

# Slough Borough Council, summary of the statement of accounts as at 31 March 2023

The Council produced a 139-page statement of accounts document for the financial year 2022/23, 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](http://www.slough.gov.uk/performance-spending/statement-accounts)

## Annual governance for 2022/23 (pages 3-11)

The governance arrangements have been effectively operating during the year with the exception of those areas identified in the detailed report. The Council still has significant improvements to make to its governance arrangements and its historic record keeping and lack of corporate memory. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

## Director's narrative (pages 13-16)

The General Fund budget for 2022/23 was approved by Full Council in March 2022 in the context of financial and other issues facing Slough Borough Council of an unprecedented magnitude, and unable to be financially sustainable without radical action. The magnitude of the issues was and continues to be such that exceptional additional support is needed to ensure the financial sustainability of the Council through a capitalisation direction in each of the years 2018/19 through to 2027/28. The problems arose partly because the Council:

- borrowed £760m at its peak which was the 3rd largest borrowing of all unitary councils and well beyond what it could afford;
- did not make any effective budgetary provision to make the necessary principal repayments on this extreme level of debt;
- failed to budget properly, utilising capital funds for revenue;
- did not build up or maintain proper levels of reserves or provisions.

When the budget was set, the net reserves position at 31 March 2022 was estimated to be £307m in deficit and the then Department of Levelling Up Housing and Communities (DLUHC) indicated a "minded to" approval for this sum to be subject to a Capitalisation Direction (CD) of which £84.1m related to 2022/23. The CD is not new money rather it provides a mechanism to support the level of expenditure – it facilitates the treatment of revenue expenditure as capital, which must either be financed from generating capital receipts (through the sale of assets) or from borrowing.

## Balance sheet commentary

The Council improved its balance sheet with net assets going up by £385.7m. Within this, short term and long term liabilities reduced by £175m and £128m respectively. Short term assets increased by £83.8m whilst long term assets reduced by £1.65m.

## Members allowances (page 57)

The Council paid allowances to its members in 2022/23 of £0.604m (£0.565m in 2021/22).

## Balance sheet and selected balance sheet related excerpts

### Balance sheet (page 33)

The value of assets, liabilities and reserves at 31 March 2022 and 2023

31-March-2022		31-March-2023
£'000		£'000
1,044,792	Property, Plant and Equipment	1,116,165
165,921	Investment Property	108,432
3,829	Intangible Assets	2,870
11,289	Long-term Investments	11,289
71,319	Long-term Debtors	56,739
<b>1,297,150</b>	<b>Total Long-term Assets</b>	<b>1,295,495</b>
18,032	Short Term Investments	119,000
-	Assets Held for Sale	2,791
25,656	Short term debtors	59,126
82,071	Cash and Cash Equivalents	28,676
<b>125,759</b>	<b>Current Assets</b>	<b>209,593</b>
(306,000)	Short-term Borrowing	(119,436)
(102,468)	Short-term Creditors	(110,562)
(11,480)	Short-term Provisions	(14,917)
<b>(419,948)</b>	<b>Current Liabilities</b>	<b>(244,915)</b>
(26,050)	Long-term Creditors	(24,636)
-	Long-term Provisions	(170)
(409,911)	Long-term Borrowing	(470,471)
(338,474)	Other Long-Term Liabilities	(150,676)
<b>(774,435)</b>	<b>Long-term Liabilities</b>	<b>(645,953)</b>
<b>228,526</b>	<b>Net Assets</b>	<b>614,220</b>
(159,416)	Usable Reserves	(227,955)
(69,110)	Unusable Reserves	(386,265)
<b>(228,526)</b>	<b>Total Reserves</b>	<b>(614,220)</b>

### Defined benefit pensions (pages 101-102)

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.

	2022/23		
	Scheme Assets	Pensions Obligations	Net Pensions Liability
	£'000		
<b>Opening Balance at 1 April</b>	<b>325,940</b>	<b>(634,313)</b>	<b>(308,376)</b>
Current Service Cost	-	(18,542)	(18,542)
Past Service cost and gains/losses on curtailments		(139)	(139)
Interest Income and Expense	8,432	(16,272)	(7,840)
Admin Expense	(319)	(260)	(579)
- Settlement	278		278
<b>Total post employment benefit charged to the (surplus)/deficit on provision of services</b>	<b>8,391</b>	<b>(35,213)</b>	<b>(26,822)</b>
<b>Contributions</b>			
- The Council	13,754		13,754
- Employees	2,762	(2,762)	-
	16,516	(2,762)	13,754
<b>Payments</b>			
- Retirement Grants and Pensions	(19,902)	19,902	-
<b>Employers contributions payable to scheme</b>	<b>(19,902)</b>	<b>19,902</b>	<b>-</b>
<b>Remeasurements</b>			
- Return on Plan Assets	(4,766)		(4,766)
- Actuarial Gains and Losses arising from changes in demographic assumptions		-	-
- Actuarial Gains and Losses from changes in Financial Assumptions	-	258,509	258,509
- Experience loss /(gain) on defined benefit obligation		(54,466)	(54,466)
<b>Post-Employment Benefits Charged to other Comprehensive Income and Expenditure Statement</b>	<b>(4,766)</b>	<b>204,043</b>	<b>199,277</b>
	-		
<b>Closing Balance at 31 March</b>	<b>326,179</b>	<b>(448,343)</b>	<b>(122,164)</b>

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	164,171
Private Equities	40,423
Infrastructure	44,973
Real Estate	41,234
Credit	47,406
Cash	4,932
Longevity Insurance	(16,960)
<b>Total Assets</b>	<b>326,179</b>

### Plant, property and equipment breakdown (page 73) A sub-categorization of property, plant and equipment, the largest single line on the balance sheet

Movements in 2022/23	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 2022	575,960	279,623	53,230	69,633	10,150	20,180	36,110	1,044,886
Net book value at 31 March 2023	611,819	335,149	50,504	69,583	9,796	23,472	16,005	2 1,116,328

# Income and expenditure and selected related excerpts

## Income and expenditure statement (page 30)

2021/22 Restated				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,537	(2,660)	1,877	ED Monitoring Officer	2,183	(83)	2,100
9,895	(3,216)	6,679	Chief Execs Office	11,567	(2,348)	9,219
73,692	(39,658)	34,034	Corporate Services	109,527	(95,770)	13,757
38,388	(13,761)	24,627	ED Housing, Property & Planning	30,351	(14,840)	15,511
76,576	(17,951)	58,625	ED People (Adults)	71,979	(34,667)	37,312
196,254	(149,199)	47,055	ED People (Children)	157,551	(126,512)	31,039
401	-	401	ED Place & Communities	48,254	(20,147)	28,107
2,820	(3,620)	(800)	Public Health	1,304	(3,296)	(1,992)
52,203	(35,755)	16,448	Housing Revenue Account	26,472	(40,033)	(13,561)
<b>454,766</b>	<b>(265,820)</b>	<b>188,946</b>	<b>Cost of Services</b>	<b>459,188</b>	<b>(337,696)</b>	<b>121,492</b>
1,544	(3,263)	(1,719)	Other operating expenditure or (income)	27,424	(141,119)	(113,695)
15,670	(8,609)	7,061	Financing and investment income and expenditure	29,216	(21,969)	7,247
-	(159,966)	(159,966)	Taxation and non-specific grant income and expenditure	-	(114,763)	(114,763)
		<b>34,322</b>	<b>(Surplus)/deficit on provision of services</b>			<b>(99,719)</b>
			(Surplus) or deficit on financial assets measured at FVOCI			-
		(53,595)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(86,698)
		(83,529)	Remeasurement of the net defined benefit liability			(199,277)
		<b>(137,124)</b>	<b>Other Comprehensive income and expenditure</b>			<b>(285,975)</b>
		<b>(102,802)</b>	<b>Total Comprehensive income and expenditure</b>			<b>(385,694)</b>

## Income and expenditure breakdown (page 52)

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

2021/22		2022/23
£'000		£'000
381	Precepts	298
1,177	Payments to the Government Housing Capital Receipts Pool	840
(3,277)	Gains/Losses on the Disposal of Non-Current Assets	(114,833)
<b>(1,719)</b>	<b>Total</b>	<b>(113,695)</b>

### Note 7: Financing and Investment Income and Expenditure

2021/22		2022/23
£'000		£'000
7,803	Interest payable and similar charges	16,186
7,399	Net interest on the net defined benefit liability (asset)	7,840
(1,866)	Interest receivable and similar income	(9,753)
(6,275)	Income and expenditure in relation to investment properties and charges in their fair value	(7,026)
<b>7,061</b>	<b>Total</b>	<b>7,247</b>

### Note 8: Taxation and Non-Specific Grant Income

2021/22		2022/23
£'000		£'000
(65,474)	Council tax income	(66,105)
(25,114)	Non-domestic rates income and expenditure	(28,283)
(47,529)	Non-ringfenced government grants	(8,407)
(21,849)	Capital grants and contributions	(11,968)
<b>(140,966)</b>	<b>Total</b>	<b>(114,763)</b>

## Material items of income and expenditure (page 51)

The Akzo Nobel site was acquired by the Council in February 2021 was disposed of in November 2022 for a capital receipt of £143.75m. On disposal, the HRA has been reimbursed for all costs incurred in relation to the asset. The balance of the capital receipts of £101m have been recognised as a general fund capital receipt and applied to reduce the capital financing requirement from the Council’s capitalisation direction.

## 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 65)**

Unusable Reserves	2022/23	
	Opening Balance 1 April	Closing Balance 31 March
	£'000	£'000
Revaluation Reserve	(419,585)	(504,678)
Capital Adjustment Account	43	(30,602)
Collection Fund Adjustment Account	16,491	11,538
Dedicated Schools Grant Adjustment Account	25,430	14,917
Accumulated Absences Account	974	1,235
Financial Instruments Adjustment Account	672	672
Pooled Investments Fund Adjustment Account	(911)	(910)
Pensions Reserve	308,377	122,164
Deferred Capital Receipts Reserve	(602)	(601)
<b>Total adjustments</b>	<b>(69,111)</b>	<b>(386,265)</b>

**Commentary**

The General Fund reserves were increased to a more prudent level with the use of £20m from the capitalisation direction allocation for 2022/23. At 31st March 2023, the General Fund reserve was £21.465m against £1.465m in the preceding four years. Earmarked reserves movement are also set out by type in note 17

**Usable reserves (page 31)**

	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 2022	(1,465)	(72,908)	(16,892)	(31,229)	(5,043)	(31,880)	(159,416)
Balance at 31 March 2023	(21,465)	(57,126)	(21,645)	(81,043)	(15,192)	(31,485)	(227,955)

**Housing revenue account, income and expenditure (page 111)**

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.

2022/23	
£'000	
<b>Expenditure</b>	
Repairs and maintenance	9,391
Supervision and management	14,366
Rents, rates, taxes and other charges	92
Depreciation and impairment of non current assets	1,242
Transfer to/from Provision	1,382
<b>Total expenditure</b>	<b>26,473</b>
<b>Income</b>	
Dwelling rents	(36,116)
Non-dwelling rents	(1,190)
Charges for service and facilities	(2,727)
<b>Total income</b>	<b>(40,033)</b>
<b>Net cost or (income) of HRA services as include</b>	<b>(13,560)</b>
<b>Net cost of HRA Services</b>	<b>(13,560)</b>
<b>HRA share of the operating income and expendi</b>	
(Gain) or loss on sale of HRA non current assets	(11,827)
Interest payable and similar charges	5,072
HRA interest and investment income	(557)

**Group accounts (pages 120-130)**

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 2023 was £10.074m, compared to trading losses of £35.500m at 31 March 2022. The Council is reviewing financial governance arrangements which would enable it develop exit strategies from each of these entities.