

Slough Borough Council, summary of the statement of accounts as at 31 March 2022

The Council produced a 136-page statement of accounts document for the financial year 2021/22, including many detailed notes which are required to be included. This summary document has not been subject to audit and does not constitute a formal set of accounts. It is, however, a compendium of some key sections from the statement of accounts document which some users of the accounts may find helpful. It is designed to summarise some of the most important areas, and some of the most viewed parts of the accounts, however it is not a substitute for the Council's statement of accounts which is available online at www.slough.gov.uk/performance-spending/statement-accounts

Annual governance for 2021/22 (pages 3-9)

An Annual Governance Statement (AGS) for 2021/22 has not been formally approved, as would normally be expected. A more up to date record of the Council's latest governance processes is available in the 2022/23 Annual Governance Statement per link below:

It has been challenging for current officers to review governance arrangements and the suitability of action plans going back several years and a decision had therefore been taken to focus attention on the governance review of 2022/23 to inform the 2022/23 AGS, and future AGSs.

Director's narrative (pages 11-19)

The Council approved a Five Year Plan 2021 – 2026 in March 2021, which set the key objectives for 2021/22 financial year and beyond. The Council's budget set at the same meeting included a number of key risks to the organisation including: loss in funding, non-delivery of savings, service pressures, and the consequential impacts of Brexit and COVID-19 on the general and local economy.

Slough Council was one of a small number of local authorities to request exceptional financial support for what was then an estimated £15m budget gap. The Government agreed to this in principle but on 30 June 2021 announced that an external assurance review would take place, examining both the Council's financial position and the strength of its wider governance arrangements. On 2nd July the Director of Finance issued a S114 notice for a then estimated £174m budget gap.

In September 2021 the Council agreed a Debt Repayment Strategy, recognising it was holding unaffordable levels of debt, which was predicated on a planned programme of asset disposals which could be used "firstly to finance any Capitalisation Directions that may be received from the Government and secondly to repay existing external debt." The aim of this course of action was to reduce both interest costs and Minimum Revenue Provision (MRP) charged to revenue budgets. The objective of the strategy was to realise £200m of disposal by March 2024, with further disposals of between £200m and £400m by end of March 2027

After a process of engagement with the Government, in March 2022 the Council received an agreement in principle to a Capitalisation Direction totalling £307m up to 31 March 2023 (it has subsequently been approved up to £348m for financial years to March 2028). The Capitalisation Direction will allow the Council to use capital resources to finance revenue costs, thereby reducing pressure on General Fund budgets and balances. The Capitalisation Direction is not additional money, it allows the Council to either spread existing revenue costs over a number of years or to finance them from generating capital receipts. The Council has a forecast target to sell some £400m of assets and has significantly curtailed ambitious capital investment plans. Since July 2021, all non-essential expenditure is subject to detailed scrutiny.

Balance sheet commentary

The Council improved its balance sheet with net assets going up by £102.8m. Within this, short term reduced by £106m and long term liabilities increased by £20m. Short term assets increased by £23m whilst long term assets reduced by £6m.

Members allowances (page 56)

The Council paid allowances to its members in 2021/22 of £0.565m (£0.526m in 2020/21).

Balance sheet and selected balance sheet related excerpts

Balance sheet (page 32)

The value of assets, liabilities and reserves at 31 March 2021 and 2022

31-March-2021		31-March-2022	
£'000		£'000	
1,035,312	Property, Plant and Equipment	1,044,792	
176,283	Investment Property	165,921	
1,299	Intangible Assets	3,829	
32,634	Long-term Investments	11,289	
57,177	Long-term Debtors	71,319	
1,302,705	Total Long-term Assets	1,297,150	
15,706	Short Term Investments	18,032	
57,009	Short term debtors	25,656	
30,050	Cash and Cash Equivalents	82,071	
102,765	Current Assets	125,759	
(409,572)	Short-term Borrowing	(306,000)	
(86,303)	Short-term Creditors	(102,468)	
(29,620)	Short-term Provisions	(11,480)	
(525,495)	Current Liabilities	(419,948)	
(15,272)	Long-term Creditors	(26,050)	
(2,512)	Long-term Provisions	-	
(328,409)	Long-term Borrowing	(409,911)	
(408,007)	Other Long-Term Liabilities	(338,474)	
(754,200)	Long-term Liabilities	(774,435)	
125,775	Net Assets	228,526	
(110,254)	Usable Reserves	(159,416)	
(15,521)	Unusable Reserves	(69,110)	
(125,775)	Total Reserves	(228,526)	

Defined benefit pensions (pages 99-100)

A breakdown of the net pension liability which is held within "other long-term liabilities". This is matched with a negative pension reserve in unusable reserves reflecting the net liability to pay which has not yet been charged to the general fund.

	2021/22		
	Scheme Assets	Pensions Obligations	Net Pensions Liability
	£'000		
Opening Balance at 1 April	302,603	(679,581)	(376,981)
Current Service Cost	-	(20,704)	(20,704)
Past Service cost and gains/losses on curtailments	-	(2,175)	(2,175)
Interest Income and Expense	5,993	(13,392)	(7,399)
Admin Expense	(287)	4,733	4,446
- Settlement	(2,142)	-	(2,142)
Total post employment benefit charged to the (surplus)/deficit on provision of services	3,564	(31,538)	(27,974)
Contributions			
- The Council	13,050	-	13,050
- Employees	2,837	(2,837)	-
	15,887	(2,837)	13,050
Payments			
- Retirement Grants and Pensions	(18,642)	18,642	-
Employers contributions payable to scheme	(18,642)	18,642	-
Remeasurements			
- Return on Plan Assets	25,064	-	25,064
- Actuarial Gains and Losses arising from changes in demographic assumptions	-	20,983	20,983
- Other actuarial gain & (losses) / Actuarial Gains & Losses from changes in Financial Assumptions	(2,536)	27,210	24,674
- Experience loss / (gain) on defined benefit obligation	-	12,808	12,808
Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement	22,528	61,001	83,529
	-	-	-
Closing Balance at 31 March	325,940	(634,313)	(308,376)

This relates to the Council's local government pension scheme obligations.

The table above shows how the assets and obligation to pay has changed during the year, and on the right is a breakdown of how the assets are invested.

	Total £'000
Public Equities	155,420
Private Equities	49,024
Infrastructure	41,418
Real Estate	39,407
Credit	54,159
Cash	7,673
Longevity Insurance	(21,161)
Total Assets	325,940

Plant, property and equipment breakdown (page 71)

A sub-categorization of property, plant and equipment, the largest single line on the balance sheet

Movements in 2021/22	Operational assets					Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net book value at 31 March 2021	546,359	288,569	55,502	66,710	10,162	17,685	50,325	1,035,312
Net book value at 31 March 2022	575,960	279,623	53,230	69,633	10,150	20,180	36,113	1,044,889

Income and expenditure and selected related excerpts

Income and expenditure statement (page 29)

2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
72,980	(28,689)	44,291	Adults and Communities	86,023	(25,384)	60,639
136,622	(88,408)	48,214	Children, Learning and Skills	196,273	(149,199)	47,074
22,767	(8,543)	14,224	Place and Development	25,540	(12,316)	13,224
20,624	(5,413)	15,211	Regeneration	33,443	(6,758)	26,685
110,631	(94,933)	15,698	Finance and Resources	44,454	(35,138)	9,316
24,165	(973)	23,192	Chief Executive	16,706	(1,145)	15,561
41,772	(36,670)	5,102	Housing Revenue Account	52,328	(35,881)	16,447
429,561	(263,629)	165,932	Cost of Services	454,767	(265,821)	188,946
		(5,602)	Other operating expenditure or (income)			(1,719)
		17,387	Financing and investment income and expenditure			7,061
		(149,749)	Taxation and non-specific grant income and expenditure			(159,966)
		27,968	(Surplus)/deficit on provision of services			34,322
		(763)	(Surplus) or deficit on financial assets measured at FVOCI			
		(16,199)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(53,595)
		95,925	Remeasurement of the net defined benefit liability			(83,529)
		78,963	Other Comprehensive income and expenditure			(137,124)
		106,931	Total Comprehensive income and expenditure			(102,802)

Income and expenditure breakdown (page 51)

A sub-categorization of the three lines between “cost of services” and “surplus/deficit on provision of services”.

Note 6: Other Operating Expenditure

2020/21		2021/22
£'000		£'000
200	Receipts	381
826	Payments to the Government Housing Capital Receipts Pool	1,177
(6,627)	Gains/Losses on the Disposal of Non-Current Assets	(3,277)
-	Other	
(6,602)	Total	(1,719)

Note 7: Financing and Investment Income and Expenditure

2020/21		2021/22
£'000		£'000
14,034	Interest payable and similar charges	7,803
6,221	Net interest on the net defined benefit liability (asset)	7,399
(1,408)	Interest receivable and similar income	(1,968)
(2,369)	Income and expenditure in relation to investment properties and charges in their fair value	(6,275)
-	Movements in fair value of financial instruments	
	Other investment income and expenditure	
17,387	Total	7,061

Note 8: Taxation and Non-Specific Grant Income

2020/21		2021/22
£'000		£'000
(58,982)	Council tax income	(65,474)
(39,034)	Non-domestic rates income and expenditure	(25,114)
(27,632)	Non-ringfenced government grants	(47,529)
(24,101)	Capital grants and contributions	(21,849)
	Other tax or non-specific grant income / expenditure	
(149,749)	Total	(159,966)

Material items of income and expenditure (page 50)

£30.3m was paid to Slough Children’s Services Trust for children’s and young people services.

The Council received an “in principle” capitalisation direction. Those amounts are reflected in the statement of accounts. See note for more information.

Other income and expenditure analysis

A breakdown of the “remeasurement of the net defined benefit liability” line can be seen on the “defined benefit pensions” section on the previous page.

The “(surplus) or deficit on revaluation of property, plant and equipment assets” line relates to the revaluation reserve, covered on the next page and in note 16.

Movement in reserves excerpts and other significant sections of the account
Unusable reserves (page 64)

2021/22		
Unusable Reserves	Opening Balance 1 April	Closing Balance 31 March
	£'000	£'000
Revaluation Reserve	(374,140)	(419,585)
Capital Adjustment Account	(77,282)	44
Collection Fund Adjustment Account	38,357	16,491
Dedicated Schools Grant Adjustment Account	20,640	25,430
Accumulated Absences Account	815	974
Financial Instruments Adjustment Account	672	672
Pooled Investments Fund Adjustment Account	(911)	(911)
Pensions Reserve	376,982	308,377
Deferred Capital Receipts Reserve	(602)	(602)
Total adjustments	(15,470)	(69,110)

Commentary

The General Fund reserve was at a low level of £1.465m for both years. At 31st March 2022, the earmarked reserves increased to £72.9m. Earmarked reserves movement are also set out by type in note 17.

Usable reserves (page 30)

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	(1,465)	(40,239)	(14,099)	(33,339)	(1,623)	(19,489)	(110,254)
Balance at 31 March 2022	(1,465)	(72,908)	(16,892)	(31,229)	(5,043)	(31,880)	(159,416)

Housing revenue account, income and expenditure (page 109)

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA.

2021/22	
£'000	
Expenditure	
Repairs and maintenance	8,300
Supervision and management	10,322
Rents, rates, taxes and other charges	113
Depreciation and impairment of non current assets	33,881
Transfer to/from Provision	(366)
Total expenditure	52,250
Income	
Dwelling rents	(32,581)
Non-dwelling rents	(879)
Charges for service and facilities	(2,237)
Contributions towards expenditure	
Total income	(35,697)
Net cost or (income) of HRA services as included in	16,553
HRA services share of Corporate and Democratic Core	
Net cost of HRA Services	16,553
HRA share of the operating income and expenditure	
(Gain) or loss on sale of HRA non current assets	(3,448)
Interest payable and similar charges	4,760
HRA interest and investment income	438
Net interest on the defined benefit net liability	
(Surplus) or deficit for the year on HRA Services	18,303

Group accounts (pages 118-127)

The following entities have been included in the group financial statements:

- James Elliman Homes (JEH) as a subsidiary
- GRE5 as a subsidiary
- Slough Children’s First (SCF) as a subsidiary
- Slough Urban Renewal (SUR) as a joint venture.

Accumulated trading profit attributable to these entities at 31 March 2022 was £97.28m, compared to trading losses of £118.95m at 31 March 2021. The Council is reviewing financial governance arrangements which would enable it develop exit strategies from each of these entities.