0	0	0	0	0
<b>Net (gain) / loss for the year</b>	<b>5,088</b>	<b>(947)</b>	<b>0</b>	<b>0</b>	<b>4,140</b>	<b>5,752</b>	<b>(1,831)</b>	<b>0</b>	<b>0</b>	<b>3,921</b>

## **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 which incorporates the prudential indicators was approved by Council on 23 February 2017 and is available on the Council website: <http://wokingham.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=2259>.

### **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, 2018	Historical Experience of Default	Historical Experience Adjusted for Market Conditions at 31 March, 2018	Estimated Maximum Exposure to Default and Uncollectability at 31 March, 2018	Estimated Maximum Exposure at 31 March, 2017
	£,000	%	%	£,000	£,000
	(a)	(b)	(c)	(a) x (c)	
Deposits with Banks and Financial Institutions:					
AAA Rated Counterparties	6,500	0.00%	0.00%	0	0
AA Rated Counterparties	54,086	0.02%	0.03%	16	0
A Rated Counterparties	0	0.06%	0.08%	0	0
Other Counterparties	0	0.17%	0.19%	0	0
Customers	33,387	Local	Local	Local	Local
<b>Total</b>	<b>93,973</b>			<b>16</b>	<b>0</b>

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.

### 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, 2017 £,000	31st March, 2018 £,000
Within one year	51,927	60,586
More than one year	0	0
<b>Total</b>	<b>51,927</b>	<b>60,586</b>

There were no financial assets due for repayment to the Council in over one year as at 31 March 2018 (nil at 31 March 2017).

### **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:

	<b>31st March 2017 £,000</b>	<b>31st March 2018 £,000</b>
<b>Short term borrowing</b>		
Within one year	2,130	3,348
<b>Long term borrowing</b>		
Between 1 and 5 years	13,767	14,970
Between 5 and 10 years	21,730	23,233
Between 10 and 15 years	34,895	40,634
Between 15 and 20 years	30,676	19,000
Between 20 and 25 years	0	0
Between 25 and 30 years	1,465	1,567
More than 30 years	42,723	42,843
<b>Total Long Term</b>	<b>145,256</b>	<b>142,246</b>
<b>Total Borrowing</b>	<b>147,386</b>	<b>145,594</b>

### **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:

	<b>31st March, 2017 £,000</b>	<b>31st March, 2018 £,000</b>
Increase in interest payable on variable rate borrowings	0	0
Increase in interest receivable on variable rate investments	(207)	(372)
Impact on Surplus or Deficit on the Provision of Services	<b>(207)</b>	<b>(372)</b>
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	<b>(207)</b>	<b>(372)</b>
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)	<b>0</b>	<b>0</b>

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:

	<b>31st March, 2017 £,000</b>	<b>31st March, 2018 £,000</b>
Interest Received	947	1,831
Interest Paid	(5,487)	(5,752)
Dividends Received	0	0
	<b>(4,540)</b>	<b>(3,921)</b>

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

	<b>31st March, 2017 £,000</b>	<b>31st March, 2018 £,000</b>
Depreciation	14,788	16,041
Impairment and downward valuations	20,201	4,555
Amortisation	688	405
Increase/(decrease) in impairment for bad debts on loans	0	0
Increase/(decrease) in creditors	9,140	(1,372)
(Increase)/decrease in debtors	(18,991)	(4,452)
Movement in pension liability	11,103	14,294
Carrying amount of non-current assets, and non – current assets held for sale, sold or derecognised	11,092	96,476
Other non-cash items charged to the net surplus or deficit on the provision of services	3,208	(2,370)
<b>Total Non-Cash Movements</b>	<b>51,228</b>	<b>123,578</b>

## NOTE 39 INVESTING ACTIVITIES

	<b>31st March, 2017 £,000</b>	<b>31st March, 2018 £,000</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(58,628)	(61,210)
Purchase of Short-term and Long-term Investments	(41,078)	(51,435)
Other Payments for Investing Activities	(10,139)	(11,953)
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	3,223	2,966
Proceeds from Short-term and Long-term Investments	43,559	52,684
Other Receipts from Investing Activities	46,850	46,850
<b>Net Cash Flows from Investing Activities</b>	<b>(16,213)</b>	<b>(22,098)</b>

## NOTE 40 FINANCING ACTIVITIES

	31st March, 2017	31st March, 2018
	£,000	£,000
Cash Receipts of Short and Long-term Borrowing	29,750	42,250
Other Receipts or Payments for Financing Activities	2,396	3,472
Cash Payments for the reduction of outstanding liabilities relating to Finance leases and on balance sheet PFI contracts	(283)	(302)
Repayments of Short and Long-term Borrowing	(15,596)	(41,380)
Other Payments for Financing Activities	0	0
<b>Net Cash Flows from Financing Activities</b>	<b>16,266</b>	<b>4,040</b>

## NOTE 41 CASH AND CASH EQUIVALENTS

	WBC 31st March, 2017	Group 31st March, 2017	WBC 31st March, 2018	Group 31st March, 2018
	£,000	£,000	£,000	£,000
Cash held by the Council	3,095	3,095	4,235	4,235
Money Market Instruments	12,250	12,250	9,503	9,503
Cash Held by Fund Managers	632	632	0	0
Bank Current Assets	0	1,478	0	2,475
<b>Cash and Cash Equivalents</b>	<b>15,977</b>	<b>17,455</b>	<b>13,739</b>	<b>16,213</b>
Bank Current Liabilities	0	0	(2,580)	(2,580)
<b>Total Cash and Cash Equivalents</b>	<b>15,977</b>	<b>17,455</b>	<b>11,158</b>	<b>13,633</b>

## NOTE 42 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations in 2017/18 or 2016/17.

## 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 31 May 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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 operates a shared legal service and internal audit & investigations service with Royal Borough of Windsor and Maidenhead, a building control service with Royal Borough Windsor and Maidenhead and West Berkshire, and a reprographics service with Bracknell Forest Council for which the expenditure and income are shown below. 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:

	2016/17 £,000	2017/18 £,000
<b>Expenditure</b>		
Independent Mental Capacity Advocate (IMCA)	122	166
Shared Legal Services	745	599
Internal Audit & Investigation	428	400
Building Control	1,084	1,233
Reprographics	240	157
<b>Total Expenditure</b>	<b>2,619</b>	<b>2,556</b>
<b>Income</b>		
IMCA		
Reading	(36)	(62)
Slough	(17)	(2)
Bracknell	(11)	(1)
Windsor	(33)	(46)
West Berkshire	(25)	(56)
Shared Legal Services		
Windsor	(745)	(599)
Internal Audit & Investigation		
Windsor	(428)	(400)
Building Control		
Windsor	(629)	(627)
West Berkshire	(455)	(606)
Reprographics		
Bracknell Forest	(240)	(157)
<b>Total Income</b>	<b>(2,619)</b>	<b>(2,556)</b>
<b>Net Expenditure/Income</b>	<b>0</b>	<b>0</b>

## 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 two 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:

	2016/17 £,000	2017/18 £,000
<b>Funding Provided to the Pooled Budget:</b>		
Wokingham Borough Council	(403)	(436)
West Berkshire Council	(725)	(778)
Other Berkshire Councils	(1,659)	(1,843)
Berkshire Clinical Commissioning Groups	(4,876)	(4,512)
	<b>(7,663)</b>	<b>(7,569)</b>
<b>Expenditure Met from the Pooled Budget:</b>		
Royal Berkshire Ambulance Trust	0	0
Management Fund Costs	105	114
Nottingham Rehab Supplies	7,558	7,455
<b>Net (Surplus) / Deficit Arising on the Pooled Budget During the Year</b>	<b>0</b>	<b>0</b>

### 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

**Expenditure Met from the Pooled Budget:**

Wokingham Borough Council  
 Clinical Commission Group

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

2016/17 £,000	2017/18 £,000
1,038	2,089
8,276	7,777
<b>9,314</b>	<b>9,866</b>
5,721	6,209
3,445	3,697
<b>9,166</b>	<b>9,906</b>
<b>(148)</b>	<b>40</b>

## NOTE 46 INVESTMENTS IN COMPANIES

**Trading Standards South East Ltd**

This is a company 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 2017 and show that turnover for 2016/17 was £3.410m (£2.829m in 2015/16), the company made a profit after tax of £510k (£61k deficit in 2015/16) and had net assets of £952k at 31 March 2017 (£443k at 31 March 2016). Wokingham Council does not receive any dividend income from the company. The financial statements for the company for 2017/18 will be available later in 2018. 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 2016/17 financial statements for the company were prepared at 31 March 2017 and, show that turnover for 2016/17 was nil (nil in 2015/16). However, the company received investment income of £259,700 (£262,493 in 2015/16) and as a result after meeting administrative expenses the company made a profit of £120,588 in 2016/17 (profit of £119,563 in 2015/16). The company had net assets of £8.046m at 31 March 2017 (£7.926m at 31 March 2016). 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 Head of Finance, Royal Borough of Windsor and Maidenhead, Town Hall, St. Ives Road, Maidenhead, SL6 1RF.

### **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 £44.243m in 2017/18 (£1.437m in 2016/17 actual), a net operating profit of £59k (nil in 2016/17 actual), and had net assets of £273k at 31 March 2018 (£214k net assets at 31 March 2017 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 of 45% of the shares to RBWM. The company does not undertake any trading and does not therefore have any trading income. The 2017/18 accounts show net expenditure of £200k (£305k in 2016/17 actual) largely in respect of administrative costs. The company had net assets of £1.057m at 31 March 2018 comprising £1.9m reserves in respect of the face value of shareholding in WHL, less the accumulated losses of £843k (£1,612k at 31 March 2017 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. Loddon Homes Ltd, is a provider of social and affordable housing, accredited with Homes England as a for-profit registered provider. WHL 2017/18 accounts show turnover of £12,581k in 2017/18 (£11,707k in 2016/17 actual); the combined net profit for 2017/18 of both companies is £793k (combined loss of £439k in 2016/17 actual), there were combined net liabilities of £1,104k at 31 March 2018 (and combined £495k net assets at 31 March 2017 actual).



### Berry Brook Homes Ltd (BBHL) (formerly known as Wokingham Enterprises Ltd (WEL))

Berry Brook Homes Ltd (BBHL) is accounted for as a wholly owned subsidiary of WBC. The company was formerly known as Wokingham Enterprises Ltd (WEL), which had not undertaken any trading activity since March 2013. WEL was renamed BBHL in 2017/18 and transferred to WBC Holdings Ltd to be used within the portfolio of housing companies. In 2017/18 BBHL had turnover of £272k (nil in 2016/17) and the company had net assets of £155k at 31 March 2018 comprising £3k share capital and net profit of £152k (net assets were £1k at 31 March 2017).

## NOTE 47      ADJUSTMENTS BETWEEN GROUP ACCOUNTS AND AUTHORITY ACCOUNTS

2017/18

Adjustment for Intra -  
group transactions in  
Net Cost of Sales

- Corporate Services

**Total for 2016/17**

Wokingham Authority	Optalis Ltd	Wokingham Housing Ltd	WBC (Holdings) Ltd	Loddon Homes Ltd	Berry Brook Homes Ltd
£,000	£,000	£,000	£,000	£,000	£,000
(7,581)	7,766	971	(1,104)	(49)	(2)
<b>(9,064)</b>	<b>9,551</b>	<b>(324)</b>	<b>(210)</b>	<b>47</b>	<b>0</b>

Financing and Investment Income and  
Expenditure (Note 9)

Net Interest on Pension Fund Defined  
Liability (assets)

**Total for 2016/17**

Wokingham Authority	Wokingham Subsidiaries	Wokingham Group
£,000	£,000	£,000
7,366	224	7,590
<b>7,518</b>	<b>255</b>	<b>7,773</b>

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