

CONTENTS

Explanatory Foreword	Page 2
Statement of Accounting Policies	Page10
Core Swindon Borough Council Financial Statements	Page 17
Notes to the Core Swindon Borough Council Financial Statements	Page 22
Trust Funds	Page 43
Supplementary Swindon Borough Council Financial Statements	Page 44
Group Financial Statements	Page 52
Statement of Responsibilities for the Statement of Accounts	Page 57
Statement on the System of Internal Control	Page 58
Auditor's Certificate	Page 67
Glossary of Terms	Page 70

EXPLANATORY FOREWORD

These accounts relate to the year ending 31 March 2007 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain. The Code represents the Statement Of Recommended Practice (SORP) to be adopted by Local Authorities when publishing their accounts.

Updates to the Accounts Required Under Changes to Accounting Practice

Every year the SORP is reviewed and minor adjustments are made to the presentation of local authority accounts to comply with these changes. Normally, these adjustments are such that individual notes to the accounts and/or policies are sufficient to explain them.

However, for the 2006/07 statement of accounts, the changes (which bring Local Authority financial reporting more in-line with generally accepted accounting practice (UK GAAP)) are considered of such overall importance to the reader's understanding of the new format that a description of the adjustments required are presented here:

- **Removal of the Asset Management Revenue Account (AMRA)**

The AMRA has historically been used to reverse out accounting entries that were not allowed to have an impact on the Authority's council tax requirement. This mainly involved a "notional interest" charge to services to include a cost element that reflects their use of fixed assets. With the removal of the notional interest charge, there is no longer a reason for the AMRA.

- **Restatements**

As the changes to the AMRA account are changes to accounting policy, Financial Reporting Standards (FRSs) require that in producing the statements for the 2006/07 financial year, we need to restate the 2005/06 balances. This ensures that the prior year comparatives are meaningful. All 2005/06 figures that show "RS" at the column heading have been restated due to the effects of the SORP changes.

- **Layout of the accounts**

In complying with the 2006 SORP, Councils are required to follow a designated layout of the accounting statements. This set layout is intended to enable comparison between local authorities.

The above restatements and alterations to the layout of the accounts have resulted in significant changes to the presented income and expenditure for the prior period. In particular, in the splitting of the Consolidated Revenue Account into an Income & Expenditure and Reconciliation to the General Fund (GF) Balance statements, the income and expense for the periods 2005/06 and 2006/07 show £1.5m surplus and £716k deficit respectively. This is due to the reversing out of accounting entries now being shown in the reconciling statement of movement on the general fund balance rather than within the income and expenditure statement and items needing to be shown within the I&E that previously affected only the balances sheet. However, the accounting treatments that are now shown within the GF reconciliation statement bring the 2005/06 balance to the net GF surplus of £5m that was reported in the original 2005/06 accounting statements. The favourable position on the income and expenditure account results from one-off PFI and actuarial gains witnessed in the years covered by of these accounts.

The key AMRA changes that are discussed above are also shown in the following reconciling statement. This shows how the figures presented in the 2005/06 accounts have been updated to

follow the new accounting requirements. Only those figures that have changed within the Net Operating Expenditure as a result of the AMRA removal are shown in the statement.

	Consolidated Revenue Account 2005/06	Removal of Notional Interest	Other Reallocations	2005/06 Comparatives in 2006/07 Accounts
	£'000	£'000	£'000	£'000
Central Services to the Public	12,374	0	(1,309)	11,065
Court and Probation	246	0	0	246
Cultural	19,269	(3,193)	0	16,076
Environmental	13,709	(3,896)	0	9,813
Planning & Development	3,633	0	0	3,633
Education Services	114,182	(6,903)	(11,966)	95,313
Highways, Roads & Transport Services	11,373	(3,176)	(2,062)	6,135
Housing Services	17,613	(16,510)	700	1,803
Social Services	47,590	(798)	(315)	46,477
Exceptional Items	2,003	0		2,003
Net Cost of Services	241,992	(34,476)	(14,952)	192,564
AMRA (Interest Payable & Similar Charges in 2006/07)	(31,425)	34,476	1,262	4,313
Effect on Net Operating Expenditure*	210,567	0	(13,690)	196,877

*The change in Net Operating Expenditure is a result of the amortisation of government grants now being shown within the reconciling Statement of Movement on the General Fund Balance.

- **Dedicated Schools Grant**

In 2006/07 the arrangements for government support for funding of schools changed. Previously funds were provided as part of the Council's overall Revenue Support Grant. The Council now receives a specific grant – the Dedicated Schools Grant. £99.65m has therefore been credited against the Education service outturn in the Income and Expenditure Account that would previously have been treated as part of Revenue Support Grant in corporate income. The difference between 2006/07 figures and comparative figures in 2005/06 for these two lines is substantially explained by this change, with other differences reflected in the previous restatement.

The Statements

The accounting statements that are presented within these accounts follow recommended practice in their content and layout. These statements are now grouped under the set requirement contained in the SORP. They contain the following information relevant to the functions of the Council. Explanatory notes for the core statements are presented after the cashflow statement, whilst each supplementary statement has its own notes directly after the statement.

Core Statements

- **Income and Expenditure Account (I&E)**
Summarising the income and expenditure on all functions of the Authority (including Housing)
- **Statement of Movement on the General Fund Balance**
Reconciling the balance of the I&E account to the Authority's General Fund Balance
- **Statement of Total Recognised Gains and Losses**
Summarising the key movements between opening and closing balance sheet Net Assets
- **Balance Sheet**

Setting out the financial position (assets and liabilities) of the Council at 31 March 2007

- **Cash Flow Statement**

Summarising the inflows and outflows of cash for the Authority

Supplementary Statements

- **Housing Revenue Account (HRA) Income & Expenditure Account**

Summarising the income and expenditure in respect of the provision of local authority housing

- **Collection Fund**

Showing the Council Tax and National Non-Domestic Rates income collected and disbursed during the year

- **Group Accounts**

For Swindon Borough Council and Thamesdown Transport which contain group versions of the core statements

Financial Overview

This overview provides a brief explanation of the financial aspects of Swindon Borough Council's activities and draws attention to the main characteristics of the Council's financial position. Being a Unitary Council, which provides council housing, Swindon, is required by legislation to account for its expenditure in three distinct categories:

- **General Fund Revenue Account**

This includes day-to-day expenditure on all services except those directly relating to council housing. Expenditure is financed mainly from Government grant (Revenue Support Grant or RSG and specific grants), Business Rates income (Non-Domestic Rates or NDR), fees and charges and Council Tax.

- **Housing Revenue Account (HRA)**

Included within this account is all expenditure on the day-to-day management of the Council's housing stock. Expenditure is principally funded from council house rents. HRA income cannot be used to fund GF services beyond the extent that it buys support from those services.

- **Capital**

All improvements and enhancements to the Council's assets are included in this category. This expenditure is financed partly from the sale of capital assets, borrowing, Government grant support and contributions from developers. Capital funding cannot be used for revenue activities unless a capitalisation directive is authorised by the Secretary of State.

In 2006/07 the Council applied for, and received, a capitalisation directive from the Department for Communities and Local Government. This directive has allowed the Authority to utilise capital funding for the payment of exceptional costs, amounting to £1.765m, in relation to the restructuring of the Council that has facilitated the continued service improvement programme.

The Council's General Reserves have remained at £5m as at 31 March 2007. This level is unchanged from 31 March 2006 and represents the minimum prudent sum recommended by the Director of Finance, having regard to specific reserves, which are held to cover known risk areas.

Financial Overview – The General Fund

The net GF budget for 2006/07 was set at £112.666m. This excludes funding for schools, which is now provided via the Dedicated Schools Grant (DSG). The DSG is shown within the I&E account as income to the Education service division. The result of this change in funding is a significant change in presentation, resulting in an increase to the income of Education and a reduction in general Government Grant.

Service expenditure was £111.269, leaving a service underspend of £1.397m, before funding of additional corporate items and reserves movements. After adjustments, an underspend of £0.278m has been carried forward in to the new financial year to support high priority initiatives and risks in 2007/08. This gives a net variance against budget of nil. In addition, severance costs of £1.765m have been transferred to capital in accordance with the Capitalisation Directive from the DCLG.

The following table provides more detail on the outturn position for each of the Council's Group Directorates. This presentation differs from the nationally prescribed format for the I&E Account on page 17, as it reflects the Council's local management structure. However, the total expenditure, and hence that amount to be funded from Council Taxpayers, is identical.

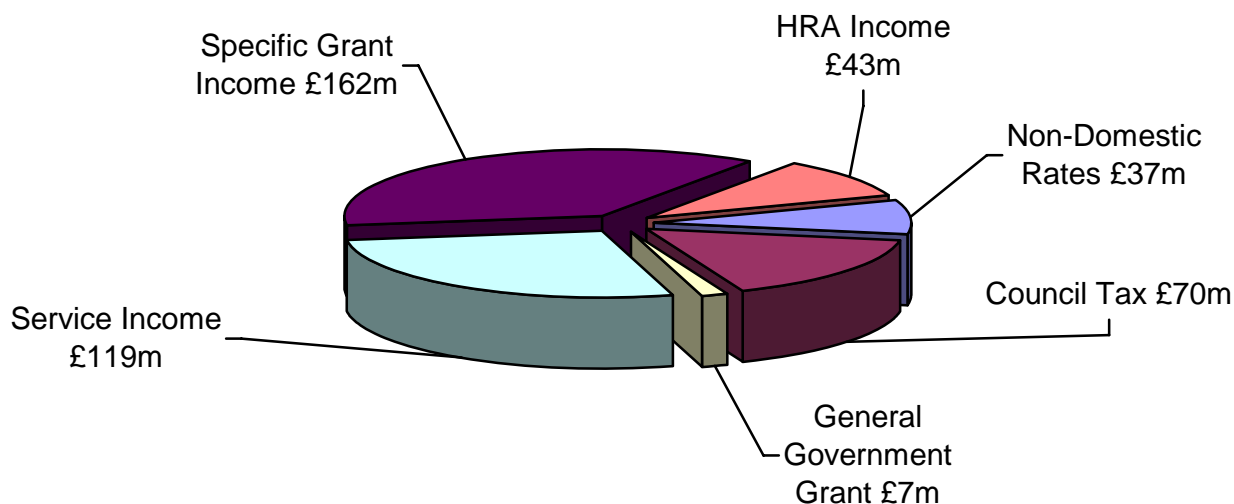
	Budget	Actual	Variance
	£000's	£000's	£000's
Children Services	24,537	24,350	(187)
Housing & Social Care	39,578	40,066	488
Environment & Leisure	35,737	35,359	(378)
Resources	3,298	2,449	(849)
Chief Executive	1,326	1,169	(157)
SCS	(1,331)	(1,343)	(12)
Corporate	9,521	9,219	(302)
Corporate contingencies and one-offs	0	1,119	1,119
Net cost of General Fund Services	112,666	112,388	(278)
Carry Forward Reserve	0	278	278
Net general Fund Impact	112,666	112,666	0
Parish Precepts		1,627	
Net Corporate Income & Expenditure		4,682	
Net Capital, Reserves and other Appropriations Adjustments		(3,967)	
Net operating Expenditure		115,008	
Income From The Collection Fund		(69,855)	
General Government Grants		(7,190)	
Distribution From Non-Domestic Rates (NDR)		(37,247)	
Net (Surplus)/Deficit For Year on the I&E		716	
Items Included In the Statement of General Fund Movement		(716)	
Net General Fund (Surplus) / Deficit For Year		0	

The following items highlight significant variances between budgeted and actual expenditure within the above figures:

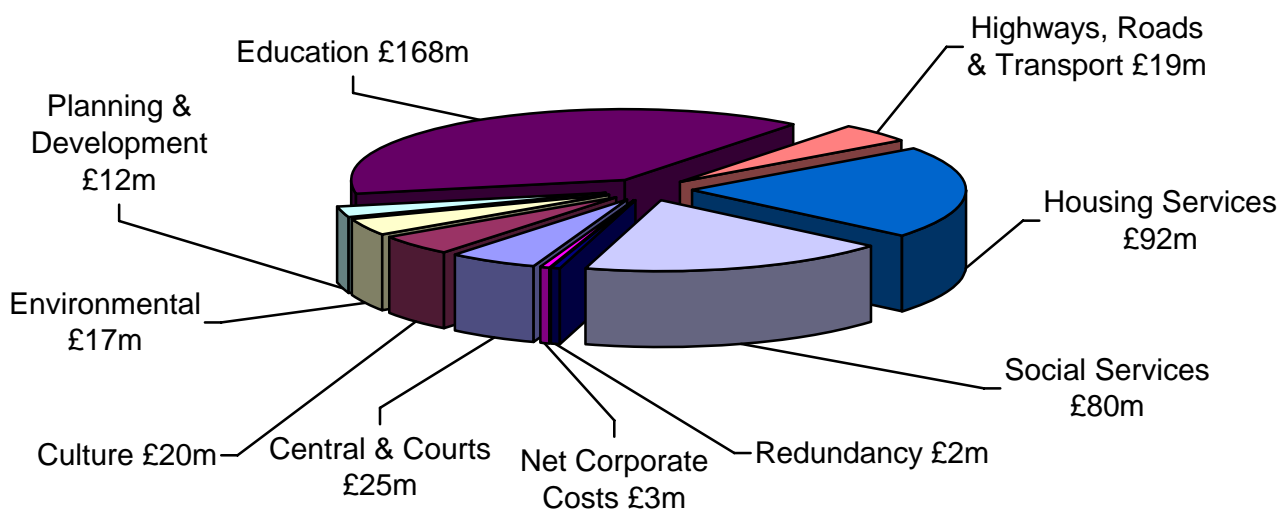
- Adult Social Care - £855k above budget, mainly due to higher costs of care packages for learning disabilities service users and lower than budgeted income from occupied bed space of Provider Services.
- Environmental - additional income over budget on Planning Application Fees of £263k.
- Corporate - Capital Financing costs £711k below budget due to lower than budgeted debt charges.

The following charts analyse the main income sources to the Council in 2006/07, and the gross expenditure on services. Income sources include grants, HRA income, service fees and charges and net corporate income streams.

Council Funding Sources 2006/07¹



Where The Money Was Spent on Services 2006/07¹



¹ Source: Income & Expenditure Account on page 16

Financial Overview – The Collection Fund

The Collection Fund is credited with Council Tax income and debited with Swindon Borough Council's budgeted call on the fund plus the precepts of the Fire and Police Authorities and Town and Parish Councils. The Fund is used to smooth the difference between the actual and budgeted amount of Council Tax collected each year. Any surplus or deficit on the Fund is reflected in the following year's Council Tax calculations. The 2006/07 budget drew down £115k of the estimated surplus accruing during the financial year 2005/06.

At the end of 2006/07, the Collection Fund had a net surplus of £849k, of which Swindon Borough Council's share is £721k (with the balance being due to the Police and Fire Authorities). The 2007/08 budget draws £830k from the Collection Fund based on the estimated surplus calculated in January 2007.

Financial Overview – The Housing Revenue Account (HRA)

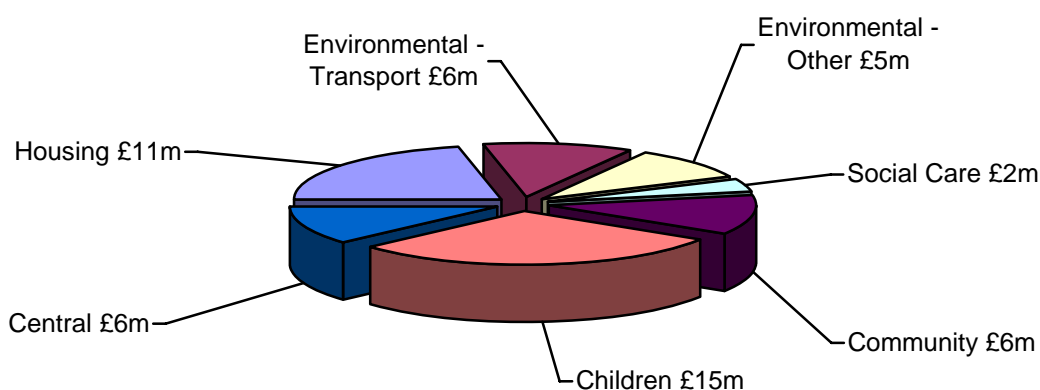
The HRA underspent by £25k in 2006/07 against the original budget of £41.8m, which resulted in an increase in the level of HRA balances held at the 31st March 2007.

There were overspends in relation to repairs and maintenance but compensating savings were made in management costs, a reduced amount in negative subsidy repayable and improved performance in relation to rent arrears collection, resulting in a positive financial impact.

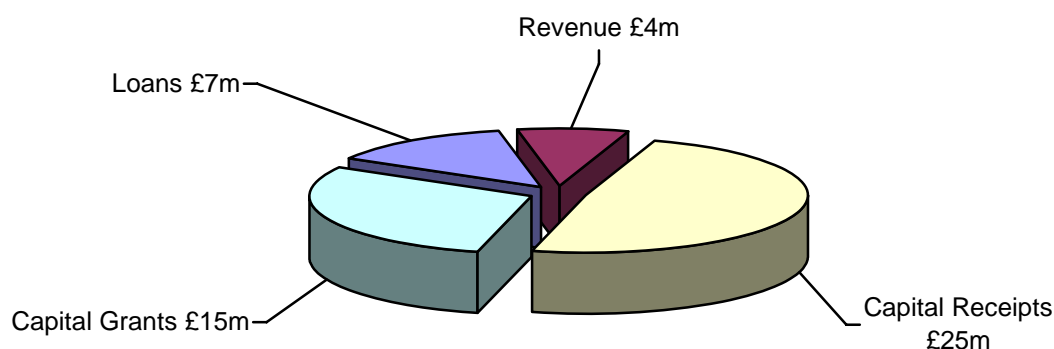
Financial Overview – Capital Income & Expenditure

During the year, the Council incurred capital expenditure of £50.679m, including housing grants. This expenditure is analysed in the chart below into key service areas of the Council.

Capital Expenditure by Council Directorate 2006/07



Capital Funding By Source 2006/07



Significant areas of capital expenditure in 2006/07 were on:

- Lydiard Park - £2.571m
- Sheltered Accommodation - £0.606m
- Central Library - £1.529m
- Wyvern Theatre Asbestos Removal and Refurbishment - £0.551m

Capital receipts financed almost half of the total capital expenditure. The majority of the remainder was met from capital grants. The on-going capital programme is to be financed from a mixture of mainly capital receipts, with some loan, grant and revenue contributions.

Financial Overview – Other Key Disclosures

• Strategic Partnership

During 2006/07 the Authority tendered for a strategic partner to improve customer services and help deliver key support functions. This resulted in areas of Human Resources, Finance, Information Technology, Administration and Customer Services being passed to the partner to provide integrated solutions for improved performance. Capita were appointed as the Council's strategic partner with effect from 1st February 2007.

• Private Finance Initiative (PFI)

The Council signed a PFI contract at the end of March 2005 for the provision of seven schools in the Northern Sector development of Swindon. This contract expires in 2032 and, as part of this arrangement the Council is committed to make payments estimated at £274.9m, subject to contract performance by the contractor, Equion plc. There was a known affordability gap between the cost and budget provision, equivalent to an average of £2.977m per annum. The Council is funding this from a combination of asset disposals and an increase in the annual revenue budget of £1m. The majority of the asset disposals (amounting to approximately £20m) are scheduled for completion during 2007. At the balance sheet date the majority of these assets were still operational and are included as such within fixed assets.

Once the capital receipts have been realised and actual values known, the Council will re-calculate its funding model over the life of the contract and consider whether the approved additional revenue budget of £1 million per annum is sufficient to cover future costs. Until that time, any in-year net surplus or deficit against the revenue budget for the annual PFI costs will be transferred to the PFI Equalisation Reserve.

• Southern Development Area

The Southern Development Area, renamed as 'Wichelstowe', continues to progress through a collaboration agreement with Taylor Wimpey Developments. Disclosures on Wichelstowe are included as a contingent liability note to these accounts, and as a post balance sheet event.

• Wiltshire County Council Borrowings

As a result of local Government reorganisation and the transfer of service assets to the Borough Council on 1 April 1997, the Council has been liable to make annual contributions towards the repayment of a proportion of the Wiltshire County Council's (WCC) debt as at that date. During 2006/07, the Authority's proportion of the outstanding debt was transferred by agreement from Wiltshire County Council to Swindon Borough Council and now forms part of the debt on the Council's Balance Sheet, which removes the liability Swindon Borough Council has to WCC.

- **Pension Liability**

The pension liability as disclosed in the balance sheet, under FRS17 requirements, has seen a small increase over the 2005/06 disclosures. The liability is reported as £114m for 2006/07, an increase of £2m. This increase reflects changes in the financial assumptions underlying the liability, which have largely been offset by higher than expected returns on assets.

Financial Overview – Financial Outlook

- **Medium Term Resourcing Plan**

2006/07 was the first year in the Council's new four-year Medium Term Resourcing Plan, which sees revenue and capital investment programmes aligned with Council priorities. The closing balance sheet for 2006/07 offers a solid financial platform from which to continue the Council's transformation to become an "Excellent" authority.

The Council has lower levels of borrowing than that of its comparable local authorities and is maintaining reserves at the agreed prudent level of £5m. The Council is also asset rich. The refreshed 2006 – 2010 capital programme totals £364m. The programme is fully funded without significant borrowing with over 87% being met from capital receipts, section 106 deposits and grants.

The Council's revenue position will be challenging in the coming years. The move from single year Central Government grant settlements to two (three in future years) has offered more certainty over future income levels but, with considerable future cost pressures, the Council will need to rely on significant efficiency savings to balance its annual budgets. A value for money strategy is in place that is expected to provide a major platform for delivery of the required savings.

- **Audit Report**

The draft accounts have to be approved before the 30 June 2007, independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September 2007. The Council's auditors are Grant Thornton UK LLP, and their report is included on page 67.

- **Further Information**

If readers would like to know more about the accounts of the Council, please write to Stuart McKellar, Director of Finance, Civic Offices, Swindon SN1 2JH.

STATEMENT OF ACCOUNTING POLICIES

Accounting Standards

The accounting policies of the Council are set out over the following pages. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with relevant Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRSs) that apply to Local Authorities.

The net cost of services within the Income & Expenditure Account has been prepared in accordance with the CIPFA Best Value Accounting Code of Practice (BVACOP), and the Council's borrowing strategy complies with the CIPFA Code of Practice on Treasury Management.

Three key accounting concepts are followed within these accounts:

- **Accruals**

Whereby transactions are recorded in the period in which they occurred, not necessarily when a payment was made.

- **Going Concern**

The authority has prepared its accounts on the assumption that it will continue in operational existence for the foreseeable future.

- **Primacy of Legislation**

Accounting concepts in the above standards may not apply in all cases, to the degree that treatment is stipulated in law. "It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply." (SORP2006.)

In any area where the above standards have not been followed, an explanation has been given in the notes to the accounts.

Valuation of Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

The current asset values used in the accounts at 31st March 2007 are based on a formal valuation certificate issued. The sources of information and assumptions made in producing the various valuations are set out in the valuation certificate and report. The current asset values used in the accounts are based upon a certificate issued by the Council's Director of Property as at 1 April 2007.

Financial year 2006/07 was the second year of a 5-year rolling programme of asset revaluations. The de minimis level applied is £10,000. All valuations have been carried out by the Council's valuers, who are RICS qualified.

Their bases for valuation are as follows:

<u>Type of Asset</u>	<u>Basis of Valuation</u>
Council Dwellings	- Existing Use Value – Social Housing
Other Land and Buildings:	
- Operational	- Net current replacement cost, using either the existing use value or the depreciated replacement cost (includes plant and machinery)
- Non-operational	- Open market value
Infrastructure (e.g. roads and sewers)	- Historic cost (where known)
Vehicles, Plant & Equipment	- Current written down value
Community Assets	- Historic cost (where known)

Depreciation of Assets

FRS 15 requires that all operational assets be depreciated, unless the depreciation concerned is immaterial. Any asset not depreciated within the accounts is the subject of a formal impairment review and, where there is reason to believe that their value has changed materially during the accounting period, the valuations are adjusted. Examples of events and changes in circumstances that could indicate a reduction in value may include physical damage to a building or a decline in market value.

The Council uses the straight-line method of calculating depreciation on all its Fixed Assets, with the exception of non-depreciable land, community assets, investment properties and vehicles. Straight-line depreciation is the method in which the cost of an asset is split equally over the period of its estimated useful life.

Depreciation is charged in the year of acquisition but not in the year of disposal.

Due to the Right-to-Buy scheme where the stock is reducing each year, it is more appropriate for the Council to use the average value of the stock to calculate depreciation on Council Dwellings (as below).

The table below summarises the estimated useful lives of the different asset classes:

<u>Type of Asset</u>	<u>Useful Life</u>
Council Dwellings	- 70 years
Operational Assets	- 20-70 years dependant on the assessed expected useful life
Infrastructure	- 20 years
Plant & Equipment	- 5 years
Vehicles	- Based on an annual valuation of each vehicle

Depreciation of assets is charged against relevant services to show the cost of their use of assets in provision of the service. This depreciation charge is reversed out in the I&E adjustment statement and subsequently has no impact on Council Tax levels.

Capital Receipts

Capital receipts are the monies received by the Council from the sale of land, buildings and other assets. These are available, subject to Government restrictions, to finance new capital schemes. The usable percentage for 2006/07 receipts arising from the sale of non-HRA land and property was 100%.

The Local Government Act 2003 introduced the principle of 'pooling' HRA capital receipts with effect from 1 April 2004. Under this system, 75% of the capital receipt from the disposal of a dwelling from the Right-to-Buy scheme must be paid over to Central Government, with the remaining 25% being available to the Council to fund capital expenditure. With regards to the disposal of HRA land and surplus assets, the local authority can retain 100% of the capital receipt, providing the receipt is used to fund affordable housing.

Disposal of Assets

After an authority asset is disposed of, the difference between the carrying value of the asset in the balance sheet and the value of the sale proceeds received is reviewed. Where there is a difference in these values, following the guidance of the SORP, the valuation in the balance sheet is adjusted to the latest available valuation, i.e. to the market disposal price. This revised valuation of the asset is then written out of the fixed asset register at the disposal value, resulting in a nil profit or loss on disposal. Losses are recognised where there is no capital receipt for a disposed asset.

Capitalisation

The Local Government Act 2003 prescribes that capital expenditure shall be expenditure of an authority which falls to be capitalised in accordance with proper practices. The Council accordingly follows the definitions of capital expenditure set out in the SORP in determining expenditure to be capitalised. It also follows guidance from CIPFA, in establishing a de minimis limit of £10,000 for capital expenditure. This is to help ensure that only expenditure that is deemed to be material is capitalised (with the exception of Devolved Formula and Seed Challenge Funds - which are allocated directly to schools - and for which a lower de minimis level of £1,000 has been set).

During 2006/07, the Council capitalised some costs, which did not result in the enhancement of an asset. These sums were written out through the revenue account in-year as notional deferred charges. Part of this was £1.7 million in respect of the capitalisation of redundancy and early retirement costs associated with Swindon's transformation for which it received a special capitalisation direction from the Department for Communities & Local Government. Other non-enhancing expenditure is above the de minimis but is not chargeable to a specific asset and is a key element of the reconciliation between capital additions and capital expenditure.

Redemption of Debt

With the introduction of the Prudential Code the authority is required to calculate its minimum revenue provision (MRP) for debt redemption based on 4% of the capital financing requirement.

Debt Premiums

For any premium interest incurred in the servicing of finance the Authority will charge the debt premium equally over the life of the replacement loan. In instances of debt rescheduling the Authority will assess each option on its merits and consider which allowable treatment is the best option. These treatments consist of charging the premium over the life of the original loan, or charging General Fund elements to capital receipts or revenue and HRA elements to HRA subsidy over a maximum period of ten years.

PFI (Private Finance Initiative)

PFI contracts were determined by ABROS under FRS5 as off-balance sheet for the Authority and no fixed assets are included on the balance sheet for the school buildings. Over the course of the contract the Council will build up a "residual interest" on the balance sheet, being the difference between the amount the assets will transfer to Council at the end of the contract and the expected fair value at that time.

Prepayments of cash, resulting in lower annual cost of the contracts, are released through the revenue account throughout the life of the contract over which the benefit is received.

Leasing

The Council leases many items such as vehicles, plant and equipment from finance companies. Leases can be a finance lease, (one that transfers substantially the risks and rewards of ownership of a fixed asset to a Lessee (i.e. the Council) and would appear as an asset / liability on the balance sheet), or an operating lease, which are all other cases and constitute a revenue payment.

The Authority classifies leases as per the requirements of SSAP 21 and FRS 5. For a finance lease to be classified the present value of the minimum lease payments should be worth 90% or more of the fair value of the leased asset. In this assessment the true substance of the transaction will also be considered. The Authority holds a number of assets acquired under finance leases. However, the individual sums involved mean they are below the de-minimis level in relation to capital. Therefore these have not been added to fixed assets and the full rentals have been charged to the Income & Expenditure Account.

For leases that are not considered finance leases, a classification as an operating lease is given.

Debtors and Creditors (Accruals)

The Council's revenue and capital accounts are prepared on an accruals basis in accordance with the accounting conventions of FRS18. This means that amounts due to (debtors) or owed from (creditors) the Council in the financial year are accounted for whether or not the cash payment has been made. Where final invoices are not available, prudent estimates will be made in making debtor and creditor provisions.

Where outstanding debtors are considered doubtful that they will be fully received, a prudent bad debt provision is provided for, which reduces the level of income expected in the accounts.

Stocks and Work in Progress

Stocks are valued at the lower of cost or net realisable value as required by SSAP 9. Work in Progress has been valued at cost of labour, materials and other resources used, including the appropriate apportionment of indirect costs and overheads, but excluding any profit.

Investments

Investments are included on the Balance Sheet at original cost. All Treasury investments are made with reference to the Council's Treasury Policy.

VAT (Value Added Tax)

Swindon Borough Council complies with the statutory requirements of the VAT Act 1994. It seeks to maximise VAT recovery according to Section 33 of the Act, which includes Local Authorities and enables certain bodies to recover VAT on costs relating to non-business activities.

Pensions

Swindon Borough Council employees belong to one of two pension schemes:

- The Wiltshire Pension Fund, which is managed in accordance with the Local Government Pension Scheme, or,
- The Teachers Pension Scheme.

Wiltshire County Council, on behalf of all the Local Authorities in Wiltshire, manages the Wiltshire Pension Fund. The Council's contribution to the Pension Fund has been determined on the basis that contribution rates are set to meet 100% of the liabilities of the Pension Fund over the longer term, in accordance with relevant Government Regulations and the requirements of the Fund Actuary.

Provisions, Reserves and Contingencies

• Provisions

Provisions are amounts set aside for losses or liabilities that are likely or certain to be incurred in future periods and where the financial effect can be assessed with reasonable accuracy. They are created by charging the revenue account and appear as charges within the net cost of services in the Income and Expenditure Account.

• Reserves

Reserves are amounts set aside from the Council's General Reserves for specific purposes that fall outside the definition of provisions. Transfers to and from reserves fall outside the net cost of services and are shown within the Statement of Movement on the General Fund Balance.

• Contingencies

In planning and budgeting for future financial years the Council has taken the prudent view to allow for contingencies. Such contingencies are of unknown value, and therefore cannot constitute provisions. They are also not for specific activities or events and therefore cannot constitute earmarked reserves. Contingencies are only budgeted for within a single financial year, and any element remaining at year-end would be reintegrated in to general reserves, unless satisfying criteria for transfer as a provision or earmarked reserve.

• Insurance

To obtain insurance in the most cost effective manner, the Council has chosen to carry "excesses" in respect of property and other insurances, subject to annual stop-loss limits. A reserve has been created from the Council's internal funds with a view to covering uninsured risks. In addition, the Council also has provisions for earlier years' claims from which it will meet the cost of those claims, below the excess levels, that may arise in future years relating to incidents occurring between the years of 1994/95 to 2006/07.

Government Grants Deferred Account

The Code of Practice requires fixed assets to be included in the balance sheet at their continuing value to the Council, even when grants or contributions have been received towards their financing. This account is therefore credited with the amounts of grants and contributions used in financing of capital expenditure. Amounts are released to offset depreciation charged to the revenue account in respect of such expenditure, and are shown as credits to the revenue account and debited out through the Statement of Movement on the General Fund Balance.

Income Recognition

The Council receives income from many sources for a range of purposes, such as statutory service provision, recreation charges, planning fees etc. In order that the Council can account for this income correctly the following policy adopted on when key income is recognised:

Income Source

Recognition

Government Formula Grant

- The Council is notified by central government of its level of grant due in the financial year. All income is budgeted for and recognised in the year it is due to the Council.

Council Tax

- Council Tax is typically collected from Borough taxpayers on a monthly basis. The amount recognised in the I&E is the amount due to the Council for that financial year. The amount is adjusted for in the balance sheet for any arrears, bad or doubtful debts.

Other Government Specific Grants

- Other government grants are given to the Council for specific uses or projects. The terms of the individual projects will dictate the precise requirements of the grant, however, if grant covers or spans more than one financial year, only the amount of grant that has been spent in the reporting year will be recorded as income, the remainder will be carried forward on an accruals basis.

Fees for goods and services

- Income from fees and charges are recognised at the point when goods or services are provided. Income received in one financial year relating to goods / services being provided in the next financial year, will be carried forward under the matching principle.

Developer Deposits and Capital Receipts

- Monies received from developers and capital receipts are recorded at the time that the contribution is received.

Overheads

As recommended by the BVACOP, central support services' costs have been fully charged to other services and therefore appear within the net cost of services within the Income & Expenditure Account, as an expenditure item. Individual cost drivers have been identified for each support

service, such as gross budget, floor space occupied, number of payslips raised and number of transactions, and these have been used to allocate costs broadly in line with usage.

Group Relationship

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport limited, is required to produce group financial statements for the combined entities. In collation of these accounts it is necessary that the accounting policies of the parent be used for the Group as a whole. In the publication of the Group accounts it is also required that UK GAAP be the accounting standards that are followed, and the SORP has provided guidance to allow this.

The main accounting policies for Group Accounts are those given previously, adapted for SORP interpretation of UK GAAP, with specific issues on consolidation disclosed below.

The accounting policies that the group statements follow are those of the Authority, and the following have been the policy changes to align the subsidiary and parent undertakings:

- **Fixed Asset Depreciation**

The straight-line method of depreciation is used by both organisations. Useful life of assets has been considered as corresponding between parties. One new class of asset, namely buses, is disclosed for the group statements, using a 10-15 year basis.

- **Asset Valuation**

In 2005, TTL relocated from their Corporation Street site to a new build site at Barnfield Road. In doing so buildings and equipment were built/purchased and refurbished as new. It is therefore the decision that the cost stated in the accounts of TTL is a current valuation. The exception to this is buses, which, as allowed per the SORP, form a distinct asset class.

No other material policy adjustments are noted.

With changes to the regulations around single entity accounting statements in 2006/07 the need to radically restate the single entity accounts to comply with UK GAAP has been removed. The only area that continues to need adjustments is where accruals and transactions between group entities have taken place. These have been removed from the group statements using information from the subsidiary and authority records.

As per the SORP, notes to the group accounts are only included where material amounts or details over the single entity accounts are witnessed.

CORE SWINDON BOROUGH COUNCIL FINANCIAL STATEMENTS

Income And Expenditure Account

	2006/07	2006/07	2006/07	2005/06	
	Gross	Income	Net	RS Net	Note
	Expenditure		Expenditure	Expenditure	
	£'000	£'000	£'000	£'000	
Continuing Operations					
Central Services to the Public	14,425	(12,197)	2,228	1,871	
Corporate & Democratic Core	5,689	(1,402)	4,287	6,063	
Non-Distributed Cost	2,964	(6,580)	(3,616)	3,131	
Court Services	219	0	219	246	
Cultural	20,018	(2,434)	17,584	16,076	
Environmental	17,002	(4,253)	12,749	9,813	
Planning & Development	11,878	(8,106)	3,772	3,633	
Education	168,285	(165,429)	2,856	95,313	3,15
Highways, Roads & Transport	19,333	(9,445)	9,888	6,135	
Housing Services	92,993	(87,705)	5,288	1,803	
Social Services	80,769	(27,592)	53,177	46,477	
Redundancy Costs	1,766	0	1,766	2,003	1
Net Cost Of Services	435,341	(325,143)	110,198	192,564	
(Gain) / Loss on Disposal of Asset			206	0	
Precepts Paid to Local Precepting Authorities			1,705	1,643	
Dividends & Deficit / (Surplus) From Trading Accounts			(1,593)	(244)	4,23
Interest & Similar Charges Payable			7,130	4,313	
Contribution of Housing Capital Receipts to Pool			2,918	3,517	
Interest and Investment Income			(5,222)	(6,748)	
Pensions Interest Cost			21,824	19,896	29
Expected Return on Pensions Asset			(22,158)	(17,951)	29
Net Operating Expenditure			115,008	196,990	
Income From Collection Fund			(69,855)	(64,486)	
General Government Grant			(7,190)	(73,628)	15
Distribution from NDR			(37,247)	(60,383)	
Sub-Total Sources of Finance			(114,292)	(198,497)	
(Surplus) / Deficit For Year			716	(1,507)	

Statement of Movement on the General Fund Balance

The I&E account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed,
- The payment of a share of housing capital receipts to the Government is a loss in the I&E account but is met from the useable capital receipts balance rather than council tax,
- Retirement benefits are charged as amounts become payable to the pension fund and pensioners rather than as future benefits are earned.

The GF balance compares the council's net expenditure against its call on the Collection Fund for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future use. This table reconciles the balance on the I&E account above, to the balance on the Authority's General Fund, which is used for Council Tax purposes. The detail of the transactions follows.

	2006/07 £'000	RS 2005/06 £'000
Net General Fund (Surplus) / Deficit For Year (from I&E a/c)	716	(1,507)
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(716)	1,128
Increase / Decrease in GF Balance for the year	0	(379)
General Fund Balance Brought Forward	(5,000)	(4,621)
General Fund Balance Carried Forward	(5,000)	(5,000)

Amounts included in the I&E account but excluded in determining the GF Movement:

	2006/07 £'000	RS 2005/06 £'000	Note
Depreciation & Impairment of fixed assets	(15,519)	(11,385)	16
Government grants deferred amortisation	1,772	1,962	
Write down of deferred charges	(3,311)	(3,406)	
Reversing Profit / (Loss) on Disposal Of Assets	(206)	0	
Net charges made for retirement benefits under FRS17	3,590	(1,371)	29
	(13,674)	(14,200)	

Amounts not included in the I&E account but included in determining the GF Movement:

	2006/07 £'000	RS 2005/06 £'000	Note
Minimum Revenue Provision for capital financing	1,992	2,242	2
Capital Expenditure Charged to the General Fund	1,906	0	
Reversal of Prepayment Deduction	0	5,000	
Housing Capital Pool contribution	(2,918)	(3,517)	
	980	3,725	

Transfers to or from the GF balance required in determining the GF Movement:

	2006/07	RS 2005/06	
	£'000	£'000	Note
HRA balance movement	24	30	
Net transfer to / (from) all reserves	11,954	11,573	26e
	11,978	11,603	

Analysis of GF balance between schools and generally available balances:

	2006/07	RS 2005/06	
	£'000	£'000	
General Fund Balance	(5,000)	(4,621)	
Schools Balances	(7,709)	(6,844)	
Total General Fund & Schools' Balance 1st April	(12,709)	(11,465)	
General Fund Movement	0	(379)	
Schools Balances Movement	(1,881)	(865)	
Total Net Surplus / Deficit for the year	(1,881)	(1,244)	
General Fund Balance	(5,000)	(5,000)	
Schools Balances	(9,590)	(7,709)	
Total General Fund & Schools' Balance at 31st March	(14,590)	(12,709)	

Statement of Total Recognised Gains & Losses

	2006/07	RS 2005/06	
	£'000	£'000	Note
(Surplus) / Deficit on the I&E	716	(1,507)	
(Surplus) / Deficit arising from revaluation of fixed assets	(137,067)	(86,530)	16
Pension actuarial (gains) / losses	5,571	2,218	29
Any other (gain) or loss	11,154	(139)	
Total Recognised (Gain) / Loss	(119,626)	(85,958)	

The Balance Sheet

	2006/07	RS 2005/06	
	£'000	£'000	Note
Operational Fixed Assets	1,100,760	977,851	16
Non-Operational Fixed Assets	89,656	73,567	16
Long-term Investments	1,489	1,489	23a
Long-term Debtors	381	449	
Deferred premiums on the early repayment of borrowings	1,131	1,426	
Long-term Payments In Advance	9,938	14,608	
Deferred Liability	0	12,669	
Total Long-term Assets	1,203,355	1,082,059	
Stocks & Work in Progress	4,236	2,577	19a
Debtors Less Provision for Bad Debts	24,852	29,581	19b
Payments in Advance	5,866	4,021	
Short-term Investments	53,096	46,937	23b
Cash	11,830	8,201	
Total Current Assets	99,880	91,317	
Creditors	(27,229)	(27,217)	19c
Long Term Borrowing repayable within one year	(8,095)	(2,898)	
Receipts in Advance (incl Unapplied grants)	(11,660)	(10,014)	19d
Total Current Liabilities	(46,984)	(40,129)	
Net Current Assets	52,896	51,188	
Government Grants Deferred	(46,545)	(39,113)	
Long Term Creditors	(24,288)	(35,009)	21
Provisions	(4,135)	(3,231)	25
Long-term Borrowing	(62,013)	(58,231)	24
Liability Related to Pension Scheme	(113,670)	(111,689)	
Total Long-term Liabilities	(250,651)	(247,273)	
TOTAL ASSETS LESS LIABILITIES (net assets)	1,005,600	885,974	22
Usable Capital Receipts Reserve	(13,405)	(13,429)	26c
Major Repairs Reserve	(1,888)	(651)	38
Capital Financing Account	(194,562)	(185,207)	26a
Fixed Asset Restatement Account	(865,771)	(763,197)	26b
Collection Fund Balance	(849)	(146)	
Deferred Capital Receipts (Mortgages)	(174)	(227)	
Passenger Transport Realisation Account	(611)	(611)	
Pension Reserve	113,670	111,689	29
Housing Revenue Account Balance	(2,217)	(2,192)	
Specific Reserves and Funds	(34,793)	(27,003)	26d
General Fund	(5,000)	(5,000)	
TOTAL FINANCING	(1,005,600)	(885,974)	

The Cashflow Statement

		2006/07	RS 2005/06	Note
		£'000	£'000	
Revenue Activities				
Outflows	Cash paid to and on behalf of employees	165,160	158,110	
	Housing Benefits	35,627	40,434	
	NNDR to National Pool	87,569	79,031	
	Precepts paid (Police Authority/Parishes)	14,091	13,009	
	Housing Pool Payments	2,918	3,517	
	Other operating costs	201,974	191,342	
Inflows	House Rents (net of benefits)	(17,411)	(16,266)	
	Other Housing Income	(5,434)	(4,528)	
	Council Tax Income	(69,740)	(64,086)	
	NNDR from National Pool	(37,248)	(60,383)	
	NNDR Receipts	(87,847)	(79,323)	
	Revenue Support Grant	(7,190)	(73,628)	
	Grant for benefits	(35,139)	(40,688)	
	Other Government Grants	(161,609)	(59,165)	34
	Cash received for goods and services	(69,064)	(85,467)	
	Other operating receipts	(20,179)	(17,565)	
Net cash (inflow)/outflow from revenue activities		(3,522)	(15,656)	30
Dividends				
Inflows	Dividends received	(250)	(250)	
Returns on Investments and Servicing of Finance				
Outflows	Interest paid	7,130	4,113	
Inflows	Interest received	(5,222)	(6,748)	
Capital Activities				
Outflows	Purchase of fixed assets	51,213	42,240	
Inflows	Sales of fixed assets	(36,133)	(15,501)	
	Capital Grants received	(9,168)	(9,640)	
	Developers' deposits (Sec 106)	(4,857)	(3,498)	
Net cash (inflow)/outflow from before financing		(809)	(4,940)	
Management of Liquid Resources				
Outflows	Net (decrease) / increase in liquid resources	6,159	6,699	33
Financing				
Outflows	Repayment of amounts borrowed	2,898	36,997	
Inflows	New loans	(11,877)	(40,000)	
(Increase) / Reduction in cash and cash equivalents		(3,629)	(1,244)	32

Notes to the Core Swindon Borough Council Financial Statements

The following notes support the preceding accounting statements.

Notes mainly relating to the Income & Expenditure Account.**Note 1 : Exceptional Item**

The Council applied for and received authorisation from the Department for Communities and Local Government to capitalise costs of £1.3m in relation to statutory redundancy payments and contributions to the Authority pension fund for costs incurred during 2006/07. This treatment was formally approved on the 30th January 2007. Additional authorisation for a further £0.465m capitalisation was received on 19th June 2007, bringing the total incurred by the capitalisation to £1.765m.

Note 2 : Minimum Revenue Provision

The Council has a statutory obligation to make minimum provision to meet its liabilities in respect of capital expenditure financed by external borrowing. The method of calculating the provision is defined by statute and for 2006/07 amounted to £1.992m. This being £2.211m (General Fund) less a commutation adjustment of £0.219m.

With the transfer of the Local Government Reorganisation (LGR) debt from WCC, there is no longer any requirement for the Council to make provision specifically for this debt contribution, as this will be included in the Council's own future requirement.

Note 3 : PFI – Private Finance Initiative

In 2004/05 the Council entered into a PFI contract with Equion plc to provide seven schools in the northern sector of Swindon, at a capital cost to the provider of £69.5m. The Department for Education & Skills sponsored the project and has issued the Council with a Notional Credit Approval of £62.8m. The Council is committed to making payments estimated at £274.9m under the contract although the actual level of payments will depend on contract performance by the provider. This payment covers a range of ongoing services in the management of the schools once the building is complete. The contract expires in 2032.

As part of the accounting for the PFI, the Council has created a prepayment on the balance sheet. This has arisen through the payment of £5m in each of the last two years. As the effect of these payments is to reduce the annual cost of the charges to the PFI supplier, the benefit of those payments should be shown over each of the scheme's 26 years. This prepayment balance will be released annually to the revenue account.

In addition to the prepayment, the Council is also building up residual interest in relation to the PFI contract. This asset will build up through the life of the scheme in order that at the point when the schools assets revert to Council ownership, the amount of consideration plus the residual interest will equal the fair value of the asset.

Note 4 : Trading Accounts

The Council has two key trading activities; Swindon Commercial Services, which directly provides the Council's waste, highways, catering, grounds, cleaning and buildings services; and Recreation Services, which runs the Authority's leisure centres. The following table shows the performance in 2006/07 of these two trading services and includes depreciation charges.

		2006/07	2005/06
		£'000	£'000
Swindon Commercial Services	Income	(39,846)	(39,790)
	Expenditure	38,852	39,546
	(Surplus) / Deficit	(994)	(244)
Recreation Services	Income	(10,198)	(10,974)
	Expenditure	9,849	11,224
	(Surplus) / Deficit	(349)	250
Net (Surplus) / Deficit to Income and Expenditure Account		(1,343)	6
Dividends Received		(250)	(250)
Net Disclosed in the I&E		(1,593)	(244)

Note 5 : Publicity – Section 5 Expenditure

Under Section 5 of the Local Government Act 1986, the Borough Council is required to keep a separate account of its expenditure on publicity. "Publicity" refers to any communication, in whatever form, addressed to the public at large or to a sector of the public. It includes advertising to recruit employees, the staff costs & external payments associated with marketing local events and public notices.

In 2006/07, the Council spent £1.265m (£1.688m in 2005/06) on publicity. The largest element of this total was £0.827m on recruitment. The remainder related to the cost of the Public Relations team, general publicity and public notices for the Council.

Note 6 : The Building Control Statement

The Building Regulations Chargeable Account has been drawn up in accordance with the Council's statement of accounting policies, shown on pages 10 to 15 and the guidance on costs and income provided by CIPFA in its publication Building Control Accounting.

Building regulation fee income is attributable to the accounting year in which it is received. The Council, in accordance with national guidance, is seeking to break-even over a rolling 3-year period. The surplus on the building regulation fee earning account is transferred to general reserves.

Schedule of Charges

Swindon Borough Council, in conjunction with all Wiltshire Local Authorities have adopted the Local Government Association (LGA) model scheme of charges for the period 1 April 2006 to 31 March 2007.

Building Regulations Chargeable Account

The following account includes only the fee earning work of the service:

	2006/07	2005/06
	£'000	£'000
Direct and Indirect Expenditure	488	429
Building Regulation Fee Income	(450)	(500)
Net Deficit / (Surplus)	38	(71)

Building Control Statement

The following statement includes both fee earning and non-fee earning work.

	2006/07 £'000	2005/06 £'000
Direct Expenditure		
Employee Costs	381	321
Transport Costs	20	18
Supplies and Services	73	57
Indirect Expenditure		
Departmental Management Costs and Support Services	84	78
Premises Costs and Other Support Services	78	107
Total Expenditure	636	581
Income		
Building Regulation Fees	(450)	(499)
Other Income	(15)	0
Total Income	(465)	(499)
Total Net Expenditure	171	82

Note 7 : Agency Arrangements

Agency arrangements are where the Authority has undertaken work/services on behalf of another provider with agreed funding. The Council received the sum of £5.491m from the Primary Care Trust to be expended on its behalf under Section 28A arrangements for the provision of services to people with learning disabilities (£4.935m in 2005/06). The Council also received £1.878 million for the provision of other health services. Agency arrangements for non-Social Services services incurred costs of £191,096 and income of £21,267.

Note 8 : Business Improvement Districts (BIDs)

The local business community has taken a vote on BID status and as a result a BID scheme will become operational within 2007/08. Any costs associated with the BID vote in 2006/07 are costs to the Authority and are contained within the relevant cost of service within the I&E account.

Note 9 : Goods & Services Act

The Council received income of £0.297m (£0.493m in 2005/06) in respect of services provided to other local authorities and bodies under the Local Government (Goods and Services) Act 1970. The related expenditure was £0.288m (£0.575m in 2005/06).

Note 10 : Pooled Budgets

Swindon Borough Council went into partnership with Swindon Primary Care Trust over the provision of Mental Health services with effect from 1 April 2001. The purpose of the arrangement was to create a single pooled budget for the commissioning and provision of Mental Health services across Swindon so that services could be commissioned in partnership between the statutory agencies in accordance with the needs of users.

The Authority has also entered into pooled arrangement with Swindon Community Equipment Stores (SCES). The financial activity of the pooled arrangements is summarised in the following table. (These arrangements are separate from the agency arrangements detailed previously in note 7.)

Swindon Primary Care Trust	2006/07 £'000	2005/06 £'000
Gross Expenditure	25,166	23,044
Gross Income (including SBC contribution)	25,166	23,044
Swindon Borough Council's Contribution	5,503	5,107
Swindon Community Equipment Stores	2006/07 £'000	2005/06 £'000
Gross Expenditure	833	529
Gross Income (including SBC contribution)	833	529
Swindon Borough Council's Contribution	560	332

Note 11 : Remuneration of Members

The Council paid out £580,904 in Members Allowances during 2006/07 (£514,716 in 2005/06). The value of payments made to each Member is published in the Swindon Advertiser following the financial accounts closure each year. Further information regarding Members' Allowances can be requested by writing to the Payroll Manager, Swindon Borough Council, Civic Offices, Euclid Street, Swindon, SN1 2JH

Note 12 : Remuneration of Staff

The number of employees whose remuneration, including redundancy payments, exceeded £50,000 in the year was as follows:

Remuneration Band			2006/07 Number of employees	2005/06 Number of employees
£		£		
50,000	to	60,000	55	45
60,001	to	70,000	16	12
70,001	to	80,000	6	4
80,001	to	90,000	7	4
90,001	to	100,000	6	2
100,001	to	110,000	2	2
110,001	to	120,000	0	2
120,001	to	130,000	0	0
130,001	to	140,000	3	0
140,001	to	150,000	0	0
160,001	to	170,000	1	0

Note 13 : Related Parties

The Council is required to disclose any material transactions that have taken place with parties that could affect the decision making process within the Council. Transactions with precepting authorities and Government departments are disclosed as notes to the Collection Fund and Cash Flow statement respectively.

The Council is not aware of any material transactions with individual Officers or Members, however, it is noted that the Group Director of Housing and Social Care is also the Chief Executive for the local Swindon Primary Care Trust. Executive agreement was reached with Swindon Borough Council's Chief Executive to declare any conflict of interest on specific issues and financial links with the PCT.

Note 14 : Audit Fees

During the financial year 2006/07, the Council spent a total of £0.484m on fees in relation to the work carried out by its Auditors, either in relation to the statutory audit of the accounts, grant claim work or other fees. The following table highlights the amounts payable, split by the type of work undertaken. It should be noted that these values constitute amounts paid and accrued for in the year, and may include fees that relate to work undertaken in prior years. The reduction in fees over the two years reflects the Council's move from a zero star to two star authority under the Government's Corporate Performance Assessment.

	2006/07	2005/06
	£'000	£'000
Statutory Audit of the Accounts	270	381
Audit of Grant Claims	95	170
Inspection Fees	122	78
Total Fees Paid	487	629

Note 15 : Dedicated Schools Grant

Schools' funding has previously been provided via general government grant; however, these monies are now provided by the Department for Education and Skills, through the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual School Budget, which is divided into a budget share for each school. Over- and underspends on the two elements are required to be accounted for separately. The Council is able to supplement the School Budget from its own resources if it wishes.

	Central Expenditure	Schools Budgets	Total
	2006/07	2006/07	2006/07
	£'000	£'000	£'000
DSG Receivable for the year	11,873	87,777	99,650
Actual expenditure for the year	11,822	87,777	99,599
(Over) / Underspend for the year	51	0	51
Supplementary Council Funding / Schools' Balances	0	0	0
(Over) / Underspend from prior year	0	0	0
(Over) / Underspend carried forward to 2007/08	51	0	51

Notes mainly relating to the Balance Sheet

Note 16 : Fixed Assets

a) Fixed asset opening balances, movements and closing balances for the year were as follows:

	Operational Assets					
	Council Dwellings	Other Land & Buildings	Infra-structure	Vehicles, Plant & Equipment	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Value	475,764	497,074	45,082	14,087	14,877	1,046,884
Reclassification	0	(65)	0	0	0	(65)
Less Depreciation	(23,594)	(28,436)	(8,357)	(8,581)	0	(68,968)
Value at 31/3/06	452,170	468,573	36,725	5,506	14,877	977,851
Reclassification Adjustment	0	(762)	0	0	0	(762)
Revaluations	102,379	14,842	0	0	0	117,221
Additions	58	7,613	7,397	4,298	3,845	23,211
Disposals	(4,147)	(1,643)	0	(11)	0	(5,801)
Depreciation	(5,355)	(7,640)	(2,517)	(3,240)	0	(18,752)
Impairment	(2,350)	0	0	0	0	(2,350)
PFI Land Transfer	0	10,142	0	0	0	10,142
Value at 31/3/07	542,755	491,125	41,605	6,553	18,722	1,100,760
Gross Value	571,704	527,201	52,479	18,374	18,722	1,188,480
Depreciation	(28,949)	(36,076)	(10,874)	(11,821)	0	(87,720)

	Non-Operational Assets			
	Investment Properties	Surplus Assets Held for Disposal	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Gross Value	65,060	8,445	0	73,505
Reclassification	(172)	237	0	65
Less Depreciation	(3)	0	0	(3)
Value at 31/3/06	64,885	8,682	0	73,567
Reclassification Adjustment	647	115	0	762
Revaluations	11,735	20,316	0	32,051
Additions	158	0	11,809	11,967
Disposals	(12,433)	(16,258)	0	(28,691)
Depreciation	0	0	0	0
Impairment	0	0	0	0
PFI Land Transfer	0	0	0	0
Value at 31/3/07	64,992	12,855	11,809	89,656
Gross Value	64,995	12,855	11,809	89,659
Depreciation	(3)	0	0	(3)

b) An analysis of the capital expenditure and financing in the year is as follows:

	2006/07 £'000	2006/07 £'000
Dwellings	9,875	
Cultural (Libraries, Museums, Arts Centres)	1,572	
Wyvern Theatre	537	
Housing General Fund	1,019	
Leisure Facilities and Amenities	1,783	
Social Services Homes	1,690	
Schools	10,663	
Car Parks & Park and Ride	730	
Asbestos Removal Works	335	
Office Accommodation	631	
Advance Design Fees	456	
Operational Assets:		29,291
Highways & Bridges etc.	6,455	
Advance Design Fees	143	
Environmental Assets:		6,598
Computer Systems & Equipment	4,243	
Vehicles Plant & Equipment:		4,243
Open Spaces including Lydiard Park	3,372	
Cemeteries	71	
Open Spaces:		3,443
Borough Farms etc.	577	
Capitalised Repairs	2,155	
Other	199	
Other Expenditure:		2,931
Magistrates	73	
LPG Replacement Vehicles	12	
Locarno	11	
Premier House Improvements	177	
Mental Heath Supported Spend	53	
Records Office	923	
Severance Costs	1,765	
Improvement Grants	579	
Foundation Schools	847	
Deferred Charges:		4,440
Total Spending		50,946
Expenditure Financed by:		
Loans	6,760	
Capital Receipts	23,467	
Government Grants	14,739	
Revenue	5,607	
Other	106	
Movement in Accruals	267	
Total Financing		50,946

c) Reconciliation of Capital Expenditure (note 16b) to Fixed Asset Additions (note 16a)

	£'000
Total Capital Expenditure in 2006/07 (16b)	50,946
Less:	
Non-enhancing expenditure	(12,363)
Expenditure on Deferred Charges	(4,441)
Add:	
Expenditure on assets valued at historic cost	924
Financed by Developers' Section 106 contributions	
Housing & Swindon Commercial Services Acquisition (mainly vehicles)	112
Total Additions in 2006/07 at Historic Cost (16a)	35,178

Note 17 : Significant Commitments Under Capital Contracts

The Council has committed expenditure of approximately £14.359m under its existing capital programme. The funding for this programme will primarily be met from currently available or anticipated capital receipts. Further expenditure depends on borrowing approvals, grants and other contributions, some of which have already been received or promised. In addition, the Council has the PFI contract with a capital cost to the provider of £69.5m (see note 3).

Note 18 : Leases

Operating Leases - The Council leases many items from finance companies that are not shown in the Balance Sheet. These are held on operating leases with the annual rental payments being charged directly to the Council's revenue account. Within the various revenue accounts of the Council there are annual operating lease payments totalling £986,746. The total cumulative operating leases payments remaining to be paid amount to £2.591m, (£1.896m as at 31/03/2006).

The table below shows the committed payments on leases in 2007/08, split between those leases where the commitment to pay ends in 2007/08 and those where the lease continues into the following 2-5 years:

Period	In 2007/08	In 2-5 years	Over 5 Years	Total
Lease Amount Payable	£287,944	£642,476	0	£930,420

Finance Leases - The authority has acquired equipment, principally photocopiers, under finance leases. The amount paid over 119 separate finance leases in 2006/007 was £229,483.85 and in 2005/06 was £192,383.52. The individual sums involved mean they are below the de-minimis level in relation to capital and have therefore not been treated as fixed assets in the Council's Balance Sheet.

Note 19 : Current Assets & Liabilities**a) Stocks & Work in Progress**

Stocks and work in progress relate to the service below:

	31/03/07	31/03/06
	£'000	£'000
Leisure Sites	196	191
Swindon Commercial Services Stores	802	623
Other	347	367
Total Stocks	1,345	1,181
Swindon Commercial Services	2,771	825
Other Repairs & Maintenance	120	571
Total Work in Progress	2,891	1,396
Net Total Stocks & Work in Progress	4,236	2,577

b) Debtors

Debtors are the organisations or individuals that owe the Council money.

	31/03/07	31/03/06
	£'000	£'000
Car Loans	330	380
Collection Fund Court Fees	872	1,004
Government Subsidy	2,267	2,399
Housing Tenants	1,026	1,431
Commercial Property Income	141	139
Council Tax Arrears	7,750	9,521
NNDR Arrears	1,128	741
Treasury Amounts Owed from Investment Fund Managers	9,201	7,949
Amounts invoiced for by the financial system but not yet received	3,040	2,838
Sundry Debtors raised by service departments	6,740	11,338
Landfill Allowance Trading Scheme	1,326	1,214
	33,821	38,954
Less Provision for Bad Debt*	(8,969)	(9,373)
	24,852	29,581

* The Council has made bad debt provisions for £8.969m (£9.373m in 2005/06). Over half of this sum is to guard against the non-payment of Council Tax.

c) Creditors

Creditors are the organisations or individuals that the authority owes payment to.

	31/03/07	31/03/06
	£'000	£'000
Landfill Allowance Trading Scheme	799	905
Loan repayments and interest	0	796
Government Subsidy	467	86
Bonds	1,520	305
Invoiced amounts on the financial system due for payment	8,404	9,102
Other Public Bodies	1,240	949
Capital Creditors	2,453	978
Sundry Creditors raised by service departments	12,346	14,096
	27,229	27,217

d) Receipts in Advance

Receipts in advance relate to income that the Council has physically received during the financial year, but for which the related goods or services will not be provided until the following financial year. This account also shows the grants received that have not yet been applied to capital expenditure.

	31/03/07	31/03/06
	£'000	£'000
Income received in advance by Services	9,431	7,497
Unapplied Grants	2,229	2,517
	11,660	10,014

e) Government Grants Deferred

The government grants deferred account covers developer contributions and government grants that will be used in the future on capital works. They are written-down to the I&E account against the relevant service expenditure analysis. Previously, such receipts have been shown as Financing on the balance sheet but are now shown in the top half of the balance sheet in compliance with UK GAAP.

	2006/07	2005/06
	£'000	£'000
Balance at 1 April	39,113	34,756
Expenditure financed by Central Government Grants	9,456	8,311
Expenditure financed by Developers Contributions	924	775
Capital Grants to fund Deferred Charges Expenditure	(1,176)	(2,767)
Write-down to Net Cost of Services	(1,772)	(1,962)
Balance at 31 March	46,545	39,113

Note 20 : Landfill Allowance Trading Scheme (LATS)

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities (WDA) to reduce the amount of biodegradable waste (BMW) disposed to landfill. It also provides the legal framework for the LATS. The scheme allocates tradable landfill allowances to each WDA in England.

The value of the LATS allowances has been determined based on the weighted average cost of trading volumes to date, as confirmed by DEFRA.

	2006/07	2005/06
	£'000	£'000
Allowance for year	1,017	1,214
Allowances used in year	(799)	(905)
Allowances Carried forward in reserve	218	309

Note 21 : Long Term Creditors

Contributions are received from developers to finance works, mainly highway improvements, to be carried out by the Council in the future. These sums have to be repaid if unspent and are therefore classed as long-term creditors.

	2006/07	2005/06
	£'000	£'000
Balance at 1 April	35,009	37,314
Add: Amounts received during year	4,857	3,498
Interest added	28	0
	39,894	40,812
Less: Expenditure during year	(2,937)	(1,622)
Refund of contribution to Developers	0	(3,390)
Write-down to WCC*	(12,669)	(791)
Balance at 31 March	24,288	35,009

* During 2006/07, the Authority's proportion of the outstanding debt was transferred by agreement from Wiltshire County Council to Swindon Borough Council and now forms part of the debt on the Council's Balance Sheet, which removes the liability Swindon Borough Council has to WCC. This is detailed in the explanatory foreword.

Note 22 : Net Assets Employed

The net assets employed by the Council represent the value of its total assets less its liabilities and these have been split across Council activities per the table below.

	2006/07	2005/06
General Fund	441,793	416,701
Housing Revenue Account	550,060	458,466
Trading Undertakings	13,747	10,807
Net Assets	1,005,600	885,974

Note 23 : Investments**a) Long-term Investments**

Thamesdown Transport Limited is the company that was formed by the former Thamesdown Borough Council as required by the Transport Act 1985. The company's principal activity is the provision of local bus services in the Swindon urban area and surrounding districts. Private hire and contract services are also provided. The accounts and annual report of the company are held at Thamesdown Transport Limited, Barnfield Road, Swindon, Wiltshire, from which the figures below are extracted.

The Council has a 100% Shareholding in Thamesdown Transport Limited which was acquired at a cost of £1.489m. This figure represents the valuation arrived at by using formulae contained in Regulations relevant to the separation of this organisation in October 1986 when the company took over the transport undertaking previously operated by the Council.

The Council (1,488,999 £1 shares) and its Chief Executive (£1 share) are the only shareholders. The net assets of the company at 31 March 2007 were £3,391m (£2.895m at 31 March 2006). Should the organisation face financial difficulties in the future, elected Members would state the degree of commitment of the Council and the Council's willingness to meet any accumulated losses would be established at that time.

Group statements for Swindon Borough Council and Thamesdown Transport can be seen later in these accounts.

The company's profits/losses have been:

	2006/07	2005/06
	£'000	£'000
Profit before taxation	442	281
Tax Adjustment	(36)	(7)
Profit after taxation	406	274

A dividend of £250,000 was declared and paid for the year ended 31 March 2007.

b) Short-Term Investments

The investments on short-term notice represent reserves and provisions invested on the money market.

Valued at the Cost of Acquisition	31/03/07	31/03/06
	£'000	£'000
Dated Government Securities	23	23
Investments fixed for less than one year	31,073	24,914
Externally Managed Funds	22,000	22,000
	53,096	46,937

Note 24 : Long Term Borrowing

Long-term borrowing refers to loans of one year or more.

	Range of Interest Payable	31/03/07	31/03/06
		£'000	£'000
Public Works Loans Board (PWLB)	2.5% to 8.75%	70,108	61,129
Less amounts repayable within 1 year shown as a current liability		(8,095)	(2,898)
		62,013	58,231

An analysis of long-term loans by redemption is:

	31/03/07	31/03/06
	£'000	£'000
Redemption in 1 - 2 years	8,887	8,095
Redemption in 2 - 5 years	25,187	23,026
Redemption in 5 - 10 years	11,050	14,097
Redemption in more than 10 years	16,889	13,013
	62,013	58,231

Note 25 : Provisions

The most significant provision relates to insurance. The provision is in respect of employers and public liability claims where incidents that have already taken place but the claims have yet to be settled. The provision is based on the total of the individual claim "reserves" estimated by the Council's loss adjusters. Miscellaneous provisions cover other general items, such as planning appeals and maintenance of properties.

Expenditure relating to these provisions occurs when claims are closed by the Insurers or through maintenance requirements. This occurs during the course of any year and is not fixed to specific dates. The provisions are reviewed annually to ensure they cover prudently estimated liabilities.

	2006/07 £'000	2005/06 £'000
Insurance Provision for Earlier Years Claims:		
Balance at 1 April	1,864	1,840
Plus Contribution from Revenue Account for 2006/07	1,200	493
Less Claims settled during 2006/07 for previous years	(775)	(469)
Balance at 31 March	2,289	1,864
Miscellaneous Provisions:		
Balance at 1 April	1,367	1,075
Plus Contribution from Revenue Account	479	1,077
Less amounts paid/provisions closed during the Financial Year	0	(785)
Balance at 31 March	1,846	1,367
Total Provisions as at 31 March	4,135	3,231

Note 26 : Movements in Financing & Reserves**a) Capital Financing Account (CFA)**

The CFA receives amounts set aside from revenue resources, capital receipts and Government grants which are used to finance expenditure related to fixed assets and debt repayment. Annual repayments of borrowing made by the Council's mortgagors, and capital expenditure during the year on items which create no real asset, are written out.

	2006/07 £'000	2005/06 £'000
Balance at 1 April	185,207	182,540
Funding of expenditure:		
- General Fund	23,868	4,641
- HRA	10,596	9,100
Minimum Repayment of Principal	(13,329)	(11,567)
less Depreciation:		
- HRA	(3,431)	(3,072)
Set-aside receipts used in debt redemption:		
- General Fund	7,686	4,000
- HRA	0	130
Release of Government Grants Deferred	1,772	1,962
Deferred Charges:		
- Written down	(15)	(22)
- Expenditure in year	(3,311)	(3,800)
Other	(11,877)	0
Impairment	(2,350)	0
PFI	(254)	1,295
Balance at 31 March	194,562	185,207

b) Fixed Asset Restatement Account

The transactions in this account reflect the disposal and revaluation of the Council's fixed assets.

	2006/07	2005/06
	£'000	£'000
Balance at 1 April	763,197	689,509
Add: Asset Revaluation - General Fund	46,892	102,917
- Housing Revenue Account	102,379	(4)
Other Transfers	0	17
	912,468	792,439
Less: Expenditure during year	(12,204)	(16,383)
Writing out value of Council Houses sold	(4,147)	(3,722)
Writing out value of vehicle disposals	(11)	(35)
Writing out value of land sales	(30,335)	(9,102)
Balance at 31 March	865,771	763,197

c) Useable Capital Receipts Reserve

These sums arise mainly from the disposal of assets such as land and houses. The Government has placed restrictions on the value of receipts that may be used to finance new capital spending. The council has also used useable receipts in the process of debt redemption.

	2006/07	2005/06
	£'000	£'000
Balance 31 March	13,429	11,194
Grants Unapplied Adjustment	0	(1,188)
Balance at 1 April	13,429	10,006
Add: Receipts from sales of assets, etc.	34,404	13,113
Interest on Balances etc.	(252)	2,388
	47,581	25,507
Less: * Utilised to finance capital outlay (receipts)	(23,468)	(4,234)
Used in capital financing requirement (General Fund)	(7,686)	(4,000)
Housing Pooling Payments	(2,918)	(3,729)
Right to Buy Costs	(104)	(115)
Balance at 31 March	13,405	13,429

* This figure differs from that stated in the chart in the explanatory forward as the chart also includes HRA funding, which is shown through the HRA Major Repairs Reserve.

d) Specific Reserves

These reserves are the reserves that the Council has created in response to specific areas of future funding requirements. The Council reviews its earmarked reserves each year as it closes the accounts. Existing reserves are assessed to ensure that they are of an adequate amount for their continued purpose, whilst new reserves are created to cover new items and old reserves brought back in to the General Fund as appropriate.

The most significant reserve for Schools' Accounts Balances (School's Rollovers) is the total balance held for all Education Authority schools and cannot be used for any other purpose.

The Transfers Within Revenue and Balance Sheet show the areas that these specific reserves have been increased / (decreased) from, but do not constitute all reserves movements to / from / within the balance sheet.

	2006	Transfers Within		2007
	Balance 1 st April	Revenue	Balance Sheet	Balance 31 st March
	£	£	£	£
School's Rollovers	7,709	1,880	0	9,589
School's Block Reserves	738	(469)	0	269
HRA Balances / Specific Reserves / Funds	1,545	(312)	(106)	1,127
Insurance Self Fund	1,978	53	56	2,087
Innovation Fund	1,100	834	(534)	1,400
Kent Contract	1,626	(690)	0	936
Section 38 Agreements	1,085	210	(11)	1,284
Capita Invest to Save Reserve	854	146	0	1,000
Income Smoothing Reserve	647	0	(647)	0
Loss of Rent Provision	570	(428)	0	142
Commuted Sums	516	4	0	520
Carry Forwards	489	(489)	617	617
Fund Planning Reserves	488	(20)	0	468
Housing General Fund Reserves	395	123	0	518
Repairs and Renewals Funds	446	639	0	1,085
Other Environment and Leisure Reserves	385	116	12	513
PFI Equalisation Reserve	4,565	8,372	(4,489)	8,448
Job Evaluation Scheme	351	(147)	0	204
Improvement Grant Reserve	252	(13)	0	239
Winter Maintenance Reserve	240	9	0	249
Social Services Grants and Joint Funding	158	(76)	(23)	59
Property Disposal Programme	149	206	(355)	0
LAA	0	579	0	579
LATS	309	218	0	527
Cash Flowing MTRP	0	0	1,000	1,000
Town Centre / Major Developments	0	0	1,051	1,051
Other Reserves	408	137	337	882
	27,003	10,882	(3,092)	34,793

Note 27 : Contingent Liabilities / Assets

Wichelstowe

A Collaboration Agreement between Swindon Borough Council and Taylor Wimpey around the development of the "Southern Development Area" of Swindon called "Wichelstowe" was signed on 19th May 2005.

Taylor Wimpey is developing the basic infrastructure within the area, which will be funded by part of the sale proceeds from the land disposals. The Council owns 83% of the land in the area and is therefore responsible for paying 83% of the costs. The Agreement states that Taylor Wimpey will fund the cash flow of the project and charge the Council at cost plus interest calculated at the Bank

Base Lending Rate plus 2%. As at 31st March 2007, the total cost incurred by Taylor Wimpey that relates to Swindon Borough Council, was £12.071m (£7.982m 31st March 2006). There is no current obligation on the Council to pay this sum, which becomes liable in the future, after stages of completion of the development. The final sum that the Council will be liable for in the future is expected to be around £149m.

The first 50 acres of the SBC development land has been earmarked to cover the above costs being incurred by Taylor Woodrow. Taylor Wimpey will pay SBC the market value of the land (valued as fully serviced) less 10%, which will cover the above liability, plus additional costs of building the primary infrastructure. SBC will need to sell more than the above 50 acres of developable land to cover all its future 83% liability for the full cost of primary infrastructure costs. Any surplus in the sale disposals above this level will be added to the Council's share of future section 106 deposits for Wichelstowe at 83%.

The first land transfer is expected to take place during 2007/08, at which time that land valuation will be used to assist the Council in updating the value of fixed assets held on its Balance Sheet for this development. At present, much of the area is still used as operational farmland and, as a result, the land has been valued as such on the Council's Balance Sheet. As the primary infrastructure phases are completed, the land immediately adjoining the roads and facilities will be re-valued on a phased approach to reflect their investment opportunity.

Singles Status

Local Authorities were required to harmonise the pay and conditions of service for their staff by 1st April 2007 to comply with European Union legislation on single status. The council has been working jointly with the unions representing its workforce on a three-year project and expect to implement the proposed changes during the financial year 2008/09. £1.7m additional pay budgets have been included within the council's medium-term Resourcing plan as an estimate of the likely costs arising from the harmonisation process. This figure will be refined during 2007/08 as pay grades are evaluated under the revised job evaluation scheme.

Note 28 : Post Balance Sheet Events

The other land and buildings line in the fixed asset section of the balance sheet contains valuations totalling £5.575m for 18.49 acres of land in the Wichelstowe southern development area of Swindon, which, on 3 September 2007, it was agreed that this would transfer to the developer, Taylor Wimpey Ltd for £10.4m, plus interest, as the first part of land transfer within the collaboration agreement.

Note 29 : FRS17 Retirement Benefits (Pensions)

Swindon Borough Council employees belong to one of two pension schemes:

Teacher's Pension Scheme

The Scheme is a defined benefit scheme, administered by the Teacher's Pension Agency (TPA). Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employer's contribution rate paid by local education authorities (LEAs). However, it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teacher's Scheme. These benefits are fully accrued in the pensions liability described earlier in this note.

Payments to the Teacher's Pension Fund are based upon contribution rates detailed in the Teachers Superannuation Regulations and in 2006/07 the Council paid £5.591m (£5.298m in 2005/06) in contributions, equivalent to 13.7% of total pensionable pay. In 2006/07, the Council also paid additional sums in respect of added years awarded to former employees amounting to £172,476 (£246,328 in 2005/06).

Local Government Pension Scheme

In 2006/07, the Council paid an employer's contribution of £9.456m (£8.873m in 2005/06) into Wiltshire County Council's Pension Fund, which provides participants with defined benefits relating to pay and service. This represented 13.5% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 13.2% with the additional lump sum payments being paid to reduce the deficit on the Pension Fund.

The Fund's Actuary, based on triennial actuarial valuations, determines the contribution rate. The last review was at 31 March 2004, with the latest review underway. Future contribution rates are set so that fund assets should be sufficient to meet 100% of the overall liabilities of the fund over time, however, the current position of the pension fund is that it is only 75% funded (79.7% funded for the Council's element).

In addition, the Council is responsible for all pension payments relating to added-years' benefits it has awarded, together with the related increases. In 2006/07 these amounted to £801,715 (£683,816 in 2005/06). The capitalised cost of the enhanced pension costs awarded during 2006/07 amounts to £347,000 (£1,573,400 in 2005/06) and for those awarded in previous years the equivalent capitalised cost is £11.702m (£11.679m in 2005/06).

The administering body of the Local Government pension fund is Wiltshire County Council. To enable the Council to comply with the requirements of FRS17, the fund actuary provides a report each year to the Council, providing the required estimations of liabilities, assessed under the projected unit method. In these calculations the actuary uses a range of assumptions about future pay increases, investment returns and other economic factors. The resulting figures in the accounts are therefore subject to inherent uncertainties.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have taken the view that a 25% assumption for this take-up is suitable. In undertaking this assumption a gain on the past service cost has been shown within the Income and Expenditure account.

The disclosures required in relation to FRS17 Retirement Benefits are as follows:

- The Council's scheme is a Defined Benefit Statutory Scheme
- The last full Actuarial Valuation (which operates on a tri-annual basis) on which the financial statements are based took place at 31 March 2004
- The main financial assumptions on which the statements are based are set out in the following table:

Assumptions as at 31 March		
	2007	2006
	% per annum	% per annum
Price Increases	3.2	3.1
Salary Increases	4.7	4.6
Pension Increases	3.2	3.1
Discount Rate	5.4	4.9
Commuted sum proportion	25.0	0.0

- The fair values of the Attributable Assets are set out in the table below:

Assets (Whole Fund)	Long Term Return	Fund Value at 31 March 2007	% Of Fund 2006/07	% Of Fund 2005/06
	% per annum	£'000	%	%
Equities	7.8	230,300	69	71
Bonds	4.9	62,329	19	18
Property	5.8	32,332	10	9
Cash	4.9	6,771	2	2
Total		331,732	100	100

- The movement on the pension liability is detailed in the table below:

Movement in Pension Asset / (Liability)	£'000
Pension Asset / (Liability) as at 31/3/06	(111,689)
Cost of providing future benefits from 2006/07	(16,379)
Contributions to the fund paid by the employer (SBC)	13,672
Contributions for unfunded benefits	1,176
Past service costs of discretionary benefits	(51)
Impact of early payments	(296)
Impact of commutation lump sum take-up	5,134
Expected return on employer assets	22,158
Interest on pension scheme liabilities	(21,824)
Actuarial gains / (losses)	(5,571)
Net Pension Asset / (Liability)	(113,670)

- The history of experience gains and losses are set out in the table below:

History of Experience Gains & Losses	31 March 2007	31 March 2006
	£'000	£'000
Difference between expected and actual return on assets	(5,277)	44,292
Total present value of liabilities	445,402	441,125
Percentage of the total present value of liability	(1.18%)	10.04%
Experience gains and (losses) on liabilities	(21,386)	2,740
Total present value of liabilities	445,402	441,125
Percentage of the total present value of liability	(4.8%)	0.6%

- The summary position of the Net Pension Asset / (Liability) is set out in the table below:

Net Pension Asset / (Liability) as at:	31 March 2007	31 March 2006
	£'000	£'000
Estimated Employer Assets	331,732	329,436
Present Value of Scheme Liabilities	(445,402)	(441,125)
Net Pension Asset / (Liability)	(113,670)	(111,689)

It is important to note that the deficit as at 31 March in any one year is based on a 'snapshot valuation' and will be influenced by any short-term volatility in stock market indices.

The Council is addressing the deficit on the Fund over time, in response to actuarial advice. Employers' pension contributions include a percentage to cover the cost of servicing the debt as well as paying for future liabilities.

Effect of FRS17 on the Accounts

Reporting on an FRS17 basis has the following impact on the main statements:

- The overall amount to be met from government grants and local taxation has remained unchanged, but the costs disclosed for individual services are 2.3% higher after the replacement of employer's contributions by current service costs. Net Operating Expenditure is 2.0% higher than it would otherwise have been.
- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the authority by 11.28%.

FRS17 Disclosures

The following table summarises the transactions that have been accounted for in the Income and Expenditure Account:

FRS17 Summary Disclosures Through The I&E	2006/07 £'000	2005/06 £'000
Within Net Cost of Service:		
• Current service cost	16,379	12,267
• Non-Distributed cost	(5,963)	1,144
Within Net operating Expenditure:		
• Interest cost	21,824	19,896
• Expected return on scheme assets	(22,158)	(17,951)
Within SMGFB:		
• Movement on Pensions Reserve	3,590	(1,371)
Actual Amount Charged Against Council tax for the Year:		
• Employer's contributions payable to the scheme	(13,672)	(13,985)
Net effect on Council Tax of FRS17 adjustments	0	0

Notes mainly relating to the Cashflow Statement

Note 30 : Reconciliation of Net Cash Inflow to the Income and Expenditure Account

	2006/07	2005/06
	£'000	£'000
Deficit / (Surplus) on Income & Expenditure Account	716	(1,507)
Deficit / (Surplus) on Collection Fund	(704)	(92)
Non-Cash Transactions:	(498)	(12,071)
Movement in Current Assets	(2,952)	(3,171)
Items shown as Servicing Finance:		
• Interest paid / received	1,908	2,635
• Provisions for repayment of debt	(1,992)	(1,450)
Net cash (inflow) / outflow from revenue activities	(3,522)	(15,656)

Note 31 : Reconciliation of Movement in Cash to Movement in Net Debt

	2006/07	2005/06
	£'000	£'000
Cash Inflow / (Outflow)	3,629	1,244
Less: Cash inflow from new loans	(11,877)	(40,000)
Add: Cash outflow from loan repayments	2,897	36,997
Movement in net debt	(5,351)	(1,759)
Net debt b/f	(52,927)	(51,168)
Net debt c/f	(58,278)	(52,927)

	Cash and Bank	Borrowings	Total	Total
	£'000	£'000	£'000	£'000
Opening	8,201	(61,128)	(52,927)	(51,168)
Cash Flow	3,629	(8,980)	(5,351)	(1,759)
Closing	11,830	(70,108)	(58,278)	(52,927)

Note 32 : Movement in Current Assets

	Movement	2006/07	2005/06
	£'000	£'000	£'000
Decrease in Debtors	(5,132)	33,822	38,954
Decrease in Bad Debt Provision	404	(8,969)	(9,373)
Increase in Payments In Advance	1,845	5,866	4,021
Increase in Work In Progress	1,495	2,891	1,396
Increase in Stock	164	1,345	1,181
Increase in Creditors	(82)	(27,299)	(27,217)
Increase in Receipts in Advance	(1,646)	(11,660)	(10,014)
	(2,952)	(4,004)	(1,052)

	Movement	Cash at	Cash at
	£'000	31/3/07	31/3/06
		£'000	£'000
Cash (Balance) / Overdraft	(3,629)	(11,830)	(8,201)

Note 33 : Liquid Resources

For the cash flow statement, the Council's liquid resources are the current asset investments held that could be readily disposed of without impacting on the day-to-day activities of the Council.

Note 34 : Analysis of Other Government Grants

	2006/07	2005/06
	£'000	£'000
Crime Concern	25	0
DEFRA	4	0
Department For Education and Skills	120,870	15,477
Department for Trade and Industry	76	0
Department for Work & Pensions	1,561	1,461
Department of Communities & Local Government (DCLG)	19,148	20,317
Department of Health	4,451	5,087
Department of Transport	164	154
Employers Organisation	9	0
Government Office for the South West	14	1,274
Heritage Lottery Fund	48	0
HM Treasury	109	0
Home Office	1,423	1,203
Learning Skills Council	1,137	2,999
Learning Skills Network	45	0
Legal Services Commission	0	76
Ministry of Justice	491	0
National Health Service	1,070	828
Neighbourhood Renewal	26	0
New Opportunity Fund	3,143	2,912
South West Regional Development Agency	591	520
Training & Development Agency	156	0
Westminster Institute of Education	7	0
Wiltshire County Council	357	301
HRA Subsidy - Secretary of State	6,684	6,363
Other Grants	0	193
	161,609	59,165

Note 35 : Trust Funds

The Council acts as trustee for legacies left to the Borough and detailed below are those with a value in 2006/07 of more than £500. The purposes of the funds are as follows:

Langley Brooke	For educational purposes
W G Little	To assist with the purchase of school clothing, equipment etc.
Withy Trust	To award the achievement of less financially well-off individuals between 11 and 25 years old
Ethel May	To award students of good character and perseverance
George Game	To promote the welfare of blind persons
Mary Ellen Boddington	To promote the welfare of blind persons
F C Phelps	To encourage the display of works of art in public places
G A Gerring	To fund the general services of the Hawthorne Centre
F A Thompson	To fund the general services of the Savernake Street Centre
M E Cowley	To promote the welfare of blind persons
McDermott Memorial	To support orchestral music
M E Packer	To promote the welfare of blind persons
Timothy Griffiths	To assist young people to partake in outdoor activities
Powell Trust	For educational purposes
Swindon Development Trust	For the benefit of the area of the Borough and to promote architecture

Trust	Balance 1/04/06 £'000	Income 2006/07 £'000	Expenditure 2006/07 £'000	Balance 31/03/07 £'000
Langley Brooke	25	2	0	27
W G Little	210	39	45	204
Withy Trust	14	3	4	13
Ethel May	49	0	0	49
George Game	1	0	0	1
Mary Ellen Boddington	2	1	0	3
F C Phelps	10	1	0	11
G A Gerring	4	0	0	4
F A Thompson	13	2	2	13
M E Cowley	23	1	0	24
McDermott Memorial	60	3	2	61
M E Packer	2	0	0	2
Timothy Griffiths	1	0	0	1
Powell Trust	2	0	0	2
Swindon Development Trust	16	1	0	17
	432	53	53	432

The above balances represent the cash asset for the Trusts. With the exception of the WG Little Trust, this is the sole asset source. WG Little Trust also has two properties as non-cash assets.

SUPPLEMENTARY SWINDON BOROUGH COUNCIL FINANCIAL STATEMENTS

The following statements are not core statements of the authority but do constitute a significant element in understanding the wider services and position the authority holds.

Housing Revenue Account (HRA) Income & Expenditure Account

	2006/07	RS 2005/06	Note
	£'000	£'000	
Income			
Gross rent income from dwellings	(30,441)	(29,168)	
Deduct: rent loss on void dwellings	501	400	
Net rent income from dwellings	(29,940)	(28,768)	
Non dwelling rents	(1,468)	(1,453)	
Charges for services and facilities	(3,885)	(2,975)	
Housing Defects Subsidy receivable	(81)	(100)	
Housing Revenue Account subsidy receivable	(6,684)	(6,363)	
Total Income	(42,058)	(39,659)	
Expenditure			
Repairs and Repairs Administration	8,458	8,507	
Supervision & Management	9,847	7,840	
Rents, Rates, Taxes and other charges	59	280	
Sums directed by the Secretary of State	0	604	
Negative Housing Subsidy	12,529	11,808	
Increased provision for bad or doubtful debts	187	142	
Depreciation of Fixed Assets	5,423	4,522	43
Debt Management Costs	48	46	
Total Expenditure	36,551	33,749	
Net Cost of HRA services included in I&E	(5,507)	(5,910)	
HRA Share of the Corporate & Democratic Core	258	258	
HRA Share of other support not allocated to services	31	31	
Net Cost of HRA Services	(5,218)	(5,621)	
Interest Payable and similar charges	678	700	
Amortisation of HRA Premiums and Discounts	220	220	
HRA Interest & Investment income	(220)	(188)	
Net Pensions Interest Cost / Return on Asset	(35)	233	45
(Surplus) or Deficit on HRA Services	(4,575)	(4,656)	

Statement of Movement on the HRA Balance

This statement reconciles the HRA surplus/deficit for the year to the balance on the HRA.

	2006/07 £'000	2005/06 £'000	
HRA Balance Brought Forward	(2,192)	(2,162)	
Surplus or Deficit on HRA Services	(4,575)	(4,656)	
Other Amounts Needed to be Accounted for in Determining the Movement on the HRA Balance:			
HRA share of contributions to/from pension reserve	(247)	(25)	
Capital expenditure funded from the HRA	3,700	2,700	
HRA Share of the MRP	0	130	
Transfer to/from Major Repairs Reserve	1,097	1,821	39
Balance Carried Forward - (Surplus) / Deficit	(2,217)	(2,192)	

Notes to the HRA

Note 36 : Housing Stock

The stock of Council dwellings at 31st March was:

Year of Construction					
Type	Pre 1919	1919-1944	1945-1964	After 1964	TOTAL
Low Rise Flats:					
1 Bedroom	142	21	420	1,124	1,707
2 Bedrooms	15	2	666	60	743
3 or more Bedrooms	1	1	58	2	62
Medium Rise Flats:					
1 Bedroom	24	0	269	637	930
2 Bedrooms	0	0	381	86	467
3 or more Bedrooms	0	0	12	0	12
High Rise Flats:					
1 Bedroom	0	0	26	0	26
2 Bedrooms	0	0	98	138	236
3 or more Bedrooms	0	0	0	0	0
Houses and Bungalows:					
1 Bedroom	103	123	302	365	893
2 Bedrooms	78	38	816	500	1,432
3 Bedrooms	11	501	2,667	721	3,900
4 or more Bedrooms	3	18	82	76	179
Shared Dwellings:					
Multi-Occupied	3	0	0	41	44
Total	380	704	5,797	3,750	10,631

The previous stock is summarised as below.

	31/03/07	31/03/06
Houses and Bungalows	6,404	6,462
Flats	4,183	4,257
Shared Dwellings	44	44
Total Dwellings	10,631	10,763

The Balance Sheet value of land, houses and other property within the Housing Revenue Account as at 31st March is summarised below.

	31/03/2007	31/03/2006
Operational Assets:	£'000	£'000
Dwellings	542,755	452,170
Land	4,287	4,570
Buildings	5,068	5,061
Total Balance Sheet Value	552,110	461,801

There is a statutory requirement for the Council's assets to be revalued every 5 years. The tenanted dwellings were revalued as at 1st April 2003.

Note 37 : Vacant Possession Valuation

In addition to the balance sheet valuation it is a requirement of the HRA (Accounting Practices) Direction 2007 that the vacant possession value of dwellings as at 1st April is disclosed as a note to the accounts. The inclusion of both the balance sheet valuation (note 1) and the vacant possession valuation ensures that the economic cost to the Government of providing council housing at less than open market rents is shown in the accounts. The vacant possession valuation as at 31st March 2007 was £ 978,767,000.

Note 38 : Major Repairs Reserve

The Major Repairs Allowance (MRA) was introduced by Government to assist Councils in bringing the stock up to the Decent Homes Standard by 2010.

	2006/07	2005/06
	£'000	£'000
Capital expenditure for HRA purposes financed by MRA Resources:		
• Houses	5,283	6,400
• Land	0	0
• Other property	0	0
Total Expenditure	5,283	6,400
Amount equivalent to total depreciation charges for all HRA assets	(5,423)	(4,522)
Transfer from HRA	(1,097)	(1,821)
Total Income	(6,520)	(6,343)
Deficit / (Surplus) for the Year	(1,237)	57
Balance b/fwd	(651)	(708)
Carried Forward – (Surplus)	(1,888)	(651)

Note 39 : Housing Repairs Account

	2006/07	2005/06
	£'000	£'000
Repairs & Maintenance	7,389	7,505
Total Expenditure	7,389	7,505
Contribution from HRA	(7,365)	(7,482)
Service charges	(24)	(23)
Total Income	(7,389)	(7,505)
Deficit / (Surplus) for the Year	0	0
Balance b/fwd	0	0
Carried Forward – (Surplus)	0	0

Note 40 : HRA Capital Expenditure

	2006/07	2005/06
	£'000	£'000
Opening Accruals	628	1,302
Dwellings	9,442	9,372
Land	59	103
Buildings	374	537
Closing Accruals	(414)	(628)
Total to Finance	10,089	10,686
Usable Capital Receipts	1,001	1,377
Revenue Contributions	3,700	2,700
Major Repairs Reserve	5,283	6,400
Insurance Fund	105	209
Total Finance	10,089	10,686

Note 41 : HRA Capital Receipts

	2006/07	2005/06
	£'000	£'000
Sale of Council Houses	4,147	4,900
Discount Repaid	76	138
Council Mortgage Repayments	53	45
Sale of Land	596	35
Sale of Other Assets		
Total	4,872	5,118

In 2006/07, the Council paid £2.918m to the Secretary of State with respect to the pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003 (£3.729m in 2005/06).

Note 42 : HRA Cost of Capital Charge

Depreciation is the cost of capital charge on the HRA that pays for the wearing out, using up or other reduction in the remaining life of the asset through use, passage of time or obsolescence. The majority of council dwellings are being depreciated over 70 years.

	2006/07	2005/06
	£'000	£'000
Depreciation on dwellings	5,355	4,453
Depreciation on non-dwellings	68	69
Total	5,423	4,522

Note 43 : HRA Negative Subsidy Paid Over to the Secretary of State

Following the removal of rent rebates from the HRA to the General Fund, with effect from 1st April 2004, the HRA is a contributor to the national housing pot through housing subsidy. The amount that the Authority contributed in 2006/07 was £12.529m. However, the Council receives a grant (MRA) from central Government to improve the condition of its Council stock. The MRA grant of £6.520m is netted off the negative subsidy amount leaving a balance of £6.009m to be paid over to the Secretary of State.

	2006/07	2005/06
	£'000	£'000
Management & Maintenance Allowances	15,234	13,565
Charges for capital	1,938	1,924
Interest on Receipts	(16)	(21)
Guideline Rent Income	(29,685)	(27,276)
Total Negative Subsidy	(12,529)	(11,808)
Major Repairs Allowance	6,520	6,343
Total Repaid to the Secretary of State	(6,009)	(5,465)

Note 44 : HRA Share of FRS 17 Contributions

Pension liabilities arising from the introduction of FRS17 are accounted for within the HRA, in line with the statement of recommended practice. Further detail on FRS17 adjustments is contained with note 29.

Note 45 : HRA Arrears & Provisions for Bad Debt

The arrears of rent and other housing related charges due to the Council at 31st March were:

	2006/07	2005/06
	£'000	£'000
Current tenants	783	979
Former tenants	358	588
Total Arrears	1,141	1,567
Less: provision for bad debts	(358)	(588)
Total Arrears After Provisions	783	979

This represents 2.3% (2006/07) and 3.1% (2005/06) of rent income and service charges due to the Council.

The Collection Fund

	2006/07 £'000	2005/06 £'000
INCOME		
Income from Council Tax	(72,907)	(67,882)
Transfers from General Fund Council Tax Benefits	(9,341)	(8,652)
Non-Domestic Rates	(87,847)	(79,323)
	(170,095)	(155,857)
EXPENDITURE		
Precepts and Demands		
Swindon Borough Council	69,740	64,086
Wiltshire Police Authority	8,904	8,170
Wiltshire Fire Authority	3,539	3,246
Business Rates		
Payment to National Pool	87,569	79,031
Cost of collection allowance	291	286
(Write-Ons) / Write-Offs	(43)	(170)
(Decrease) / Increase in Bad Debt provision	29	176
Council Tax Bad and Doubtful Debts		
Net Write-Offs	1,408	654
Write-Offs of credit accounts	(1,322)	0
(Decrease) / Increase in Bad Debt Provision	(859)	(181)
Transitional Relief	0	3
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	136	470
Adjustment in respect of Community Charge	0	(6)
	169,392	155,765
Movement on the Fund – (surplus) / deficit	(703)	(92)
(Surplus) / Deficit brought forward	(146)	(54)
(Surplus) / deficit as at 31 March	(849)	(146)

Notes to the Collection Fund

Note 46 : Rateable Value

The total rateable value in the Local Rating List at 31 March 2007 was £237,260,362 (£236,936,482 at 31 March 2006). The multiplier for 2006/07 was 43.3 pence for the majority of properties and 42.6 pence for small businesses. (42.2 pence and 41.5 respectively for 2005/06).

Note 47 : Council Tax Base

The Council Tax Base for 2006/07, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was as shown in the table below.

Band	No of Taxable Properties *	Ratio to Band D	Band D Equivalents
A	10,940	6/9	7,291.9
B	22,071.5	7/9	17,166.7
C	17,875.8	8/9	15,889.6
D	11,796.8	9/9	11,796.8
E	6,598.3	11/9	8,064.5
F	2,494.8	13/9	3,603.5
G	1,075.8	15/9	1,792.9
H	48.8	18/9	97.5
Total	Band D equivalents		65,703.4
Contributions in lieu	(MOD properties)		56.5
Add:	Anticipated changes in year		1,946.5
Less:	Provision for non-collection (1%)		(677.1)
			67,029.3

* After adjustment for discounts and relief.

Note 48 : Major Preceptors

	Precept 2006/07	Precept 2005/06
	£'000	£'000
Wiltshire Police Authority	8,904	8,170
Wiltshire & Swindon Fire Authority	3,539	3,246
Swindon Borough Council (including Parishes)	69,740	64,086

GROUP FINANCIAL STATEMENTS

For a variety of legal and regulatory reasons, organisations are often required to conduct their activities through several undertakings, each under the control of the parent company. In such circumstances the financial reports of the parent organisation do not present the full picture by themselves. To understand the full picture, and therefore the full economic benefits and risks, group accounts are required.

The authority has considered its relationship with key partners and has concluded that Group Accounts are required with Thamesdown Transport Ltd, (TTL) only.

In order to consolidate the accounts of the authority with TTL, different accounting treatments than those followed for the Council's single entity accounts must be followed. The accounts of the authority are compiled under policies that typically relate to the need to show statutory council tax and funding sources. The Authority performs a number of prescribed adjusting entries, in accordance with the SORP, to remove transactions between the group entities.

Group Disclosures

Group accounts relate to summarised financial information of the entities / organisations that an Authority has a material interest in.

TTL, a bus service providing company in Swindon, has been identified as being a subsidiary undertaking of the Authority, established in October 1986. This classification is due to the 100% shareholding that the Authority has in TTL. The origin of this shareholding and commitment of the authority towards the organisation should it encounter financial difficulties is explained in note 23.

Consolidation of TTL figures in these statements is by the acquisition method, on a line-by-line basis, using the company's final accounts as the base detail for consolidation. The accounts of TTL can be obtained via a request in writing to: Thamesdown Transport Limited, Barnfield Road, Swindon, SN2 2DJ.

Certain adjustments to the single entity financial statements are required on consolidation, which are detailed in the accounting policies. With the increased alignment of the SORP to UK GAAP the number of adjustments required has reduced. These adjustments to the main statements for 2006/07 are summarised below:

I&E Adjustments	Comment	£'000
Group Accruals	Net reduction in authority spend/subsidiary income	(53)
Group Transactions	Net reduction to account for inter-group trading	(1,917)
Balance Sheet Adjustments	Comment	£'000
Accruals	Net reduction in debtors/creditors	(53)
Investment/ Share Capital	Reduction for investment in subsidiary	(1,489)
Dividend	Reserves adjustment for dividend income/expense	(250)

Group Income and Expenditure Account

	2006/07 Gross Expenditure £'000	2006/07 Income £'000	2006/07 Net Expenditure £'000	2005/06 RS Net Expenditure £'000
Continuing Operations				
Central Services	14,425	(12,197)	2,228	1,905
CDC	5,689	(1,402)	4,287	6,063
NDC	2,964	(6,580)	(3,616)	3,131
Court Services	219	0	219	246
Cultural	20,018	(2,434)	17,584	16,076
Environmental	17,002	(4,253)	12,749	7,724
Planning & Development	11,878	(8,106)	3,772	3,633
Education	166,565	(165,429)	1,136	95,014
Highways, Roads & Transport	28,555	(17,529)	11,026	8,091
Housing Services	92,993	(87,705)	5,288	1,803
Social Services	80,769	(27,592)	53,177	46,477
Redundancy Costs	1,766	0	1,766	2,003
Net Cost Of Services	442,843	(333,227)	109,616	192,166
(Gains) / Losses on Disposal of Fixed Assets			206	0
Precepts Paid to Local Precepting Authorities			1,705	1,643
Dividends & Deficit / (Surplus) From Trading Accounts			(1,343)	6
Interest & Similar Charges Payable			7,300	4,474
Contribution of Housing Capital Receipts to Pool			2,918	3,517
Interest and Investment Income			(5,266)	(6,834)
Pensions Interest Cost			22,690	20,726
Expected Return on Pensions Asset			(23,010)	(18,661)
Taxation of Group			36	(6)
Net Operating Expenditure			114,852	197,031
Income From Collection Fund			(69,855)	(64,486)
General Government Grant			(7,190)	(73,628)
Distribution from NDR			(37,247)	(60,383)
Sub-Total Sources of Finance			(114,292)	(198,497)
Group (Surplus) / Deficit For Year			560	(1,466)

Group Statement of Total Recognised Gains & Losses

	2006/07 £'000	RS 2005/06 £'000	Note
(Surplus) / Deficit on the Group I&E	560	(1,466)	
(Surplus) / Deficit arising from revaluation of fixed assets	(137,067)	(86,530)	
Pension actuarial (gains) / losses	5,145	2,148	
Any other gain or loss	11,239	(126)	
	(120,123)	(85,974)	

Group Balance Sheet

	2006/07	RS 2005/06	
	£'000	£'000	Note
Operational Fixed Assets	1,109,515	987,355	
Non-Operational Fixed Assets	89,656	73,567	
Long-term Debtors	381	449	
Deferred premiums on the early repayment of borrowings	1,131	1,426	
Long-term Payments In Advance	9,938	14,608	
Deferred Liability	0	12,669	
Total Long-term Assets	1,210,621	1,090,074	
Stocks & Work in Progress	4,420	2,758	
Debtors Less Provision for Bad Debts	25,657	30,236	
Payments in Advance	5,866	4,021	
Short-term Investments	53,096	46,937	
Cash	12,376	8,877	
Total Current Assets	101,415	92,829	
Creditors	(28,738)	(28,589)	
Long Term Borrowing repayable within one year	(8,095)	(2,898)	
Receipts in Advance (incl Unapplied grants)	(11,660)	(10,014)	
Total Current Liabilities	(48,493)	(41,501)	
Net Current Assets	52,922	51,328	
Government Grants Deferred	(46,762)	(39,113)	
Long Term Creditors	(24,288)	(35,009)	
Provisions	(4,312)	(3,376)	
Long-term Borrowing	(62,013)	(58,231)	
Liability Related to Pension Scheme	(117,091)	(115,728)	
Subsidiary Finance Leases	(1,574)	(2,314)	
Deferred Income	0	(251)	
Total Long-term Liabilities	(256,040)	(254,022)	
TOTAL ASSETS LESS LIABILITIES (net assets)	1,007,503	887,380	
Usable Capital Receipts Reserve	(13,405)	(13,429)	
Major Repairs Reserve	(1,888)	(651)	
Capital Financing Account	(194,562)	(185,207)	
Fixed Asset Restatement Account	(865,772)	(763,197)	
Collection Fund Balance	(849)	(146)	
Deferred Capital Receipts (Mortgages)	(174)	(227)	
Passenger Transport Realisation Account	(611)	(611)	
Pension Reserve	117,091	115,728	
Housing Revenue Account Balance	(2,217)	(2,192)	
Specific Reserves and Funds	(34,793)	(27,003)	
General Fund	(5,000)	(5,000)	
P&L Reserve	(5,323)	(5,445)	
TOTAL FINANCING	(1,007,503)	(887,380)	

Reconciliation of the Single Entity (Surplus) / Deficit to the Group (Surplus) / Deficit

This table reconciles the balance on the I&E account of the Authority, to the Group I&E balance.

	2006/07 £'000	RS 2005/06 £'000	
(Surplus) / Deficit on the Single Entity IEA	716	(1,507)	
Less Subsidiary Dividend	250	250	
(Surplus) / Deficit from Subsidiary IEA	(406)	(209)	
Group (Surplus) / Deficit for the year	560	(1,466)	

Group Cashflow Statement

	2006/07 £'000	RS 2005/06 £'000	Note
Net cash (inflow) / outflow from revenue activities	(4,438)	(16,298)	
Servicing of Finance			
Outflows Interest paid	7,130	4,114	
Interest element of finance lease	170	160	
Inflows Interest received	(5,266)	(6,834)	
Taxation	(155)	161	
Capital Activities			
Outflows Purchase of fixed assets	51,374	45,083	
Inflows Sales of fixed assets	(36,163)	(15,564)	
Capital Grants received	(9,168)	(9,640)	
Developers' deposits (Sec 106)	(4,857)	(3,498)	
Net cash (inflow)/outflow before financing	(1,373)	(2,316)	
Management of Liquid Resources			
Outflows Net (de)/increase in liquid resources	6,159	6,699	
Financing			
Outflows Repayment of amounts borrowed	3,592	37,599	
Inflows New loans	(11,877)	(40,000)	
(Increase) / Reduction in cash and cash equivalents	(3,499)	1,982	

	2006/07 £'000	RS 2005/06 £'000	Note
Reconciliation of Net (Inflow) / Outflow to Operating Activities			
Deficit / (Surplus) on Income & Expenditure Account	560	(1,466)	
Deficit / (Surplus) on Subsidiary Undertaking Operating Profit	(583)	(648)	
Deficit / (Surplus) on Collection Fund	(704)	(92)	
Non-Cash Transactions (Reserves/Provisions/Revenue)	(1,251)	(12,779)	
Movement in Current Assets	(2,705)	(2,853)	
Profit on Sale of Fixed Assets	30	63	
Subsidiary Pensions Cash difference	299	292	
Items shown as Servicing Finance	(84)	1,185	
Net cash (inflow) / outflow from revenue activities	(4,438)	(16,298)	

Notes to the Group Statements

The Group Statements are required to show the same notes to the accounts as the single entity statements, but only to the extent that the Group disclosures are materially different from the single entity notes.

Note 49 : Operational Fixed Assets

The table below shows the split of operational assets between the authority and its subsidiary.

	Operational Assets			
	SBC	Thamesdown Transport	Thamesdown Finance Leases	Total
	£'000	£'000	£'000	£'000
Value at 31/3/06	977,851	5,379	4,125	987,355
Reclassification	(762)	0	0	(762)
Revaluations	117,221	0	0	117,221
Additions	23,211	160	0	23,371
Disposals	(5,801)	(107)	(135)	(6,043)
Depreciation	(18,752)	(242)	(425)	(19,419)
Impairment	(2,350)	0	0	(2,350)
PFI	10,142	0	0	10,142
Value at 31/3/07	1,100,760	5,190	3,565	1,109,515

Note 50 : Stocks & Work in Progress

The table below shows the split of stocks between the authority and its subsidiary.

	31/03/2007	31/03/2006
	£'000	£'000
SBC	1,345	1,181
Thamesdown Transport	184	181
Total Stocks	1,529	1,362
Total Work in Progress	2,891	1,396
Net Total Stocks & Work in Progress	4,420	2,758

Note 51 : Debtors less Provisions for Bad Debt

The table below shows the split of debtors between the authority and its subsidiary.

	31/03/2007	31/03/2006
	£'000	£'000
SBC	33,822	38,920
Thamesdown Transport	804	689
	34,626	39,609
Less SBC Provision for Bad Debt	(8,969)	(9,373)
Net Debtors	25,657	30,236

Note 52 : Cash

The table below shows the split of cash balances between the authority and its subsidiary.

	31/03/2007	31/03/2006
	£'000	£'000
SBC	11,830	8,201
Thamesdown Transport	546	676
Net Cash	12,376	8,877

Note 53 : Creditors

The table below shows the split of creditors between the authority and its subsidiary.

	31/03/2007	31/03/2006
	£'000	£'000
SBC	27,176	26,938
Thamesdown Transport	1,562	1,651
Net Creditors	28,738	28,589

Note 54 : Liability Related to the Pension Scheme

The table below shows the split of the pension liability between the authority and its subsidiary.

Movement in Pension Asset / (Liability)	£'000	£'000	£'000
SBC	TTL	Group	
Pension Asset / (Liability) as at 31/3/06	(111,689)	(4,039)	(115,728)
Cost of providing future benefits from 2006/07	(16,379)	(222)	(16,601)
Contributions to the fund paid by the employer	13,672	521	14,193
Contributions for unfunded benefits	1,176	0	1,176
Past service costs of discretionary benefits	(51)	0	(51)
Impact of early payments	(296)	0	(296)
Impact of commutation lump sum take-up	5,134		5,134
Expected return on employer assets	22,158	0	22,158
Interest on pension scheme liabilities	(21,824)	0	(21,824)
Actuarial gains / (losses)	(5,571)	426	(5,145)
Other Finance Costs	0	(107)	(107)
Net Pension Asset / (Liability)	(113,670)	(3,421)	(117,091)

Note 55 : Finance Leases

The table below shows the split of finance lease payments between the authority and its subsidiary.

Period	Within 1 year	In 2-5 years	Over 5 Years	Total
	£'000	£'000	£'000	£'000
SBC - Finance Lease Payments	0	0	0	0
TTL - Finance Lease Payments	721	1,376	198	2,295
Total	721	1,376	198	2,295

Statement Of Responsibilities For The Statement of Accounts**The Council's Responsibilities**

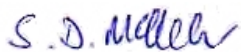
- The Council is required:
 - To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972). During the financial year 2006/07, the designated officer was the Director of Finance.
 - To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Officer's Responsibilities

- The Director of Finance had the responsibility to ensure that these final accounts were prepared in accordance with best practice. The Code of Practice on Local Authority Accounting in Great Britain ("the Code") requires the Statement to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2007.
- In preparing this Statement of Accounts, the Director of Finance:
 - Selected suitable accounting policies and then applied them consistently;
 - Made judgements and estimates that were reasonable and prudent;
 - Complied with the Code.
- The Director of Finance also:
 - Kept proper accounting records which were up to date;
 - Took reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate

I certify that the above responsibilities have been accounted for in the production of these statements and that they present fairly the financial position of the authority at 31 March 2007.



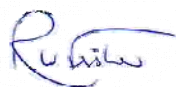
Signed:

Date: 25th September 2007

Stuart McKellar, Director of Finance

Approval

The Council's Audit Committee, being the relevant body within the Authority for such purpose, approved these accounts on 26 June 2007 and 25 September 2007 after statutory audit. The first date of approval is also taken as the date that the accounts were authorised for issue.



Signed:

Date: 25th September 2007

Cllr Raymond Fisher, Chair of Audit Committee

Statement On Internal Control

Introduction

The Council continues to make good progress as evidenced by its 'Improving Well' Direction of Travel on its Corporate Performance Assessment and its strong Use of Resources judgement that highlighted improvement in a number of key areas including Value for Money (VFM).

As part of its commitment to improved services and VFM, the Council recently signed a 5 year Strategic Partnership with Capita. This important agreement will not only deliver quality services at an affordable price, but will serve as a strategic platform for more fundamental change in order for us to meet the challenges ahead.

Progress on delivering the Council's 50 promises and Local Area Agreement (LAA) outcomes is progressing well. Through its Corporate Plan the Council has set itself an ambitious and challenging agenda. To ensure organisational focus against this diverse agenda, the council has published its Annual Operating Plan. This twelve-month delivery plan identifies the priorities and resources to deliver within the wider context of the Corporate Plan.

Scope of responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised.

In discharging these overall responsibilities, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Purpose of the system of internal control

The system of internal control is designed to manage risk rather than eliminate all risk. It provides reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their subsequent impact, and to manage them efficiently, effectively and economically. The systems of internal control have been developed during the year ended 31st March 2007 and up to the date of approval of the annual report and accounts.

The internal control environment

The internal control environment comprises all the procedures and processes that are in place to ensure the sound running and well being of the Council. It is designed with the intention of:

- Establishing and monitoring the achievement of the Council's objectives
- The facilitation of policy and decision-making
- Ensuring compliance with established policies, procedures, laws and regulations
- Identifying, assessing and managing risk to the authority's objectives
- Ensuring the economical, effective and efficient use of resources
- Securing effective financial and performance management of the authority

The following is intended as an overview of the key elements of Swindon Borough Council's control environment. It is not meant to be exhaustive but indicative of the controls adopted by the Council in meeting its aims and objectives.

(a) Establishing and monitoring the achievement of the Council's objectives:

Last year the Council published a new Corporate Plan for 2006-2010. It sets out a clear direction for the Council, working with partners and leading Swindon and its community forward. The Annual Operating Plan, agreed at the first Cabinet meeting after local elections, underpins the Corporate Plan by describing the Council's focus for the next 12 months in support of the aspirations described in the Corporate Plan. The plan links to the Swindon-wide Community Strategy.

Taking the community leadership a stage further a three year Local Area Agreement (LAA) has been signed and implementation began in April 2006. The LAA focuses on Swindon's unique opportunities and greatest needs.

Elected Members and senior managers have agreed targets and measures to enable progress to be monitored against each of the Council's priorities and 50 promises. Performance management arrangements regarding the achievement of these objectives are set out in section (g) below.

(b) Facilitation of policy and decision-making:

The Council has a published Constitution that is reviewed annually. The Constitution sets out the decision-making arrangements and the responsibilities for different functions.

There are clear rules of procedure for the running of business meetings and lists of delegated authorities to individuals. There is also a robust budget and policy framework that is monitored by the Chief Financial Officer and Monitoring Officer.

Each report that recommends decision-making by Members of the Council receives both legal and financial consideration before it is finalised and this is recorded in the report. All reports to Cabinet contain clear reasons for the recommendations, alternative options are set out, and relevant risks are identified.

The Cabinet has a published Forward Plan of Decisions to be taken and this along with an appropriate level of delegation to Lead Cabinet Members and senior management enables speedy decision-making.

Overview and Scrutiny Committees are responsible for making recommendations on future policy options and for reviewing the general policy and service delivery of the Authority. They have agreed work programmes, which are formulated at the Annual Overview and Scrutiny Conference held by the Council, with topics selected in accordance with specified criteria. The Scrutiny Committee monitors the executive decision-making as one of its main roles and its work programme includes sessions at which members of the Cabinet and senior managers are held to account.

(c) Compliance with established policies, procedures, laws and regulations:

The Council's Constitution is designed to ensure the Council acts lawfully at all times and to ensure compliance with its policies and procedures. The constitution includes Standing Orders and Financial Regulations, contract procurement rules and the budget policy framework. These are underpinned by rules of Conduct for both Members and officers.

The Council has also developed a number of local protocols including the Monitoring Officer Protocol and a Protocol for Member / Officer relations.

The Standards Committee (that includes 3 independent members) is proactive, robust and has a high profile within the Council. The Committee's purpose is to promote and maintain high standards of conduct by Members of the Borough Council and Parish Councils in Swindon, and to assist them to observe their Code of Conduct.

The Committee aims to raise the profile of probity and conduct both within and outside the Council. It has dealt with complaints referred to it by the Standards Board for England in accordance with its agreed procedures. The Standards Committee regularly reviews the Codes and Protocols set out in Part 5 of the Council's Constitution.

The Council has an Anti-Fraud and Corruption Strategy that includes a Whistleblowing Policy. The Council has a Whistleblowing hot line that is managed by the Head of Internal Audit in liaison with the Monitoring Officer.

Each agenda for a business meeting of a Council body contains an item requiring members at the outset of the meeting to declare any relevant interest.

All new Members receive induction training and all Members are encouraged to undertake relevant training during the course of their office. Members are not permitted to take part in the decision-making processes of the Licensing or Planning Committees without receiving the necessary training. The Council adopted a new members Code of Conduct on 18th May 2007 and training for all Borough Councillors and Parish Councillors has been provided.

The Council's intranet contains details of policies and procedures and is therefore widely available to Members and officers. This is supplemented by the Director of Law and Democratic Services (the Monitoring Officer) who provides advice to directorates and Members on the law, regulations and internal procedures.

(d) *Identifying, assessing and managing risk:*

The leadership of Swindon Borough Council is committed to managing risk to maximise opportunity and to achieve its objectives in the most economic, efficient and effective way in delivering services to its Community. Swindon has produced a risk management performance framework for 2005/06 following the Office of Government Commerce and other best practice.

Corporate Board and Audit Committee have approved a risk management strategy. The Director of Partnership, Performance and Policy has been given responsibility for overseeing the implementation and monitoring of the risk management strategy and policy with the support of the Corporate Risk Management Group.

A Lead Cabinet Member (the Deputy Leader) has responsibility for risk management, has received relevant training and meets bi-monthly with the Council's Risk Manager.

Group Directors and Directors are responsible for risk management within their departments with advice and support from the Corporate Risk Management Group and the Council's Risk Manager.

Business Plans identify the key risks affecting the service areas and identify control measures where applicable. Risks identified in business plans feed into Group risk registers that in turn feed into the corporate risk register. This is a two way process, in that risks identified on a corporate basis are fed in to the Group registers, and on in to business plans.

Group Directors and Directors are required to produce an annual statement of Internal Control for their area that includes statements about risk and the internal control framework within their area.

Corporate Board regularly monitor the Corporate Risk register updates on risk management are provided quarterly to the Audit Committee.

There has been a targeted training programme for Members, Corporate Board and all senior staff and project managers and we have introduced a network of 'practice leaders' to build further capacity across the organisation.

Internal Audit supports this process by implementing a risk-based audit plan and reporting identified weaknesses in mitigating controls to senior management.

(e) Ensuring the economical, effective and efficient use of resources:

The Medium Term Resourcing Plan details how the Council will use its resources (over the medium term) to ensure successful delivery of its key objectives.

The Council has recently approved a Value for Money Strategy that focuses on achieving good value for money and managing and improving value for money within the organisation. The VFM strategy underpins the Medium Term Financial Strategy with a programme of VFM and Best Value reviews agreed as a key element of the budget strategy for 2007/08. These will contribute to balancing the Medium Term Resourcing Plan and ensuring successful transformation of the Council's services to deliver the Corporate Plan.

A central procurement team was set up during 2005 to establish best practice and as a result to achieve ongoing savings for the Council. The introduction of a Gateway process aims to control high value expenditure using a member-led Procurement Advisory Group, incorporating requirements of OJEU, equalities legislation etc. and significant advances have been made in driving forward an electronic procurement programme including purchase cards (Phase 1) and e-market places, e-auction and e-contract management.

The Council has determined to secure significant improvements in its debt management through investing in both its internal and external capacity. This has resulted in its in-year Council Tax collection performance rising by 2.7% over the past two years and £2.4m of historic debt being collected during 2006/07. Housing rent arrears have also halved over the past two years.

The process of ensuring economical, effective and efficient use of resources is supported by the work of Internal Audit throughout the year.

(f) Financial management

The system of internal financial control is based on a coherent accounting and budgeting framework including financial regulations, contract standing orders, scheme of delegation and accountability.

The Council's overall financial plans are detailed in the Medium Term Resourcing Plan that sets out the financial framework for the delivery of its vision, strategies and plans. These in turn are set out in the Council's Corporate Plan and Directorate service plans.

A key element of budgetary control is the budget monitoring process. Regular monitoring reports are made to Corporate Board and to Cabinet Members that highlight risk areas and mitigating actions being taken to remain within budget. Group Finance Managers, who report to the Director of Finance, sit on the Group Directorate management teams and provide financial management support at a group directorate level. The Director of Finance has recently started attending weekly Corporate Board meetings, to ensure finance is actively involved in all strategic decision making forums. The Council, having under spent its revenue budget in each of the last two years, evidences the effectiveness of these controls.

The Council has a sound balance sheet with general reserves of £5m and in addition to schools and the HRA the Council holds significant earmarked reserves and provisions to cover the key risk areas associated with the Council's transformation.

Levels of borrowing are low compared with similar authorities and the Council also holds an impressive asset portfolio. The asset management strategy highlights that asset disposals will be a key part of funding the Council's capital programme. Progress is regularly tracked by the Director of Finance to ensure receipts are being delivered to agreed timescales.

(g) Performance management

The Council has a range of performance indicators and targets (both local and national) that are used to measure progress against its key priorities in the Corporate Plan.

The Compass online system provides a business-planning framework and provides monitoring information on performance relating to the Corporate Plan and the 50 promises.

Departments hold monthly Local Performance Action Reviews (LPARs) that cover their service's performance on BVPIs, projects and promises. Overall Council performance is managed at Corporate Board level via a regular performance review challenge forum (Corporate Performance Action Review: CPAR). The Chief Executive chairs this review and all Group Directors are present. The review challenges performance against the BVPIs, 50 promises, key Council projects and customer complaint trends. This review process then updates the corporate risk register. Performance against the 50 promises is reported publicly to Cabinet and full Council.

These Corporate arrangements are under-pinned by business plans for all service areas that include relevant performance indicators. These are then reflected in individual performance targets set for all officers as part of the appraisal process.

Review of effectiveness

Swindon Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review is informed by the executive managers within the Council who have responsibility for the development and maintenance of the internal control environment, by the work of Internal Audit, comments made by the Council's External Auditor in their annual audit letter and other reports and from other review and inspectorate bodies. Directors have completed a questionnaire reviewing the control environment within their directorate and the results of the questionnaire have been used to inform our assessment of significant control issues for the Council.

The following process has been applied in maintaining and reviewing the effectiveness of the system of internal control. Both in year and year-end reviews processes have taken place. In year review mechanisms include:

- The Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a regular basis. It also receives reports relating to risk management and monitors the corporate risk register, as well as being responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The terms of reference for the Audit Committee were revised to adopt best practice, CIPFA guidance and CPA requirements. The Committee has become a full committee of the Council to emphasise the commitment to ensuring that there are high standards of internal control within the Council. The Committee is responsible for reviewing the financial performance, risk management and both Internal and External Audit performance and their findings and recommendations.

- Internal Audit is an independent and objective assurance service to the management of the Council who complete a programme of reviews throughout the year to provide an opinion on the internal control environment in the areas examined. Their reviews include examination of the main financial systems, enabling them to provide the Section 151 Officer with an overall opinion on the main financial controls in place as well as risk management, internal control and governance arrangements across the authority. In addition the Section undertakes fraud investigation and proactive fraud detection work. Internal Audit report monthly to Audit Committee summarising audits issued in the previous month. Audit Committee has called in relevant Directors to update them on the progress in implementing agreed audit recommendations. The Audit Committee also recently reviewed the effectiveness of the Council's system of internal audit.
- The External Auditor / Audit Commission's Annual Audit and Inspection letter is considered by both Cabinet and the Audit Committee. The report stated that the Council continues to make good progress. Monitoring of progress towards implementing recommendations takes place.
- The Council underwent a Comprehensive Performance Assessment in 2006 that stated that the Council is improving well and demonstrating a 2 star overall performance. The assessment stated that the Council had achieved significant improvements in its priority services and in areas that are important to the public.
- A Corporate Governance Working Group, consisting of both Members and officers was established during 2005/06 to review the effectiveness of the Council's corporate governance arrangements by reference to the CIPFA/SOLACE corporate governance standards and other best practice. The Group has streamlined the Council's decision-making process ensuring that agreed decisions could be implemented promptly.
- Risk Management – the Corporate Risk Management Group provide guidance and feedback to Group Directors and management teams.
- Ongoing performance management is carried out as described in section (g) above.
- A year-end review of the control environment has also been completed which included:
 - Obtaining assurances from all Group Directors and Directors that key elements of the control framework were in place during the year in their departments. They were also asked to identify areas where control weaknesses had resulted in a significant issue arising for the department.
 - Validation by a Working Group including the Section 151 Officer and the Monitoring Officer of these assurances to other relevant sources of information.
 - The Head of Internal Audit's annual audit report presented to Audit Committee.

Significant Internal Control Issues

The Leader of the Council and Chief Executive have been advised on the implications of the result of the review of effectiveness of the system of internal control operated by the Council. Plans have been put in place to ensure that areas identified for further work will be addressed.

The Council's annual review of the system of internal controls identified some areas where action was appropriate to enhance the internal control environment and ensure continuous improvement. These areas have already been identified in the Council's Corporate Risk Register and therefore Corporate Board and Cabinet already regularly monitor the action taken to mitigate these risks.

- **Business Transformation / CAPITA** - the procurement of an Incremental Strategic Partner was completed with a contract signed on the 1st Feb 2007. All key risks identified last year as significant control issues were managed successfully i.e. staff are not left behind during this change; right Partner is selected and outcomes being sought are clearly understood.

Significant effort and resource was put into managing a wide range of stakeholders and a change framework was used to shape a comprehensive staff communications programme. Staff feedback and temperature checks were used throughout the process to gauge progress. Very close working with Unions also lead to a smooth transition of people to Capita. Partner

selection criteria and process was recognised as being robust and as representing leading practice by both external advisors.

Key challenges for the coming year are: ensuring the partnership with Capita is successful in its 1st year of operation; developing the 'One Transformation and Change Programme' that the Council will need to pursue in order to deliver its ambitious agenda within the agreed MTRP and ensuring that senior management understand how to effectively manage change and their role in this. The following controls are in place to ensure that these challenges are met:

- Risk Register used to manage Swindon Capita partnership
 - Effective Governance designed, agreed and in place.
 - Cabinet have approved strong governance arrangements.
 - Re-shape the Council's 'Strategic Review' process so that service areas shape business transformation.
 - Change Management awareness / training for senior managers.
- **Local Area Agreement (LAA):** The LAA requires strong integration with partners to deliver jointly owned outcomes, which requires a new way of working with partners. Governance, financial management and performance structures have been established but are to be reviewed to ensure that they provide the required focus for the Partnership Board and the four blocks as the LAA develops and changes in requirements by central Government are made i.e. changes in funding arrangements etc.
 - **IT Security:** Many significant security issues highlighted in Internal Audit reports are now being addressed as part of the Capita partnership and via investment in new technology. These include:
 - Physical risks: Council systems will migrate to Capita's purpose built Data Centre facility.
 - New infrastructure design for Data (LANs, WANs) and Telephony systems will have built in resilience and security management.
 - Proactive Annual Security Audit is part of the Capita contract.
 - Move to standard and secured desktop build.
 - Encryption in place for all laptops.
 - Security Advice via Capita IT specialists.
 - IT Security Policy Awareness Programme for all Staff – launched in September to drive better understanding of the updated policies currently available on the intranet.
 - **Business Continuity:** progress has continued to be made on business continuity during the year and the Council complies with the requirements of the Civil Contingency Act. The Business Continuity Strategy has been developed and agreed by Council and a Business Recovery Team is now in place. It is recognised that further work is required to ensure that the individual service area plans are co-ordinated. A programme of tests is being drawn up to ensure that the plans work effectively.
 - **Integration with Health** – an Integration Programme Board was set-up in December 2006 to formalise the governance arrangements and oversee the integration programme at officer level. This consists of representation from both the Council and the Primary Care Trust (PCT) HR, Finance, Legal, Policy & Performance, IT and service directorates. The establishment of an Executive Board (Joint Partnership Board) is being explored to enable Councillors and PCT members to be assured that appropriate governance arrangements are in place to protect the two organisations in terms of financial probity and risk and to ensure that proper change management arrangements, including consultative arrangements, are in place as required.

Finance and governance arrangements are covered by formal Section 28a and 75 agreements. Staff changes and integration will be arranged through a full consultation process with the full involvement of both organisations.

- **Wichelstowe** - the Council signed a private public partnership with Taylor Woodrow Homes on 19th May 2005 for the development of the Southern Development Area to the south of the Town of Swindon alongside the M4. The development will comprise up to 4,500 dwellings with related infrastructure and community facilities, including new schools, new canal and associated canal infrastructure and open space. The partnership with Taylor Woodrow will provide up to £200M worth of infrastructure works (mainly highways) to access the housing, employment, retail and associated community sites envisaged in the Master Plan that underpins the outline planning permission. Fundamental control weaknesses originating from the lack of Project and resource planning at Project Initiation stage by the Council for this Project were identified during 2006. Since then a comprehensive action plan to improve the governance of the Project against the following themes is underway.
 - Effective structures and processes are maintained to govern decision-making and action planning.
 - A risk management system is maintained for the project.
 - Service delivery arrangements and targets are effective, monitored and managed.
 - A project plan is properly costed and supported by approved financial processes and up to date financial records.
 - Allocation and appointment of work is properly controlled.
 - Recording, monitoring and authorisation of payments is in accordance with the Collaboration Agreement.
 - Best value is achieved.

Several controls were established last year to ensure sufficient management arrangements were in place to safeguard the Council interest. These included:

- Reviewing and implementing new governance arrangements.
- New Financial Controls and reporting
- Managing the Project as part of the Council's Capital programme
- With Taylor Woodrow revising and strengthening the Joint Project Management arrangements. A new company, new Project Director and strengthened team are now agreed.

Key challenges for the coming year are:

- To complete the design code process for Middle and East Wichel.
 - To establish a joint Risk Register and Swindon Borough Council interim risk register.
 - To complete all appointments to the SBC Project Team.
 - To agree the Council's Land Disposal Strategy.
- **Waste Disposal:** the Council has adopted a municipal waste management strategy which sets out how it will minimise the amount of waste sent to landfill and the risk of paying penalties for exceeding our landfill allowances under the Landfill Allowance Trading Scheme (LATS). We have well-developed and funded plans for introducing a radical new recycling and refuse collection service later this year which aims to meet our targets for 2010. In the longer term we have started work with a neighbouring Authority on a joint business case for waste treatment facilities.
 - **Swindon Commercial Services (SCS):** The Council has now approved a strategy for ensuring the long-term viability of SCS whilst concentrating heavily on value for money. The Council has committed to focussing on developing the client side to ensure that they are able to demonstrate value for money for their service. Whilst mitigating its commercial risk by assigning a core basket of work to SCS until 2010 appropriate governance structures have been determined and governance boards are in place. The Council has also committed to

achieving financial transparency of SCS therefore increasing the visibility, to the Council as a whole, of commercial decisions.

Certification

To the best of our knowledge, the internal control environment as defined above has been effectively operated during the year.

Signed:



Gavin Jones
Chief Executive

Signed:



Councillor Roderick Bluh
Leader of the Council

Independent Auditor's Report to the Members of Swindon Borough Council**Independent auditors' report to the Members of Swindon Borough Council****Opinion on the financial statements**

We have audited the financial statements of Swindon Borough Council and its Group for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Collection Fund, the Group Accounts and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Swindon Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority or its Members as a body, or our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

We review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

We read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence

relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority and its Group as at 31 March 2007 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, Swindon Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007

Best Value Performance Plan

We issued our statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 15 December 2006. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature..... Date.....

Name: Grant Thornton UK LLP. Address: 10 Queen Square, Bristol. BS1 4NT

Glossary of Terms Used in the Statement of Accounts

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- b) The actuarial assumptions have changed.

AMORTISATION

The write out of intangible fixed assets and deferred charges to revenue on a systematic basis over its economic life. For deferred charges this will be the year the deferred charge is recognised.

ASSET

An item having value in monetary terms. Assets are defined as current or fixed.

- A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.
- A fixed asset provides benefits to the Authority and to the services that it provides for a period of greater than one year.

BUDGET

A forecast of revenue or capital expenditure over the accounting period.

CAPITAL CHARGE

A notional charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. This comprises of a charge for depreciation and a capital financing charge. The capital financing charge is determined by applying a specified notional rate of interest to net asset values.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset that will be used in providing services beyond the current accounting period or expenditure that adds to an existing fixed asset.

CAPITAL RECEIPTS

The proceeds from the disposal of land or other assets.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONTINGENCY

A condition that exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no local basis for apportioning these costs to services.

CREDITOR

Amounts owed by the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of defined benefit pension scheme liabilities expected to arise from employee service in the current period.

CURTAILMENT

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) Termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- b) Termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTOR

Amounts owed to the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.

DEFERRED ASSETS AND LIABILITIES

Expenditure or income that may properly be deferred but is recognised in the appropriate section of the balance sheet, e.g. mortgage repayments.

DEFERRED CHARGES

Expenditure which may properly be capitalised, but which does not result in, or remain matched with, tangible assets and is written out to revenue in the year it is incurred.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits)(Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOVERNMENT GRANTS

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

IMPAIRMENT OF ASSETS

Impairment is caused by the consumption of economic benefits e.g. physical damage to be a general fall in process and requires the value of a fixed asset to be adjusted.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are defined as non-financial assets that do not have physical substance but are identifiable and controlled by the entity through custody or legal right. Examples are: scientific or technical knowledge in order to produce new or improved materials, copyright, intellectual property rights and computer software licences. The Authority itself has no class of this asset.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (NON-PENSIONS FUND)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, that do not meet the above criteria, should be classified as current assets.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However authorities (other than town parish and community councils and district councils in Northern Ireland) are also required to disclose the attributable share of pension scheme assets associated with their underlying obligations.

LIQUID RESOURCES

Current asset investments that are readily disposable by the authority without disrupting its business and are either: readily convertible to known amounts of cash, at or close to, the carrying amount, or traded in an active market.

MAJOR REPAIRS ALLOWANCE (MRA)

The MRA represents the Government's estimate of the cost of maintaining the current condition of the housing stock and is based on the annual cost of replacing individual building components as they reach the end of their useful life. The MRA forms part of the overall subsidy paid to local authorities. The Major Repairs Allowance forms part of the overall subsidy paid to local authorities.

Negative subsidy authorities are able to use the MRA allocation as part of a transitional relief scheme to support the removal of the transfer from the HRA to the General Fund. From 2004/05

the Government will fund 2/3rds of this transitional scheme enabling a larger proportion of the MRA to be targeted at investment in the local housing stock.

MAJOR REPAIRS RESERVE (MRR)

A reserve to be created from MRA contributions, for investment in large-scale capital investment schemes to improve Council dwellings and estates in future years.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and should not be apportioned to services.

NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets surplus to requirement awaiting disposal or redevelopment, assets in construction.

OPERATING LEASES

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSIONS / FRS 17

The requirements of the Accounting Standard "Accounting for Retirement Benefits" is based on a simple principle – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The important accounting distinction for pension schemes is whether they are "defined contribution" or "defined benefit".

PFI (PRIVATE FINANCE INITIATIVE)

PFI allows the public sector to contract with the private sector to provide quality services on a long-term basis, typically 25-30 years, so as to take advantage of private sector infrastructure delivery and service management skills, incentivised by having private finance at risk.

The private sector takes on the responsibility for providing a public service against an agreed specification of required outputs prepared by the public sector.

The private sector carries the responsibility and risks for designing, financing, enhancing or constructing, maintaining and operating the infrastructure assets to deliver the public service in accordance with the public sector's output specification.

The public sector typically pays for the project through a series of performance or throughput related payments, which cover service delivery and return on investment. Central Government may provide payment support to the public sector through grants and other financial mechanisms.

POST BALANCE SHEET EVENTS

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the Chair of the Audit Committee.

PRIOR PERIOD ADJUSTMENT

A prior period adjustment is the material adjustment applicable to prior year figures arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring correction or adjustments to accounting estimates made in prior years.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or

- The parties are subject to common control from the same sources; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its members;
- Its chief officers; and
- Its pension fund.

Examples of related parties of a pension fund include its:

- Administering authority and its related parties;
- Scheduled bodies and their related parties; and
- Trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties;
- The provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- The provision of a guarantee to a third party in relation to a liability or obligation or a related party;
- The provision of services to a related party, including the provision of pension fund administration services;
- Transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SECTION 106

Monies received from developers under section 106 of the Town & Country Planning Act 1990, as a contribution towards the cost of providing facilities and infrastructure which may be required as a result of their development.

STOCKS

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use of consumption when it arises. Stocks comprise the following categories:

- Goods or other assets purchased for resale;
- Consumable stores;
- Raw materials and components purchased for incorporation into products for sale;
- Products and services in intermediate stages of completion;
- Long-term contract balances; and
- Finished goods.

TOTAL COST

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

USEFUL LIFE

The period over which the local authority will derive benefits from the use of a fixed asset.

VESTED RIGHTS

In relation to a defined benefit pension scheme, these are:

- a) For active members, benefits they would unconditionally be entitled on leaving the scheme;
- b) For deferred pensioners, their preserved benefits;
- c) For pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.

**If you require Council Information in another format, please contact
Customer Services on 01793 463725**