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EXPLANATORY FOREWORD

These accounts relate to the year ending 31 March 2008 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. Following the significant changes of 2006/07, even more changes have been implemented in the 2007 SORP. These relate to the capital accounts on the balance sheet and to how financial instruments are recorded.

The capital accounts in 2006/07 were the Fixed Asset Restatement Account (FARA) and the Capital Financing Account (CFA). A Revaluation Reserve (RR) and a Capital Adjustment Account (CAA) have replaced these in 2007/08. The accounting arrangements for these reserves are that the closing balances of the FARA and CFA would form the opening balance of the CAA, with a nil balance on the RR.

The impact of the RR introduction also means that it is now a requirement that all impairments of assets (downward revaluations) must be shown through the income and expenditure account. Previously only those impairments that were due to the consumption of economic benefits (such as physical damage to the asset) passed through the income and expenditure account. Now those impairments that are just due to a general fall in market prices must also be taken through. The impact is however reversed in the Statement of Movement on the General Fund balance, to ensure there is no impact on Council Tax.

Financial instruments are any contract that gives rise to an asset to one party and a liability to another. In updating the SORP in this area there has been the impact on the General Fund that premiums and discounts must now be written out through revenue via a new Financial Instrument Adjustment Account.

The Statements

The accounting statements that are presented within these accounts follow recommended practice in their content and layout. These statements are 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

- **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 Unitary Council, which provides council housing, Swindon is required by legislation to account for its expenditure in three distinct categories:

- **General Fund (GF) 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 2007/08 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 £3.908m, in relation to the restructuring of the Council that has facilitated the continued service improvement programme.

The Council's General Reserves have increased to £6m as at 31 March 2008. This represents £5m as the minimum prudent sum recommended by the Director of Finance, in the context of earmarked reserves that are held to cover known risk areas, and the remaining balance to cover other eventualities.

Financial Overview – The General Fund

The net GF budget for 2007/08 was set at £117.724m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG). Service expenditure was £116.356m, leaving a service underspend of £1.368m. Of this, £1m has been added to general balances, with the remainder appropriated to earmarked reserves, details of which are provided in note 28f.

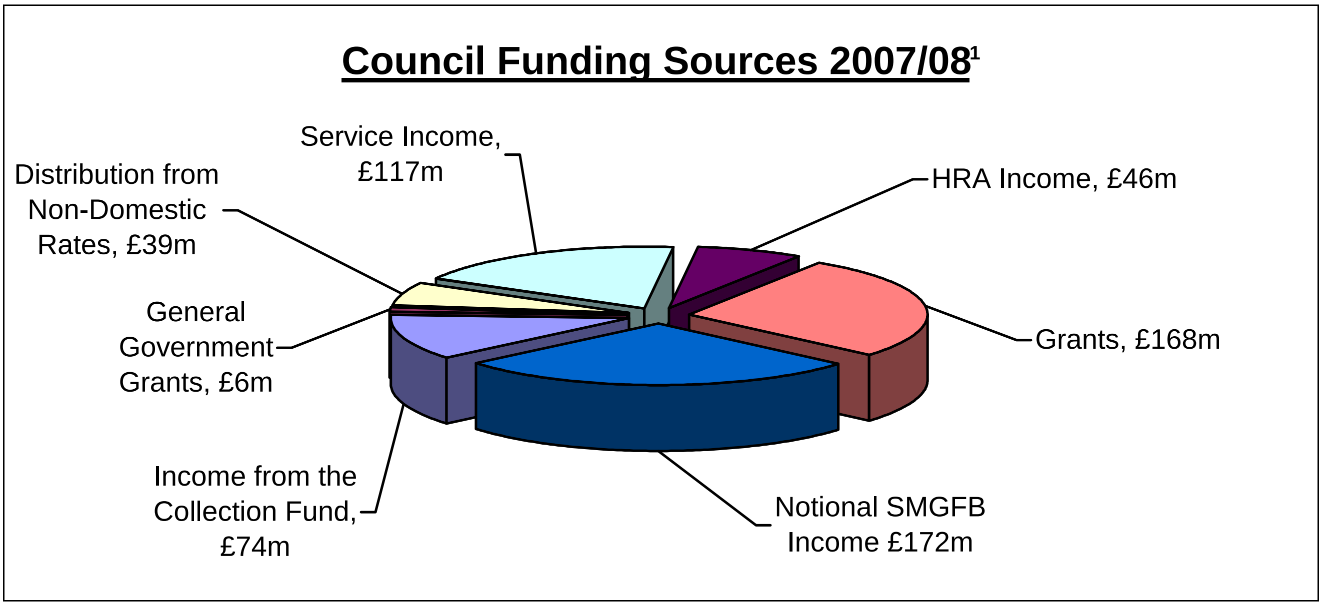
The following table provides more detail on the outturn position for each of the Council's Group Directorates. This presentation differs from the nationally prescribed format for the I&E Account on page 17, as it reflects the Council's local management structure. However, the total expenditure, and hence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

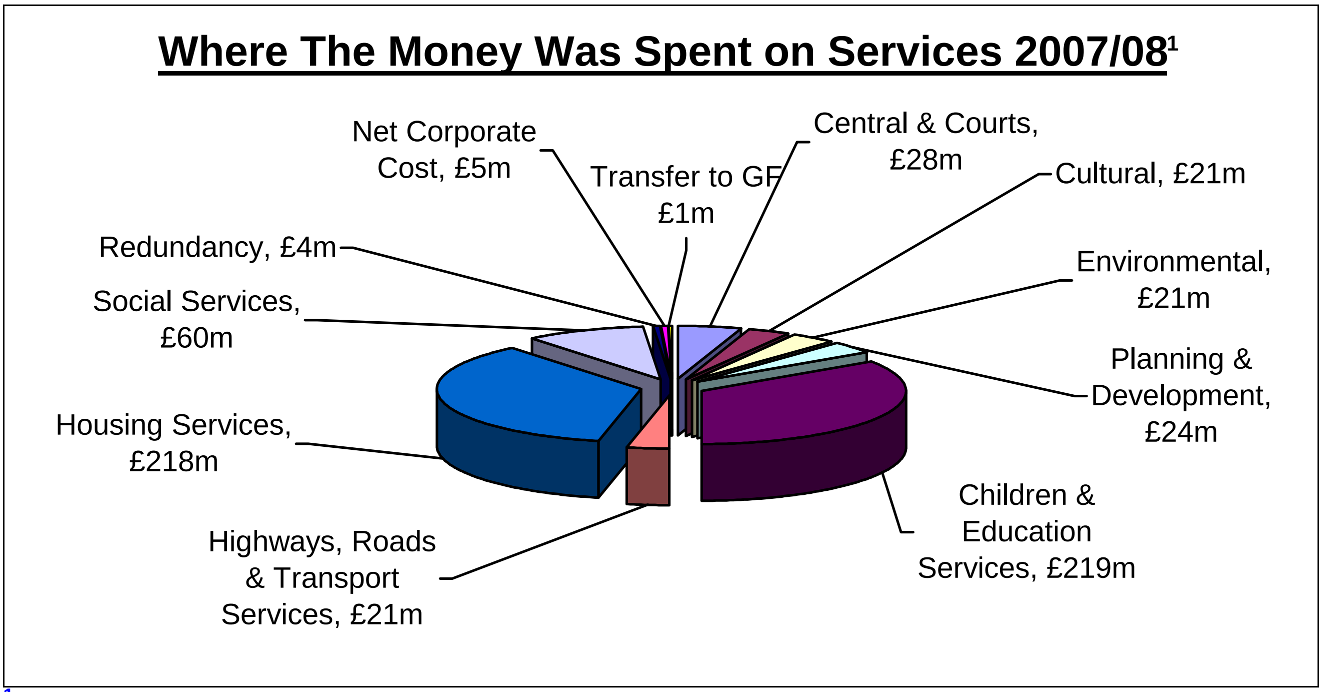
	Budget £000's	Actual £000's	Variance £000's
Children Services	21,650	21,644	(6)
Housing & Social Care	47,503	48,278	775
Environment & Regeneration	23,899	23,923	24
Business Transformation	15,707	15,246	(461)
Chief Executive & Corporate	(1,588)	(2,327)	(739)
Swindon Commercial Services	10,176	9,498	(678)
Contingencies	377	94	(283)
Net Cost of General Fund Services	**117,724**	**116,356**	**(1,368)**
Parish Precepts		1,742	
Net Corporate Income & Expenditure		3,180	
Net Capital, Reserves and other Appropriations Adjustments		168,713	
Net Operating Expenditure		**289,991**	
Income From The Collection Fund		(74,055)	
General Government Grants		(6,526)	
Distribution From Non-Domestic Rates (NDR)		(38,885)	
Net (Surplus)/Deficit For Year on the I&E		**170,525**	
Items Included In the Statement of General Fund Movement		(171,525)	
Net General Fund (Surplus) / Deficit For Year		**(1,000)**	

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

- Adult Social Care - £866k above budget, mainly due to higher costs of care packages for learning disabilities.
- Environmental - £396k emergency Leachate works on the Shaw Tip
- Corporate - Capital Financing costs £1,097k below budget, mainly due to lower than anticipated debt charges as a result of capital expenditure being below forecast.

The following charts analyse the main income sources to the Council in 2007/08, and the gross expenditure on services. Income sources include grants, HRA income, service fees and charges and net corporate income streams.





[1] Source: Income & Expenditure Account on page 17. Spend includes capital charges.

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 2007/08 budget drew down £830k of the estimated surplus accruing during the financial year 2006/07.

At the end of 2007/08, the Collection Fund had a net deficit of £538k, of which Swindon Borough Council's share is £454k (with the balance being due to be met by the Police and Fire Authorities). The 2008/09 budget contributes £749k to the Collection Fund based on the estimated deficit calculated in January 2008, which improved during the last three months of the financial year.

Financial Overview – The Housing Revenue Account (HRA)

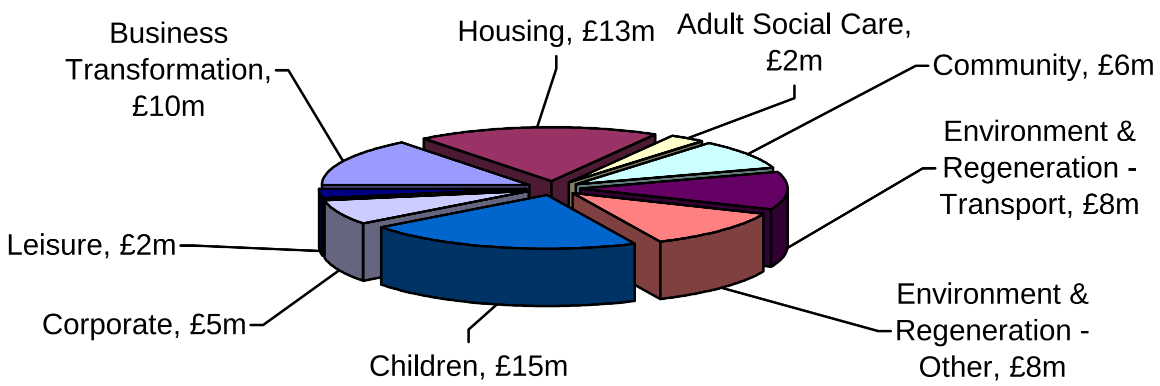
The HRA underspent by £32k in 2007/08 against the original budget of £44.0m, which resulted in a small increase in the level of HRA balances held at the 31st March 2008.

There were overspends in relation to capital financing costs but compensating savings were made in management costs and improved performance in relation to rent arrears collection, resulting in a positive financial impact.

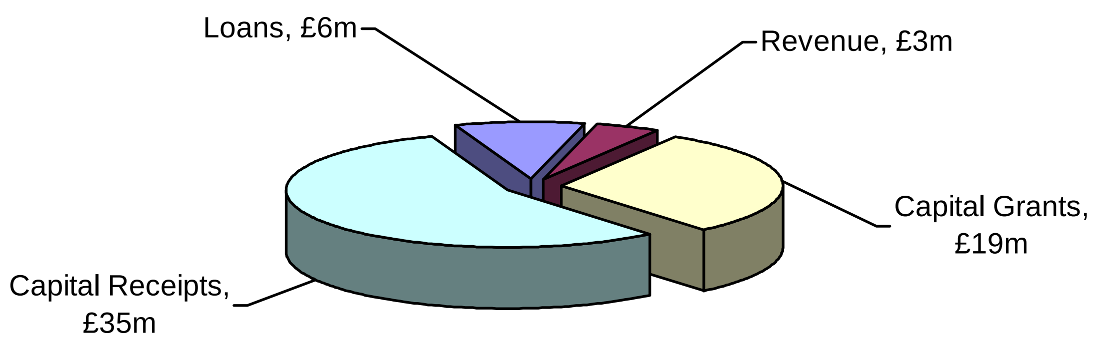
Financial Overview – Capital Income & Expenditure

During the year, the Council incurred capital expenditure of £68.529m. This expenditure is analysed in the chart below into key service areas of the Council.

Capital Expenditure by Council Directorate 2007/08



Capital Funding By Source 2007/08



Significant areas of capital expenditure in 2007/08 were on:

- Schools - £13m
- Transport - £7m
- Central Library - £3.368m
- Lydiard Park - £0.574m
- Residential Homes - £0.685m

Capital receipts financed more than half of the total capital expenditure, with income being received from disposals of properties on commercial estates. 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. Information on borrowing facilities can be found in note 25.

Financial Overview – Other Key Disclosures

- **Incremental Strategic Partnership**

2007/08 was the first full financial year of the Council's strategic partnership with Capita to improve customer services and help deliver key support functions. The partnership commenced on 1st February 2007 and involved the transfer of areas of Human Resources, Finance, Information Technology, Administration and Customer Services to the partner to provide integrated solutions for improved performance.

- **Southern Development Area**

Wichelstowe continues to progress through a collaboration agreement with Taylor Wimpey Developments. Two land transfers took place during 2007/08 to contribute towards offsetting the Council's liability for Primary Infrastructure Works, which is being cashflowed by Taylor Wimpey, although SBC is responsible for 83% of the costs.

- **Pension Liability**

The net pension liability as disclosed in the balance sheet, under FRS17 requirements, has seen a large decrease over the 2006/07 disclosures. The liability is reported as £83m (£114m for 2006/07), a decrease of £31m. This increase reflects changes in the financial assumptions underlying the liability, which have largely been offset by higher than expected returns on assets. More detail on the pension liability is contained within note 31.

- **Other Material Liabilities**

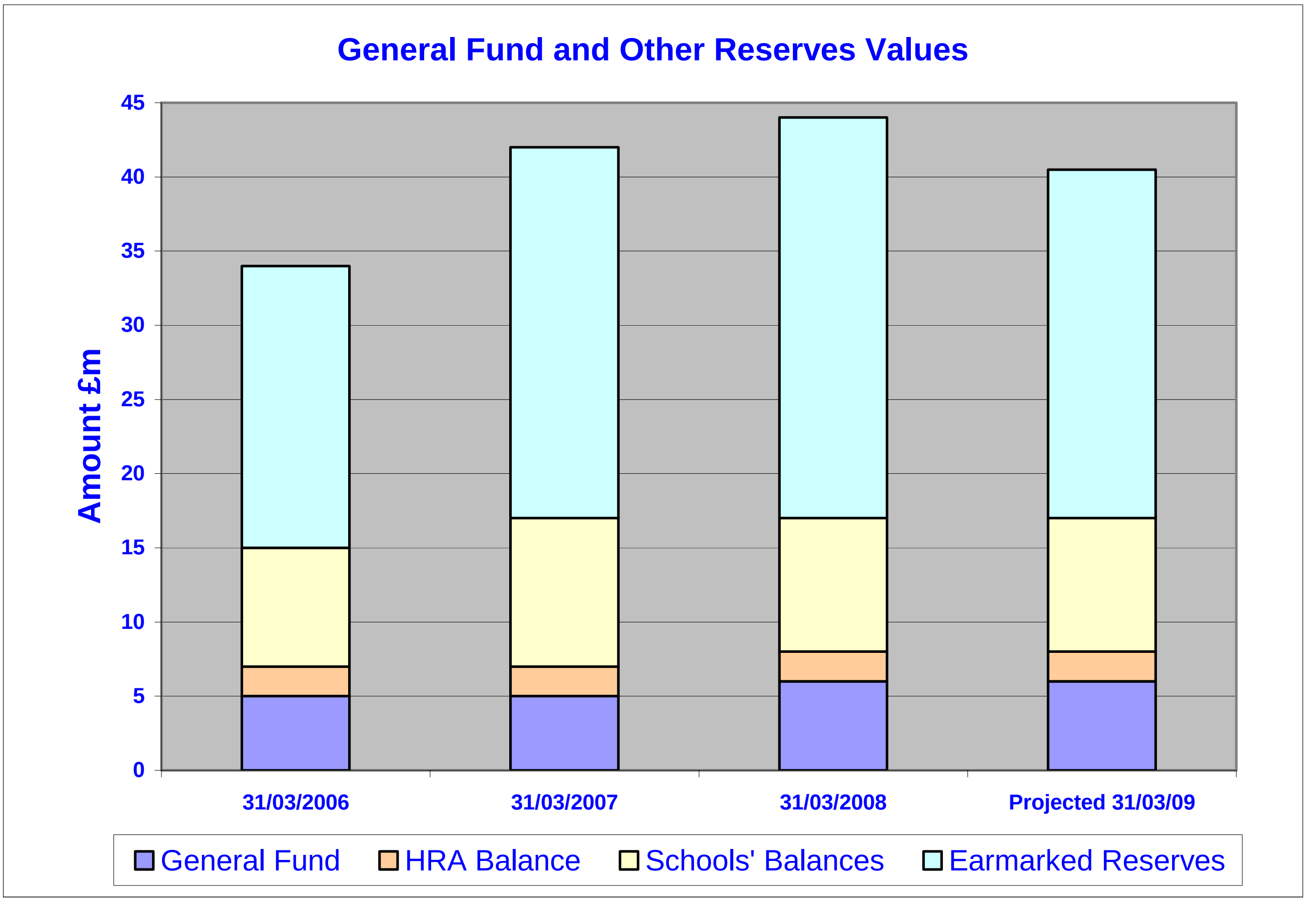
The Council incurred material cost in relation to redundancy payments of £3.9m. This was capitalised after approval from Department for Communities and Local Government and is detailed in note 1.

Financial Overview – Financial Outlook

- **Medium Term Resourcing Plan**

The Council's revenue position will be challenging in the coming years. The move from single year Central Government grant settlements to three year settlements is welcome in the sense that it has offered more certainty over future income levels. However, with considerable future cost pressures to address local and national priorities, set against grant increases below inflation, the Council will need to rely on significant efficiency savings to balance its annual budgets. A major Transformation programme has been initiated that is expected to provide a major platform for delivery of the required savings as well as driving service improvements.

The Council's balance sheet continues to be strong, with a healthy level of reserves as shown in the chart below and borrowing remaining at a lower level than that of many comparator authorities. It is expected that the level of earmarked reserves will fall during 2008/09 as the Council pump primes investment in its Transformation programme and in promoting its key objective of regenerating Swindon town centre.



The Council has approved a three year capital programme of £223m to 2010, of which £73m is Wichelstowe primary infrastructure, which will be funded primarily from capital receipts, section 106 deposits (developer contributions) and grants. Work has commenced on reviewing funding sources and investment priorities beyond 2010 to inform future capital programme allocations.

- **Audit Report**

The draft accounts have to be approved before the 30 June 2008, independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September 2008. The Council's auditors are now the Audit Commission, who took over from Grant Thornton (formerly Robson Rhodes) on 1 April 2007.

- **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 will be 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 2008 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 and Assets as at 1 April 2008.

Financial year 2007/08 was the third 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:

Type of Asset		Basis of Valuation
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)

Intangible Assets

Intangible assets, namely software licenses, are considered annually against capital materiality and the impact of non-inclusion on the balance sheet position. No intangible assets have been identified.

Valuation of Investments

Investments have been valued at fair value through profit or loss using bid-market price information supplied by SVC (Security Valuation Company Inc.) or supplemented by reputable sources when not available. Standard market conventions have been used to calculate accrued interest due on securities.

All realised and unrealised gains and losses, interest and other items of income and expense associated with financial assets and liabilities are taken to the Income and Expenditure Account.

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 its value has changed materially during the accounting period, the valuation is 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.

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.

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 following table summarises the estimated useful lives of the different asset classes:

Type of Asset		Useful Life
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

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 2007/08 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 2007/08, 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 deferred charges. Part of this was £3.9m 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

Under the Prudential Code, local authorities are required to charge to their revenue account a minimum revenue provision (MRP) for debt redemption based on 4% of the capital financing requirement. Revised regulations applicable to 2007-08 and subsequent years replaced this detailed calculation with a requirement that local authorities calculate an amount of MRP that they consider to be prudent.

Premiums and Discounts

The 2007 SORP introduced a change in accounting policy with regard to premiums and discounts whereby they were de-recognised and taken immediately to the Income and Expenditure account, other than where considered part of a debt restructuring exercise.

The regulations and statutory guidance allow (or in the case of discounts require) any premiums and discounts arising from 1 April 2007 that are required under the 2007 SORP to be taken immediately to the Income and Expenditure account to be amortised to Revenue over the various periods specified in the regulations/guidance or in the case of premiums such shorter period as the authority may choose.

Private Finance Initiative (PFI)

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 amounts 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.

Value Added Tax (VAT)

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.

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 the cost of labour, materials and other resources used, including the appropriate apportionment of indirect costs and overheads, but excluding any profit.

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.

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.

Unapplied Grants and Contributions Account

This account shows amounts received to support capital enhancements but which are not yet applied to assets. Once relevant assets are operational the contribution will be transferred to the government grants deferred account.

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 2007/08.

Prior Period Adjustments

In 2007/08 the prior year value of long-term creditors was restated and included in unapplied grants and contributions account. This value represented the balance of developer contributions received by the Council for Section 106 schemes. As these sums relate to capital projects it was considered that they should not be treated as creditor balances but as deferred grants. There has been no impact on the net position of the prior or current period, however current assets have increased by £24m as a result of the reclassification.

The HRA account for 2006/07 has been restated due to updating for changes in the statutory disclosure requirements prescribed by the SORP. This has not affected the HRA surplus or deficit for the year but merely changed how the income and expenditure has been reported.

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.

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.

Group Relationship

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport Limited (TTL), 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 polices 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.

Accruals and transactions between the group entities 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 Net Expenditure £'000	Continuing Operations	2007/08 Gross Expenditure £'000	2007/08 Income £'000	2007/08 Net Expenditure £'000	Note
2,228	Central Services to the Public	16,533	(14,172)	2,361	
4,287	Corporate & Democratic Core	7,167	(2,103)	5,064	
(3,616)	Non-Distributed Cost	4,094	(236)	3,858	
219	Court Services	207	0	207	
17,584	Cultural	21,217	(2,573)	18,644	
12,749	Environmental	21,183	(4,889)	16,294	
3,772	Planning & Development	24,049	(8,701)	15,348	
2,856	Children & Education	218,895	(172,334)	46,561	3,16
9,888	Highways, Roads & Transport	21,441	(9,938)	11,503	
5,288	Housing Services	217,766	(94,955)	122,811	
53,177	Social Services	59,599	(21,089)	38,510	
1,766	Redundancy Costs	3,908	0	3,908	1
110,198	**Net Cost Of Services**	**616,059**	**(330,990)**	**285,069**	
206	(Gain) / Loss on Disposal of Asset			0	
1,705	Precepts Paid to Local Precepting Authorities			1,742	
(1,593)	Dividends & Deficit / (Surplus) From Trading Accounts			(3,022)	4,24
7,130	Interest & Similar Charges Payable			8,673	
2,918	Contribution of Housing Capital Receipts to Pool			3,156	
(5,222)	Interest and Investment Income			(6,368)	
21,824	Pensions Interest Cost			24,177	31
(22,158)	Expected Return on Pensions Asset			(23,436)	31
115,008	**Net Operating Expenditure**			**289,991**	
(69,855)	Income From Collection Fund			(74,055)	
(7,190)	General Government Grant			(6,526)	
(37,247)	Distribution from NDR			(38,885)	
(114,292)	**Sub-Total Sources of Finance**			**(119,466)**	
716	**(Surplus) / Deficit For Year**			**170,525**	

The effect of changes in the SORP for the 2007/08 financial year in relation to the revaluation reserve and impairments can be clearly seen in the service costs in the I&E above, most notably for Housing services where impairments due to changes in general market conditions are also now reflected. The significant changes to expenditure between years due to impairments are compensated for in the increase to the Statement of Movement of the General Fund Balance, under the Depreciation and Impairment of Fixed Assets reversals.

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 that 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 GF, which is used for Council Tax purposes. The detail of the transactions follows.

	2006/07 £'000	2007/08 £'000
Net General Fund (Surplus) / Deficit For Year (from I&E a/c)	716	170,525
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)	(171,525)
(Increase) / Decrease in GF Balance for the year	0	**(1,000)**
General Fund Balance Brought Forward	(5,000)	(5,000)
General Fund Balance Carried Forward	**(5,000)**	**(6,000)**

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

	2006/07 £'000	2007/08 £'000	Note
Depreciation & Impairment of fixed assets	(15,519)	(167,752)	17a
Government grants deferred amortisation	1,772	2,167	
Transfer from Capital Receipts to Unapplied Grants	0	(4,759)	
Write down of deferred charges	(3,311)	(6,862)	
Reversing Profit / (Loss) on Disposal Of Assets	(206)	0	
Difference between SORP & statutory finance costs	0	(1,735)	
Net charges made for retirement benefits under FRS17	3,590	705	31
	(13,674)	**(178,236)**	

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

	2006/07 £'000	2007/08 £'000	Note
Minimum Revenue Provision for capital financing	1,992	2,402	2
Capital Expenditure Charged to the General Fund	1,906	3,241	
Housing Capital Pool contribution	(2,918)	(3,156)	
	980	**2,487**	

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

	2006/07 £'000	2007/08 £'000	Note
HRA balance movement	24	32	
Net transfer to / (from) all reserves (including MRR)	11,954	4,192	28f
	11,978	**4,224**	

Analysis of GF balance between schools and generally available balances:

	2006/07 £'000	2007/08 £'000
General Fund Balance	(5,000)	(5,000)
Schools Balances	(7,709)	(9,589)
Total General Fund & Schools' Balance 1st April	**(12,709)**	**(14,589)**
General Fund Movement	0	(1,000)
Schools Balances Movement	(1,881)	459
Total Net Surplus / Deficit for the year	**(1,881)**	**(541)**
General Fund Balance	(5,000)	(6,000)
Schools Balances	(9,590)	(9,130)
Total General Fund & Schools' Balance at 31st March	**(14,590)**	**(15,130)**

Statement of Total Recognised Gains & Losses

	2006/07 £'000	2007/08 £'000	Note
(Surplus) / Deficit on the I&E	716	170,525	
(Surplus) / Deficit arising from revaluation of fixed assets	(137,067)	(73,349)	17a
Pension actuarial (gains) / losses	5,571	(29,741)	31
Movement on the Collection Fund (gain) / loss	(703)	1,387	
Any other (gain) or loss	11,857	(10)	
Total Recognised (Gain) / Loss	**(119,626)**	**68,812**	

The Balance Sheet

	Restated 2006/07 £'000	2007/08 £'000	Note
Operational Fixed Assets	1,100,760	988,473	17
Non-Operational Fixed Assets	89,656	126,387	17
Long-term Investments	1,489	1,489	24a
Long-term Debtors	381	332	
Deferred premiums on the early repayment of borrowings	1,131	0	
Long-term Payments In Advance	9,938	9,803	
Total Long-term Assets	**1,203,355**	**1,126,484**	
Stocks & Work in Progress	4,236	1,842	20a
Debtors Less Provision for Bad Debts	24,852	36,181	20b
Payments in Advance	5,866	2,680	
Short-term Investments	53,096	98,064	24b
Cash	11,830	9,890	
Total Current Assets	**99,880**	**148,657**	
Creditors	(27,229)	(36,315)	20c
Long Term Borrowing repayable within one year	(8,095)	(17,270)	
Receipts in Advance	(9,431)	(11,410)	20d
Unapplied Grants & Contributions*	(26,517)	(34,607)	20e
Total Current Liabilities	**(71,272)**	**(99,602)**	
Net Current Assets	**28,608**	**49,055**	
Government Grants Deferred	(46,545)	(55,141)	20f
Long Term Creditors*	0	(23,285)	22
Provisions	(4,135)	(3,195)	27
Long-term Borrowing	(62,013)	(73,906)	25
Liability Related to Pension Scheme	(113,670)	(83,224)	
Total Long-term Liabilities	**(226,363)**	**(238,751)**	
TOTAL ASSETS LESS LIABILITIES (net assets)	**1,005,600**	**936,788**	23
Capital Adjustment Account	(1,060,333)	(921,108)	28c
Revaluation Reserve	0	(45,408)	28a
Usable Capital Receipts Reserve	(13,405)	(7,669)	28d
Financial Instruments Adjustment Account	0	1,735	28e
Pension Reserve	113,670	83,224	31
Major Repairs Reserve	(1,888)	(2,191)	40
Specific Reserves and Funds	(34,793)	(36,907)	28f
General Fund	(5,000)	(6,000)	
Housing Revenue Account Balance	(2,217)	(2,249)	
Collection Fund Balance	(849)	538	
Deferred Capital Receipts (Mortgages)	(174)	(142)	
Passenger Transport Realisation Account	(611)	(611)	
TOTAL FINANCING	**(1,005,600)**	**(936,788)**	23

*Long-term creditors of £24m were restated in 2006/07 to Unapplied Grants & Contributions.

The Cashflow Statement

		2006/07 £'000	2007/08 £'000	Note
Revenue Activities				
Outflows	Cash paid to and on behalf of employees	165,160	166,910	
	Housing Benefits	35,627	38,186	
	NNDR to National Pool	87,569	100,992	
	Precepts paid (Police Authority/Parishes)	14,091	15,139	
	Housing Pool Payments	2,918	3,156	
	Other operating costs	201,974	207,446	
Inflows	House Rents (net of benefits)	(17,411)	(17,936)	
	Other Housing Income	(5,434)	(6,390)	
	Council Tax Income	(69,740)	(73,226)	
	NNDR from National Pool	(37,248)	(38,885)	
	NNDR Receipts	(87,847)	(89,034)	
	Revenue Support Grant	(7,190)	(6,526)	
	Grant for benefits	(35,139)	(38,109)	
	Other Government Grants	(161,609)	(168,333)	36
	Cash received for goods and services	(69,064)	(83,711)	
	Other operating receipts	(20,179)	(16,511)	
Net cash (inflow)/outflow from revenue activities		**(3,522)**	**(6,832)**	
Dividends				
Inflows	Dividends received	(250)	(250)	
Returns on Investments and Servicing of Finance				
Outflows	Interest paid	7,130	8,673	
Inflows	Interest received	(5,222)	(6,368)	
Capital Activities				
Outflows	Purchase of fixed assets	51,213	56,867	
Inflows	Sales of fixed assets	(36,133)	(59,872)	
	Capital Grants received	(9,168)	(12,511)	
	Developers' deposits (Sec 106)	(4,857)	(1,320)	
Net cash (inflow)/outflow before financing		**(809)**	**(21,613)**	
Management of Liquid Resources				
Outflows	Net (decrease) / increase in liquid resources	6,159	43,808	35
Financing				
Outflows	Repayment of amounts borrowed	2,898	15,095	
Inflows	New loans	(11,877)	(35,350)	
(Increase) / Reduction in cash and cash equivalents		**(3,629)**	**1,940**	

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 £3.908m in relation to statutory redundancy payments and contributions to the Authority pension fund for costs incurred during 2007/08. This treatment was formally approved on the 31st January 2008.

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. For 2007/08 this amounted to £2.402m (£1.992m in 2006/07).

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 total payment of £10m in 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 of these two trading services and includes depreciation charges. Reserve movements for the trading services are shown within the Statement of Movement on the General Fund Balance. The dividend received from Thamesdown Transport is also included in this income & expenditure account balance.

		2006/07 £'000	2007/08 £'000
Swindon Commercial Services	Income	(39,846)	(51,786)
	Expenditure	38,852	49,683
	(Surplus) / Deficit	**(994)**	**(2,103)**
Recreation Services	Income	(10,198)	(10,649)
	Expenditure	9,849	9,980
	(Surplus) / Deficit	**(349)**	**(669)**
Net (Surplus) / Deficit to Income and Expenditure Account		**(1,343)**	**(2,772)**
Dividends Received		(250)	(250)
Net Disclosed in the I&E		**(1,593)**	**(3,022)**

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 2007/08, the Council spent £1.466m (£1.265m in 2006/07) on publicity. This relates to recruitment advertising (£0.411m), promotional advertising (£0.392m), public notices (£0.044m) and the remainder on the public relations teams and schools' publicity.

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 9 to 16 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.

<u>Schedule of Charges</u>
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 2007 to 31 March 2008.

<u>Building Regulations Chargeable Account</u>
The following account includes only the fee earning work of the service:

	2006/07 £'000	2007/08 £'000
Direct and Indirect Expenditure	488	528
Building Regulation Fee Income	(450)	(461)
Net Deficit / (Surplus)	**38**	**67**

Building Control Statement

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

	2006/07 £'000	2007/08 £'000
Direct Expenditure		
Employee Costs	381	396
Transport Costs	20	20
Supplies and Services	73	18
Indirect Expenditure		
Departmental Management Costs and Support Services	84	57
Premises Costs and Other Support Services	78	97
Total Expenditure	**636**	**588**
Income		
Building Regulation Fees	(450)	(458)
Other Income	(15)	(10)
Total Income	**(465)**	**(468)**
Total Net Expenditure	**171**	**120**

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 £5.333m 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 (£5.491m in 2006/07). The Council also received £2.180 million for the provision of other health services. Agency arrangements for non-Social Services services incurred costs of £0.064m and income of £0.022m.

Note 8 : Business Improvement Districts (BIDs)

The local business community voted on BID status in 2006/07 and as a result a BID scheme became operational in 2007/08. The Council collects a BID levy from business ratepayers on behalf of the BID Company.

	2007/08 £'000
BID levy income	**(350)**
Costs of collecting levy	13
Council expenditure on providing services	138
Payment for services provided by other parties	239
Increased provision for bad debts	0
Total expenditure	**390**
(Surplus) / Deficit for the year	**40**
(Surplus) / Deficit brought forward	0
(Surplus) / Deficit carried forward	**40**

Note 9 : Goods & Services Act

The Council received income of £1.099m in 2007/08 (£0.297m in 2006/07) in respect of services provided to other local authorities and bodies under the Local Government (Goods and Services) Act 1970. The related expenditure was £1.084m (£0.288m in 2006/07).

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) and for Learning Disabilities Short Breaks. 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.)

	2006/07	2007/08
Swindon Primary Care Trust	**£'000**	**£'000**
Gross Expenditure	25,166	28,595
Gross Income (including SBC contribution)	25,166	28,594
Swindon Borough Council's Contribution	5,503	5,764
	2006/07	**2007/08**
Swindon Community Equipment Stores	**£'000**	**£'000**
Gross Expenditure	833	1,039
Gross Income (including SBC contribution)	833	1,039
Swindon Borough Council's Contribution	560	460
	2006/07	**2007/08**
LD Short Breaks	**£'000**	**£'000**
Gross Expenditure	0	255
Gross Income (including SBC contribution)	0	255
Swindon Borough Council's Contribution	0	92

Note 11 : Local Area Agreement (LAA)

Swindon Borough Council is the lead authority for a LAA. Under the banner of "The UK's Best Business Location" the Authority has been increasing partnership working, creating sustainable communities and contributing to equality, inclusion and citizenship. The four main target areas are as below, with some of the individual targets listed:

1) Economic Development & Enterprise
    a. Develop the local workforce
    b. Establish Swindon as a national destination for cultural events

2) Children & Young People
    a. Increase the number of 16-19 year olds engaged in training, education or employment
    b. Increase the number of children who are safe from maltreatment

3) Safer and Stronger Communities
   a. Reduce crime and the fear of crime
   b. Make our public spaces greener, cleaner and safer

4) Healthy Communities & Older People
   a. We will reduce health inequalities in the Borough
   b. We will encourage older disabled people and their carers to maintain their independence

A partnership board that consists of senior representatives from the following bodies oversees the LAA. The Leader of the Council chairs it.

Swindon Borough Council	Swindon & Marlborough NHS Trust
Swindon Police	Learning & Skills Council
Swindon PCT	Glos. Wilts. & Swindon Job Centre Plus
Wiltshire Fire Brigade	The Voluntary & Community Sector
The Business Sector	Government Office of the South West

The funding streams of the LAA for 2007/08 were £2.595m of revenue and £0.250m of capital, making a total LAA grant determination stream of £2.845m.

Note 12 : Remuneration of Members

The Council paid out £607,722 in Members Allowances during 2007/08 (£580,904 in 2006/07).

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 Services, Swindon Borough Council, Civic Offices, Euclid Street, Swindon, SN1 2JH

Note 13 : 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	2007/08 Number of employees
50,000	to	60,000	55	94
60,001	to	70,000	16	24
70,001	to	80,000	6	6
80,001	to	90,000	7	9
90,001	to	100,000	6	9
100,001	to	110,000	2	5
110,001	to	120,000	0	1
120,001	to	130,000	0	1
130,001	to	140,000	3	0
140,001	to	150,000	0	1
150,001	to	160,000	0	1
160,001	to	170,000	1	1
170,001	to	180,000	0	1
190,001	to	200,000	0	1

Note 14 : 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 and a number of other senior posts are joint appointments to both organisations. 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. Further information on Members' interests can be found on the Council's website www.swindon.gov.uk.

Note 15 : Audit Fees

During the financial year 2007/08, the Council spent a total of £0.410m 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 continuing improvement under the Government's Corporate Performance Assessment.

	2006/07 £'000	2007/08 £'000
Statutory Audit of the Accounts	270	340
Audit of Grant Claims	95	70
Inspection Fees	122	0
Total Fees Paid	**487**	**410**

Note 16 : 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 under-spends 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.

	Net Total 2006/07 £'000	Central Expenditure 2007/08 £'000	Schools Budgets 2007/08 £'000	Total 2007/08 £'000
DSG Receivable for the year	99,650	12,595	90,665	103,260
Actual expenditure for the year	99,599	11,971	90,583	102,554
(Over) / Underspend for the year	**51**	**624**	**82**	**706**
Supplementary Council Funding / Schools'	0	0	0	0
(Over) / Underspend from prior year	0	51	0	51
(Over) / Underspend carried forward to	**51**	**675**	**82**	**757**

Notes mainly relating to the Balance Sheet

Note 17 : 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	Com-munity Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
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)
Value at 31/3/07	**542,755**	**491,125**	**41,605**	**6,553**	**18,722**	**1,100,760**
Adjustment	0	0	0	0	0	0
Reclassification	0	(30,477)	28	7	0	(30,442)
Revaluations	1,957	42,571	0	0	0	44,528
Additions	13,273	13,972	8,333	11,527	3,942	51,047
Disposals	(4,731)	(13,772)	0	(3)	0	(18,506)
Depreciation	(4,691)	(9,240)	(2,958)	(4,580)	0	(21,469)
Impairment	(125,625)	(12,773)	0	0	0	(138,398)
PFI		953				953
Value at 31/3/08	**422,938**	**482,359**	**47,008**	**13,504**	**22,664**	**988,473**
Gross Value	456,578	527,675	60,840	29,905	22,664	1,097,662
Depreciation	(33,640)	(45,316)	(13,832)	(16,401)	0	(109,189)

	Non-Operational Assets			
	Investment Properties	Surplus Assets Held for Disposal	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Gross Value	64,995	12,855	11,809	89,659
Depreciation	(3)	0	0	(3)
Value at 31/3/07	**64,992**	**12,855**	**11,809**	**89,656**
Adjustment	0	0	(1,938)	**(1,938)**
Reclassification	31,499	4,516	(5,573)	**30,442**
Revaluations	28,367	454	0	**28,821**
Additions	1,147	0	32,693	**33,840**
Disposals	(33,655)	(8,118)	0	**(41,773)**
Depreciation	0	0	0	**0**
Impairment	(9,061)	(3,600)	0	**(12,661)**
PFI				**0**
Value at 31/3/08	**83,289**	**6,107**	**36,991**	**126,387**
Gross Value	86,286	6,107	36,991	**129,384**
Depreciation	(2,997)	0	0	**(2,997)**

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

	2007/08 £'000	2007/08 £'000
Dwellings	13,273	
Cultural (Libraries, Museums, Arts Centres)	3,558	
Wyvern Theatre	1,448	
Leisure Facilities and Amenities	1,372	
Social Services Homes	1,297	
Schools	12,208	
Other Operational Assets	1,276	
Operational Assets:		**34,432**
Highways & Bridges etc.	10,828	
Feasibility Studies	28	
Wichelstowe Project - Infrastructure	542	
Environmental Assets:		**11,398**
Computer Systems & Equipment	8,445	
Vehicles, Refuse Bins & Plant	2,900	
Passenger Information System	20	
Vehicles Plant & Equipment:		**11,365**
Open Spaces including Lydiard Park	994	
Cemeteries	32	
Open Spaces:		**1,026**
Borough Farms etc.	43	
Capitalised Repairs	1,918	
Other Expenditure:		**1,961**
Capitalisation Directive	3,908	
Improvement Grants DFG	1,210	
North Swindon District Centre Building Improvements	595	
Looked After Children Resource Centre	640	
Schools (not SBC owned)	752	
Other Deferred Charges	1,242	
Deferred Charges:		**8,347**
Total Spending		**68,529**
Expenditure Financed by:		
Loans		5,549
Capital Receipts		34,744
Government Grants		18,863
Revenue		3,241
Other		301
Movement in Accruals		5,831
Total Financing		**68,529**

c) Reconciliation of Capital Expenditure (note 17b) to Fixed Asset Additions (note 17a)

	£'000 2006/07	£'000 2007/08
Total Capital Expenditure in (17b)	**50,946**	**68,529**
Less:		
Non-enhancing expenditure	(12,363)	0
Expenditure on Deferred Charges	(4,441)	(7,992)
Add:		
Expenditure on assets valued at historic cost Financed by Developers' Section 106 contributions	924	1,320
Wichelstowe Assets Under Construction Creditor	0	23,285
Housing & Swindon Commercial Services Acquisition (mainly vehicles)	112	159
Total Additions at Historic Cost (17a)	**35,178**	**85,301**

Note 18 : Significant Commitments Under Capital Contracts

The Council has committed expenditure of approximately £12.697m 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 19 : 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 £943,045. The total cumulative operating leases payments remaining to be paid amount to £2.651m, (£2.591m as at 31/03/2007).

The table below shows the committed payments on leases, split between those leases where the commitment to pay ends in 2008/09 and those where the lease continues into the following 2-5 years. All leases relate to non-property and are mainly vehicle related.

Period	In 1 year	In 2-5 years	Over 5 Years	Total
Lease Amount Payable at 31/3/07	£287,944	£642,476	0	£930,420
Lease Amount Payable at 31/3/08	£12,588	£789,540	0	£802,128

Finance Leases - The authority has acquired equipment historically, principally photocopiers, under finance leases. The amount paid over 119 separate finance leases in 2006/007 was £0.229m whilst in 2007/08 these machines were phased out as part of the introduction of multi-functional devices. The individual sums involved remain 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 20 : Current Assets & Liabilities

a) Stocks & Work in Progress

Stocks and work in progress relate to the following services:

	31/03/07 £'000	31/03/08 £'000
Leisure Sites	196	208
Swindon Commercial Services Stores	802	1,017
Other	347	381
Total Stocks	**1,345**	**1,606**
Swindon Commercial Services	2,771	4,251
Other Repairs & Maintenance	120	43
Total Work in Progress	**2,891**	**236**
Net Total Stocks & Work in Progress	**4,236**	**1,842**

b) Debtors

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

	31/03/07 £'000	31/03/08 £'000
Car Loans	330	350
Collection Fund Court Fees	872	356
Government Subsidy	2,267	6,934
Housing Tenants	1,026	1,059
Commercial Property Income	141	140
Council Tax Arrears	7,750	6,314
NNDR Arrears	1,128	703
Treasury Amounts Owed from Investment Fund Managers	9,201	0
Amounts invoiced for by the financial system but not yet received	3,040	3,972
Sundry Debtors raised by service departments (including Wichelstowe)	6,740	23,943
Landfill Allowance Trading Scheme	1,326	0
	33,821	**43,771**
Less Provision for Bad Debt*	(8,969)	(7,590)
	24,852	**36,181**

* The Council has made bad debt provisions for £7.589m (£8.969m in 2006/07). 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 £'000	31/03/08 £'000
Landfill Allowance Trading Scheme	799	0
Government Subsidy	467	848
Bonds	1,520	994
Invoiced amounts on the financial system due for payment	8,404	8,498
Other Public Bodies	1,240	2,031
Capital Creditors	2,453	8,265
Sundry Creditors raised by service departments	12,346	15,679
	27,229	**36,315**

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.

	31/03/07 £'000	31/03/08 £'000
Income received in advance by Services	9,431	11,410

e) Unapplied Grants & Contributions

These balances represent income that has been deferred until the capital assets, which are being funded by it, are operational. At that trigger point it will be written out to the Government Grants Deferred Account.

	31/03/07 £'000	31/03/08 £'000
Developer Contributions	24,288	27,618
Other Unapplied Grants & Contributions	2,229	6,989
	26,517	**34,607**

f) Government Grants Deferred

The government grants deferred account holds 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, in line with depreciation of the asset they financed.

	2006/07 £'000	2007/08 £'000
Balance at 1 April	**39,113**	**46,545**
Expenditure financed by Central Government Grants	9,456	12,510
Expenditure financed by Developers Contributions	924	1,321
Capital Grants to fund Deferred Charges Expenditure	(1,176)	(3,068)
Write-down to Net Cost of Services	(1,772)	(2,167)
Balance at 31 March	**46,545**	**55,141**

Note 21 : 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 municipal waste 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, previously confirmed by DEFRA. For 2007/08 no official valuation has been received and significant trading has not taken place. The value of these allowances to the Authority has therefore been taken as nil.

	2006/07 £'000	2007/08 £'000
Allowance for year	1,017	0
Allowances used in year	(799)	0
Allowances Transferred to Reserve	218	0
Allowances Written out of Reserve	0	(527)
Balance at 31 March	**527**	**0**

Note 22 : Long Term Creditors

In line with SORP clarifications 2006/07 long-term creditors have been reviewed and developer contributions moved to the unapplied grants and contributions account. The long-term creditor that shows in 2007/08 relates to the Wichelstowe Development, and the amounts that the Authority will accumulate in payments to the developer whilst they are cashflowing the project. The sums payable are supported in the accounts by a capital debtor that will be due on sale of land being used in the development.

	2006/07 £'000	2007/08 £'000
Balance at 1 April	0	0
Movement in year	0	23,285
Balance at 31 March	**0**	**23,285**

Note 23 : 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 £'000	2007/08 £'000
General Fund	441,793	495,353
Housing Revenue Account	550,060	428,890
Trading Undertakings	13,747	12,545
Net Assets	**1,005,600**	**936,788**

Note 24 : 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 2008 were £4.292m (£3.391m at 31 March 2007). 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 £'000	2007/08 £'000
Profit before taxation	442	495
Tax Adjustment	(36)	128
Profit after taxation	**406**	**623**

A dividend of £250,000 was declared and paid for the year ended 31 March 2008.

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 £'000	31/03/08 £'000
Dated Government Securities	23	23
Investments fixed for less than one year	31,073	75,280
Externally Managed Funds	22,000	22,761
	53,096	**98,064**

Note 25 : Long Term Borrowing

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

	Range of Interest Payable	31/03/07 £'000	31/03/08 £'000
Public Works Loans Board & Co-Op	2.5% to 8.75%	70,108	91,176
Less amounts repayable within 1 year shown as a current liability		(8,095)	(17,270)
		62,013	**73,906**

An analysis of long-term loans by redemption is:

	31/03/07 £'000	31/03/08 £'000
Redemption in 1 - 2 years	8,887	857
Redemption in 2 - 5 years	25,187	29,140
Redemption in 5 - 10 years	11,050	20,021
Redemption in more than 10 years	16,889	23,888
	62,013	**73,906**

Note 26 : Financial Instruments

a) Financial Liabilities

The fair value of the financial liabilities within the PWLB portfolio is £93,760,993.64 as at 31 March 2008. This has been calculated by reference to the premature repayment set of rates in force on that day.

It is a requirement that the carrying amounts of each of the following categories are disclosed:

Category	Value £'000
Loans and receivables	75,280
Available for sale financial assets	Nil
Unquoted equity investment at cost	Nil
Financial assets at fair value through profit or loss (if any)	22,761
Financial liabilities at amortised cost	85,827
Financial liabilities at fair value through profit or loss (if any)	Nil

The authority has reclassified its investments at Fair Value through profit or loss rather than at amortised cost.

b) Risk Exposure

The authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash and has adopted the CIPFA Code of Practice and suitable Treasury Management Practices.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently, with a minimum score of AAA for money market funds and F1+ for banks/building societies.

The authority has a policy of not lending more than £10m of its surplus balances to a single institution, and a maximum of £40m to fund managers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The following analysis summarises the authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	31 March 2008	Historical Experience of Default	Historical Experience adjusted for market conditions at 31 March 2008	Estimated maximum exposure to default and uncollectibility
	£'000's	%	%	£'000's
Deposits with banks and financial institutions	96,881	Nil	Nil	Nil
Customers	3,627	25%	8%	299

No credit limits were exceeded during the reporting period

The authority does not generally allow credit for customers, such that all of the £3.627m balance is past its due date for payment. The past due amount can be analysed as follows:

Category	Value £'000
Less than 3 months	3,353
3 to 6 months	10
6 months to 1 year	33
> 1 year	231
Total	3,627

Liquidity Risk

As the authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of loans are due to mature within 12 months and no more than 50% within 2-5 years through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

Interest Rate Risk

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance £ for £. Movements in the fair value of fixed rate investments will be reflected in the STRGL.

The authority has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 45% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2008, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

Category	Value £000
Increase in interest payable on variable rate borrowings	53
Increase in interest receivable on variable rate investments	(141)
Increase in government grant receivable for financing costs	0
Impact on Income and Expenditure Account	(88)
Share of overall impact debited to the HRA	8
Decrease in fair value of fixed rate investment assets	(98)
Impact on STRGL	98
Decrease in fair value of fixed rate borrowings liabilities (no impact on I&E Account or STRGL)	(850)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The authority does not generally invest in equity shares but does have investments in Certificate of Deposits to the value of £22,687,800. The authority is consequently exposed to losses arising from movements in the prices of these securities. The maximum limit for one fund manager is £40m.

Foreign Exchange Risk

The authority has no financial assets or a liability denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 27 : Provisions

The most significant provision relates to insurance. The provision is in respect of employers and public liability claims where incidents 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	2007/08 £'000
Insurance Provision for Earlier Years Claims:		
Balance at 1 April	1,864	2,289
Plus Contribution from Revenue	1,200	493
Less Claims settled for previous years	(775)	(700)
Balance at 31 March	2,289	2,082
Miscellaneous Provisions:		
Balance at 1 April	1,367	1,846
Plus Contribution from Revenue	479	839
Less amounts paid / provisions closed during the financial year	0	(1,572)
Balance at 31 March	1,846	1,113
Total Provisions as at 31 March	**4,135**	**3,195**

Note 28 : Movements in Financing & Reserves

a) Revaluation Reserve

The Balance Sheet figures for 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £865.771m on the FARA at 31 March 2007 has been written off to the Capital Financing Account (£194.562m credit balance) to form the new Capital Adjustment Account with a balance of £1,060.333m. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31 March 2008 therefore only shows revaluation gains accumulated since 1 April 2007.

		2006/07 £'000	2007/08 £'000
	Balance at 1 April	**0**	**0**
Add:	Asset Revaluation - General Fund	0	71,222
	Asset Revaluation - Housing Revenue Account	0	2,127
		0	73,349
Less:	Depreciation on Revalued Assets	0	(917)
	Writing out value of disposals - HRA	0	(1,957)
	Writing out value of disposals - General Fund	0	(25,067)
	Balance at 31 March	**0**	**45,408**

b) Fixed Asset Restatement Account

The transactions in this account reflect the disposal and revaluation of the Council's fixed assets and the balance was transferred to the Capital Adjustment Account at 31 March 2007.

		2006/07 £'000	2007/08 £'000
	Balance at 1 April	**763,197**	**0**
Add:	Asset Revaluation - General Fund	46,892	0

	- Housing Revenue Account	102,379	0
		912,468	**0**
Less:	Expenditure during year	(12,204)	0
	Writing out value of Council Houses sold	(4,147)	0
	Writing out value of vehicle disposals	(11)	0
	Writing out value of land sales	(30,335)	0
	Transfer FARA Balance to CFA / CAA	(865,771)	0
	Balance at 31 March	**0**	**0**

c) Capital Adjustment Account (CAA)

The CAA is the combination of the 2006/07 closing balances on the Fixed Asset Restatement Account and Capital Financing Account (CFA). It is debited with the historic cost of acquiring; creating or enhancing fixed assets, over the life of those assets.

It is also debited with the historic cost of deferred charges (capital expenditure as defined by statute that does not result in the acquisition, creation or enhancement of fixed assets), over the period that the authority benefits from the expenditure. It is credited with resources set aside to finance capital expenditure.

		2006/07 £'000	2007/08 £'000
Balance at 1 April (06/07 = CFA)		**185,207**	**1,060,333**
Funding of expenditure:	- General Fund	23,868	33,303
	- HRA	10,596	11,799
Minimum Revenue Provision			2,402
Depreciation in year:	- General Fund	(13,329)	(16,693)
	- HRA	(3,431)	(4,776)
Depreciation written out on disposal:	- General Fund	0	900
	- HRA	0	17
Set-aside receipts used in debt redemption:	- General Fund	7,686	22,606
	- HRA	0	0
Release of Government Grants Deferred		1,772	2,167
Deferred Charges:	- Written down	(15)	(9)
	- Expenditure in year	(3,311)	(6,862)
	- Movement on provisions	0	109
Impairment	- General Fund		(25,206)
	- HRA	(2,350)	(126,681)
Writing out value of disposals	- General Fund	0	(30,449)
	- HRA	0	(2,803)
WCC Write-down		(11,877)	0
PFI		(254)	951
Transfer of FARA Balance		865,771	0
Balance at 31 March		**1,060,333**	**921,108**

d) 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 £'000	2007/08 £'000
	Balance at 1 April	**13,429**	**13,405**
Add:	Receipts from sales of assets, etc.	34,404	59,872
	Contributions from Revenue	0	432
	Interest on Balances etc.	(252)	200
		47,581	**73,909**
Less: *	Utilised to finance capital outlay (receipts)	(23,468)	(35,707)
	Used in capital financing requirement (General Fund)	(7,686)	(22,606)
	Housing Pooling Payments	(2,918)	(3,156)
	Right to Buy Costs	(104)	(12)
	Transfer to Grants Unapplied Account	0	(4,759)
	Balance at 31 March	**13,405**	**7,669**

* 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.

e) Financial Instrument Adjustment Account (FIAA)

The FIAA is a new account that holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

		2006/07 £'000	2007/08 £'000
	Balance at 1 April	**0**	**0**
Add:	Transfer from HRA	0	962
	Transfer from General Fund	0	773
		0	**1,735**
Less			
		0	0
		0	0
	Balance at 31 March	**0**	**1,735**

f) Earmarked Reserves

These reserves are the reserves that the Council has created in response to specific areas of future funding requirements. The Council continually reviews its earmarked reserves and these are agreed by Members and reflect the risks set out in its Medium Term Resourcing Plan and the Corporate Risk Register. 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 representing key risks and priorities 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 earmarked reserves have been increased / (decreased) from, but do not constitute all reserves movements to / from within the balance sheet.

	2007 Balance 1st April	Transfers (To) / From Revenue	Balance Sheet	2008 Balance 31st March
	£	£	£	£
School's Rollovers	9,589	(459)	0	9,130
School's Block Reserves	269	433	0	702
HRA Balances / Specific Reserves / Funds	1,127	1,724	0	2,851
Insurance Self Fund	2,087	901	0	2,988
Kent Contract	936	(709)	(227)	0
Section 38 Agreements	1,284	(30)	0	1,254
Capita Invest to Save	1,000	0	0	1,000
Loss of Rent Provision	142	(142)	0	0
Commuted Sums	520	47	(104)	463
Carry Forwards	617	0	(617)	0
Fund Planning Reserves	468	0	(38)	430
Housing General Fund Reserves	518	(132)	0	386
Repairs and Renewals Funds	1,085	415	(39)	1,461
Other Environment and Leisure Reserves	513	(128)	(159)	226
PFI Equalisation Reserve	8,448	(1,501)	0	6,947
Job Evaluation Scheme	204	896	(800)	300
Improvement Grant Reserve	239	14	(58)	195
Winter Maintenance Reserve	249	0	0	249
Social Services Grants and Joint Funding	59	0	(59)	0
LAA	579	(118)	0	461
Other Reserves	1,409	(646)	(197)	566
Cash Flowing MTRP Reserve	1,000	0	0	1,000
Regeneration Reserve	1,051	1,036	(310)	1,777
Transformation and Integration Reserve	1,400	(333)	904	1,971
Cashflowing Severance Costs	0	0	1,250	1,250
Cashflowing Energy Increases	0	0	500	500
Single Status Reserve	0	0	800	800
	34,793	**1,268**	**846**	**36,907**

Note 29 : Contingent Liabilities / Assets

Single 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.

The Council is also aware of a number of equal pay claims that are undergoing due legal process. It is not known at this stage what the financial implication of these claims will be.

Note 30 : Post Balance Sheet Events

The Council has no post balance sheet events to disclose.

Note 31 : 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 2007/08 the Council paid £5.944m (£5.591m in 2006/07) in contributions, equivalent to 14.1% of total pensionable pay. In 2007/08, the Council also paid additional sums in respect of added years awarded to former employees amounting to £422,342 (£172,476 in 2006/07).

Local Government Pension Scheme

In 2007/08, the Council paid an employer's contribution of £9.449m (£9.456m in 2006/07) into Wiltshire County Council's Pension Fund, which provides participants with defined benefits relating to pay and service. This represented 13.6% 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 2007. 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). Though a significant liability, the Council can meet the proportion applicable.

In addition, the Council is responsible for all pension payments relating to added-years' benefits it has awarded, together with the related increases. In 2007/08 these amounted to £717,981 (£801,715 in 2006/07). The capitalised cost of the enhanced pension costs awarded during 2007/08 amounts to £31,022 (£347,000 in 2006/07) and for those awarded in previous years the equivalent capitalised cost is £12.080m (£11.702m in 2006/07).

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 2007 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 as at 31 March 2007
- The main financial assumptions on which the statements are based are set out in the following table:

Assumptions as at 31 March	**2007 % per annum**	**2008 % per annum**
Price Increases	3.2	3.6
Salary Increases	4.7	5.1
Pension Increases	3.2	3.6
Discount Rate	5.4	6.9
Commuted sum proportion	25.0	25.0

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

Assets	**Long Term Return %pa 31 March 2007**	**Long Term Return %pa 31 March 2008**	**Fund Value at 31 March 2007**	**Fund Value at 31 March 2008**	**% Of Fund 2006/07**	**% Of Fund 2007/08**
	%	**%**	**£'000**	**£'000**	**%**	**%**
Equities	7.8	7.7	230,300	207,721	69	65
Bonds	4.9	5.7	62,329	56,549	19	18
Property	5.8	5.7	32,332	34,434	10	11
Cash	4.9	4.8	6,771	18,056	2	6
Total	7.0	7.0	**331,732**	**316,760**	**100**	**100**

- 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 2008**
	£'000	**£'000**
Estimated Employer Assets	331,732	316,760
Present Value of Scheme Liabilities	(445,402)	(399,984)
Net Pension Asset / (Liability)	**(113,670)**	**(83,224)**

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

History of Experience Gains & Losses	**31 March 2007**	**31 March 2008**
	£'000	**£'000**
Difference between expected and actual return on assets	(5,277)	(40,816)
Total present value of liabilities	445,402	399,984
Percentage of the total present value of liability	**(1.18%)**	**(10.30%)**
Experience gains and (losses) on liabilities	(21,386)	6,173
Total present value of liabilities	445,402	399,984
Percentage of the total present value of liability	**(4.8%)**	**1.54%**

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

	2006/07	**2007/08**
Movement in Pension Asset / (Liability)	**£'000**	**£'000**
Pension Asset / (Liability) as at 31 March	**(111,689)**	**(113,670)**
Cost of providing future benefits	(16,379)	(13,636)
Contributions to the fund paid by the employer (SBC)	13,672	15,544
Contributions for unfunded benefits	1,176	1,093
Past service costs of discretionary benefits	(51)	(86)
Impact of early payments	(296)	(1,469)
Impact of commutation lump sum take-up	5,134	0
Expected return on employer assets	22,158	23,436
Interest on pension scheme liabilities	(21,824)	(24,177)
Actuarial gains / (losses)	(5,571)	29,741
Net Pension Asset / (Liability)	**(113,670)**	**(83,224)**

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 0.23% lower after the replacement of employer's contributions by current service costs. Net Operating Expenditure is 0.24% lower 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 8.16%

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	2007/08 £'000
Within Net Cost of Service:		
• Current service cost	16,379	12,543
• Non-Distributed cost	(5,963)	1,555
Within Net operating Expenditure:		
• Interest cost	21,824	24,177
• Expected return on scheme assets	(22,158)	(23,436)
Within SMGFB:		
• Movement on Pensions Reserve	3,590	705
Actual Amount Charged Against Council tax for the Year:		
• Employer's contributions payable to the scheme	(13,672)	(15,544)
Net effect on Council Tax of FRS17 adjustments	0	0

Notes mainly relating to the Cashflow Statement

Note 32 : Reconciliation of Net Cash Inflow to the Income and Expenditure Account

	2006/07 £'000	2007/08 £'000
Deficit / (Surplus) on Income & Expenditure Account	716	170,525
Deficit / (Surplus) on Collection Fund	(704)	1,387
Non-Cash Transactions:	(498)	(173,333)
Movement in Current Assets	(2,952)	(5,315)
Items shown as Servicing Finance:		
• Interest paid / received	1,908	2,305
• Provisions for repayment of debt	(1,992)	(2,402)
Net cash (inflow) / outflow from revenue activities	**(3,522)**	**(6,832)**

Note 33 : Reconciliation of Movement in Cash to Movement in Net Debt

	2006/07 £'000	2007/08 £'000
Cash Inflow / (Outflow)	3,629	(1,940)
Less: Cash inflow from new loans	(11,877)	(35,350)
Creditor	0	(813)
Add: Cash outflow from loan repayments	2,897	15,095
Movement in net debt	**(5,351)**	**(23,008)**
Net debt b/f	(52,927)	(58,278)
Net debt c/f	**(58,278)**	**(81,286)**

	2006/07 £'000	2007/08 £'000
Cash and Bank		
Opening	8,201	11,830
Cash Flow	3,629	(1,940)
Closing	11,830	9,890

Borrowings		
Opening	(61,128)	(70,108)
Cash Flow	(8,980)	(20,255)
Creditor	0	(813)
Closing	(70,108)	(91,176)
Total Cash & Bank and Borrowings		
Opening	**(52,927)**	**(58,278)**
Cash Flow	(5,351)	(22,195)
Creditor	0	(813)
Closing	**(58,278)**	**(81,286)**

Note 34 : Movement in Current Assets

	2006/07 £'000	Movement £'000	2007/08 £'000
Increase in Debtors	33,822	9,948	43,770
Decrease in Bad Debt Provision	(8,969)	1,380	(7,589)
Decrease in Payments In Advance	5,866	(3,185)	2,681
Decrease in Work In Progress	2,891	(2,655)	236
Increase in Stock	1,345	261	1,606
Increase in Creditors	(27,229)	(9,086)	(36,315)
Increase in Receipts in Advance	(9,431)	(1,979)	(11,410)
	(1,705)	**(5,316)**	**(7,021)**

	Cash at 31/3/07 £'000	Movement £'000	Cash at 31/3/08 £'000
Cash Balance / (Overdraft)	11,830	(1,940)	9,890

Note 35 : 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 36 : Analysis of Other Government Grants

	2006/07 £'000	2007/08 £'000
Arts Council - South West	0	109
Big Lottery Fund	0	32
Children's Workforce Development Council	0	18
Crime Concern	25	41
DEFRA	4	0
Department For Children, Schools & Families (DCSF)	120,870	128,543
Department for Trade and Industry (DTI)	76	114
Department for Work & Pensions (DWP)	1,561	1,859
Department of Communities & Local Government (DCLG)	19,148	19,459

Department of Health	4,451	5,822
Department of Transport	164	663
Department of Culture Media and Sport	0	227
Employers Organisation	9	747
EU	0	109
Film Council	0	21
Food Standards Agency	0	1
Forestry Commission	0	69
Government Office for the South West	14	551
Heritage Lottery Fund	48	0
HM Treasury	109	0
Home Office	1,423	1,114
LAA	0	2,121
Learning Skills Council	1,137	3,854
Learning Skills Network	45	10
Ministry of Justice	491	1,250
National Health Service	1,070	0
Natural England	0	43
NCSL	0	32
Neighbourhood Renewal	26	7
New Opportunity Fund	3,143	0
South West Regional Development Agency	591	0
Training & Development Agency	156	392
Westminster Institute of Education	7	0
Wiltshire County Council	357	822
Wiltshire Youth Offending Service	0	28
Youth Justice board	0	275
HRA Subsidy - Secretary of State	6,684	0
	161,609	**168,333**

Note 37 : Trust Funds

The Council acts as trustee for legacies left to the Borough and detailed below are those with a value 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 1/04/07 £'000	Income 2007/08 £'000	Expenditure 2007/08 £'000	Balance 31/03/08 £'000
Langley Brooke	27	1	0	28
W G Little	204	38	(46)	196
Withy Trust	13	1	(6)	8
Ethel May	49	3	0	52
George Game	1	0	0	1
Mary Ellen Boddington	3	0	0	3
F C Phelps	11	0	0	11
G A Gerring	4	1	0	5
F A Thompson	13	2	0	15
M E Cowley	24	2	0	26
McDermott Memorial	61	3	0	64
M E Packer	2	0	0	2
Timothy Griffiths	1	0	0	1
Powell Trust	2	0	0	2
Swindon Development Trust	17	1	0	18
	432	**52**	**(52)**	**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

	Restated* 2006/07 £'000	2007/08 £'000	Note
Income			
Gross rent income from dwellings	(30,441)	(32,253)	
Deduct: rent loss on void dwellings	501	377	
Net rent income from dwellings	**(29,940)**	**(31,876)**	
Non dwelling rents	(1,389)	(1,436)	
Tenants' charges for services and facilities	(2,734)	(3,674)	
Leaseholders' charges for services and facilities	(98)	(168)	
Other Charges for Services and facilities	0	(1)	
Contributions Towards Expenditure	(1,290)	(1,075)	
Total Income	**(35,450)**	**(38,230)**	
Expenditure			
Repairs and Maintenance	8,531	8,533	
Supervision and Management	6,831	6,370	
Special Services	3,182	3,773	
Rents, Rates, Taxes and Other Charges	59	21	
Transfer of HRA Subsidy Surplus to CLG	5,764	7,042	
Increase/(decrease) in Provision for Bad	187	280	
Depreciation and Impairments of Fixed Assets	5,423	130,629	44
Debt Management Costs	48	48	
Total Expenditure	**30,025**	**156,696**	
Net cost of HRA services as included in the whole-authority Income and Expenditure Account	**(5,425)**	**118,466**	
HRA services share of Corporate and Democratic Core	258	264	
HRA share of other amounts included in the whole-authority Net Cost of Services	31	31	
Net cost of HRA services including HRA share of costs not allocated to specific services	**(5,136)**	**118,761**	
HRA share of interest payable and similar charges including amortisation of premiums and discounts	678	1,873	
HRA share of pensions interest cost and expected return on pensions assets	(35)	36	
Amortisation of HRA Premiums and Discounts		0	
HRA Investment Income	(220)	(360)	
Surplus or deficit for the year on HRA Income and Expenditure Account	**(4,713)**	**120,310**	

Statement of Movement on the HRA Balance

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

	Restated* 2006/07 £'000	2007/08 £'000	
Increase / (Decrease) in the Housing Revenue Account Balance comprising:			
HRA Balance Brought Forward			
Surplus or deficit for the year on the HRA Income and Expenditure Account	(4,713)	120,310	
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the SORP and those determined in accordance with statute	220	(962)	
Difference between any other item of income and expenditure determined in accordance with the SORP and those determined in accordance with statutory HRA requirements	0	(125,853)	
HRA share of contributions to or from the pension reserve	(247)	109	
Capital expenditure funded by the HRA	3,700	2,760	
Transfer to / (from) Major Repairs Reserve	1,097	1,880	40
Transfers to / (from) Housing Repairs Account	0	1,450	
Transfers to / (from) specific reserves	(81)	274	
Increase / (Decrease) in the Housing Revenue Account Balance for the year	**(24)**	**(32)**	
Housing Revenue Account Balance Brought Forward	(2,192)	(2,216)	
Housing Revenue Account Balance Carried Forward	**(2,216)**	**(2,248)**	

*The HRA account for 2006/07 has been restated due to updating for changes in the statutory disclosure requirements prescribed by the SORP. This has not affected the HRA surplus or deficit for the year but merely changed how the income and expenditure has been reported.

Notes to the HRA

Note 38 : 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	138	21	418	1,128	**1,705**
2 Bedrooms	15	2	665	74	**756**
3 or more Bedrooms	1	1	58	2	**62**
Medium Rise Flats:					
1 Bedroom	24	0	269	636	**929**
2 Bedrooms	0	0	380	85	**465**
3 or more Bedrooms	0	0	12	1	**13**
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	102	123	302	365	**892**
2 Bedrooms	77	36	812	497	**1,422**
3 Bedrooms	13	500	2,620	720	**3,853**
4 or more Bedrooms	3	18	84	78	**183**
Shared Dwellings:					
Multi-Occupied	0	0	0	0	**0**
Total	**373**	**701**	**5,744**	**3,724**	**10,542**

The previous stock is summarised as below.

	31/03/07	31/03/08
Houses and Bungalows	6,404	6,350
Flats	4,183	4,192
Shared Dwellings	44	0
Total Dwellings	**10,631**	**10,542**

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	31/03/2008
Operational Assets:	**£'000**	**£'000**
Dwellings	542,755	418,248
Land	4,287	4,135
Buildings	5,068	5,047
Total Balance Sheet Value	**552,110**	**427,430**

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 39 : 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 38) 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 2008 was £ 973,145,350 (£978,767,000 at 31st March 2007).

Note 40 : 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 £'000	2007/08 £'000
Capital expenditure for HRA purposes financed by MRA Resources:		
• Houses	5,283	6,352
• Land	0	
• Other property	0	
Total Expenditure	**5,283**	**6,352**
Amount equivalent to total depreciation charges for all HRA assets	(5,423)	(4,776)
Transfer from HRA	(1,097)	(1,880)
Total Income	**(6,520)**	**(6,655)**
Deficit / (Surplus) for the Year	**(1,237)**	**(303)**
Balance b/fwd	(651)	(1,888)
Carried Forward – (Surplus)	**(1,888)**	**(2,191)**

Note 41 : Housing Repairs Account

	2006/07 £'000	2007/08 £'000
Repairs & Maintenance	7,389	7,474
Total Expenditure	**7,389**	7,474
Contribution from HRA	(7,365)	(8,854)
Service charges	(24)	(70)
Total Income	**(7,389)**	**(8,924)**
Deficit / (Surplus) for the Year	**0**	**(1,450)**
Balance b/fwd	0	0
Carried Forward – (Surplus)	**0**	**(1,450)**

Note 42 : HRA Capital Expenditure

	2006/07 £'000	2007/08 £'000
Opening Accruals	628	414
Dwellings	9,442	12,290
Land	59	0
Buildings	374	569
Closing Accruals	(414)	(1,290)
Total to Finance	**10,089**	**11,983**
Usable Capital Receipts	1,001	2,871
Revenue Contributions	3,700	2,760
Major Repairs Reserve	5,283	6,352
Insurance Fund	105	0
Total Finance	**10,089**	**11,983**

Note 43 : HRA Capital Receipts

	2006/07 £'000	2007/08 £'000
Sale of Council Houses	4,147	4,384
Discount Repaid	76	20
Council Mortgage Repayments	53	76
Sale of Land	596	445
Sale of Other Assets	0	0
Total	**4,872**	**4,925**

In 2007/08, the Council paid £3.156m 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 (£2.918m in 2006/07).

Note 44 : 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. All impairment is now also charged through the HRA in line with SORP guidelines.

	2006/07 £'000	2007/08 £'000
Depreciation on land	64	81
Depreciation on dwellings	5,355	4,691
Depreciation on other property	4	4
Impairment of dwellings	0	125,853
Total	**5,423**	**130,629**

Note 45 : 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 2007/08 was £14.316m. However, the Council receives a grant (MRA) from central Government to improve the condition of its Council stock. The MRA grant of £6.655m is netted off the negative subsidy amount leaving a balance of £7.639m to be paid over to the Secretary of State.

	2006/07 £'000	2007/08 £'000
Management & Maintenance Allowances	15,234	15,275
Charges for capital	1,938	2,006
Interest on Receipts	(16)	(12)
Guideline Rent Income	(29,685)	(31,563)
Total Negative Subsidy	**(12,529)**	**(14,294)**
Major Repairs Allowance	6,520	6,655
Total Repaid to the Secretary of State	**(6,009)**	**(7,639)**

Note 46 : 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 within note 31.

Note 47 : 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 £'000	2007/08 £'000
Current tenants	783	993
Former tenants	358	444
Total Arrears	**1,141**	**1,437**
Less: provision for bad debts	(358)	(731)
Total Arrears After Provisions	**783**	**706**

This represents 2.2% of rent income and service charges due to the Council (2.3% in 2006/07).

The Collection Fund

	2006/07 £'000	2007/08 £'000
INCOME		
Income from Council Tax	(72,907)	(77,850)
Transfers from General Fund Council Tax Benefits	(9,341)	(9,610)
Non-Domestic Rates	(88,269)	(90,562)
Adjustment in respect of Community Charge	0	8
	(170,517)	**(178,014)**
EXPENDITURE		
Precepts and Demands	82,183	86,474
Business Rates		
Payment to National Pool	87,991	90,444
Cost of collection allowance	291	291
(Write-Ons) / Write-Offs	(43)	(717)
(Decrease) / Increase in Bad Debt provision	29	544
Council Tax Bad and Doubtful Debts		
Net Write-Offs / (Ons)	86	2,092
(Decrease) / Increase in Bad Debt Provision	(859)	(706)
Transitional Relief	0	1
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	136	978
	169,814	**179,401**
Movement on the Fund – (surplus) / deficit	**(703)**	**1,387**
(Surplus) / Deficit brought forward	(146)	(849)
(Surplus) / deficit as at 31 March	**(849)**	**538**

Notes to the Collection Fund

Note 48 : Rateable Value

The total rateable value in the Local Rating List at 31 March 2008 was £237,956,995 (£237,260,362 at 31 March 2007). The multiplier for 2007/08 was 44.4 pence for the majority of properties and 44.1 pence for small businesses, (43.3 pence and 42.6 pence respectively for 2006/07).

Note 49 : Council Tax Base

The Council Tax Base for 2007/08, 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	10,990.0	6/9	7,326.6
B	22,145.8	7/9	17,224.5
C	18,305.4	8/9	16,271.4
D	12,158.7	9/9	12,158.7
E	6,775.15	11/9	8,280.7
F	2,554.5	13/9	3,689.8
G	1,093.9	15/9	1,823.1
H	46.5	18/9	93.0
Total	Band D equivalents		**66,865.3**
Contributions in lieu	(MOD properties)		57.9
Add:	Anticipated changes in year		1,658.4
Less:	Provision for non-collection (1%)		(548.6)
			68,033.4

* After adjustment for discounts and relief.

Note 50 : Major Preceptors

	Precept 2006/07 £'000	Precept 2007/08 £'000
Swindon Borough Council (including Parishes)	69,740	73,226
Wiltshire Police Authority	8,904	9,480
Wiltshire & Swindon Fire Authority	3,539	3,768
Total	**82,183**	**86,474**

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 2007/08 are summarised below:

		2006/07	2007/08
I&E Adjustments	**Comment**	**£'000**	**£'000**
Group Accruals	Reduction in authority spend/subsidiary income	(53)	(66)
Group Transactions	Reduction to account for inter-group trading	(1,917)	(1,817)
Balance Sheet Adjustments	**Comment**	**£'000**	**£'000**
Accruals	Reduction in debtors/creditors	(53)	(66)
Investment/ Share Capital	Reduction for investment in subsidiary	(1,489)	(1,489)
Dividend	Reserves adjustment for dividend income/expense	(250)	(250)

Group Income and Expenditure Account

2006/07 Net Expenditure £'000	Continuing Operations	2007/08 Gross Expenditure £'000	2007/08 Income £'000	2007/08 Net Expenditure £'000
2,228	Central Services	16,533	(14,172)	2,361
4,287	CDC	7,167	(2,103)	5,064
(3,616)	NDC	4,094	(236)	3,858
219	Court Services	207	0	207
17,584	Cultural	21,217	(2,573)	18,644
12,749	Environmental	21,183	(4,889)	16,294
3,772	Planning & Development	24,049	(8,701)	15,348
1,136	Education	218,798	(172,302)	46,497
11,026	Highways, Roads & Transport	29,637	(18,686)	10,951
5,288	Housing Services	217,766	(94,955)	122,811
53,177	Social Services	59,599	(21,089)	38,510
1,766	Redundancy Costs	3,908	0	3,908
109,616	**Net Cost Of Services**	**624,157**	**(339,706)**	**284,451**
206	(Gains) / Losses on Disposal of Fixed Assets			0
1,705	Precepts Paid to Local Precepting Authorities			1,742
(1,343)	Dividends & Deficit / (Surplus) From Trading Accounts			(2,772)
7,300	Interest & Similar Charges Payable			8,810
2,918	Contribution of Housing Capital Receipts to Pool			3,156
(5,266)	Interest and Investment Income			(6,408)
22,690	Pensions Interest Cost			25,114
(23,010)	Expected Return on Pensions Asset			(24,363)
36	Taxation of Group			(125)
114,852	**Net Operating Expenditure**			**289,605**
(69,855)	Income From Collection Fund			(74,055)
(7,190)	General Government Grant			(6,526)
(37,247)	Distribution from NDR			(38,885)
(114,292)	**Sub-Total Sources of Finance**			**(119,466)**
560	**Group (Surplus) / Deficit For Year**			**170,139**

Group Statement of Total Recognised Gains & Losses

	2006/07 £'000	2007/08 £'000	Note
(Surplus) / Deficit on the Group I&E	560	170,139	
(Surplus) / Deficit arising from revaluation of fixed assets	(137,067)	(73,349)	
Pension actuarial (gains) / losses	5,145	(30,409)	
Collection Fund	(703)	1,387	
Any other gain or loss	11,942	130	
Total Recognised (Gain) / Loss	**(120,123)**	**67,898**	

Group Balance Sheet

	Restated 2006/07 £'000	2007/08 £'000	Note
Operational Fixed Assets	1,109,515	997,604	51
Non-Operational Fixed Assets	89,656	126,387	51
Long-term Debtors	381	332	
Deferred premiums on the early repayment of borrowings	1,131	0	
Long-term Payments In Advance	9,938	9,803	
Total Long-term Assets	**1,210,621**	**1,134,126**	
Stocks & Work in Progress	4,420	2,058	52
Debtors Less Provision for Bad Debts	25,657	36,937	53
Payments in Advance	5,866	2,681	
Short-term Investments	53,096	98,064	
Cash	12,376	10,582	54
Total Current Assets	**101,415**	**150,322**	
Creditors	(28,738)	(37,980)	55
Long Term Borrowing repayable within one year	(8,095)	(17,270)	
Receipts in Advance	(9,431)	(11,410)	
Unapplied Grants & Contributions*	(26,517)	(34,607)	
Total Current Liabilities	**(72,781)**	**(101,267)**	
Net Current Assets	**28,634**	**49,055**	
Government Grants Deferred	(46,762)	(55,141)	
Long Term Creditors*	0	(23,285)	
Provisions	(4,312)	(3,216)	
Long-term Borrowing	(62,013)	(73,906)	
Liability Related to Pension Scheme	(117,091)	(85,824)	56
Subsidiary Finance Leases	(1,574)	(2,020)	57
Deferred Income	0	(183)	
Total Long-term Liabilities	**(231,753)**	**(243,575)**	
TOTAL ASSETS LESS LIABILITIES (net assets)	**1,007,503**	**939,605**	
Capital Adjustment Account	(1,060,333)	(921,108)	
Revaluation Reserve	0	(45,408)	
Usable Capital Receipts Reserve	(13,405)	(7,669)	
Financial Instruments Adjustment Account	0	1,735	
Pension Reserve	117,091	85,824	56
Major Repairs Reserve	(1,888)	(2,191)	
Specific Reserves and Funds	(34,793)	(36,907)	
General Fund	(5,000)	(5,750)	
Housing Revenue Account Balance	(2,217)	(2,249)	
Collection Fund Balance	(849)	538	
Deferred Capital Receipts (Mortgages)	(174)	(142)	
Passenger Transport Realisation Account	(611)	(611)	
P&L Reserve	(5,323)	(5,667)	
TOTAL FINANCING	**(1,007,503)**	**(939,605)**	

*Long-term creditors of £24m were restated in 2006/07 to Unapplied Grants & Contributions.

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	2007/08 £'000
(Surplus) / Deficit on the Single Entity IEA	716	170,525
Less Subsidiary Dividend	250	250
(Surplus) / Deficit from Subsidiary IEA	(406)	(636)
Group (Surplus) / Deficit for the year	**560**	**170,139**

Group Cashflow Statement

		2006/07 £'000	2007/08 £'000
Net cash (inflow) / outflow from revenue activities		**(4,438)**	**(8,122)**
Servicing of Finance			
Outflows	Interest paid	7,130	8,810
	Interest element of finance lease	170	0
Inflows	Interest received	(5,266)	(6,408)
Taxation		(155)	0
Capital Activities			
Outflows	Purchase of fixed assets	51,374	56,989
Inflows	Sales of fixed assets	(36,163)	(59,909)
	Capital Grants received	(9,168)	(12,511)
	Developers' deposits (Sec 106)	(4,857)	(1,320)
Net cash (inflow)/outflow before financing		**(1,373)**	**(22,471)**
Management of Liquid Resources			
Outflows	Net (de)/increase in liquid resources	6,159	43,808
Financing			
Outflows	Repayment of amounts borrowed	3,592	15,095
Inflows	New loans	(11,877)	(34,638)
(Increase) / Reduction in cash and cash equivalents		**(3,499)**	**(1,794)**

Reconciliation of Net (Inflow) / Outflow to Operating Activities	**2006/07 £'000**	**2007/08 £'000**
Deficit / (Surplus) on Income & Expenditure Account	560	170,525
Deficit / (Surplus) on Subsidiary Undertaking Operating Profit	(583)	(618)
Deficit / (Surplus) on Collection Fund	(704)	1,387
Non-Cash Transactions (Reserves/Provisions/Revenue)	(1,251)	(174,258)
Movement in Current Assets	(2,705)	(5,426)
Profit on Sale of Fixed Assets	30	37
Subsidiary Pensions Cash difference	299	327
Items shown as Servicing Finance	(84)	(97)
Net cash (inflow) / outflow from revenue activities	**(4,438)**	**(8,122)**

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 51 : 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 31/3/07	**1,100,760**	**5,189**	**3,565**	**1,109,514**
Reclassification	(30,442)	0	0	(30,442)
Revaluations	44,528	0	0	44,528
Additions	51,047	122	1,179	52,347
Disposals	(18,506)	(33)	(373)	(18,912)
Depreciation	(21,469)	(285)	(233)	(21,987)
Impairment	(138,398)	0	0	(138,398)
PFI	953	0	0	953
Value at 31/3/08	**988,473**	**4,993**	**4,138**	**997,604**

Note 52 : Stocks & Work in Progress

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

	31/03/2007	31/03/2008
	£'000	£'000
SBC	1,345	1,606
Thamesdown Transport	184	216
Total Stocks	1,529	1,822
Total Work in Progress	2,891	236
Net Total Stocks & Work in Progress	**4,420**	**2,058**

Note 53 : Debtors less Provisions for Bad Debt

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

	31/03/2007	31/03/2008
	£'000	£'000
SBC	33,822	43,771
Thamesdown Transport	804	756
Gross Debtors	**34,626**	**44,527**
Less SBC Provision for Bad Debt	(8,969)	(7,590)
Net Debtors	**25,657**	**36,937**

Note 54 : Cash

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

	31/03/2007	31/03/2008
	£'000	£'000
SBC	11,830	9,890
Thamesdown Transport	546	692
Net Cash	**12,376**	**10,582**

Note 55 : Creditors

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

	31/03/2007	31/03/2008
	£'000	£'000
SBC	27,176	36,249
Thamesdown Transport	1,562	1,730
Net Creditors	**28,738**	**37,979**

Note 56 : 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 March	**(113,670)**	**(3,420)**	**(117,090)**
Cost of providing future benefits	(13,636)	(201)	(13,837)
Contributions to the fund paid by the employer	15,544	528	16,072
Contributions for unfunded benefits	1,093	0	1,093
Past service costs of discretionary benefits	(86)	0	(86)
Impact of early payments	(1,469)	0	(1,469)
Impact of commutation lump sum take-up	0	0	0
Expected return on employer assets	23,436	0	23,436
Interest on pension scheme liabilities	(24,177)	0	(24,177)
Actuarial gains / (losses)	29,741	668	30,409
Other Finance Costs	0	(175)	(175)
Net Pension Asset / (Liability)	**(83,224)**	**(2,600)**	**(85,824)**

Note 57 : Finance Leases

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

Period	In 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	2	4	103	109
Total	2	4	103	109

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 2007/08, 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 2008.
- 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 2008.

Signed: Stuart Mckellar Date: 23/9/08

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 24 June 2008. The date of approval is also taken as the date that the accounts were authorised for issue.

Signed: Michael Dickinson Date: 23/9/08

Cllr Michael Dickinson, Chair of Audit Committee

Annual Governance Statement

1. Scope of responsibility

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

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide 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 to manage them efficiently, effectively and economically.

The following section of the statement summarises Swindon Borough Council's governance framework that has been in place for the year ended 31st March 2008 and up to the date of approval of this Statement and the Statement of Accounts. The framework described reflects the arrangements in place to meet the six core principles of effective governance.

3. The Council's framework for ensuring compliance with the core principles of effective governance

(a) The Council's purpose, outcomes for the community and creating and implementing a vision for the local area.

The Council recently published a new Community Vision after nine months of extensive consultation. This sets out an ambitious Vision for place that is supported by our Corporate Plan. The supporting strategies and objectives are summarised in the Council's Annual Operating Plan (AOP). The Community Vision is shared by our partners and identification of supporting partnership outcomes is contained within our Local Area Agreement (LAA) monitored and monitored via the Local Partnership Board (LPB) and reviewed twice yearly by the wider Swindon

Strategic partnership. Many of the Council's services are informed by local consultation and are delivered to a high standard that make the best use of resources and are value for money by:

- Benchmarking the cost and performance of our services. SBC took a national lead in setting up a Unitary Benchmarking club in partnership with PWC.
- Working increasingly with our partners, delivering services that meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice.
- Through the use of data, determining local needs and targeting resources accordingly.
- Developing effective relationships and partnerships with other public sector agencies, including integration with the coterminous PCT voluntary and community organisations the private sector through our Swindon Economic Partnership (SSEP) through our incremental strategic partnership with Capita.
- Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions.
- Carrying out value for money benchmarking of our costs and performance against our family groupings to ensure best use is made of the resources available to the Council.
- Delivering specific projects within an effective, corporate programme management framework, as appropriate.

(b) Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

The Council has ensured that the necessary roles and responsibilities for its governance are identified and allocated so that it is clear who is accountable for decisions that are made. The Council has done this by:

- Appointing a Leader of the Council, and executive members (cabinet members), with defined executive responsibilities
- Agreeing a scheme of delegated executive responsibilities to directors, and protocols that make clear the respective roles of members and officers and ensure effective communication between them.
- Annually appointing committees to discharge the Council's regulatory responsibilities
- Annually appointing committees to discharge the Council's overview and scrutiny responsibilities
- Setting clear role definitions for chairs of committees and councillors in their different roles
- Undertaking an annual review of the operation of the Council's constitution
- Making the Chief Executive (the Head of Paid Service) responsible and accountable to the Council for all aspects of operational management.
- Making a senior officer (the Monitoring Officer) responsible to the authority for ensuring the lawfulness and fairness of decision-making, and that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Making a senior officer (the Section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- Ensuring significant partnerships and contracts with other public bodies, voluntary and community organisations, and the private sector have clear governance accountabilities, including effective and equitable financial arrangements
- Having in place effective and comprehensive arrangements for the scrutiny of services

(c) Promoting our values and upholding high standards of Conduct and behaviour.

The Council promotes and maintains high standards of ethical conduct of members and officers through the work of its Standards Committee.

The Council fosters a culture of behaviour based on shared values, ethical principles and good conduct.

The Council has done this by establishing and keeping under review:
- The Council's Constitution
- A Members' Code of Conduct
- An Officer's Code of Conduct
- A protocol governing Member/Officer Relations
- A Members' Planning Code of Good Practice
- Monitoring Officer Protocol
- Media Guidelines
- Contract Standing Orders and Financial Regulations
- The Council recently committed itself to "In Touch" a new set of values and behaviours (determined through extensive consultation with staff and Members) that will set and embed the organisational tone and culture moving forward. Commitment to this will be achieved by embedding it in the recruitment, appraisal and development processes.

The Council takes fraud and corruption very seriously and has the following policies that aim to prevent or deal with such occurrences:
- An anti-fraud and corruption strategy
- A Whistleblowing policy
- A Fraud Response Plan

Conduct of Members is monitored by a Standards Committee, which also investigates allegations of misconduct by Members.

(d) Taking informed and transparent decisions that are subject to effective scrutiny and managing risk.

The Council has ensured that the decision-making process includes a rigorous risk assessment including:
- Financial, legal and staffing implications
- Sustainability implications
- Health Impact and Promotion implications
- Value for Money;
- Implications for Partnerships
- Implications for Community Safety
- Impact on Rural Communities.
- Diversity and racial impact assessment
- Risks, mitigations and opportunities

The Council has been rigorous and transparent about how decisions are taken and recorded. The Council has:

- Ensured the Cabinet make decisions in an open and transparent way and that information relating to those decisions is made available to the public, unless statutory rules allow otherwise

- Ensured that all decisions of regulatory committees of the Council are made in public and that information relating to those decisions is made available to the public, unless statutory rules allow otherwise
- Ensured that legal and financial implications are recognised in all reports on which decisions are based
- Recorded all decisions that are made by committees and key decisions made by officers (where applicable).
- Rules and procedures, which govern how decisions are made.
- Developed and maintained an effective overview and scrutiny function which encourages constructive challenge
- Maintain an effective Standards Committee and Audit Committee
- The Council has continued to develop its risk management strategy to enable the Council to manage and control risks in order to maximise the quality of its service provision and uphold its reputation, making a powerful contribution to continuous service improvement and the achievement of best value.
- The Council has ensured that the risk management system:
- Formally identifies and manages risks
- Involves elected Members in the risk management process
- Includes the undertaking of a risk assessment of every key or strategic decision
- Maps risks to financial and other key internal controls
- Reflects business continuity planning; and
- Reviews and, if necessary, updates its risk management processes at least annually.

(e) Developing the capacity and capability of Members and officers to be effective.

The Council has ensured that those charged with the governance of the Council have the skills, knowledge and experience they need to perform well. The Council has done this by:

- Maintaining member training and development through the Member Development Steering Group
- Developing leadership skills and capacity across the Council
- Developing our approach to workforce planning
- Achieving Investor in People accreditation across all directorates
- Encouraging quality mark accreditation
- Maintaining and developing our personal development and performance review systems
- Cascading regular information to Members and staff by paper and electronic means, having regard to diversity issues

(f) Engaging with local people and other stakeholders to ensure robust public accountability.

The Council is committed to increasing public involvement in decision-making and devolving power to individuals and local organisations. We have sought and responded to the views of stakeholders and the community. The Council has done this by:

- Forming and maintaining relationships with the leaders of other organisations
- Ensuring openness and accessibility to citizens, service users and staff, including partner organisations
- Implementing the Corporate Consultation Strategy and utilising an appropriate range of consultation methods
- Making use of local forums at ward, parish and neighbourhood level to maintain communication with all the Borough's communities and other stakeholders
- Encouraging and supporting the public in submitting requests for Scrutiny

- Maintaining and reviewing an effective complaints procedure
- The Council has also committed itself and its partners to a transformational approach to locality based delivery and community engagement through its new Neighbourhood Management Strategy

4. Review of effectiveness

Swindon Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Directors have completed a detailed 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 reflect best practice, CIPFA guidance and CPA requirements. The Committee is a full committee of the Council emphasising 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 bimonthly to Audit Committee summarising audits issued since the previous meeting. Audit Committee has called in relevant Directors to update them on the progress in implementing agreed audit recommendations. The Audit Committee also reviews 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 External Auditors completed their CPA Use of Resources assessment during the year and awarded the Council a score of three overall. The Council's arrangements regarding probity and propriety scored four with the overall internal control arrangements scoring a three.
- A Corporate Governance Working Group, consisting of both Members and officers, including the Monitoring Officer, reviews 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.

- The Council has also adopted a Local Code of Corporate Governance against which Internal Audit assessed the Council's compliance.
- Risk Management – the Corporate Risk Management Group provide guidance and feedback to Group Directors and management teams.
- Performance management is carried out through the CPAR and LPAR process and through the use of the Council's performance management system COMPASS. LAA Outcomes are monitored via the LPB.
- A year-end review of governance arrangements and 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.
- Reviewing the Head of Internal Audit's annual audit report presented to Audit Committee.
- Obtaining specific assurances from Directors with regard to the governance arrangements in place for key partnerships.
- Corporate Board and the Audit Committee have advised us on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

5. Governance: Key Areas of Focus

The review process has highlighted a number of significant areas for enhanced focus regarding the governance and internal control environment and these are described briefly below. For each one, action plans have been determined by a responsible officer and are under implementation or are in the process of being prepared and a summary of the key elements of these are included below:

- Contracting of works – fundamental weaknesses in the process of contacting out works were identified by Internal Audit. SBC management have taken the audit findings seriously and the Directors of Law and Democratic Services, Finance, Procurement, Housing and the Managing Director of Swindon Commercial Services committed to an action plan with Internal Audit. The report was also taken to Audit Committee where senior managers were present to explain how and when the audit recommendations would be implemented in order to ensure compliance with due process and that the level of risk to the Council would be fully mitigated. The need for improvement regarding the approved contractor list; procurement process; contract documentation and contract awards was all agreed. Additional training has been given to relevant staff and assurance has been given that revised procedures are in place, a revised contractor list has been created, a contract checklist introduced and a revised authorisation procedure implemented.
- Issues relating to contracted provision of adult care were also highlighted. Once the facts had been established, Corporate Procurement worked together with Adult Social Services to regularise the position by formal reference to the requirements of the Gateway Review Process and the need for Member Scrutiny of all major contract awards. In addition Corporate Procurement is in regular dialogue with Adult Social Services to assist them in developing effective supply market management processes and techniques, and to formally incorporate the Gateway Review Process into all critical spend decisions.
- Project Management – The Council a large Capital programme that reflects its transformational ambition for place.. To further enhance value for money and efficiency Corporate Board approved the creation of a corporate Project Management Office (PMO) that will report to the Group Director, Business Transformation and will receive its strategic

direction from a Steering Group comprising Directors from across the Council. The PMO has been commissioned and Corporate Board made an investment decision on the basis that the PMO plays a major role in enhancing the organisation's delivery of successful projects and benefits realisation. All issues raised in the recent internal audit of project management will be addressed and the MPO will create the environment for the good governance of project management. In particular:

- Enhanced commissioning of projects will give strategic context for all projects and give clarity over desired outcomes and commit appropriate resources.
- Group Directors/ Directors as Project Sponsors are an effective link between Corporate Board and the Project.
- Support to service Project Managers from the PMO will ensure project teams are capable of delivering objectives because:
- They have the skills and experience.
- Resources are available.
- Effective tools and processes are in place.
- Reliable and timely information supports the decision-making processes.
- The PMO infrastructure will be in place by the 31st of August 2008 and will be fully functional (delivering all services to an agreed standard) by the 30th of April 2009.
- Housing Benefits (Performance issues regarding the quality of claims assessment) – significant improvements have been made in the last three years within the Benefits service but the quality of claims assessment remains an area for additional focus. The Benefits Service Improvement Plan for 2008/09 agreed with Capita, the service provider identifies 'Improve Accuracy levels' as a key target area for improvement. Actions to be taken by Capita in 2008/09 focus heavily on staff training and procedures:
- Identify and implement all training requirements
- Confirm work procedures are correct
- Capita checkers to target individuals with highest error rates
- Activity undertaken by the Client in 2008/09 includes:
- Identifying the specific areas of persistent error e.g. late notification dates
- Issuing guidance to improve processes
- Holding operational meetings every 3 weeks with the Teams in Mendip and Swindon – face to face or teleconference
- Improving the feedback on error notification sheets and detailing the specific regulations, if appropriate
- Making themselves available to Capita staff to clarify issues
- In addition, the contractual Benefits Key Performance Indicator for quality has been strengthened. It has been made a monthly measure rather than quarterly and, by changing the definition from the statutory 128 DWP return to the Client 10% check for errors classed as 'financial', it will measure the accuracy of current work. It will also carry a heavier financial penalty for the provider now that it is a monthly KPI measure.
- Recruitment of staff – Swindon is like most authorities across the country in that it is experiencing recruitment challenges in some key professional groups. We are addressing this through our people strategy - A Great Place to Work, which has been fully endorsed by the Cabinet. The administration has also pledged to the local community that they will be seen as an employer of choice (Promise 14).
- Good progress is being made here with Council wide IIP accreditation and an increase in staff satisfaction measured via our annual staff survey. Examples of initiatives to target recruitment and retention issues under A Great Place to Work include: Launch of a new values and behaviours set ("In Touch") that defines and will embed strong organisational values and behaviours across the whole organisation; the deployment of robust workforce planning in order to identify short, medium and long term staffing needs; positive action initiatives to ensure the full participation of the local community in active employment; grow your own schemes such as apprenticeships and traineeships; the Swindon School Leadership Development Strategy that offers a creative and effective programme of

professional development opportunities for existing and potential school leaders, growing future leaders through succession planning and attracting high potential staff to Swindon to pursue their careers; Practice Leaders - a development programme to exploit untapped talent as an alternative to utilising consultants and contractors; career progression salary schemes to support professional as well as managerial careers; a flexible staff benefits package to align with partner agencies. In common with other authorities we recognise that single status will have an impact on recruitment but to what extent is unknown at this stage.

- Sickness absence – The Council has pledged to reduce sickness absence to a level of 7.5 days per FTE by 2010. The Council has made significant progress to date but this is still a challenging target, and is being pursued through the following initiatives: robust policy supported by mandatory manager development; clear target setting and performance reporting; a focus on holistic health and well-being - with health promotion events such as Well Woman and Well Man days; an extensive employee assistance programme for staff, members and their families; partnership working with local trades unions; sickness clinics with managers to focus on areas of poor absence performance; dedicated attendance officers to help drive performance improvement through effective case management.
- PCT: Health Integration – The Council and the Primary Care Trust have committed themselves to an innovative approach to integrating services in order to provide better quality services and achieve greater efficiency. A formal programme structure has been implemented together with a series of senior level joint appointments that have already lead to significant efficiency savings and improved outcomes. A Project Implementation Document (PID) has been produced incorporating a programme risk assessment. A Joint Director of Integration took up post in November 2007 to oversee the development and delivery of the programme. Governance arrangements have been reviewed in the year. The Integration Programme Board is now focused on strategic alignment with membership from Corporate Board and PCT Directors; a Steering Group and 7 work-streams have been established to support delivery of the operational aspects of the programme. A Joint Advisory Group has also been established, bringing together Lead Cabinet Members and PCT Non Executive Directors, to oversee future direction, alignment and governance issues for the organisations. The Integration Programme Board will develop and review a joint risk register for the Integration programme
- Section 256 and 75 agreements have been developed to cover the financial, governance and legal arrangements to ensure joint working can be implemented effectively. Each Section 75 Agreement has an associated risk register. Revised Joint Commissioning Board arrangements have been agreed for Children and Adults. The JCBs will review the Section 75 risk registers on a regular basis.
- Business Continuity – During 2007/2008 an experienced Business Continuity Manager was appointed, a Corporate Business Continuity Team formed, with Directorate Representatives and Business Continuity co-ordinators in Directorates. Corporate and Directorate Plan Styles developed, populated and tested. A training, exercising, awareness and updating programme has been developed for 2008/2009 and Team Business Continuity Plans will continue to be enhanced.
- IT Security – The project to migrate systems is progressing well and will be complete by August 2008. A number of key systems have already been transitioned to the Data Centre facility. In addition access controls to the existing Civic Campus Server Room have been strengthened to reduce the risk to servers before they are transferred.

6. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year although we recognise the areas for additional focus identified in section 5. We are satisfied that these enhancements will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:	Signed:
Roderick Bluh	Gavin Jones
Councillor Roderick Bluh Leader of the Council	Gavin Jones Chief Executive

Independent Auditor's Report to the Members of Swindon Borough Council

Independent auditors' report to the Members of Swindon Borough Council

Independent auditor's report to the Members of Swindon Borough Council
Opinion on the financial statements

I have audited the Authority and Group accounting statements and related notes of Swindon Borough Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of 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.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the Authority and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my 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 Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31March 2008 and its income and expenditure for the year then ended; and
- The Group financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31March 2008 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am 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 me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my 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, I am 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 2008.

Best Value Performance Plan

Your previous auditors issued their statutory report on the audit of the authority's best value performance plan for the financial year 2006/07 on 21 December 2007. They did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Auditor's responsibilities

I have a duty under the Audit Commission Act 1998 to consider whether, in the public interest, to report on any matter that comes to my attention in the course of the audit in order for it to be considered by the body concerned or brought to the attention of the public. No such matters have arisen in the course of my audit.

Certificate

I certify that I 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.

Martin Robinson (District Auditor)

Audit Commission

Westward House

Stoke Gifford

Bristol

Dated: 23 September 2008

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.

FAIR VALUE

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy / sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

FINANCE LEASE

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

FINANCIAL INSTRUMENTS

Contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. For local authorities, which do not issue equity instruments such as share capital, this means the following:

Financial asset
A right to future economic benefits controlled by the authority that is represented by:

- Cash
- An equity instrument of another entity
- A contractual right to receive cash (or another financial asset) from another entity
- A contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

Financial liability
An obligation to transfer economic benefits controlled by the authority that is represented by:

- A contractual obligation to deliver cash (or another financial asset) to another entity
- A contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.

Equity instrument
A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – will only apply to investments in other entities held by the authority.

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 Governments 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 of 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.

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