

Slough Borough Council – Balance Sheet Review

Contents

Ref	Section	Page
1.	Executive Summary	2
2.	Context	3
3.	Broader Programme of Work Undertaken at the Council to Improve Financial Resilience	4 - 5
4.	Summary of the Approach to the Balance Sheet Review	6 - 11
5.	Financial Implications of the Balance Sheet Review	12 - 16
6.	Conclusions and Next Steps	17 - 20
Appendix 1	Work performed on identified risk areas	21 - 54
Appendix 2	Index of supporting working papers	55
Appendix 3	Recommendations and next steps	56 - 58

1. Executive Summary

The Balance Sheet Review ('BSR') represents a summary of a focused programme of work to review the balance sheet of Slough Borough Council ('SBC', 'the Council'). Whilst part of a wider Establishing Balance Sheet Grip programme of work, the BSR has sought to respond directly to the request from the Department for Levelling Up, Homes and Communities ('DLUHC') to provide assurance to the Council's balance sheet.

The BSR has identified and remediated risks in the Council's balances to provide assurance over the opening balances for FY23/24, but in so doing, reviewing balances across FY19/20, FY20/21, FY21/22 and FY22/23. This has been applied to 16 'focus areas', those being areas where risk has been identified or proposed within the Council's balance sheet according to factors of materiality, complexity or sensitivity.

Interventions delivered as part of the BSR have provided improved assurance relating to these balances, providing working papers and evidence to substantiate balances and proposing correcting journals to cleanse the balance sheet of error. In so doing, financial implications have been identified across the Council's balance sheet and revenue position across the years in question, and amounting to a total net increase of £5.4m to the Council's expenditure in FY22/23.

Focus Area	Type	FY19/20	FY20/21	FY21/22	FY22/23
Total BSR Financial Implication	Revenue	-	-	1,443	5,366
	Assets	-	-	21,404	19,370
	Liabilities	-	-	-26,110	-27,121
	Usable Reserves	2,892	7,805	12,646	6,822
	Unusable Reserves	-2,892	-7,805	-9,383	-4,437

The revenue impacts of this work have already been reported as part of the Council's provisional 23/24 outturn, except for a total of £0.3m of additional MRP charges across FY21/22 and FY22/23.

As part of work undertaken to remediate the balances in scope, a series of underlying and significant issues have been identified that are deemed to have contributed to the issues and risks identified in the Council's balance sheet. Corresponding recommendations have been proposed and incorporated into the Council's Finance Improvement activities that are both being planned and delivered.

Whilst the BSR does not represent a formal audit of the Council's balance sheet, it has sought to provide additional assurance to the Council's FY23/24 opening balances and to thereby establish a more robust foundation for onward financial planning, management and corresponding financial sustainability.

As at the point of this report being submitted, two main areas remain qualified from this conclusion, that being balances associated with the Council's Collection Fund and Dedicated Schools Grant ('DSG'). The complexity and extent of issues within the Council's underlying financial data with regards to these areas means that additional work is having to be undertaken to provide a similar level of improved assurance.

Notwithstanding the qualifications set out above, the BSR has significantly improved the grip that the Council has of its balance sheet, and in particular a shared recognition of where risk is likely to be prevalent in the Council's balance sheet, thereby supporting a focused onward monitoring approach:

- Cleansing and correction of a significant value of balances within the Council's balance sheet, providing greater assurance regarding the Council's FY23/24 opening balance. This gives greater confidence in the assets and liabilities that the Council has at its disposal, and greater clarity over the value of reserves available to support onward sustainability.
- Substantiating values through improved analysis, working papers and evidence. This provides a stronger foundation for the Council's financial records moving forwards.
- Improved robustness of underlying models and processes tasked with analysing and inputting into balance sheet transactions, thereby improving the efficiency of financial operations.

2. Context

Slough Borough Council ('SBC', 'the Council') issued a Section 114 notice ('s114') in July 2021, effectively declaring bankruptcy. As a result of the Council's continued financial challenges SBC made a request on 12 January 2024 to the Department for Levelling Up, Homes and Communities ('DLUHC') for exceptional financial support for 2024-25.

With respect to the financial year 2024-25 the Secretary of State was 'minded to' approve a capitalisation direction of a total not exceeding £23.078 million. Before the capitalisation direction could be approved, the Council needed to demonstrate that it continues to take all necessary steps towards improvement.

DLUHC's consideration will include evidence from the Commissioners of the Council's progress against the actions it is required to take, as per the Secretary of State's Best Value Directions (dated 1 September 2022) made under section 15(5) and (6) of the Local Government Act 1999.

To note, the DLUHC requirements, communicated to the Council on 27 February 2024¹ include requesting evidence of the Council's:

- i. Conclusion of its balance sheet review by the end of June 2024 and building a comprehensive knowledge of contingent risk to effectively estimate the impact of exposures and financial stability;
- ii. Progress in delivery of its asset disposal strategy and achieving the net targets as the primary financing mechanism for the capitalisation direction;
- iii. Progress in ensuring adequacy in its level of reserves by the end of September 2024 to ensure services are sustainable and it is resilient to shocks.

This report seeks to provide the necessary evidence in response to DLUHC's first requirement, namely the "*Conclusion of its balance sheet review by the end of June 2024*". In so doing, the report structured as follows:

1. Context
2. Broader Programme of Work Undertaken at the Council to Improve Financial Resilience
3. Summary of the Approach to the Balance Sheet Review – including how risk was assessed, review of existing evidence, and work performed to mitigate risks in identified areas
4. Financial Implication of the Balance Sheet Review
5. Conclusions and Next Steps

This review does not constitute an audit under any relevant audit standards and provides no guarantee that the Council's financial reporting is free from material misstatement. In the absence of an audit, this review seeks to demonstrate that management have sufficiently reviewed the balance sheet as at 31 March 2023, with detailed working papers substantiating the balance brought forward for FY23/24.

¹ [Slough Borough Council: Exceptional Financial Support request 2024-25 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

3. Broader Programme of Work Undertaken at the Council to Improve Financial Resilience

Slough Borough Council issued a s114 Notice in July 2021, declaring that it could not produce a balanced budget. This was in part driven by historic inaccurate accounting entries and an elevated level of borrowing, with audited financial statements not being produced beyond financial year 2018/19 (although these accounts had a disclaimer of opinion), thereby causing significant uncertainty over the Council's financial position.

Following the s114 Notice there has been a number of subsequent steps to improve the financial standing of the Council, with a focus on improved financial management and processes. The Balance Sheet Review ('BSR') is one key aspect of this, and is part of a broader programme of work across the Council aiming to improve financial performance, ensure financial and balance sheet grip and establish financial resilience. This has included the Council working closely with their Strategic Finance Partner (EY) to undertake an 'Establishing Balance Sheet Grip Programme'.

The Establishing Balance Sheet Grip programme seeks to ensure the Council stabilises its balance sheet, identifies and mitigates risk and establishes a foundation for manageable accounts production and financial sustainability. It has been developed so that the Council is able to meet key government deadlines, such as the BSR deadline in June 2024 set by DLUHC, and the audit backstop in September 2024 for accounts up to financial year 22/23. The work is categorised into the following 4 focus areas:

Ref.	Focus Area	Description
1	Project Management Office (PMO)	A dedicated project management resource to track and manage delivery. This includes regular reporting to senior Council officers, Finance Board and the Best Value Commissioner.
2	Audit Backlog	<p>Preparation of accounts from FY19/20 to FY 22/23, to meet the provisional audit backstop of 30th September 2024.</p> <p>As at the time of writing this report, the status for each set of accounts is as follows:</p> <ul style="list-style-type: none"> FY19/20 – Draft accounts were reviewed and signed by the Finance Director on 06th May 2024, presented at Audit Committee on 25th May 2024, 30-day public inspection period from 9th May 2024 to 20th June 2024, with no comments received. FY20/21 – Draft accounts were presented at Audit Committee on 25th May 2024, reviewed and signed by the Finance Director on 26th June 2024, published for the 30-day public inspection period on 27th June 2024 and ending on 08th August 2024. FY21/22 - Draft accounts anticipated to be completed on 15th July 2024, with s151 sign off w/c 22nd July. The 30-day public inspection will then commence and conclude during w/c 2nd September 2024. The draft accounts will be presented at Audit Committee on 4th September 2024. FY22/23 - Draft accounts are anticipated to be completed on 24th July 2024 and signed and published for the 30-day public inspection during w/c 29th July 2024, which will conclude during w/c 15th September 2024. The draft accounts will be presented at Audit Committee on 4th September 2024. <p>The auditor is currently proposing that the audit be conducted over a two-week period towards the end of September to meet the backstop date, but dates are yet to be finalised.</p>
3	Balance Sheet Review and Deep Dives	<p>A key component of the Audit Backlog work, representing a holistic review of the Council's balance sheet, with detailed work performed to mitigate identified risk areas. In the absence of an audit, this review seeks to demonstrate that management have sufficiently reviewed the balance sheet as at 31 March 2023, with detailed working papers substantiating the balance brought forward for FY23/24.</p> <p>This is the focus of this report.</p>
4	Broader Focus on Establishing	Recognising the broader impact that this work has on the Council's financial recovery, including budget setting, any associated revenue impacts and key

	Balance Sheet Grip	processes. Examples include the work performed to develop an Asset Appraisal and Disposal Framework and associated de minimis price disposal tool, reviewing the funding of the Council's Capital Strategy, cash forecasting and the Minimum Revenue Provision model build and key transactions review.
--	--------------------	---

In undertaking this work in collaboration with Council Officers, it has identified the extent of financial management issues that are prevalent across the Council's core financial processes, controls, data and protocols. Whilst this exercise has sought to mitigate and remediate key risks within the Council's historic balance sheet balances, as well as establish grip over the Council's balance sheet as a whole, the scale of the challenges and issues identified should not be underestimated.

4. Summary of the approach to the Balance Sheet Review

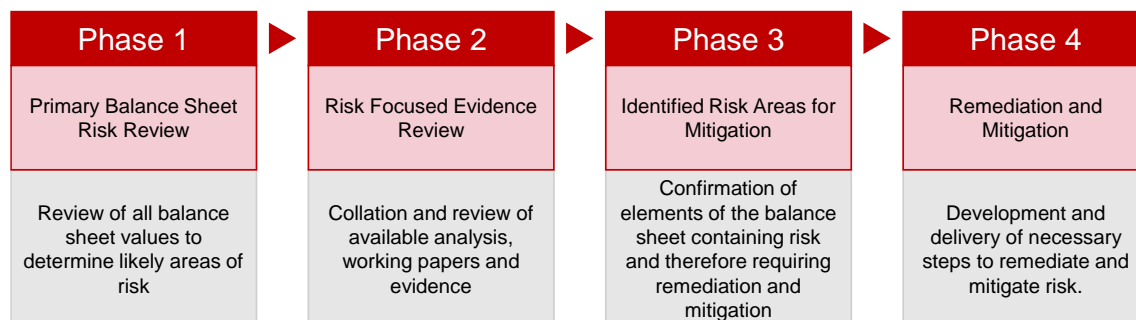
The BSR has sought to identify, review and mitigate key areas of risk within the Council's balance sheet, with a focus on the balances as at 31 March 2023 to provide assurance over the opening balances for FY23/24, but in so doing, reviewing balances across FY19/20, FY20/21, FY21/22 and FY22/23.

The BSR utilised a risk based approach to identify areas of the Council's balance sheet for which investigation and analysis was required to confirm the accuracy of the reported values and to understand and mitigate the potential consequences these values could have on the Council's financial position. The BSR has included the assessment of available working papers and supporting analysis, reviewing the reasonableness, completeness and accuracy of these and seeking to remediate and develop any information deemed incomplete or incorrect. Recommendations have been made to both correct issues identified within historic balances as well as to improve process to minimise risks materialising in future years.

The review process was not only a compliance measure but also a strategic exercise to ensure the Council's financial health and readiness for the following fiscal year. By conducting this analysis, the Council aimed to maintain transparency, uphold fiscal responsibility, and prepare for any financial challenges that may arise.

This review does not constitute an audit under any relevant audit standards and provides no guarantee that the Council's financial reporting is free from material misstatement. In the absence of an audit, this review seeks to demonstrate that management have sufficiently reviewed the balance sheet as at 31 March 2023, with detailed working papers substantiating the balance brought forward for FY23/24.

The BSR methodology was composed of four phases, as summarised below:



Phase 1: Primary Balance Sheet Risk Review

Phase 1 focused on undertaking a thorough review of the Council's balance sheet, via a review of trial balance downloads relevant to financial years FY18/19 through to FY22/23. Each account code (amounting to 2,087 account and analysis codes across the Trial Balance) was reviewed to assess risk according to the following perspectives:

- Materiality** – significance of value and the financial impact that any volatility or changes would have on the Council's revenue position and statement of accounts.
- Complexity** – recognised complexity of the commercial and financial arrangements that are assumed to underpin a balance.
- Sensitivity** – the assumed non-financial risk associated with the factors relevant to each balance.

The assessment of risk against each account code applied a risk score of between 1 (low), 2 (medium) and 3 (high).

Of the 2,087 account and analysis codes assessed, 184 were identified as being medium risk and 219 were identified as being high risk. Of the remaining account and analysis codes that were assessed as being low risk, 77% of these related to low value VAT control accounts sat within the

Council's short term debtors. Excluding these accounts determines that over 50% of the Council's Trial Balance account and analysis codes were identified as being high or medium risk and hence within the scope of focused analysis under the BSR. This seeks to demonstrate that whilst the BSR process was extensive and focused upon perceived or identified risk, it was not exhaustive.

Phase 2: Risk Focused Evidence Review

Phase 2 sought to appraise the robustness of evidence, working papers and analysis (if any available), to substantiate balances as at 31 March 2023, for those areas deemed medium or high risk according to the Phase 1 assessment. This appraisal would establish the reasonableness and accuracy of supporting information, using the following criteria:

1. Sufficient Evidence: Evidence, analysis and working papers deemed appropriate to substantiate balances
2. Inadequate Evidence: Identified issue with accuracy or substance of evidence, analysis or working papers
3. Non-existent Evidence: No evidence, analysis or working papers identified

For any areas of medium to high risk according to the Phase 1 assessment where inadequate or non-existent evidence was identified, these were established as being areas of risk within the Council's balance sheet that required some form of intervention and were progressed to Phase 3.

Phase 3: Identified Risk Areas for Mitigation

In total, 16 areas were progressed to Phase 3 for further review to determine what steps would need to be undertaken to remediate and mitigate identified risk. These areas are summarised below, structured according to categories of capital, cash and treasury, reserves and other.

Ref.	Focus Area	Description	Applicable Balance Sheet Component/GL code	Value as at 31 March 2023 (as provided on the Trial Balance as at 10 January 2024)
Capital				
1	Minimum Revenue Provision	Risks associated with the calculation of minimum revenue provision and supporting financial modelling.	R8980 – MIRS – Stat prov for the financing of cap investment (MRP)	£17.7m
			B7130 – Reverses – Capital Adjustment Account	£189.9m
2	Capital Receipts	Risks associated with the historic application of capital receipts and associated inconsistencies between Finance, Property and Treasury.	B7001 – Capital Receipts Reserve	£214.3m
			B52 – Long-term borrowing	£467.4m
3	Capital Financing	Risks relating to the sustainability and compliance of the Council's capital financing approach.	B7000 - Reserves - Capital Grants Unapplied	£44.3m
			B5316 - Long Term Creditors-Section 106	£18.7m
			B7001 – Capital Receipts Reserve	£214.3m
4	Private Finance Initiative	Risks associated with the calculation of Private Finance Initiative ('PFI') related liabilities and supporting financial modelling.	B3231 - Short Term Creditors - PFI Finance Lease Liability	£0.9m
			B5320 - Long Term Creditors - PFI Finance Lease Liability	£31.0m
5	Section 106	Risks associated with the monitoring of S106 agreements	B5316 - Long Term Creditors-Section 106	£18.7m

		and the accounting of developer contributions on the balance sheet.	B7000 - Reserves - Capital Grants Unapplied	£6.4m
Cash and Treasury				
6	Cash and Cash Equivalents	Risk associated with cash balances and imprest accounts.	B24 - Cash and cash equivalents (assets)	£37.2m
			B21 - Short-term investments	£101.4m
7	Collection Fund	Risks associated with Collection Fund accounts and supporting financial modelling and approach to monitoring.	B7145 – Unusable reserves - CFAA	£355.9m
			B23 – Short-term debtors	£198.1m
			B32 – Short-term creditors	£76.3m
8	Intercompany Loans	Risks associated with loan balances relating to intercompany loans between the Council and its subsidiaries.	B1530 - Long Term Investments - Other Total	£24.3m
			B1710 - Long Term Debtors - Other Total	£40.0m
			B33 - Provisions	£21.0m
9	Impairments	Risks associated with impairment allowances and those associated with doubtful debts.	B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts	£23.7m
Reserves				
10	Reserves	Risks associated with the balances of the Council's useable and unusable reserves.	B70 - Usable reserves	£337.6m
			B71 - Unusable reserves	£74.9m
11	HRA Reserves	Risks associated with the Council's HRA balances and supporting business plan.	B7011 - HRA Earmarked Reserves	£0.6m
			B7030 - Reserves – HRA	£17.1m
12	Revaluation Reserves	Risks associated with the Council's revaluation reserves and its interface with the Fixed Asset Register.	B7135 - Reserves – Revaluation	£368.8m
Other				
13	Dedicated Schools Grant	Risks associated with the Council's Dedicated Schools Grant ('DSG') and associated schools' balances.	B7111 - Reserves-DSG Adjustment Account	£20.6m
14	Provisions	Risk related to the extent of provisions at the Council and accuracy of calculations.	B33 - Provisions (ST)	£21.0m
			B51 - Provisions (LT)	£2.3m
15	Debtors (Accounts Receivable)	Risk associated with the debtors balances and related outstanding receivables.	B17 - Long-term debtors	£41.8m
			B23 - Short-term debtors	£198.1m
16	Creditors (Accounts Payable)	Risk associated with the creditors balances and related outstanding payables.	B32 - Short-term creditors	£76.3m
			B53 - Other long-term liabilities	£315.6m

Phase 4: Remediation and Mitigation

Phase 4 focused on developing and delivering remediations and mitigations associated with the identified risks across the 16 areas set out above, collaboratively between Council officers and EY. The assessment and work undertaken per area was set out in a consistent format, according to the following areas (and provided in Appendix 1):

Example format for focus area review																					
Overview																					
Related Balance Sheet Account	Value as at 31 March 2023																				
This section states the relevant balance sheet account(s) being reviewed	This section states the balance as per the Trial Balance, provided as at 21 January 2024																				
Step	Description																				
Initial findings	This section sets out the initial findings from the Phase 1 and 2 risk categorisation																				
Assessment of Risk	This section highlights the risks posed from inaccurate financial information for the relevant balance sheet codes																				
Required Intervention	This section sets out the work to be performed to mitigate the assessed risks																				
Work performed	This section outlines the work performed to mitigate the assessed risks																				
Impact on financial year(s)	This section denotes the financial impacts for the relevant balance sheet accounts, and explain the reason for the changes being proposed. A table summarises the financial impacts up to and including FY22/23. <ul style="list-style-type: none"> Original Balance - the balance as per the Trial Balance, provided as at 21 January 2024 Adjustments - the total adjustments required Revised Balance - the expected final balance once all correcting journals have been posted 																				
	<table border="1"> <thead> <tr> <th>£'000*</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Revised balance</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	£'000*	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-	-	-	-	Adjustments	-	-	-	-	Revised balance	-	-	-	-
	£'000*	FY19/20	FY20/21	FY21/22	FY22/23																
	Original balance	-	-	-	-																
Adjustments	-	-	-	-																	
Revised balance	-	-	-	-																	
*Note that amounts are displayed in thousands																					
Recommendations and next steps	Any recommendations to improve the ongoing management of the balance sheet code, and next steps to remediate the assessed risk, are noted																				
Supporting analysis reference	This section references underlying working papers where analysis has been performed																				

Supporting working papers are provided in Appendix 2.

A summary of the remediations and mitigations undertaken per focus area is provided below.

Ref.	Focus Area	Intervention Undertaken
Capital		
1	Minimum Revenue Provision	A detailed assessment of working papers and models utilised to calculate MRP, refining the model and improving transparency over the inputs, assumptions, and outputs of the model. This includes a review of key transactions (such as Akzo Nobel) and calculating any required financial adjustments.
2	Capital Receipts	A review of disposal values and associated costs, derived from third party and internal sources, to determine a net capital receipts figure of all assets disposed as part of the asset disposal program. Preparation of associated capital receipts allocation journals.

3	Capital Financing	Analysis was undertaken to assess the extent to which grant funding, developer contributions and capital receipts have been used to fund capital expenditure. As existing reporting and controls were not in place to actively determine this, reconciliations of these funding positions has been undertaken.
4	Private Finance Initiative	Reviewed the existing PFI model, payment mechanism, and PFI invoices to ensure the accuracy of inputs in the model and the accounting entries posted for FY20/21. Update the PFI model for FY21/22 and FY22/23, including the outputs of journals to be posted for these financial years, as well as the Council's liability position.
5	Section 106	Supporting evidence reviewed to reconcile the Trial Balance to underlying s106 working papers. Adjusting journal entries proposed, where relevant.
Cash and Treasury		
6	Cash and Cash Equivalents	Finalise bank reconciliation for FY22/23, with supporting evidence to validate balances across B24. Sample check of transactions and supporting working papers. Analysis of each imprest account with an assessment on disbursements in FY22/23 (if any), reconciliation of account balances to cash, and a recommendation for each account on closure.
7	Collection Fund	For 21/22 significant work has been undertaken to correct the collection fund position on the Balance Sheet and reconcile this to LG Futures Models. This same activity should now be undertaken for 22/23 to ensure that the balance sheet position for this year is correct and the collection fund accurately reflected in the Council's Statement of Accounts.
8	Intercompany Loans	Reconciliations between the Council's TB, subsidiaries' loan register and subsidiaries' financial statements have been performed, with impairment assessments performed on intercompany loan balances.
9	Impairments	All medium and high risk impairments have been reviewed, with working papers either obtained or developed to validate those balances.
Reserves		
10	Reserves	All medium and high risk reserve balances have been reviewed, including accounts with: <ul style="list-style-type: none"> • a lack of movement across the review period, • material movements across the review period, and • both debit and credit balances during the review period. The review was split into usable and unusable reserves, to provide clarity over financial impacts on these different reserve types.
11	HRA Reserves	Review of the HRA reserve balances, obtaining working papers where available, and proposing correcting journals where necessary.
12	Revaluation Reserve	Ensure all movements are updated in Fixed Asset Register for years up to and including FY22/23, and appropriately reflect in the General Ledger. This must include any revaluations, additions and disposals. Perform a reconciliation between the Fixed Asset Register and TB, ensuring the revaluation reserve is correct for years up to and including FY22/23.

		To note, this work has only been performed up to FY20/21, and audit adjustments from prior years are not included in the FY20/21 Fixed Asset Register.
Other		
13	Dedicated Schools Grant	The intervention required a review and appropriate analysis of all transactions across Dedicated School Grant income and School codes so that they may be aligned to the right area of the I&E and inform the transfer to the correct related balance sheet code.
14	Provisions	Performed a review of each provision as at 31 March 2023, ensuring appropriate review by a senior Finance officer. This includes reviewing inputs, assumptions, calculations, and split between short term and long term. Perform a completeness check to determine if any other provisions exist as at 31 March 2023. Preparation of adjusting accounting entries, if required.
15	Debtors (Accounts Receivable)	<p>Performed a review of medium and high risk debtors accounts as at 31 March 2023, ensuring that balances were being reviewed as part of other workstreams underway (for example, Allowance for Doubtful Debts reviewed as part of 9. Impairments).</p> <p>Where balances were not reviewed elsewhere, working papers were obtained adjusting accounting entries proposed, if required.</p>
16	Creditors (Accounts Payable)	<p>Performed a review of medium and high risk creditors accounts as at 31 March 2023, ensuring that balances were being reviewed as part of other workstreams underway (for example, PFI liabilities reviewed as part of 4. Private Finance Initiative).</p> <p>Where balances were not reviewed elsewhere, working papers were obtained adjusting accounting entries proposed, if required.</p>

5. Financial Implications

Of the 16 areas focused on as part of the BSR, a number of the remediations and mitigations have resulted in corrections to the balance sheet. In some cases, this has also resulted in a corresponding revenue implication.

There is a total net reduction to the Council's GF usable reserves of £6.8m in FY22/23, and £30.2m across the period FY19/20 to FY22/23. £7.5m of this reduction across the years relates to s106, which is still usable by the Council, however has been recoded to liabilities to more accurately reflect the nature of s106 receipts.

Focus Area	Type	FY19/20	FY20/21	FY21/22	FY22/23
Total BSR Financial Implication	Revenue	-	-	1,443	5,366
	Assets	-	-	21,404	19,370
	Liabilities	-	-	-26,110	-27,121
	Usable Reserves	2,892	7,805	12,646	6,822
	Unusable Reserves	-2,892	-7,805	-9,383	-4,437

The revenue impacts of this work have already been reported as part of the Council's provisional 23/24 outturn, except for a total of £0.3m of additional MRP charges which are shown in Focus Area 2 – Capital Receipts in table below. Based on the provisional FY23/24 outturn position² which showed a £14.182m balance on the smoothing reserve, following the results of the Balance Sheet Review, this would be reduced to £13.902m.

A summary of the financial implications is set out below, with further detail provided in Appendix 1.

Ref.	Focus Area	Type	FY19/20 £'000	FY20/21 £'000	FY21/22 £'000	FY22/23 £'000
1	Minimum Revenue Provision	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-	-
		Usable Reserves	2,892	7,800	8,365	3,368
		Unusable Reserves	-2,892	-7,800	-8,365	-3,368
<p>Adjustments to reflect an increase in MRP charges required, primarily relating to Capitalisation Direction which was not shown in previous MRP calculations.</p> <p>MRP is a charge to the General Fund provide for future repayments of capital related borrowing, through usable reserves. There is a corresponding entry shown in the Capital Adjustment Account (Unusable Reserves), which is the negative reserve entry shown above.</p> <p>The MRP review assumed Capital Receipts utilisation of £7.8m, £4.4m, and £151.8m in FY19/20, FY20/21 and FY22/23 respectively. The Capital Receipts Reserve utilisation (decreasing the usable Capital Receipts Reserve) to fund the Capitalisation Direction (decreasing the negative usable Capitalisation Direction Reserve). This nets off at a Usable Reserves level, so is not shown in the table above.</p>						
2	Capital Receipts	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-	-
		Usable Reserves	-	5	134	141
		Unusable Reserves	-	-5	-134	-141
<p>The Capital Receipts reserve is reduced by £7.7m, and £149.9m in the years FY19/20 and FY22/23 respectively, to recognise utilisation to fund the Capitalisation Direction and reduce ongoing MRP charges. As with Focus Area 1, both sides of this entry relate to Usable reserves, so net off in the table above.</p>						

² Provisional 23/24 Outturn [AGENDA ITEM \(slough.gov.uk\)](https://www.slough.gov.uk)

	The reserve movements shown relate to additional MRP charges that were not included in the initial MRP review, due to less Capital Receipts being available than previously assumed. The MRP charges have the same impact as those outlined in Focus Area 1 above.					
3	Capital Financing	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-	-
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-	-
<p>Based on the analysis undertaken, the Council has been able to provide assurance that General Fund capital expenditure has not been financed by debt in all periods after the issuance of the section 114 (s.114) notice. For these periods, reconciled amounts of grants, section 106 contributions and capital receipts are sufficient to fund General Fund capital expenditure.</p> <p>No accounting entries have been proposed for this section, however the conclusions drawn rely upon the financial information from Focus Area 2 – Capital Receipts, and those accounting entries being processed.</p>						
4	Private Finance Initiative	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	884	928
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-884	-928
<p>Accounting entries were not prepared for FY21/22 or FY22/23 prior to the Balance Sheet Review exercise being undertaken. Therefore, journal entries are required for FY21/22 and FY22/23.</p> <p>Firstly, these entries decrease the overall PFI liability in line with capital repayments made.</p> <p>Secondly, the accounting entries recognise an appropriate split between short term and long term liabilities, which nets off at a liabilities level, so cannot be seen in the table above.</p> <p>There are corresponding MRP impacts at the same value as shown in the table above, however these have already been accounted for within Focus Area 1 – MRP.</p> <p>No adjustments are required for FY19/20 or FY20/21.</p>						
5	Section 106	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-4,147	-3,313
		Usable Reserves	-	-	4,147	3,313
		Unusable Reserves	-	-	-	-
<p>The work performed has identified journal entries which need to be posted to the General Ledger, both to correct for items posted to s106 in error, and to consolidate the balances so that they are correctly shown under Long Term Creditors, as opposed to s106 reserves. This is because s106 receipts are technically repayable to developers, until a point in time in which they are applied to qualifying expenditure.</p> <p>Whilst there is a reduction in Usable Reserves due to the recoding to Liabilities, there is no net movement in the total balances available for the Council to utilise on qualifying capital expenditure.</p> <p>Adjustments were also made to the detailed working papers to reflect audit adjustments from FY18/19, that were not previously reflected in the working papers. These are already recorded in the Council's financial system, so do not appear in the table above.</p>						
6	Cash and Cash Equivalents	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-	-
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-	-
Cash and Cash Equivalents work identified a £14.9m reduction in the cash balance, and a corresponding £14.9m increase in short term investments. Both sides of this entry relate to assets, so net off in the table above.						

7	Collection Fund	Revenue	To be determined – currently qualified			
		Assets				
		Liabilities				
		Usable Reserves				
		Unusable Reserves				
Collection Fund Work has identified movements required in 21/22 to accurately reflect the Collection Fund Position on the Balance Sheet. This has involved moving £52.8m from unusable reserves, moving £29.9m to Assets, -£2.1m to Liabilities and £25.0m to revenue. Work is being undertaken to calculate the adjustments required in 22/23. This work has yet to be done as it was dependent on finalising the 21/22 position first.						
8	Intercompany Loans	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-	-
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-	-
Adjustments for the Intercompany Loans related to reclassification of long-term debtors and investments, and repayments that had not been correctly allocated to a loan balance. This results in an overall change to intercompany balances recognised of £11.0m, £3.7m, -£9.6m, and £14.1m from FY19/20 to FY22/23. All adjustments netted of to have a nil net impact at an assets level.						
9	Impairments	Revenue	-	-	-	6,509
		Assets	-	-	-	-6,509
		Liabilities	-	-	-	-
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-	-
From work performed over each impairment balance, adjustments were required. The total impact on FY22/23 was an increase of £6,509k of impairment as at 31 March 2023. This is driven by: <ul style="list-style-type: none"> • General Bad Det Provision being incorrectly in a debit position • Increase in total debt balances (for Housing Benefits, Business Rates and Council Tax), rather than a deterioration in the percentage of Bad Debt Provision recognised in any given area. 						
10	Reserves	Revenue	To be determined – currently qualified			
		Assets				
		Liabilities				
		Usable Reserves				
		Unusable Reserves				
Reserves balances are highly dependent on transactions in other related accounts and hence for any meaningful assessment of the balances the account closure process needs to be complete for the year. This explains the aforementioned unusual trends across years, as the accounts backlog is being cleared from FY19/20 through to current year FY23/24 and as Finance go through and finalise each statement of accounts, the reserve balances will change based on the closure of related accounts. Therefore, at the time of writing this report, the audit backlog clearance is underway and currently the closure of the FY21/22 balances is being performed. After which, the FY22/23 balances will be closed down and a more meaningful assessment of the reserve balance completeness and accuracy can be performed as at 31 March 2023.						
11	HRA Reserves	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-	-
		Usable Reserves				
		Unusable Reserves	-	-	-	-
There was a £3m adjustment posted to the HRA reserves in FY21/22. Whilst £0.1m was recharged from below the line to above the line, all entries only impacted the HRA reserves balances, therefore net off in the table above.						

	A further £6.9m adjustment is required, to refund the Major Repairs Reserve for funding the purchase and holding of the Akzo Nobel site, using the HRA Capital Receipts Reserve. This site was sold and the excess capital receipts transferred to the General Fund, with the financial impacts of this Capital Receipts Reserve transfer being included within Focus Area 1 – MRP and Focus Area 2 – Capital Receipts. Both sides of this entry relate to Usable Reserves, and net off in the table above.					
12	Revaluation Reserve	Revenue	To be determined – currently qualified			
		Assets				
		Liabilities				
		Usable Reserves				
		Unusable Reserves				
<p>The system used as the Council's FAR does not permit the processing of entries for a given financial year until the previous financial year has been closed. This means that entries for FY22/23 cannot be processed until all entries for FY21/22 have been posted to the FAR and transferred and reconciled with the General Ledger.</p> <p>As at 30 June 2024, entries on the FAR have been updated to FY20/21 year end.</p>						
13	Dedicated Schools Grant	Revenue	To be determined – currently qualified			
		Assets				
		Liabilities				
		Usable Reserves				
		Unusable Reserves				
<p>The work on DSG has only been completed for FY23/24 but not yet for FY20/21, FY21/22 and FY22/23. The impact of the work around the Dedicated Schools Grant is expected to be contained within the DSG and Schools areas of the I&E account from where there will be the transfer to appropriate Balance Sheet codes. The estimate scale of transactions amounts to £7.7m across FY20/21 and FY21/22.</p>						
14	Provisions	Revenue	-	-	1,443	-2,754
		Assets	-	-	-	-
		Liabilities	-	-	-1,443	2,754
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-	-
<p>Any increase to a provision will have a corresponding revenue charge, with any decrease to a provision having a revenue benefit.</p> <p>The movements in the table above are derived from a review of all provisions held by the Council, utilising third party evidence to substantiate the provisions balances where reasonable. The key driver of 22/23 movements is the release of £2.8m provisions held against balances with GRE5, a group entity and the driver of the 21/22 movement is the increase of the insurance provision.</p> <p>It is recognised there is further work required to establish whether further liabilities may crystallise due to potential future work with GRE5, and additionally any future considerations regarding provisions will be incorporated into the Council's approach to ongoing contingent risk monitoring.</p>						
15	Debtors (Accounts Receivable)	Revenue	-	-	-	-
		Assets	-	-	-	-
		Liabilities	-	-	-	-
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-	-
<p>For debtors accounts considered in focus area 15, there was a £232.7m overall reduction in the balances shown at 31 March 2023. This was solely due to the Council using a balance sheet holding code (called 'Inter Entity Legal Balance'), which has been cleared down during the audit backlog work. This balance reduced from £248.5m to £15.8m, fully accounting for the £232.7m reduction referenced.</p> <p>All debtors adjustments netted off at an asset level, or are accounted for in other focus areas (eg Intercompany Loans and Creditors).</p>						
16	Creditors (Accounts Payable)	Revenue	-	-	-	1,611
		Assets	-	-	21,404	25,879
		Liabilities	-	-	-21,404	-27,490
		Usable Reserves	-	-	-	-
		Unusable Reserves	-	-	-	-

<p>During the ongoing audit backlog work, adjustments have been made to creditors balances. The summary of these impacts is shown above.</p> <p>In 22/23, this is driven by the following movements:</p> <ul style="list-style-type: none">• £14.1m liabilities increase, due to Assets incorrectly coded to Liabilities• £2.6m liabilities increase due to Stamp Duty Land Tax associated with the Akzo Nobel site transaction• £1.6m relating to a review of accruals, with a corresponding revenue impact. <p>The £1.6m of revenue impacts, are driven by an increase in accruals, predominantly within the Adult Social Care team. Revenue impacts have been reported as part of the provisional Outturn for FY23/24 on 17 June 2024, and do not result in any additional pressures on the GF reserve balances.</p>

This review has supported efforts across the Council to engage with officers to identify and determine contingent risk and as at the date of this report one contingent risk has been identified and is being monitored in relation to potential future impairments associated with JEH. The contingent risk approach now adopted by the Council will continue to review and identify potential contingent risks such as this going forward.

6. Conclusions and next steps

Key Identified Issues

The BSR identified a number of issues systemic across the Council and its approach to financial management, that were contributing towards risk within the balance sheet and corresponding implications to the Council's financial sustainability. It is noted that a number of these issues were factors in historic periods of time (namely in the years under review via the BSR) and align to previous issues flagged within Best Value Notices.

These have been summarised below and are proposed to be incorporated into further work under the Establishing Balance Sheet Grip programme and further into the Council's Finance Improvement Plan. It is recognised that in many cases, improvement steps are already underway.

Identified Issue	Summary	Proposed recommendations to mitigate
Ineffective record keeping	Historic issues relate to the effectiveness of the Council's financial record keeping, with no clear approach to storing working papers, supporting evidence and associated data. This limits the ability to which the Council can rely upon a single version of the truth and inhibits a grip on the balance sheet with limited rigour in relation to transactions and resultant balances.	<ul style="list-style-type: none"> The Council requires a formal document repository, with agreed taxonomy, hierarchy and archiving. This should be supplemented by an agreed process for working paper development and approval, incorporated into a clear governance process. An agreed RACI matrix for key officers, providing clarity regarding responsibilities and accountabilities for managers across the Council (not just within Finance) with respect to their duties in regards to working papers and record keeping.
Ineffective or non-existent processes	Key processes which feed in to and influence the Council's balance sheet are ill defined, with limited clarity on responsibility and accountability, often resulting in them being ineffectively delivered or in some cases, not undertaken at all.	<ul style="list-style-type: none"> A detailed review of existing core finance processes to feed into a gap analysis, providing subsequent steps to close gaps through the provision of agreed process maps detailing data inputs, system interfaces and operational and governance responsibilities.
Ineffective or non-existent controls	The overarching control environment of the Council is weak, with limited mechanisms in place to control financial risk, resulting in key transactions being undertaken incorrectly or inappropriately.	<ul style="list-style-type: none"> A detailed review of key financial controls, and the extent of their completeness, appropriateness and effectiveness. This to provide a clear gap analysis and subsequent improvement steps to improve the Council's control environment.
Financial modelling approaches not adhering to best practice principles	There is limited rigour in the Council's approach to financial modelling, with key financial models being utilised without sufficient testing, version control and checks and balances.	<ul style="list-style-type: none"> The development of an agreed SBC financial modelling best practice principles, with appropriate upskilling across key officers. The development of a clear process for model design, development, quality assurance and approval.
Limited scope for balance sheet risk management	The Council does not operate a focused approach to identifying, monitoring and mitigating balance sheet related risks, resulting in key issues remaining undetected or in some cases crystallising without sufficient mitigations in place.	<ul style="list-style-type: none"> The establishment of appropriate monthly and quarterly close process aligned to key risks within the balance sheet, with associated balance sheet risk reporting provided to the appropriate leadership forums (with ensuing actions determined for any mitigations).
Single points of failure combined with significant personnel churn	The lack of documented financial protocols and poor financial record keeping has resulted in a significant number of single points of failure. This	<ul style="list-style-type: none"> The establishment of an agreed Finance Manual incorporated guidance for key protocols, processes and approaches

	has resulted in risks associated with corporate knowledge which, when combined with a reliance on interims and associated personnel churn, has created extensive issues of minimal clarity regarding decisions undertaken or approaches utilised.	inherent to the effective operation of the Finance Function.
Lack of clear working protocols across different Council departments	Core Council departments have historically not been operating effectively together, resulting in conflicting approaches and strategies.	<ul style="list-style-type: none"> • Agreed RACI matrix providing clarity regarding the responsibilities and accountabilities of officers and teams across the Council. • Reference to departmental interfaces in the proposed process maps developed across key finance processes.
Journals being used to substantiate a balance	There have been instances of the Council using journals as a tool to substantiate a given balance. Properly, balances and decisions should be validated with relevant supporting documentation, before enacting a journal on the system. This would help the Council reduce the volume of erroneous journal postings and miscodings.	<ul style="list-style-type: none"> • The development of an improved journal review and approval framework, with agreed delegations and associated system amendments.

Qualifications to the BSR

The BSR represents a step change in the robustness of the Council's approach to its financial management. However, as noted, this work is not an audit, and there are a number of qualifications to the work that the reader should be aware of. Some of these are general and could apply to any area of the balance sheet to varying degrees, whereas some relate to specific focus areas within the Balance Sheet Review.

Qualification	Description
General	
Estimation Uncertainty	Areas of the balance sheet which are accounting estimates are inherently susceptible to changes in the inputs or assumptions utilised in their calculation
Lack of supporting evidence	Due to the historic ineffective record keeping within the Council, there is in some cases a lack of supporting evidence for balances. This limits the ability to which the Council can rely upon a single version of the truth and inhibits a grip on the balance sheet with limited rigour in relation to transactions and resultant balances. Where this is material, it has been identified within this report.
Reserves	Any accounting entries, either from the areas in this Balance Sheet Review, or general Business As Usual movements, may have an impact on the Council's overall reserve position.
Balances for FY19/20 – FY21/22	Focus was applied to the balances as at 31 March 2023. Adjustments noted for previous years are also shown in this report, however the work performed did not consider the balances for years FY19/20 – FY21/22 unless it was necessary to evidence the FY22/23 position.
Future potential liabilities	Whilst this process has endeavoured to effectively review all factors that may lead to adjustments or amendments to the Councils balance sheet, it does not exclude the potential of further future liabilities crystallising. The councils contingent risk framework will be applied to mitigate this accordingly.

Specific	
5. Section 106	<p>When reconciling underlying working papers for 31 March 2023 with the Trial Balance, variances were identified. Therefore, the Council is reviewing the transactions and underlying S106 records to ensure consistency of records and amounts. Most of this work is focussed on updating the underlying S106 records to be consistent with updated funding assumptions in restated sets of accounts. Once complete the final impact of any correction journals required will be crystalised.</p> <p>This review is anticipated to be complete by the end of June 2024. Council officers estimate that this could impact the s106 balances by up to £3m.</p>
7. Collection Fund	<p>Work has not yet been finalised for 22/23, as the position was dependent on first finalising balances in 21/22. Correction journals have now been posted and reconciled for 21/22, which means the rectification work can now be undertaken for 22/23. It has been highlighted that this work should be quicker than for 21/22, now that fundamental issues have been addressed. Work will be progressed over the course of July to seek to resolve this.</p>
12. Revaluation Reserve	<p>The Fixed Asset Register has only been updated up to and including FY20/21. This is in part due to challenges within the resourcing of the Council's capital team, a matter which has since been rectified but for which there is a significant backlog of work to undertake. This has resulted in reconciling differences within the Council's General Ledger as at March 2021, relating to audit adjustments from FY18/19 and earlier accounting periods. This means that the Revaluation Reserve entries cannot be processed up to FY22/23, to align with the approach taken for other sections of the Balance Sheet Review.</p> <p>This work is anticipated to be complete in line with accounts preparation, with all entries posed to the General Ledger up to 31 March 2023 in advance of the audit backstop date of 30 September 2024.</p>
13. Dedicated Schools Grant (DSG)	<p>Whilst work has been concluded for the FY23/24 draft accounts, work remains outstanding for the financial years FY20/21 and FY21/22 (with the estimate scale of transactions amounts to £7.7m across FY20/21 and FY21/22). The work to align correct balances on the I&E and then to the correct DSG and School Balance Codes needs to be undertaken in time for the broader work of addressing the backlog for the production of the draft statement of accounts.</p>

Conclusion to the BSR

Notwithstanding the qualifications to the BSR summarised above, the exercise has supported a more robust grip of the Council's balance sheet and has established a foundation for more sustainable financial planning and necessary financial improvement activity.

The overarching financial impact is as follows:

Focus Area	Type	FY19/20	FY20/21	FY21/22	FY22/23
Total BSR Financial Implication	Revenue	-	-	1,443	5,366
	Assets	-	-	21,404	19,370
	Liabilities	-	-	-26,110	-27,121
	Usable Reserves	2,892	7,805	12,646	6,822
	Unusable Reserves	-2,892	-7,805	-9,383	-4,437

This is underpinned by the following components:

- A shared recognition of where risk is likely to be prevalent in the Council's balance sheet, thereby supporting a focused onward monitoring approach.
- Cleansing and correction of a significant value of balances within the Council's balance sheet, providing greater assurance regarding the Council's FY23/24 opening balance. This gives greater confidence in the assets and liabilities that the Council has at its disposal, and greater clarity over the value of reserves available to support onward sustainability.
- Substantiating values through improved analysis, working papers and evidence. This provides a stronger foundation for the Council's financial records moving forwards.
- Improved robustness of underlying models and processes tasked with analysing and inputting into balance sheet transactions, thereby improving the efficiency of financial operations.
- The Council is adopting a structured and comprehensive approach to identifying, managing, and monitoring contingent risk which will be led by Finance, but will incorporate regular engagement with all relevant Service leads and supporting officers, to proactively assess where the Council may be exposed to future potential liabilities and monitoring this accordingly within a contingent risk framework.

Appendix 1 – Work performed on identified risk areas

1. Minimum Revenue Provision (MRP)																					
Overview																					
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)																				
R8980 – MIRS – Stat prov for the financing of cap investment (MRP)	£17.7m (amount taken from existing Council working papers, prior to Balance Sheet Review)																				
B7130 - Reserves - Capital Adjustment Account	£189.9m																				
Step	Description																				
Initial findings	<ul style="list-style-type: none"> The MRP calculations did not have a clear owner within the Council, and were not structured in a manner that enabled effective review and challenge of inputs, assumptions and calculations. This meant that there was a lack of confidence in key inputs, for example it was challenging to determine how capital receipts had been utilised to fund Capital Expenditure. Further, the introduction of Capitalisation Direction (CD) meant that a policy was required to set out how the Council should fund its Capitalisation Direction, through MRP or Capital receipts. 																				
Assessment of Risk	<ul style="list-style-type: none"> Minimum Revenue Provision has been identified as a risk area for the Council, and was highlighted in the s114 notice as a cause of financial uncertainty. The structure of existing working papers reduced transparency over the inputs and assumptions used in the MRP calculation. The MRP is linked to other risk areas, such as the Capital Financing Requirement and Borrowing. 																				
Required Intervention	<ul style="list-style-type: none"> A detailed assessment of working papers and models utilised to calculate MRP, refining the model and improving transparency over the inputs, assumptions and outputs of the model. Reviewing key transactions (such as the Akzo Nobel transaction) and determining the impact on MRP calculations. Reporting financial impacts, both historic and forward looking, to feed into accounting and budgeting processes. 																				
Work performed	<ul style="list-style-type: none"> Reviewed underlying fixed assets and loans relating to MRP charge Developed an improved Minimum Revenue Provision model, to increase robustness and transparency Assessed the impact of the Akzo Nobel transaction on the MRP charge and prepared a summary paper outlining the findings. This entailed the review of both third party and internal documentation. 																				
Impact on financial year(s)	<p>The adjustments in the table below relate to the recalculation of the MRP, following the Capitalisation Direction.</p> <p>R8980 – MIRS – Stat prov for the financing of cap investment (MRP)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #800000; color: white;"> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original charge</td> <td>10,761.1</td> <td>9,121.0</td> <td>10,226.5</td> <td>17,699.7</td> </tr> <tr> <td>Adjustments</td> <td>2,892.0</td> <td>7,799.5</td> <td>8,364.7</td> <td>3,367.7</td> </tr> <tr> <td>Revised charge</td> <td>13,653.1</td> <td>16,920.5</td> <td>18,591.2</td> <td>21,067.4</td> </tr> </tbody> </table> <p>Note - MRP is calculated based on the prior year's closing Capital Financing Requirement, therefore any Capital Receipts applied in FY22/23 do not impact the MRP charged to Revenue until FY23/24. This means that the benefit of the Akzo Nobel capital receipts is not achieved until FY23/24 onwards.</p>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original charge	10,761.1	9,121.0	10,226.5	17,699.7	Adjustments	2,892.0	7,799.5	8,364.7	3,367.7	Revised charge	13,653.1	16,920.5	18,591.2	21,067.4
£'000	FY19/20	FY20/21	FY21/22	FY22/23																	
Original charge	10,761.1	9,121.0	10,226.5	17,699.7																	
Adjustments	2,892.0	7,799.5	8,364.7	3,367.7																	
Revised charge	13,653.1	16,920.5	18,591.2	21,067.4																	

Recommendations and next steps	<ul style="list-style-type: none"> Regular review and reconciliation to ensure consistency between inputs and assumptions used across different areas of capital and financing.
Supporting analysis reference	<ul style="list-style-type: none"> 1a. Slough Borough Council - Review of Minimum Revenue Provision 010324 1b. SBC Minimum Revenue Provision (MRP) Model v1.0 1c. SBC Minimum Revenue Provision (MRP) Model User Guide v1.0

2. Capital Receipts																															
Overview																															
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)																														
B7001 – Capital Receipts Reserve	£214.3m																														
Step	Description																														
Initial findings	The Capital Receipts Reserve had not been reduced at the levels expected, due to capital receipts allocation journals not being performed for a number of years. This resulted in a lack of clarity over the appropriate balance of the Capital Receipts Reserve, and the corresponding impact of costs associated with disposal of assets in their asset disposal programme. This impacted the Council's ability to have confidence in the net capital receipts that were available to help improve the Council's financial standing.																														
Assessment of Risk	There was a lack of clarity over the total capital receipts available in the reserve at year end. This meant it was not possible to determine how much Capitalisation Direction could be paid down by capital receipts, with associated uncertainty over the Minimum Revenue Provision calculations and associated charge as a result of this.																														
Required Intervention	<ul style="list-style-type: none"> A review of disposal values and associated costs, derived from third party and internal sources, to determine a net capital receipts figure of all assets disposed as part of the asset disposal program. Review of in year utilisation of capital receipts to fund capital expenditure. Prepare allocation journals for the Capital Receipts Reserve balances to apply to Capitalisation Direction, CapEx, or Borrowing as relevant. 																														
Work performed	<ul style="list-style-type: none"> Investigated and uncovered discrepancies between assumed and actual sales costs in asset disposals, leading to the recognition of higher £3.7m net capital receipts than previously forecasted. Developed and presented options for the allocation of capital receipts, prioritizing financial stability through Capitalisation Direction. Prepared journals for capital receipt allocation for financial years 21/22 and 22/23. 																														
Impact on financial year(s)	<ul style="list-style-type: none"> £7.6m of Capital Receipts utilised to pay down Capitalisation Direction in FY19/20 An additional £3.7m in capital receipts was recorded in FY21/22 £150m of Capital Receipts utilised to pay down Capitalisation Direction in FY22/23 <p>B7001 - Reserves - Capital Receipts</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-50,550</td> <td>-33,339</td> <td>-18,059</td> <td>-214,310</td> </tr> <tr> <td>Adjustments</td> <td>7,665</td> <td>7,664</td> <td>3,483</td> <td>149,851</td> </tr> <tr> <td>Revised balance</td> <td>-42,886</td> <td>-25,675</td> <td>-14,575</td> <td>-60,976</td> </tr> </tbody> </table> <p>In addition to the table above, Capital Receipts utilisation to pay down CD is lower than previously assumed in the MRP workstream. This means that there is a corresponding additional MRP charge, which has been indicatively calculated and shown in the table below.</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>MRP revenue impact</td> <td>-</td> <td>5</td> <td>134</td> <td>141</td> </tr> </tbody> </table>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-50,550	-33,339	-18,059	-214,310	Adjustments	7,665	7,664	3,483	149,851	Revised balance	-42,886	-25,675	-14,575	-60,976	£'000	FY19/20	FY20/21	FY21/22	FY22/23	MRP revenue impact	-	5	134	141
£'000	FY19/20	FY20/21	FY21/22	FY22/23																											
Original balance	-50,550	-33,339	-18,059	-214,310																											
Adjustments	7,665	7,664	3,483	149,851																											
Revised balance	-42,886	-25,675	-14,575	-60,976																											
£'000	FY19/20	FY20/21	FY21/22	FY22/23																											
MRP revenue impact	-	5	134	141																											
Recommendations and next steps	<ul style="list-style-type: none"> Process capital receipts reserve allocation journals in a timely manner. Perform additional review on HRA capital reserves to determine if any represent excess capital receipts and could be transferred to the General Fund Further work is required to assess the degree to which an effective process is in place to review and ensure the timely settling of any deferred capital receipts. 																														
Supporting analysis reference	2a. Slough Borough Council - Workstream 8 - Capital Receipts Review 2b. Slough Borough Council - Workstream 8 - Capital Receipts Review – CRR Allocation and MRP Calculation																														

3. Capital Financing																									
Overview																									
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)																								
B7000 - Reserves - Capital Grants Unapplied	£44.3m																								
B5316 - Long Term Creditors-Section 106	£18.7m																								
B7001 – Capital Receipts Reserve	£214.3m																								
Step	Description																								
Initial findings	Capital financing has been selected due to its inherent importance in relation to financial sustainability at the Council. This includes how capital projects are financed and related accounting adjustments made at SBC. Total borrowing as at 31/03/23 was £587m.																								
Assessment of Risk	Capital financing can greatly impact the financial health and long-term sustainability of the Council's debt position, the adequacy of capital reserves, and its ability to fund future capital projects.																								
Required Intervention	<ul style="list-style-type: none"> • Provide assurance that SBC has not utilised debt to fund capital activity – this was a requirement of Section 114 notice (and internal policy). Review of capital activity after the Section 114 notice was issued to confirm adherence with this policy. • Assessment of the treasury management strategy in relation to both existing capital projects and associated borrowing. 																								
Work performed	<p>To assess the current approach to funding capital expenditure, work has been undertaken to clearly demonstrate how capital expenditure has been financed since the Section 114 notice and to present planned financing over the upcoming MTFS position.</p> <p>To assess this position, analysis has been undertaken to compile funding sources and assess the extent to which they have been used to fund capital expenditure. Where funding is less than capital expenditure it is assumed that external/internal debt would have been utilised to bridge the gap.</p> <p>For the forward-looking position, planned financing has been identified through grants, capital receipts and s106 contributions within the capital programme, which provides initial assurance that debt financing is not required. Appropriate monitoring and controls are being established to proactively report against this position and provide greater assurance that capital expenditure is not funded by debt.</p>																								
Impact on financial year(s)	<p>Historic review: Based on the analysis undertaken, the Council has been able to provide assurance that General Fund capital expenditure has not been financed by debt in all periods after the issuance of the section 114 (s.114) notice.</p> <p>For these periods, reconciled amounts of grants, section 106 contributions and capital receipts are sufficient to fund General Fund capital expenditure, suggesting that external debt would not have been required to fund expenditure after the section 114, prohibiting this action, was issued. Please see the below table:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #800000; color: white;"> <th style="text-align: left;">£'000</th> <th style="text-align: center;">FY20/21</th> <th style="text-align: center;">FY21/22</th> <th style="text-align: center;">FY22/23</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Spend per annum</td> <td style="text-align: right; color: red;">-72,002</td> <td style="text-align: right; color: red;">-22,413</td> <td style="text-align: right; color: red;">-16,621</td> </tr> <tr> <td style="text-align: right;">Grants</td> <td style="text-align: right;">22,200</td> <td style="text-align: right;">11,856</td> <td style="text-align: right;">12,514</td> </tr> <tr> <td style="text-align: right;">s106</td> <td style="text-align: right;">7,673</td> <td style="text-align: right;">742</td> <td style="text-align: right;">1,534</td> </tr> <tr> <td style="text-align: right;">Capital receipts used (excl. any HRA related spend)</td> <td style="text-align: right;">5,018</td> <td style="text-align: right;">10,706</td> <td style="text-align: right;">2,674</td> </tr> <tr style="border-top: 2px solid black;"> <td style="text-align: right; color: red;">Borrowing required</td> <td style="text-align: right; color: red;">-37,111</td> <td style="text-align: center; color: red;">-</td> <td style="text-align: center; color: red;">-</td> </tr> </tbody> </table> <p>Based on this analysis it is evident that in the years since the council was ordered to stop borrowing funds to finance CapEx for the general fund per the s. 114 notice, there was sufficient funding available from grants, s.106 contributions and capital receipts. As such we are comfortable that the council has not breached this requirement of the s. 114 notice up until 31st March 2023.</p>	£'000	FY20/21	FY21/22	FY22/23	Spend per annum	-72,002	-22,413	-16,621	Grants	22,200	11,856	12,514	s106	7,673	742	1,534	Capital receipts used (excl. any HRA related spend)	5,018	10,706	2,674	Borrowing required	-37,111	-	-
£'000	FY20/21	FY21/22	FY22/23																						
Spend per annum	-72,002	-22,413	-16,621																						
Grants	22,200	11,856	12,514																						
s106	7,673	742	1,534																						
Capital receipts used (excl. any HRA related spend)	5,018	10,706	2,674																						
Borrowing required	-37,111	-	-																						

	In terms of any monetary/financial impacts to the accounts, there appears to be none required as result of the findings of this analysis as no other reserves or funds will need to be reallocated.
Recommendations and next steps	<ul style="list-style-type: none"> Currently, the Council do not have appropriate internal controls and reporting mechanisms in place to ensure that capital financing conditions are met. To address this, the Council will establish measures that more appropriately monitor capital finance and report against relevant requirements. Implementing such controls will not only provide greater transparency but also facilitate informed decision-making and financial accountability.
Supporting analysis reference	3a. SBC - WS4 Capital Financing 3b. Slough Borough Council - Balance Sheet Review - WS4 Capital Financing Review

4. Private Finance Initiative																																									
Overview																																									
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)																																								
B3231 - Short Term Creditors - PFI Finance Lease Liability	£0.9m																																								
B5320 - Long Term Creditors - PFI Finance Lease Liability	£31.0m																																								
Step	Description																																								
Initial findings	<ul style="list-style-type: none"> Both the short-term PFI creditors and long-term PFI creditors balances have not moved since March 21. FY21/22 and FY22/23 PFI model has not been updated. PFI journals are posted based on a screenshot instead of linking to the underlying PFI model. 																																								
Assessment of Risk	PFI is an area of identified risk for the Council, with material long-term liabilities recognised on the balance sheet. A lack of movement in both the short-term and long-term PFI balances implies an outdated PFI model and inaccurate obligation balances.																																								
Required Intervention	<ul style="list-style-type: none"> Review of the PFI contracts and supporting documentation to assess the agreements and underlying financial models of each PFI initiative. Assessment of the accounting treatment of each initiative recognising the £31m balance has not moved since March 2021. Subsequent corrections based on the analysis from the deep dive exercise. 																																								
Work performed	<ul style="list-style-type: none"> Review the existing PFI model, payment mechanism, and PFI invoices to ensure the accuracy of inputs in the model and the accounting entries posted for FY20/21. Update the PFI model for FY21/22 and FY22/23, including the outputs of journals to be posted for these financial years, as well as the Council's liability position. 																																								
Impact on financial year(s)	<p>Journal entries are required for FY21/22 and FY22/23, to decrease the overall PFI liability in line with capital repayments, and to recognise an appropriate split between short term and long term liabilities. No adjustments are required for FY19/20 or FY20/21.</p> <p>B32 - Short-term creditors - B3231 - Short Term Creditors - PFI Finance Lease Liability:</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-1,411.8</td> <td>-883.6</td> <td>-883.6</td> <td>-883.6</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>-44.6</td> <td>-701.6</td> </tr> <tr> <td>Revised balance</td> <td>-1,411.8</td> <td>-883.6</td> <td>-928.2</td> <td>-1,585.2</td> </tr> </tbody> </table> <p>B53 - Other long-term liabilities - B5320 - Long Term Creditors - PFI Finance Lease Liability:</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-31,909.6</td> <td>-31,026.1</td> <td>-31,026.1</td> <td>-31,026.1</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>928.2</td> <td>1,629.8</td> </tr> <tr> <td>Revised balance</td> <td>-31,909.6</td> <td>-31,026.1</td> <td>-30,097.9</td> <td>-29,396.3</td> </tr> </tbody> </table>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-1,411.8	-883.6	-883.6	-883.6	Adjustments	-	-	-44.6	-701.6	Revised balance	-1,411.8	-883.6	-928.2	-1,585.2	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-31,909.6	-31,026.1	-31,026.1	-31,026.1	Adjustments	-	-	928.2	1,629.8	Revised balance	-31,909.6	-31,026.1	-30,097.9	-29,396.3
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																					
Original balance	-1,411.8	-883.6	-883.6	-883.6																																					
Adjustments	-	-	-44.6	-701.6																																					
Revised balance	-1,411.8	-883.6	-928.2	-1,585.2																																					
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																					
Original balance	-31,909.6	-31,026.1	-31,026.1	-31,026.1																																					
Adjustments	-	-	928.2	1,629.8																																					
Revised balance	-31,909.6	-31,026.1	-30,097.9	-29,396.3																																					
Recommendations and next steps	<ul style="list-style-type: none"> Correcting journals to be posted in FY21/2 and FY22/23. Implementation of a revised PFI risk focused monitoring approach, founded upon a reconciliation against the bidder's model. 																																								
Supporting analysis reference	4a. SBC - PFI Working Paper 2122 and 2223 - 29 May 24.xlsx																																								

5. Section 106

Overview

Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B5316 - Long Term Creditors-Section 106	£18.7m
B7000 - Reserves - Capital Grants Unapplied	£6.4m

Step	Description
------	-------------

Section 106 (s106) has been identified as an area of complexity. It contains material balances (>£10m), with a lack of movement across financial years indicating appropriate accounting entries have not been prepared or posted across financial years.

Further, balances appeared across both B5316 – Long Term Creditors – Section 106 and B7000 – Reserves – Capital Grants Unapplied, with material balances posted to default analysis codes also identified as s106 related.

Analysis code	FY22/23 £'000	Initial findings
A6125 - Section 106 Affordable Housing	-3,799.0	Balance has not moved since FY20/21
A6126 - Section 106 Resources	-14,841.2	Balance has not moved since FY20/21
A6127 - Section 106 ECS	-62.6	Balance has not moved since FY19/20
B5316 - Long Term Creditors-Section 106	-18,702.8	
A0000 - DEFAULT	11,173.0	Material balance on default code
A6125 - Section 106 Affordable Housing	2,927.9	Debit balance, potential miscoding
A6126 - Section 106 Resources	-11,993.1	Identified as potential miscoding
A6127 - Section 106 ECS	-8,445.8	Identified as potential miscoding
B7000 - Reserves - Capital Grants Unapplied Total	-6,337.9	
S106 total	-25,040.7	

Working papers exist for s106, however these highlighted a number of reconciling differences between the General Ledger and supporting working papers.

Assessment of Risk
Correct accounting and management of s106 funds are essential for maintaining financial integrity, ensuring compliance with legal obligations, and supporting the local authority's strategic development goals through delivery of their capital program.

Required Intervention
Supporting evidence should be reviewed to reconcile the Trial Balance to underlying s106 working papers. Analysis codes A6125 (Affordable Housing), A6126 (Resources) and A6127 (ECS) should be reviewed, across both B5316 – Long Term Creditors – Section 106 and B7000 – Reserves – Capital Grants Unapplied.

Work performed

- Review of the TB highlighted balances across B7000 – Reserves – Capital Grants Unapplied and B5316 – Long Term Creditors, which are both related to s106. This was due to historically accounting for s106 in reserves, whereas the appropriate accounting treatment is to show unapplied s106 amounts as a Creditor (as they cannot be utilised until there is qualifying expenditure to offset them against).
- Further, it was identified that audit adjustments from prior periods had not been reflected in the underlying s106 working papers.
- A £2m grant had been incorrectly posted to s106, this will be recoded via a journal.
- Underlying working papers were reviewed for 21/22 and 22/23, which evidenced overall s106 balances of £22.8m, and £22.0m respectively.
- These working papers provided a transaction level listing of s106 receipts, application across financial years, to give an outstanding balance at financial year end. A £3.7m variance was noted between the underlying working papers and the recognised Trial Balances. Council officers are performing a transaction level review to reconcile this

	<p>difference. However, it is not anticipated to impact the s106 balance as at 31 March 2023, or have a revenue impact for any financial year.</p>																																																												
Impact on financial year(s)	<p>The work performed has identified the following adjustments which need to be posted to the General Ledger, both correcting for items posted to s106 in error, and consolidating the balance to be shown under B5316 – Long Term Creditors. Adjustments were made to the detailed working papers to reflect audit adjustments from FY18/19, that were not previously reflected in the working papers.</p> <p>B5316 - Long Term Creditors-Section 106</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-14,027.5</td> <td>-18,702.8</td> <td>-18,702.8</td> <td>-18,702.8</td> </tr> <tr> <td>Adjustments</td> <td>0.0</td> <td>0.0</td> <td>-4,146.8</td> <td>-3,313.3</td> </tr> <tr> <td>Revised balance</td> <td>-14,027.5</td> <td>-18,702.8</td> <td>-22,849.6</td> <td>-22,016.1</td> </tr> </tbody> </table> <p>B7000 - Reserves - Capital Grants Unapplied</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>934.5</td> <td>934.5</td> <td>-7,171.5</td> <td>-6,337.9</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>7,171.5</td> <td>6,337.9</td> </tr> <tr> <td>Revised balance</td> <td>934.5</td> <td>934.5</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Overall</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-13,093.0</td> <td>-17,768.3</td> <td>-25,874.3</td> <td>-25,040.7</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>3,024.7</td> <td>3,024.7</td> </tr> <tr> <td>Revised balance</td> <td>-13,093.0</td> <td>-17,768.3</td> <td>-22,849.6</td> <td>-22,016.1</td> </tr> </tbody> </table>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-14,027.5	-18,702.8	-18,702.8	-18,702.8	Adjustments	0.0	0.0	-4,146.8	-3,313.3	Revised balance	-14,027.5	-18,702.8	-22,849.6	-22,016.1	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	934.5	934.5	-7,171.5	-6,337.9	Adjustments	-	-	7,171.5	6,337.9	Revised balance	934.5	934.5	-	-	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-13,093.0	-17,768.3	-25,874.3	-25,040.7	Adjustments	-	-	3,024.7	3,024.7	Revised balance	-13,093.0	-17,768.3	-22,849.6	-22,016.1
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																																									
Original balance	-14,027.5	-18,702.8	-18,702.8	-18,702.8																																																									
Adjustments	0.0	0.0	-4,146.8	-3,313.3																																																									
Revised balance	-14,027.5	-18,702.8	-22,849.6	-22,016.1																																																									
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																																									
Original balance	934.5	934.5	-7,171.5	-6,337.9																																																									
Adjustments	-	-	7,171.5	6,337.9																																																									
Revised balance	934.5	934.5	-	-																																																									
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																																									
Original balance	-13,093.0	-17,768.3	-25,874.3	-25,040.7																																																									
Adjustments	-	-	3,024.7	3,024.7																																																									
Revised balance	-13,093.0	-17,768.3	-22,849.6	-22,016.1																																																									
Recommendations and next steps	<ul style="list-style-type: none"> SBC officers to ensure the supporting working papers fully support the agreed Trial Balance position, and process correcting journals on the ledger. Cross validation controls should be put in place, to prevent erroneous postings to B7000 – Reserves – Capital Grants Unapplied when utilising a s106 analysis code (A6125 (Affordable Housing), A6126 (Resources) and A6127 (ECS)) 																																																												
Supporting analysis reference	5a. SBC BSR - s106 Reconciliation 2021 to 2223																																																												

6. Cash and Cash Equivalents																					
Overview																					
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)																				
B24 - Cash and cash equivalents (assets)	£37.2m																				
B21 - Short-term investments	£101.4m																				
Step	Description																				
Initial findings	There was a lack of supporting evidence for B21 – Short-term investments and a lack of response (and hence evidence) for all of B24 – Cash and cash equivalents (assets). There are a large number of cash and cash equivalents GL accounts with significant numbers having no/ limited transactions across multiple years and require reconciling/ removing from the ledger.																				
Assessment of Risk	Working capital is an area of identified risk for the Council, with a separate review of cash forecasting underway. Clarifying the Council’s cash and short term investment balances is necessary to determine an appropriate baseline for the Council’s ongoing working capital management. Further, the high volume of change and imprest accounts may be more susceptible to fraud.																				
Required Intervention	<ul style="list-style-type: none"> Finalise bank reconciliations for FY22/23 , with supporting evidence to validate balances across B24. Sample check of transactions and supporting working papers. Analysis of each imprest accounts with an assessment on disbursements in FY22/23 (if any), reconciliation of account balances to cash, and a recommendation for each account on closure. 																				
Work performed	<p>We performed the following procedures in order to reconcile the FY22/23 cash and short term investment accounts:</p> <ul style="list-style-type: none"> Obtained third party statements for all open and active bank accounts (both Corporate and Imprest) and Money Market fund (MMF) accounts as at 31 March 2023 Obtained a record of GL transactions for Cash and short term investment accounts for FY22/23 Obtained available/completed bank and MMF statement reconciliations for balances as at 31 March 2023 Obtained imprest account reconciliations for balances as at (or close to) 31 March 2023 Reviewed and discussed reconciling differences with Finance/Treasury team and discussed the wider approach/process to undertaking reconciliations 																				
Impact on financial year(s)	<p>The work performed has identified the following variances between account statements and the general ledger as at FY23;</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #800000; color: white;"> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td style="text-align: right;">8.8</td> <td style="text-align: right;">22.1</td> <td style="text-align: right;">96.0</td> <td style="text-align: right;">37.2</td> </tr> <tr> <td>Adjustments</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">-14.9</td> </tr> <tr> <td>Revised balance</td> <td style="text-align: right;">8.8</td> <td style="text-align: right;">22.1</td> <td style="text-align: right;">96.0</td> <td style="text-align: right;">22.1</td> </tr> </tbody> </table> <p>The adjustments in the table above include principally:</p> <ol style="list-style-type: none"> Reconciling (timing) differences between bank statement and ledger which principally relate to payments made prior to month end close which are recorded in the bank statement but which had not been miscoded to the incorrect cash and cash equivalents ledger codes Balance sheet misclassification between B24 Cash and cash equivalents and B21 Short term investments as previous YE journals had not been reversed/adjusted and the correct adjustment journal for 31 March 2023 not yet passed 	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	8.8	22.1	96.0	37.2	Adjustments	-	-	-	-14.9	Revised balance	8.8	22.1	96.0	22.1
£'000	FY19/20	FY20/21	FY21/22	FY22/23																	
Original balance	8.8	22.1	96.0	37.2																	
Adjustments	-	-	-	-14.9																	
Revised balance	8.8	22.1	96.0	22.1																	

These adjustments identified in aggregate have the effect of reducing the Cash & Cash equivalents balance by £14.9m with the corresponding effect to increase the Short term investments by £14.9m, representing a £nil net impact to the Council's asset base. There are no revenue impacts.

We summarise each of these issues in the breakdowns below:

Reconciling (timing) differences between bank statement and ledger

Reconciliations have been performed for the 'Bank accounts' and 'MMFs' recorded below as at 31 March 2023. As at the date of this report we have not been able to obtain reconciliations for Imprest accounts and so revert to bank statements for these accounts (where we have been able to obtain them).

	Per Third Party Sources (£'000)	Per General Ledger (£'000)	Difference (£'000)
Bank Accounts	87	4,259	-4,172
Imprest Accounts	176	466	-290
MMFs	22,000	21,934	66
Total Liquidity*	22,263	26,660	-4,397

As can be seen from the table above, there are a number of variances recorded through the reconciliation process (or from comparison to available third-party statements). The detailed breakdown of these variances on an individual account level are highlighted below;

Bank Accounts

Bank Account Name	Bank Account Number	Per Bank Statement (£'000)	Per General Ledger (£'000)	Difference (£'000)	Identified Reconciling Items	Remaining Difference
Benefits Account	309773-00251007	66	2,002	-1,937	-1,937	-
General Account	309773-00252305	-120	2,116	-2,236	-2,236	-

We understand that journal entries have now been passed to adjust for these variances.

Money Market Accounts

Fund Name	Account Number	Per MMF (£'000)	Per General Ledger (£'000)	Difference (£'000)	Identified Reconciling Items	Remaining Difference
Insight Liquidity Funds PLC	70313 (SLO BC INS)	500	434	66	66	-

We understand that journal entries have not yet been passed to adjust for this variance.

Imprest Accounts

Bank Account Name	Bank Account Number	Per Bank Statement (£'000)	Per General Ledger (£'000)	Difference (£'000)
Baylis Court Nursery	309773-37523360	0	10	-10
Chalvey Nursery Sch	309773-37522960	10	13	-3
Chippenham Nursery School	309773-37528660	5	20	-15
Lea Nursery School	309773-37524860		15	3
Slough Centre Nursery Sch	309773-37525668	-1	10	-11
St Mary's CE Primary Sch	309773-37511660	-34	60	-94
Wexham Court Primary Sch	309773-37510568	-35	189	-224
Wexham School	309773-37510160	214	40	174
Transport co-ordinator	309773-37507968	0	0	-
BC EARLY YEARS & EDUCATION	309773-41513068	0	0	-
A7111 - Registrars		n/a	0	-
A7150 - Slough Employability - Imprest A/C		n/a	1	-1
A7152 - Elliman Resource Unit		n/a	1	-1

	<table border="1"> <tr> <td>A7156 - Respond and Lavender Court</td> <td></td> <td>n/a</td> <td>1</td> <td>-1</td> </tr> <tr> <td>A7158 - CMHT</td> <td></td> <td>n/a</td> <td>2</td> <td>-2</td> </tr> <tr> <td>A7161 - Slough Social Services</td> <td></td> <td>n/a</td> <td>1</td> <td>-1</td> </tr> <tr> <td>A7190 - Temp Acc - Housing</td> <td></td> <td>n/a</td> <td>5</td> <td>-5</td> </tr> <tr> <td>A7278 - Khalsa Primary School</td> <td></td> <td>n/a</td> <td>99</td> <td>-99</td> </tr> </table>	A7156 - Respond and Lavender Court		n/a	1	-1	A7158 - CMHT		n/a	2	-2	A7161 - Slough Social Services		n/a	1	-1	A7190 - Temp Acc - Housing		n/a	5	-5	A7278 - Khalsa Primary School		n/a	99	-99
A7156 - Respond and Lavender Court		n/a	1	-1																						
A7158 - CMHT		n/a	2	-2																						
A7161 - Slough Social Services		n/a	1	-1																						
A7190 - Temp Acc - Housing		n/a	5	-5																						
A7278 - Khalsa Primary School		n/a	99	-99																						
	<p>We have summarised the position on all open Imprest accounts as at 31 March 2023 in the table above. Account reconciliations have not been performed for imprest and school accounts as at the year ended 31 March 2023. Imprest Return Forms have been shared for dates in March 2023- but these are mid-month and this process is not a reconciliation to SBC GL records. For the accounts marked 'n/a' in the table above we have not been able to obtain bank statements. Journal entries have not yet been passed to adjust for these variances.</p> <p>The adjustments to the GL from the bank reconciliations as above are principally to adjust balances between Cash and cash equivalents ledger codes and so do not impact Revenue. Liabilities or Reserves</p> <p>Balance sheet misclassification between B24 Cash and cash equivalents and B21 Short term investments</p> <p>In aggregate the account B24 Cash and cash equivalents is over-stated by £14.9m when compared to third party bank statements. The principal cause of this is that MMF transactions are recorded in account B21 Short term investments during the year but require adjustment to true-up and transfer to cash/cash equivalents at year end for financial reporting purposes. The journal entries have not yet been passed to adjust for this variance. Further investigation by the Council is required to confirm the nature of this difference and ensure the correct adjustments are made.</p> <p>Imprest accounts – Note on account closures</p> <p>The assessment has identified a significant number of imprest accounts. We note that subsequent to 31 March 2023 the majority of these accounts have been closed – leaving the remaining open accounts being the school accounts (required for non-Agresso Schools to manage payments) and one non-school imprest account (being Transport co-ordinator 309773-37507968). It is recommended that this remaining account be closed.</p>																									
Recommendations and next steps	<p>To provide greater levels of assurance for the Council's ongoing working capital reconciliation, we would propose the following;</p> <ul style="list-style-type: none"> • SBC finance implement regular, effective reconciliations for all bank/imprest accounts and money market funds. • Roles and responsibilities should be reviewed to ensure individuals have the appropriate skillset and time to complete reconciliations robustly and on a regular basis. • An appropriately senior officer should have oversight and accountability for all bank/imprest account and money market fund reconciliations. • All variances should be thoroughly investigated and adjusting journals passed in a timely manner to ensure discrepancies are not rolled forward into following months. 																									
Supporting analysis reference	6a. SBC BSR – Cash and Cash Equivalents - FY22-23 Reconciliation File.xlsx																									

7. Collection Fund	
Overview	
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B23 – Short-term debtors	£442.3m
B32 – Short-term creditors	£7.6m
B71 – Unusable reserves	£355.9m
Step	Description
Initial findings	<p>Prior to the 'Establishing Balance Sheet Grip' programme commencing, Collection Fund work was focused on the information required for setting the 24/25 budget. Work then pivoted to support the Accounts Production for the Audit Backlog (being financial years 19/20 – 22/23). Some parts of the work have taken longer than anticipated, which is as a result of the lack of governance and accounting structures supporting the Collection Fund.</p>
Assessment of Risk	<p>There were several issues and delays noted in our ability to conduct work on the Collection Fund. One of the core issues noted was the accounting process for managing the Collection Fund and how it has not been supported by appropriate accounting structures for managing and monitoring impact. While sufficient resource has not been applied towards reviewing and updating the position.</p> <p>Adding to the urgency and making the area inherently riskier, the Council has a number of key milestones, set by DLUHC as part of it's financial recovery and broader reporting requirements to meet the audit backstop dates for historic reporting years. The Collection Fund workstream has been identified as a key risk for the Council staying on track to meet these deadlines:</p> <p>Balance Sheet Review – 33 of the high-risk balances identified as part of the balance sheet review relate to the Collection Fund, across debtors, creditors, provisions and reserves. The balance sheet review workstream seeks to provide assurance on balances as at 31 March 2023. However, 22/23 entries cannot be completed until all previous years have been worked through. Therefore, journal entries relating to the Collection Fund needed to be processed for the years 21/22 and 22/23 but only once all other prior years were corrected and confirmed could these be done.</p> <p>Outturn for 22/23 and 23/24 - Timelines for 22/23 need to be confirmed once 21/22 entries are complete, with a working session to be held with Collection Fund Accountant and Revenues Director. Again, this work was delayed due to further issues being found with the journals posted incorrectly to the Collection Fund. We now know 21/22 entries are complete and 22/23 are in the process of being confirmed by SBC but we were not able to review this period yet.</p>
Required Intervention	<p>The council has hired an interim specialist to aid them in recorrecting the Collection Fund accounting and balances from the last audited accounts, who has also been tasked with establishing processes that the Council can implement going forward for minimising errors. However, this has been taking longer than the council and its officers would have liked. Thus, the council have required a review of the specialists work and understanding why the correcting actions were being delayed. We have also sought to review 21/22 work that is nearly fully complete, and comment on whether the specialist and the council will then be able to finalise the FY22/23 balance and when this work can expect to be completed so that the audit backlog can move forward.</p>
Work performed	<p>There have been several conversations held with relevant team members and the specialist at SBC to establish what the starting point was when the specialist took over, what were the issues they noted and how have they sought to resolve them. Furthermore, we have obtained several workbooks and documents, although the majority were difficult to follow and/or was incomplete so we could not form an opinion on them. However, the correcting journals and final ledger balances from before and after correcting journals were posted and this was also checked to the underlying models for NNDR and Council Tax and how these two combined should generate the final surplus/deficit for the Collection Fund for FY21/22. We have not reviewed the models in full to ensure they are correct, but have sought to understand how the balances produced within and how that has translated into the update</p>

ledger balances to reconcile with all areas. We have then gone a step further to assess the improvements proposed going forward by SBC and their specialist and sought to determine whether they are appropriate and comprehensive enough to resolve all the issues noted.

Prior to rectification efforts from the Collection Fund specialist, Collection Fund accounting was completed on the Collection Fund Adjustment Cost Centre, with the balance on that cost centre £67.9m. Work has been undertaken to understand this position and new accounting structures have been proposed to better reflect collection fund activity. The Collection Fund Specialist has used the LG Futures Models to determine this position for 21/22. Based on the outputs of these models, correction journals have been completed to correct this position. These correction journals involve moving £52.0m from the Collection Fund Adjustment Account, which is the position reflected below.

£'000	FY19/20	FY20/21	FY21/22	FY22/23
Original balance	-	37,665	67,861	N/A
Adjustments	-	-	-52,062	N/A
Revised balance	-	37,665	15,799	N/A

This movement of £52.0m has been completed to ensure that the correct balance is reflected on the Collection Fund Adjustment Account, which is used to demonstrate the non-useable reserve position across Council Tax and NNDR, which are £3.6m and £12.2m respectively. The £52.0m has been moved across asset, liability, reserve and revenue codes. A detailed breakdown of this position is provided below, which shows that £29.9m has been moved to short-term debtors, £25.0m to revenue cost centres and (£2.1m) to short term creditors. The impact of the collection fund work therefore has an impact on both the balance sheet and revenue position.

Parent	Cost Centre	Amount
B71 - Unusable Reserves	B7145 - Reserves - Collection Fund Adjustment Account	(£52,837,474)
	Sub-total	(£52,837,474)
R - Revenue	R8955 - Surplus/Deficit for the Year	£21,865,556
B23 - Short-term debtors	B2320 - Short Term Debtors - Council Tax	(£175,663,392)
B23 - Short-term debtors	B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts	£16,412,886
B23 - Short-term debtors	B2340 - Council tax Receivable IM Receipts Control Account	(£7,097,836)
B23 - Short-term debtors	B2342 - NNDR Receivable IM Receipts Control Account	£193,823,721
B23 - Short-term debtors	B2326 - Short Term Debtors - Other	£2,429,678
B32 - Short-term creditors	B3229 - Short Term Creditors - Other	(£2,084,714)
R - Revenue	R9150 - Non-Domestic Rates Income	£3,151,574
	Sub-total	£52,837,474
	Total	£0

A summary of the final collection fund balance sheet position is provided below, this position summarises the total asset and liability position across both Council Tax and Business Rates:

Balance Sheet Account	Total
B23 - Short Term Debtors	£91,340,866
B2 - Current Assets	£91,340,866
B33 – Provisions (ST)	(£6,653,883)
B32 - Short Term Creditors	(£20,995,905)
B3 - Current Liabilities	(£27,649,788)
B51 – Provisions (LT)	-
B5 - Long Term Liabilities	-
Net Assets	£63,691,077
B70 - Usable Reserves	£79,490,215
B 71 - Unusable Reserves (CFAA final balance as at 31 March 2022)	(£15,799,137)
Total Reserves (Collection Fund final balance as at 31 March 2022)	£63,691,078

Impact on financial year(s)

	<p>It is noted that this position has been completed for 21/22, however is yet to be finalised for 22/23. The same process undertaken for 21/22 now needs to be completed for 22/23.</p>
<p>Recommendations and next steps</p>	<ul style="list-style-type: none"> • Correcting journals will now be able to be posted for the 22/23 Collection Fund work, as the corrected opening balances from all the previous years have now been carried forward and thus the corrected surplus or deficit can be determined for each year up until 22/23. The 22/23 correcting work to finalise the Collection Fund is underway and the specialist is completing it. • We have investigated and sought to determine how long this correcting work will take and when can DLUHC expect to receive an estimate of the revised number for 31st March 2023. Since the specialist has now come to grips with the issues that were making the task much more complex than usually, they believe they will be able to resolve 22/23 in a much quicker fashion than the previous years' work. As such, if full focus is given by the specialist and the relevant staff members within SBC are available to assist, then it is reasonable to expect it to be completed by the end of July 2024. • However, there are several risks/caveats with this. Namely the specialist is only part time of SBC work, as she is also helping other councils in the area and thus their time is divided. Secondly, there exists the risk that the work in 22/23 is more complex to correct than in prior periods and could lead to further delays to resolve. Another issue is that the specialist is taking leave for several reasons and has been doing so. This is an issue because the council does not have anyone else within who can do this complex task (though they goal is for staff members at the council to take over once the issues are resolved and the new process is finished being implemented at SBC).
<p>Supporting analysis reference</p>	<p>7a. Slough Borough Council - WS5 Collection Fund Review 7b. SBC - WS5 Balance Sheet Review - Collection Fund Analysis</p>

8. Intercompany Loans																																									
Overview																																									
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)																																								
B1530 - Long Term Investments - Other Total	£24.3m																																								
B1710 - Long Term Debtors - Other Total	£40.0m																																								
B33 - Provisions	£21.0m																																								
Step	Description																																								
Initial findings	<ul style="list-style-type: none"> Inconsistencies were identified in the outstanding loan balances between the Council TB and related parties' financial statements/loan registers for FY21/22 and FY22/23. Impairment reviews had not been performed for a number of years for some loan balances. 																																								
Assessment of Risk	The Council has a material intercompany debtors balance with its subsidiaries. This balance carries the risk of impairment if the subsidiary faces financial difficulties, potentially leading to irrecoverable debt.																																								
Required Intervention	Review intercompany balances, reconciling loan balances between the Council and subsidiaries financial information and systems. Determine if any adjustments are required to intercompany balances, in particular if there are any impairments required.																																								
Work performed	<ul style="list-style-type: none"> Reconciliations between the Council's TB, subsidiaries' loan register and subsidiaries' financial statements have been performed. For the scoped subsidiaries, impairments have been considered up-to-date business plans have been reviewed to assess the potential impairment of the loan. 																																								
Impact on financial year(s)	<p>James Elliman Homes (JEH): Adjustments are required to both the Long Term Investments and Long Term Debtors balances, to align the Trial Balance with the underlying loan schedules and the confirmation received from JEH on the outstanding balances as at 31/03/23.</p> <p>Further, the Council is performing an impairment review against the outstanding balance of £51.7m as at 31 March 2023. There are no adjustments currently proposed for this impairment review.</p> <p>Working papers prepared by Arlingclose (the Council's treasury advisors) include a fair value calculation for the loan, which compares the contractual interest rate with the market interest rate. The fair value is held as a Long Term Debtor, with the remaining balance being held as an Investment.</p> <p>Account Code: B1530 - Long Term Investments, Analysis Code: B4836 - James Elliman Homes</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #800000; color: white;"> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>7,659.0</td> <td>7,659.0</td> <td>11,959.0</td> <td>11,959.0</td> </tr> <tr> <td>Adjustments</td> <td>833.7</td> <td>719.0</td> <td style="color: red;">-4,493.9</td> <td>5,459.9</td> </tr> <tr> <td>Revised balance</td> <td>8,492.7</td> <td>8,378.0</td> <td>7,465.1</td> <td>6,499.1</td> </tr> </tbody> </table> <p>Account Code: B1710 - Long Term Debtors, Analysis Code: B4836 - James Elliman Homes</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #800000; color: white;"> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>23,932.3</td> <td>35,751.8</td> <td>41,478.7</td> <td>35,751.8</td> </tr> <tr> <td>Adjustments</td> <td>15,275.0</td> <td>7,570.2</td> <td>2,756.2</td> <td>9,449.2</td> </tr> <tr> <td>Revised balance</td> <td>39,207.3</td> <td>43,322.0</td> <td>44,234.9</td> <td>45,201.0</td> </tr> </tbody> </table> <p>Slough Urban Renewal (SUR): Adjustments are required the Long Term Debtors balances, to align the Trial Balance with the underlying loan schedules and the confirmation received from SUR on the outstanding balances as at 31/03/23. The Long Term investment balances need to be derecognised.</p>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	7,659.0	7,659.0	11,959.0	11,959.0	Adjustments	833.7	719.0	-4,493.9	5,459.9	Revised balance	8,492.7	8,378.0	7,465.1	6,499.1	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	23,932.3	35,751.8	41,478.7	35,751.8	Adjustments	15,275.0	7,570.2	2,756.2	9,449.2	Revised balance	39,207.3	43,322.0	44,234.9	45,201.0
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																					
Original balance	7,659.0	7,659.0	11,959.0	11,959.0																																					
Adjustments	833.7	719.0	-4,493.9	5,459.9																																					
Revised balance	8,492.7	8,378.0	7,465.1	6,499.1																																					
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																					
Original balance	23,932.3	35,751.8	41,478.7	35,751.8																																					
Adjustments	15,275.0	7,570.2	2,756.2	9,449.2																																					
Revised balance	39,207.3	43,322.0	44,234.9	45,201.0																																					

Further, the Council has performed an impairment review and needs to recognise an impairment of £550k, based on information available in May 2024.

Account Code: B1530 - Long Term Investments, Analysis Code: B4931 – Old Library Residential LLP

£'000	FY19/20	FY20/21	FY21/22	FY22/23
Original balance	5,585.0	5,585.0	12,225.0	12,225.0
Adjustments	-5,585.0	-5,585.0	-12,225.0	-12,225.0
Revised balance	0.0	0.0	0.0	0.0

Account code: B1710 - Long Term Debtors, Analysis Codes: A8510 - Slough Urban Renewal, A8511 - SUR-Old Library Square Residential-Loan Notes and B4931 - Old Library Residential LLP

£'000	FY19/20	FY20/21	FY21/22	FY22/23
Original balance	5,202.7	11,842.7	1,525.8	-6,031.3
Adjustments	498.3	988.1	8,171.5	8,204.7
Revised balance	5,701.0	12,830.8	9,697.3	2,173.4

GRE5:

The Council has provided a £10m loan facility with GRE5 for its property redevelopment, which was executed in FY22/23. The capital expenditure by GRE5 before the execution date has been treated as REFCUS (Revenue Expenditure Funded by Capital Under Statute) and recognised by the Council in the Capital Adjustment Account as opposed to being a long-term debtors balance.

There was a £5m provision for this loan as at 31 March 2023, however this was revised to £2.2m following an impairment review in May 2024. The impact of this change in provisions is recorded in '14 – Provisions' section below.

Account Code - B1710 - Long Term Debtors, Analysis Codes A4802 – GRE5 – Homes England & A8512 – GRE5 Ltd

£'000	FY19/20	FY20/21	FY21/22	FY22/23
Original balance	-	-	3,826.3	6,849.2
Adjustments	-	-	-3,826.3	3,255.8
Revised balance	-	-	-	10,105.0

Recommendations and next steps

- The Council should perform a more regular review on holdings in subsidiaries and investments. This could be via a formal shareholder governance arrangement. At a minimum, the regular review should consist of an impairment review This should include an impairment assessment on an annual basis.

Supporting analysis reference

8a. Slough Borough Council - Workstream 11 - Intercompany Review

9. Impairments

Overview

Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts	£23.7m

Step	Description
------	-------------

The account B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts is composed of 17 analysis codes, with a total balance of £23.7m as at 31 March 2023. The initial assessment identified that 11 out of the 17 codes have had no movement in balance for a number of years, thereby suggesting a lack of regular review and monitoring. In addition, upon further investigation and inquiry with debt owners, there was minimal evidence available to support the majority of the balances in B2325.

The 17 related analysis codes and their balances as at 31 March are outlined below:

Analysis code	FY22/23 £'000	Balance movements
A0000 - DEFAULT	876.2	N/A – Balance varies each year as expected
Subtotal - General	876.2	
A1985 - Housing Benefits Overpayments	-2,540.00	Balance has not moved since FY18/19
A8566 - Housing Benefit Overpayments	-3,361.90	Balance has not moved since FY19/20
Subtotal - Housing Benefits	-5,901.90	
B5101 - NNDR Arrears - SBC	-887	Balance has not moved since FY18/19
B5113 - NNDR Impairment Allowance - SBC	-2,100.90	Balance has not moved since FY18/19
B5114 - NNDR - Impairment Allowance - Fire	-22.4	Balance has not moved since FY18/19
B5115 - NNDR Impairment Allowance - Government	-111.8	Balance has not moved since FY18/19
Subtotal - Business Rates	-3,122.10	
B5107 - Ctax Arrears - SBC	-3,168.00	Balance has not moved since FY18/19
B5128 - Ctax Impairment Allowance - SBC	-6,171.70	Balance has not moved since FY18/19
B5129 - Ctax Impairment Allowance - Police	-911.9	Balance has not moved since FY18/19
B5130 - Ctax Impairment Allowance - Fire	-293	Balance has not moved since FY18/19
Subtotal - Council Tax	-10,544.60	
A8574 - Court Costs	796.5	Balance has not moved since FY19/20
AW603 - Court Costs	-1,782.80	N/A – Balance varies each year as expected
Subtotal - Court Costs	-986.30	
Other impairments	-3,976.2	N/A - Lower risk accounts
Subtotal - Other impairments	3,976.2	N/A - Lower risk accounts
Total	-23,654.9	

Initial findings

As per the above, a number of balances had not moved in a number of years and had no readily available supporting evidence to supporting balances. However, as per the below work performed all balances have been either substantiated or re-calculated for FY22/23.

As a note, a number of the analysis codes are impairments related to the Council's Collection Fund (B5101, B5107, B5113, B5114, B5115, B5128, B5129, B5130), and whilst they have been re-calculated separately as an impairment in this section they are related to Section 7 – Collection Fund.

	There are also a number of HRA related Bad Debt Provisions (A6108, A6120, A8570) which have no impact on the General Fund, and total £4.0m. These have not been considered in this review.																																
Assessment of Risk	<ul style="list-style-type: none"> Impairment for doubtful debts is a high-risk account due to its importance in accurately reflecting the debtors of the Council which has a corresponding effect on the assets, income and cash of the Council. Therefore, with the lack of movement in balances this would imply impairments for doubtful debts are not being reviewed on a regular basis (at least annually) and hence ineffective monitoring and management impairments which risks the potential of the Council being exposed to fluctuations in its income and cash, and mis-representing their assets on the balance sheet. This can also have implications on the setting of the budget each financial year and the ability of the council to maintain a balanced budget due to a lack of grip over its expected receivables. 																																
Required Intervention	<ul style="list-style-type: none"> Validate accounts where balance has not moved across a number of years, obtaining or developing working papers to validate those balances. Perform analysis over whether the impairment allowance for each debt has an accurate balance. 																																
Work performed	<p>For each line within B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts a review has been performed to assess the accuracy of the balances. This is due to the high likelihood of inaccuracies from the lack of recent review, indicated by the balances not changing across years.</p> <p>Each line represents a separate type of debt for which an impairment assessment must be performed in order to provide for the probability of not obtaining full collection. Therefore, the Collections team performed a separate analysis over each debt which consisted of the following tasks as at 31 March 2023:</p> <ol style="list-style-type: none"> 1) Identify the type of debt and the related analysis codes 2) Download the Agresso (General Ledger) balances for the analysis codes 3) Identify the source system for the type of debt, or the source data for the debt and extract this data (if there is a separate system/ data source) 4) For each type of debt calculate the outstanding balances to be collected and profile these over the age of the debt. 5) Depending on the age of the debt calculate a likelihood of receipt, being prudent in the percentages (i.e. if business rates debt is outstanding from FY19/20 or before then 100% provided for) 6) Using the age of debt, likelihood of receipt and amount, calculate the total expected receipt for all outstanding debt. 7) The impairment required on the balance sheet will be the total amount of debt outstanding less the total expected receipt (i.e. the amount which will not likely be collected). <p>This impairment figure for each type of debt and each analysis code was then reflected in the general ledger by Finance who will post correcting journals. The journal will be the difference between the current balance on each analysis code and the calculated impairment balance for each.</p>																																
Impact on financial year(s)	<p>From work performed over each impairment balance adjustments were required. The total impact on FY22/23 was an increase of £6,509k of impairment as at 31 March 2023.</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>30,647.1</td> <td>45,944.5</td> <td>30,599.7</td> <td>23,654.9</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>-</td> <td>6,509.3</td> </tr> <tr> <td>Revised balance</td> <td>30,647.1</td> <td>45,944.5</td> <td>30,599.7</td> <td>30,164.2</td> </tr> </tbody> </table> <p>This is driven by:</p> <ul style="list-style-type: none"> General Bad Det Provision being incorrectly in a debit position Increase in total debt balances, rather than a deterioration in the percentage of Bad Debt Provision recognised in any given area. <table border="1"> <thead> <tr> <th>Analysis code</th> <th>FY22/23 £'000</th> <th>FY22/23 £'000 recalculated</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>A0000 - DEFAULT</td> <td>876.2</td> <td>-5,822.69</td> <td>-6,698.89</td> </tr> <tr> <td>Subtotal - General</td> <td>876.2</td> <td>-5,822.69</td> <td>-6,698.89</td> </tr> </tbody> </table>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	30,647.1	45,944.5	30,599.7	23,654.9	Adjustments	-	-	-	6,509.3	Revised balance	30,647.1	45,944.5	30,599.7	30,164.2	Analysis code	FY22/23 £'000	FY22/23 £'000 recalculated	Variance	A0000 - DEFAULT	876.2	-5,822.69	-6,698.89	Subtotal - General	876.2	-5,822.69	-6,698.89
£'000	FY19/20	FY20/21	FY21/22	FY22/23																													
Original balance	30,647.1	45,944.5	30,599.7	23,654.9																													
Adjustments	-	-	-	6,509.3																													
Revised balance	30,647.1	45,944.5	30,599.7	30,164.2																													
Analysis code	FY22/23 £'000	FY22/23 £'000 recalculated	Variance																														
A0000 - DEFAULT	876.2	-5,822.69	-6,698.89																														
Subtotal - General	876.2	-5,822.69	-6,698.89																														

	A1985 - Housing Benefits Overpayments	-2,540.00		
	A8566 - Housing Benefit Overpayments	-3,361.90		
	Subtotal - Housing Benefits	-5,901.90	-8,525.26	-2,623.36
	B5101 - NNDR Arrears - SBC	-887		
	B5113 - NNDR Impairment Allowance - SBC	-2,100.90		
	B5114 - NNDR - Impairment Allowance - Fire	-22.4		
	B5115 - NNDR Impairment Allowance - Government	-111.8		
	Subtotal - Business Rates	-3,122.10	-3,425.08	-302.98
	B5107 - Ctax Arrears - SBC	-3,168.00		
	B5128 - Ctax Impairment Allowance - SBC	-6,171.70		
	B5129 - Ctax Impairment Allowance - Police	-911.9		
	B5130 - Ctax Impairment Allowance - Fire	-293		
	Subtotal - Council Tax	-10,544.60	-10,752.06	-207.46
	A8574 - Court Costs	796.5		
	AW603 - Court Costs	-1,782.80		
	Subtotal - Court Costs	-986.30	-1,639.13	-652.83
	Other impairments	-3,976.2	-3,976.2	-
	Subtotal - Other impairments	3,976.2	3,976.2	-
	Total	-23,654.9	-30,164.23	-6,509.3
	Whilst indicative changes have been proposed for Council Tax and Business Rates, there may be further changes as a result of the ongoing work on the Council's Collection Fund review.			
Recommendations and next steps	<ul style="list-style-type: none"> • Ensure detailed calculation files are prepared for FY22/23 as they have been for FY23/24. • Develop a formal doubtful debt review process, ensuring appropriate ownership and its application to each relevant analysis code on a suitably regular basis. • Ensure these calculation files and the ageing profile of the debt especially is utilised in business as usual collection processes to improve collection rates and speed of collection at SBC. This will improve the financial position on wider areas of the balance sheet, most notably cash. 			
Supporting analysis reference	9a. SBC BSR - Summary BDP 2022-23 9b. SBC BSR - Summary BDP 2023-24 9c. SBC BSR - AR Bad Debt Provision 2023-24 9d. SBC BSR - Business Rates BDP May 2024 9e. SBC BSR - Council Tax BDP 310324 - May 2024 9f. SBC BSR - HBOP BDP 2023-24			

10. Reserves	
Overview	
Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B70 – Usable reserves	£337.6m
B71 – Unusable reserves	£74.9m
Step	Description
Initial findings	This area was identified given the challenge of maintaining accurate reserves given the varying state of balances observed in other areas of the balance sheet. In addition, there was a generally a lack of supporting evidence to validate all balances across B70 & B71.
Assessment of Risk	This is a high risk area as reserves are a crucial element of a balance sheet, as they represent funds set aside for future needs, contingencies, and potential liabilities. They ensure financial stability and resilience, providing a buffer for unforeseen expenditures or revenue shortfalls.
Required Intervention	<p>Whilst a review of all reserve balances is required, the focus will be on validating the initial high risk accounts as per the following:</p> <ul style="list-style-type: none"> • Review accounts where balance has not moved across a number of years (B7100, B7110, B7115, B7120, B7125, B7126 and B7127) • Review accounts with material movements across years (B7000 – A6098, A6110, A6122, A8709 and A9633) • Accounts with both positive and negative balances in different years (B7010 – A3028, A9650 and A9654) <p>It is important to note that any adjustments required from other Sections within the report, or just general BAU movements throughout the review period can and likely will impact reserves due to the nature of reserves being a balancing figure and/or the other side of journal entries.</p>
Work performed	<p>Reserves balances are highly dependent on transactions in other related accounts and hence for any meaningful assessment of the balances the account closure process needs to be complete for the year. This explains the aforementioned unusual trends across years, as the accounts backlog is being cleared from FY19/20 through to current year FY23/24 and as Finance go through and finalise each statement of accounts, the reserve balances will change based on the closure of related accounts.</p> <p>Therefore, at the time of writing this report, the audit backlog clearance is underway and currently the closure of the FY21/22 balances is being performed. After which, the FY22/23 balances will be closed down and a more meaningful assessment of the reserve balance completeness and accuracy can be performed as at 31 March 2023.</p> <p>However, whilst the balances are highly dependent on the accounts closure and adjustments to related accounts a review has still been performed over balances to ensure they have some level of review and assurance. Throughout the 'Establishing Balance Sheet Grip Programme' work has been performed on almost all reserve balances and their related accounts, and where work was not performed inquiries were made reserve account owners, or owners of related balances.</p> <p>For example, B7001 - Reserves - Capital Receipts balances are related to the work performed in 2. Capital Receipts.</p> <p>With the same logic of related work to reserve accounts there is a coverage in B70 – Usable reserves of 85% of balances and B71 – Unusable reserves of 90%.</p> <p>Summary of work performed over accounts:</p>

B70 – Useable Reserves

Analysis code	FY22/23 £'000	Work performed
B7000 - Reserves - Capital Grants Unapplied	-44,331.5	Work performed in Section 3 – Capital Financing and Section 5 – Section 106
B7001 - Reserves - Capital Receipts	-214,310.4	Work performed in Section 2 – Capital Receipts
B7010 - Reserves - Earmarked	-25,896.1	Supporting evidence for balance obtained, see below
B7011 - HRA Earmarked Reserves	-609.0	Work performed in Section 11 – HRA Reserves
B7015 - Grants	-167.5	Low risk due to materiality
B7030 - Reserves - HRA	-17,091.0	Work performed in Section 11 – HRA Reserves
B7040 - Reserves - Major Repairs	-7,885.0	Supporting evidence for balance obtained, please see '10c. MMR Correction Journal'
B7045 - Reserves - School Balances	-10,498.8	Work performed in Section 5 – Section 106 and Section 13 – Dedicated Schools Grant
Other usable reserves	-16,853.1	N/A - Lower risk accounts
Total	-337,642.4	

B7010 - Reserves - Earmarked

Work was undertaken to consolidate analysis codes due to there being 51 separate codes within B7010 - Reserves – Earmarked. This resulted in a number of correcting journals to consolidate the earmarked reserves from 51 codes to 19 codes.

The total adjustment required is outlined below:

Account code	Analysis code	FY22/23 original balance £'000	FY22/23 revised balance £'000	Adjustment Required £'000
B70 - Usable reserves	B7010 - Reserves - Earmarked	-25,896.1	-56,189.9	-30,293.8

B7040 - Reserves - Major Repairs

The Major Repairs reserve was reviewed and corrections calculated for FY22/23 as per the below. Please see '10c. MMR Correction Journal' for further information.

The total adjustment required is outlined below:

Account code	Analysis code	FY22/23 original balance £'000	FY22/23 revised balance £'000	Adjustment Required £'000
B70 - Usable reserves	B7040 - Reserves - Major Repairs	-7,885.0	-9,557.6	-1,672.6

A further £6.9m adjustment is required, to refund the Major Repairs Reserve (B7040) for funding the purchase and holding of the Akzo Nobel site, using the HRA Capital Receipts Reserve (B7030). This site was sold and the excess capital receipts transferred to the General Fund, with the financial impacts of this Capital Receipts Reserve transfer being included within Focus Area 1 – MRP and Focus Area 2 – Capital Receipts. Both sides of this entry relate to Usable Reserves, and net off in the overall usable reserves figure below

B71 – Unusable Reserves

Analysis code	FY22/23 £'000	Work performed
B7100 - Reserves - Pensions	265,135.0	Supporting evidence for balance obtained, adjustment required (see below)
B7111 - Reserves-DSG Adjustment Account	20,615.7	Work performed in Section 13 – Dedicated Schools Grant
B7120 - Reserves - Deferred Capital Receipts	-602.2	Work performed in Section 2 – Capital Receipts
B7130 - Reserves - Capital Adjustment Account	-189,932.0	Work performed in Section 2 – Capital Receipts, Section 3 – Capital Financing & Section 12 – Revaluation Reserves
B7135 - Reserves - Revaluation	-368,809.7	Work performed in Section 12 – Revaluation Reserves
B7145 - Reserves - Collection Fund Adjustment Account	355,914.5	Work performed in Section 7 – Collection Fund
Other unusable reserves	-7,452.6	N/A - Lower risk accounts
Total	74,868.8	

B7100 - Reserves - Pensions

	<p>The reserves related to pensions are directly reconciled to the accounting statement from the pension fund's actuaries for Slough Council at year-end, which is provided by the investment company directly and hence is verified 3rd party evidence. The reserves balance is netted exactly against a liability balance in B53 – Other long-term liabilities as per the below:</p> <p>Balances as at 31 March 2023:</p> <table border="1" data-bbox="443 414 1391 584"> <thead> <tr> <th>Account code</th> <th>Analysis code</th> <th>FY22/23 original balance £'000</th> <th>FY22/23 revised balance £'000</th> <th>Adjustment Required £'000</th> </tr> </thead> <tbody> <tr> <td>B53 - Other long-term liabilities</td> <td>B5390 - Pension Investment Liabilities</td> <td>-265,134.0</td> <td>-326,179.0</td> <td>-61,044.0</td> </tr> <tr> <td>B71 - Unusable reserves</td> <td>B7100 - Reserves -Pensions</td> <td>265,135.0</td> <td>326,179.0</td> <td>61,044.0</td> </tr> </tbody> </table> <p>Balances as at 31 March 2022:</p> <table border="1" data-bbox="443 656 1391 826"> <thead> <tr> <th>Account code</th> <th>Analysis code</th> <th>FY22/23 original balance £'000</th> <th>FY22/23 revised balance £'000</th> <th>Adjustment Required £'000</th> </tr> </thead> <tbody> <tr> <td>B53 - Other long-term liabilities</td> <td>B5390 - Pension Investment Liabilities</td> <td>-265,134.0</td> <td>-325,940.0</td> <td>-60,806.0</td> </tr> <tr> <td>B71 - Unusable reserves</td> <td>B7100 - Reserves -Pensions</td> <td>265,135.0</td> <td>325,940.0</td> <td>60,805.0</td> </tr> </tbody> </table>	Account code	Analysis code	FY22/23 original balance £'000	FY22/23 revised balance £'000	Adjustment Required £'000	B53 - Other long-term liabilities	B5390 - Pension Investment Liabilities	-265,134.0	-326,179.0	-61,044.0	B71 - Unusable reserves	B7100 - Reserves -Pensions	265,135.0	326,179.0	61,044.0	Account code	Analysis code	FY22/23 original balance £'000	FY22/23 revised balance £'000	Adjustment Required £'000	B53 - Other long-term liabilities	B5390 - Pension Investment Liabilities	-265,134.0	-325,940.0	-60,806.0	B71 - Unusable reserves	B7100 - Reserves -Pensions	265,135.0	325,940.0	60,805.0										
Account code	Analysis code	FY22/23 original balance £'000	FY22/23 revised balance £'000	Adjustment Required £'000																																					
B53 - Other long-term liabilities	B5390 - Pension Investment Liabilities	-265,134.0	-326,179.0	-61,044.0																																					
B71 - Unusable reserves	B7100 - Reserves -Pensions	265,135.0	326,179.0	61,044.0																																					
Account code	Analysis code	FY22/23 original balance £'000	FY22/23 revised balance £'000	Adjustment Required £'000																																					
B53 - Other long-term liabilities	B5390 - Pension Investment Liabilities	-265,134.0	-325,940.0	-60,806.0																																					
B71 - Unusable reserves	B7100 - Reserves -Pensions	265,135.0	325,940.0	60,805.0																																					
Impact on financial year(s)	<p>The impact on balances are as follows:</p> <p><u>B70 – Usable reserves</u></p> <table border="1" data-bbox="443 1014 1391 1144"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-73,097.7</td> <td>-121,156.3</td> <td>-130,829.6</td> <td>-337,642.4</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>-</td> <td>-31,996.4</td> </tr> <tr> <td>Revised balance</td> <td>-73,097.7</td> <td>-121,156.3</td> <td>-130,829.6</td> <td>-369,638.8</td> </tr> </tbody> </table> <p>The changes in FY22/23 were primarily driven by £38.6m of movements in relation to the Capitalisation Direction during FY20/21.</p> <p><u>B71 – Unusable reserves</u></p> <table border="1" data-bbox="443 1310 1391 1440"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-156,658.4</td> <td>4,489.7</td> <td>123,433.7</td> <td>74,868.8</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>60,806.0</td> <td>61,045.0</td> </tr> <tr> <td>Revised balance</td> <td>-156,658.4</td> <td>4,489.7</td> <td>184,239.7</td> <td>135,913.8</td> </tr> </tbody> </table> <p>The changes in FY21/22 were driven by £43m of movements in relation to the Pensions Reserve, and £21m in relation to the DSG High Needs Block. The impact of these changes is also the key driver of the changes observed for FY22/23.</p>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-73,097.7	-121,156.3	-130,829.6	-337,642.4	Adjustments	-	-	-	-31,996.4	Revised balance	-73,097.7	-121,156.3	-130,829.6	-369,638.8	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-156,658.4	4,489.7	123,433.7	74,868.8	Adjustments	-	-	60,806.0	61,045.0	Revised balance	-156,658.4	4,489.7	184,239.7	135,913.8
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																					
Original balance	-73,097.7	-121,156.3	-130,829.6	-337,642.4																																					
Adjustments	-	-	-	-31,996.4																																					
Revised balance	-73,097.7	-121,156.3	-130,829.6	-369,638.8																																					
£'000	FY19/20	FY20/21	FY21/22	FY22/23																																					
Original balance	-156,658.4	4,489.7	123,433.7	74,868.8																																					
Adjustments	-	-	60,806.0	61,045.0																																					
Revised balance	-156,658.4	4,489.7	184,239.7	135,913.8																																					
Recommendations and next steps	<ul style="list-style-type: none"> • Continue to clear the audit backlog from 18/19 which will indirectly improve the accuracy of the reserves as relevant adjustments are made to related accounts. • Performed a retrospective review of reserves after the accounts are closed in each year, but especially FY22/23 and FY23/24 to ensure they are accurate. • Identify any reserve accounts which have rules, restrictions, minimum levels, ring-fencing or any other related parameter which might need to be considered. 																																								
Supporting analysis reference	<p>10a. SBC BSR - Accounting March 2022 Briefing Note - post 31 March 2022 (002) 10b. SBC BSR - Earmarked Reserves Analysis to 2023-24 (links to source figures) Updated Apr 2024 10c. MMR Correction Journal 2020-21</p>																																								

11. HRA Reserves

Overview

Related Balance Sheet Account	Value as at 31 March 2023
B7011 - HRA Earmarked Reserves	£0.6m
B7030 - Reserves - HRA	£17.1m

Step	Description
------	-------------

Initial findings	<p>The are two accounts related to the Housing Revenue Account (HRA) on the balance sheet. These are B7011 - HRA Earmarked Reserves which is made up on 1 analysis code with a total balance of £609k, and B7030 - Reserves – HRA which is made up of 4 analysis codes with a total balance of £17,091k.</p> <p>The initial assessment identified the main account in B7030 – Reserves – HRA, A000 - Default has the same balance in FY21/22 and FY22/23, indicating a lack of regular review and monitoring. In addition, upon further investigation and inquiry with the HRA Finance team, there was minimal evidence available to support the majority of the balances.</p> <p>The related HRA accounts and analysis codes and their balances as at 31 March 2023 are outlined below:</p>																																
	<table border="1"> <thead> <tr> <th>Account code</th> <th>Analysis code</th> <th>FY22/23 £'000</th> <th>Balance movements</th> </tr> </thead> <tbody> <tr> <td>B7011 - HRA Earmarked Reserves</td> <td>A3804 - Contribution from HRA</td> <td>-609.0</td> <td>Balance has not moved since FY21/22</td> </tr> <tr> <td>B7011 - HRA Earmarked Reserves Total</td> <td></td> <td>-609.0</td> <td></td> </tr> <tr> <td>B7030 - Reserves - HRA</td> <td>A0000 - DEFAULT</td> <td>-17,091.0</td> <td>Balance has not moved since FY18/19</td> </tr> <tr> <td>B7030 - Reserves - HRA</td> <td>A9550 - HRA Development Fund</td> <td>0</td> <td>Balance has been 0 since FY21/22</td> </tr> <tr> <td>B7030 - Reserves - HRA</td> <td>A9708 - Capital Adjustment Account</td> <td>2,706.8</td> <td>Balance has not moved since FY18/19</td> </tr> <tr> <td>B7030 - Reserves - HRA</td> <td>A9709 - Capital Adjustment Account</td> <td>-2,706.8</td> <td>Balance was 0 until FY22/23</td> </tr> <tr> <td>B7030 - Reserves - HRA Total</td> <td></td> <td>-17,091.0</td> <td></td> </tr> </tbody> </table>	Account code	Analysis code	FY22/23 £'000	Balance movements	B7011 - HRA Earmarked Reserves	A3804 - Contribution from HRA	-609.0	Balance has not moved since FY21/22	B7011 - HRA Earmarked Reserves Total		-609.0		B7030 - Reserves - HRA	A0000 - DEFAULT	-17,091.0	Balance has not moved since FY18/19	B7030 - Reserves - HRA	A9550 - HRA Development Fund	0	Balance has been 0 since FY21/22	B7030 - Reserves - HRA	A9708 - Capital Adjustment Account	2,706.8	Balance has not moved since FY18/19	B7030 - Reserves - HRA	A9709 - Capital Adjustment Account	-2,706.8	Balance was 0 until FY22/23	B7030 - Reserves - HRA Total		-17,091.0	
	Account code	Analysis code	FY22/23 £'000	Balance movements																													
	B7011 - HRA Earmarked Reserves	A3804 - Contribution from HRA	-609.0	Balance has not moved since FY21/22																													
	B7011 - HRA Earmarked Reserves Total		-609.0																														
	B7030 - Reserves - HRA	A0000 - DEFAULT	-17,091.0	Balance has not moved since FY18/19																													
	B7030 - Reserves - HRA	A9550 - HRA Development Fund	0	Balance has been 0 since FY21/22																													
	B7030 - Reserves - HRA	A9708 - Capital Adjustment Account	2,706.8	Balance has not moved since FY18/19																													
	B7030 - Reserves - HRA	A9709 - Capital Adjustment Account	-2,706.8	Balance was 0 until FY22/23																													
	B7030 - Reserves - HRA Total		-17,091.0																														
As per the above, a number of balances had not moved in a number of years and had no readily available supporting evidence to supporting balances. However, as per the below work performed all balances have been either substantiated or re-calculated for FY22/23.																																	

Assessment of Risk	The risk is high as the HRA is important to assess how effectively the council is managing its housing resources, whether it is maintaining its stock in a decent state of repair, and if it has the financial capacity to invest in current and future housing needs as part of it's 30 year business plan.
--------------------	--

Required Intervention	<ul style="list-style-type: none"> Assessment of the HRA Earmarked Reserves (B7011) and HRA – Reserves Default to ensure accuracy of balances
-----------------------	--

Work performed	<p>The related balances for the HRA reserves had not been verified for the past 3 years due to the accounts having not been finalised, resulting in journals needing to be calculated and posted to close down the HRA. Therefore, the following steps were taken by the HRA Finance Team:</p> <ul style="list-style-type: none"> Performed a reconciliation between the Trial Balance and the 'Budget Managers Report (BMR)' for period 1 to 13 for the years FY21/22, FY22/23 and FY23/24 to validate the closing balances for the accounts B7011 and B7030. The BMR and TB reports were both download the Agresso, and for each year the totals in the BMR was reconciled to the Trial Balance, with differences investigated. The differences were as follows: In FY21/22 a difference of £130,791.66 was found, two transactions were posted to account code R7006, this account code is used by the general fund and considered
----------------	--

	<p>below the line. In the HRA all costs need to be above the line, therefore, the transactions should have been posted to a recharge code R7601.</p> <ul style="list-style-type: none"> - In FY22/23 a difference of £29,975.00 was found, on further investigation this amount can be found on the BMR under the suspense accounts B2306 & B9997. However, the credit note raised to the customer should have been coded to account code R9404. - In FY23/24, no adjustments were required. <p>This differences for each year was then reflected in the general ledger by Finance who posted correcting journals.</p>																				
Impact on financial year(s)	<p>As per the above work performed the following impacts were required for financial year(s):</p> <p><u>B7011 - HRA Earmarked Reserves</u> No adjustments required</p> <p><u>B7030 - Reserves – HRA</u></p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-12,431.9</td> <td>-14,099.5</td> <td>-17,091.0</td> <td>-17,091.0</td> </tr> <tr> <td>Adjustments</td> <td>0.0</td> <td>0.0</td> <td>2,991.6</td> <td>2,991.6</td> </tr> <tr> <td>Revised balance</td> <td>-12,431.9</td> <td>-14,099.5</td> <td>-14,099.5</td> <td>-14,099.5</td> </tr> </tbody> </table>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-12,431.9	-14,099.5	-17,091.0	-17,091.0	Adjustments	0.0	0.0	2,991.6	2,991.6	Revised balance	-12,431.9	-14,099.5	-14,099.5	-14,099.5
£'000	FY19/20	FY20/21	FY21/22	FY22/23																	
Original balance	-12,431.9	-14,099.5	-17,091.0	-17,091.0																	
Adjustments	0.0	0.0	2,991.6	2,991.6																	
Revised balance	-12,431.9	-14,099.5	-14,099.5	-14,099.5																	
Recommendations and next steps	<ul style="list-style-type: none"> • Establish an agreed periodic close process for the HRA account, adopting a risk focused approach to any transactions which require additional scrutiny. 																				
Supporting analysis reference	<p>11a. SBC BSR - Copy of Balance Sheets from 2019_20 to 2023_24 for EY v2</p> <p>11b. SBC BSR - HRA balance closedown journals workings 2023-24 sent to audit</p> <p>11c. SBC BSR - HRA Closedown Balances 2023 -24 Use this template V1</p>																				

12. Revaluation Reserves

Overview

Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)			
B7135 - Reserves - Revaluation	£368.8m			
Step	Description			
Initial findings	Property, and capital financing more broadly, have been highlighted as a risk area for the Council. Recruitment and retention issues within the Capital Finance team mean that the Fixed Asset Register (FAR) is not up-to-date, therefore the required journals have not been posted in the General Ledger for a number of years.			
	The analysis codes identified are:			
		Analysis code	FY22/23 £'000	Balance movements
		A0000 - DEFAULT	-24,488.5	Balance has not moved since FY17/18
		A9504 - Land and Buildings	740.0	Balance has not moved since FY19/20
		A9508 - Community Assets	-41.0	Balance has not moved since FY19/20
		A9706 - Capital Adjustment Account	551.3	Balance has not moved since FY19/20
		A9708 - Capital Adjustment Account	14,033.0	Balance has not moved since FY18/19
		A9716 - Revaluation Reserve	-615,560.1	Balance has not moved since FY20/21
		A9717 - Revaluation Reserve	126,315.8	Balance has not moved since FY20/21
	A9718 - Revaluation Reserve	35,782.2	N/A – Balance varies as expected	
	A9719 - Revaluation Reserve	93,857.7	Balance has not moved since FY20/21	
	Total - B7135 - Reserves - Revaluation	-368,809.7		
Assessment of Risk	Balances in the revaluation reserve are material and, given the lack of regular review and asset disposal program, are likely materially misstated. Adjustments made to the revaluation reserve are unlikely to have a revenue impact, which reduces the overall risk posed from this area.			
Required Intervention	<ul style="list-style-type: none"> Ensure all movements are updated in Fixed Asset Register for years up to and including FY22/23. This must include any revaluations, additions and disposals. Process the Fixed Asset Register movements in the General Ledger Perform a reconciliation between the Fixed Asset Register and TB, ensuring the revaluation reserve is correct for years up to and including FY22/23 			
Work performed	<p>The system used as the Council's FAR does not permit the processing of entries for a given financial year until the previous financial year has been closed. This means that entries for FY22/23 cannot be processed until all entries for FY21/22 have been posted to the FAR, and transferred and reconciled with the General Ledger.</p> <p>As at 6 June 2024, entries on the FAR have been updated to FY20/21 year end.</p> <p>Corresponding entries have been posted to the General Ledger, and reconciled back to the Fixed Asset Register.</p>			
Impact on financial year(s)	As per the above the FAR has not been updated past FY20/21 and hence the revaluation reserve has been re-calculated for the years FY21/22 or FY22/23 as of the writing of this report. Therefore, as the FAR is rolled forward and updated for these years sequentially, the revaluation reserve can be calculated and any adjustments appropriately reflected in the Ledger.			
Recommendations and next steps	<ul style="list-style-type: none"> Ensure the balances on the FAR for FY21/22 is accurately reflected on the balance sheet Update the FAR for FY22/23 and ensure the balances are updated and accurately reflected on the balance sheet 			
Supporting analysis reference	12a. SBC BSR - PPE note 2021 v2 - Reconciliation TB to FAR.xlsx			

13. Dedicated Schools Grant (DSG)

Overview

Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B23 – Short-term debtors	£198.1m
B32 – Short-term creditors	£76.3m
B70 – Usable reserves	£337.6m
B71 – Unusable reserves	£74.9m
Step	Description
Initial findings	Dedicated Schools Grant (DSG) was initially selected as an area due to the complexity of DSG accounting and there were related material balances identified on the balance sheet of which some had not moved in a number of years, indicating a lack of regular review.
Assessment of Risk	DSG was assessed as higher risk because it represents a significant source of earmarked funding SBC receives from the DfE to cover the cost of providing education. Accurate accounting treatment is essential to confirm how funding has been utilised during the year to the DfE, and to ensure that any deficit on the High Needs Block is reported accurately on the balance sheet.
Required Intervention	The intervention required a review and detailed analysis of all transactions across DSG income and School codes so that they may be aligned to the right area of the I&E and inform the transfer to the correct related balance sheets code.
Work performed	<p>Whilst work has been concluded for the FY23/24 draft accounts, work remains outstanding for the financial years FY20/21 and FY21/22 .</p> <p>The work to align correct balances on the I&E and then to the correct DSG and School Balance Codes needs to be undertaken in time for the broader work of addressing the backlog for the production of the draft statement of accounts, for which the backstop is 30 September 2024.</p>
Impact on financial year(s)	<p>The impact of the work around the Dedicated Schools Grant is expected to be contained within the DSG and Schools areas of the I&E account from where there will be the transfer to appropriate Balance Sheet codes. The estimate scale of transactions amounts to £7.7m across FY20/21 and FY21/22.</p> <p>However, as at the time of this report work is yet to be performed to finalise the balances in FY20/21, FY21/22 and FY22/23, but this work will be undertaken and completed in line with the accounts production backstop date of 30 September 2024.</p>
Recommendations and next steps	<ul style="list-style-type: none"> Undertake work for the years FY20/21, FY21/22 and FY22/23 in line with the accounts production backstop date of 30 September 2024.
Supporting analysis reference	N/A – Worked not yet performed for FY22/23

14. Provisions

Overview

Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B33 - Provisions (ST)	£21.0m
B51 - Provisions (LT)	£2.3m

Step	Description
------	-------------

The Council has a number of material short term provisions, which need to be regularly monitored and reviewed. There was no responsible owner within the finance team tasked with overseeing provisions within the finance team, resulting in a lack of supporting evidence. The Council did not have a clear process in place for assessing the completeness or accuracy of provisions.

Specific risks are highlighted for individual analysis codes in the table below, along with their balances as at 31 March 2023. This table only includes balances which do not relate to the Collection Fund.

Analysis code	FY22/23 £'000	Balance movements
A7632 - Insurance Provision	-716.2	Balance has not moved since FY21/22
B3300 - Short Term Provisions - Insurance Total	-716.2	
A0210 - Water Charges	-2,630.0	Balance has not moved since FY18/19
A1215 - Miscellaneous	0	Balance has been 0 since FY21/22
A4802 - GRE5 - Homes England	-5,000.0	Balance was 0 until FY22/23
A7630 - Network Rail	0	Balance has been 0 since 2017/18
A7699 - MMI	-170.4	Balance has not moved since FY21/22
B4888 - Chalvey Hub	1,204.8	Balance was 0 until FY22/23
B3320 - Short Term Provisions - Other Total	-6,595.6	
B33 - Short Term Provisions - Other Total	-7,311.7	

As a note, a number of the analysis codes are provisions related to the Council's Collection Fund (A3097, A7619, A3097), an assessment of which is provided in Section 7 – Collection Fund.

Analysis code	FY22/23 £'000	Balance movements
A3097 - Collection Fund	2,101.0	Balance has not moved since FY18/19
A7619 - NNDR Appeals	-15,833.1	N/A – Balance varies each year as expected
B3320 - Short Term Provisions - Other Total	-13,732.1	
A3097 - Collection Fund	-2,289.0	Balance has not moved since FY18/19
B5110 - Long Term Provisions - Other Total	-2,289.0	

Assessment of Risk
Provisions are a complex account due to their judgemental nature and should be reviewed and re-assessed regularly (at a minimum annually). This includes current provisions on the balance sheet but also a holistic assessment to assess if there any other potential liabilities/ assets which may need to be provided for (or contingent liabilities, contingent assets).

Required Intervention

- Ensure each balance is reviewed as at 31 March 2023, and appropriately reviewed by a senior Finance officer. This includes reviewing inputs and assumptions, and calculations.
- Assess if provisions are short term or long term.
- Perform a completeness check to ensure any potential liabilities are accounted for.
- Prepare adjusting accounting entries, if required.

Work performed

- Firstly, a central owner was assigned to manage the correspondence and review of each provision, with each individual provision having a lead within finance or the service area.

	<ul style="list-style-type: none"> • Each provision was then re-calculated utilising available external data where available. • The provision required for each analysis code on the balance sheet was then updated in the general ledger. • No additional provisions were proposed for FY 22/23. 																				
Impact on financial year(s)	<p>Adjustments to the short term provisions are noted in the table below. As noted above, Collection Fund balances are not included below and are being reviewed separately.</p> <p><u>B33 - Provisions (ST)</u></p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-24,983.1</td> <td>-8,985.2</td> <td>-3,516.5</td> <td>-7,311.7</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>-1,443.0</td> <td>2,754.3</td> </tr> <tr> <td>Revised balance</td> <td>-24,983.1</td> <td>-8,985.2</td> <td>-4,959.5</td> <td>-6,000.4</td> </tr> </tbody> </table>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-24,983.1	-8,985.2	-3,516.5	-7,311.7	Adjustments	-	-	-1,443.0	2,754.3	Revised balance	-24,983.1	-8,985.2	-4,959.5	-6,000.4
£'000	FY19/20	FY20/21	FY21/22	FY22/23																	
Original balance	-24,983.1	-8,985.2	-3,516.5	-7,311.7																	
Adjustments	-	-	-1,443.0	2,754.3																	
Revised balance	-24,983.1	-8,985.2	-4,959.5	-6,000.4																	
Recommendations and next steps	<ul style="list-style-type: none"> • Ensure all adjustments are booked to the journals in the correct years to accurately reflect the provisions • Ensure the assigned owners for each provision continue to re-calculate these provisions on a regular basis (at minimum annually before year-end close but preferable even more regularly). • Ensure to continue to perform a holistic assessment to determine if any other provisions need to be included on the balance sheet from other sources. 																				
Supporting analysis reference	<p>14a. SBC BSR - Summary of provisions (ST and LT) 14b. SBC BSR - A4802 - GRE5 14c. SBC BSR - A7699-MMI 14d. SBC BSR - B3300 ZBAL A7632 Insurance 14e. SBC BSR - Chalvey 14f. SBC BSR - Water charge 14g. SBC BSR - 10.32 Note 30 Provisions -Pre 2023 folders</p>																				

15. Debtors (Accounts Receivable)

Overview

Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B17 – Long Term Debtors	£41.9m
B23 – Short Term Debtors	£198.1m

Step	Description																																																
Initial findings	<p>The initial analysis had a range of findings which increased the risk level, including:</p> <ul style="list-style-type: none"> B17 - Long Term Debtors included credit balance relating to group entities. B23 - Short Term Debtors showed a material reduction in debtors control as at March 2023, reducing from £20m to £10m. The majority of other debtor accounts are related to the Collection Fund and DSG, both known areas of risk for the Council. There is a material Inter Legal Entity Balance of £248m, which significantly increased in 21/22 and 22/23. There was a lack of supporting evidence across debtors to validate the balances as at 31 March 2023. <p>A breakdown of accounts and their corresponding risk level is provided below:</p> <p><u>B17 – Long-term debtors</u></p> <table border="1"> <thead> <tr> <th>Account code</th> <th>FY22/23 £'000</th> <th>Risk level</th> </tr> </thead> <tbody> <tr> <td>B1710 - Long Term Debtors - Other</td> <td>40,037.4</td> <td>High risk - Material balances, and both debit and credit balances</td> </tr> <tr> <td>Other long-term debtors balances</td> <td>1,833.3</td> <td>N/A – Lower risk accounts</td> </tr> <tr> <td>B17 - Long-term debtors Total</td> <td>41,870.8</td> <td></td> </tr> </tbody> </table> <p><u>B23 - Short-term debtors</u></p> <table border="1"> <thead> <tr> <th>Account code</th> <th>FY22/23 £'000</th> <th>Risk level</th> </tr> </thead> <tbody> <tr> <td>B2300 - Short Term Debtors - Prepayments</td> <td>1,903.7</td> <td>Medium risk – Accounts linked to HRA and DSG</td> </tr> <tr> <td>B2305 - Debtors Control</td> <td>10,941.8</td> <td>Medium risk – Materiality but a control account</td> </tr> <tr> <td>B2310 - VAT Control</td> <td>116,176.5</td> <td>Medium risk – High materiality but a control account</td> </tr> <tr> <td>B2311 - VAT Control - Manual Total</td> <td>-113,718.9</td> <td>Medium risk – High materiality but a control account</td> </tr> <tr> <td>B2320 - Short Term Debtors - Council Tax</td> <td>187,386.6</td> <td>High risk – Material and a number of balances not moving since FY19/20</td> </tr> <tr> <td>B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts</td> <td>-23,654.9</td> <td>High risk – Due to the complexity of impairments</td> </tr> <tr> <td>B2340 - Council tax Receivable IM Receipts Control Account</td> <td>-285,438.3</td> <td>High risk – Materiality and related to the Collection Fund</td> </tr> <tr> <td>B2342 - NNDR Receivable IM Receipts Control Account</td> <td>-344,288.6</td> <td>High risk – Materiality and related to the Collection Fund</td> </tr> <tr> <td>B2399 - Inter Legal Entity Balance</td> <td>248,510.0</td> <td>High risk – Materiality</td> </tr> <tr> <td>Other short-term debtors balances</td> <td>4,070.8</td> <td>N/A – Lower risk and immaterial accounts</td> </tr> <tr> <td>B23 – Short-term debtors Total</td> <td>-198,111.3</td> <td></td> </tr> </tbody> </table>	Account code	FY22/23 £'000	Risk level	B1710 - Long Term Debtors - Other	40,037.4	High risk - Material balances, and both debit and credit balances	Other long-term debtors balances	1,833.3	N/A – Lower risk accounts	B17 - Long-term debtors Total	41,870.8		Account code	FY22/23 £'000	Risk level	B2300 - Short Term Debtors - Prepayments	1,903.7	Medium risk – Accounts linked to HRA and DSG	B2305 - Debtors Control	10,941.8	Medium risk – Materiality but a control account	B2310 - VAT Control	116,176.5	Medium risk – High materiality but a control account	B2311 - VAT Control - Manual Total	-113,718.9	Medium risk – High materiality but a control account	B2320 - Short Term Debtors - Council Tax	187,386.6	High risk – Material and a number of balances not moving since FY19/20	B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts	-23,654.9	High risk – Due to the complexity of impairments	B2340 - Council tax Receivable IM Receipts Control Account	-285,438.3	High risk – Materiality and related to the Collection Fund	B2342 - NNDR Receivable IM Receipts Control Account	-344,288.6	High risk – Materiality and related to the Collection Fund	B2399 - Inter Legal Entity Balance	248,510.0	High risk – Materiality	Other short-term debtors balances	4,070.8	N/A – Lower risk and immaterial accounts	B23 – Short-term debtors Total	-198,111.3	
	Account code	FY22/23 £'000	Risk level																																														
	B1710 - Long Term Debtors - Other	40,037.4	High risk - Material balances, and both debit and credit balances																																														
	Other long-term debtors balances	1,833.3	N/A – Lower risk accounts																																														
	B17 - Long-term debtors Total	41,870.8																																															
	Account code	FY22/23 £'000	Risk level																																														
	B2300 - Short Term Debtors - Prepayments	1,903.7	Medium risk – Accounts linked to HRA and DSG																																														
	B2305 - Debtors Control	10,941.8	Medium risk – Materiality but a control account																																														
	B2310 - VAT Control	116,176.5	Medium risk – High materiality but a control account																																														
	B2311 - VAT Control - Manual Total	-113,718.9	Medium risk – High materiality but a control account																																														
B2320 - Short Term Debtors - Council Tax	187,386.6	High risk – Material and a number of balances not moving since FY19/20																																															
B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts	-23,654.9	High risk – Due to the complexity of impairments																																															
B2340 - Council tax Receivable IM Receipts Control Account	-285,438.3	High risk – Materiality and related to the Collection Fund																																															
B2342 - NNDR Receivable IM Receipts Control Account	-344,288.6	High risk – Materiality and related to the Collection Fund																																															
B2399 - Inter Legal Entity Balance	248,510.0	High risk – Materiality																																															
Other short-term debtors balances	4,070.8	N/A – Lower risk and immaterial accounts																																															
B23 – Short-term debtors Total	-198,111.3																																																
Assessment of Risk	The risk level was high due to the combination of volatility in balances in some Debtors accounts, and other having not moved across financial years. There was also a lack of identifiable owner for the majority of Debtors balances within Finance, especially those not automated through the financial ledger, Agresso.																																																
Required Intervention	<ul style="list-style-type: none"> Review all material debtors account to ensure completeness and accuracy of balances 																																																
Work performed	<ul style="list-style-type: none"> Reviewed all debtor accounts within B17 – Long Term Debtors and B23 – Short Term Debtors with a focus on material balances and on balances which have not moved in a number of years, indicating a lack of regular review. 																																																

- Identified which of the balances are automated through Agresso and the accounts payable module and which are manual
- Identified an owner for each of the balances from across the Council.
- Inquired as to the balances related to their area and to provide explanation and evidence to determine what the balance should be as at 31 March 2023

B17 – Long-term debtors

All accounts are being considered in other workstreams, or low risk/immaterial.

Account code	FY22/23 £'000	Work performed
B1710 - Long Term Debtors - Other	40,037.4	Work performed in Section 8 – Intercompany Loans
Other long-term debtors balances	1,833.3	N/A – Lower risk accounts
B17 - Long-term debtors Total	41,870.8	

B23 - Short-term debtors

The following balances were either reviewed in other workstreams or are immaterial/low risk:

Account code	FY22/23 £'000	Work performed
B2320 - Short Term Debtors - Council Tax	187,386.6	Work performed in Section 7 – Collection Fund
B2325 - Short Term Debtors - Impairment Allowance for Doubtful Debts	-23,654.9	Work performed in Section 9 – Impairments
B2340 - Council tax Receivable IM Receipts Control Account	-285,438.3	Work performed in Section 7 – Collection Fund
B2342 - NNDR Receivable IM Receipts Control Account	-344,288.6	Work performed in Section 7 – Collection Fund
Other short-term debtors balances	4,070.8	N/A – Lower risk and immaterial accounts
B23 – Short-term debtors Subtotal	-461,924.4	

This leaves the following balances, where further review was required:

Account code	FY22/23 £'000	Work performed
B2300 - Short Term Debtors - Prepayments	1,903.7	All prepayments were reversed out by mid-May 2024, except for £174k relating to schools which is considered low risk and reviewed as part of the DSG focus area.
B2305 - Debtors Control	10,941.8	Reconciliation reviewed between Accounts Receivable module and GL, with no variances noted. No adjustments proposed.
B2310 - VAT Control	116,176.5	B2310 and B2311 combined show the net position on the VAT control account. Reconciliation reviewed across these two codes; no adjustments proposed.
B2311 - VAT Control - Manual Total	-113,718.9	
B2399 - Inter Legal Entity Balance	248,510.0	Reconciled by finance, now only £15m. No I&E impact.
B23 – Short-term debtors Subtotal	263,813.1	
B23 – Short-term debtors Total	-198,111.3	

Impact on financial year(s)

These accounts relate to transactional debtors accounts, and feeder systems (eg NNDR). Adjustments below have been determined based on the differences between the TB as at 21 January 2024, and 22 May 2024.

Further adjustments may be required as part of the audit backlog accounts production process, these are not anticipated to have any material outturn impact.

B17 – Long-term debtors

All accounts are being considered in other workstreams, or low risk/immaterial.

B23 - Short-term debtors

	£'000	FY19/20	FY20/21	FY21/22	FY22/23
	Original balance	20,865.4	44,543.4	224,326.5	263,813.1
	Adjustments	-	-	-197,060.1	-232,668.7
	Revised balance	20,865.4	44,543.4	27,266.5	31,144.4
	<p>These movements were entirely driven by Inter Legal Entity movement balances. This is essentially a suspense account for the balance sheet, and contained erroneous miscoded entries relating to cash reconciliations, and revenue feeder systems. This account has reduced from by £232.7m, from £248.5m to £15.8m.</p>				
Recommendations and next steps	<ul style="list-style-type: none"> Finalise journal postings and reduce the Inter Entity Legal Balance to £nil. 				
Supporting analysis reference	15a. SBC BSR - Mar 23 AR Reconciliation 15b. SBC BSR - B23 Debtors (1) 15c. SBC BSR – Debtors Review B2399				

16. Creditors (Accounts Payable)

Overview

Related Balance Sheet Account	Original value at 31 March 2023 (as per Jan TB)
B32 - Short-term creditors	£76.3m
B53 - Other long-term liabilities	£315.6m

Step	Description																																																			
Initial findings	<p>This area relates to both short term and long term creditors, and with a number of ST creditor accounts not moving in a number of years, the categorisation of ST/LT needs to be assessed.</p> <ul style="list-style-type: none"> Short term creditors have some specific accounts which had large year on year movements, with limited or no evidence available during the initial 2 week review. As does long term creditors, as Long term liabilities - B5320 - Long Term Creditors - PFI Finance Lease Liability balance is £31.0m and has not changed since 21/22. There are further high risk areas relating to s106 and Leases, where balances have also not moved since 21/22. There was a lack of supporting evidence across creditors, especially B3231 (PFI Finance Lease Liability), B3233 (Receipts in Advance), B3229 (Other), B3237 (Payroll) & B3297 (Pensions). <p>A breakdown of accounts and their corresponding risk level is provided below:</p> <p><u>B32 - Short-term creditors</u></p> <table border="1"> <thead> <tr> <th>Account code</th> <th>FY22/23 £'000</th> <th>Risk level</th> </tr> </thead> <tbody> <tr> <td>B3210 - Creditors Control</td> <td>-2,577.0</td> <td>Medium risk – Large reduction in balance in FY22/23</td> </tr> <tr> <td>B3228 - Transfer to Balance Sheet (Asset)</td> <td>-16,322.4</td> <td>High risk – Material balance</td> </tr> <tr> <td>B3229 - Short Term Creditors - Other</td> <td>-45,779.3</td> <td>High risk – Material balance</td> </tr> <tr> <td>B3230 - Short Term Creditors – Obligations under Finance and HP contracts (non PFI)</td> <td>-600.2</td> <td>Medium risk – Complexity related to PFI</td> </tr> <tr> <td>B3231 - Short Term Creditors - PFI Finance Lease Liability</td> <td>-881.1</td> <td>Medium risk – Complexity related to PFI</td> </tr> <tr> <td>B3233 - Short Term Creditors - Receipts in Advance</td> <td>-4,697.5</td> <td>Medium risk – Material balances and some accounts linked to DSG</td> </tr> <tr> <td>B3238 - Payroll Net Pay Creditor</td> <td>-2,968.1</td> <td>Medium risk – Large increase in balance in FY22/23</td> </tr> <tr> <td>Other short-term debtors balances</td> <td>-2,437.9</td> <td>N/A – Lower risk and immaterial accounts</td> </tr> <tr> <td>B32 - Short-term creditors Total</td> <td>-76,263.4</td> <td></td> </tr> </tbody> </table> <p><u>B53 - Other long-term liabilities</u></p> <table border="1"> <thead> <tr> <th>Account code</th> <th>FY22/23 £'000</th> <th>Risk level</th> </tr> </thead> <tbody> <tr> <td>B5315 - Long Term Creditors - Obligations under Finance and HP contracts (non PFI)</td> <td>3,490.8</td> <td>Medium risk – Complexity related to PFI</td> </tr> <tr> <td>B5316 - Long Term Creditors-Section 106</td> <td>-18,702.8</td> <td>Medium risk – Complexity related to s106</td> </tr> <tr> <td>B5320 - Long Term Creditors - PFI Finance Lease Liability</td> <td>-31,026.1</td> <td>Medium risk – Complexity related to PFI</td> </tr> <tr> <td>B5390 - Pension Investment Liabilities</td> <td>-265,134.0</td> <td>High risk – Material balance and hasn't changed since FY21/22</td> </tr> <tr> <td>Other short-term creditors balances</td> <td>-4,215.9</td> <td>N/A – Lower risk and immaterial accounts</td> </tr> <tr> <td>B53 - Other long-term liabilities</td> <td>-315,588.0</td> <td></td> </tr> </tbody> </table>	Account code	FY22/23 £'000	Risk level	B3210 - Creditors Control	-2,577.0	Medium risk – Large reduction in balance in FY22/23	B3228 - Transfer to Balance Sheet (Asset)	-16,322.4	High risk – Material balance	B3229 - Short Term Creditors - Other	-45,779.3	High risk – Material balance	B3230 - Short Term Creditors – Obligations under Finance and HP contracts (non PFI)	-600.2	Medium risk – Complexity related to PFI	B3231 - Short Term Creditors - PFI Finance Lease Liability	-881.1	Medium risk – Complexity related to PFI	B3233 - Short Term Creditors - Receipts in Advance	-4,697.5	Medium risk – Material balances and some accounts linked to DSG	B3238 - Payroll Net Pay Creditor	-2,968.1	Medium risk – Large increase in balance in FY22/23	Other short-term debtors balances	-2,437.9	N/A – Lower risk and immaterial accounts	B32 - Short-term creditors Total	-76,263.4		Account code	FY22/23 £'000	Risk level	B5315 - Long Term Creditors - Obligations under Finance and HP contracts (non PFI)	3,490.8	Medium risk – Complexity related to PFI	B5316 - Long Term Creditors-Section 106	-18,702.8	Medium risk – Complexity related to s106	B5320 - Long Term Creditors - PFI Finance Lease Liability	-31,026.1	Medium risk – Complexity related to PFI	B5390 - Pension Investment Liabilities	-265,134.0	High risk – Material balance and hasn't changed since FY21/22	Other short-term creditors balances	-4,215.9	N/A – Lower risk and immaterial accounts	B53 - Other long-term liabilities	-315,588.0	
	Account code	FY22/23 £'000	Risk level																																																	
	B3210 - Creditors Control	-2,577.0	Medium risk – Large reduction in balance in FY22/23																																																	
	B3228 - Transfer to Balance Sheet (Asset)	-16,322.4	High risk – Material balance																																																	
	B3229 - Short Term Creditors - Other	-45,779.3	High risk – Material balance																																																	
	B3230 - Short Term Creditors – Obligations under Finance and HP contracts (non PFI)	-600.2	Medium risk – Complexity related to PFI																																																	
	B3231 - Short Term Creditors - PFI Finance Lease Liability	-881.1	Medium risk – Complexity related to PFI																																																	
	B3233 - Short Term Creditors - Receipts in Advance	-4,697.5	Medium risk – Material balances and some accounts linked to DSG																																																	
	B3238 - Payroll Net Pay Creditor	-2,968.1	Medium risk – Large increase in balance in FY22/23																																																	
	Other short-term debtors balances	-2,437.9	N/A – Lower risk and immaterial accounts																																																	
B32 - Short-term creditors Total	-76,263.4																																																			
Account code	FY22/23 £'000	Risk level																																																		
B5315 - Long Term Creditors - Obligations under Finance and HP contracts (non PFI)	3,490.8	Medium risk – Complexity related to PFI																																																		
B5316 - Long Term Creditors-Section 106	-18,702.8	Medium risk – Complexity related to s106																																																		
B5320 - Long Term Creditors - PFI Finance Lease Liability	-31,026.1	Medium risk – Complexity related to PFI																																																		
B5390 - Pension Investment Liabilities	-265,134.0	High risk – Material balance and hasn't changed since FY21/22																																																		
Other short-term creditors balances	-4,215.9	N/A – Lower risk and immaterial accounts																																																		
B53 - Other long-term liabilities	-315,588.0																																																			

Assessment of Risk	<ul style="list-style-type: none"> Clarifying the level of the liabilities will provide better information for the Council's operations, for example by having an accurate picture of payments to be made for cash forecasting purposes. As the Council moves towards longer term financial sustainability, having an accurate understanding of material liabilities (such as PFI) will enable informed strategic decision making. 																																																			
Required Intervention	<ul style="list-style-type: none"> Transaction listings should be obtained for high risk accounts, with engagement sessions to determine whether a liability still exists. Working papers for long term liabilities (PFI, s106, Leases) should be obtained and reconciled with the TB. 																																																			
Work performed	<ul style="list-style-type: none"> Reviewed all creditor accounts within B32 - Short-term creditors with a focus on material balances and on balances which have not moved in a number of years, indicating a lack of regular review. Identified which of the balances are automated through Agresso and the accounts payable module and which are manual Identified an owner for each of the balances from across the Council. Inquired as to the balances related to their area and to provide explanation and evidence to determine what the balance should be as at 31 March 2023. <p>B32 - Short-term creditors</p> <p>The following balances were either reviewed in other workstreams or are immaterial/low risk:</p> <table border="1" data-bbox="440 900 1426 1106"> <thead> <tr> <th>Account code</th> <th>FY22/23 £'000</th> <th>Work performed</th> </tr> </thead> <tbody> <tr> <td>B3230 - Short Term Creditors – Obligations under Finance and HP contracts (non PFI)</td> <td>-600.2</td> <td>Work performed in Section 4 – Private Finance Initiative</td> </tr> <tr> <td>B3231 - Short Term Creditors - PFI Finance Lease Liability</td> <td>-881.1</td> <td>Work performed in Section 4 – Private Finance Initiative</td> </tr> <tr> <td>Other short-term debtors balances</td> <td>-2,437.9</td> <td>N/A – Lower risk and immaterial accounts</td> </tr> <tr> <td>B32 - Short-term creditors subtotal</td> <td>-3,919.2</td> <td></td> </tr> </tbody> </table> <p>This gives the following balances which are not explicitly covered by other workstreams, which required review:</p> <table border="1" data-bbox="440 1240 1426 1675"> <thead> <tr> <th>Account code</th> <th>FY22/23 £'000</th> <th>Work performed</th> </tr> </thead> <tbody> <tr> <td>B3210 - Creditors Control</td> <td>-2,577.0</td> <td>Reconciliation reviewed between Accounts Payable module and GL, with no variances noted. No adjustments proposed.</td> </tr> <tr> <td>B3228 - Transfer to Balance Sheet (Asset)</td> <td>-16,322.4</td> <td>Reduction of £9.5m from audit backlog, £6.5m relating to DWP & DLUHC grants.</td> </tr> <tr> <td>B3229 - Short Term Creditors - Other</td> <td>-45,779.3</td> <td>£21m auto reversed in 23/24 as YE reversing entries, £8m relates to Collection Fund, adjustments required totalling £22.7m.</td> </tr> <tr> <td>B3233 - Short Term Creditors - Receipts in Advance</td> <td>-4,697.5</td> <td>Working papers reviewed, adjustment of £14.3m identified for FY21/22.</td> </tr> <tr> <td>B3238 - Payroll Net Pay Creditor</td> <td>-2,968.1</td> <td>Payroll reconciliations reviewed for 23/24, £3m creditor observed.</td> </tr> <tr> <td>B32 - Short-term creditors subtotal</td> <td>-72,344.3</td> <td></td> </tr> <tr> <td>B32 - Short-term creditors Total</td> <td>-76,263.4</td> <td></td> </tr> </tbody> </table> <p>B53 - Other long-term liabilities</p> <p>All of these balances are either covered by other workstreams, or immaterial/low risk.</p> <table border="1" data-bbox="440 1827 1426 1998"> <thead> <tr> <th>Account code</th> <th>FY22/23 £'000</th> <th>Work performed</th> </tr> </thead> <tbody> <tr> <td>B5315 - Long Term Creditors - Obligations under Finance and HP contracts (non PFI)</td> <td>3,490.8</td> <td>Work performed in Section 4 – Private Finance Initiative</td> </tr> <tr> <td>B5316 - Long Term Creditors-Section 106</td> <td>-18,702.8</td> <td>Work performed in Section 5 – Section 106</td> </tr> <tr> <td>B5320 - Long Term Creditors - PFI Finance Lease Liability</td> <td>-31,026.1</td> <td>Work performed in Section 4 – Private Finance Initiative</td> </tr> </tbody> </table>	Account code	FY22/23 £'000	Work performed	B3230 - Short Term Creditors – Obligations under Finance and HP contracts (non PFI)	-600.2	Work performed in Section 4 – Private Finance Initiative	B3231 - Short Term Creditors - PFI Finance Lease Liability	-881.1	Work performed in Section 4 – Private Finance Initiative	Other short-term debtors balances	-2,437.9	N/A – Lower risk and immaterial accounts	B32 - Short-term creditors subtotal	-3,919.2		Account code	FY22/23 £'000	Work performed	B3210 - Creditors Control	-2,577.0	Reconciliation reviewed between Accounts Payable module and GL, with no variances noted. No adjustments proposed.	B3228 - Transfer to Balance Sheet (Asset)	-16,322.4	Reduction of £9.5m from audit backlog, £6.5m relating to DWP & DLUHC grants.	B3229 - Short Term Creditors - Other	-45,779.3	£21m auto reversed in 23/24 as YE reversing entries, £8m relates to Collection Fund, adjustments required totalling £22.7m.	B3233 - Short Term Creditors - Receipts in Advance	-4,697.5	Working papers reviewed, adjustment of £14.3m identified for FY21/22.	B3238 - Payroll Net Pay Creditor	-2,968.1	Payroll reconciliations reviewed for 23/24, £3m creditor observed.	B32 - Short-term creditors subtotal	-72,344.3		B32 - Short-term creditors Total	-76,263.4		Account code	FY22/23 £'000	Work performed	B5315 - Long Term Creditors - Obligations under Finance and HP contracts (non PFI)	3,490.8	Work performed in Section 4 – Private Finance Initiative	B5316 - Long Term Creditors-Section 106	-18,702.8	Work performed in Section 5 – Section 106	B5320 - Long Term Creditors - PFI Finance Lease Liability	-31,026.1	Work performed in Section 4 – Private Finance Initiative
Account code	FY22/23 £'000	Work performed																																																		
B3230 - Short Term Creditors – Obligations under Finance and HP contracts (non PFI)	-600.2	Work performed in Section 4 – Private Finance Initiative																																																		
B3231 - Short Term Creditors - PFI Finance Lease Liability	-881.1	Work performed in Section 4 – Private Finance Initiative																																																		
Other short-term debtors balances	-2,437.9	N/A – Lower risk and immaterial accounts																																																		
B32 - Short-term creditors subtotal	-3,919.2																																																			
Account code	FY22/23 £'000	Work performed																																																		
B3210 - Creditors Control	-2,577.0	Reconciliation reviewed between Accounts Payable module and GL, with no variances noted. No adjustments proposed.																																																		
B3228 - Transfer to Balance Sheet (Asset)	-16,322.4	Reduction of £9.5m from audit backlog, £6.5m relating to DWP & DLUHC grants.																																																		
B3229 - Short Term Creditors - Other	-45,779.3	£21m auto reversed in 23/24 as YE reversing entries, £8m relates to Collection Fund, adjustments required totalling £22.7m.																																																		
B3233 - Short Term Creditors - Receipts in Advance	-4,697.5	Working papers reviewed, adjustment of £14.3m identified for FY21/22.																																																		
B3238 - Payroll Net Pay Creditor	-2,968.1	Payroll reconciliations reviewed for 23/24, £3m creditor observed.																																																		
B32 - Short-term creditors subtotal	-72,344.3																																																			
B32 - Short-term creditors Total	-76,263.4																																																			
Account code	FY22/23 £'000	Work performed																																																		
B5315 - Long Term Creditors - Obligations under Finance and HP contracts (non PFI)	3,490.8	Work performed in Section 4 – Private Finance Initiative																																																		
B5316 - Long Term Creditors-Section 106	-18,702.8	Work performed in Section 5 – Section 106																																																		
B5320 - Long Term Creditors - PFI Finance Lease Liability	-31,026.1	Work performed in Section 4 – Private Finance Initiative																																																		

	<table border="1"> <tr> <td>B5390 - Pension Investment Liabilities</td> <td>-265,134.0</td> <td>Please see Section 10 Reserves, an adjustment of £61,045k is required to B390</td> </tr> <tr> <td>Other short-term creditors balances</td> <td>-4,215.9</td> <td>N/A – Lower risk and immaterial accounts</td> </tr> <tr> <td>B32 - Short-term creditors Total</td> <td>-315,588.0</td> <td></td> </tr> </table>	B5390 - Pension Investment Liabilities	-265,134.0	Please see Section 10 Reserves, an adjustment of £61,045k is required to B390	Other short-term creditors balances	-4,215.9	N/A – Lower risk and immaterial accounts	B32 - Short-term creditors Total	-315,588.0												
B5390 - Pension Investment Liabilities	-265,134.0	Please see Section 10 Reserves, an adjustment of £61,045k is required to B390																			
Other short-term creditors balances	-4,215.9	N/A – Lower risk and immaterial accounts																			
B32 - Short-term creditors Total	-315,588.0																				
Impact on financial year(s)	<p>B32 - Short-term creditors During the ongoing audit backlog work, adjustments have been made to creditors balances. The summary of these impacts is shown below, with a rationale shown in 'Work performed' above where not reviewed as part of another focus area.</p> <table border="1"> <thead> <tr> <th>£'000</th> <th>FY19/20</th> <th>FY20/21</th> <th>FY21/22</th> <th>FY22/23</th> </tr> </thead> <tbody> <tr> <td>Original balance</td> <td>-47,123.8</td> <td>-72,824.8</td> <td>-77,439.9</td> <td>-72,344.2</td> </tr> <tr> <td>Adjustments</td> <td>-</td> <td>-</td> <td>-21,404.3</td> <td>-27,490.5</td> </tr> <tr> <td>Revised balance</td> <td>-47,123.8</td> <td>-72,824.8</td> <td>-98,844.2</td> <td>-99,834.7</td> </tr> </tbody> </table> <p>In 22/23, this is driven by the following movements:</p> <ul style="list-style-type: none"> • B3228 - £9.5m reduction in creditors, originally recognised in FY21/22 • B3229 - £22.7m increase in creditors, £16.7m of which was recognised in FY21/22 • B3233 - £14.3m increase in Receipts in Advance, originally recognised in FY21/22 <p>B53 - Other long-term liabilities Any adjustments are recognised under other workstreams.</p>	£'000	FY19/20	FY20/21	FY21/22	FY22/23	Original balance	-47,123.8	-72,824.8	-77,439.9	-72,344.2	Adjustments	-	-	-21,404.3	-27,490.5	Revised balance	-47,123.8	-72,824.8	-98,844.2	-99,834.7
£'000	FY19/20	FY20/21	FY21/22	FY22/23																	
Original balance	-47,123.8	-72,824.8	-77,439.9	-72,344.2																	
Adjustments	-	-	-21,404.3	-27,490.5																	
Revised balance	-47,123.8	-72,824.8	-98,844.2	-99,834.7																	
Recommendations and next steps	<ul style="list-style-type: none"> • Continue review of creditors balances as part of audit backlog workstream. 																				
Supporting analysis reference	<p>16a. SBC BSR - Account B3211 16b. SBC BSR - Account B3240 16c. SBC BSR - B3210 & B3219 16d. SBC BSR - Mar 23 AP Reconciliation 16e. SBC BSR - Creditors Review - B3228 B3229</p>																				

Appendix 2 – Index of supporting working papers

Working papers prepared and/or reviewed as part of the Balance Sheet Review are referenced below:

Ref.	Focus Area	Supporting Working Papers
1	Minimum Revenue Provision	1a. Slough Borough Council - Review of Minimum Revenue Provision 010324 1b. SBC Minimum Revenue Provision (MRP) Model v1.0 1c. SBC Minimum Revenue Provision (MRP) Model User Guide v1.0
2	Capital Receipts	2a. Slough Borough Council - Workstream 8 - Capital Receipts Review 2b. Slough Borough Council - Workstream 8 - Capital Receipts Review - Journals
3	Capital Financing	3a. SBC - WS4 Capital Financing.xlsx 3b. Slough Borough Council - Balance Sheet Review - WS4 Capital Financing Review.doc
4	Private Finance Initiative	4a. SBC - PFI Working Paper 2122 and 2223 - 29 May 24.xlsx
5	Section 106	5a. SBC BSR - s106 Reconciliation 2021 to 2223
6	Cash and Cash Equivalents	6a. SBC BSR – Cash and Cash Equivalents - FY22-23 Reconciliation File.xlsx
7	Collection Fund	7a. Slough Borough Council - WS5 Collection Fund Review 7b. SBC - WS5 Balance Sheet Review - Collection Fund Analysis
8	Intercompany Loans	8a. Slough Borough Council - Workstream 11 - Intercompany Review
9	Impairments	9a. SBC BSR - Summary BDP 2022-23 9b. SBC BSR - Summary BDP 2023-24 9c. SBC BSR - AR Bad Debt Provision 2023-24 9d. SBC BSR - Business Rates BDP May 2024 9e. SBC BSR - Council Tax BDP 310324 - May 2024 9f. SBC BSR - HBOP BDP 2023-24
10	Reserves	10a. SBC BSR - Accounting March 2022 Briefing Note - post 31 March 2022 (002) 10b. SBC BSR - Earmarked Reserves Analysis to 2023-24 (links to source figures) Updated Apr 2024 10c. MMR Correction Journal 2020-21
11	HRA Reserves	11a. SBC BSR - Copy of Balance Sheets from 2019_20 to 2023_24 for EY v2 11b. SBC BSR - HRA balance closedown journals workings 2023-24 sent to audit 11c. SBC BSR - HRA Closedown Balances 2023 -24 Use this template V1
12	Revaluation Reserve	12a. SBC BSR - PPE note 2021 v2 - Reconciliation TB to FAR.xlsx
13	Dedicated Schools Grant	N/A – Worked not yet performed for FY22/23
14	Provisions	14a. SBC BSR - Summary of provisions (ST and LT) 14b. SBC BSR - A4802 - GRE5 14c. SBC BSR - A7699-MMI 14d. SBC BSR - B3300 ZBAL A7632 Insurance 14e. SBC BSR - Chalvey 14f. SBC BSR - Water charge 14g. SBC BSR - 10.32 Note 30 Provisions -Pre 2023 folders
15	Debtors (Accounts Receivable)	15a. SBC BSR - Mar 23 AR Reconciliation 15b. SBC BSR - B23 Debtors (1)
16	Creditors (Accounts Payable)	16a. SBC BSR - Account B3211 16b. SBC BSR - Account B3240 16c. SBC BSR - B3210 & B3219 16d. SBC BSR - Mar 23 AP Reconciliation

Appendix 3 – Recommendations and next steps

Recommendations and next steps for each area in the Balance Sheet Review are referenced below:

Ref.	Focus Area	Recommendations and next steps
Capital		
1	Minimum Revenue Provision	<ul style="list-style-type: none"> Regular review and reconciliation to ensure consistency between inputs and assumptions used across different areas of capital and financing.
2	Capital Receipts	<ul style="list-style-type: none"> Process capital receipts reserve allocation journals in a timely manner. Perform additional review on HRA capital reserves to determine if any represent excess capital receipts and could be transferred to the General Fund
3	Capital Financing	<ul style="list-style-type: none"> Currently, the Council do not have appropriate internal controls and reporting mechanisms in place to ensure that capital financing conditions are met. To address this, the Council will establish measures that more appropriately monitor capital finance and report against relevant requirements. Implementing such controls will not only provide greater transparency but also facilitate informed decision-making and financial accountability.
4	Private Finance Initiative	<ul style="list-style-type: none"> Correcting journals to be posted in FY21/2 and FY22/23. Implementation of a revised PFI risk focused monitoring approach, founded upon a reconciliation against the bidder's model.
5	Section 106	<ul style="list-style-type: none"> SBC officers to ensure the supporting working papers fully support the agreed Trial Balance position, and process correcting journals on the ledger. Cross validation controls should be put in place, to prevent erroneous postings to B7000 – Reserves – Capital Grants Unapplied when utilising a s106 analysis code (A6125 (Affordable Housing), A6126 (Resources) and A6127 (ECS))
Cash and Treasury		
6	Cash and Cash Equivalents	<p>To provide greater levels of assurance for the Council's ongoing working capital reconciliation, we would propose the following;</p> <ul style="list-style-type: none"> SBC finance implement regular, effective reconciliations for all bank/imprest accounts and money market funds. Roles and responsibilities should be reviewed to ensure individuals have the appropriate skillset and time to complete reconciliations robustly and on a regular basis. An appropriately senior officer should have oversight and accountability for all bank/imprest account and money market fund reconciliations. All variances should be thoroughly investigated and adjusting journals passed in a timely manner to ensure discrepancies are not rolled forward into following months.
7	Collection Fund	<ul style="list-style-type: none"> Correcting journals will now be able to be posted for the 22/23 Collection Fund work, as the corrected opening balances from all the previous years have now been carried forward and thus the corrected surplus or deficit can be determined for each year up until 22/23. The 22/23 correcting work to finalise the Collection Fund is underway and the specialist is completing it.

		<ul style="list-style-type: none"> We have investigated and sought to determine how long this correcting work will take and when can DLUHC expect to receive an estimate of the revised number for 31st March 2023. Since the specialist has now come to grips with the issues that were making the task much more complex than usually, they believe they will be able to resolve 22/23 in a much quicker fashion than the previous years' work. As such, if full focus is given by the specialist and the relevant staff members within SBC are available to assist, then it is reasonable to expect it to be completed by the end of July 2024. However, there are several risks/caveats with this. Namely the specialist is only part time of SBC work, as she is also helping other councils in the area and thus their time is divided. Secondly, there exists the risk that the work in 22/23 is more complex to correct than in prior periods and could lead to further delays to resolve. Another issue is that the specialist is taking leave for several reasons and has been doing so. This is an issue because the council does not have anyone else within who can do this complex task (though they goal is for staff members at the council to take over once the issues are resolved and the new process is finished being implemented at SBC.
8	Intercompany Loans	<ul style="list-style-type: none"> The Council should perform a more regular review on holdings in subsidiaries and investments. This could be via a formal shareholder governance arrangement. At a minimum, the regular review should consist of an impairment review This should include an impairment assessment on an annual basis.
9	Impairments	<ul style="list-style-type: none"> Ensure detailed calculation files are prepared for FY22/23 as they have been for FY23/24. Develop a formal doubtful debt review process, ensuring appropriate ownership and its application to each relevant analysis code on a suitably regular basis. Ensure these calculation files and the ageing profile of the debt especially is utilised in business as usual collection processes to improve collection rates and speed of collection at SBC. This will improve the financial position on wider areas of the balance sheet, most notably cash.
Reserves		
10	Reserves	<ul style="list-style-type: none"> Continue to clear the audit backlog from 18/19 which will indirectly improve the accuracy of the reserves as relevant adjustments are made to related accounts. Performed a retrospective review of reserves after the accounts are closed in each year, but especially FY22/23 and FY23/24 to ensure they are accurate. Identify any reserve accounts which have rules, restrictions, minimum levels, ring-fencing or any other related parameter which might need to be considered.
11	HRA Reserves	<ul style="list-style-type: none"> Establish an agreed periodic close process for the HRA account, adopting a risk focused approach to any transactions which require additional scrutiny.
12	Revaluation Reserve	<ul style="list-style-type: none"> Ensure the balances on the FAR for FY21/22 is accurately reflected on the balance sheet Update the FAR for FY22/23 and ensure the balances are updated and accurately reflected on the balance sheet
Other		

13	Dedicated Schools Grant	<ul style="list-style-type: none"> Undertake work for the years FY20/21, FY21/22 and FY22/23 in line with the accounts production backstop date of 30 September 2024.
14	Provisions	<ul style="list-style-type: none"> Ensure all adjustments are booked to the journals in the correct years to accurately reflect the provisions Ensure the assigned owners for each provision continue to re-calculate these provisions on a regular basis (at minimum annually before year-end close but preferable even more regularly). Ensure to continue to perform a holistic assessment to determine if any other provisions need to be included on the balance sheet from other sources.
15	Debtors (Accounts Receivable)	<ul style="list-style-type: none"> Finalise journal postings and reduce the Inter Entity Legal Balance to £nil.
16	Creditors (Accounts Payable)	<ul style="list-style-type: none"> Continue review of creditors balances as part of audit backlog workstream.