

2012/13

Swindon Borough Council & Group Statement of Accounts

Swindon Borough Council

24 September 2013

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Introduction by the Board Director – Resources

Financial year 2012/13 continued to be a challenging period of balancing the annual budget whilst looking to update the service foundations upon which the Authority is structured for the future. The outturn budget was balanced by the end of the year with one-off funds becoming available to help support earmarked reserves and provide additional resources for future financing of restructuring and strategic projects.

Plans are being developed through six major change programmes that will help position the Council in a better place to respond to the challenges ahead. As a key part of our future strategy we are seeking to engage all residents in our “Big Conversation” that seeks to explain how we need to work in a different way with all our communities to tap into hidden capacity and capability and co-create new services that benefit local people.

Although the funding position will inevitably be tighter in the years ahead, the Council will continue to work to better the life chances of all its residents, albeit in different ways than it has been able to in the past.

Stuart McKellar

Board Director - Resources

June 2013

Explanatory Foreword

These accounts relate to the financial year ending 31 March 2013 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain (The Code). The Code is to be adopted by Local Authorities when publishing their accounts. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets. Any diversion from the Code is stated where applicable.

Updates to the Accounts Required Under Changes to Accounting Practice

There have been no accounting changes under requirements of the Code in 2012/13.

Other Adjustments

There has been adjustment to brought-forward balances of the capital adjustment account, revaluation reserve and non-current assets table to account for a revision to values processed in the 2011/12 statements for depreciation on disposals and asset amalgamation.

The Statements

The financial statements follow recommended practice in their content, layout and disclosure notes and are grouped together under the requirements of the Code. They are split between core statements of the authority and supplementary statements.

Their purpose and content are summarised below:

Core Statements

- Consolidated Income and Expenditure Statement (CIES)
 - Summarises the income and expenditure on all functions of the Authority
- Statement of Reserves Movements
 - Shows the movements between the revenue account and balance sheet reserves
- Consolidated Balance Sheet
 - Shows the assets and liabilities of the Council at the 31 March.
- Cash Flow statement
 - Summarises the inflows and outflows of cash

Supplementary Statements

- Housing Revenue Account
 - Summarises the income and expenditure in respect of the provision of local authority housing
- Collection Fund Account
 - Shows the Council Tax and National Non-Domestic rates income collected and paid during the year
- Group Accounts
 - Shows the balances for the Council and its consolidated wider group organisations, which are Thamesdown Transport Ltd and Swindon Commercial Services Ltd. Forward Swindon Ltd is part of the group but not consolidated under materiality.

Financial Overview

Swindon Borough Council is a Unitary Council that, alongside its other core functions, also provides Council housing. It is required 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, (Formulae Grant, Dedicated Schools Grant (DSG)), other specific grants, fees & 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 funded from the sale of capital assets, borrowing, Government grant support or contributions from developers. Capital funding cannot be used for revenue activities unless a capitalisation directive is authorised by the Secretary of State. In 2012/13 changes to the Accounts and Audit Regulations allowed authorities to use capital receipts received since 1 April 2012 to fund equal pay claims.

Financial Overview – The General Fund (GF)

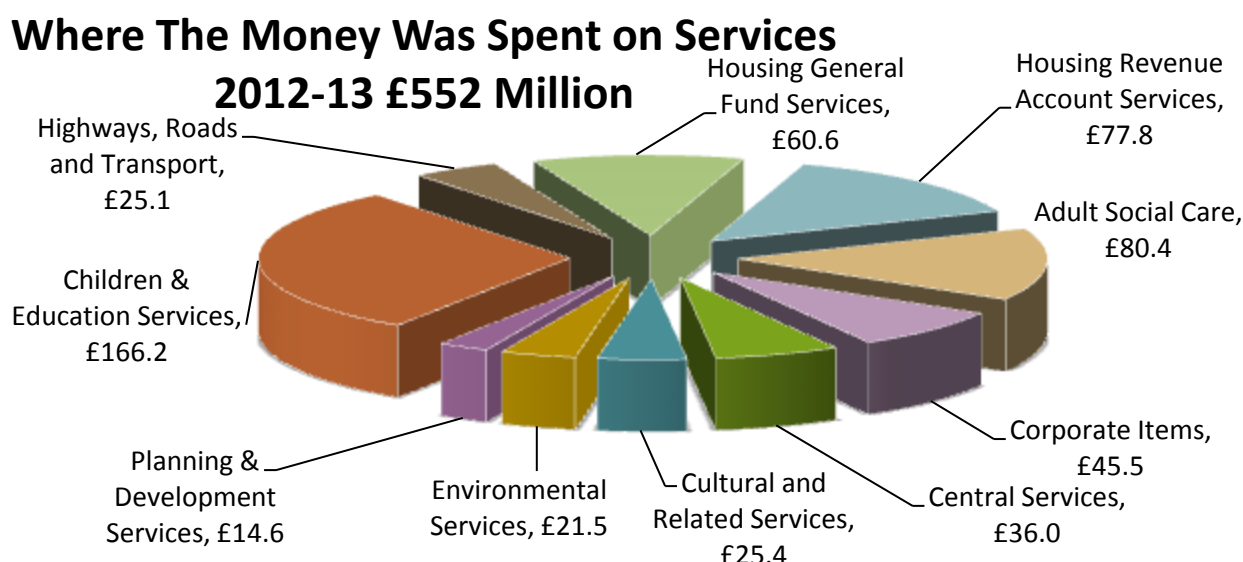
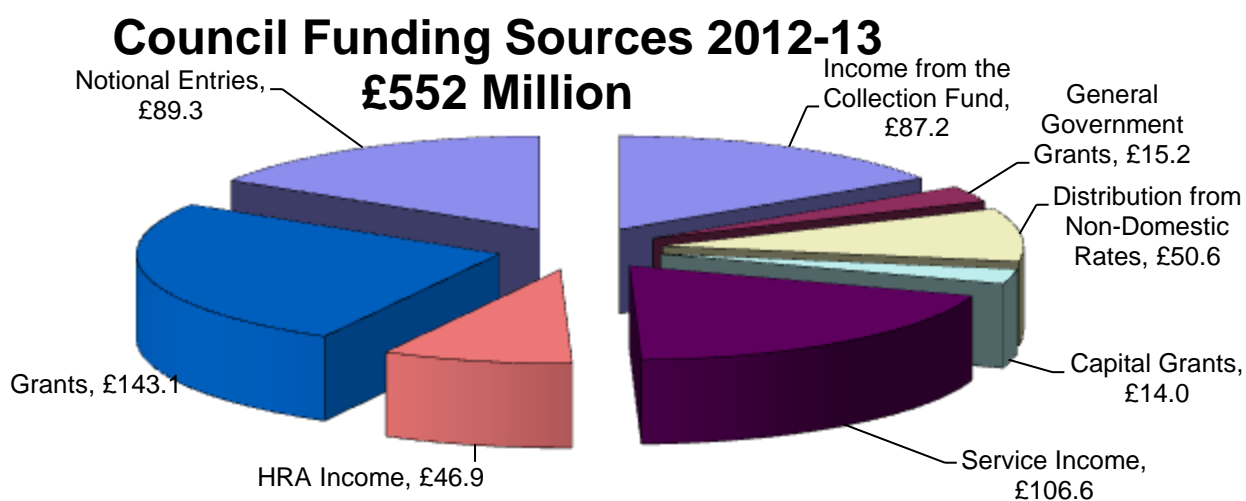
The net GF budget for the year was set at £137.391m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

Although the overall budget was delivered and funds made available to transfer to reserves from one-off receipts, there remain significant variations between Groups. The Commission function of Adult Social Care continues to place additional financial demands on the Council. However funding was able to be released from central contingencies that largely compensated.

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 CIES, 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
Chief Executive	528	490	(38)
Finance, Revenues, Benefits & Property	(371)	(1,873)	(1,502)
Corporate	(10,122)	(9,140)	982
Transformation & Strategic Projects	4,676	4,725	49
Localities	1,493	1,425	(68)
Commissioning	108,957	110,140	1,183
Service Delivery	32,230	31,624	(606)
Net Cost of General Fund Services (outturn)	137,391	137,391	0
Parish Precepts		1,947	
Net Corporate Income and Expenditure		43,585	
Net Capital, Reserves & other Appropriations in Net Cost of Services		210,773	
Surplus / Deficit on Provision of Services		256,305	
Taxation and Non-Specific Grant Income		(166,966)	
Net (Surplus)/Deficit For Year on the CIES		89,339	

The following charts analyse the main income sources to the Council in 2012/13, and the gross expenditure on services. Income sources include grants, HRA income, service fees and charges and net corporate income streams.



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 accounting treatment for the Collection Fund means the Council shows only its own proportion of balances through these accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the collection fund balance from the Council's Balance Sheet.

Financial Overview – The Housing Revenue Account (HRA)

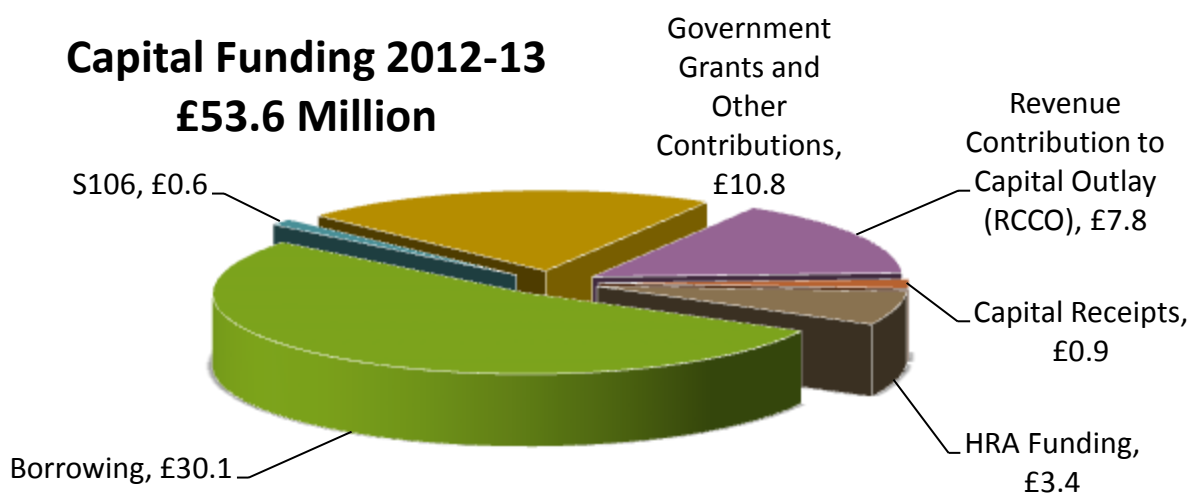
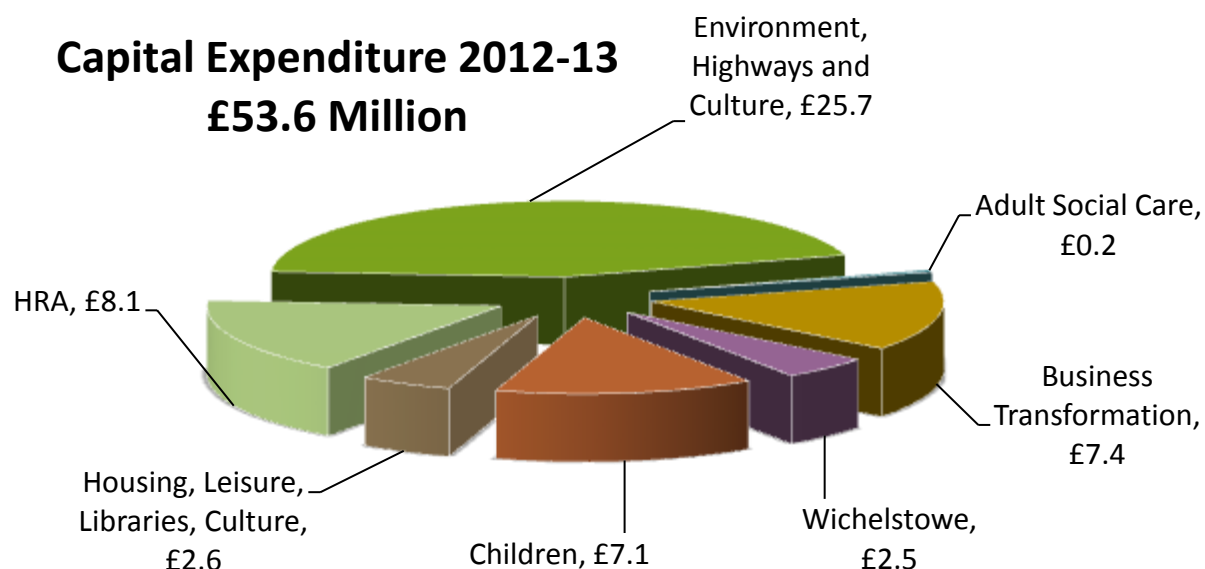
The HRA planned to balance its budget in year after transferring £225k to reserves, however due to an underspend of £1.3m, the HRA finished the year with an increase in balances held at the 31st March 2013. The reserve movement resulted in the HRA delivering a balanced budget in 2012/13.

The underspend on the HRA arose from a combination of rental increases in the re-letting of void properties and a reduction in the cost of the property being empty, reduction in interest payable and an increase in the interest received, savings on staff costs and lower than anticipated repairs costs.

HRA balances stood at £26.2m at the end of March 2013, this includes £8.1m of slippage from the 2012/13 capital programme. Whilst a minor element of the balance is specific, the majority is not and therefore the level of balances that needs to be held (especially with the capacity to borrow under self-financing) is being reviewed as part of the HRA Medium Term Financial Plan.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred capital expenditure of £53.6m. This expenditure is analysed in the chart below into key service areas of the Council.



The Council incurred borrowing of £30.1m towards capital expenditure of £53.6m. This contributes to total borrowing of £264m, inclusive of HRA debt, with a related capital finance requirement of £439.4m. This should be seen in the context of a non-current asset base of £1bn.

Financial Overview – Other Key Disclosures

Pension Liability

The net pension liability as disclosed in the balance sheet, under International Accounting Standard 19 (IAS19) requirements, has increased by £46.5m. The liability is reported as £233.7m (£187m for 2011/12). This increase reflects the relatively poor performance of the underlying pension asset.

Additionally, the Council now shows consolidated pension liability for its group company, Thamesdown Transport Limited. This consolidation should improve the cash position for the company and provide the footing for annual dividends to be paid, subject to profits being generated.

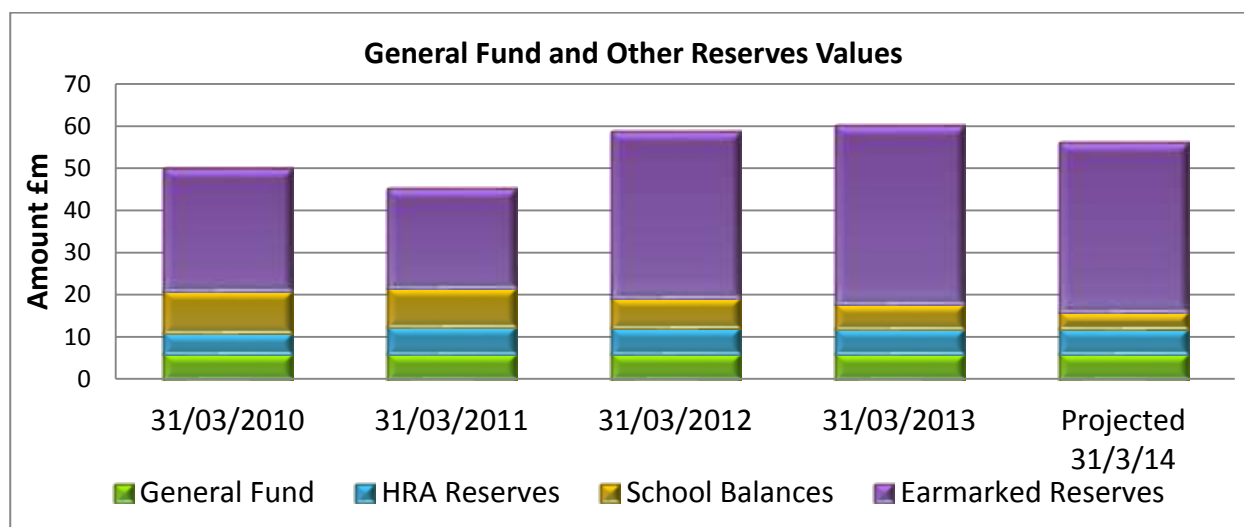
Major Asset Disposals

As part of the wider development of its leisure provision, the Council entered into a long-term lease for the redevelopment of its Oasis Leisure Centre. This will see enhancement to current facilities plus the development of additional leisure attractions. As a result, the Oasis centre has been disposed from the Council's asset base under finance lease treatment.

The Council also saw the continued transfer of schools into Academy status. Once transferred to Academy status the underlying assets are not classed as Council property but disposed of under long-term leasing at nil value.

Financial Overview – Financial Outlook

At this point, the Council's balance sheet continues to be strong, with a healthy level of reserves as shown in the following chart. The level of General Fund earmarked reserves increased in 2012/13 due to one-off resources becoming available, specifically around the funding of equal pay claims, but are expected to fall in future as the Council seeks to fund service reconfiguration.



Cabinet and Council in February 2011 approved a 3 year capital programme covering the years 2011/12 to 2013/14. A further 3 year programme will be developed for the next 3 year period

taking into account any future capital funding settlement. However, with significant cuts to Local Government funding, it is anticipated that new approvals will be kept to a minimum, with school place planning pressures accounting for a significant element of any future capital programme.

Audit Report

The draft accounts have to be approved before the 30 June by the Board Director - Resources, the Council's designated Section 151 Officer. They will be independently audited as required by the Audit Commission Act 1998 and published in their audited form by 30 September. The Council's auditors are Grant Thornton.

Further Information

If readers would like to know more about the accounts of the Council, please write to Stuart McKellar, Board Director - Resources, Civic Offices, Swindon SN1 2JH, or email smckellar@swindon.gov.uk

Main Statements

Comprehensive Income and Expenditure Statement

Note	Continuing Operations	2011/12 Gross £000	2011/12 Gross £000	2011/12 Net £000	2012/13 Gross £000	2012/13 Gross £000	2012/13 Net £000
7	Central Services	30,455	(25,396)	5,059	36,018	(18,784)	17,234
	Cultural and Related Services	29,017	(11,779)	17,238	25,397	(9,919)	15,478
	Environmental Services	23,360	(4,197)	19,163	21,531	(4,224)	17,307
	Planning & Development Services	12,753	(5,128)	7,625	14,559	(5,448)	9,111
	Education and children's services	200,717	(143,293)	57,424	166,080	(111,579)	54,501
	Highways and transport services	26,613	(8,956)	17,657	25,053	(8,543)	16,510
	Local authority housing (HRA)	47,394	(43,741)	3,653	60,560	(46,881)	13,679
	Other housing services	74,047	(66,044)	8,003	77,758	(71,358)	6,400
	Adult social care	88,305	(28,203)	60,102	80,407	(19,854)	60,553
5	Exceptional items	138,617	0	138,617	0	0	0
	(Surplus) / Deficit on Continuing Operations	671,278	(336,737)	334,541	507,363	(296,590)	210,773
8	Other operating expenditure			44,938			27,422
9	Financing & investment (income)/expenditure			8,273			18,110
10	Taxation and non-specific grant income			(174,908)			(166,966)
	(Surplus) / Deficit on Provision of Services			212,844			89,339
12	(Surplus) / Deficit on revaluation of PPE assets			(15,309)			(18,130)
	(Surplus) / Deficit on revaluation of available for sale financial assets			0			0
51	Actuarial (gain) / loss on pension assets / liabilities			36,772			41,615
	Other Comprehensive Income and Expenditure			21,463			23,485
	Total Comprehensive Income and Expenditure			234,307			112,824

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement

This statement shows the movement in the year on 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	General Fund Balance £000	Earmarked GF Reserves £000	HRA £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplie d £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Adjustment to b/f balance					(3)			(3)	283	280
31 March 2012	(6,000)	(46,546)	(3,948)	(6,129)	(10,711)	(6,666)	(23,053)	(103,053)	(485,287)	(588,340)
Deficit on Service provision	67,215		22,124	0	0	0	0	89,339	0	89,339
Other Income / Exp.	0	0	0	0	0	0	0	0	23,485	23,485
Total Comprehensive Income /Exp.	67,215	0	22,124	0	0	0	0	89,339	23,485	112,824
Adjusts between accounting & funding basis (note 11)	(65,503)	0	(23,865)	0	(3,723)	(7,779)	(2,603)	(103,473)	103,473	0
Net (Inc)/Decrease before Transfers to Earmarked Reserves	1,712	0	(1,741)	0	(3,723)	(7,779)	(2,603)	(14,134)	126,958	112,824
Transfers to / from Earmarked Reserves	(1,712)	(1,655)	219	(219)	3,367	0	0	0	0	0
(Inc)/Decrease in 2012/13	0	(1,655)	(1,522)	(219)	(356)	(7,779)	(2,603)	(14,134)	126,958	112,824
31 March 2013	(6,000)	(48,201)	(5,470)	(6,348)	(11,067)	(14,445)	(25,656)	(117,187)	(358,329)	(475,516)

	General Fund Balance	Earmarked GF Reserves	HRA	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
31 March 2011	(6,000)	(32,683)	(2,000)	(6,520)	(12,274)	(6,198)	(18,997)	(84,672)	(738,255)	(822,927)
Deficit on Service provision	71,913	0	140,931	0	0	0	0	212,844	0	212,844
Other Income / Exp.	0	0	0	0	0	0	0	0	21,463	21,463
Total Comprehensive Income /Exp.	71,913	0	140,931	0	0	0	0	212,844	21,463	234,307
Adjusts between accounting & funding basis (note 11)	(85,776)	0	(142,488)	0	1,566	(468)	(4,056)	(231,222)	231,222	0
Net (Inc)/Decrease before Transfers to Earmarked Reserves	(13,863)	0	(1,557)	0	1,566	(468)	(4,056)	(18,378)	252,685	234,307
Transfers to / from Earmarked Reserves	13,863	(13,863)	(391)	391	0	0	0	0	0	0
(Inc)/Decrease in 2011/12	0	(13,863)	(1,948)	391	1,566	(468)	(4,056)	(18,378)	250,503	232,125
31 March 2012	(6,000)	(46,546)	(3,948)	(6,129)	(10,708)	(6,666)	(23,053)	(103,050)	(485,570)	(588,620)

Statement of Financial Position

Note		31st March 2012 £000	31st March 2013 £000
12	Property, Plant & Equipment (non-dwellings)	694,406	665,569
12	Council dwellings	317,183	277,296
16	Heritage	33,410	39,700
18	Investment property	49,085	50,479
70	Long term investments	1,489	1,489
	Long Term debtors	196	1,423
	Total Non-Current Assets	1,095,769	1,035,956
19	Short term investments	17,123	23,623
20	Inventories & Work in Progress	541	482
21	Short term debtors	16,300	22,738
22	Cash & Cash equivalents	18,934	20,935
23	Assets held for sale (current)	625	3,600
	Current Assets	53,523	71,378
19	Short term borrowing	(18,529)	(42,315)
24	Short term creditors	(39,042)	(35,276)
25	Provisions (short term)	(1,793)	(2,003)
	Current Liabilities	(59,364)	(79,594)
19	Long term borrowing	(230,276)	(223,764)
49	Long term creditors	(47,002)	(50,078)
25	Provisions (long term)	(2,019)	(6,635)
51	Pension Asset/Liability	(187,273)	(233,791)
45	Capital Grants receipts in advance	(34,738)	(37,956)
	Non-Current Liabilities	(501,308)	(552,224)
	Net Assets	588,620	475,516
	Usable Reserves	(103,050)	(117,187)
27	Unusable Reserves	(485,570)	(358,329)
	Total Reserves	(588,620)	(475,516)

The unaudited accounts were issued on 26 June 2013 and the final on the 24th September.

The Statement of Financial Position is the balance sheet that shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

		2011/12	2012/13
Notes		£'000	£'000
	Net surplus or (deficit) on the provision of services	(212,844)	(89,339)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	116,394	124,806
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(22,575)	(24,476)
33	Net cash flows from Operating Activities	(119,025)	10,991
34	Investing Activities	(7,861)	(21,193)
35	Financing Activities	128,410	12,203
	Net increase or (decrease) in cash and cash equivalents	1,524	2,001
	Cash and cash equivalents at the beginning of the reporting period	17,410	18,934
	Cash and cash equivalents at the end of the reporting period	18,934	20,935

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

1. NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

a) General Principles

The Statement of Accounts summarises the Authority's transactions for this financial year and its position at the year-end of 31 March. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom and the Best Value Accounting Code of Practice, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Regulations.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

There are also qualitative aspects to financial information and the areas of relevance, reliability, comparability, understandability and materiality are considered in the accounting treatment of transactions, along with the going concern concept that the authority has prepared its accounts on the assumption that it will continue in operational existence for the foreseeable future.

The figures in the accounts are subject to rounding to thousands (£000's) but should not be rounded by more than one or two thousand, allowing for consistency and balancing between different statements and disclosure notes.

b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from the sale of goods is recognised in the period that the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised in the period when the Authority provides the service and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date that material supplies are received and their consumption, material balances are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts remain unpaid beyond a month, the income is automatically reversed from the Comprehensive Income and Expenditure Statement and a bad debt provision created.

As part of the annual accrual process a requested de minimis level of £200 is set to year-end service accruals to reflect materiality thresholds. For cyclical periodic payments, such as utility bills, the accounts aim to reflect a full twelve months in the accounting year, which may not necessarily be April to March, but will reflect 12 months' worth of costs.

c) Acquisitions and Discontinued Operations

The Authority has neither acquired nor discontinued any material operation within these accounts. Its social care provision is no longer provided in-house but is commissioned from a social enterprise – SEQOL, and elements of its Street Services and Waste are provided via its subsidiary.

d) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

e) Exceptional Items

When non-routine items of income and expense are material, their nature and amount is disclosed separately as an exceptional item. This will either be on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

f) Prior Period Adjustments, Changes in Accounting Policies and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

g) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. This is called the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance to MRP, by way of adjusting transactions with the Capital Adjustment Account in the Movement in Reserves Statement.

h) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages, salaries and paid annual leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. Where the value of untaken leave is calculated as being material, defined as greater than 1% of the gross cost of services, an accrual is made for the estimated cost of holiday entitlements earned by employees but not taken before the year-end. The accrual is made at the wage and salary rates applicable to the period in which the employee earned the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement, as allowed under regulations.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

The Teachers' Pension Scheme, administered by Teachers' Pensions Agency on behalf of the Department for Education (DfE).

The Local Government Pension Scheme, administered by Wiltshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the Wiltshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on the iBoxx Sterling Corporates AA

over 15 years Index at the IAS19 valuation date with one adjustment – the removal of recently re-rated bonds from the index).

The change in the net pension liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- Contributions paid to the Wiltshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

i) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

j) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Guarantees

The Authority views requests for parent company guarantees on a case-by-case basis. It is assessed whether there is any significant risk in the arrangement and the subsequent extent that any provision would be required.

Financial Assets

Financial assets are classified into two types:

Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

k) Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. The exposure to foreign currency transactions is limited, with only a few transactions arising annually.

l) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable assurance that any conditions attached to the grant or contribution will be satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors or receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the town centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

m) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is classified as intangible assets. The Authority considers intangible assets against materiality of the expenditure incurred. There are currently no identified intangible assets of the Authority.

If material, intangible assets would be measured initially at cost for capitalisation. Amounts would be revalued only where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, any intangible asset held by the Authority would not expect to meet this criterion, and would therefore be carried at amortised cost.

n) Interests in Companies and Other Entities

The Authority has interests in companies that are subsidiaries, and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost.

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport Limited (TTL), Swindon Commercial Services Limited (SCSL), and Forward Swindon Limited (FSL) is required to produce group financial statements for the combined entities where the impact on the accounts is material. On that basis Forward Swindon Limited is not included in

consolidation. In collation of these accounts it is necessary that the accounting policies of the parent be used for the Group as a whole.

The main accounting policies for Group Accounts are those given in note 1, with specific issues on consolidation disclosed below. The accounting policies that the group statements follow are those of the Authority, and the following have been the policy changes to align the subsidiary and parent undertakings:

Fixed Asset Depreciation / Valuation

The straight-line method of depreciation is used. 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 ten to fifteen year basis.

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 Code, consolidation and disclosure notes to the group accounts are only included where material amounts or details over the single entity accounts are witnessed.

o) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services chargeable under the contract during the financial year.

p) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is a surplus asset held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

q) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

An operating lease is any lease other than a finance lease. Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

r) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or availability of service in accordance with the principles of the CIPFA service reporting code of practice (SeRCOP). A simplified total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the staff of the service, with the exception of:

Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.

Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as part of Central Services in the Comprehensive Income and Expenditure Statement.

s) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority has not capitalised borrowing costs incurred whilst assets are under construction during the year.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Financial year 2010/11 was the first year of a new five-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.

Impairment

Assets categories are assessed at each year-end if there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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 assets under

construction. Straight-line depreciation is the method in which the cost of an asset is split equally over the period of its estimated useful life.

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

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – generally straight-line over five years (dependent on the assessed expected useful life)
- Infrastructure – straight-line allocation over twenty years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Components

Each asset on the balance sheet is made up of possible components, some of which may have different life spans to others and which might be accounted for distinctly for depreciation purposes. To enable a structured approach to component accounting the following principles are applied:

To be considered for componentisation an individual asset must:

- Have a carrying value of at least £5m, and
- Have undergone enhancement works over £100k, or
- Have been acquired, or
- Have undergone revaluation, or
- Undergo a change of category classification

A component must:

- Have a cost of at least £2m or,
- Cost at least 20% of the overall asset (whichever is higher) and
- Have a useful life which is at least plus or minus five years from other components/overall asset.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of

any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Associated costs of disposal are contained within the net cost of services analysis, as part of apportioned central support costs. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets Under Construction

Wichelstowe is an area of development that has been under construction, by way of primary infrastructure, since 2007. It is a major development for the Borough and will continue to be developed for the next 15-20 years. The development of the infrastructure has resulted in areas where distinct assets cannot be readily costed and has seen the build-up of assets under construction as a result (£63.8m). Although some assets may be useable, it is not considered to have a material effect on the accounts that they are currently classed as under construction and are expected to be transferred to operational asset at the point that the development has the carriageways adopted and the Council's construction risk is replaced by a Highways Authority maintenance cost. This should be seen from 2013/14.

Heritage Assets

The Authority's Heritage Assets are mainly held in the Authority's Museums. The Museums contain a range of artistic, porcelain, locomotive and archaeological collections which are held for

local knowledge. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, the measurement rules are relaxed in relation to heritage assets and for all heritage classified collections values have been taken by reference to insurance valuations.

t) Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the PFI schools, the liability was written down by an initial capital contribution of £10m.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

PFI remains the significant arrangement of this type but similar arrangements would be accounted for along these lines if entered into.

u) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For

instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Landfill Allowance Trading Schemes (LATS)

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant at a value attributable to the market rate. After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

The value of the LATS allowances has been determined based on the weighted average cost of trading volumes to date, previously confirmed by DEFRA, and is taken as nil due to limited trading.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

v) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant notes.

w) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

x) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

y) Collection Fund / Agency Arrangements

The Collection Fund is a separate account required through statute by billing authorities. It presents the amounts collected as income and the amounts paid out as precepts to precepting authorities (e.g. the Fire Authority). After changes in the accounting guidance, the Council will be recording on an agency basis only the amounts that relate to its own balances. Debtors / Creditors and other balances relating to preceptors are no longer recorded on the Council's balance sheet.

z) Group Consolidation

Thamesdown Transport Limited, a bus service providing company in Swindon, established in October 1986 and Swindon Commercial Services Limited, a multiple trading service, established in January 2010, are assessed as being subsidiary companies of Swindon Borough Council. This classification is due to the 100% shareholding that the Authority has in both companies.

Consolidation of Thamesdown Transport Limited and Swindon Commercial Services Limited figures in these statements is by the acquisition method, on a line-by-line basis, using the companies' final accounts as the base detail for consolidation.

1. Accounting Standards That Have Been Issued But Have Not Yet Been Applied

There are no known standards being implemented that materially affect the 2012/13 accounts. Amendments to standards in the 2013/14 financial year that will impact from 1 April 2013, and, in relation to IAS19 Employee Benefits, will see a £2.8m prior period adjustment to the Income statement.

2. Critical Judgements in Applying Accounting Policies

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Authority is however undertaking a review of service provision and whether all services currently provided should be continued to be provided, and if so in what format.

The Authority is deemed to control the services provided under the agreement for school provision in seven new schools and also to control the residual value of the buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the schools are recognised as Property, Plant and Equipment on the Authority's Balance Sheet.

The Authority contributes funding to Highworth Recreation. It has been determined that the Authority does not have control of the Trust and it is not a subsidiary of the Authority.

The conclusion of legal review into Mesopotamia cases has resulted in the Council, along with other authorities, becoming liable for potential future costs in relation to past claims. The Council has concluded that changes in the likelihood of payment being paid now require a provision to be made.

Accounting for Schools assets - In its role as a local education authority the Council oversees a range of Voluntary Aided and Voluntary Controlled schools. The different form of school affects the make-up of their governing body, the admissions policy, funding arrangements and the legal ownership of assets. A national review continues to be undertaken to assess consistency of school assets inclusion on Authority balance sheets. Until conclusion of that review the Authority continues to record only those schools for which it has control over school policy.

Academy schools within the borough operate under a long term lease of their assets and are funded independently of the Council. The Council has therefore continued to remove the value of Academy school assets from its carrying-value of property, plant and equipment. These schools have transferred out of local authority control and the assets that form part of the academy transfer are no longer accounted for as having ownership value, effectively a nil-value finance lease.

The Council is required to partake in the Carbon Reduction Commitment Scheme programme. This involves the purchase of annual allowances to pay for carbon usage. Allowances carried forward

from one year to the next are deemed to be intangible assets; however the Authority's balance of allowances is not material and has not been classified.

As at 31st March 2013, the Council had around 300 unsettled legal claims brought against it under the Equal Pay Act 1970 and subsequently the Equality Act 2010. Around 200 of these relate to periods of employment in schools with the remainder of claims being from mainly females who have undertaken work in a range of roles across the Council. The Council expects to be able to successfully defend the majority of these claims through Employment Tribunal but has made a provision of £0.5m to guard against potentially liabilities arising from these cases. The Tribunal is expected to hear these cases in batches over the course of the next few Financial Years

3. The Impact of Prior Period Adjustments

There has been no restatement of prior periods, however minor adjustment to opening balances, of a net £280k, have been made to align capital accounting reserves and asset values.

4. Assumptions Made About The Future & Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Provisions	<p>The Authority makes a provision to provide for self-insurance. This is calculated to cover the Council's costs should successful significant claims be made against the Authority. On past experience the value of claims paid requires less annual contribution to the provision.</p> <p>The level of provision which is classified as short-term (75%) is based upon the experience of claims of the insurance service.</p>	<p>An increase in the forthcoming year in the number of claims processed could see a need to increase the provision beyond that budgeted, which would impact on the general fund balance.</p> <p>The overall provision should provide the necessary cover for claims and there should be no impact to the general fund.</p>

	Included for 2012/13 is a provision for the putting right of landfill site. This is capitalised as part of the decommissioning cost of the asset. Expected duration is for sixty years.	Annual values are not material but the length of time the provision is expected to be needed for may see other changes be necessary.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries provide the Authority, through the pension fund, with expert advice about the assumptions to be applied.	Changes to the pension liability can be complex with a variety of items that may cause impact on the either a positive or negative change.
Untaken Leave	Sampling has been used to estimate the historic value of untaken staff leave, coupled with an annual return sent to managers to complete for the latest financial year. The accounting judgement is based upon these estimates as a percentage of gross expenditure.	If future changes should be made to gross expenditure it may trigger the threshold for inclusion of accrual leave due to changes in materiality. This would result in higher cost of services but with compensating adjustments in the movement in reserves statement.

5. Material Items of Income and Expense

The Comprehensive Income and Expenditure Statement contain material loss on disposal values in the last two years for academy disposals and exceptional service costs of £138m in 2011/12. This was funded by additional borrowing in 2011/12 with disposal values being reversed to the Capital Adjustment Account in both years. This can be broken down as:

Items	Value	Explanation
2012/13		
Disposal of School Assets on Academy Transfers and Oasis Leisure Centre	£28m	The converting of a number of schools to Academy status has required the writing out of the assets for those sites, along with the disposal to Finance Lease of the Oasis Leisure Centre. This has resulted in a high level of loss on disposal showing through Other Operating Expenditure.
2011/12		
HRA Debt	£138m	The Government changed the way in which HRA accounts are to be managed / finance and in March 2012 the Council was required to pay for the related HRA debt of its housing stock based on Government figures. This has been financed by additional PWLB borrowing.
Disposal of School Assets on Academy Transfers	£34m	The converting of a number of schools to Academy status has required the writing out of the assets for those sites. This has resulted in a high level of loss on disposal showing through Other Operating Expenditure.

6. Events after the Balance Sheet Date

There remain a number of schools that will transfer to Academy status in 2013/14 and it is expected that disposals of £64m will be required in 2013/14 accounts for Academy transfers scheduled prior to authorisation of the 2012/13 accounts in September 2013. This disposal value will increase for additional transfers that occur before the end of the financial year.

7. Central Services

Breakdown of Central Services.

	Exp £'000	Inc £'000	Net £'000	Exp £'000	Inc £'000	Net £'000
Central Services to the public	19,752	(16,408)	3,344	19,876	(14,806)	5,070
Corporate and democratic core	10,165	(8,970)	1,195	14,919	(3,978)	10,941
Non Distributed costs	538	(18)	520	1,223	0	1,223
Central Services to the public	30,455	(25,396)	5,059	36,018	(18,784)	17,234

8. Other Operating Expenditure

Breakdown of items included under Other Operating Expenditure.

	2011/12 £'000	2012/13 £'000
(Gains)/losses on the disposal of non-current assets	42,352	24,948
Parish council precepts	1,939	1,946
Payments to the Government Housing Capital Receipts Pool	647	528
Total Other Operating Expenditure	44,938	27,422

9. Financing and Investment Income and Expenditure

Breakdown of items included under Financing and Investment Income and Expenditure.

	2011/12 £'000	2012/13 £'000
Interest payable and similar charges	12,760	17,033
Net pensions interest cost and expected return on pensions assets	4,606	6,859
Interest receivable and similar income	(3,200)	(1,284)
Investment income	(6,025)	(5,255)
Movement on market value of investment property	132	99
Investment Asset Disposals	0	849
Total Taxation and Non-specific Grant Incomes	8,273	18,110

10. Taxation and Non Specific Grant Incomes

Breakdown of items included under Taxation and Non Specific Grant Incomes.

	2011/12	2012/13
	£'000	£'000
Council tax income	(85,481)	(87,177)
Non-domestic rates	(41,313)	(50,574)
Non-ring-fenced government grants	(27,378)	(15,169)
Capital grants and contributions	(20,736)	(14,046)
Total Taxation and Non-specific Grant Incomes	(174,908)	(166,966)

11.Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2012/13	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Charges for depreciation of non-current assets	(21,290)	(3,815)	0	0	0	(25,105)	25,105	0
Charges for impairment of non-current assets	(31,499)	(36,856)	0	0	0	(68,355)	68,355	0
Movement in the market value of investment properties	(99)	0	0	0	0	(99)	99	0
Capital grants and contributions applied	5,429	0	0	0	0	5,429	(5,429)	0
Revenue expenditure funded from capital under statute	(7,908)	0	0	0	0	(7,908)	7,908	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(27,570)	(4,286)	0	0	0	(31,856)	31,856	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	5,765	0	0	0	0	5,765	(5,765)	0

Voluntary provision for the financing of capital investment	0	5,000	0	0	0	5,000	(5,000)	0
Capital expenditure charged against the General Fund and HRA balances	4,000	3,816	0	0	0	7,816	(7,816)	0
Adjustments primarily involving the Capital Adjustment Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,616	0	0	0	(8,617)	(1)	1	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	6,014	6,014	(6,014)	0
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,388	1,430	(4,818)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	575	0	0	575	(575)	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	3,388	1,430	(4,818)	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,249	0	(9)	0	0	1,240	(1,240)	0

Adjustment primarily involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA	0	11,143	0	(11,143)	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	3,364	0	3,364	(3,364)	0
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	43	119	0	0	0	162	(162)	0
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,492)	(416)	0	0	0	(4,908)	4,908	0
Adjustments primarily involving the collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(606)	0	0	0	0	(606)	606	0
Total Adjustments	(65,503)	(23,865)	(3,723)	(7,779)	(2,603)	(103,473)	103,473	0

2011/12	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Charges for depreciation of non-current assets	(17,769)	(3,253)	0	0	0	(21,022)	21,022	0
Charges for impairment of non-current assets	(41,706)	(17,296)	0	0	0	(59,002)	59,002	0
Depreciation written back on HRA adjustment	0	3,932	0	0	0	3,932	(3,932)	0
Movement in the market value of investment properties	132	0	0	0	0	132	(132)	0
Capital grants and contributions applied	9,777	1,142	0	0	0	10,919	(10,919)	0
Revenue expenditure funded from capital under statute	(7,762)	0	0	0	0	(7,762)	7,762	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(43,750)	(437)	0	0	0	(44,187)	44,187	0
Reversal of HRA financing	0	(138,617)	0	0	0	(138,617)	138,617	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	3,070	0	0	0	0	3,070	(3,070)	0
Voluntary provision for the financing of capital investment	595	0	0	0	0	595	(595)	0

Capital expenditure charged against the General Fund and HRA balances	714	3,697	0	0	0	4,411	(4,411)	0
Adjustments primarily involving the Capital Adjustment Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	9,817	0	0	0	(9,817)	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	5,761	5,761	(5,761)	0
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	704	1,151	(1,855)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	2,755	0	0	2,755	(2,755)	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(647)	0	647	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(19)	0	19	0	0	0	0	0
Adjustment primarily involving the Major Repairs Reserve								

Reversal of Major Repairs Allowance credited to the HRA	0	7,273	0	(7,273)	0	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	6,805	0	6,805	(6,805)	0
Adjustment primarily involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	56	119	0	0	0	175	(175)	0
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,072	(199)	0	0	0	873	(873)	0
Adjustments primarily involving the collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	204	0	0	0	0	204	(204)	0
Total Adjustments	(85,776)	(142,488)	1,566	(468)	(4,056)	(231,222)	231,222	0

12. Property, Plant and Equipment

The revaluation decreases recognised in the surplus/deficit on provision of services relates to a general fall in prices across the relevant asset categories for General Fund assets. HRA council dwellings are also subject to specific impairment where the value of new build property is affected by social housing valuations.

2012/13	Council Dwellings	Other Land and Buildings	Vehicles, Plant, & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Heritage Assets	Total PPE	PFI Assets in PPE
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustment to b/f value	21	(1,158)		1		563	544	(1)	(30)	
At 1 April 2012	332,784	511,345	29,350	98,144	25,580	42,571	64,911	33,410	1,138,095	64,479
Additions	5,063	14,400	996	11,058	147	6	15,538		47,208	473
Derecognition – disposals	(4,286)	(29,280)	(317)	1,158	139	(159)	0		(32,745)	
Impairment Losses/(Reversals) through I&E	(4,617)	0	0	0	0	0	0	0	(4,617)	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(47,839)	(31,214)	0	0	0	(2,018)	0	0	(81,071)	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	(6,079)	0	0	0	4,555	0	6,290	4,766	6,730
Reclassification	0	0	0	0	0	(3,600)	0	0	(3,600)	0
Other movements in cost / valuation	0	557	1	0	0	0	(557)	0	1	0
At 31 March 2013	281,105	459,729	30,030	110,360	25,866	41,355	79,892	39,700	1,068,037	71,682
Accumulated Depreciation and Impairment										
Adjustment to B/F value	(20)	(283)	0	0	0	2	0	0	(301)	0
At 1 April 2012	(15,600)	(35,506)	(21,002)	(21,201)	0	(118)	0	0	(93,427)	(3,232)
Depreciation charge	(3,809)	(10,195)	(4,645)	(6,367)		(89)	0	0	(25,105)	(1,124)
Derecognition – disposals	0	2,184	317	(141)	0	3	0	0	2,363	0
Reclassifications	0	0	0	0	0	0	0	0	0	0
Depreciation written to/from the CIES	15,600	1,733	0	0	0	0	0	0	17,333	2,503
Depreciation written out to the Revaluation Reserve	0	13,364	0	0	0	0	0	0	13,364	0
At 31 March 2013	(3,809)	(28,420)	(25,330)	(27,709)	0	(204)	0	0	(85,472)	(1,853)
Net Book Value										
At 31 March 2012	317,184	475,839	8,348	76,943	25,580	42,453	64,911	33,410	1,044,668	61,247
At 31 March 2013	277,296	431,309	4,700	82,651	25,866	41,151	79,892	39,700	982,565	69,829

2011/12	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Heritage Assets	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
At 1 April 2011	336,533	567,472	27,508	83,472	25,518	42,196	67,303	24,610	1,174,612	64,313
Additions	13,369	17,244	1,842	14,671	97	632	4,012	0	51,867	166
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	4,787	0	0	0	0	0	8,801	(13,588)	0
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,031)	(40,405)	0	0	(35)	(1,440)	0	0	(53,911)	0
Derecognition – disposals	(437)	(45,056)	0	0	0	0	(244)	0	(45,737)	0
Other movements in cost or valuation	(4,671)	8,461	0	0	0	620	(6,704)	0	(2,294)	0
At 31 March 2012	332,763	512,503	29,350	98,143	25,580	42,008	64,367	33,411	1,138,125	64,479
Accumulated Depreciation and Impairment										
At 1 April 2011	(16,295)	(31,022)	(16,587)	(15,387)	0	(31)	0	0	(79,322)	(2,154)
Depreciation charge	(3,231)	(12,516)	(4,415)	(5,814)	0	(27)	0	0	(26,003)	(1,078)
Depreciation written out to the Revaluation Reserve	0	1,722	0	0	0	0	0	0	1,722	0
Depreciation written back on impairment	0	4,981	0	0	0	0	0	0	4,981	0
Derecognition – disposals	16	1,550	0	0	0	0	0	0	1,566	0
Derecognition – other	3,930	62	0	0	0	(62)	0	0	3,930	0
At 31 March 2012	(15,580)	(35,223)	(21,002)	(21,201)	0	(120)	0	0	(93,126)	(3,232)
Net Book Value										
At 31 March 2011	320,238	536,450	10,921	68,085	25,518	42,165	67,303	24,610	1,095,290	62,159
At 31 March 2012	317,183	477,280	8,348	76,942	25,580	41,888	64,367	33,411	1,044,999	61,247

The main balance within assets under construction contains the primary infrastructure works for the Wichelstowe development. This includes the costs of bringing the site into use (£12.9m), the support staff costs directly involved in the project (£3.1m), and the infrastructure build (£47.8m). The whole development infrastructure has remained as under construction until the highways undergo final adoption and will then transfer to operational assets.

13. Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Council Dwellings	- 70 years
Operational Assets	- 20-70 years dependant on the assessed expected useful life
Infrastructure	- 20 years
Plant & Equipment	- Normally 5 years dependent on the expected useful life
General Vehicles	- Straight line over five years

14. Capital Commitment

At 31 March 2013, Council has approved a Capital Programme of £124.6m for the construction or enhancement of Property, Plant and Equipment in 2013/14 and future years. Whilst not contractually committed, there is reasonable expectation that the work will be undertaken. The funding for this programme will be met primarily from external grants and borrowing. Further expenditure depends on borrowing, grants and other contributions, some of which have already been received or promised. Similar commitments at 31 March 2012 were £113m.

15.Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. All valuations were carried out internally by qualified RICS valuers. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

16.Heritage Assets

The Authority uses insurance valuations to measure its heritage assets. Such valuations will be used on a rolling basis to update the balance sheet values and no greater a timescale than every five years per general PPE measurement.

Valuation	2011/12 £'000	2012/13 £'000
1st April	24,610	33,411
Additions	0	0
Disposals	0	0
Revaluations	8,801	6,289
Impairment Losses/(reversals)	0	0
Depreciation	0	0
31st March	33,411	39,700

The valuation of collections can be broken down into the following sites:

	2011/12 £'000	2012/13 £'000
Bath Road Museum	7,000	11,500
Steam Railway Heritage Centre	24,000	25,000
Richard Jefferies Museum	120	120
Lydiard Park House	1,711	2,500
Agricultural Store Coate	120	120
Whitehall Farm Stores	60	60
Transport Depot Stores	60	60
Civic Regalia	340	340
Total Valuation	33,411	39,700

Further information on the Council's heritage strategy is available in the formal policy document.

17. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance 1/4/10 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/11 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/12 £'000
General Fund Reserves	(23,467)	(17,167)	1,339	(39,295)	(8,822)	5,679	(42,438)
Ring fenced Reserves:							
HRA	(6,520)	0	391	(6,129)	(225)	6	(6,348)
Schools	(9,107)	0	1,873	(7,234)	0	972	(6,262)
Other*	(109)	0	92	(17)	500	16	499
Total Earmarked Reserves	(39,203)	(17,167)	3,695	(52,675)	(8,547)	6,673	(54,549)

* The other reserve opening balance provides the balancing entries for transitional finance leases whilst the closing balance represent equal pay provision contra balance.

18. Investment Properties

The following items of income have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Statement Income and Expenditure

	2011/12 £'000	2012/13 £'000
Rentals from investment property included in investment income	(2,887)	(2,745)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2011/12 £'000	2012/13 £'000
Adjustment to b/f balance		53
Balance at start of the year	50,866	49,138
Additions:		
Purchases	0	1,847
Construction	0	0
Subsequent expenditure	1,150	442
Disposals	(360)	(849)
Net gains/losses from fair value adjustments	228	(99)
Transfers:		
to/from Inventories	0	0
to/from Property, Plant and Equipment	(2,799)	0
Other changes	0	0
Balance at end of the year	49,085	50,479

19. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Balance at 31 March	Long-term 2012 £'000	2013 £'000	Current 2012 £'000	2013 £'000
Assets:				
Cash & Cash Equivalents	0	0	18,934	20,935
Loans and receivables	0	0	17,100	23,600
Available-for-sale financial assets	0	0	23	23
Total assets	0	0	36,057	44,558
Borrowings:				
Financial liabilities PWLB	(195,276)	(183,764)	(12,529)	(12,566)
Financial liabilities LOBO	(30,000)	(30,000)	0	0
Financial liabilities Other Temporary Borrowing	(5,000)	(10,000)	(6,000)	(29,749)
Total borrowings	(230,276)	(223,764)	(18,529)	(42,315)
Other Current Financial Instruments:				
Debtors	0	0	926	1,160
Creditors	0	0	(16,090)	(11,624)
Other Long Term Liabilities	0	0	0	0
PFI	(47,002)	(46,294)	(657)	(848)
Total other financial instruments	(47,002)	(46,294)	(15,821)	(11,312)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

The fair values calculated are as follows:

	31 March 2012		31 March 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Long Term Creditors	(230,276)	(236,293)	(223,764)	(232,141)

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March) arising from a commitment to pay interest to lenders above current market rates.

	31 March 2012		31 March 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables	(18,529)	(26,335)	(40,511)	(39,840)

The fair value of the assets is higher than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March) attributable to the commitment to receive interest below current market rates.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

20. Inventories

The movement on inventory of stock is summarised below:

	Trading Stores		Leisure Stores		Other Stores		Total	
	11/12	12/13	11/12	12/13	11/12	12/13	11/12	12/13
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 April	239	131	213	213	169	197	621	541
In-year movement	(108)	(12)	0	(29)	28	(18)	(80)	(59)
Balance 31 March	131	119	213	184	197	179	541	482

21.Short-term Debtors

The balances of short-term debtors are summarised below:

Balance at 31 March	2011 £'000	2012 £'000	2013 £'000
Central government bodies	12,944	4,127	5,912
Other local authorities	340	276	563
NHS bodies	1,009	1,140	396
Public corporations and trading funds	496	0	34
Collection Fund	6,360	8,364	10,545
Other entities and individuals	11,637	10,960	13,104
Payments in Advance	4,227	2,573	3,027
Sub-total	37,013	27,440	33,581
Provision for bad debts	(10,271)	(11,140)	(10,843)
Net Debtors	26,742	16,300	22,738

22.Cash and Cash Equivalents

Cash balances are those that the Authority holds in instant access bank account, with significant balances representing amounts held by schools. Cash equivalents are short-term deposits that can be readily converted in to cash, within one month, without material penalty on calling in.

The balance of Cash and Cash Equivalents is made up of the following elements:

Balance at 31 March	2011 £'000	2012 £'000	2013 £'000
Cash	10,160	8,934	15,935
Short-term investments	7,250	10,000	5,000
Total	17,410	18,934	20,935

23. Assets Held for Sale

	Current		Non-Current	
	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000
Balance Outstanding at start of year	625	625	0	0
Assets newly classified as held for sale:				
Property, Plant and Equipment	0	3,600	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	(625)	0	0
Transfers from non-current to current	0	0	0	0
Other movements	0	0	0	0
Balance outstanding at year end	625	3,600	0	0

24. Creditors

Balance at 31 March	2011	2012	2013
	£'000	£'000	£'000
Central government bodies	(3,705)	(4,056)	(4,641)
Other local authorities	(1,270)	(1,773)	(1,593)
NHS bodies	(1,270)	(796)	(555)
Public corporations	(16)	(103)	0
Bonds	(456)	(597)	(536)
Other entities and individuals	(34,454)	(24,785)	(20,922)
Receipts in advance	(9,829)	(6,932)	(7,029)
Total	(51,000)	(39,042)	(35,276)

25. Provisions

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. It includes a provision for outstanding MMI claims that are now becoming certain that payment will be necessary in future.

Aged NDR

The provision is in respect of aged non-domestic rate balances that remain with the Council and for which conclusion of repayment or use remains outstanding.

Capitalised Landfill

This provision represents the sixty year liability for the reclamation of the landfill site. The cost of the provision represents a capital cost as part of the decommissioning of the asset.

Equal Pay

This represents the estimated liability of the Council for outstanding equal pay claims that it expects to pay out.

Other

The other provisions mainly relate to Housing, where review costs are known to be payable every fourth year, or where the Authority is required to underwrite accommodation costs and may need be charged if amounts are not paid.

Expenditure relating to these provisions occurs when the Insurers close claims, when confirmation of NDR balances can be used is received, or as temporary housing needs require. 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.

	Insurance & MMI £'000	Aged NDR £'000	Capitalised Landfill £'000	Equal Pay £'000	Other £'000	Total £'000
Balance Outstanding 1/4/12	(1,789)	(973)	0	0	(1,050)	(3,812)
Additional made	(1,375)	(21)	(3,600)	(500)	(538)	(5,945)
Amounts used	421	0	0	0	787	1,119
Balance outstanding 31/3/13	(2,743)	(994)	(3,600)	(500)	(801)	(8,638)
Short-term	(1,514)	0	0	0	(489)	(2,003)
Long-term	(1,229)	(994)	(3,600)	(500)	(312)	(6,635)

26. Useable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

27. Unusable Reserves

	Balance at 31 March 2012 £'000	2013 £'000
Capital Adjustment Account	(558,111)	(468,925)
Revaluation Reserve	(112,076)	(119,752)
Financial Instruments Adjustment Account	343	180
Pensions Reserve	187,273	233,791
Collection Fund Adjustment Account	(2,338)	(1,732)
Other Unusable Reserves	(661)	(1,891)
Total	(485,570)	(358,329)

28. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The movement in reserves statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2011/12 £'000	2012/13 £'000
Adjustment to b/f balance		821
Balance at 1 April	(790,340)	(557,290)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation of noncurrent assets	20,227	25,105
Charges for impairment of noncurrent assets	59,002	85,688
HRA Depreciation w/b adjustment	(3,932)	(2,363)
Depreciation w/b on CIES revaluations	0	(17,333)
Revenue expenditure funded from capital under statute	7,762	7,908
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	44,969	34,219
Application of the HRA debt	138,617	(5,000)
	266,645	128,224
Adjusting amounts written out of the Revaluation Reserve	(230)	(10,995)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(6,453)	(575)
Use of the Major Repairs Reserve to finance new capital expenditure	(6,805)	(3,364)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(10,919)	(5,429)
Application of grants to capital financing from the Capital Grants Unapplied Account	(5,762)	(6,014)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,452)	(4,978)
PFI Finance Lease Liability included in CIES MRP	(618)	(787)
Voluntary provision for financing of capital expenditure	(595)	0
Capital expenditure charged against the General Fund and HRA balances	(714)	(7,816)
Movement in the market value of investments	132	99
	(34,416)	(39,859)
Balance at 31 March	(558,111)	(468,925)

29. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2011/12 £'000	2012/13 £'000
Adjustment to b/f balance		(541)
Balance at 1 April	(96,996)	(112,617)
Revaluation of assets in asset table note	(13,588)	(4,766)
Revaluation of held for sale assets	0	0
Depreciation added back on revaluation	(1,722)	(13,364)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(15,310)	(18,130)
Adjustments against historic cost	(150)	2,400
Accumulated gains on assets sold or scrapped	380	8,595
Amount written off to the Capital Adjustment Account	230	10,995
Balance at 31 March	(112,076)	(119,752)

30. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2011/12 £'000	2012/13 £'000
Balance at 1 April	(2,134)	(2,338)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(204)	606
Balance at 31 March	(2,338)	(1,732)

31. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account will be charged to the General Fund until depleted.

	2011/12 £'000	2012/13 £'000
Balance at 1 April	518	343
Proportion of premiums incurred in previous financial years to be charged against the HRA	(119)	(119)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance	(56)	(44)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(175)	(163)
Balance at 31 March	343	180

32. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

	2011/12 £'000	2012/13 £'000
Balance at 1 April	151,374	187,273
Actuarial (gains) or losses on pensions assets and liabilities	36,771	41,612
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(873)	4,908
Actuarial Roundings	1	(2)
Balance at 31 March	187,273	233,791

Statutory arrangements, however, require a benefit earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

33. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2011/12 £'000	2012/13 £'000
Interest received	3,199	1,284
Interest paid	(12,761)	(17,033)
Dividends received	3,662	2,509
Total	(5,900)	(13,240)

34. Cash Flow Statement – Investing Activities

	2011/12 £'000	2012/13 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(59,402)	(41,867)
Purchase of short-term and long-term investments	(85,630)	(238,373)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,855	5,215
Proceeds from short-term and long-term investments	113,016	237,098
Other receipts from investing activities	22,300	16,734
Total	(7,861)	(21,193)

35. Cash Flow Statement – Financing Activities

	2011/12 £'000	2012/13 £'000
Cash receipts of short- and long-term borrowing	217,115	169,660
Other receipts from financing activities	8,362	(708)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(659)	(154,190)
Repayments of short- and long-term borrowing	(96,408)	(2,559)
Total	128,410	12,203

36.Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across internal Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the CIES).
- The cost of retirement benefits is based on employer pension contributions rather than current service cost.
- Expenditure on support services is budgeted for centrally and not charged to Directorates as controllable budget.

The income and expenditure of the Authority's principal Group Directorates recorded in the budget reports for the year is included in the table below, together with the subsequent adjustments needed for accounting transactions to balance to the Net Cost of Services in the Comprehensive Income and Expenditure Statement:

Service Information 2012/13	Chief Executive	Resources	Transformation & Projects	Local-ities	Commissioning	Service Delivery	DSG	HRA	Total
For the year ended 31 March 2013	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Government grants*	0	(102,502)	(56)	(305)	(28,471)	(6,350)	(96,123)	(4)	(233,811)
Fees, charges & other service income	(197)	(25,042)	(1,743)	(75)	(10,859)	(27,213)	(10,159)	(51,054)	(126,342)
Total Income	(197)	(127,544)	(1,799)	(380)	(39,330)	(33,563)	(106,282)	(51,058)	(360,153)
Employee expenses	594	11,439	5,540	1,422	6,872	29,529	62,027	5,388	122,811
Other operating expenses	63	110,180	1,112	383	141,257	35,792	41,755	43,406	373,948
Support Service Recharges	29	(5,089)	(126)	0	1,341	(134)	2,500	2,264	785
Total operating expenses	686	116,530	6,526	1,805	149,470	65,187	106,282	51,058	497,544
Net Cost of Services	489	(11,014)	4,727	1,425	110,140	31,624	0	0	137,391

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not solely be receipts from government.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£'000
Cost of Services in Service Analysis	137,391
Add amounts not reported to management (capital charges)	91,638
Remove amounts reported to management not included in Net Cost of Services of Comprehensive Income and Expenditure Statement (Corporate Items)	(18,256)
Net Cost of Services in Comprehensive Income and Expenditure Statement	210,773

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Not reported to mgmt	Not included in CIES NCS	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(126,342)	(7,775)	19,165	34,154	(80,798)	0	(80,798)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	0	0	3,793	0	3,793	(5,751)	(1,958)
Income from council tax	0	0	0	0	0	(137,751)	(137,751)
Government grants and contributions	(233,811)	0	14,189	0	(219,622)	(29,215)	(248,837)
Total Income	(360,153)	(7,775)	37,147	34,154	(296,627)	(172,717)	(469,344)
Employee expenses	122,811	(1,953)	0	0	120,858	6,859	127,717
Other service expenses	373,948	0	(38,500)	(34,154)	301,294	0	301,294
Support Service recharges	785	0	0	0	785	0	785
Depreciation, amortisation and impairment	0	101,366	0	0	101,366	0	101,366
Interest Payments	0	0	(17,033)	0	(17,033)	17,033	0
Precepts & Levies	0	0	0	0	0	1,946	1,946
Payments to Housing Capital Receipts Pool	0	0	0	0	0	528	528
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	25,047	25,047
Total operating expenses	497,544	99,413	(55,403)	(34,154)	507,400	51,283	558,683
Surplus or deficit on the provision of services	137,391	91,638	(18,256)	0	210,773	(121,434)	89,339

Service Information 2011/12	Children's Dedicated Schools Grant	Children	Housing, Leisure, Libraries, Culture	Adult Social Care	Environment & Regeneration	Business Trans - formation	Chief Executive	HRA	Total
For the year ended 31 March 2012	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Government grants*	(110,475)	(13,282)	(484)	(10,152)	(3,274)	(78,788)	(19,619)	(8,827)	(244,901)
Fees, charges & other service income	(26,885)	(4,891)	(12,973)	(44,381)	(13,872)	(13,500)	(21,854)	(42,394)	(180,750)
Total Income	(137,360)	(18,173)	(13,457)	(54,533)	(17,146)	(92,288)	(41,473)	(51,221)	(425,651)
Employee expenses	83,266	20,538	11,109	9,706	9,489	9,204	8,567	5,735	157,614
Other operating expenses	53,046	27,274	15,566	87,911	36,781	99,509	38,052	44,086	402,225
Support Service Recharges	1,048	147	13	679	0	0	(53)	1,400	3,234
Total operating expenses	137,360	47,959	26,688	98,296	46,270	108,713	46,566	51,221	563,073
Net Cost of Services	0	29,786	13,231	43,763	29,124	16,425	5,093	0	137,422

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not solely be receipts from government.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£'000
Cost of Services in Service Analysis	137,422
Add amounts not reported to management (capital charges)	78,378
Remove amounts reported to management not included in Net Cost of Services of Comprehensive Income and Expenditure Statement (Corporate Items)	118,741
Net Cost of Services in Comprehensive Income and Expenditure Statement	334,541

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Not reported to mgmt	Not included in CIES	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(180,750)	0	14,639	45,493	(120,618)	0	(120,618)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	0	0	6,861	0	6,861	(9,451)	(2,590)
Income from council tax	0	0	0	0	0	(128,074)	(128,074)
Government grants and contributions	(244,901)	0	14,607	0	(230,294)	(46,835)	(277,129)
Total Income	(425,651)	0	36,107	45,493	(344,051)	(184,360)	(528,411)
Employee expenses	157,614	(5,477)	0	0	152,137	4,605	156,742
Other service expenses	402,225	0	95,394	(45,493)	452,126		452,126
Support Service recharges	3,234	0	0	0	3,234	0	3,234
Depreciation, amortisation and impairment	0	83,855	0	0	83,855	0	83,855
Interest Payments	0	0	(12,760)	0	(12,760)	12,760	0
Precepts & Levies	0	0	0	0	0	1,939	1,939
Payments to Housing Capital Receipts Pool	0	0	0	0	0	647	647
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	42,712	42,712
Total operating expenses	563,073	78,378	82,634	(45,493)	678,592	62,663	741,255
Surplus or deficit on the provision of services	137,422	78,378	118,741	0	334,541	(121,697)	212,844

37. Agency Services

Agency arrangements are where the Authority has undertaken work / services on behalf of another provider with agreed funding.

	2011/12 £'000	2012/13 £'000
Health services	1,799	1,782
	1,799	1,782

38. 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 for Swindon Integrated Community Equipment Stores (ICES) and for Learning Disabilities Short Breaks. From 1st April 2008 the Council and PCT entered into further S75 agreements covering the vast majority of Children's and Adults services.

The following tables show the budgets contained within Section 75 agreements, which are aligned but not truly pooled. This means that the PCT picks up any health related under or overspends within the pool and the Borough Council picks up any social care variances.

	2011/12 £'000	2012/13 £'000
Main Adults Section 75 Pool		
Mental Health	22,946	22,081
Learning Disabilities	16,117	14,858
Other services	0	45,944
Gross Expenditure	77,789	82,883
Mental Health	(6,017)	(5,395)
Learning Disabilities	(15,856)	(14,858)
Community Services	(21,286)	(28,826)
ICES and Wheel Chair	(516)	0
Swindon Borough Council's Contribution	(43,675)	(49,079)
Swindon PCT Contribution	(34,114)	(33,804)

	2011/12 £'000	2012/13 £'000
Children Section 75 Commissioning		
Net Expenditure	24,473	32,186
Net Income (including SBC contribution)	(24,473)	(32,186)
Swindon Borough Council's Contribution	(19,138)	(23,147)

39. Members Allowances

The Authority paid the following amounts to members of the council during the year.

	2011/12 £'000	2012/13 £'000
Basic Allowances	454	440
Special Responsibility Allowances	178	178
Expenses	5	6
Total	637	624

40.Officers' Remuneration

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band			Number of employees	
£		£	2011/12	2012/13
50,000	to	54,999	33	24
55,000	to	59,999	32	41
60,000	to	64,999	24	20
65,000	to	69,999	12	9
70,000	to	74,999	5	4
75,000	to	79,999	2	4
85,000	to	89,999	2	2
95,000	to	99,999	3	2
105,000	to	109,999	2	0
120,000	to	124,999	0	1

The reduction in the Chief Executive's salary figure between years is due to a pay cut taken in the year.

The Director of Adult Social Care in 2010/11 provided services for both the Authority and the local Primary Care Trust. She was formally employed by the PCT and the Authority is recharged its share of her salary and other remuneration.

Position	Salary & Allowances £	Expenses £	Remun - Emp. eration £	Pension Contributions £	Total Remuneration £
2012/13					
Chief Executive - Gavin Jones	161,003	254	161,257	24,795	186,052
Board Director Commissioning	138,000	1027	139,027	21,252	160,279
Board Director Transformation & Strategic Projects	236,231	0	236,231	20,037	256,268
Group Director Environment & Regeneration	81,143	0	81,143	689	81,832
Board Director Service Delivery	123,000	0	123,000	21,884	144,884
Board Director Resources	115,200	0	115,200	17,741	132,941
Director of Law & Democratic Services	96,567	384	96,951	14,871	111,822
Board Director Localities	156,819	0	156,819	16,148	172,967

2011/12					
Chief Executive – Gavin Jones	165,982	378	166,360	25,561	191,921
Group Director Children	138,000	1010	139,010	21,252	160,262
Group Director Business Transformation	130,112	0	130,112	20,037	150,149
Deputy C.E. and Group Director Environment & Regeneration	121,265	108	121,373	18,675	140,048
Director of Housing & Leisure	113,924	0	113,924	22,215	136,139
Director of Finance	100,678	0	100,678	15,504	116,182
Director of Law & Democratic Services	96,567	140	96,707	14,871	111,578

41.Exit Packages

The Council was obliged to pay the following number of exit packages. Costs of £518k include redundancy payments and pension costs and relate to compulsory redundancies through restructure.

Exit Package Band			Number of employees	
£		£	2011/12	2012/13
0	to	19,999	80	42
20,000	to	39,999	13	5*
40,000	to	59,999	3	0
60,000	to	79,999	2	0

* Under the Code, ranges can be grouped if it could otherwise identify individual staff. For 2012/13 the 5 employees stated cover a range of £20k to £100k

42.External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Authority's external auditors:

	2011/12	2012/13
	£'000	£'000
Statutory Audit of the Accounts	261	170
Audit of Grant Claims	30	16
Total Fees Paid	291	186

43.Contingent Liability

At the balance sheet date a legal challenge has been lodged affecting local authorities in England regarding charging for Land Charges personal search fees. If the complaint is upheld the Council may be liable to make repayment of its land charges personal search income. At present it is difficult to predict the timing or amount of any potential liability due to the on-going legal process.

44.Dedicated Schools Grant

Schools' funding is provided 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.

	Central Expenditure 2012/13 £'000	Schools Budgets 2012/13 £'000	Total 2012/13 £'000
Final DSG for before Academy Recoupment			140,199
Academy figure recouped for			56,671
Total DSG after Academy Recoupment for			83,527
Brought Forward from prior year			986
Carry Forward to next year agreed in advance			333
Agreed initial budgeted distribution	18,376	65,804	84,180
In year adjustments			0
Final budgeted distribution for year	18,376	65,804	84,180
Less actual central expenditure	16,560		
Less actual ISB deployed to schools		65,804	
Plus local authority contribution for			0
Carry forward to next year	1,816	0	2,149

45. Grant Income

Amounts credited to Services.

Funding Body	2011/12 £'000	2012/13 £'000
Arts Council - South West	0	(7)
Children's Workforce Development Council	(286)	(252)
DEFRA	(69)	0
Department For Children, Schools & Families (DCSF)	(109,156)	(95,190)
Department for Work & Pensions (DWP)	(79,533)	(81,548)
Department of Communities & Local Government (DCLG)	(5,106)	(11,428)
Department of Health	(1,917)	(29,690)
Department of Transport	(259)	(629)
Film Council	(13)	0
Forestry Commission	0	(18)
Home Office	(342)	(392)
Learning Skills Council /Skills Funding Agency	(208)	(377)
National Probation Service	0	(14)
NHS	0	(1,953)
South West Regional Development Agency	0	(57)
Training & Development Agency	(6)	0
Young Persons Learning Agency	(1,398)	(712)
Youth Justice board	(347)	(328)
Sport England	0	(48)
	(198,640)	(222,643)

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2011/12	2012/13
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Income from the Collection Fund	(85,481)	(87,177)
Distribution from Non-Domestic Rates	(41,313)	(50,574)
General Government Grants:		
Formulae Grant	(12,770)	(980)
General government grants	(14,608)	(14,189)
S106 Contributions Transferred to CAA*	(4,265)	(619)
General Capital Grants Transferred to CGUA**	(9,817)	(8,617)
General Capital Grants Used in Funding	(6,654)	(4,810)
	(174,908)	(166,966)

*Capital Adjustment Account

**Capital Grants Unapplied Account

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them which are not reasonably assured to be met and may require the funds to be returned to the giver. The balances at the year-end are as follows:

	2011/12	2012/13
	£'000	£'000
Balance at 1 April	(33,183)	(34,738)
New funds received with conditions not met	(22,291)	(17,263)
Funds written out where conditions have been met	20,736	14,045
Balance at 31 March	(34,738)	(37,956)

46.Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

The UK government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are shown elsewhere in the accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown in Note 38. Members have completed an annual

declaration of any possible related party situation and transactions with them. There are no significant transactions identified.

Officers

Officers of the Council have also made an annual declaration involving related parties. There are no significant transactions identified, though the Director of Adult Social Care provided services for both the Authority and the local Primary Care Trust for part of the year. Payments to the Primary Care Trust totalled £1.2m in 2012/13.

Controlled Companies

The Council is parent company to Swindon Commercial Services (SCS), Thamesdown Transport Limited (TTL) and Forward Swindon Ltd. The net value of transactions with subsidiaries was £44m against SCS and £636k against TTL in 12/13. Further details on these companies are contained within the group section of these accounts.

Other Public Bodies [subject to common control by central government]

The Authority had an aligned budget arrangement with Swindon Primary Care Trust for the provision of Children and Adult Social Care services. These represented Authority contributions of £23m into a £32m pool for Children and £49m into a £73m pool for adults.

Entities Controlled or Significantly Influenced by the Authority

The Council makes several grants and contributions to third party organisations each year, which follow individual process before award. This includes the Highworth Recreation Centre which the Council is assisting in the maintaining of local services.

Members of the Council also sit on boards of other groups or organisations, including the Group Companies of the Council. These are not necessarily material related parties but show the range of bodies that Members are involved with. A listing of outside bodies that Swindon Borough Council Members are represented on can be found on the Committee and Member Information Site pages of the Council website.

47.Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR at the 01/04/12 was £424.7m; it has increased by £18.2m to £442.9m as at 31/03/13.

	2011/12	2012/13
	£'000	£'000
Property, Plant & Equipment	38,498	39,324
HRA Dwellings & AUC	13,369	7,755
Investment Properties	1,150	2,289

Total Additions to Balance Sheet	53,017	49,368
Revenue Expenditure Funded from Capital Under Statute	7,762	7,908
Total Expenditure to be Financed	60,779	57,276
HRA Funding	(6,805)	(3,364)
Capital Receipts	(2,755)	(575)
Revenue Contribution to Capital Outlay (RCCO)	(4,411)	(7,816)
Government Grants and Other Contributions	(12,416)	(10,824)
S106	(4,265)	(619)
PFI Liability correction	0	(3,924)
Borrowing	(30,127)	(30,154)
Total Financing	(60,779)	(57,276)

48. Leases

Authority as Lessee

Finance Leases

Under reporting standards the Council has finance lease arrangements for its PFI scheme. The value of the school operational assets and accumulated depreciation are shown in note 12 for Property, Plant & Equipment.

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2011/12	2012/13
	£'000	£'000
Finance Lease Liabilities		
- Current	(657)	(848)
- Non-current	(47,003)	(50,078)
Finance Cost Payable in Future Years	(170,345)	(156,400)
Minimum lease payments	(218,005)	(207,327)

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2011/12	2012/13	2011/12	2012/13
	£'000	£'000	£'000	£'000
Not later than one year	10,919	11,150	(658)	(848)
Later than 1 not later than 5	53,648	56,872	(3,788)	(4,987)
Later than 5	148,103	163,697	(43,214)	(45,091)
	212,670	231,719	(47,660)	(50,926)

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

The Council has no other known finance lease arrangements, either as a direct leasing process or from service arrangements.

Operating Leases

The Authority has acquired general fleet vehicles by entering into operating leases, with typical lives of five to seven years. The future minimum lease payments due under non-cancellable leases in future years are shown below. The Council sub-lets the vehicles to its subsidiary company, Swindon Commercial Services, and the receipts receivable for subleasing will equal the amounts due for payment within the leasing control account.

	2011/12	2012/13
	£'000	£'000
Not later than one year	595	285
Later than one year and not later than five	285	0
Total Payments Due	880	285
Sublease payments receivable	(880)	(285)

Authority as Lessor

Finance Leases

The Authority has leased out a range of property across the Borough where it holds assets on commercial estates, farms and office space. Most of these are classified as operating leases, but three leases were previously identified as finance leases, with one remaining at financial close.

The Authority has a gross investment in these three leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	2011/12	2012/13
	£'000	£'000
Finance lease debtor	16	1,240
Covered by minimum lease payments:		
Not later than one year	(16)	(1)
Later than one year and not later than five	0	(1,239)

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Operating Leases

The Authority leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2011/12	2012/13
	£'000	£'000
Not later than one year	699	1,062
Later than one year and not later than five	1,122	1,201
Later than five years	1,593	2,109
Total Payments Due	3,414	4,372

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

49.Private Finance Initiatives and Similar Contracts

Schools PFI Scheme

In 2004/05 the Council entered into a PFI contract with Equion plc to provide seven schools in the northern sector of Swindon. 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 £269.5m under the contract although the actual level of payments will depend on contract performance by the provider. This payment covers a range of on-going services in the management of the schools, with the expectation that the schools will be available for educational use throughout the school term and day. The contract expires in 2032.

As the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the fixed assets will pass to the council at the end of the contracts, the council carries the fixed assets used under the contracts on the Balance Sheet.

The original recognition of these fixed assets was balanced by the recognition of a finance lease liability for amounts due to the scheme operator to pay for the assets. In a departure from the Code, lifecycle costs are recorded through revenue as modelled, rather than carried forward as a payment in advance if renewal works have not been undertaken. This ensures a consistent flow through revenue and limits the impact of significant prepayment balances building up over the duration of the contract.

Fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council, and a valuation undertaken on a rolling 5-year cycle.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Income and Expenditure Account
- Finance cost – an interest charge of 13% on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the Income and Expenditure Account
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Income and Expenditure Account
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs – recognised as fixed assets on the Balance Sheet.

PFI assets are accounted for on the Council's balance sheet at depreciated historic cost with a related finance lease liability. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 11. The income and expenditure account now has the unitary charge payment split between service costs, lease costs and MRP payments.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

	2011/12 £'000	2012/13 £'000
Opening Balance	(48,278)	(47,660)
Unitary Charge Paid	10,924	11,097
Liability adjustment	0	(3,924)
Expenditure / Financing Cost	(10,306)	(10,439)
Closing Balance	(47,660)	(50,926)

The payments due, as calculated under the finance lease methodology, which relate to service charges, interest and lease liability are shown in the following table.

Balance at 31 March	2012			2013		
	Service Charges £'000	Interest £'000	Liability £'000	Service Charges £'000	Interest £'000	Liability £'000
Within 1 Year	(1,759)	(7,785)	(658)	(1,759)	(7,538)	(848)
Within 2 - 5 Years	(7,036)	(30,015)	(2,927)	(7,036)	(28,866)	(3,750)
Within 6 - 10 Years	(8,795)	(34,297)	(6,251)	(8,795)	(32,141)	(8,374)
Within 11 - 15 Years	(8,795)	(27,292)	(12,642)	(8,795)	(23,939)	(15,697)
Within 16 - 20 Years	(8,795)	(13,770)	(24,275)	(7,915)	(9,112)	(22,257)
Within 21 - 22 Years	(880)	(148)	(907)	0	0	0
	(36,060)	(113,307)	(47,660)	(34,300)	(101,596)	(50,926)

50. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2012/13, the council paid £1.098m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.06% of pensionable pay. The figures for 2011/12 were £1.285m and 14.1%.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

51. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Wiltshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due.

The Council paid an employer's contribution of £8.586m (£9.141m in 2011/12) into Wiltshire County Council's Pension Fund, which provides participants with defined benefits relating to pay and service. This represented 16.9% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 15.4% for General Fund staff, 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 2010. 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 not fully funded. Though a significant liability, the Council can meet the proportion applicable.

Assets and Liabilities in Relation to Post-employment Benefits

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was:

	2011/12	2012/13
	£'000	£'000
Current Service Cost	10,980	8,799
Interest Cost	24,408	23,471
Expected Return on Employer Assets	(19,802)	(16,612)
Past Service Cost / (Gain)	81	1,790
Losses / (Gains) on Curtailments & Settlements	(3,197)	568
Total	12,470	16,880
Actual return on Plan Assets	6,943	38,033

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Balance at 31 March	2012	2013
	£'000	£'000
Opening Liability	(458,984)	(480,427)
Current Service Cost	(10,980)	(8,799)
Interest Cost	(24,408)	(23,471)
Contributions by Members	(3,910)	(3,063)
Actuarial (Losses) / Gains	(23,912)	(58,528)
Past Service (Costs) / Gains	(81)	(90)
(Losses) / Gains on Curtailments	(295)	(387)
Liabilities Extinguished on Settlements	24,559	4,835
Liabilities Assumed in Business Combination	0	(16,322)
Estimated Unfunded Benefits Paid	1,221	1,212
Estimated Benefits Paid	16,363	19,014
Closing liability	(480,427)	(566,026)
Opening Asset	307,610	293,154
Expected Return on Assets	19,802	16,612
Contributions by Members	3,910	3,063
Contributions by the Employer	12,122	10,763
Contributions in Respect of Unfunded Benefits	1,221	1,212
Actuarial (Losses) / Gains	(12,861)	16,916
Assets Distributed on Settlements	(21,066)	(3,880)
Assets Acquired in Business Combination	0	14,621
Unfunded Benefits Paid	(1,221)	(1,212)
Benefits Paid	(16,363)	(19,014)
Closing Asset	293,154	332,235
Net Opening Asset / (Liability)	(151,374)	(187,273)
Movement	(35,899)	(46,518)
Net Pension Asset / (Liability)	(187,273)	(233,791)

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £566.026m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £233.791m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.
- The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2013 is £11.077m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	2012	2013
Pension Increase Rate (CPI)	2.50%	2.80%
Salary Increase Rate	4.80%	5.10%
Expected Return on Assets	5.50%	4.50%
Discount Rate	4.80%	4.50%
Long Term Return on Scheme Assets as at 31 March	2012	2013
Equities	6.20%	4.50%
Bonds	4.00%	4.50%
Property	4.40%	4.50%
Cash	3.50%	4.50%
Longevity at 65 for Current Pensioners	years	years
Male	21.3	21.3
Female	23.6	23.6
Longevity at 65 for Future Pensioners	years	years
Male	23.3	23.3
Female	25.5	25.5
Commutation adjustment – pre April 2008*	50.00%	50.00%
Commutation adjustment – post April 2008*	75.00%	75.00%

*Commutation Adjustment

An allowance is included for future retirements to elect to take a percentage of the maximum additional tax-free cash up to HMRC limits. There are different rates for pre- and post- April 2008 service.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the

Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

IAS19 Summary Disclosures Through The CIES	2011/12 £'000	2012/13 £'000
Within Net Cost of Service:		
Current service cost	10,980	8,799
Non-Distributed cost	(3,116)	1,223
Within Net operating Expenditure:		
Interest cost	24,408	23,471
Expected return on scheme assets	(19,802)	(16,612)
Within Reserves Movement:		
Movement on Pensions Reserve	873	(4,908)
Actual Amount Charged Against Council tax for the Year:		
Employer's contributions payable to the scheme	(13,343)	(11,973)
Net effect on Council Tax of IAS19 adjustments	0	0

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £195.355m (31 March 2011/12 is a loss of £153.743m).

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories:

History of Experience Gains & Losses	2012	2013
	£'000	£'000
Fair Value of Employer Assets	293,153	332,234
Present Value of Liabilities	(480,426)	(566,025)
Net Pension Asset / Liability	(187,273)	(233,791)
Which is due in part to actuarial:		
Experience losses as % of Employer assets	-4%	5%
Experience Gains / (Losses) on Assets	(12,859)	16,916
Experience Gains / (Losses) on Liabilities	(7,294)	(205)

History of Experience Gains & Losses	2008	2009	2010
	£'000	£'000	£'000
Fair Value of Employer Assets	241,977	278,539	307,608
Present Value of Liabilities	(387,006)	(578,588)	(458,982)
Net Pension Asset / Liability	(145,029)	(300,049)	(151,374)
Which is due in part to actuarial:			
Experience losses as % of Employer assets	-38%	20%	2%
Experience Gains / (Losses) on Assets	(91,160)	55,949	6,796
Experience Gains / (Losses) on Liabilities	(2,359)	2,113	44,520

52.Nature and Extent of Risks Arising from Financial Instruments

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.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Council uses Sectors Credit worthiness service to inform its investment decisions; this service uses ratings from all three major agencies as well as other data

The Authority's maximum exposure to credit risk at 31/3/13, in relation to its investments in banks and building societies of £36.057m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2013 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and (apart from the bond issued by [PQR]) the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Authority does not generally allow credit for customers, such that all of the balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows

	2011/12	2012/13
	£'000	£'000
Less than three months	4,228	3,136
Three to six months	1,207	568
Six months to one year	439	393
More than one year	1,092	2,119
Total	6,966	6,216

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to

borrowings from the money markets and 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 authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that not more than 45% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	2011/12	2012/13
	£'000	£'000
Less than one year	17,013	40,511
Between one and two years	10,015	11,506
Between two and five years	15,016	14,503
More than five years	206,761	197,755
Total	248,805	264,275

All trade and other payables are due to be paid in less than one year.

Interest Rate Risk

The Authority is exposed to 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 Surplus or Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services 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 Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 30% 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 risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

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, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

As At 31 March	2012	2013
	£'000	£'000
Increase in interest payable on variable rate borrowings	322	193
Increase in interest receivable on variable rate investments	(283)	(178)
Total	39	15

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

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.

53.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.
Ethel May	To award students of good character and perseverance
Swindon Development Trust	For the benefit of the area of the Borough and to promote architecture
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

Trust	Balance 31/03/12 £'000	Income 2012/13 £'000	Expenditure 2012/13 £'000	Balance 31/03/13 £'000
Langley Brooke	(31)	0	0	(31)
W G Little	(179)	(22)	20	(181)
Ethel May	(47)	0	0	(47)
Swindon Development Trust	(19)	0	11	(8)
George Game	(1)	0	0	(1)
Mary Ellen Boddington	(3)	0	0	(3)
F C Phelps	(13)	0	0	(13)
G A Gerring	(5)	0	0	(5)
F A Thompson	(17)	0	0	(17)
M E Cowley	(28)	0	0	(28)
McDermott Memorial	(58)	0	0	(58)
M E Packer	(2)	0	0	(2)
Timothy Griffiths	(1)	0	0	(1)
Powell Trust	(2)	0	0	(2)
	(406)	(22)	31	(397)

The WG Little Trust also holds two properties as non-cash assets.

Supplementary 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.

54.The Collection Fund

	2011/12 £'000	2012/13 £'000
INCOME		
Income from Council Tax	(89,037)	(89,897)
Transfers from General Fund Council Tax Benefits	(13,072)	(12,951)
Non-Domestic Rates	(103,781)	(105,047)
	(205,890)	(207,895)
EXPENDITURE		
Precepts and Demands	100,092	101,887
Business Rates:		
Payment to National Pool	102,672	103,884
Cost of collection allowance	277	275
(Write-Ons) / Write-Offs	(1,004)	(680)
(Decrease) / Increase in Bad Debt provision	1,836	1,568
Council Tax Bad and Doubtful Debts:		
Net Write-Offs / (Ons)	58	375
(Decrease) / Increase in Bad Debt Provision	529	(1,070)
Contributions (SBC, Wiltshire Police Authority and Wilts and Swindon Fire Authority)	1,187	2,375
	205,647	208,614
Movement on the Fund – (Surplus) / Deficit	(243)	719
(Surplus) / Deficit brought forward	(2,534)	(2,777)
(Surplus) / Deficit as at 31 March	(2,777)	(2,058)
Reconciliation to Collection Fund Adjustment Account:		
Less Balance Attributable to Major Preceptors	439	326
Balance Remaining Attributable to Swindon Borough Council	(2,338)	(1,732)

Notes to the Collection Fund

55.Rateable Value

The total rateable value in the Local Rating List at 31 March 2013 was £258,422,845 (£259,576,671 at 31 March 2012). The multiplier for 2012/13 was 45.8 pence for the majority of properties and 45.0 pence for small businesses, (43.3 pence and 42.6 pence respectively for 2011/12).

56.Council Tax Base

The Council Tax Base for the year, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply in band A) 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	11,518.85	6/9	7,696.83
B	23,151.65	7/9	18,006.84
C	20,443.50	8/9	18,172.00
D	14,112.75	9/9	14,112.75
E	7,468.95	11/9	9,128.72
F	2,817.45	13/9	4,069.65
G	1,165.90	15/9	1,943.17
H	47.40	18/9	94.80
Total	Band D equivalents		73,224.76
Contributions in lieu	(MOD properties)		55.50
Add:	Anticipated changes in year		1,361.01
Less:	Provision for non-collection (2.5%)		(1,492.83)
	Tax Base		73,148.44

* After adjustment for discounts and relief.

57.Major Preceptors

Precept	2011/12 £'000	2012/13 £'000
Swindon Borough Council (including Parishes)	84,277	85,783
Wiltshire Police Authority	11,334	11,541
Wiltshire & Swindon Fire Authority	4,481	4,563
Total	100,092	101,887

58.The Housing Revenue Account (HRA)

HRA Income and Expenditure Statement	2011/12	2012/13
	£'000	£'000
Expenditure		
Repairs and maintenance	9,535	8,767
Supervision and management	5,776	5,974
Special Services	4,347	4,053
Rents, rates, taxes and other charges	41	39
Negative HRA Subsidy payable	10,336	361
Depreciation and impairment of non-current assets	16,617	40,670
Debt management costs	96	50
Movement in the allowance for bad debts	330	330
Exceptional item	138,617	0
Total Expenditure	185,695	60,244
Income		
Dwelling rents	(37,302)	(40,140)
Non-dwelling rents	(1,456)	(1,429)
Charges for services and facilities	(4,071)	(4,397)
Contributions towards expenditure	(843)	(839)
Leaseholders' charges for services and facilities	(69)	(76)
Total Income	(43,741)	(46,881)
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	141,954	13,363
HRA services' share of Corporate and Democratic Core	282	282
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	34	34
Net (Income)/Expense for HRA Services	142,270	13,679
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) / loss on sale of HRA non-current assets	(714)	2,856
Interest payable and similar charges	273	4995
Interest and investment income	(165)	(182)
Net Pensions Interest Cost / Return on Asset	409	776
General grants and contributions	(1,142)	0
(Surplus) / deficit for the year on HRA services	140,931	22,124
Actuarial gains / losses on pension assets / liabilities	(199)	(417)
Other Comprehensive Income and Expenditure	(199)	(417)
Total Comprehensive Income and Expenditure	140,732	22,707

Movements on HRA reserves are included within the main Movement in Reserves Statement disclosure.

Notes to the HRA

59.Housing Stock

The stock of Council dwellings at 31st March was:

Type	31 st March 12	Movement	31 st March 13
Low Rise Flats:			
1 Bedroom	1,736	(3)	1,733
2 Bedrooms	711	(1)	710
3 or more Bedrooms	11	(7)	4
Medium Rise Flats:			
1 Bedroom	894	0	894
2 Bedrooms	497	(1)	496
3 or more Bedrooms	53	8	61
High Rise Flats:			
1 Bedroom	26	0	26
2 Bedrooms	236	0	236
3 or more Bedrooms	0	0	0
Houses and Bungalows:			
1 Bedroom	884	0	884
2 Bedrooms	1,414	(5)	1,409
3 Bedrooms	3,844	(30)	3,814
4 or more Bedrooms	201	0	201
Shared Dwellings:			
Multi-Occupied	0	0	0
Total	10,507	(39)	10,468

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

	2011/12 £'000	2012/13 £'000
Assets:		
Dwellings	317,184	277,296
Land	226	184
Buildings	6,940	5,979
Total Balance Sheet Value	324,350	283,459

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 2012.

60.Vacant Possession Valuation

In addition to the balance sheet valuation it is a requirement of the HRA (Accounting Practices) Direction 2007 that the vacant possession value of dwellings as at 1st April is disclosed as a note to the accounts. The inclusion of both the balance sheet valuation (note 1) and the vacant possession valuation ensures that the economic cost to the Government of providing council housing at less than open market rents is shown in the accounts. The vacant possession valuation of the stock held at 31st March 2013 was £ 915,476,500, using the 1st April 2012 values.

61. 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. Swindon Borough Council Achieved this in March 2008.

Balance at 31 March	2012	2013
	£'000	£'000
Capital expenditure for HRA purposes financed by MRA Resources:		
Houses	6,805	3,364
Land		
Other property		
Total Expenditure	6,805	3,364
Amount equivalent to total depreciation charges for all HRA assets	(4,042)	(3,809)
Transfer from HRA	(3,231)	(7,334)
Total Income	(7,273)	(11,143)
Deficit / (Surplus) for the Year	(468)	(7,779)
Deficit / (Surplus) brought forward	(6,198)	(6,666)
Deficit / (Surplus) Carried Forward	(6,666)	(14,445)

62. Housing Repairs Account

Balance at 31 March	2012	2013
	£'000	£'000
Repairs & Maintenance	8,255	7,437
Total Expenditure	8,255	7,437
Contribution from HRA	(8,086)	(7,390)
Service charges	(169)	(47)
Total Income	(8,255)	(7,437)
Deficit / (Surplus) for the Year	0	0
Deficit / (Surplus) brought forward	(1,550)	(1,550)
Deficit / (Surplus) Carried Forward	(1,550)	(1,550)

63. HRA Capital Expenditure

	2011/12	2012/13
	£'000	£'000
Dwellings	9,212	8,063
Buildings	4,157	18
Total to Finance	13,369	8,081
Usable Capital Receipts	1,725	901
Revenue Contributions	3,697	3,816
Major Repairs Reserve	6,805	3,364
HCA Grant for New Build	1,142	0
S106 contributions	0	0
Total Finance	13,369	8,081

64.HRA Capital Receipts

	2011/12	2012/13
	£'000	£'000
Sale of Council Houses	219	1,831
Discount Repaid	9	15
Council Mortgage Repayments	16	9
Sale of Land	0	(425)
Sale of Other Assets	0	
Total	244	1,430

In 2012/13, the Council paid £0.529m 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 (£0.600m in 2011/12).

65.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. 2012/13 was the housing stock revaluation year and as a result of the general downturn in the economy, the stock was revalued at a lower figure, resulting in an impairment charge of £37m.

	2011/12	2012/13
	£'000	£'000
Depreciation on dwellings	3,231	3,809
Depreciation on dwellings – adjustment written back	(3,932)	0
Depreciation on other property	22	6
Impairment of dwellings	17,124	36,856
Impairment of non-dwellings	172	0
Total	16,617	40,671

The Item 8 credit is credited to the HRA from the General Fund, it is the HRA's share of the interest earned on Council balances through the year. It is calculated by applying the Councils average investment return rate for the year to the average balances attributable to the HRA.

The Item 8 debit is the charge made to the HRA by the general fund for the cost of debt management. This is calculated by applying a consolidated rate of interest to the HRA's average Capital Financing Requirement CFR (the amount of debt the council carries that is attributable to the HRA).

66.HRA Negative Subsidy Paid Over to the Secretary of State

The new self-financing regulations have removed the HRA negative subsidy payments as of the 1st April 2012, however, there was a small payment due to government in 12/13 relating to the final settlement based on the stock position at 31st March 2012. For prior year's, 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 2011/12 was £17.347. However, the Council receives a grant (MRA) from central Government to improve the condition of its Council stock. The MRA grant of £7.273m is netted off

the negative subsidy amount leaving a balance of £10.336m to be paid over to the Secretary of State.

	2011/12 £'000	2012/13 £'000
Management & Maintenance Allowances	17,338	0
Charges for capital	1,158	0
Interest on Receipts	(4)	0
Guideline Rent Income	(35,839)	0
Total Negative Subsidy	(17,347)	0
Major Repairs Allowance	7,273	0
Adjustment relating to earlier years	(262)	(361)
Total Repaid to the Secretary of State	(10,336)	(361)

67.HRA Share of IAS19 Contributions

Pension liabilities arising from IAS19 are accounted for within the HRA, in line with the Code of practice. Further detail on IAS19 adjustments is contained within the main note.

68.HRA Arrears & Provisions for Bad Debt

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

	2011/12 £'000	2012/13 £'000
Current tenants	1,132	1,347
Former tenants	321	380
Total Arrears	1,453	1,727
Less: provision for bad debts	(944)	(1,248)
Total Arrears After Provisions	509	479

This represents 1.3% (2012/13) and 1.2% (2011/12) of rent income and service charges due to the Council.

69.Information Relating to Group Accounts

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) and Swindon Commercial Services Limited (SCSL) only. Forward Swindon, though a wholly owned company, is excluded from consolidation on materiality grounds.

70.Long Term Investments

Thamesdown Transport Limited

Thamesdown Transport Limited (TTL) 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. 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.

No dividend was declared payable in 2012/13 or 2011/12.

Swindon Commercial Services Limited

The Council also wholly owns the Swindon Commercial Services (SCS) Limited Company at a notional shareholding value of £10. The company was created on 1st January 2010 and provides waste, highways, catering, grounds, cleaning and buildings services. The accounts and annual report of the company are held at Swindon Commercial Services Limited, Waterside, Darby Close, Cheney Manor, Swindon, Wiltshire, from which the figures below are extracted.

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.

Forward Swindon Limited

The Council also incorporated a company on 17 March 2011 to help promote and develop the Swindon area, called Forward Swindon Ltd. This organisation is wholly owned by the Council but due to immateriality is not consolidated within the group statements that follow. The high net asset of the company in comparison to the other group entities is purely due to the share premium issued at £1.4m. Of the net balance sheet asset, £1.17m relates to cash and equivalents.

	Thamesdown Transport		Swindon Commercial Services		Forward Swindon	
	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000
Profit / (Loss) before taxation	(184)	860	358	95	(18)	(102)
Tax Adjustment	(164)	(207)	(66)	(12)	5	(4)
Profit / (Loss) after taxation	(348)	653	292	(83)	(13)	(106)
As at 31 March	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000
Net Balance Sheet Asset	4,311	4,664	407	490	1,284	1,244

The group statements that follow contain the accounts for Swindon Borough Council, Thamesdown Transport Limited and Swindon Commercial Services Ltd. They have been adjusted for transactions between the parent and subsidiary undertakings. For example, payments by the Council to Thamesdown Transport for bus contract payments are removed, to show lower spend paid out by the parent and lower income received by the subsidiary.

The statements are also adjusted for any accruals made the organizations. This generally results in debtors and creditors figures reducing.

Statements and notes are only included within the consolidated group accounts if they are materially different from those disclosed in the single entity accounts.

71. Group Accounts

72. The Group Comprehensive Income and Expenditure Statement

Note	2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net Expenditure £000	2012/13 Gross Expenditure £000	2012/13 Gross Income £000	2012/13 Net Expenditure £000
Central Services	29,520	(25,396)	4,124	36,018	(18,784)	17,234
Cultural and Related Services	29,015	(11,777)	17,238	25,391	(9,970)	15,421
Environment and Regulatory Services	18,088	(2,147)	15,941	21,219	(6,713)	14,506
Planning Services	12,598	(4,973)	7,625	14,540	(5,600)	8,940
Education and children's services	200,646	(143,222)	57,424	166,067	(111,681)	54,387
Highways and transport services	30,188	(12,489)	17,699	34,874	(18,553)	16,320
Local authority housing (HRA)	74,047	(66,044)	8,003	60,350	(48,557)	11,793
Other housing services	49,755	(46,329)	3,426	77,758	(71,358)	6,400
Adult social care	88,224	(28,122)	60,102	80,407	(19,854)	60,553
Exceptional items	138,617	0	138,617	0	0	0
Surplus / Deficit on Continuing Operations	670,698	(340,499)	330,199	516,623	(311,070)	205,553
76 Other operating expenditure (group income tax)			44,808			31,745
77 Financing and investment income and expenditure			11,506			19,336
Taxation and non-specific grant income			(174,908)			(166,966)
(Surplus) or Deficit on Provision of Services			211,605			89,668
Surplus or deficit on revaluation of Property, Plant and Equipment assets			(15,309)			(18,130)
Surplus or deficit on revaluation of available for sale financial assets			0			0
78 Actuarial gains/losses on pension assets / liabilities			38,417			41,896
Group Tax on Other Comprehensive Income			0			19
Other Comprehensive Income and Expenditure			23,108			23,785
Total Comprehensive Income and Expenditure			234,713			113,453

73. The Group Movement in Reserves Statement

	2011/12				2012/13			
	SBC Useable £'000	SBC Unusable £'000	Reserves of Group Entities £'000	GROUP Total £'000	SBC Useable £'000	SBC Unusable £'000	Reserves of Group Entities £'000	GROUP Total £'000
Adjustment to b/f						283		283
Opening Balance	(84,672)	(738,255)	(3,635)	(826,562)	(103,053)	(485,287)	(3,214)	(591,554)
(Surplus) / deficit on provision of services	127,727	0	83,878	211,605	89,339	0	(736)	88,603
Other Comprehensive Income and Expenditure	0	21,463	1,645	23,108	0	23,485	300	23,785
Total Comprehensive Income and Expenditure	127,727	21,463	85,523	234,713	89,339	23,485	(436)	112,388
Adjustments between accounting basis & funding basis under regulations	(231,222)	231,222	0	0	(103,473)	103,473	0	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(103,495)	252,685	85,523	234,713	(14,134)	126,958	(436)	112,388
Transfers to/from Earmarked Reserves	85,117	0	(85,117)	0	0	0	(15)	(15)
(Increase)/Decrease in year	(18,378)	252,685	406	234,713	(14,134)	126,958	(451)	112,373
Balance carried forward	(103,050)	(485,570)	(3,229)	(591,849)	(117,187)	(358,329)	(3,665)	(479,181)

74. The Group Statement of Financial Position

Note		31st March 2011 £000	31st March 2012 £000
79	Property, Plant& Equipment (non-dwellings)	704,206	675,956
	Council dwellings	317,183	277,296
	Heritage Assets	33,410	39,700
	Investment property	49,085	50,479
	Intangible Assets	254	246
	Long term investments	1	1
	Long Term debtors	196	1,423
	Deferred Tax on Group Undertakings	615	273
	Total Non-Current Assets	1,104,950	1,045,374
	Short term investments	17,123	23,623
83	Inventories & Work in Progress	4,479	4,166
	Short term debtors	7,831	17,654
80	Cash & Cash equivalents	24,882	27,996
	Assets held for sale (current)	625	3,600
	Current Assets	54,940	77,039
	Short term borrowing	(19,474)	(43,211)
81	Short term creditors	(39,139)	(38,224)
	Provisions (short term)	(1,793)	(2,003)
	Current Liabilities	(60,406)	(83,438)
82	Long term borrowing	(231,337)	(226,052)
	Long term creditors	(49,810)	(54,235)
	Provisions (long term)	(2,019)	(6,635)
78	Pension Asset/Liability	(189,731)	(234,916)
	Capital Grants receipts in advance	(34,738)	(37,956)
	Non-Current Liabilities	(507,635)	(559,794)
	Net Assets	591,849	479,181
	Usable Reserves	(108,737)	(120,852)
	Unusable Reserves	(483,112)	(358,329)
	Total Reserves	(591,849)	(479,181)

75. The Group Cash flow Statement

	2011/12 £'000	2012/13 £'000
Net cash flows from Operating Activities	(113,675)	11,406
Investing Activities	(7,986)	(20,652)
Financing Activities	125,974	12,360
Net increase or decrease in cash and cash equivalents	4,313	3,114
Cash and cash equivalents at the beginning of the reporting period	20,569	24,882
Cash and cash equivalents at the end of the reporting period	24,882	27,996

76.Group Other Operating Expenditure

	2011/12 SBC £'000	2011/12 TTL £'000	2011/12 SCS £'000	2011/12 Group £'000	2012/13 SBC £'000	2012/13 TTL £'000	2012/13 SCS £'000	2012/13 Group £'000
Parish council precepts	1,939	0	0	1,939	1,946	0	0	1,946
Payments to the Government Housing Capital Receipts Pool	647	0	0	647	528	0	0	528
(Gains)/losses on the disposal of non-current assets	42,352	0	0	42,352	24,948	0	0	24,948
Group Taxation and Administration	0	(196)	66	(130)	0	207	4,116	4,323
Total Other Operating Expenditure	44,938	(196)	66	44,808	27,422	207	4,116	31,745

77.Group Financing and Investment Income and Expenditure

	2011/12 SBC £'000	2011/12 TTL £'000	2011/12 SCS £'000	2011/12 Group £'000	2012/13 SBC £'000	2012/13 TTL £'000	2012/13 SCS £'000	2012/13 Group £'000
Interest payable and similar charges	12,760	115	68	12,943	16,903	301	78	17,282
Net pensions interest cost and expected return on pensions assets	4,606	(81)	0	4,525	6,859	0	0	6,859
Interest receivable and similar income	(3,200)	(2)	(4)	(3,206)	(1,345)	(1,657)	(5)	(3,007)
Investment income	(2,888)	0	0	(2,888)	(2,746)	0	0	(2,746)
Movement on market value of investment property	132	0	0	132	99	0	0	99
Investment Asset Disposals					849	0	0	849
Total Financing and Investment Income and Expenditure	11,410	32	64	11,506	20,619	(1,356)	73	19,336

78. Group Pension Asset / Liability

	2011/12 SBC £'000	2011/12 TTL £'000	2011/12 Group £'000	2012/13 SBC £'000	2012/13 TTL £'000	2012/13 Group £'000
Opening Liability	(458,984)	(18,433)	(477,417)	(480,427)	(19,662)	(500,089)
Current Service Cost	(10,980)	(129)	(11,109)	(8,799)	0	(8,799)
Interest Cost	(24,408)	(993)	(25,401)	(23,471)	(161)	(23,632)
Contributions by Members	(3,910)	(34)	(3,944)	(3,063)	0	(3,063)
Actuarial (Losses) / Gains	(23,912)	(951)	(24,863)	(58,528)	(375)	(58,903)
Past Service (Costs) / Gains	(81)	0	(81)	(90)	0	(90)
(Losses) / Gains on Curtailments	(295)	0	(295)	(387)	0	(387)
Liabilities Extinguished on Settlements	24,559	0	24,559	4,835	0	4,835
Liabilities Assumed in Business Combination	0	0	0	(16,322)	16,121	(201)
Estimated Unfunded Benefits Paid	1,221	0	1,221	1,212	0	1,212
Estimated Benefits Paid	16,363	878	17,241	19,014	63	19,077
Closing liability	(480,427)	(19,662)	(500,089)	(566,026)	(4,014)	(570,040)
Opening Asset	307,610	16,489	324,099	293,154	17,204	310,358
Expected Return on Assets	19,802	1,074	20,876	16,612	157	16,769
Contributions by Members	3,910	34	3,944	3,063	0	3,063
Contributions by the Employer	12,122	244	12,366	10,763	118	10,881
Contributions by Parent Company	0	935	935	0	0	0
Contributions in Respect of Unfunded Benefits	1,221	0	1,221	1,212	0	1,212
Actuarial (Losses) / Gains	(12,861)	(694)	(13,555)	16,916	94	17,010
Assets Distributed on Settlements	(21,066)	0	(21,066)	(3,880)	0	(3,880)
Assets Acquired in Business Combination	0	0	0	14,621	(14,621)	0
Unfunded Benefits Paid	(1,221)	0	(1,221)	(1,212)	0	(1,212)
Benefits Paid	(16,363)	(878)	(17,241)	(19,014)	(63)	(19,077)
Closing Asset	293,154	17,204	310,358	332,235	2,889	335,124
Net Opening Asset / (Liability)	(151,374)	(1,944)	(153,318)	(187,273)	(2,458)	(189,731)
Movement	(35,899)	(514)	(36,413)	(46,518)	1,333	(45,185)
Net Pension Asset / (Liability)	(187,273)	(2,458)	(189,731)	(233,791)	(1,125)	(234,916)

79.Group Property, Plant & Equipment

2012/13	SBC £'000	TTL £'000	SCS £'000	Group £'000
Cost or Valuation				
Adjustment to B/F value	(51)	0	0	(51)
At 1 April 2012	805,311	15,742	2,423	823,476
Additions	42,145	2,530	689	45,364
Derecognition – disposals	(28,459)	(2,295)	(82)	(30,836)
Revaluation increases/(decreases) recognised in the CIES	(33,232)	0	0	(33,232)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,766	0	0	4,766
Reclassifications	(3,600)	0	0	(3,600)
Other movements in cost or valuation	1	0	0	1
At 31 March 2013	786,932	15,977	3,030	805,939
Accumulated Depreciation and Impairment				
Adjustment to B/F value	(281)	0	0	(281)
At 1 April 2012	(77,827)	(6,787)	(1,578)	(86,192)
Depreciation charge	(21,296)	(992)	(390)	(22,678)
Derecognition – disposals	2,363	1,047	80	3,490
Depreciation written to/from the CIES	1,733	0	0	1,733
Depreciation written out to the Revaluation Reserve	13,364	0	0	13,364
Derecognition – other	0	0	0	0
At 31 March 2013	(81,663)	(6,732)	(1,888)	(90,283)
Net Book Value				
At 31 March 2012	727,484	8,955	845	737,284
At 31 March 2013	705,269	9,245	1,142	715,656

2011/12	SBC	TTL	SCS	Group
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2011	838,079	15,269	1,619	854,967
Additions	38,498	475	893	39,866
Revaluation increases/(decreases) recognised in the Revaluation Reserve	13,588	0	0	13,588
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(41,880)	0	0	(41,880)
Derecognition – disposals	(45,300)	(3)	(89)	(45,392)
Other movements in cost or valuation	2,377	0	0	2,377
At 31 March 2012	805,362	15,741	2,423	823,526
Accumulated Depreciation and Impairment				
At 1 April 2011	(63,027)	(5,833)	(1,264)	(70,124)
Depreciation charge	(22,772)	(959)	(401)	(24,132)
Depreciation written out to the Revaluation Reserve	1,722	0	0	1,722
Impairment losses/(reversals) recognised in the Revaluation Reserve	4,981	0	0	4,981
Derecognition – disposals	1,550	6	87	1,643
Derecognition – other	0	0	0	0
At 31 March 2012	(77,546)	(6,786)	(1,578)	(85,910)
Net Book Value				
At 31 March 2011	775,052	9,436	355	784,843
At 31 March 2012	727,816	8,955	845	737,616

80.Group Cash & Cash Equivalents

	31-Mar-11	31-Mar-12	31-Mar-13
	£000	£000	£000
Swindon Borough Council	17,410	18,934	20,935
Thamesdown Transport Limited	942	331	467
Swindon Commercial Services Limited	2,217	5,617	6,594
Group Total	20,569	24,882	27,996

81.Group Short term Creditors

	31-Mar-11	31-Mar-12	31-Mar-13
	£000	£000	£000
Swindon Borough Council	(38,040)	(33,470)	(28,086)
Thamesdown Transport Limited	(1,406)	(1,147)	(391)
Swindon Commercial Services Limited	(15,938)	(4,522)	(9,747)
Group Total	(55,384)	(39,139)	(38,224)

82.Group Long term borrowing

	31-Mar-11	31-Mar-12	31-Mar-13
	£000	£000	£000
Swindon Borough Council	(84,189)	(230,276)	(223,764)
Thamesdown Transport Limited	(1,615)	(1,061)	(2,288)
Swindon Commercial Services Limited	0	0	0
Group Total	(85,804)	(231,337)	(226,052)

83.Group Inventories & Work in Progress

	2011/12	2012/13
	£000	£000
Swindon Borough Council	621	541
Thamesdown Transport Limited	200	196
Swindon Commercial Services Limited	4,008	3,742
Balance at 1 April	4,829	4,479
Swindon Borough Council	(80)	(59)
Thamesdown Transport Limited	(4)	48
Swindon Commercial Services Limited	(266)	(302)
Movement in year	(350)	(313)
Swindon Borough Council	541	482
Thamesdown Transport Limited	196	244
Swindon Commercial Services Limited	3,742	3,440
Balance at 31 March	4,479	4,166

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 2012/13, the designated officer was the Board Director: Resources.

To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Officer's Responsibilities

The Board Director: Resources, 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 give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2013.

In preparing this Statement of Accounts, the Board Director:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Board Director also:

- Kept proper accounting records which were up to date;
- Took reasonable steps for the prevention and detection of fraud and other irregularities.

Approval of the Draft Accounts

I certify that the above responsibilities have been accounted for in the production of these statements and that they give a true and fair view of the financial position of the authority at 31 March 2013.

Signed:

Date:

Stuart McKellar, Board Director: Resources

Approval of the Final Accounts

The Council's Audit Committee, being the relevant body within the Authority for such purpose, approved the final accounts on the date below. The dates of approval are also taken as the dates that the accounts were authorised for issue.

Signed:

Date:

Chair of Audit Committee

Independent Auditors Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWINDON BOROUGH COUNCIL

Opinion on the financial statements

We have audited the financial statements of Swindon Borough Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund] and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

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 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board Director - Resources and auditor

As explained more fully in the Statement of the Board Director - Resources Responsibilities, the Board Director - Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board Director - Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Swindon Borough Council as at 31 March 2013 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered,

whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Swindon Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Elizabeth A Cave
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Hartwell House
55-61 Victoria Street
Bristol BS1 6FT

30th September 2013

Annual Governance Statement 2012/13

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 the Accounts and Audit (England) Regulations 2011 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 2013 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 central premise of One Swindon involves shifting the balance of power, responsibility and resources away from the public sector bodies such as the Council to local people. It is a four-year partnership plan, set in the context of less resource in the future for all public sector agencies, the end of the Council's Corporate Plan, its 50 Promises and the end of Local Area Agreements.

There was an extensive engagement programme working with partners / officers / members to build on One Swindon to reach a point where partners, Boards, Cabinet and Full Council could

agree the principles, high level priorities. One Swindon was launched in January 2011 and set out the following priority areas:

- ❑ We can all benefit from a growing economy and a better town centre
- ❑ I like where I live
- ❑ Everyone is enjoying sports, leisure and cultural opportunities
- ❑ Living independently, protected from harm, leading healthy lives and making a positive contribution

The Council recognised that it needed to change to respond to these challenges and in response developed 'Stronger Together' which redesigned the structure of the Council so that it is based around 'Commissioning' 'Delivery' and 'Localities'.

The Council's Corporate Strategy (adopted in November 2012) translates One Swindon, Stronger Together and our very challenging and radically changing context into the Council's Priorities for the next three years.

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 evidenced by:

- Working increasingly with our partners and Council controlled bodies i.e. Swindon Commercial Services Ltd and Forward Swindon Ltd, 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.
- 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.

(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 who in turn appoints 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 has set a Behavioural Framework which outlines what is expected from employees to achieve excellence.

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 Bribery 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 provide 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 provide 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 executive decisions made by Lead Members and 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 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
- 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:

- A comprehensive induction process is run for Members including compulsory training for those on regulatory committees, together with regular training sessions during the year.
- Maintaining member training and development through the Member Development Steering Group
- Developing leadership skills of senior management
- Developing our approach to workforce planning
- 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
- Utilising an appropriate range of consultation methods
- Developing the localities agenda and making use of local forums at ward, parish and neighbourhood level to maintain communication with all the Borough's communities and other stakeholders and make decisions on devolved matters
- Encouraging and supporting the public in submitting requests for Scrutiny
- Maintaining and reviewing an effective complaints procedure

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.

Board Directors and relevant Heads of Service have completed a detailed questionnaire reviewing the control environment within their directorate and the results of the questionnaire have been used to help 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 CIPFA guidance best practice. 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.
- The Board Director: Resources role as Section 151 Officer has been assessed by Internal Audit against CIPFA's statement on the Role of the Chief Financial Officer in Local Government. It was found that the requirements of the CIPFA statement are being met.
- 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. The Head of Internal Audit's opinion for 2012/13 is that there are satisfactory internal control arrangements in place resulting in a 'moderate' risk to the Council. In addition the Section undertakes fraud investigation and proactive fraud detection work. Internal Audit report to each Audit Committee summarising audits finalised 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 including an assessment against the CIPFA statement on the role of the Head of Internal Audit in public services organisations. The latest review found the system of internal audit to be effective and that the requirements of the CIPFA statement were being met.
- Both Cabinet and the Audit Committee considered the External Auditor's Annual Audit letter in 2012/13. The Annual Audit letter gives an opinion on the Council's financial statements and provides a value for money conclusion. The External Auditor identified no material issues in their audit of the financial statements and issued an unqualified audit opinion on the Council's financial statements and on its arrangements for securing value for money in 2011/12.

- 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 and some decision making has been devolved locally. It has also looked at devolving some powers to localities and how this can be achieved.
- The Council has also adopted a Local Code of Corporate Governance.
- Risk Management – the Head of Risk Management leads the development of corporate performance management and risk management strategies and frameworks including the Business Review framework. Business Reviews are carried out quarterly at Corporate Board and these are used to review risks identified either through performance, Internal Audit or through the Corporate Risk Register.

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.
- 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.

The review has identified that a number of the areas included in last year's statement have progressed sufficiently for them not to be included as areas of focus in this year's statement:

- Corporate Plan – a Corporate Strategy setting out the Council's priorities for the next three years was agreed in November 2012.
- Health and Safety governance – significant improvements have been made in ensuring that there are adequate governance arrangements in place. However, Corporate Board is aware that there is still some way to go and are keen that focus in this area is maintained. This will therefore remain on the Council's Corporate Risk Register.
- Project Commissioning, Sponsorship and Management – the Council have begun some key programmes of work, which are closely interlinked, and form a significant part of what we're trying to achieve over the coming year. They do not replace the Council's priorities instead they directly support the delivery of them. Governance arrangements regarding the delivery of these programmes including Programme Sponsors, Boards, Teams and Managers are currently being put in place.
- Adult Social Care Decoupling - the implementation of the decoupling was successfully managed during 2011/12.

The review has also identified an area of emerging risk to the Council that will be closely monitored during the course of the coming year:

- Capacity and capability in the context of Stronger Together – there is a risk that there may be insufficient organisational capacity to focus on the change required.

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:

- **Information Governance** – ensuring that there are adequate information governance arrangements in place is a key focus for the coming year. This will include implementing agreed recommendations from a number of Internal Audit reports relating to this area.
- **Relationship with wholly owned subsidiaries** – the targeted financial rebate due to the Council was not achieved as the business case and plan were not delivered as expected.
- **Museums: Storage** – an internal audit report identified a number of concerns relating to the use and storage of Museum resources. One of the Council's key change programmes is focussing on the provision of the Council's Leisure, Libraries and Culture provision and one of the areas of focus will be in this area.
- **Management of Major Property Projects** – the management of major property projects has proved to be inefficient over the past year. Too many people have been involved in the process which has resulted in a lack of clear roles and accountability. As a result, a review of the Property function has been carried out which has realigned responsibilities and made accountability clearer.

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:

Councillor David Renard
Leader of the Council

Gavin Jones
Chief Executive

GLOSSARY

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:

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

AMORTISATION

The depreciation write out of long-term assets to revenue on a systematic basis over its economic life.

ASSET

An item having value in monetary terms. Assets are defined as current or long-term.

A current asset will be consumed or cease to have value within the next financial year, e.g. stock and debtors.

A long-current 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 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 long-term assets.

CASH EQUIVALENTS

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.

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:

- Termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- 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.

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 NON-CURRENT 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.

INVENTORIES

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.

INVESTMENTS (NON-PENSIONS FUND)

A non-current 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.

MAJOR REPAIRS ALLOWANCE (MRA)

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

Negative subsidy authorities are able to use the MRA allocation as part of a transitional relief scheme to support the removal of the transfer from the HRA to the General Fund. From 2004/05 the Government will fund 2/3rds of this transitional scheme enabling a larger proportion of the MRA to be targeted at investment in the local housing stock.

MAJOR REPAIRS RESERVE (MRR)

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

NET BOOK VALUE

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

NET CURRENT REPLACEMENT COST

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

NET REALISABLE VALUE

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

NON-DISTRIBUTED COSTS

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

NON-OPERATIONAL ASSETS

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

OPERATING LEASES

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

OPERATIONAL ASSETS

Non-current 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 / IAS 19

The requirements of the International Accounting Standard on 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:

- 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
- 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.

PROPERTY, PLANT & EQUIPMENT

The overarching classification for operational non-current assets.

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.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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.

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.

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:

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

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

If you require Council Information in another format, please contact
Customer Services on 01793 445500