Swindon Borough Council & Group

Statement of Accounts
2017 / 18

Swindon Borough Council

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Introduction by the Director of Finance

The financial year 2017/18 continued to be challenging for the Council. As with all local authorities, Swindon needed to take some difficult decisions to balance the annual budget whilst looking to invest to deliver on its priorities. The outturn budget was balanced by the end of the year despite significant pressures on the children's social care budget.

Although the funding position will be difficult 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. Work is being progressed through major change programmes that will help position the Council in a better place to respond to the challenges ahead. A key part of this will include actively promoting Swindon's economic growth to the benefit of local people and businesses, which will in turn help reduce reliance on local public services.

Mick Bowden

Director of Finance

May 2018

Narrative Report

These accounts relate to the financial year ended 31 March 2018 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 property, plant and equipment (PPE) assets. Any diversion from the Code is stated where applicable.

Updates to the Accounts Required Under Changes to Accounting Practice

There have been no changes to the accounts from changes to accounting practice.

The Statements

The financial statements follow recommended practice and are split between core statements of the authority and their notes, and supplementary statements.

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 long-term assets are included in this category. This expenditure is funded from the sale of capital assets, borrowing, Government grant support or contributions from developers/revenue. Capital funding cannot be used for revenue activities unless a capitalisation directive is authorised by the Secretary of State.

Financial Overview – The General Fund (GF)

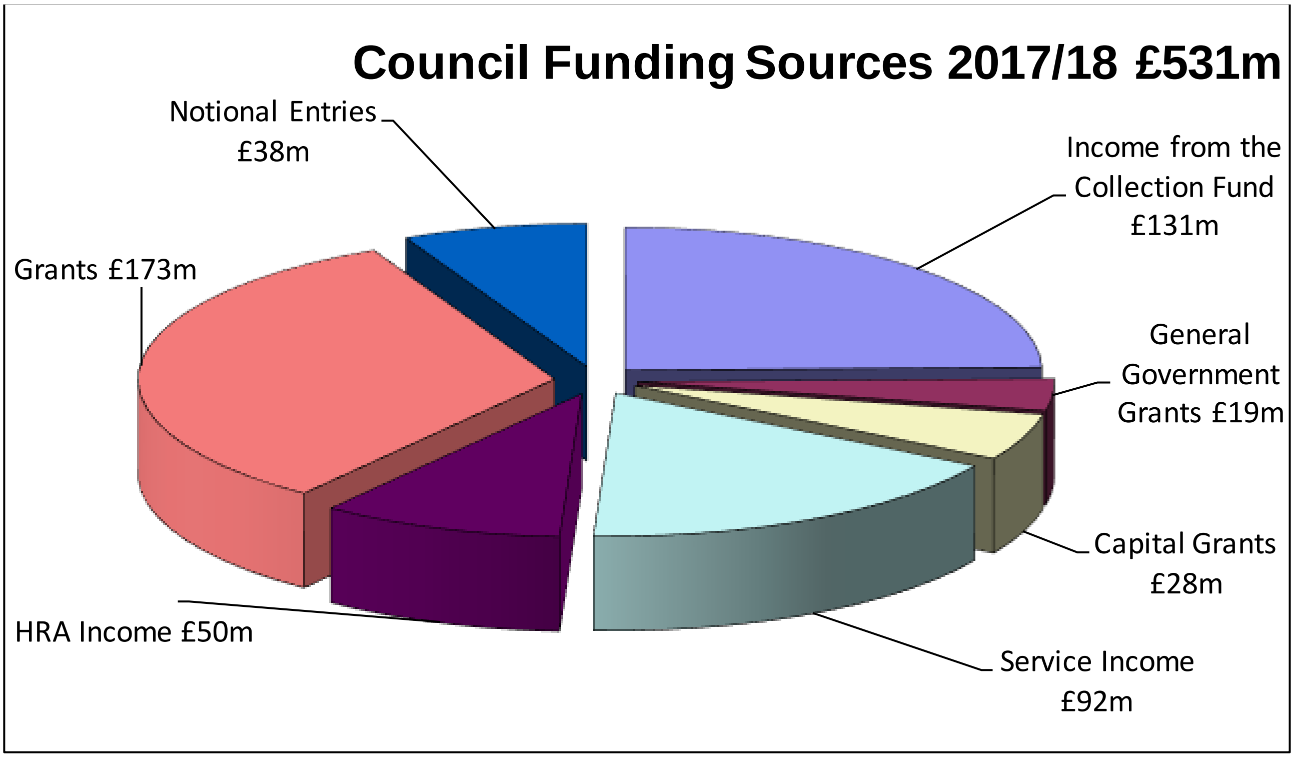
The net GF budget for the year was set at £136.4m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

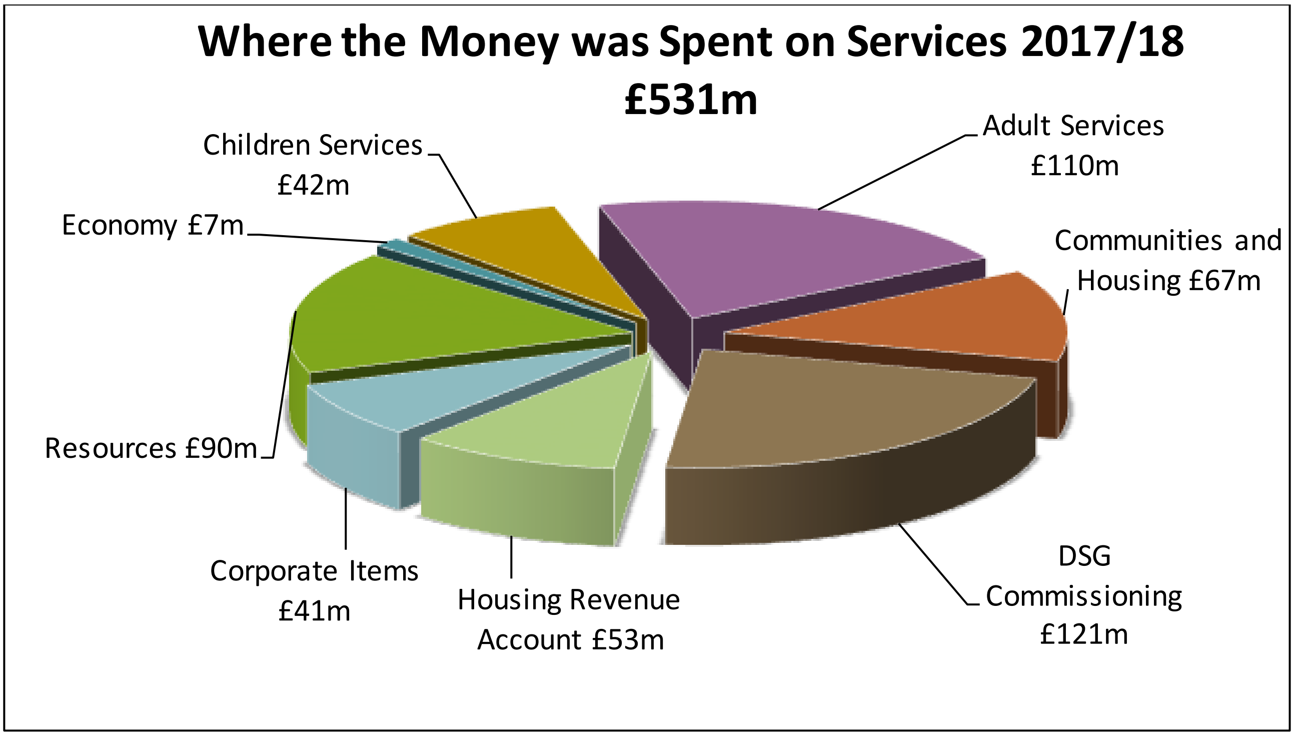
The overall budget was delivered but there remain variations within individual Service Areas. This includes significant pressures on Children Services which were offset by corporate decisions on use of contingency and other funding sources.

The following table provides more detail on the outturn position for each of the Council's service areas.

	Budget £000's	Actual £000's	Variance £000's
Resources	23,035	21,439	(1,596)
Corporate	(22,940)	(23,918)	(978)
Economy	(3,174)	(3,275)	(101)
Children Services	29,155	32,569	3,414
Adult Services	82,162	81,399	(763)
Communities and Housing	28,225	28,249	24
Net Cost of General Fund Services (outturn)	**136,463**	**136,463**	**0**
Reconciliation to Comprehensive Income & Expenditure Statement			
Parish Precepts		7,098	
Net Corporate Income and Expenditure		34,148	
Net HRA, Capital, Reserves and other Appropriations in Net Cost of Services		37,829	
Sub-total		215,538	
Taxation and Non-Specific Grant Income		(177,863)	
Net (Surplus)/Deficit For Year on Provision of services in CIES		37,675	

The following charts analyse the main income flows to the Council in 2017/18, and the gross expenditure on services. Income includes grants funding revenue expenditure, HRA income, service fees and charges, net corporate notional income streams and the transfer of capital grants.





Financial Overview – The Collection Fund

The Council Tax 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.

A Business Rates Collection Fund account is also held within the overarching Collection Fund. In general terms this operates in the same way as the Council Tax Collection Fund account. The Collection Fund as a whole has a net surplus of £3.8m at 31 March 2018.

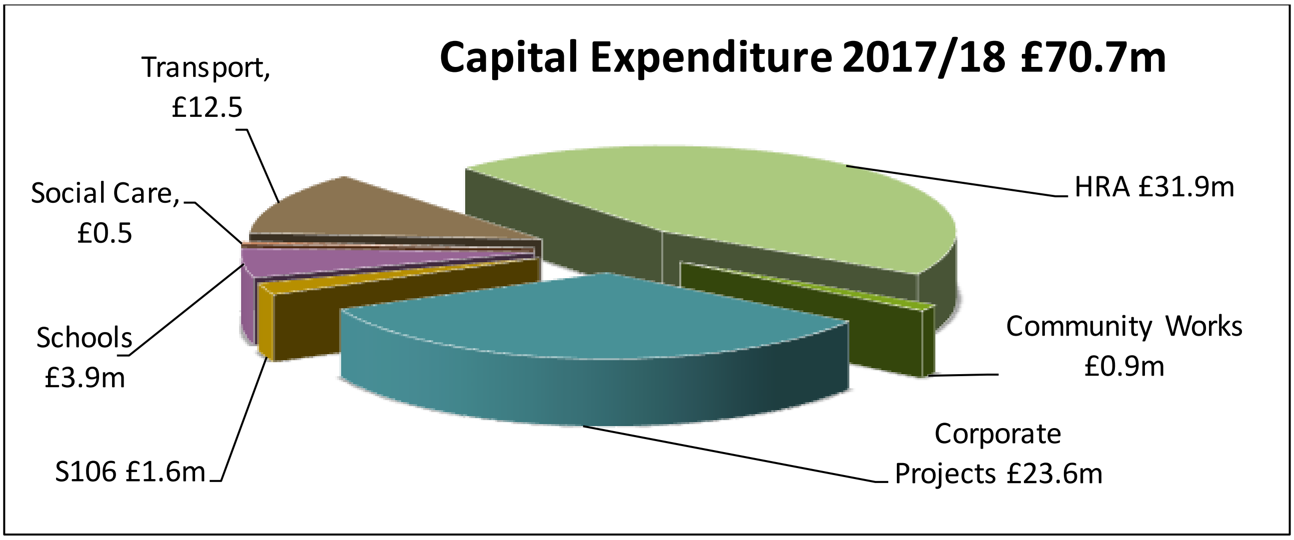
The accounting treatment for the Collection Fund means the Council shows only its own proportion of balances through the accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the overall Collection Fund balance from the Council's Balance Sheet. It is replaced by a Collection Fund Adjustment Account to account for the Authority's movement on the fund, and debtors or creditors for amounts owed to/from major preceptors.

Financial Overview – The Housing Revenue Account (HRA)

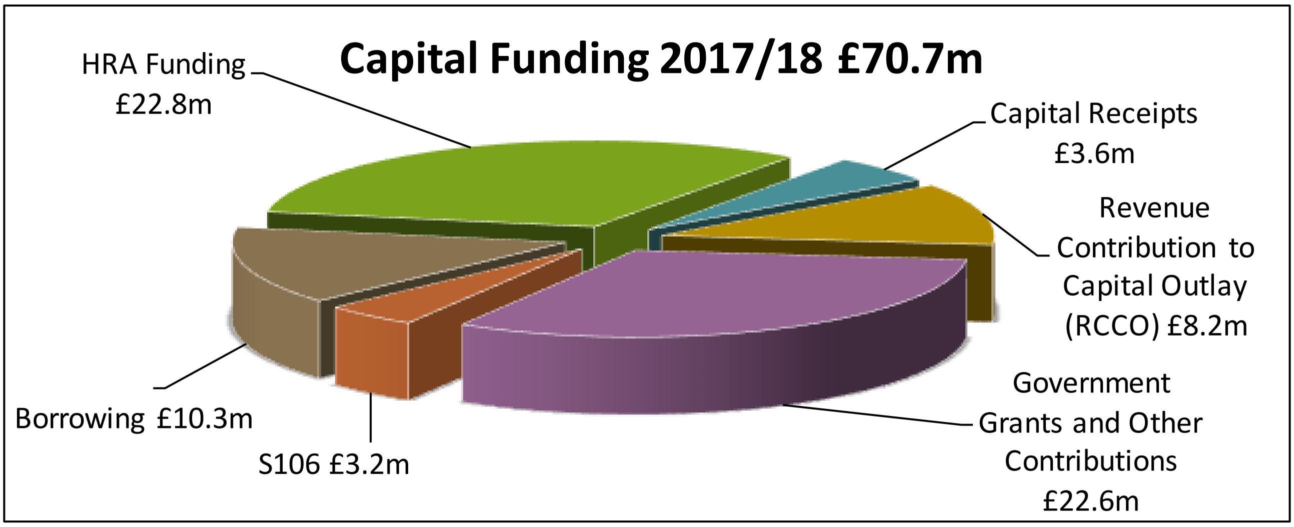
During the year the HRA effectively overspent by a total of £905k. The principle cause for this overspend was the impact of voids contracts. The net overspend of £905k has been redressed through a revised calculation of the capital financing charges to match the stock valuation which has in turn resulted in lower depreciation charges. Revenue reserves have also been reduced for a budgeted £742k contribution, leaving a balance of £10.3m at March 2018.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred additional borrowing of £10.3m towards capital expenditure of £70.7m. This expenditure is analysed in the following chart into key service areas of the Council.



In-year borrowing contributes to total borrowing of £315m, inclusive of HRA debt, with a related capital finance requirement of £462m. This should be seen in the context of a non-current asset base of £1,240m.



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 decreased by £32m. The liability is reported as £260m (£292m for 2016/17). This decrease reflects the positive change within financial re-measurements.

Major Asset Transfers

The Council continues to see 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 finance leasing at nil value. There was one such transfer in 2016/17, and none in 2017/18.

As part of the continual review of service provision and asset use, it was agreed that from 2017/18 a range of assets previously held within the HRA would transfer to the GF, and some from the GF to HRA. This sees £13m of assets classified as investment under HRA 'ownership' transfer to GF responsibility as operational assets, as they possess wider community and economic benefit than as held under the HRA. £2.8m of residential property has now moved to HRA managed dwellings.

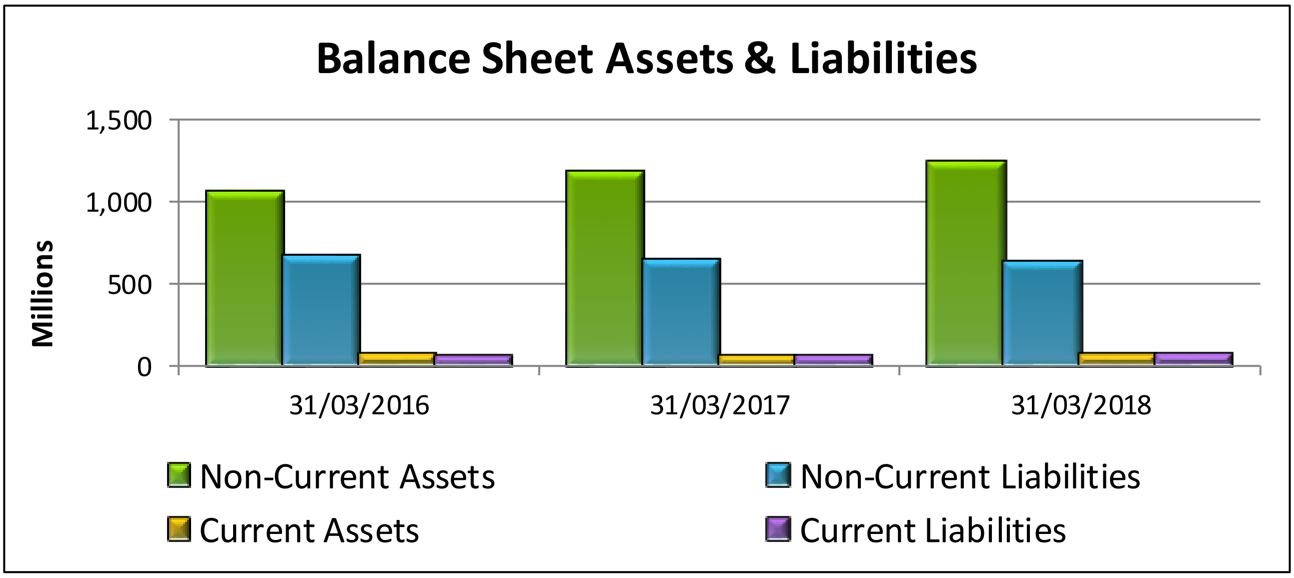
Business Combinations

The Authority is involved with three local developments which, although not having significant impact on the 2017/18 accounts, will affect the Borough more over future years. The main development is the joint venture for the Wichelstowe southern development area. This has seen the creation of a joint venture company with a housing developer; the Authority contributing land and the developer funding the infrastructure and building the housing, which will then go for sale with split proceeds. This is expected to be combined as a joint venture in future accounts as there has been no activity for consolidation in 2017/18. The second development is the ongoing activity from the two energy production solar farm companies. The third development relates to the establishment of a group of companies for the construction of dwellings for sale or rent.

Financial Overview – Financial Outlook

At this point, the Council's balance sheet continues to be strong, with a relatively healthy level of reserves. These arose as a result of the Council accelerating its savings programme in prior financial years, from not fully utilising contingencies for in-year service provision, and having agreed underspends set aside for future use. General Fund reserves have been able to be maintained during 2017/18 but are expected to fall more quickly in future as the Council seeks to fund service transformation.

The non-current assets have increased due to a combination of the disposal of fewer material assets, noticeably schools to Academy status in recent years, and from the upward revaluation of other assets. The liabilities of the Council generally remain constant, with the pension liability being a specific and significant variable. The chart below shows the year-by-year values of main balance sheet categories.



Most Authorities also face challenging financial positions, and the changing relationship with Central Government may impact on future cash flows. With the potential for future cashflow changes Treasury Management will continue to be important in ensuring that cash is available when needed.

Organisational Overview

The Council's vision is that, by 2030, Swindon will have all of the positive characteristics of a British city with one of the UK's most successful economies; a low-carbon environment with compelling cultural, retail and leisure opportunities and excellent infrastructure. It will be a model of well managed housing growth which supports and improves new and existing communities. Swindon will be physically transformed with existing heritage and landmarks complemented by new ones that people who live, work and visit here will recognise and admire. It will remain, at heart, a place of fairness and opportunity where people can aspire to and achieve prosperity, supported by strong civic and community leadership.

The Council has established the following priorities to ensure that it is using its limited resources to best effect in pursuit of delivering the vision for Swindon:

Priority 1 - Improve infrastructure and housing to support a growing, low-carbon economy

Priority 2 - Offer education opportunities that lead to the right skills and right jobs in the right places

Priority 3 - Ensure clean and safe streets and improve our public spaces and local culture

Priority 4 - Help people to help themselves while always protecting our most vulnerable children and adults

The priorities were also given a practical expression by the commitment to action through thirty pledges which form the administrations manifesto. The Council's priorities are kept under review and are due to be refreshed during 2018/19.

Priority One

1) Deliver the Government standard Superfast Broadband coverage to all commercial and domestic premises in the Borough by 2017.
2) Construct solar arrays on Council-owned land at Common Farm, Chapel Farm and a solar noise barrier along roads including the M4 at Wichelstowe.
3) Demolish the obsolete Carlton Street and Wyvern car parks and use the space for regeneration.
4) Make the case to Government to invest in a Thamesdown Drive extension and surrounding road improvements.
5) Replace the current Health Centre in the town centre with a new and improved facility
6) Establish effective and appealing pedestrian links from the Town Centre to North Star and enhance Wellington Street as a prime thoroughfare for the town.
7) Build new affordable homes including 200 new council homes and 66 units through the Affordable Housing Development programme at sites including the Hawthorns, the Royal British Legion site in Penhill, Townsend House in Old Town and the Former Refuge in Park South

8) Complete the redevelopment of Sussex Square
9) Develop Council-owned brownfield sites at Oakfield, and other sites at they become available, for housing
10) As part of the town's regeneration:
11) Re-develop the former Aspen House site / Granville Street area, to extend on the successful Regent Circus development.
12) Make Havelock Square an attractive, safe open space to complement local shops
13) Replace the current bus station with a new and modern facility.
14) With Barratt Homes we will build up to 3,500 homes in Wichelstowe including the development of a district centre.
15) Improve the town centre road network to pave the way for the Kimmerfields development.
16) Improve highway linkages to the Eastern Villages, particularly around the White Hart roundabout

Priority Two

17) In addition to the two new free secondary schools, build one secondary and 12 primary schools to meet the needs of our increasing population
18) Improve the reputation and image of Swindon to attract inward investment
19) Improve educational attainment, in particular at ages 16-19 so we are above the average in England within five years.
20) Increase the number of businesses employing young people as an apprentice from 15% to 20% (an additional 280).
21) Secure a range of options to access Higher Education in Swindon

Priority Three

22) Find new ways to engage communities and neighbourhoods to increase the cleanliness of their local areas.
23) Secure a new Museum and Art Gallery that can showcase the high quality art and exhibits that we possess.
24) Support the development of the new regional leisure destination at North Star.
25) Secure a sustainable future for the Mechanics Institute and support the redevelopment of the Corn Exchange

Priority Four

26) Provide early support for people in debt so that we significantly reduce the need to use bailiffs to recover Council Tax and other debts.
27) Deliver a borough-wide approach to increase the impact of volunteering, enabling more people to be active citizens in their communities.
28) Work with the Clinical Commissioning Group and GP surgeries to help people with long term health and social care needs to manage their health effectively with support from community groups and multi-disciplinary teams
29) Ensure that more people and their carers are supported to live as independently as possible and reduce the length of time people need to spend in residential care.
30) Increase the number of foster carers in Swindon so that every 'child looked after' who should be, is placed in their home borough.

31) Work with all of the 1270 families in Swindon who are in most need of support by 2020 in phase 2 of the Troubled Families Programme
32) Reduce smoking prevalence to less than the England average

Operational Model

The major spend areas for the Council are Adults and Children's Services and Communities and Housing.

In terms of adults:

By the end of March 2018, Swindon Borough Council was funding 700 domiciliary care packages, 308 residential care placements and 187 nursing placements. Adult services has implemented a targeted programme to reduce demand which resulted in a reduction of 40 permanent admission to residential and nursing care in 2017/18 for over 65 year olds. There has also been significant effort to reduce delayed transfers of care with one bed per day in March 2018 compared to a target of 7 beds per day.

In terms of managing demand for adult social care, there has been a major piece of work with Newton Europe to explore social work decision making so that interventions are targeted where they make most impact. As a result the Council successfully exceeded its savings target from this project of £360k in 2017/18 and is planning to achieve further savings of £1.8m in 2018/19.

In terms of children:

Swindon has had a long history of educational underachievement at secondary school age. The Council has invested £600,000 (over three years from 2016-2019) in the Swindon Challenge to address this.

Challenges in the numbers of children in need, looked after children and children on child protection plans remain. There were 163 more children in need in Swindon in March 2018 compared with October 2017. During the year 2017/18, the numbers of looked after children and children on child protection plans increased by 33 and 118 respectively.

In Communities and Housing, major areas of spend include Street Smart services such as waste collection, cleansing and grounds maintenance, Libraries and Highways and Transport. The Council has successfully transferred some of the Street Smart to parishes resulting in a saving of £2.6m. We have also substantially changed our model of library delivery from a model which was widely dispersed and delivered through 15 static and a mobile library to 5 core static libraries. There has also been a reduction in staffed hours in the core libraries that has been offset by Parish Councils paying for extra staffed hours and with the use of technology to open the libraries to users that have signed up to the scheme in unstaffed hours.

Risks and Opportunities

As indicated previously, the Council faces key risks relating to its long-term financial sustainability, safeguarding children, managing service demand and ensuring infrastructure, housing and employment growth are delivered.

In common with other Local Authorities, Swindon Borough Council has to deliver its commitments against a backdrop of increasing financial pressures. In order to respond to this, whilst keeping a focus on the priorities, pledges and vision outlined above, the Council has embarked on an ambitious programme of transformation, the Swindon Programme.

This programme has a stated aim of delivering savings of £30 million in 30 months **i.e.** by the end of March 2020.

The programme is looking at transformation across four main themes:

Organisational Excellence – focussing on how processes could be improved, how we can serve residents better, in particular how we can make better use of digitisation and technology.

Commissioning and Procurement – focussing on how we can make better use of resources and manage contracts better, looking at where we can reduce spend, what can we stop, reduce or provide in a different way.

Managing Demand – focussing on reducing demand for Council services, reducing failure and avoidable demand and better targeting of services to where they will have most impact.

Commercialisation - focussing on both income generation and changing culture and behaviour to develop commercial acumen.

Performance

Priority One – Improve infrastructure and housing to support a growing, low-carbon economy

Current progress suggests that the Council is on track to deliver ten of the fourteen pledges that contribute the Priority One. The Council has successfully completed two of these Pledges by completing the regeneration of Sussex Square and the Town Centre Health Centre. Other regeneration projects such as projects to build affordable housing, the developments at Oakfield and Aspen House are on track for a successful completion as is the innovative development at the Carriage Works. The work on solar arrays and broadband is essentially complete.

The Council is also on track to deliver its pledges relating to the New Eastern Villages and Wichelstowe.

There have been delays in the Kimmerfields Development .This has impacted on the further regeneration of the area, road network and the provision of a new bus station. To address this, the Masterplan is being reviewed and work is underway to develop a strategic partnership with Homes England who are the joint landowners of the site. A robust joint programme plan is being developed. The principle of a Bus Boulevard on Fleming Way is being considered as part of the Town Centre Movement Strategy.

There have been some delays in progressing the enhancement of Wellington Street. This project is currently being re-calibrated to evaluate the best time to deliver the work and the associated expectations concerning the milestones.

Priority Two – Offer education opportunities that lead to the right skills and right jobs in the right places

Current progress suggests that the Council are on track in its Pledge relating to the economy and investment. GVA and employment rates are above target (GVA- Swindon 61,900, GVA – comparator group 54,584); (Employment rate for Swindon 79.6%, national rate 74.9%).There has also been an increase in the number of jobs (an increase of 2,400 between December 2016 and December 2017) Work remains to be done relating to businesses employing apprentices within the borough. (Target 956, current performance 643)

There are current challenges in the Pledges relating to education. The Council is on track to deliver the required number of schools in line with its population and experiences good performance relating to early education and primary school settings. Ninety nine per cent of Swindon's Early Years Settings are graded good or outstanding as are ninety per cent of our primary schools. However, Swindon is underperforming in relation to secondary school and Higher Education attainment. The percentage of pupils achieving grades 5-9 in English and Maths at GCSE in Swindon is 35.7 % compared with an England average of 42.6%.The percentage of young people aged 19 who are qualified to level 3 in Swindon is currently at 50.3 % , compared with and England score of 57% . The Swindon Challenge and development of a Higher Education Strategy have been put in place to address these issues.

Priority Three – Ensure clean and safe streets and improve public spaces and local culture

Currently, the Council is on track to deliver two of the four pledges that make up Priority Three and is making good progress in one aspect of a third. There has been significant work with schools and support for local clean ups to encourage improvements in the cleanliness of local areas. An agreement has been signed with Seven Capital to develop a leisure complex at North Star. To help facilitate this development, Members have agreed to hold a Special Planning Committee to consider the application

There have been challenges in the rejuvenation of the Mechanics Institute. Ownership issues are being investigated. At the Corn Exchange a land agreement is in place. An extension of time request from the developer is being considered.

Following the unsuccessful bid for a new museum to the Heritage and Lottery Fund, the Council is working with the Swindon Museum and Art Gallery Trust to explore possible alternative funding as well as other feasible, practical and affordable solutions to rehousing the Swindon Museum and Art Gallery.

Priority Four – Help people to help themselves while always protecting the most vulnerable children and adults

Progress in delivering Priority Four is good. Five of the seven pledges are on target. The close partnership with the CCG continues and there have been significant improvements in the performance of delayed bed days attributable to adult social care. There rate has fallen from a high of 16.9 days in April 2017 to the current value of 1.8 days in May 2018. This is now measured by using the number of delayed days recorded in the month divided by the total number of calendar days in the month. Swindon is also performing above target in relation to its Troubled Families where the Council is working with 107 families more than the target , and in both the percentage of care leavers in suitable accommodation and the percentage of care leavers going into employment, education or training. The figures for these are 95.65% in suitable accommodation compared with 86.78% in March 2017 and 52.2% in employment, education or training compared with a national average of 50%.

There are issues relating to children in foster care, where performance continues to be lower than targeted. The number of foster carers has fallen by 14 since April 2016. This has had an impact on the number of children in care placed in the Borough with in house foster carers, or those placed for adoption, or placed with family/friend/connected persons (but not necessarily within the borough) which currently stands at less than half at 49.3%. The resulting dependence on expensive out of borough residential placements or use of independent foster carers has created a pressure on the Council's budget. A Service Improvement Plan is in place to increase fostering households.

Reduction in smoking continues to be a challenge with a recent increase, although figures are still below the England average. Smoking in pregnancy at 11.7 % remains higher than the local goal of 11%. Excess weight is an issue for all age groups, where it is currently higher than the national average. (Year R Swindon 23%, National 22.6%: Year 6 Swindon 34.7%, England 34.2%: Adults Swindon 64.1%, England 61.3%).

Annual review for clients and carers varies. The Council is currently on track to exceed its target of 70% for reviewing carers but is not predicted to meet its target of 75% for client reviews. The Council has had considerable success in increasing the percentage of adults with learning disabilities in employment. This has increased from 4.6% in February 2017 to 5.99% in May 2018.

The Council has established an online performance dashboard, which sets out progress against the Council's priorities.

This can be accessed on the Council's website.

Audit Report

The draft accounts have to be approved by the 31 May by the Director of Finance; the Council's designated Section 151 Officer. They should be independently audited and published in their audited form by 31 July. The Council's auditors are Grant Thornton UK LLP.

Further Information

If readers would like to know more about the accounts of the Council, please write to Mick Bowden, Director of Finance, Civic Offices, Swindon SN1 2JH, or email mbowden@swindon.gov.uk

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 2017/18, the designated officer was the Director of Finance.

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

The Officer's Responsibilities

The Director of Finance had the responsibility to ensure that these final accounts were prepared in accordance with best practice. The Code of Practice on Local Authority Accounting in Great Britain ("the Code") requires the Statement to 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 2018.

In preparing this Statement of Accounts, the Director of Finance:

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

The Director of Finance also:

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

Approval of the 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 2018.

Signed: Mick Bowden Date: 23/7/18

Director of Finance

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: Steve Weisinger Date: 23/7/18

Chair of Audit Committee

The Financial Statements

Comprehensive Income and Expenditure Statement (CIES)

This statement summarises the income and expenditure on all functions of the Authority and 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 2016/17 revaluation of PPE assets has been restated for reduction to written back depreciation on HRA revaluation by £6.5m. See note 40 for restatements.

Note	2016/17 Restated Continuing Operations:	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000
	Resources	106,978	(81,760)	25,218	89,650	(71,989)	17,661
	Economy	3,999	(6,028)	(2,029)	6,989	(6,696)	293
	Children Services	37,822	(8,685)	29,137	41,866	(7,608)	34,258
	Adult Services	101,380	(46,790)	54,590	109,982	(39,463)	70,519
	Communities and Housing	82,928	(30,967)	51,961	67,393	(26,611)	40,782
6	DSG Commissioning	112,764	(108,072)	4,692	121,427	(113,348)	8,079
	Housing Revenue Account	48,593	(49,977)	(1,384)	52,752	(50,052)	2,700
	(Surplus) / Deficit on Continuing Operations	**494,464**	**(332,279)**	**162,185**	**490,059**	**(315,767)**	**174,292**
4	Other operating expenditure			11,610			19,762
5	Financing & investment (income)/expenditure			23,835			21,484
7	Taxation and non-specific grant income			(165,004)			(177,863)
	(Surplus) / Deficit on Provision of Services			**32,626**			**37,675**
15	(Surplus) / Deficit on revaluation of PPE assets			(140,765)			(66,467)
32	Re-measurements on pension assets / liabilities			(24,979)			(50,859)
	Other Comprehensive Income and Expenditure			**(165,744)**			**(117,326)**
	Total Comprehensive Income and Expenditure			**(133,118)**			**(79,651)**

Movement in Reserves Statement (MiRS)

This statement shows the movements between the CIES revenue account and balance sheet 'usable reserves' (i.e. revenue and capital reserves that can be applied to fund relevant expenditure or reduce local taxation) and other reserves. The (Surplus) / 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 CIES. The 'General Fund Balance' column shows that after accounting adjustments and reserve transfer the General Fund remained unchanged at £6m.

	GF Balance	HRA	Earmarked GF Reserves	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
1 April 2017	**(6,000)**	**(11,043)**	**(47,121)**	**(1,414)**	**(17,588)**	**(19,004)**	**(19,907)**	**(122,077)**	**(426,061)**	**(548,138)**
(Surplus) / Deficit on Service provision	25,328	12,347	-	-	-	-	-	37,675	0	37,675
Other (Income) / Exp.	-	-	-	-	-	-	-	0	(117,326)	(117,326)
Total Comprehensive (Income) /Exp.	25,328	12,347	0	0	0	0	0	37,675	(117,326)	(79,651)
Adjusts between accounting & funding basis (note 13)	(16,236)	(11,331)	-	-	(3,419)	12,631	(2,298)	(20,653)	20,653	0
Net (Increase)/ Decrease before Reserves	9,092	1,016	0	0	(3,419)	12,631	(2,298)	17,022	(96,673)	(79,651)
Transfers to / (from) Other Reserves (note 14)	(9,092)	(273)	(2,299)	273	11,390	-	1	0	0	0
(Increase)/ Decrease in-year	0	743	(2,299)	273	7,971	12,631	(2,297)	17,022	(96,673)	(79,651)
31 March 2018	**(6,000)**	**(10,300)**	**(49,420)**	**(1,141)**	**(9,617)**	**(6,373)**	**(22,204)**	**(105,055)**	**(522,734)**	**(627,789)**

Movement in Reserves Statement continued

	GF Balance £'000	HRA £'000	Earmarked GF Reserves £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves Restated £000	Total Authority Reserves £000
1 April 2016	**(6,000)**	**(11,298)**	**(60,524)**	**(1,332)**	**(14,181)**	**(18,879)**	**(21,316)**	**(133,530)**	**(281,490)**	**(415,020)**
(Surplus) / Deficit on Service provision	23,560	9,066	-	-	-	-	-	32,626	0	32,626
Other (Income) / Exp.	-	-	-	-	-	-	-	0	(165,744)	(165,744)
Total Comprehensive (Income) /Exp.	23,560	9,066	0	0	0	0	0	32,626	(165,744)	(133,118)
Adjusts between accounting & funding basis (note 13)	(8,878)	(8,893)	-	-	(4,686)	(125)	1,409	(21,173)	21,173	0
Net (Increase)/ Decrease before Reserves	14,682	173	0	0	(4,686)	(125)	1,409	11,453	(144,571)	(133,118)
Transfers to / (from) Other Reserves (note 14)	(14,682)	82	13,403	(82)	1,279	-	-	0	0	0
(Increase)/ Decrease in-year	0	255	13,403	(82)	(3,407)	(125)	1,409	11,453	(144,571)	(133,118)
31 March 2017	**(6,000)**	**(11,043)**	**(47,121)**	**(1,414)**	**(17,588)**	**(19,004)**	**(19,907)**	**(122,077)**	**(426,061)**	**(548,138)**

Other income and expenditure on Unusable Reserves has been restated for HRA depreciation written back reduction by £6.5m. See note 40 for restatements.

Balance Sheet

This statement shows the balance sheet assets and liabilities of the Council at the 31 March. The net assets of the authority (assets less liabilities) are matched by reserves held. Reserves are reported in two categories; those that are useable 'cash-backed' reserves and can be used in funding revenue or capital spend, and those that are unusable for funding and represent as yet unrealised gains and losses.

Note		Restated* **31st March 2016**	**31st March 2017**	**31st March 2018**
		£000	**£000**	**£000**
15/49	Property, Plant & Equipment	991,105	1,128,684	1,202,792
16	Investment property	14,940	14,396	8,475
17	Heritage	28,942	29,000	29,000
44	Long term investments	29,684	25,962	29,884
20	Long Term debtors	8,274	1,420	1,415
	Total Non-Current Assets	**1,072,945**	**1,199,462**	**1,271,566**
	Cash & Cash equivalents	15,112	2,150	22,465
	Inventories & Work in Progress	1,239	1,192	1,094
21	Short term debtors	18,835	26,957	29,363
33	Short term investments	38,417	31,421	15,000
	Assets held for sale (current)	745	745	0
	Current Assets	**74,348**	**62,465**	**67,922**
22	Short term creditors	(42,214)	(41,246)	(54,382)
33	Short term borrowing	(14,181)	(20,501)	(19,501)
23	Provisions (short term)	(1,544)	(1,337)	(1,160)
	Current Liabilities	**(57,939)**	**(63,084)**	**(75,043)**
33	Long term borrowing	(279,256)	(277,755)	(296,254)
30	Long term creditors	(52,810)	(51,280)	(51,031)
23	Provisions (long term)	(9,693)	(9,075)	(10,307)
32	Pension Asset/Liability	(305,915)	(291,868)	(259,709)
7	Capital Grants receipts in advance	(26,660)	(20,727)	(19,355)
	Non-Current Liabilities	**(674,334)**	**(650,705)**	**(636,656)**
	Net Assets	**415,020**	**548,138**	**627,789**

Balance Sheet continued

Note		31st March 2016 £000	31st March 2017 £000	31st March 2018 £000
	General Fund Balance	(6,000)	(6,000)	(6,000)
	HRA Balance	(11,298)	(11,043)	(10,300)
	GF Earmarked Reserves	(60,524)	(47,121)	(49,420)
	HRA Earmarked Reserves	(1,332)	(1,414)	(1,141)
	Capital Receipts Reserve	(14,181)	(17,588)	(9,617)
	Major Repairs Reserve	(18,879)	(19,004)	(6,373)
	Capital Grants Unapplied	(21,316)	(19,907)	(22,204)
MiRS**	**Usable Reserves**	**(133,530)**	**(122,077)**	**(105,055)**
24	Capital Adjustment Account	(345,080)	(341,113)	(346,525)
25	Revaluation Reserve	(239,518)	(374,848)	(432,912)
26	Pension Reserve	305,915	291,868	259,709
27	Collection Fund Adjustment Account	(1,651)	(1,646)	(2,020)
	Available for Sale Reserve	705	928	261
28	Other Unusable Reserves	(1,861)	(1,250)	(1,247)
	Unusable Reserves:	**(281,490)**	**(426,061)**	**(522,734)**
	Total Reserves	**(415,020)**	**(548,138)**	**(627,789)**

*The balance sheet has been restated to correct the amount of written back depreciation on the HRA dwellings not previously written back in prior year revaluations. This has increased the dwellings gross value by £16m over restated balances sheets. See note 40 for restatements.

**MiRS – Movement in Reserves Statement

The unaudited accounts were issued on 25 May 2018 and final on 23 July 2018.

Mick Bowden

Mick Bowden

Director of Finance and S151 Officer

Cash Flow Statement

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. 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.

Note		2016/17 £'000	2017/18 £'000
	Net surplus or (deficit) on the provision of services	(32,626)	(37,675)
35	Adjustments to net surplus or deficit on the provision of services for non-cash movements	74,530	95,123
35	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(30,947)	(38,780)
	Net cash flows from Operating Activities	**10,957**	**18,668**
36	Investing Activities	(27,232)	(17,541)
37	Financing Activities	3,313	19,188
	Net increase or (decrease) in cash and cash equivalents	**(12,962)**	**20,315**
	Cash and cash equivalents at the beginning of the reporting period	15,112	2,150
	Cash and cash equivalents at the end of the reporting period	**2,150**	**22,465**

Notes to the Financial Statements

Disclosures Relating to the Comprehensive Income and Expenditure Statement

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the council's service functions. Transfers to earmarked reserves are items not chargeable to the GF or HRA.

	2017/18	2017/18	2017/18	2017/18	2017/18
	Net Exp. Report to Cabinet	Remove Not Chargeable to the GF or HRA	Net Exp. Chargeable to GF and HRA	Changes Between Funding & Accounting Basis	Net Expenditure In the CIES
	£000	£000	£000	£000	£000
Resources	733	4,251	4,984	12,677	17,661
Economy	(3,275)	2,450	(825)	1,118	293
Children Services	32,569	20	32,589	1,669	34,258
Adult Services	81,399	228	81,627	(11,108)	70,519
Communities and Housing	28,249	(44)	28,205	12,577	40,782
DSG Commissioning	0	(1,201)	(1,201)	9,280	8,079
Housing Revenue Account	743	274	1,017	1,683	2,700
(Surplus) / Deficit on Continuing Operations	**140,418**	**5,978**	**146,396**	**27,896**	**174,292**
Other income and expenditure	(139,675)	3,387	(136,288)	(329)	(136,617)
(Surplus) / Deficit on Provision of Services	**743**	**9,365**	**10,108**	**27,567**	**37,675**

Reconciliation of Movement to Balances	Total	GF	HRA
Opening GF and HRA balance at 1st April	(17,043)	(6,000)	(11,043)
(Surplus)/Deficit on Provision of Services	743	0	743
Closing GF and HRA Balance at 31st March	**(16,300)**	**(6,000)**	**(10,300)**

Reconciliation of Reserve Movements not chargeable to GF or HRA as shown in Movement in Reserves (MiRS)

Movement Reason	Adjustment for earmarked reserves	Transfers to earmarked GF/HRA reserves	Transfers from UCR & CGUA	Net Reserve movement in MiRS
£000	(9,365)	(2,026)	11,391	0

Restated	2016/17 Net Exp. Report to Cabinet £000	2016/17 Remove Not Chargeable to the GF or HRA £000	2016/17 Net Exp. Chargeable to GF and HRA £000	2016/17 Changes Between Funding & Accounting Basis £000	2016/17 Net Expenditure In the CIES £000
Resources	(1,593)	12,269	10,676	14,542	25,218
Economy	(2,474)	1,120	(1,354)	(675)	(2,029)
Children Services	28,381	549	28,930	207	29,137
Adult Services	78,439	(52)	78,387	(23,797)	54,590
Communities and Housing	32,473	955	33,428	18,533	51,961
DSG Commissioning	0	(28)	(28)	4,720	4,692
Housing Revenue Account	255	(212)	43	(1,427)	(1,384)
(Surplus) / Deficit on Continuing Operations	**135,481**	**14,601**	**150,082**	**12,103**	**162,185**
Other income and expenditure	(135,226)	(1)	(135,227)	5,668	(129,559)
(Surplus) / Deficit on Provision of Services	**255**	**14,600**	**14,855**	**17,771**	**32,626**

Reconciliation of Movement to Balances	Total	GF	HRA
Opening GF and HRA balance at 1st April	(17,298)	(6,000)	(11,298)
(Surplus)/Deficit on Provision of Services	255	0	255
Closing GF and HRA Balance at 31st March	**(17,043)**	**(6,000)**	**(11,043)**

This note details the adjustments that are made in the EFA and 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.

'Pensions' adjustments are for the change in accounting for the pension liability under IFRS 19, which represents adjusting in-year payments made to the fund and including current / past service / interest costs per actuary estimates. 'Capital' adds in depreciation, impairment and revaluation gains and losses. 'Treasury' accounts for adjustments in interest payable / receivable and minimum revenue provision that are not service expense within the CIES. 'Other' relates mainly to general grant adjustments.

2017/18	**Pensions £'000**	**Capital £'000**	**Treasury £'000**	**Other £'000**	**Total £'000**
Resources	1,821	529	(11,232)	21,559	12,677
Economy	92	774	0	252	1,118
Children Services	1,406	263	0	0	1,669
Adult Services	1,144	3,194	0	(15,446)	(11,108)
Communities and Housing	1,527	11,050	0	0	12,577
DSG Commissioning	4,283	4,997	0	0	9,280
Housing Revenue Account	998	9,367	(8,552)	(130)	1,683
Total Adjustments	**11,271**	**30,174**	**(19,784)**	**6,235**	**27,896**

2016/17 Restated	**Pensions £'000**	**Capital £'000**	**Treasury £'000**	**Other £'000**	**Total £'000**
Resources	85	1,220	(10,621)	23,858	**14,542**
Economy	7	(682)	0	0	**(675)**
Children Services	20	187	0	0	**207**
Adult Services	14	(8,190)	0	(15,621)	**(23,797)**
Communities and Housing	20	18,513	0	0	**18,533**
DSG Commissioning	68	4,652	0	0	**4,720**
Housing Revenue Account	15	23,072	(25,835)	1,321	**(1,427)**
Total Adjustments	**229**	**38,772**	**(36,456)**	**9,558**	**12,103**

The restatement was due to internal restructure, see Note 40, and has been changed as follows:

	2016/17					Restatement Adjustments					2016/17 Restated				
	Net Exp. Chargeable to the GF and HRA Balances	Remove Not Chargeable to the GF or HRA	Net Exp. Chargeable to GF and HRA	Changes Between Funding & Accounting Basis	Net Expenditure In the CIES	Changes for Service Movements	Remove Not Chargeable to the GF or HRA	Net Exp. Chargeable to GF and HRA	Changes Between Funding & Accounting Basis	Net Expenditure In the CIES	Net Exp. Chargeable to the GF and HRA Balances	Remove Not Chargeable to the GF or HRA	Net Exp. Chargeable to GF and HRA	Changes Between Funding & Accounting Basis	Net Expenditure In the CIES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	3,946	(53)	3,893	1,085	4,978	(3,946)	53	(3,893)	(1,085)	(4,978)	0	0	0	0	0
Resources	(5,478)	12,292	6,814	13,457	20,271	3,885	(23)	3,862	1,085	4,947	(1,593)	12,269	10,676	14,542	25,218
Economy	(658)	1,439	781	1,175	1,956	(1,816)	(319)	(2,135)	(1,850)	(3,985)	(2,474)	1,120	(1,354)	(675)	(2,029)
Children Services	28,132	580	28,712	207	28,919	249	(31)	218	0	218	28,381	549	28,930	207	29,137
Adult Services	77,563	135	77,698	(23,797)	53,901	876	(187)	689	0	689	78,439	(52)	78,387	(23,797)	54,590
Communities and Place	31,721	448	32,169	16,683	48,852	752	507	1,259	1,850	3,109	32,473	955	33,428	18,533	51,961
DSG Commissioning	0	(28)	(28)	4,720	4,692	0	0	0	0	0	0	(28)	(28)	4,720	4,692
Housing Revenue Account	255	(212)	43	(1,427)	(1,384)	0	0	0	0	0	255	(212)	43	(1,427)	(1,384)
(Surplus) / Deficit on Continuing Operations	**135,481**	**14,601**	**150,082**	**12,103**	**162,185**	0	0	0	0	0	**135,481**	**14,601**	**150,082**	**12,103**	**162,185**

Changes between funding basis and accounting basis:

	Pensions £'000	Capital £'000	Treasury £'000	Other £'000	Total £'000
Chief Executive	68	793	0	224	1,085
Resources	17	427	(10,621)	23,634	13,457
Restated Resources	**85**	**1,220**	**(10,621)**	**23,858**	**14,542**
Economy	7	1,168	0	0	1,175
Economy - Restatement	0	(1,850)	0	0	(1,850)
Economy	**7**	**(682)**	**0**	**0**	**(675)**
Communities and Place	20	16,663	0	0	16,683
Communities and Place - Restatement	0	1,850	0	0	1,850
Communities and Place	**20**	**18,513**	**0**	**0**	**18,533**

2. Subjective Analysis of Service Expenditure

This disclosure shows the type of expenditure and income incurred across the CIES service analysis:

Expenditure and Income Type	2016/17 £'000	2017/18 £'000
Employee related expenses	164,366	176,471
Other service expenses	292,524	294,175
Support Service recharges	9,271	5,984
Depreciation, amortisation and impairment	39,721	20,816
Interest Payments	16,497	17,558
Precepts & Levies	2,223	7,098
Payments to Housing Capital Receipts Pool	3,421	2,838
Gain or Loss on Disposal of Fixed Assets	5,966	9,827
Total operating expenses	**533,989**	**534,767**
Fees, charges & other service income	(113,281)	(127,321)
Interest and investment income	(3,365)	(3,503)
Income from council tax	(117,559)	(130,797)
Government grants and contributions	(267,158)	(235,471)
Total Income	**(501,363)**	**(497,092)**
Surplus or deficit on the provision of services	**32,626**	**37,675**

3. Material Items of Income and Expense

A number of material items are included within the Comprehensive Income and Expenditure Statement (CIES) surplus or deficit, that relate to the below:

Items	Explanation
2017/18	
	There are considered to be no material items outside of typical service spend or capital recharges in 2017/18.
2016/17	
Disposal of Thamesdown Transport Limited	At the start of February 2017 the Authority sold it's shareholding of Thamesdown Transport Limited – the bus company formed under the 1986 Transport Act. This has seen the receipt of disposal proceeds which have gone towards covering costs of disposal, with the balance taken to reserves. As part of the disposal various accounting adjustments have been made to write out balances, of which the most significant is the prior pension-related asset of £6.9m. The cost of the asset write-down has been matched by reserve transfer, meaning a net-nil impact to revenue outturn.

Within the net cost of services of the CIES there are variances between years on service expenditure and income. Some of these changes will be due to general higher costs of purchasing external goods and services and changes in the cost of employing Council staff, some of which is offset by changes in income from fees and charges. Other changes will be due to the year-on-year variation of asset charges, such as depreciation and impairments.

4. Other Operating Expenditure

Breakdown of items included under Other Operating Expenditure.

	2016/17 £'000	2017/18 £'000
(Gains)/losses on the disposal of non-current assets	5,965	9,826
Parish council precepts	2,224	7,098
Payments to the Government Housing Capital Receipts Pool	3,421	2,838
Total Other Operating Expenditure	**11,610**	**19,762**

5. Financing and Investment Income and Expenditure

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

	2016/17 £'000	2017/18 £'000
Interest payable and similar charges	16,497	17,558
Interest receivable and similar income	(2,812)	(3,096)
Investment income	(1,321)	(492)
Movement on market value of investment property	544	753
(Gains)/losses on assets held for sale	224	(668)
Net interest on the net defined benefit liability	10,703	7,429
Total Financing and Investment Income and Expenditure	**23,835**	**21,484**

6. 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 2017/18 £'000	Schools Budgets 2017/18 £'000	Total 2017/18 £'000
Final DSG before Academy Recoupment			166,721
Academy figure recouped for 17/18			(82,597)
DSG after Academy Recoupment for 17/18			84,124
Brought Forward from prior year			568
Carry Forward agreed in advance			(568)
Agreed initial budgeted distribution	32,583	51,541	84,124
In year adjustments	231	0	231
Final budgeted distribution for year	**32,814**	**51,541**	**84,355**
Less actual central expenditure	32,598		
Less actual ISB deployed to schools		51,412	
Carry forward to next year (including carry forward agreed in advance)	**216**	**129**	**913**

7. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement. The value of Business Rates received by the authority under taxation and grant income is lower than the Billing Authority share disclosed in the Collection Fund statement due to the application of a government tariff. The prior year has been restated to split out additional classification from consolidated grant balances, but the total remains the same.

Credited to Taxation and Non-Specific Grant Income	Restated 2016/17 £'000	2017/18 £'000
Collection Fund Income - Council Tax	(86,571)	(98,591)
Collection Fund Adjustments – Council Tax	(767)	499
Collection Fund Income - Business Rates	(30,055)	(31,217)
Collection Fund Adjustments – Business Rates	(166)	(1,488)
Revenue Support Grant	(20,823)	(13,577)
Other non-ring-fenced government grants	(7,299)	(5,369)
S106 - used in funding	(7,733)	(3,222)
Capital grants and contributions - to CGUA*	(11,590)	(24,898)
Total	**(165,004)**	**(177,863)**

*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:

Capital Receipts in Advance	2016/17 £'000	2017/18 £'000
Balance at 1 April	**(26,660)**	**(20,727)**
New funds received	(13,514)	(27,861)
Funds written out to fund capital schemes	19,385	28,120
Funds written out for repayment / to revenue / others	62	1,113
Balance at 31 March	**(20,727)**	**(19,355)**

The below amounts were credited to Net Cost Services.

Funding Body	2016/17 £'000	2017/18 £'000
Arts Council - South West	(327)	(312)
Department For Children, Schools & Families (DCSF)	(88,881)	(91,587)
Department for Work & Pensions (DWP)	(62,245)	(50,157)
Department of Communities & Local Government (DCLG)	(8,251)	(13,467)
Department of Culture Media and Sport	(538)	0
Department of Health & Social Care	(10,875)	(15,649)
Department of Transport	(744)	(270)
Forestry Commission	(16)	0
Heritage Lottery	(37)	(41)
Home Office	(603)	(749)
Learning Skills Council /Skills Funding Agency	(455)	(445)
Museums and Libraries Council	(2)	0
Natural England	(54)	0
One public estate (LGA)	0	(132)
South West Regional Development Agency	(40)	(10)
Sport England	(7)	0
Young Persons Learning Agency	(512)	(513)
Youth Justice board	(248)	(235)
Total	**(173,865)**	**(173,567)**

8. Members' Allowances

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

	2016/17 £'000	2017/18 £'000
Basic Allowances	461	465
Special Responsibility Allowances	176	198
Expenses	4	3
Total	**641**	**666**

9. Officers' Remuneration

The below shows payments to senior officers for the year. The senior management team saw a number of starters and leavers during the period, and during this time additional payments were made where additional duties were undertaken.

Position	Salary & Allowances	Expenses	Remuneration	Emp. Pension Contributions	Total Remuneration
	£	£	£	£	£
2017/18					
Chief Executive – John Gilbert – Reduction in hours from March 2018	161,651	287	161,938	29,207	191,145
Corporate Director Communities & Place – Left November 2017	98,563	0	98,563	18,207	116,770
Corporate Director Communities & Housing – Started February 2018	14,137	0	14,137	2,743	16,879
Corporate Director Resources & Growth	135,340	43	135,383	0	135,383
Director of Finance (S151 Officer)	97,188	0	97,188	18,854	116,042
Director of Law & Democratic Services – Reduction in hours from July 2017	87,133	122	87,255	16,904	104,159
Director of Public Health	101,735	196	101,931	13,691	115,622
Corporate Director, Economy, Regeneration & Skills – Left July 2017	68,654	193	68,847	7,184	76,032
Corporate Director of Adult Services	118,367	269	118,635	22,963	141,598
Corporate Director of Children's Services – Left July 2017	28,372	69	28,441	5,504	33,946
Corporate Director of Children's Services – Started July 2017	85,349	0	85,349	16,558	101,907

Position	Salary & Allowances	Expenses	Remuneration	Emp. Pension Contributions	Total Remuneration
	£	£	£	£	£
2016/17					
Chief Executive – John Gilbert	162,613	370	162,983	29,921	192,904
Corporate Director Communities & Place	139,380	347	139,727	25,646	165,373
Corporate Director Resources incl. S151 Duties – left Oct 16	69,573	0	69,573	12,801	82,374
Interim Corporate Director of Resources incl. S151 Duties - Aug 16 to Mar 17 – Penna PLC	109,230	0	109,230	0	109,230
Corporate Director of Resources & Transformation – Started Feb 2017	14,756	0	14,756	0	14,756
Director of Finance (S151 Officer) – Started March 2017	3,575	0	3,575	658	4,233
Director of Law & Democratic Services	101,493	52	101,545	18,675	120,220
Director of Public Health	94,263	533	94,796	13,480	108,276
Corporate Director, Economy, Regeneration & Skills – Started Nov 16	44,000	0	44,000	8,096	52,096
Interim Corporate Director, Economy, Regeneration & Skills –Appointed in post Nov 16 – Penna PLC	83,520	0	83,520	0	83,520
Director of Adult Services	109,210	397	109,607	20,094	129,701
Director of Children Services	109,235	468	109,703	20,099	129,802

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	
£		£	2016/17	2017/18
50,000	to	54,999	45	51
55,000	to	59,999	28	28
60,000	to	64,999	22	17
65,000	to	69,999	24	23
70,000	to	74,999	9	7
75,000	to	79,999	3	3
80,000	to	84,999	3	2
85,000	to	89,999	3	3
90,000	to	94,999	3	1
95,000	to	99,999	1	3

10.Exit Packages

The Council incurred costs of £1.758m (£759k in 16/17) for known compulsory redundancy and other departure reasons payments, pension costs and costs incurred as a result of the Mutually Agreed Resignation Scheme which ran for a period of time in 17/18.

Exit Package Band			Number of Employees			
			2016/17		2017/18	
£		£	Compulsory	Other	Compulsory	Other
0	to	19,999	41	19	8	68
20,000	to	39,999	4	2	1	17
40,000	to	59,999	2	2	1	1
60,000	to	79,999	0	0	0	2
80,000	to	129,999	0	0	3*	1*

* Under the Code, ranges can be grouped if it could otherwise identify individual staff.

11.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:

	2016/17	2017/18
	£'000	£'000
Statutory Audit of the Accounts	128	128
Audit of Grant Claims	14	10
Other services	8	9
Total Fees Paid	**150**	**147**

12. Pooled/Aligned Budgets – Better Care Fund

The government created the Better Care Fund in 2015 with the aim of developing and improving joint health and social care planning. The Better Care Fund is a pooling of existing Health and Social Care budgets. The Care Act 2014 amended the NHS Act 2006 to provide the legislative basis for the Better Care Fund. It allows for the NHS Mandate to include specific requirements relating to the establishment and use of an integration fund.

The Council entered into an arrangement in 2015, with Swindon Clinical Commissioning Group (CCG), to comply with the requirements of the Better Care Fund. The S75 agreement covers aligned budgets as well as the Better Care Fund and runs for 5 years.

Swindon's Better Care Fund was presented to and approved by Swindon's Health & Wellbeing Board and NHS England. The funding provided by each partner and risk share are identified within the section 75 agreements. This results in the budgets being aligned rather than a true pooled arrangement, as Swindon Borough Council generally retains responsibility for service and financial pressures on social care and public health services, and Swindon CCG retains responsibility for service and financial pressures on health services.

The budget is hosted by the Council on behalf of the two partners to the agreement, so it nominally collects and redistributes all funds and is accounted for gross as an aligned budget.

			2016/17			2017/18
	SBC	CCG	Total	SBC	CCG	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Section 75	64,803	10,821	75,624	64,191	10,781	74,972
Public Health	10,502	0	10,502	10,373	0	10,373
Children - Commissioning & Service Delivery	26,941	3,462	30,403	30,355	3,655	34,010
Capital - DFG	982	0	982	857	0	857
Total	**103,228**	**21,641**	**124,869**	**105,776**	**14,436**	**120,212**
Memorandum - Better Care Fund						
SBC Commissioned activities	6,754	7,588	14,342	6,795	7,535	14,330
Capital - DFG	982	0	982	857	0	857
Total	**7,736**	**14,946**	**22,682**	**7,652**	**7,535**	**15,187**
Activities directly commissioned and recorded within Swindon CCG accounts.				0	7,358	7,358

13.Adjustments between Accounting Basis and Funding Basis under Regulations

Adjustments shown within the Movement in Reserves statement – the net balance of entries against Total Useable Reserves is matched by entries to an Unusable Reserve, generally used for accounting adjustments and not for supporting the General Fund:

2017/18	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable 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	(25,742)	(10,172)	-	-	-	(35,914)
Charges for impairment and revaluation losses of non-current assets	6,805	(17,514)	-	-	-	(10,709)
Movement in the market value of investment properties	(414)	(339)	-	-	-	(753)
Capital grants and contributions applied	3,222	-	-	-	-	3,222
Revenue expenditure funded from capital under statute	(1,879)	-	-	-	-	(1,879)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(12,468)	(8,019)	-	-	-	(20,487)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	562	-	-	-	-	562
Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000
Capital expenditure charged against the GF and HRA balances	8	8,195	-	-	-	8,203
Adjustments primarily involving the Capital Adjustment Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	24,898	-	-	-	(24,898)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	22,600	22,600
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	7,580	3,081	(10,660)	-	-	1
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3,605	-	-	3,605
Voluntary set aside of capital receipts	-	-	808			808

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(2,838)	-	2,838	-	-	-
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	-	-	(10)	-	-	(10)
Adjustment primarily involving the Major Repairs Reserve						
HRA resources credited to the MRR	-	10,124	-	(10,124)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	22,755	-	22,755
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	(17,013)	(1,687)	-	-	-	(18,700)
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	375	-	-	-	-	375
Adjustments primarily involving the Asset Held for Sale Account:						
Reversal of the Gains or Losses on AHFS	668	-	-	-	-	668
Total Adjustments	**(16,236)**	**(11,331)**	**(3,419)**	**12,631**	**(2,298)**	**(20,653)**

2016/17	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable 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	(25,284)	(16,827)	-	-	-	(42,111)
Charges for impairment and revaluation losses of non-current assets	10,624	(7,111)	-	-	-	3,513
Movement in the market value of investment properties	-	(544)	-	-	-	(544)
Capital grants and contributions applied	7,733	-	-	-	-	7,733
Revenue expenditure funded from capital under statute	(1,124)	-	-	-	-	(1,124)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(11,764)	(11,457)	-	-	-	(23,221)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	988	-	-	-	-	988
Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000
Capital expenditure charged against the GF and HRA balances	82	865	-	-	-	947
Adjustments primarily involving the Capital Adjustment Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	11,652	-	-	-	(11,652)	-
Repaid reversal	(62)	-	-	-	62	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	12,999	12,999
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	11,852	5,404	(17,256)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	8,335	-	-	8,335
Flexible use of UCR to finance transformational projects	-	-	817	-	-	817
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(3,421)	-	3,421	-	-	-
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	-	-	(3)	-	-	(3)
Adjustment primarily involving the Major Repairs Reserve						
HRA resources credited to the MRR	-	16,783	-	(16,783)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	16,658	-	16,658
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	(9,926)	(1,006)	-	-	-	(10,932)
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	(4)	-	-	-	-	(4)
Adjustments primarily involving the Asset Held for Sale Account:						
Reversal of the Gains or Losses on AHFS	(224)	-	-	-	-	(224)
Total Adjustments	**(8,878)**	**(8,893)**	**(4,686)**	**(125)**	**1,409**	**(21,173)**

14.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. Transfers out are generally used to support specific projects, or budgeted contributions to the general fund.

	Balance 31/3/16 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/17 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/18 £'000
HRA Earmarked	(1,334)	(459)	379	(1,414)	(140)	413	(1,141)
Schools	(5,563)	(360)	377	(5,546)	(1,067)	0	(6,613)
Service Earmarked	(14,025)	(2,755)	3,957	(12,823)	(9,349)	3,034	(19,138)
Major Project Cash flowing	(7,214)	0	2,394	(4,820)	0	1,760	(3,060)
Infrastructure & Regeneration	(9,064)	(512)	4,979	(4,597)	0	1,126	(3,471)
Budget Delivery Cash flowing	(24,658)	(761)	6,084	(19,335)	0	2,197	(17,138)
General Fund Reserves per BS	(60,524)	(4,388)	17,791	(47,121)	(10,416)	8,117	(49,420)
Total Earmarked Reserves	**(22,573)**	**(3,214)**	**6,730**	**(48,535)**	**(10,556)**	**8,530**	**(50,561)**

The reserves above serve a number of purposes and can be summarised as:

Reserve	Purpose
HRA Earmarked	These reserves support the specific service requirements of the HRA
Schools	For schools' related rollovers
Service Earmarked	To support individual services of the GF, such as commuted sums, self-insurance, children's development and public health
Major Project Cash flowing	Ongoing Wichelstowe and PFI-related support
Infrastructure & Regeneration	To provide support to activities in these areas
Budget Delivery Cash flowing	Implementing future year's savings, such as service redevelopment and IT reshaping.

Disclosures Relating to the Balance Sheet

15. Property, Plant and Equipment

In 2017/18 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.
In a departures from the Code, analysis of revalued assets is not split over five years as the revaluation programme is such that the top twenty assets by value are revalued annually, whilst the majority of the remaining items of Other Land and Buildings are revalued bi-annually. This results in the majority of assets going no longer than a year without undergoing revalution review. Accumulated depreciation written back on revaluation of GF assets is also only written back to the extent of the brought forward balance, so depreciation charged in year is not written back prior to revalution date, which is estimated to be £7.5m.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	0	42,404	224,322	17,572	0	32,531	316,829
Value of assets revalued at fair value in year ending:								
31-Mar-18	472,285	421,846	-	-	-	36,287	-	930,418
31-Mar-17	-	87,185	-	-	-	-	-	87,185
Revalued in prior years	-	-	-	-	-	5,328	-	5,328
Total Value of category on the balance sheet	472,285	509,031	42,404	224,322	17,572	41,615	32,531	1,339,760

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. The formal valuation date is the 31 December, though the effective date of revaluations is the 31 March as the Valuer confirms there is no material change to the valuations during that period. There has been an improvement in the housing market during the year which is reflected in the increase to HRA dwellings valuation, although such valuations are limited by application of a social housing discount factor.

2017/18	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2017	**434,902**	**502,057**	**40,977**	**211,461**	**17,320**	**31,916**	**28,230**	**1,266,863**	**55,927**
Additions	23,875	8,739	1,427	12,861	491	-	13,557	60,950	260
Revaluation + / (-) recognised in the Revaluation Reserve	36,672	(7,026)	-	-	-	4,318	-	33,964	(215)
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(17,514)	(3,288)	-	-	(12)	6,842	-	(13,972)	-
Derecognition – disposals	(8,949)	(10,136)	-	-	(148)	(2,592)	-	(21,825)	-
Reclassification	3,299	18,685	-	-	(79)	1,131	(9,256)	13,780	-
At 31 March 2018	**472,285**	**509,031**	**42,404**	**224,322**	**17,572**	**41,615**	**32,531**	**1,339,760**	**55,972**
Accumulated Depreciation and Impairment									
At 1 April 2017	**(16,783)**	**(15,270)**	**(33,974)**	**(71,921)**	**0**	**(231)**	**0**	**(138,179)**	**(1,028)**
Depreciation charge	(10,156)	(11,574)	(2,348)	(11,734)	0	(102)	-	(35,914)	(1,055)
Depreciation w/b on Revaluation	23,479	8,998	-	-	-	26	-	32,503	1,028
Depreciation written to/from the CIES	0	3,174	-	-	-	110	-	3,284	-
Depreciation written to/from the CIES - Reclassifications	-	-	-	-	-	-	-	-	-
Derecognition – disposals	929	409	-	-	-	-	-	1,338	-
At 31 March 2018	**(2,531)**	**(14,263)**	**(36,322)**	**(83,655)**	**0**	**(197)**	**0**	**(136,968)**	**(1,055)**
Net Book Value									
At 1 April 2017	**418,119**	**486,787**	**7,003**	**139,540**	**17,320**	**31,685**	**28,230**	**1,128,684**	**54,899**
At 31 March 2018	**469,754**	**494,768**	**6,082**	**140,667**	**17,572**	**41,418**	**32,531**	**1,202,792**	**54,917**

2016/17 Restated for write back of HRA depreciation of £16m	Council Dwellings	Other Land and Buildings	Vehicles, Plant, & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2016	**352,494**	**464,119**	**35,925**	**198,755**	**16,183**	**25,588**	**19,753**	**1,112,817**	**55,347**
Additions	15,725	14,457	5,052	12,706	785	-	8,477	57,202	57
Revaluation + / (-) recognised in the Revaluation Reserve	86,028	29,813	-	-	-	3,324	-	119,165	523
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(7,111)	4,472	-	-	-	3,618	-	979	-
Derecognition – disposals	(12,234)	(10,452)	-	-	-	(614)	-	(23,300)	-
Reclassification	0	(352)	-	-	352	-	-	0	-
At 31 March 2017	**434,902**	**502,057**	**40,977**	**211,461**	**17,320**	**31,916**	**28,230**	**1,266,863**	**55,927**
Accumulated Depreciation and Impairment									
At 1 April 2016	**(16,528)**	**(13,673)**	**(31,487)**	**(59,797)**	**0**	**(227)**	**0**	**(121,712)**	**(973)**
Depreciation charge	(16,783)	(10,713)	(2,487)	(12,124)	-	(4)	-	(42,111)	(1,028)
Depreciation w/b on Revaluation	15,752	5,790	-	-	-	-	-	21,542	973
Depreciation written to/from the CIES	0	2,534	-	-	-	-	-	2,534	-
Depreciation written to/from the CIES - Reclassifications	0	-	-	-	-	-	-	0	-
Derecognition – disposals	776	792	-	-	-	-	-	1,568	-
At 31 March 2017	**(16,783)**	**(15,270)**	**(33,974)**	**(71,921)**	**0**	**(231)**	**0**	**(138,179)**	**(1,028)**
Net Book Value									
At 1 April 2016	**335,966**	**450,446**	**4,438**	**138,958**	**16,183**	**25,361**	**19,753**	**991,105**	**54,374**
At 31 March 2017	**418,119**	**486,787**	**7,003**	**139,540**	**17,320**	**31,685**	**28,230**	**1,128,684**	**54,899**

16. Investment Properties

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

	2016/17 £'000	2017/18 £'000
Balance at start of the year	**14,940**	**14,396**
Subsequent expenditure	-	7,887
Disposals	-	-
Net gains/losses from fair value adjustments	(544)	(753)
To/from Property, Plant and Equipment	-	(13,055)
Balance at end of the year	**14,396**	**8,475**

The valuers have used a desktop valuation with physical inspections, with valuations taking account of the following factors: existing lease terms and rentals taken from the tenancy schedule and independent research into market evidence including Market rentals and yields. There has been no change in the valuation techniques used during the year for investment properties, however garages have been transferred from HRA to GF 'ownership' and in doing so reclassified as Operational Land and Buildings. In estimating the fair value of the Authority's investment property, the highest and best use of the properties is deemed to be their current use.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and non-observable inputs	Key sensitivities
Investment property	Level 3	Valued at Fair Value as at 31 December 2017 using the investment method.	Estimated rental value. Capitalisation rate.	The inputs listed are exposed to future market changes. These are either at a macro level based on factors such as the performance of the economy, or micro level such as the local tenant demand for property or house prices.

Sensitivity of asset	Asset	Valuation Range	Value as at 31/3/18	Value on increase
The Council owns one material investment property, Lysander House in Bristol, which it has considered the potential impact of valuation changes on. The valuation report states that there is a valuation tolerance of +/- 10%, and the impact of this range on the closing value of this investment at 31/3/18 is shown.	Lysander House	+/- 10%	£7,473,100	£8,220,410

17.Heritage Assets

The valuation rules are relaxed in relation to heritage assets and values have been taken by reference to accepted valuations by external insurers for 2017/18 of collections. The nature of heritage assets means they have indefinite lives, as they are held for future prosperity without consumption of benefits. The Council also insures £11m of items which are loaned for display. The Council's holdings can be broken down to collections held at the following sites:

Collections held on location at:	2016/17 £'000	2017/18 £'000
Steam Railway Heritage Centre	14,000	14,000
Bath Road Museum	11,800	11,800
Lydiard Park House	2,500	2,500
Richard Jefferies Museum	120	120
Agricultural Store Coate	120	120
Whitehall Farm Stores	60	60
Transport Depot Stores	60	60
Civic Regalia	340	340
Total Valuation	**29,000**	**29,000**

18.Capital Commitment

At 31 March 2018, Council has approved a Capital Programme of £256.1m for the construction or enhancement of Property, Plant and Equipment in 2018/19 and future years. Whilst not contractually committed, there is reasonable expectation that the work will be undertaken. External grants and borrowing will primarily fund this programme of works. Further expenditure depends on borrowing, grants and other contributions, some of which have already been received or promised. Similar commitments at 31 March 2017 were £229.7m.

19.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 01/04/17 was £458.3m it has increased by £3.9m to £462.2m as at 31/03/18.

	2016/17	2017/18
	£'000	£'000
Property, Plant & Equipment	37,076	29,032
HRA Dwellings & AUC	20,126	31,918
Investment Properties	0	7,887
Total Additions to Balance Sheet	**57,202**	**68,837**
Revenue Expenditure Funded from Capital Under Statute	1,124	1,879
Total Expenditure to be Financed	**58,326**	**70,716**
HRA Funding	(16,658)	(22,755)
Capital Receipts	(8,335)	(3,605)
Revenue Contribution to Capital Outlay (RCCO)	(947)	(8,203)
Government Grants and Other Contributions	(12,999)	(22,600)
S106	(7,733)	(3,222)
Borrowing	(11,654)	(10,331)
Total Financing	**(58,326)**	**(70,716)**

20. Long-term Debtors

The balance of long-term debtors consists of the following elements.

Balance at 31 March	2017	2018
	£'000	£'000
Mortgage Advances	183	178
Finance Lease Asset	1,237	1,237
Total	**1,420**	**1,415**

21. Short-term Debtors

The balances of short-term debtors are summarised in the following table.

Balance at 31 March	2017	2018
	£'000	£'000
Central government bodies	8,917	6,342
Other local authorities	18	29
NHS bodies	920	1,045
Collection Fund	10,284	11,384
Other entities and individuals	11,343	16,239
Payments in Advance	8,557	9,147
Sub-total	**40,039**	**44,186**
Impairment of debtors	(13,082)	(14,823)
Net Debtors	**26,957**	**29,363**

22. Short-Term Creditors

Balance at 31 March	2017	2018
	£'000	£'000
Central government bodies	(4,652)	(7,381)
Other local authorities	(1,979)	(1,134)
NHS bodies	(427)	(598)
Collection Fund	(6,010)	(9,285)
Bonds (reclassified to long-term in 17/18)	(2,746)	0
Other entities and individuals	(17,222)	(25,491)
Receipts in advance	(8,210)	(10,493)
Total	**(41,246)**	**(54,382)**

23.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 Municipal Mutual Insurance (MMI – relating to old Mesothelioma claims) claims that are now becoming certain that payment will be necessary in future.

Capitalised Landfill

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

Rates Appeals

This provision is required under the revised business rate accounting of the collection fund and is based upon estimates of valuations appeals.

Other

The other provisions mainly relate to Housing, where housing 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.

2017/18	**Insurance**	**Landfill**	**Rates Appeals**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance Outstanding at start of year	(1,940)	(3,005)	(4,988)	(479)	(10,412)
Additional provisions made	(636)	0	(1,277)	0	(1,913)
Amounts used	422	80	0	356	858
Balance outstanding at year end	**(2,154)**	**(2,925)**	**(6,265)**	**(123)**	**(11,467)**
Relating to short-term	(1,160)	0	0	0	(1,160)
Relating to long-term	(994)	(2,925)	(6,265)	(123)	(10,307)

24.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.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	**(345,080)**	**(341,113)**
Reversal of capital related items debited or credited to the CIES:		
Charges for depreciation of noncurrent assets	42,111	36,169
Charges for impairment of noncurrent assets	(980)	13,992
Depreciation written back On Reclassification	0	(255)
Depreciation written back on disposals	(1,568)	(1,339)
Depreciation written back on general gain/loss	(2,533)	(3,283)
Revenue expenditure funded from capital under statute	1,124	1,879
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	24,789	21,826
Application of the HRA debt	(5,000)	(5,000)
	57,943	**63,989**

CAA continued	2016/17 £'000	2017/18 £'000
Adjusting amounts written out of the Revaluation Reserve	(5,435)	(8,405)
Deferred Receipts	3	7
Use of the Capital Receipts Reserve to finance new capital expenditure	(8,335)	(3,605)
Use of the Major Repairs Reserve to finance new capital expenditure	(16,658)	(22,755)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,733)	(3,222)
Application of grants to capital financing from the Capital Grants Unapplied Account	(12,999)	(22,600)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(988)	(532)
PFI Finance Lease Liability MRP	(817)	(838)
Voluntary provision for financing of capital expenditure	0	0
Capital expenditure charged against the General Fund and HRA balances	(947)	(8,203)
Movement in the market value of investments	544	753
Other Movements - Subsidiary disposal	(611)	0
	(53,976)	**(69,400)**
Balance at 31 March	**(341,113)**	**(346,524)**

25. Revaluation Reserve

The Revaluation Reserve contains gains made by the Authority arising from increases in the value of its non-current assets. 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.

Restated for write back of HRA depreciation	2016/17 £'000	2017/18 £'000
Adjustment to b/f balance	(10,086)	
Balance at 1 April	**(239,518)**	**(374,848)**
Revaluation of assets in asset table note	(119,223)	(33,944)
Revaluation of held for sale assets	0	(20)
Depreciation added back on revaluation	(21,542)	(32,503)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**(140,765)**	**(66,467)**
Adjustments against historic cost	3,794	4,936
Accumulated gains on assets sold or scrapped	1,641	3,469
Balance at 31 March	**(374,848)**	**(432,910)**

26.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.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	**305,915**	**291,868**
Remeasurement of the net defined benefit liability	(24,979)	(50,859)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	10,932	18,700
Balance at 31 March	**291,868**	**259,709**

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. Note 32 contains more detail on the pension fund.

27.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.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	**(1,651)**	**(1,646)**
Amount by which council tax income credited to the CIES is different from council tax income calculated under statute	(116)	1,057
Amount by which business rates income credited to the CIES is different from business rates income calculated under statute	121	(1,432)
Balance at 31 March	**(1,646)**	**(2,021)**

28.Balances of Other Unusable Reserves

	2016/17 £'000	2017/18 £'000
Deferred Capital Receipts	(1,250)	(1,247)
Assets Held For Sale Reserve	928	259
Sub Total	**(322)**	**(988)**

29.Leases

Authority as Lessee

Finance Leases

Under reporting standards the Council has finance lease arrangements for its PFI scheme and a small number of vehicles. The value of the PFI school operational assets and accumulated depreciation are shown in Note 15 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 assets 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:

Finance Lease Liabilities	2016/17 £'000	2017/18 £'000
- Current	(1,530)	(1,724)
- Non-current	(51,280)	(49,556)
Finance Cost Payable in Future Years	(129,958)	(114,597)
Minimum lease payments	**(182,768)**	**(165,877)**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Not later than one year	11,141	10,810	(1,530)	(1,724)
Later than 1 not later than 5	56,917	55,374	(10,846)	(12,112)
Later than 5	114,710	99,693	(40,434)	(37,444)
	182,768	**165,877**	**(52,810)**	**(51,280)**

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

Operating Leases

The Council leases and then sub-lets a range of private sector accommodation for its Housing services.

	2016/17	2017/18
	£'000	**£'000**
Not later than one year	2,762	2,108
Later than one year not later than five	1,599	2,153
Total	**4,361**	**4,261**
The charge to services is:		
Minimum lease payments (total above)	4,361	4,261
Sublease payments receivable	(4,229)	(3,971)
Charge to services	**132**	**290**

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

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 one lease for a recreational site is a finance lease.

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:

	2016/17	2017/18
	£'000	**£'000**
Not later than one year	4,787	5,072
Later than one year and not later than five	12,287	18,065
Later than five years	2,745	4,620
Total Payments Due	**19,819**	**27,757**

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.

30.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. Periodic contract reviews may also increase or decrease payments depending on inflation and utility costs. 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 schools will pass to the council at the end of the contracts, the council carries the PPE used under the contracts on the Balance Sheet. Assets are transferred out if a PFI schools changes to academy status. There are no known implications to the accounting model, or impact of onerous contracts, from agreed academy transfers that have taken place.

The original recognition of this PPE 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, that is not material, 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.

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 PPE on the Balance Sheet.

PFI assets are accounted for on the Council's balance sheet at fair value 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 15. The income and expenditure account now has the unitary charge payment split between service costs, interest, capital lease repayment and contingent rents. Revised MRP policy allows for PFI liability costs of the lease repayment to be funded from capital receipts, permissible under regulations.

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.

	2016/17 £'000	2017/18 £'000
Opening Balance	(54,192)	(52,810)
Unitary Charge Paid	11,275	11,324
Expenditure / Financing Cost	(9,893)	(9,794)
Closing Balance	**(52,810)**	**(51,280)**

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	2017			2018		
	Service Charges £'000	Interest £'000	Liability £'000	Service Charges £'000	Interest £'000	Liability £'000
Within 1 Year	3,702	6,092	1,530	3,738	5,916	1,724
Within 2 - 5 Years	15,248	22,378	8,227	15,538	21,429	9,123
Within 6 - 10 Years	21,190	21,434	16,153	21,855	19,571	17,716
Within 11 - 15 Years	24,954	10,233	25,600	21,939	7,280	22,717
Within 16 - 20 Years	1,684	150	1,300	0	0	0
	66,778	**60,287**	**52,810**	**63,070**	**54,196**	**51,280**

31.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 2017/18, the council paid £613k to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.5% of pensionable pay. The figures for 2016/17 were £608k and 16.5%.

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.

Health staff transferred to the Council in 2013/14 and many maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Authority is not able to identify its share of the 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.

32.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 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 payments as they eventually fall due.

The Council paid an employer's contribution of £11.9m (£10.9m in 2016/17) into Wiltshire Council's Pension Fund. Wiltshire Council manages the fund, which provides participants with defined benefits relating to pay and service. This represented 20% of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 19.4% 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 as at 31 March 2016. 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.

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	**2016/17 £'000**	**2017/18 £'000**
Within Net Cost of Service:		
Current service cost	18,473	30,825
Non-Distributed cost	64	473
Within Net operating Expenditure:		
Interest cost	10,703	7,429
Within Reserves Movement:		
Movement on Pensions Reserve	(10,932)	(18,700)
Actual Amount Charged Against Council tax for the Year:		
Employer's contributions payable to the scheme	(18,308)	(20,027)
Net effect on Council Tax of IAS19 adjustments	0	0

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	**2017**	**2018**
Pension Increase Rate (CPI)	2.4%	2.4%
Salary Increase Rate	2.7%	2.7%
Discount Rate	2.5%	2.6%

Change in Assumptions at 31 March	Approximate % Increase to Employer	Approximate Monetary Amount £
0.5% decrease in Real Discount Rate	10%	86,001
0.5% increase in the salary increase rate	1%	8,709
0.5% increase in the pension increase rate	9%	76,399
The average future life expectancies at age 65 , in years	**Male**	**Female**
Current Pensioners	22.5	24.9
Future Pensioners	24.1	26.7

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- (50%) and post (75%) - April 2008 service.

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.

There are risks associated with the pension liability around scheme membership, where the life expectancy of members may be longer than estimated, resulting in benefits being payable for a longer period.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £891.2m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £259.7m. 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)
- Finance is only required to be raised to cover discretionary benefits when pensions are paid
- The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2019 is £17.7m.

Reconciliation of present value of the scheme liabilities:

			2017			2018
	Asset	Obligation	Net	Asset	Obligation	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	482,436	(769,786)	**(287,350)**	584,980	(857,239)	**(272.259)**
Present Value of Liabilities	-	(18,565)	**(18.565)**	-	(19,609)	**(19,609)**
Opening Position 1 April	**482,436**	**(788.351)**	**(305,915)**	**584,980**	**(876,848)**	**(291,868)**
Current Service Cost	-	(18,473)	**(18,473)**	-	(30,825)	**(30,825)**
Past Service (Costs) / Gains	-	(64)	**(64)**	-	(634)	**(634)**
Effect of Settlements	-	-	**0**	(396)	557	**161**
Total Service Cost	**-**	**(18,537)**	**(18,537)**	**(396)**	**(30,902)**	**(31,298)**
Interest Income on plan assets	16,830	-	**16,830**	14,578	-	**14,578**
Interest cost on obligation	-	(27,533)	**(27,533)**	-	(22,007)	**(22,007)**
Total Net Interest	**16,830**	**(27,533)**	**(10,703)**	**14,578**	**(22,007)**	**(7,429)**
Total Cost Recognised in Profit/(Loss)	**16,830**	**(46,070)**	**(29,240)**	**14,182**	**(52,909)**	**(38,727)**
Plan participant contributions	4,779	(4,779)	**0**	4,882	(4,882)	**0**
Employer contributions	17,101	-	**17,101**	18,875	-	**18,875**
Contributions for Unfunded Benefits	1,207	-	**1,207**	1,152	-	**1,152**
Benefits Paid	(24,407)	24,407	**0**	(25,761)	25,761	**0**
Unfunded Benefits Paid	(1,207)	1,207	**0**	(1,152)	1,152	**0**
Expected Closing Position	**496,739**	**(813,586)**	**(316,847)**	**597,158**	**(907,726)**	**(310,568)**
Change in demographic assumptions	-	9,073	**9,073**	-	-	**0**
Change in financial assumptions	-	(141,197)	**(141,197)**	-	16,513	**16,513**
Other experience	-	68,862	**68,862**	-	29	**29**
Return on assets excluding interest	88,241	-	**88,241**	34,317	-	**34,317**
Total Re-measurements in Other Income	**88,241**	**(63,262)**	**24,979**	**34,317**	**16,542**	**50,859**
Sub-Total	**584,980**	**(878,848)**	**(291,868)**	**631,475**	**(891,184)**	**(259,709)**
Fair Value of Employer Assets	584,980	-	**584,980**	631,475	-	**631,475**
Present Value of Funded Liabilities	-	(857,239)	**(857,239)**	-	(872,372)	**(872,372)**
Present Value of Unfunded Liabilities	-	(19,609)	**(19,609)**	-	(18,812)	**(18,812)**
Closing Position 31 March	**584,980**	**(876,848)**	**(291,868)**	**631,475**	**(891,184)**	**(259,709)**

Fair Value of Employer Assets

Asset Category	Quoted Prices	Non-Quoted Prices	Total 2017		Quoted Prices	Non-Quoted Prices	Total 2018	
Equity Securities:	**£'000**	**£'000**	**£'000**	**%**	**£'000**	**£'000**	**£'000**	**%**
Consumer	12,144	-	**12,144**	2%	13,109	-	**13,109**	2%
Manufacturing	9,042	-	**9,042**	2%	9,761	-	**9,761**	2%
Financial Institutions	1,653	-	**1,653**	0%	1,785	-	**1,785**	0%
Health Care	2,616	-	**2,616**	1%	2,824	-	**2,824**	0%
Information Technology	60,069	-	**60,069**	10%	64,844	-	**64,844**	10%
Other	4,890	-	**4,890**	1%	5,278	-	**5,278**	1%
Real estate:								
UK Property	-	61,352	**61,352**	10%	-	66,229	**66,229**	11%
Overseas Property	-	13,366	**13,366**	2%	-	14,428	**14,428**	2%
Investment Funds & Unit Trusts:								
Equities	-	307,780	**307,780**	53%	-	332,242	**332,242**	53%
Bonds	-	95,763	**95,763**	16%	-	103,374	**103,374**	16%
Hedge Funds	-	-	**-**	0%	-	-	**-**	0%
Commodities	-	0	**-**	0%	-	-	**-**	0%
Infrastructure	-	10,330	**10,330**	2%	-	11,151	**11,151**	2%
Other	-	1,629	**1,629**	0%	-	1,759	**1,759**	0%
Derivatives:								
Foreign Exchange	-	-	**-**	0%	-	-	**-**	0%
Other	-	-	**-**	0%	-	-	**-**	0%
Cash / Cash Equivalents	4,346	-	**4,346**	1%	4,692	-	**4,692**	1%
Total	**94,760**	**490,220**	**584,980**	**100%**	**102,292**	**529,183**	**631,475**	**100%**

33.Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet, debtors and creditors relate only to trade activities:

	Long-term 31st March 2017 £'000	Long-term 31st March 2018 £'000	Current 31st March 2017 £'000	Current 31st March 2018 £'000
Loans and receivables:				
• Investments	0	0	31,398	15,000
• Trade receivables	0	0	6,839	8,693
• Cash & Cash Equivalents	0	0	2,150	22,465
Available-for-sale financial assets:	14,071	14,739	23	0
Total Financial Assets	**14,071**	**14,739**	**40,410**	**46,158**
Financial Liabilities:				
• Financial liabilities PWLB	(237,755)	(266,254)	(1,501)	(1,501)
• Financial liabilities LOBO	(30,000)	(20,000)	0	0
• Financial liabilities Other Temporary Borrowing	(10,000)	(10,000)	(19,000)	(18,000)
• Trade payables	0	0	0	(142)
• Other Long Term Liabilities	0	(1,475)	0	0
• PFI	(51,280)	(49,556)	(1,530)	(1,724)
Total Financial Liabilities	**(329,035)**	**(347,285)**	**(22,031)**	**(21,367)**
Investments in group companies not included within loans and receivables asset section above needed to be included to reconcile to balance sheet total long term investments	11,891	15,145		

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to interest and investing financial instruments are shown in note 5.

Fair Values of Assets and Liabilities

One of the authority's financial assets is measured at fair value on a recurring basis and is described in the following table, including the valuation technique used to measure them.

Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**Basis of valuation**	**As at 31/3/17**	**As at 31/3/18**
Available for Sale				**£'000**	**£'000**
Property Fund Investment	Level 2	Observable inputs for the sales value of the asset	Evaluated prices provided by Fund management services.	14,071	14,739
Total				**14,071**	**14,739**

Gains and losses included in Other Comprehensive Income and Expenditure for the current year relate to the Property Fund Investment and are taken to the Available for Sale Reserve.

	2016/17 £'000	**2017/18 £'000**
Opening Balance	14,295	14,071
Transfer In	0	0
Gain/(Loss) to Other Operating Income (reversed to Asset Held for Sale Reserve)	(224)	668
Closing Balance	**14,071**	**14,739**

Except for the financial asset carried at fair value described in the table above, all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their comparative fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For PWLB, and non-PWLB loans payable, new borrowing rates from the PWLB have been applied to provide the fair value
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying or billed amount;

These, and the PFI liability, are carried at amortised cost on the balance sheet, but for fair value comparison are estimated as Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and the fair values calculated by third party Treasury specialist are as follows.

Balance at 31 March	**2017**		**2018**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	£'000	**£'000**	**£'000**	**£'000**
PWLB Long Term Creditors	(237,755)	(271,361)	(266,254)	(296,029)
PWLB Short Term Creditors	(1,501)	(7,265)	(1,501)	(5,530)
Non-PWLB Long Term Creditors	(10,000)	(10,197)	(10,000)	(12,898)
Non-PWLB Short Term Creditors	(19,000)	(19,005)	(18,000)	(18,000)
LOBO	(30,000)	(44,579)	(20,000)	(30,735)
PFI Liability	(52,810)	(108,163)	(51,280)	(91,854)
Loans and Receivables	31,398	31,556	15,000	15,000

The fair value of Public Works Loan Board (PWLB) loans of £296.029m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the new borrowing rates available from the PWLB. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates.

A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the PWLB redemption interest rates. If a value is calculated on this basis, the carrying amount of £266.254 would be valued at £341.549. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £39.991m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £381.549m.

The fair values of assets or liabilities shown above are higher or lower than the carrying amount because the Authority's portfolio includes a number of fixed rate loans where the interest rate varies over the prevailing rates at the Balance Sheet date. This shows notional future gains/losses (based on economic conditions at 31 March) arising from a commitment to pay or receive interest at market rates that differ from the current market at the balance sheet date. This includes the PFI liability which has a higher internal rate of return than current market conditions. Premature repayment rate has been used in estimating the PFI fair value, which is expected to be similar to new loan value.

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

34.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 March, in relation to its investments in banks and building societies of £22m, 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 not being able to recover funds applies to all of the Authority's deposits, but there was no evidence at the 31 March that this was likely to crystallise.

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

	2016/17	2017/18
	£'000	£'000
Less than three months	3,397	3,253
Three to six months	355	541
Six months to one year	1,246	1,183
More than one year	2,780	2,611
Total	**7,778**	**7,588**

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:

	2016/17	**2017/18**
	£'000	**£'000**
Less than one year	20,501	19,501
Between one and two years	-	1,501
Between two and five years	26,750	34,053
More than five years	54,379	66,982
Over ten years	196,626	193,718
Total	**298,256**	**315,755**

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

Market Risk

Interest Rate Risk

The Council is exposed to changes in interest rates as a result of its borrowings being at long-term fixed rates and investment being short-term or at variable rates of interest. Falls in interest rates will subsequently have an adverse impact on the Council’s finances.

The nature of the LOBO is such that there is limited financial risk as if interest rates are increased, then there is the option to repay, but other movements in interest rates can have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – interest charged to the Surplus / Deficit on the Provision of Services will rise
- Borrowings / Investments at fixed rates – the fair value of the liability/asset will fall
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise

Disclosures Relating to the Cashflow Statement

35.Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:	2016/17 £'000	2017/18 £'000
Interest received	2,916	3,140
Interest paid	(19,672)	(16,858)
Total	**(16,756)**	**(13,718)**
The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Depreciation	42,111	34,575
Impairment and downward valuations	(3,513)	10,709
Increase/(decrease) in creditors	500	10,006
(Increase)/decrease in debtors	(5,019)	(2,599)
Increase/(decrease) in inventories	47	98
Pension Liability Movement	10,932	18,700
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	21,732	21,826
Other non-cash items charged to the net surplus or deficit on the provision of services, mainly relating to pension adjustments	7,740	1,808
Total	**74,530**	**95,123**
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from the sale of property, plant and equipment, intangible assets and investment assets	(11,686)	(10,660)
Any other items for which the cash effects are investing or financing cash flows, mainly relating to capital grants	(19,261)	(28,120)
Total	**(30,947)**	**(38,780)**

36. Cash Flow Statement – Investing Activities

	2016/17 £'000	2017/18 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(58,694)	(67,977)
Purchase of short-term and long-term investments	(54,061)	(33,922)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	17,867	11,963
Proceeds from short-term and long-term investments	57,496	46,421
Other payments / receipts from investing activities, mainly capital grants for funding capital	10,160	25,974
Net cash flow from Investing Activities	**(27,232)**	**(17,541)**

37.Cash Flow Statement – Financing Activities

	2016/17 £'000	2017/18 £'000
Cash receipts of short- and long-term borrowing	41,500	105,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,382)	(1,530)
Repayments of short- and long-term borrowing	(36,681)	(87,501)
Collection Fund & Other receipts / (payments) for financing activities	(124)	3,219
Net cash flow from Financing Activities	**3,313**	**19,188**

General Disclosures

38.Accounting Standards That Have Been Issued but Have Not Yet Been Applied

IFRS9 Financial Instruments will be introduced in 2018/19. This standard will see the classification of some Financial Instruments change, and resultantly the way in which they are accounted for through the CIES. The anticipated impact on 2018/19 accounts would see the current property fund asset held for sale account balance of £259k become a charge to the general fund, subject to any statutory override.

IFRS15 Revenues from contracts is not anticipated to have any change to the accounts.

IFRS16 Leases is not yet adopted by the Code, but is expected to have only limited impact. Work continues to review leases in operation that may fall under this standard change. Currently the Authority leases a limited number of vehicles which if adjusted for could see a minimal increase in balance sheet assets.

39.Critical Judgements in Applying Accounting Policies

Despite the publication of a four year funding settlement for local government in December 2015, there remains a degree of uncertainty about future levels of funding for individual local authorities. The Authority has determined that this uncertainty is not 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 continues to review service provision and whether all services currently provided should continue to be provided.

The Authority is deemed to control the services provided under the agreement for school provision in seven PFI 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. However, with on-going transfers of schools to Academy status, the authority is left with no relevant asset, but still holds the long-term liability. Schools are charged each year for their own contribution to the PFI costs, both before and after Academy transfer where relevant. As the schools continue to contribute their share of funding, there is no indicator that this change results in an onerous contract.

In its role as a local education authority the Council oversees a range of Voluntary Aided (three schools) and Voluntary Controlled (one school) 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. From consideration of the information available it has been concluded that the limited involvement of the Authority with the schools gives no control around school operations, and additionally its lack of ownership of the school assets results in the local position being that such school assets should be off balance sheet.

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 Authority transferred the operating of its leisure services to third party providers in 2014/15. Review of the status of the long-term assets connected with the transfer concluded that they should remain on the Local Authority balance sheet as operational assets. This is in line with requirements of the Code, where assets are leased for the provision of services but risks and rewards from ownership remain.

The classification of investment assets under the Code is strict, relating only to items that are held solely for income generation or capital appreciation. For the Council, historic assets of the General Fund that have brought in income are not held solely for this purpose, but also for regeneration, community benefit, and employment benefits, amongst others, and have therefore not been classified as investments. Only assets that are held solely for income or appreciation are classed as investments.

As part of the accounting for the Collection Fund the Authority is required to assess a relevant provision for successful business rate appeals. This provision is based upon known factors, such as the number of appeals made and estimates of what proportion of appeals could be successful. No provision has been made for appeals not yet lodged, as there is no awareness of what may be appealed in future, and these remain as contingent liabilities.

The calculation for assets and liabilities valued at fair value is based upon data provided to third party treasury specialists, but which give reference to the relevant redemption or new loan rate for PWLB borrowing.

The Authority is party to an aligned budget arrangement with the Swindon Clinical Commissioning Group (CCG). The agreement between the two bodies was reviewed and discussion had with stakeholders in agreeing that it was an aligned budget and not a pooled budget, meaning that the Authority accounts for the gross costs and income through its accounts.

The overriding concept of materiality has been applied in the production of these accounts. This involves both the judgement of materiality in the application of transactions for accruals, and in the presentation of disclosures that relate to the accounting statements. Statutory notes are not affected.

40.The Impact of Prior Period Adjustments

There have been no prior period adjustments to these accounts for changes in accounting policy, but figures have been restated to comply with realignment of internal monitoring structures. The following service segment extract of the CIES shows the movements.

	16/17	16/17	16/17	Service Movement Adjustments										16/17	16/17	16/17
	Gross	Gross	Net	To Resources		To Children		To Communities		To Adults		To Economy		Gross	Gross	Net
	Exp	Inc	Exp	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp	Inc	Exp
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	71,415	(66,437)	4,978	(71,415)	66,437									0	0	0
				71,415 7	(66,437) (38)											
Resources	35,556	(15,285)	20,271	71,422	(66,475)	0	0	0	0	0	0	0	0	106,978	(81,760)	25,218
				(7)	38	(733)	479	(9,278)	5,616			(22)	(78)			
Economy	14,039	(12,083)	1,956	(7)	38	(733)	479	(9,278)	5,616	0	0	(22)	(78)	3,999	(6,028)	(2,029)
						733	(479)			(36)	0					
Children Services	37,125	(8,206)	28,919	0	0	733	(479)	0	0	(36)	0	0	0	37,822	(8,685)	29,137
								(536)	498	36 826	0 (135)					
Adult Services	101,054	(47,153)	53,901	0	0	0	0	(536)	498	862	(135)	0	0	101,380	(46,790)	54,590
								9,278 536	(5,616) (498)	(826)	135	22	78			
Communities and Place	73,918	(25,066)	48,852	0	0	0	0	9,814	(6,114)	(826)	135	22	78	82,928	(30,967)	51,961
DSG	112,764	(108,072)	4,692											112,764	(108,072)	4,692
HRA	48,593	(49,977)	(1,384)											48,593	(49,977)	(1,384)
Surplus / Deficit on Continuing Operations	**494,464**	**(332,279)**	**162,185**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**494,464**	**(332,279)**	**162,185**

The restatement of the HRA written back depreciation has had the following effect on prior year balances:

Statement Extracts for HRA written back depreciation adjustment			
CIES 2016/17	**Original**	**Adjustment**	**Restated**
	£'000	**£'000**	**£'000**
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(134,194)	(6,571)	(140,765)
MiRS 2016/17 - Unusable Reserves column	**Original**	**Adjustment**	**Restated**
	£'000	**£'000**	**£'000**
Other Comprehensive Income and Expenditure	(159,173)	(6,571)	(165,744)
BALANCE SHEET	**Original**	**Adjustment**	**Restated**
	£'000	**£'000**	**£'000**
Property, Plant & Equipment 2015/16	325,880	10,086	335,966
Property, Plant & Equipment 2016/17	401,462	16,657	418,119
Revaluation Reserve			
Opening Balance 1/4/16	(229,432)	(10,086)	(239,518)
Depreciation added back on revaluation 2016/17	(14,971)	(6,571)	(21,542)

41.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 highlighted in the following table.

Item	Uncertainties	Effect if 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. Assets are valued based on estimates and assumptions at a point in time but market conditions can fluctuate.	If useful lives of assets reduce, depreciation increases and the net book value falls. Assets may be under or over-valued but should be within valuation tolerances acceptable to valuers. If the value of the Council's operational land and building were to reduce by 10%, this would result in a charge to the CIES of approximately £93m.	
Provisions	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. The level of provision which is classified as short-term (75%) is based upon the experience of claims of the insurance service.	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. The overall provision should provide the necessary cover for claims and there should be no impact to the general fund.	
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements, advised by actuaries, 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 fund assets.	Changes to the pension liability can be complex with a variety of items that may cause impact on the balance sheet or revenue statement with either a positive or negative change. Sensitivity analysis on the liability assumptions is shown below.	
		Est. % Liability increase	Est. value(£000)
0.5% decrease in Real Discount Rate		10%	86,001
0.5% increase in the Salary Increase Rate		1%	8,709
0.5% increase in the Pension Increase Rate		9%	76,399

42. Events after the Balance Sheet Date

There are no known events that would have material impact on the Council's position.

43. 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 8. 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.

Controlled Companies

The Council is parent company to Public Power Solutions Limited (PPSL), Forward Swindon Ltd (FSL), Common and Chapel Solar Farm and Housing companies. Further details on these companies are contained within the group section of these accounts.

Company	PPSL	Common Farm	Chapel Farm	Housing Dev. Co.
Payments	(9,370)	0	0	0
Receipts	750	159	0	39
Loan Balances	8,900	2,963	3,161	120

Entities Controlled or Significantly Influenced by the Authority

The Council entered into a 50/50 Joint Venture development agreement in January 2018, with Barratt Developments PLC, for the development of the Wichelstowe area of the Borough through the creation of a new company, Wichelstowe LLP. Whilst the company has been created in 2017/18, there have been no significant transactions.

The Council makes several grants and contributions to third party organisations each year, which follow individual process before award.

The Council is responsible as Trustee for a range of small charitable funds, totalling £733k over eighteen Funds. Internal interest is applied to the balances held by the Council's Treasury service, whilst the direction of Trust Fund support is agreed by Council.

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

The Swindon Borough Council Group Accounts

Information Relating to Group Accounts

44.Long Term Investments

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 produced Group Accounts for consolidation of Public Power Solutions Ltd (PPSL), Common Farm Community Interest Company Plc (Common Farm), Chapel Farm Solar Ltd, and Swindon Housing Development Company Ltd only. Forward Swindon, though a wholly owned company, is excluded from consolidation on consideration of materiality. Similarly, Wichelstowe LLP has not been consolidated in 2017/18 as there have been no material transactions. It will be accounted for as a joint venture from 2018/19.

Public Power Solutions Limited (PPSL)

The Council wholly owns the PPSL Company at a notional shareholding value of £10. The company was created on 1st January 2010 (as Swindon Commercial Services), however, services providing waste, highways, catering, grounds, cleaning and buildings services reintegrated back to the Council in 2013. The accounts and annual report of the company are held at Public Power Solutions 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 Ltd (FSL)

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.

Swindon Common Farm Solar Community Interest Company Plc

The Council became owner of the above company during 2016/17. This company generates electricity from a solar array, part funded from a community bond issue. The activity of the organisation, and the following companies, is not considered material for consolidation in isolation.

Swindon Chapel Farm Solar Ltd

The Council became owner of the above company at the end of 2016/17 but it had limited activity before year-end and was not then consolidated. This company generates electricity from a solar array.

Swindon Housing Development Company Limited

The Council became owner of the above company during 2017/18. This company is involved in the construction and selling of housing.

	PPSL		Forward Swindon	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Profit / (Loss) before taxation	190	(466)	(280)	177
Tax Adjustment	108	141	(120)	0
Profit / (Loss) after taxation	**298**	**(325)**	**(400)**	**177**
As at 31 March	**2017 £'000**	**2018 £'000**	**2017 £'000**	**2018 £'000**
Net Balance Sheet Asset/(Liability)	**(2,954)**	**(3,274)**	**(920)**	**(743)**

	Common		Chapel		Housing Dev	
	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
Profit / (Loss) before taxation	(19)	(98)	0	(127)	0	(151)
Tax Adjustment	25	3	0	24	0	29
Profit / (Loss) after taxation	**6**	**(95)**	**0**	**(103)**	**0**	**(122)**
As at 31 March	**2017 £'000**	**2018 £'000**	**2017 £'000**	**2018 £'000**	**2017 £'000**	**2018 £'000**
Net Balance Sheet Asset/(Liability)	**7**	**(88)**	**0**	**(108)**	**0**	**(123)**

The group statements that follow contain the accounts for Swindon Borough Council, Public Power Solutions Limited, Swindon Common Farm Solar Community Interest Company Plc, Swindon Chapel Farm Solar Ltd, and Swindon Housing Development Company Limited. They have been restated for presentational changes to statements and for transactions between the parent and subsidiary undertakings. For example, to show lower spend paid out by the parent and lower income received by the subsidiary.

They have also been restated to account for the HRA written back depreciation adjusted to the single entity accounts.

The statements are also adjusted for any accruals made by the organisations. This generally results in debtors and creditors figures reducing. Disclosure notes are only included within the consolidated group accounts if they are materially different from those disclosed in the single entity accounts.

The Group Comprehensive Income and Expenditure Statement

Note	Restated	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000
	Continuing Operations						
	Resources	106,978	(81,760)	25,218	88,943	(71,282)	17,661
	Economy	3,999	(6,028)	(2,029)	6,989	(6,696)	293
	Children Services	37,822	(8,685)	29,137	41,866	(7,608)	34,258
	Adult Services	101,380	(46,790)	54,590	109,982	(39,463)	70,519
	Communities and Place	81,820	(32,536)	49,284	70,188	(29,386)	40,802
	DSG Commissioning	112,764	(108,072)	4,692	121,427	(113,348)	8,079
	Housing Revenue Account	48,593	(49,977)	(1,384)	52,752	(50,052)	2,700
	Discontinuing Operations						
	Discontinued Travel Services	8,658	(6,515)	2,143	0	0	0
	Surplus / Deficit on All Services	**502,014**	**(340,363)**	**161,651**	**492,147**	**(317,835)**	**174,312**
	Other operating expenditure (group income tax)			11,610			19,762
49	Financing and investment income and expenditure			18,222			22,306
	Taxation and non-specific grant income			(165,004)			(177,863)
	Group taxation			(133)			(197)
	(Surplus) or Deficit on Provision of Services			**26,346**			**38,320**
	(Surplus)/deficit on revaluation of Property, Plant and			(140,765)			(66,467)
	Re-measurements on pension assets / liabilities			(24,979)			(50,859)
	Other Comprehensive Income and Expenditure			**(165,744)**			**(117,326)**
	Total Comprehensive Income and Expenditure			**(139,398)**			**(79,006)**

The Group Movement in Reserves Statement

2017/18	General Fund Balance	HRA	Earmarked GF Reserves	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Reserves of Group Entities	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	**(6,000)**	**(11,043)**	**(47,121)**	**(1,414)**	**(17,588)**	**(19,004)**	**(19,907)**	**(122,077)**	**(426,061)**	**(548,138)**	**2,948**	**(545,190)**
Surplus /deficit on provision of services	25,973	12,347	0	0	0	0	0	38,320	0	38,320	0	38,320
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(117,326)	(117,326)	0	(117,326)
Total Comprehensive Income and Expenditure	**25,973**	**12,347**	**0**	**0**	**0**	**0**	**0**	**38,320**	**(117,326)**	**(79,006)**	**0**	**(79,006)**
Adjustments between Group and Authority accounts	(645)	0	0	0	0	0	0	(645)	0	(645)	645	0
Net increase before transfers	**25,328**	**12,347**	**0**	**0**	**0**	**0**	**0**	**37,675**	**(117,326)**	**(79,651)**	**645**	**(79,006)**
Adjustments between accounting basis & funding basis under regulations	(16,236)	(11,331)	0	0	(3,419)	12,631	(2,298)	(20,653)	20,653	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**9,092**	**1,016**	**0**	**0**	**(3,419)**	**12,631**	**(2,298)**	**17,022**	**(96,673)**	**(79,651)**	**645**	**(79,006)**
Transfers to/from Earmarked Reserves	(9,092)	(273)	(2,299)	273	11,390	0	1	0	0	0	0	0
Increase/Decrease in year	**0**	**743**	**(2,299)**	**273**	**7,971**	**12,631**	**(2,297)**	**17,022**	**(96,673)**	**(79,651)**	**645**	**(79,006)**
Balance at 31 March	**(6,000)**	**(10,300)**	**(49,420)**	**(1,141)**	**(9,617)**	**(6,373)**	**(22,204)**	**(105,055)**	**(522,734)**	**(627,789)**	**3,593**	**(624,196)**

2016/17 Restated	**General Fund Balance**	**HRA**	**Earmarked GF Reserves**	**Earmarked HRA Reserves**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**	**Total Usable Reserves**	**Unusable Reserves**	**Total Authority Reserves**	**Reserves of Group Entities**	**Group Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April	**(6,000)**	**(11,298)**	**(60,524)**	**(1,332)**	**(14,181)**	**(18,879)**	**(21,316)**	**(133,530)**	**(281,490)**	**(415,020)**	**9,228**	**(405,792)**
Surplus /deficit on provision of services	17,280	9,066	0	0	0	0	0	26,346	0	26,346	0	26,346
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(165,744)	(165,744)	0	(165,744)
Total Comprehensive Income and Expenditure	**17,280**	**9,066**	**0**	**0**	**0**	**0**	**0**	**26,346**	**(165,744)**	**(139,398)**	**0**	**(139,398)**
Adjustments between Group and Authority accounts	6,280	0	0	0	0	0	0	6,280	0	6,280	(6,280)	0
Net increase before transfers	**23,560**	**9,066**	**0**	**0**	**0**	**0**	**0**	**32,626**	**(165,744)**	**(133,118)**	**(6,280)**	**(139,398)**
Adjustments between accounting basis & funding basis under regulations	(8,878)	(8,893)	0	0	(4,686)	(125)	1,409	(21,173)	21,173	0	0	0
Net Increase/Decrease before Transfers to Earmarked Reserves	**14,682**	**173**	**0**	**0**	**(4,686)**	**(125)**	**1,409**	**11,453**	**(144,571)**	**(133,118)**	**(6,280)**	**(139,398)**
Transfers to/from Earmarked Reserves	(14,682)	82	13,403	(82)	1,279	0	0	0	0	0		**0**
Increase/Decrease in year	**0**	**255**	**13,403**	**(82)**	**(3,407)**	**(125)**	**1,409**	**11,453**	**(144,571)**	**(133,118)**	**(6,280)**	**(139,398)**
Balance at 31 March	**(6,000)**	**(11,043)**	**(47,121)**	**(1,414)**	**(17,588)**	**(19,004)**	**(19,907)**	**(122,077)**	**(426,061)**	**(548,138)**	**2,948**	**(545,190)**

The Group Balance Sheet

Note	Prior Years Restated	31 March 2016 £000	31 March 2017 £000	31 March 2018 £000
47	Property, Plant & Equipment	1,002,402	1,139,441	1,218,184
	Investment property	14,940	14,396	8,475
	Heritage	28,942	29,000	29,000
	Intangible Assets	13	21	13
	Long term investments	19,295	14,062	14,741
	Long Term debtors	1,293	1,433	1,443
	Deferred Tax on Group Undertakings	240	0	0
	Total Non-Current Assets	**1,067,125**	**1,198,353**	**1,271,856**
	Short term investments	38,417	30,171	15,000
	Inventories & Work in Progress	1,416	1,192	2,697
	Short term debtors	21,784	28,324	30,294
	Cash & Cash equivalents	18,016	4,263	24,595
	Assets held for sale (current)	745	745	0
	Current Assets	**80,378**	**64,695**	**72,586**
	Short term borrowing	(14,900)	(20,501)	(19,738)
	Short term creditors	(48,377)	(43,619)	(58,931)
	Provisions (short term)	(1,619)	(1,337)	(1,160)
	Current Liabilities	**(64,896)**	**(65,457)**	**(79,829)**
	Long term borrowing	(280,383)	(277,755)	(296,254)
	Long term creditors	(52,966)	(52,976)	(54,792)
	Provisions (long term)	(9,693)	(9,075)	(10,307)
	Pension Asset/Liability	(307,113)	(291,868)	(259,709)
	Capital Grants receipts in advance	(26,660)	(20,727)	(19,355)
	Non-Current Liabilities	**(676,815)**	**(652,401)**	**(640,417)**
	Net Assets	**405,792**	**545,190**	**624,196**
	Usable Reserves of Group	(124,302)	(119,129)	(101,462)
	Unusable Reserves of authority only	(281,490)	(426,061)	(522,734)
	Total Reserves	**(405,792)**	**(545,190)**	**(624,196)**

The Group Cash flow Statement

Note		2016/17 £'000	2017/18 £'000
	Net surplus or (deficit) on the provision of services	(32,347)	(38,320)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	76,299	97,145
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(30,662)	(37,958)
	Net cash flows from Operating Activities	**13,290**	**20,867**
	Investing Activities	(25,634)	(16,076)
	Financing Activities	(17)	15,541
	Net increase or decrease in cash and cash equivalents	**(12,361)**	**20,332**
	Cash and cash equivalents at the beginning of the reporting period	16,624	4,263
	Cash and cash equivalents at the end of the reporting period	**4,263**	**24,595**

45. Group Financing and Investment Income and Expenditure

	2016/17 £'000	2017/18 £'000
Interest payable and similar charges	10,934	17,800
Interest receivable and similar income	(3,211)	(2,516)
Investment income	(1,321)	(492)
Movement on market value of investment property	544	753
(Gains)/losses on assets held for sale	224	(668)
Net interest on the net defined benefit liability	10,703	7,429
Total Financing and Investment Income and Expenditure	**18,222**	**22,306**

46. Group Property, Plant & Equipment

2017/18	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, & Equipment**	**Infra-structure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total PPE**
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
1st April 2017	**434,902**	**502,057**	**55,386**	**211,461**	**17,320**	**31,916**	**28,230**	**1,281,272**
Additions	23,875	8,739	7,482	12,861	491	0	13,557	67,005
Revaluation increases / (decreases) recognised in the Revaluation Reserve	36,672	(7,026)	0	0	0	4,318	0	33,964
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(17,514)	(3,288)	0	0	(12)	6,842	0	(13,972)
Derecognition – disposals	(8,949)	(10,136)	(281)	0	(148)	(2,592)	0	(22,106)
Reclassification	3,299	18,685	0	0	(79)	1,131	(9,256)	13,780
31st March 2018	**472,285**	**509,031**	**62,587**	**224,322**	**17,572**	**41,615**	**32,531**	**1,359,943**
Accumulated Depreciation and Impairment								
1st April 2017	**(16,783)**	**(15,270)**	**(37,626)**	**(71,921)**	**0**	**(231)**	**0**	**(141,831)**
Depreciation charge	(10,156)	(11,574)	(3,513)	(11,734)	0	(102)	0	(37,079)
Depreciation w/b on Revaluation	23,479	8,998	0	0	0	26	0	32,503
Depreciation written to/from the CIES	0	3,174	0	0	0	110	0	3,284
Derecognition – disposals	929	409	26	0	0	0	0	1,364
31st March 2018	**(2,531)**	**(14,263)**	**(41,113)**	**(83,655)**	**0**	**(197)**	**0**	**(141,759)**
Net Book Value								
1st April 2017	**418,119**	**486,787**	**17,760**	**139,540**	**17,320**	**31,685**	**28,230**	**1,139,441**
31st March 2018	**469,754**	**494,768**	**21,474**	**140,667**	**17,572**	**41,418**	**32,531**	**1,218,184**

2016/17 Restated	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant, & Equipment**	**Infra-structure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total PPE**
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
1st April 2016	**352,494**	**464,119**	**56,165**	**198,755**	**16,183**	**25,588**	**19,753**	**1,133,057**
Additions	15,725	14,457	9,916	12,706	785	0	8,477	62,066
Revaluation increases / (decreases) recognised in the Revaluation Reserve	86,028	29,813	0	0	0	3,324	0	119,165
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,111)	4,472	0	0	0	3,618	0	979
Derecognition – disposals	(12,234)	(10,452)	(10,695)	0	0	(614)	0	(33,995)
Reclassification	0	(352)	0	0	352	0	0	0
31st March 2017	**434,902**	**502,057**	**55,386**	**211,461**	**17,320**	**31,916**	**28,230**	**1,281,272**
Accumulated Depreciation and Impairment								
1st April 2016	**(16,528)**	**(13,673)**	**(40,430)**	**(59,797)**	**0**	**(227)**	**0**	**(130,655)**
Depreciation charge	(16,783)	(10,713)	(3,518)	(12,124)	0	(4)	0	(43,142)
Depreciation w/b on Revaluation	15,752	5,790	0	0	0	0	0	21,542
Depreciation written to/from the CIES	0	2,534	0	0	0	0	0	2,534
Derecognition – disposals	776	792	6,322	0	0	0	0	7,890
31st March 2017	**(16,783)**	**(15,270)**	**(37,626)**	**(71,921)**	**0**	**(231)**	**0**	**(141,831)**
Net Book Value								
1st April 2016	**335,966**	**450,446**	**15,735**	**138,958**	**16,183**	**25,361**	**19,753**	**1,002,402**
31st March 2017	**418,119**	**486,787**	**17,760**	**139,540**	**17,320**	**31,685**	**28,230**	**1,139,441**

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 Annual Statement of Accounts by the Accounts and Audit Regulations 2015, 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 Service Reporting Code of Practice, which includes guidance on cost classification, 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, how understandable they are 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 excessively, allowing for consistency and balancing between different statements and disclosure notes.

b) Revenue recognition and 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 is set for 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

Acquisition or discontinuation of services are shown on the face of the comprehensive income and expenditure statement in the year that they were acquired/discontinued.

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) 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.

f) 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 PPE 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.

g) 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 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 was 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
- Net interest on the net defined benefit liability– 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
- Remeasurement of the net defined benefit liability – 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.

h) 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.

i) 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.

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

j) 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 (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.

k) 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.

l) 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.

m) 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, production of goods, is a surplus asset held for sale or held for any regeneration or other community benefit.

Investment properties are measured initially at cost and subsequently at fair value, the price that would be received to sell an asset in an orderly transaction between market participants for its highest and best use. 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.

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.

n) 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 PPE 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.

p) 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 current value. The difference between current 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 – current value, determined using the basis of existing use value for social housing (EUV-SH).
- All other assets – current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current 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 current 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 current value at the year-end, but as a minimum every five years. Valuations are carried out by internal valuers. 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.

The Authority carries out a rolling programme that ensures that all operational property is revalued at least every five years, with more frequent reviews for market valued assets and assessment of carrying value. The valuers consider the impact of market changes to valuations and will revalue assets annually where evidence suggests carrying value is materially misstated. The de minimis level applied is £10,000. 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 have been carried out by the Council's internal valuers, who are RICS qualified.

Impairment

Assets categories are assessed at each year-end for 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 PPE, 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 for a full year, in the year of addition or revaluation, no depreciation is charged 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.

Deprecation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property, 20 years for dwellings, or 20-70 years as estimated by the valuer for other operational assets

- 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 PPE 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

These assets are in the process of being built and are not operational for use.

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, details of which can be found on the Council's related websites.

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.

q) 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.

r) 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.

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.

s) 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, and retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant notes.

t) 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.

u) 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.

v) 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 authorise (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.

Retained Business Rates, Top-up income and Council Tax included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income. NDR and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and general rates, is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

w) 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 Public Power Solutions Limited (PPSL), Common & Chapel Solar Farms, Swindon Housing Development Companies 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.

The accounting policies that the group statements follow are those of the Authority.

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.

Consolidation of PPSL, Swindon Housing Development Company and Common & Chapel Solar Farms 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.

The Wichelstowe LLP joint venture company is considered a joint venture for accounting purposes, with net assets and liabilities of the company shown proportionately (50%) from 2018/19 in the SBC group statements.

The Authority includes maintained schools within its single entity accounts as per the Code. For such schools their material assets are contained on the single entity balance sheet, and their income and expenditure transferred onto the Council general ledger at end of year for inclusion in the CIES. There are 38 maintained Community schools within the Council's group included within the single entity accounts. Such schools account for expenditure of £73.3m, income of 74.0m and reserve balances of £5.7m. Academies are outside the Council's control.

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.

The Collection Fund

Shows the Council Tax and National Non-Domestic rates income collected and paid during the year.

INCOME	2016/17 Business Rates £000	Council Tax £000	Total £000	2017/18 Business Rates £000	Council Tax £000	Total £000
Council Tax Receivable	-	(103,965)	(103,965)	-	(116,672)	(116,672)
Business Rates Receivable	(109,205)	-	(109,205)	(103,896)	-	(103,896)
	(109,205)	**(103,965)**	**(213,170)**	**(103,896)**	**(116,672)**	**(220,568)**
EXPENDITURE						
Apportionment of Previous Year Surplus						
Billing Authority	-	1,462	1,462	-	1,962	1,962
Fire Authority	-	80	80	-	112	112
Police Authority	-	204	204	-	269	269
	0	**1,746**	**1,746**	**0**	**2,343**	**2,343**
Precepts, Demands and Shares						
Central Government	53,348	-	53,348	48,329	-	48,329
Billing Authority	52,658	85,109	137,767	47,452	96,629	144,081
Fire Authority	1,067	4,813	5,880	967	5,051	6,018
Police Authority	-	11,621	11,621	-	12,183	12,183
	107,073	**101,543**	**208,616**	**96,748**	**113,863**	**210,611**
Charges to Collection Fund						
Less write offs of uncollectable amounts	1,078	283	1,361	955	363	1,318
Less : Increase / (Decrease) in Bad Debt Provision	133	246	379	(183)	1,378	1,195
Less : Increase / (Decrease) in Provision for Appeals	34	-	34	2,606	-	2,606
Less : Renewables	561	-	561	523	-	523
Less : Cost of Collection	278	-	278	266	-	266
	2,084	**529**	**2,613**	**4,167**	**1,741**	**5,908**
(Surplus) / Deficit arising during the year	(48)	(147)	(195)	(2,981)	1,275	(1,706)
(Surplus) / deficit brought forward 1st April	(284)	(1,576)	(1,860)	(332)	(1,723)	(2,055)
(Surplus) / deficit carried forward 31st March	**(332)**	**(1,723)**	**(2,055)**	**(3,313)**	**(448)**	**(3,761)**
Reconciliation to Collection Fund Adjustment Account:						
Less Balance Attributable to Major Preceptors	124	285	409	1,672	67	1,739
Balance Remaining Attributable to SBC	**(208)**	**(1,438)**	**(1,646)**	**(1,641)**	**(381)**	**(2,022)**

Notes to the Collection Fund

47.Rateable Value

The total rateable value in the Local Rating List at 31 March 2018 was £253,012,911 (£260,637,520 at 31 March 2017). The multiplier for 2017/18 was 47.9 pence for the majority of properties and 46.6 pence for small businesses, (49.7 pence and 48.4 pence respectively for 2016/17).

48.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		12,284.75	6/9	8,186.31
B		24,308.25	7/9	18,906.42
C		21,556.00	8/9	19,160.89
D		15,397.75	9/9	15,397.75
E		7,892.25	11/9	9,646.08
F		3,142.00	13/9	4,538.44
G		1,244.25	15/9	2,073.75
H		54.75	18/9	109.50
Total	**Band D equivalents**			**78,019.20**
Contributions in lieu	(MOD properties)			94.20
Add:	Anticipated changes in year			(5,758.09)
Less:	Provision for non-collection (2.0%)			(1,446.95)
	Tax Base			**70,908.30**

* After adjustment for discounts and relief.

The Housing Revenue Account (HRA)

This statement consolidates the income and expenditure in respect of the provision of local authority housing.

HRA Income and Expenditure Statement	2016/17 £'000	2017/18 £'000
Expenditure		
Repairs and maintenance	11,107	11,561
Supervision and management	6,776	6,864
Special Services	5,831	5,990
Rents, rates, taxes and other charges	87	291
Depreciation and impairment of non-current assets	23,938	27,686
Debt management costs	60	60
Movement in the allowance for bad debts	794	300
Total Expenditure	**48,593**	**52,752**
Income		
Dwelling rents	(42,976)	(42,076)
Non-dwelling rents	(150)	(103)
Charges for services and facilities	(5,460)	(5,190)
Contributions towards expenditure	(1,301)	(2,414)
Leaseholders' charges for services and facilities	(90)	(269)
Total Income	**(49,977)**	**(50,052)**
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	**(1,384)**	**2,700**
HRA services’ share of Corporate and Democratic Core	122	122
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	8	8
Net (Income)/Expense for HRA Services	**(1,254)**	**2,830**
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	6,053	4,938
Interest payable and similar charges	4,332	3,949
Interest and investment income	(279)	(157)
Investment Properties Income	(1,321)	(239)
Revaluation on investments	544	339
Net Pensions Interest Cost / Return on Asset	991	687
(Surplus) / deficit for the year on HRA services	**9,066**	**12,347**

Statement of Movement in the Housing Revenue Account

	2016/17 £000	2017/18 £000
1 April	**(11,298)**	**(11,043)**
(Surplus) / Deficit on Service provision	9,066	12,347
Adjustments between accounting & funding basis	(8,893)	(11,331)
Transfers to / (from) Earmarked Reserves	82	(273)
(Increase)/Decrease in-year	**255**	**743**
31 March	**(11,043)**	**(10,300)**

HRA Movement in Reserves Adjustments	**2016/17 £'000**	**2017/18 £'000**
Adjustments between accounting & funding basis in reconciling the HRA balance for the year		
Charges for depreciation of non-current assets	(16,827)	(10,172)
Charges for impairment of non-current assets	(7,111)	(17,514)
Movement in the market value of investment properties	(544)	(339)
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	(11,457)	(8,019)
Voluntary provision for the financing of capital investment	5,000	5,000
Capital expenditure charged against the General Fund and HRA balances	865	8,195
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	5,404	3,081
HRA resources credited to the MRR	16,783	10,124
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,006)	(1,687)
Total Adjustments	**(8,893)**	**(11,331)**

Notes to the HRA

49.Housing Stock

The stock of Council dwellings at 31st March was:

Type	31st March 17	Additions	Disposals	31st March 18
Low Rise Flats:				
1 Bedroom	1,744	5	(7)	1,742
2 Bedrooms	712	3	(1)	714
3 or more Bedrooms	10	0	0	10
Medium Rise Flats:				
1 Bedroom	875	0	0	875
2 Bedrooms	476	5	0	481
3 or more Bedrooms	51	1	(1)	51
High Rise Flats:				
1 Bedroom	26	0	0	26
2 Bedrooms	236	0	0	236
Houses and Bungalows:				
1 Bedroom	896	0	(1)	895
2 Bedrooms	1,399	18	(12)	1,404
3 Bedrooms	3,661	40	(35)	3,667
4 or more Bedrooms	191	9	(2)	198
Total	**10,277**	**81**	**(59)**	**10,299**

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

Assets:	2016/17 £'000	2017/18 £'000
Dwellings	401,363	439,651
Land	99	0
Plant and Equipment	157	126
Investment properties	14,396	1,002
Total Balance Sheet Value	**416,015**	**440,779**

There is a statutory requirement for the Council's assets to be revalued at least every 5 years. The tenanted dwellings were revalued as at 31st December 2017.

50.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 and the vacant possession valuation ensures that the economic cost to the Government of providing council housing at less than open market rents is shown in the accounts. The vacant possession valuation as at 31 March 2018 was £1,349.4m. It was £1,242.5m, at 31st March 2017.

51.Major Repairs Reserve

Balance at 31 March	2017 £'000	2018 £'000
Capital expenditure for HRA purposes financed by MRR Resources:		
Houses	16,658	22,755
Total Expenditure	**16,658**	**22,755**
Amount equivalent to total depreciation charges for all HRA assets	(16,783)	(10,124)
Transfer from HRA	-	-
Total Income	**(16,783)**	**(10,124)**
Deficit / (Surplus) for the Year	**(125)**	**12,631**
Deficit / (Surplus) brought forward	(18,879)	(19,004)
Deficit / (Surplus) Carried Forward	**(19,004)**	**(6,373)**

52.HRA Capital Expenditure

The capital expenditure on the HRA was:

	2016/17 £'000	2017/18 £'000
Dwellings	15,387	16,978
Buildings	4,739	14,939
Total to Finance	**20,126**	**31,917**

This expenditure was financed by:

	2016/17 £'000	2017/18 £'000
Major Repairs Reserve	16,658	22,755
Usable Capital Receipts	2,013	249
Revenue Contributions	865	8,195
Other contributions	60	0
HCA Grant for New Build	530	718
Total Finance	**20,126**	**31,917**

53.Housing Repairs Account

Balance at 31 March	2017 £'000	2018 £'000
Repairs & Maintenance	10,790	10,346
Total Expenditure	**10,790**	**10,346**
Contribution from HRA	(9,980)	(10,201)
Service charges	(810)	(95)
Total Income	**(10,790)**	**(10,296)**
Deficit / (Surplus) for the Year	**0**	**50**
Deficit / (Surplus) brought forward	(50)	(50)
Deficit / (Surplus) Carried Forward	**(50)**	**0**

54.HRA Capital Receipts

In 2017/18, the Council paid £2.838m to the Secretary of State for pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003

(£3.421m in 2016/17). A notional £2.1m was also payable under Pooling Payment requirement (£0.7m in 2016/17); however, under relevant conditions is allowed to be kept as a receipt in advance.

	2016/17 £'000	2017/18 £'000
Sale of Council Houses	5,942	4,381
Sales of Non-Dwelling Assets	154	0
Council Mortgage Repayments	3	7
Capital receipt retained for new property acquisitions	(674)	(2,111)
Total	**5,425**	**2,277**

55.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.

	2016/17 £'000	2017/18 £'000
Depreciation on dwellings	16,783	10,124
Depreciation on plant & equipment	44	48
Impairment and revaluation losses of dwellings	7,111	17,514
Total	**23,938**	**27,686**

56.HRA Arrears & Provisions for Bad Debt

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

	2016/17 £'000	2017/18 £'000
Current tenants	1,958	2,091
Former tenants	420	455
Total Arrears	**2,378**	**2,546**
Less: provision for bad debts	(2,378)	(2,546)
Total Arrears After Provisions	**0**	**0**

Arrears represent 0% of rent income and service charges due to the Council.

Annual Governance Statement 2017/18

Introduction

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 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

The Council is required to produce an Annual Governance Statement each year which describes its governance arrangements not just for the Council but for the whole group including wholly owned subsidiaries. The Council reviews its governance framework through the Audit Committee. This review identifies where the framework is working and whether there are any significant governance issues that need to be addressed.

The Annual Governance Statement is signed off by both the Leader of the Council and the Chief Executive after being reviewed by the Audit Committee.

Corporate Governance

The purpose of a governance framework

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 (2016).

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

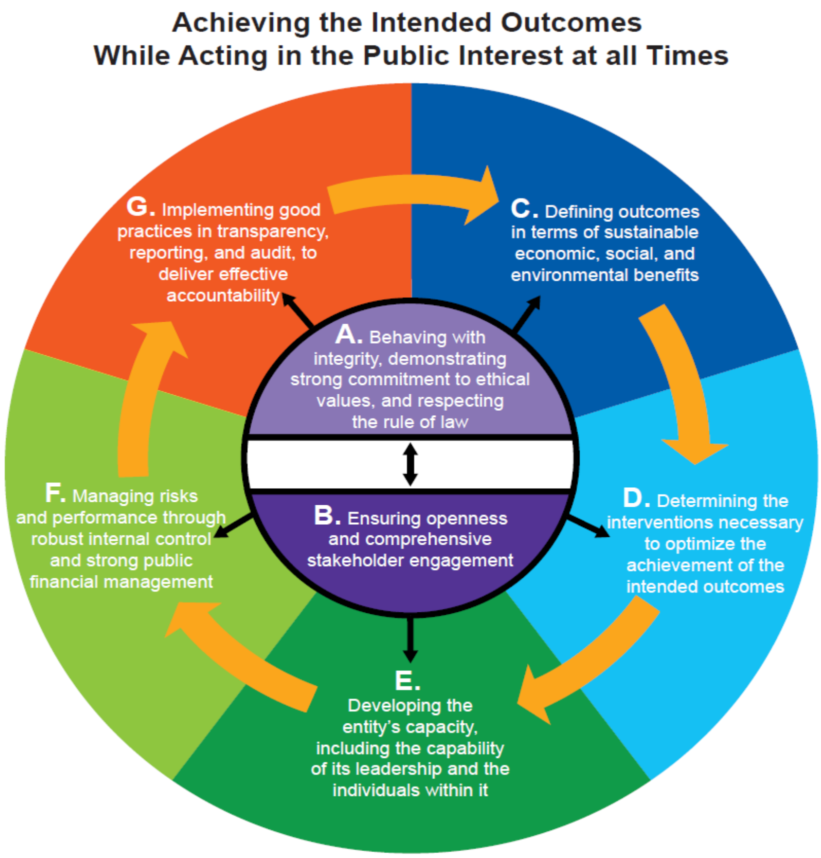
The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and 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 an absolute assurance of effectiveness. The system of internal control is based on an on-going 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 Council's framework for ensuring compliance with the core principles of effective governance:

Good corporate governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusion. The Council's Local Code of Corporate Governance sets out the framework by which the Council will meet that commitment. The Code is based upon the following seven core principles:

CIPFA International framework: Good Governance in the Public Sector



The Local Code of Corporate Governance forms part of the Council's Constitution and the full version can be found at:

http://ww5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5603053

The Council has 57 Councillors and operates a Leader and Executive model of decision making. All Councillors meet at Full Council to agree the budget and the policy framework etc. Ten Councillors, including the Leader, form the Executive (Cabinet). The Executive decide on how to deliver the budget and the policy framework.

The remaining 47 Councillors form scrutiny committees. These committees review the policies, process and implications of Cabinet, Cabinet Member and Officer decision- making and the way in which Cabinet and Cabinet Member decisions are made.

There are also a number of regulatory committees such as Audit, Standards, Planning and Licensing.

The Council's current Committee structure is set out below:

Full Council

(57 Borough Councillors)

Executive - Cabinet

Regulatory and other Committees

- *Special*
- *Standards*
- *Education Transport*
- *Health and Wellbeing*
- *LEP*
- *Appointments*
- *Appeals*
- *Audit*
- *Planning*
- *Police and Crime Board*
- *Licensing*

Scrutiny

- *Scrutiny*
- *Adults Health, Adults Care and Housing*
- *Great Western Ambulance (Joint)*
- *Resources and Corporate*
- *Communities and Place*
- *Growing the Economy*
- *Children's Health, Social Care and Education*
- *Tenants Scrutiny Panel*

Outcomes

The Council's vision, priorities and pledges:

By 2030, Swindon will have all of the positive characteristics of a British city with one of the UK's most successful economies; a low-carbon environment with compelling cultural, retail and leisure opportunities and excellent infrastructure. It will be a model of well managed housing growth which supports and improves new and existing communities.

Swindon will be physically transformed with existing heritage and landmarks complemented by new ones that people who live, work and visit here will recognise and admire. It will remain, at heart, a place of fairness and opportunity where people can aspire to and achieve prosperity, supported by strong civic and community leadership.

The Corporate Plan sets out a clear set of priorities and pledges, which will enable Councillors and officers to prioritise their work and ensure that the Council is using its increasingly limited resources to best effect in pursuit of delivering the vision for Swindon. You can find out how the Council is performing against each of its priorities and pledges by selecting the priority or pledge links below:

Priority one: Improve infrastructure and housing to support a growing, low-carbon economy
Priority two: Offer education opportunities that lead to the right skills and right jobs in the right places
Priority three: Ensure clean and safe streets and improve public spaces and local culture
Priority four: Help people to help themselves while always protecting the most vulnerable children and adults

Currently, the Council's Performance Dashboard shows that the following progress has been made:

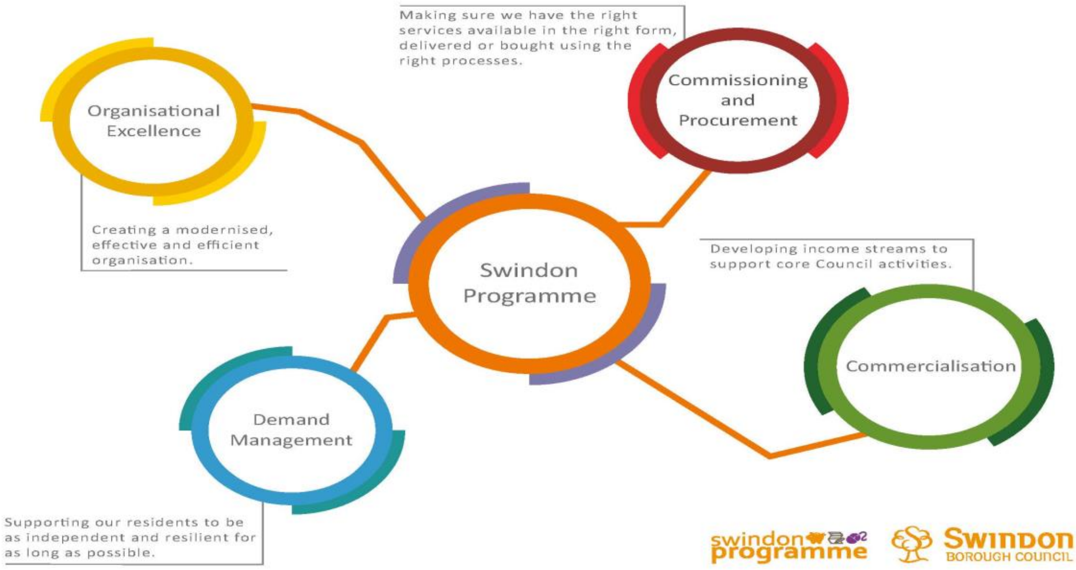
Priority	No. of Pledges	Achieved	On Track	Need Improvement
One	**14**	**2**	**9**	**3**
Two	**5**	**0**	**2**	**3**
Three	**4**	**0**	**3**	**1**
Four	**7**	**0**	**4**	**3**
Total	**30**	**2**	**18**	**10**

Swindon Programme

The Swindon Programme sets the challenge of saving £30 million in 30 months. We will do this by transforming the way we work, and making our services, systems and processes more efficient for both our customers and officers. This will allow us to provide the residents of Swindon with the information and support they need in a way that is convenient to them and cost effective for us.

There are four strands to the Swindon Programme:

- Organisational Excellence
- Demand Management
- Commissioning and Procurement
- Commercialisation



Value for Money

The Council's External Auditor, Grant Thornton, was satisfied that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources. In reaching this conclusion the External Auditor completed an overall assessment of arrangements and risks for the year of audit (2016/17) and looked in detail at how the Council built up savings plans and included them in to budgets.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). Timely support, information and responses are provided to our external auditors. Findings and recommendations from both our Internal and External Auditors are considered by senior management and at the Council's Audit Committee.

The role of Elected Members

Elected members are collectively responsible for the governance of the Council. The full Council's responsibilities include:

- Agreeing the Council's constitution, comprising the key governance documents including the executive arrangements and making major changes to reflect best practice
- Agreeing the policy framework including key strategies and agreeing the budget
- Appointing the chief officers
- Appointing committees responsible for overview and scrutiny functions, audit and regulatory matters and also for appointing members to them.

The executive (Cabinet) is responsible for:

- proposing the policy framework and key strategies
- proposing the budget
- implementing the policy framework and key strategies.

The role of management

The Chief Executive advises councillors on policy and necessary procedures to drive the aims and objectives of the authority. The Chief Executive leads the corporate management team consisting of corporate directors and other senior managers.

The Director of Finance, Monitoring Officer and other senior managers are responsible for advising the executive and scrutiny committees on legislative, financial and other policy considerations to achieve the aims and objectives of the authority. They are responsible for implementing councillors' decisions and for service performance.

The Council's Corporate Management Team has a shared responsibility for delivering the organisational strategic direction, agreeing priorities and driving their successful achievement.

Over the last few years there has been a focused and planned programme of succession planning put in place by the Chief Executive to ensure that the senior management of the organisation is refreshed and better equipped to meet the challenges ahead.

This has resulted in new Corporate Directors being appointed and more recently the Chief Executive being replaced due to retirement. Organisational changes have also meant that some Heads of Service have been replaced and/or left as well.

The development and roll-out of the Swindon (transformation) Programme is continually ensuring that the skills and capacity required to manage the organisation going forwards helps better position the Council to be a modern, efficient and effective organisation.

Risk Management

Risk management is about identifying and understanding the threats to the achievement of the Council's Vision and priorities by taking reasonable and sensible action to reduce the chance of them happening. The Council is committed to managing risks within its control, to keep employees safe, protect assets, maintain and improve its services and make good use of funds, as part of sound corporate governance.

Risk is managed through the activities of the Council, including planning, monitoring, design, and decision-making. Risk is integrated within the planning and performance system and is not a separate standalone process as the management of risk and uncertainty is integral to the delivery of priorities and objectives. The process is designed to be simple to complete and is more focused on identifying and managing key risks rather than all risks.

The Council's Corporate Risk Register is regularly reviewed at Leader's Advisory Group, Audit Committee and the Corporate Management Team as part of their review of overall organisational performance to ensure that the significant risks are being managed effectively.

Key risks identified in the Corporate Risk Register are:

Risk area	Risk rating	Risk area	Risk rating
Financial sustainability	High	Safeguarding children	Medium
Empowering communities	Medium	Safeguarding adults	Medium
Growing the economy	Medium	Governance	Low
Managing the environment	Medium	Realising potential	Medium

The local, national and international context	Medium	Effective prevention	High
IT: Business critical systems	Medium	Business continuity	Low

Review of the effectiveness of our governance arrangements

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 Council 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. The Head of Internal Audit's report stated that the Council's framework of governance, risk management and control during 2017/18 are considered to be satisfactory, resulting in a 'moderate' level of risk.

Corporate Directors and relevant Heads of Service have completed an assurance questionnaire reviewing the control environment within their service and the results of the questionnaire have been used to help inform our assessment of significant control issues for the Council.

Details of the review were presented to Audit Committee at their June 2018 meeting. Details can be found at:

http://ww5.swindon.gov.uk/moderngov/ieListDocuments.aspx?CId=687&MId=9452&Ver=4

Opinion on the Council's governance arrangements

The review has found that the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Areas of focus – looking forward

Whilst these arrangements generally work well the review identified a number of significant governance issues that need to be addressed:

Governance issue	Lead Officer
Information Governance and Security	Director: Digital Services and Corporate Programmes
Financial Stability and the Swindon Programme	Director of Finance
Children Services	Corporate Director: Children
GCSE attainment	Head of Education
Premises management	Corporate Director: Resources and Growth

- ***Information Governance and Security:*** Following the refresh of its information technology and governance policies in 2016/17 the Council also invested in MetaCompliance, a policy delivery, management awareness and compliance tool. A phased roll-out of this software to all computer users has ensured that currently compliance records show that more than 98% of our computer users have now read, been tested upon and agreed to abide by the Council's IT Acceptable Use Policy.

PSN compliance remains outstanding, mostly due to component software needed to run legacy systems. The PSN project manager has a clear programme of work to get Swindon compliant by mid-2018 which will deliver Swindon IG toolkit 13 and 14.

Work continues to develop in-house Information and Technology capacity and capabilities and modernisation of the service following the in-sourcing of the service from Capita. Some of the key deliverables are:

- Migrations from Capita Private Cloud computing facilities to Council ones.
- Building modern secure, networking and cloud storage facility at the Council.
- Plan to encrypt swindon.gov.uk emails to meet Data Protection Act compliance

- ***Financial Stability and the Swindon Programme:*** In response to the pressures facing the Council it has adopted a cross-cutting approach, the Swindon Programme, to address the funding gap in the period to March 2020. Across the two year period from April 2018-March 2020 it is anticipated that £30million of savings need to be delivered. During the course of the 2018/19 financial year the Council will need to focus on the delivery of in-year savings already identified while developing plans for closing the remaining gap in the subsequent year.

  Given the importance of this work the Council's Corporate Management Team convenes as the Programme's Board on a monthly basis to provide leadership for the individual work streams and, where appropriate, redirect resources to ensure that progress is maintained.

- ***Children Services:*** The recent Ofsted inspection that focussed on the children's services 'front door' confirmed two areas that require priority action from the Council. The 'front door' refers to the service provided to professionals and members of the public with advice, information and support about services for children and young people who are potentially vulnerable or at risk. The priorities include improving the identification of risk so that there is no delay in decision making when children are at risk of harm and the quality of management oversight in relation to safeguarding practice.

  Ofsted recognised that "a well-targeted programme of improvement has begun" including the revision of early support for vulnerable children as well as plans to increase senior leadership capacity and management training for all managers. Inspectors noted that these are not yet embedded or sustained enough to ensure that the front door is providing a consistently safe, well-targeted and timely response to every child. Colleagues in Children's Services and across the Council are working hard to implement the improvement plan and bring about rapid change and improvement for children and families. The improvement priorities have been developed following both internal and external review and have been supported by Cabinet with £7.5m of investment in the service over the next two years.

  We have been proactive in seeking support from other Local Authorities and The Local Government Association's regional children's services adviser has brokered support to help us on our journey of improvement.

- ***GCSE Attainment:*** Significant action was taken during 2017/18 to develop a robust governance structure that enables and challenges performance concerning school improvement in Swindon. This has included the development of the Swindon Challenge Board (established in March 2017) which has funded a considerable number of improvement projects within schools and updated the Schools Causing Concern Strategy as well as the School Improvement strategy.

GCSE results are currently below the national average and pupil progress measures are too low. Raising attainment across the Borough will not be a quick fix however, and time will be needed for the Board to have an impact on a rise in standards.

An on-going challenge for the Council is ensuring the involvement of academies in contributing to the improvement agenda. This has improved over the past twelve months with much closer working with the Regional Schools Commissioners office. The Council and the academy schools now work with national organisations (PIXL, Rossendale National Research School) and external academy trusts. All bar one of the Council's secondary schools is an academy and although the local authority has responsibility for school improvement there is a lack of direct power that the Council can use to influence the performance of academies and ultimately attainment.

- ***Premises Management:*** an Internal Audit review of the premises management arrangements within the Council was undertaken during 2017/18. The audit found a number of significant weaknesses including:
    - A lack of clarity regarding roles and responsibilities as the Council's Health and Safety Policies for Fire Risk Assessments and Legionella Management (in hot and cold water systems) are not sufficiently detailed
    - No overall performance process in place to ascertain the extent and status of any fire risk assessment actions or legionella risk assessment actions for corporate buildings as there is no corporate management and monitoring conducted of parties' assigned responsibility under the current process
    - Formal risk criteria is not in place to determine the frequency of risk assessments for buildings and to provide a standard and consistent approach.

  Corporate Management Team (CMT) had also raised concerns and the Director: Resources and Growth initiated a work stream to resolve the issues raised both by CMT and Internal Audit. The work of this work stream is nearing completion and the key issues raised are being addressed. Internal Audit has scheduled a follow-up audit to be carried out during 2018/19 to ensure agreed recommendations have been implemented.

Looking back to 2016/17

The review also identified that the following areas included in last year's statement have either progressed sufficiently for them not to be included in this year's statement or were one-off occurrences that are not applicable to the year being reviewed:

- **Transfer of staff from SEQOL.** Due to SEQOL ceasing to trade approximately 500 staff had to be brought back in-house over a very short time period during 2016/17. Services brought back in-house included: the front line social work team; two older people care homes; a learning disability care service; shared lives; building futures; Swindon Support team; the Hospital social work team; Enterprise Works etc. Work was also required to find new providers for four older people day services. The staff transfers were carried out successfully in a very short period and involved a significant amount of officer time, however there was no adverse effect on service users.

- **Parishes**. A significant diversion of resources was required during 2016/17 to:
    - Work with pilot parishes regarding the transfer of services
    - Establish new parishes including the election of new Councillors
    - Disaggregate budgets and service provision

  - Consult regarding the proposed changes

  All areas of the Council have now been successfully parished.

- **Housing maintenance contract management**. An Internal Audit review of the contract management arrangements within Housing was undertaken during 2016/17. The audit found a number of significant weaknesses. A subsequent follow-up audit carried out later in the year found that procedures had improved but there was still a significant amount of work required to implement agreed audit recommendations. Further Internal Audit work is planned in this area during 2018/19.

These areas will continue to be reviewed and relevant risks will be included and managed through the Council's Corporate Risk register (see above).

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 the first section of this statement. 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	John Gilbert
Leader of the Council	Chief Executive

Independent Auditor's Report

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

Independent auditor's report to the members of Swindon Borough Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Swindon Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the Housing Revenue Account Income and Expenditure Statement, the Statement of Movement in the Housing Revenue Account and notes to the financial statements, including a summary of significant accounting policies. 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 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2018 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on other than the Authority financial statements and Group accounts and our auditor's report thereon. Our opinion on the financial statements and does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the group and Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice
Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice
In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements
As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 16, the Authority 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. In this authority, that officer is the Director of Finance. The Director of Finance 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 2017/18, which give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the group or the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the group or the Authority.

The Audit Committee are Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion
On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that *the Authority* put in

place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing 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.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that 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 2018.

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 be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Barrie Morris

Barrie Morris
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
2 Glass Wharf, Temple Quay, Bristol, BS2 0EL

26 July 2018

GLOSSARY

ACCRUALS

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

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 PPE that will be used in providing services beyond the current accounting period or expenditure that adds to an existing PPE.

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 PPE 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 PPE to be adjusted.

INTANGIBLE NON-CURRENT ASSETS

Intangible 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 pension 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 relevant share of pension scheme assets associated with their underlying obligations.

MAJOR REPAIRS RESERVE (MRR)

A reserve to be created from HRA 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 PPE is 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

PPE 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 PPE 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.

PROPERT, 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.

REMEASUREMENT OF THE NET DEFINED BENEFIT LIABILITY

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.

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 EXENDITURE FUNDED FROM CAPITAL UNDER STAUTUE

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 reflects 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 PPE.

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.

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